

To: Deutsche Trustee Company Limited as Security Trustee

cc: Moody's Investors Service Ltd;  
Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.

From: South East Water (Finance) Limited (the "**Issuer**")  
South East Water Limited ("**SEW**")

31 July 2023

Dear Sirs

**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 31 March 2023:

Date	31-Mar-21	31-Mar-22	Calculation Date	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%	74.6%	74.0%	77.6%	78.2%
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	3.96 x	3.05 x	2.85 x	2.84 x
Adjusted ICR	3.55 x	3.96 x	3.05 x	2.85 x	2.84 x
Average Adjusted ICR	3.50 x	3.23 x	2.90 x	2.90 x	2.90 x
Conformed Adjusted ICR	1.59 x	1.97 x	1.22 x	1.20 x	1.21 x
Conformed Average Adjusted ICR	1.59 x	1.46 x	1.21 x	1.21 x	1.21 x

(together the "**Ratios**").

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

**Rocfort Road**  
**Snodland**  
**Kent ME6 5AH**

TELEPHONE  
0333 000 1122

EMAIL  
water@southeastwater.co.uk

EMERGENCY LINE  
03330 000 365

WEBSITE  
www.southeastwater.co.uk

South East Water Ltd  
Registered in England No. 2679874

Registered Office: Rocfort Road, Snodland,  
Kent ME6 5AH

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ISO 14001 Certified  
OHSAS 18001 Certified  
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- 4 We set out below the computation of the following ratios set out in the table in paragraph 2 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
<b>Net Cash Flow</b>					
Net cash flow from operating activities	119.9	135.9	105.0	127.5	138.1
Exceptional items	0.0	0.0	13.0	9.9	5.4
Recoverable VAT	1.9	1.7	2.5	0.0	0.0
Corporation tax paid	0.1	0.1	0.1	0.0	0.0
Pension funding	0.0	0.0	0.0	0.0	0.0
Non-appointed	0.0	0.0	0.0	(4.0)	(4.6)
Net Cash Flow	121.9	137.6	120.5	133.4	138.9
<b>Senior Debt Interest</b>					
Leases	0.1	0.1	0.2	0.1	0.1
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	1.9	4.3	9.6	10.6
Index Linked Debt	17.2	17.6	19.4	21.5	22.3
Financial Guarantor fees	0.3	0.3	0.3	0.3	0.3
Senior Debt Interest Payable	34.5	34.8	39.9	47.2	49.1
Interest Receivable	(0.1)	(0.0)	(0.4)	(0.4)	(0.1)
Senior Debt Interest	34.4	34.7	39.6	46.9	48.9
ICR	3.55 x	3.96 x	3.05 x	2.85 x	2.84 x

(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	137.6	120.5	133.4	138.9
<b>CCD &amp; IRC</b>					
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

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Net Cash Flow after regulatory depreciation	121.9	137.6	120.5	133.4	138.9
Senior Debt Interest	34.4	34.7	39.6	46.9	48.9

Adjusted ICR	3.55 x	3.96 x	3.05 x	2.85 x	2.84 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	137.6	120.5	133.4	138.9
<b>CCD &amp; IRC</b>					
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	137.6	120.5	133.4	138.9
Senior Debt Interest	34.4	34.7	39.6	46.9	48.9
Adjusted ICR	3.55 x	3.96 x	3.05 x	2.85 x	2.84 x
Average Adjusted ICR	3.50 x	3.23 x	2.90 x	2.90 x	2.90 x

(d) RAR

	31-Mar-21 £m	Calculation Date £m	31-Mar-23 £m	31-Mar-24 £m	31-Mar-25 £m
<b>Senior Debt</b> (Closing Balances)					
Finance Leases	3.9	3.5	4.5	4.7	3.4
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	190.9	216.0	224.1	236.4
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	129.7	145.3	153.1	162.4
Index Linked Loans	280.2	291.0	326.9	352.4	365.1

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Authorised Credit Facility	80.0	0.0	30.0	75.0	96.3
Total Senior Debt Closing Balance	1125.4	1127.1	1234.7	1321.3	1375.5
Less: Cash Balance	(41.7)	(14.5)	(4.0)	(4.8)	(5.9)
Senior Net Indebtedness	1083.7	1112.6	1230.7	1316.5	1369.6
Regulatory Capital Value	1,382.0	1,490.9	1,663.9	1,696.3	1,752.2
<b>RAR</b>	<b>78.4%</b>	<b>74.6%</b>	<b>74.0%</b>	<b>77.6%</b>	<b>78.2%</b>

(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	137.6	120.5	133.4	138.9
RCV Depreciation	51.7	55.6	62.0	64.2	63.8
Capitalised IRE	15.5	13.6	10.3	13.0	16.0
Total regulatory depreciation	67.2	69.2	72.3	77.2	79.8
Net Cash Flow after regulatory depreciation	54.7	68.4	48.2	56.2	59.1
Senior Debt Interest	34.4	34.7	39.6	46.9	48.9
Conformed Adjusted ICR	1.59 x	1.97 x	1.22 x	1.20 x	1.21 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	137.6	120.5	133.4	138.9
RCV Depreciation	51.7	55.6	62.0	64.2	63.8
Capitalised IRE	15.5	13.6	10.3	13.0	16.0
Total regulatory depreciation	67.2	69.2	72.3	77.2	79.8

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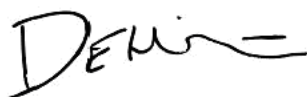
Net Cash Flow after regulatory depreciation	54.7	68.4	48.2	56.2	59.1
Senior Debt Interest	34.4	34.7	39.6	46.9	48.9
Conformed Adjusted ICR	1.59 x	1.97 x	1.22 x	1.20 x	1.21 x
Conformed Average Adjusted ICR	1.59 x	1.46 x	1.21 x	1.21 x	1.21 x

5 We also confirm that:

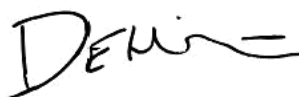
- (g) no Default or Potential Trigger Event is outstanding; and
- (h) that SEW's insurances are being maintained in accordance with:
  - (i) the Common Terms Agreement.

Yours faithfully,

Director



Director



Director



Director



For and on behalf of  
**SOUTH EAST WATER LIMITED**

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

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