

COMPLIANCE CERTIFICATE

Common Terms Agreement dated 27 July 2004 between, among others, the Issuer, SEW and Deutsche Trustee Company Limited (the “Security Trustee”) (the “Common Terms Agreement”)

Capitalised terms not defined in this certificate have the meaning given to them in the Master Definitions Agreement.

1. We refer to the Common Terms Agreement. This is a Compliance Certificate.
2. We confirm that:
 - a) the ratios are as detailed in the table below in respect of the Calculation Date of 30 September 2021:

Date	Calculation Date	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
RAR (at such Calculation Date or, in the case of forward-looking ratios, as at 31 March falling in the relevant Test Period)	78.4%	77.4%	77.3%	77.0%	76.2%
Test Period	1-Apr-20 to 31-Mar-21	1-Apr-21 to 31-Mar-22	1-Apr-22 to 31-Mar-23	1-Apr-23 to 31-Mar-24	1-Apr-24 to 31-Mar-25
ICR	3.55 x	3.42 x	3.39 x	3.57 x	3.71 x
Adjusted ICR	3.55 x	3.42 x	3.39 x	3.57 x	3.71 x
Average Adjusted ICR	3.45 x	3.46 x	3.55 x	3.55 x	3.55 x
Conformed Adjusted ICR	1.59 x	1.49 x	1.57 x	1.67 x	1.83 x
Conformed Average Adjusted ICR	1.55 x	1.58 x	1.69 x	1.69 x	1.69 x

(together the “**Ratios**”)

3. We confirm that each of the above Ratios has been calculated in respect of each of the relevant period(s) for which it is required under the Common Terms Agreement and has not breached the Trigger Event Ratio Levels and has not caused Paragraph 17 (Ratios) of part 2 (Event of Default (SEW)) of Schedule 6 to be breached.

4. We set out below the computation of the following ratios set out in the table in Paragraph 1 above for your information:

a) ICR

	1-Apr-20 to 31-Mar-21 £m	1-Apr-21 to 31-Mar-22 £m	1-Apr-22 to 31-Mar-23 £m	1-Apr-23 to 31-Mar-24 £m	1-Apr-24 to 31-Mar-25 £m
Net Cash Flow					
Net cash flow from operating activities	119.9	122.9	130.4	139.3	146.8
Exceptional items	0.0	0.0	0.0	0.0	0.0
Recoverable VAT	1.9	0.0	0.0	0.0	0.0
Corporation tax paid	0.1	0.0	0.0	0.0	0.0
Pension funding	0.0	0.0	0.0	0.0	0.0
Non-appointed	0.0	(4.4)	(4.6)	(5.0)	(5.4)
Net Cash Flow	121.9	118.5	125.7	134.3	141.4
Senior Debt Interest					
Leases	0.1	0.1	0.5	0.5	0.4
Debentures	0.0	0.0	0.0	0.0	0.0
Nominal Debt	14.7	14.7	15.7	15.7	15.7
Variable rate loan facility	2.1	1.8	2.0	2.0	2.0
Index Linked Debt	17.2	17.6	18.3	18.9	19.5
Financial Guarantor fees	0.3	0.3	0.6	0.6	0.6
Senior Debt Interest Payable	34.5	34.7	37.1	37.7	38.1
Interest Receivable	(0.1)	0.0	0.0	0.0	0.0
Senior Debt Interest	34.4	34.7	37.1	37.7	38.1

b) Adjusted ICR

	1-Apr-20 to 31-Mar-21 £m	1-Apr-21 to 31-Mar-22 £m	1-Apr-22 to 31-Mar-23 £m	1-Apr-23 to 31-Mar-24 £m	1-Apr-24 to 31-Mar-25 £m
Net Cash Flow	121.9	118.5	125.7	134.3	141.4
CCD & IRC					
CCD	0.0	0.0	0.0	0.0	0.0
IRC	0.0	0.0	0.0	0.0	0.0
Total regulatory depreciation	0.0	0.0	0.0	0.0	0.0
Net Cash Flow after regulatory depreciation	121.9	118.5	125.7	134.3	141.4

