

Southern Water (Greensands) Financing plc

Compliance Certificate

For the year ended 31 March 2022

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.

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Calculation of covenant ratios	Actual Year to 31 March 2021 £m	Actual Year to 31 March 2022 £m
Consolidated EBITDA	381.7	400.9
Consolidated Finance Charge:		
Southern Water Services	68.3	65.3
Greensands Finance	19.3	19.6
SW(Greensands) financing	<u>35.5</u>	<u>34.2</u>
	123.1	119.1
Equity distributions paid	0.0	0.0
Consolidated cash balances:		
Closing Southern Water Services	356.4	477.9
Closing Greensands Financing	<u>54.7</u>	<u>55.0</u>
Opening SW (Greensands) Financing cash	17.6	11.2
Receipts on subordinated debt and distributions	0.0	0.0
Investment in Greensands Finance (MidCo)	0.0	1072.5
Equity distributions paid	0.0	-649.9
Repayment of borrowings	0.0	-356.8
Payment of interest and fees	-6.4	-48.9
Equity distributions paid	<u>0.0</u>	<u>0.0</u>
Closing SW (Greensands) Financing cash	<u>11.2</u>	<u>28.1</u>
Closing consolidated cash	<u>422.3</u>	<u>561.0</u>

Net indebtedness

	Actual Year to 31 March 2021 £m	Actual Year to 31 March 2022 £m
<u>Southern Water Services</u>		
Fixed Rate Bonds	2475.0	2475.0
Index Linked Bonds	1078.0	1119.2
Fixed Rate Loans	250.0	250.0
Index Linked Loans	79.8	68.1
RPI accretion on Index-Linked swaps	30.7	119.2
Drawings under the Revolving Credit Facility	0.0	0.0
Finance leases (FRS16)	0.0	31.7
Senior debt at SWS Financing Group	<u>3,913.5</u>	<u>4,031.5</u>
<u>Greensands Financing</u>		
Loan facilities	451.5	451.5
Drawings under RCF	<u>100.0</u>	<u>0.0</u>
	551.5	451.5
<u>Southern Water (Greensands) Financing</u>		
Loan facilities	<u>751.8</u>	<u>396.4</u>
	751.8	396.4
Consolidated cash balances	422.3	561.0
Consolidated net debt	<u>4,794.5</u>	<u>4,318.4</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 2021	Actual Year to 31 March 2022
	Lock-up	Default		
A	RCV		5,120.2	5,658.5
B	Consolidated net debt		4,794.5	4,318.4
C	Consolidated EBITDA		380.8	396.7
D	Consolidated finance charge		123.1	119.1
Consolidated RAR B/A	93.0%	95.0%	93.6%	76.3%
RAR on Southern Water Services	84.0%		69.5%	62.8%
Consolidated EBITDA / finance charge C/D		2.0	3.1	3.3

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 no Default or potential Trigger event is outstanding



Director
Southern Water (Greensands) Financing plc
Greensands (UK) Ltd



Director
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