Senior Debt Interest	34.4	34.7	37.1	37.7	38.1
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Adjusted ICR	3.55 x	3.42 x	3.39 x	3.57 x	3.71 x
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c) Average Adjusted ICR

	1-Apr-20 to 31-Mar-21 £m	1-Apr-21 to 31-Mar-22 £m	1-Apr-22 to 31-Mar-23 £m	1-Apr-23 to 31-Mar-24 £m	1-Apr-24 to 31-Mar-25 £m
Net Cash Flow	121.9	118.5	125.7	134.3	141.4
CCD & IRC					
CCD	0.0	0.0	0.0	0.0	0.0
IRC	0.0	0.0	0.0	0.0	0.0
Total regulatory depreciation	0.0	0.0	0.0	0.0	0.0
Net Cash Flow after regulatory depreciation	121.9	118.5	125.7	134.3	141.4
Senior Debt Interest	34.4	34.7	37.1	37.7	38.1
Adjusted ICR	3.55 x	3.42 x	3.39 x	3.57 x	3.71 x
Average Adjusted ICR	3.45 x	3.46 x	3.55 x	3.55 x	3.55 x

d) RAR

	Calculation Date £m	31-Mar-22 £m	31-Mar-23 £m	31-Mar-24 £m	31-Mar-25 £m
Senior Debt (Closing Balances)					
Finance Leases	3.9	3.7	3.2	2.9	2.6
Debentures	1.0	1.0	1.0	1.0	1.0
Nominal Debt	166.0	166.0	166.0	166.0	166.0
Index Linked Bonds	177.4	185.4	191.2	196.9	202.8
Fixed Rate Loan Notes	175.0	225.0	225.0	225.0	225.0
Variable rate loans	120.0	120.0	120.0	120.0	120.0
Index Linked Loans	121.9	126.3	129.4	133.4	137.4
Index Linked Loans	280.2	291.0	301.3	310.3	319.6
Authorised Credit Facility	80.0	15.0	35.1	35.1	35.1
Total Senior Debt Closing Balance	1125.4	1133.3	1172.2	1190.6	1209.4

Less: Cash Balance	(41.7)	(9.1)	(9.9)	(6.6)	(9.4)
Senior Net Indebtedness	1083.7	1122.7	1162.3	1184.0	1200.1
Regulatory Capital Value	1382.0	1451.6	1502.8	1537.1	1575.9
RAR	78.4%	77.4%	77.3%	77.0%	76.2%

e) Conformed Adjusted ICR

	1-Apr-20 to 31-Mar-21 £m	1-Apr-21 to 31-Mar-22 £m	1-Apr-22 to 31-Mar-23 £m	1-Apr-23 to 31-Mar-24 £m	1-Apr-24 to 31-Mar-25 £m
Net Cash Flow	121.9	118.5	125.7	134.3	141.4
RCV Depreciation	51.7	53.3	55.1	56.7	58.1
Capitalised IRE	15.5	13.6	12.4	14.8	13.3
Total regulatory depreciation	67.2	66.9	67.5	71.5	71.4
Net Cash Flow after regulatory depreciation	54.7	51.7	58.1	62.8	70.0
Senior Debt Interest	34.4	34.7	37.1	37.7	38.1
Conformed Adjusted ICR	1.59 x	1.49 x	1.57 x	1.67 x	1.83 x

f) Conformed Average Adjusted ICR

	1-Apr-20 to 31-Mar-21 £m	1-Apr-21 to 31-Mar-22 £m	1-Apr-22 to 31-Mar-23 £m	1-Apr-23 to 31-Mar-24 £m	1-Apr-24 to 31-Mar-25 £m
Net Cash Flow	121.9	118.5	125.7	134.3	141.4
RCV Depreciation	51.7	53.3	55.1	56.7	58.1
Capitalised IRE	15.5	13.6	12.4	14.8	13.3
Total regulatory depreciation	67.2	66.9	67.5	71.5	71.4
Net Cash Flow after regulatory depreciation	54.7	51.7	58.1	62.8	70.0

Senior Debt Interest	34.4	34.7	37.1	37.7	38.1
Conformed Adjusted ICR	1.59 x	1.49 x	1.57 x	1.67 x	1.83 x
Conformed Average Adjusted ICR	1.55 x	1.58 x	1.69 x	1.69 x	1.69 x

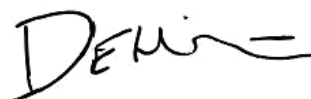
5. We also confirm that:

- (a) no Default or Potential Trigger Event is outstanding; and
- (b) that SEW's insurances are being maintained in accordance with:
 - (i) the Common Terms Agreement; and
 - (ii) the provisions of the Finance Leases.

Yours faithfully,



Director




Director



Director

For and on behalf of
SOUTH EAST WATER LIMITED



Director

For and on behalf of
**SOUTH EAST WATER (FINANCE)
LIMITED**

Appendix

Financial Statements

South East Water (Holdings) Limited

Consolidated profit & loss account for the period ended 30 September 2021

	Companies £'m	Eliminations £'m	Group £'m
Turnover	130.8	-	130.8
Operating costs	(93.8)	-	(93.8)
Profit/(loss) on disposal of fixed assets	(0.1)	-	(0.1)
Other operating income	6.0	-	6.0
Operating profit	42.9	-	42.9
Income from investments	4.5	(4.5)	-
Interest receivable - group	-	-	-
Interest receivable - other	0.0	-	0.0
Interest payable - group	(2.5)	-	(2.5)
Interest payable - other	(23.2)	-	(23.2)
Return on pension scheme assets	0.3	-	0.3
Profit on sale of intangible assets	-	-	-
Profit/(Loss) on ordinary activities before taxation	22.1	(4.5)	17.6
Tax (charge)/credit on profit on ordinary activities	(38.2)	-	(38.2)
Profit/(Loss) on ordinary activities after taxation	(16.1)	(4.5)	(20.6)
Dividends	(7.1)	4.5	(2.6)
	(23.2)	-	(23.2)
STRGL - pension	3.1	-	3.1
Profit/(Loss) for period taken to reserves	(20.1)	-	(20.1)

South East Water (Holdings) Limited
Consolidated balance sheet at 30 September 2021

	Companies £'m	Eliminations £'m	Group £'m
Tangible assets	1,674.0	-	1,674.0
Investments	361.4	(361.4)	-
Net Current (liabilities)/assets	4.1	-	4.1
Creditors: amounts falling due after more than one year	(254.4)	-	(254.4)
Current asset investments	-	-	-
Cash and cash equivalents:			
Current accounts	16.4	-	16.4
DSR	6.3	-	6.3
O&M	-	-	-
First loss account	-	-	-
Financing liabilities			
Intra group loan creditors	(474.5)	474.5	-
Intra group loan debtors	474.5	(474.5)	-
Other HDF group loans	(82.2)	-	(82.2)
Debentures	(1.0)	-	(1.0)
Finance leases	(3.8)	-	(3.8)
Bonds	(296.0)	-	(296.0)
Indexation	(52.4)	-	(52.4)
Artesian loans	(269.0)	-	(269.0)
Indexation	(134.1)	-	(134.1)
Loan notes	(175.0)	-	(175.0)
Variable rate loan	(120.0)	-	(120.0)
Unamortised costs	6.4	-	6.4
Bank loans	(50.0)	-	(50.0)
Net pension liability	38.4	-	38.4
Net assets	669.3	(361.4)	307.9
Capital and reserves			
Called up share capital	194.7	(49.3)	145.4
Revaluation reserve	219.9	-	219.9
Profit and loss account b/fwd.	272.5	(312.1)	(39.6)
Profit/(Loss) for period	(17.8)	-	(17.8)
Capital employed	669.3	(361.4)	307.9

South East Water (Holdings) Limited

Consolidated movement in the profit and loss reserve for the period ended 30 September 2021

	Companies £'m	Eliminations £'m	Group £'m
At 1 April 2021	272.5	(312.1)	(39.6)
Profit for the year	(16.1)	(4.5)	(20.6)
Pension scheme in STRGL	3.1	-	3.1
Dividends	(7.1)	4.5	(2.6)
Movement through reserves	2.3	-	2.3
	(17.8)	-	(17.8)
At 30 September 2021	254.7	(312.1)	(57.5)