
COMPLIANCE CERTIFICATE

To: ING Bank as Agent
From: Kelda Finance (No.2) Limited
Dated: 29 November 2016

Dear Sirs

**Kelda Finance (No.2) Limited - £95,000,000 Facility Agreement
dated 4 December 2015 (the "Agreement")**

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

1. We confirm that:

(a) Group RAR is, as at a Calculation Date, the ratio of Total Net Debt to RCV. As at the Calculation Date, on 30 September 2016:

- (i) Total Net Debt was £4,889.3m; and
- (ii) RCV was £5,980.5m.

Therefore Group RAR was 81.8% as at such Calculation Date and the covenant contained in paragraph (a) of Clause 20.1 (*Financial condition*) of the Agreement has been complied with;

(b) Conformed Group PMICR is, in respect of a Calculation Period, the ratio of Cash Flow for that Calculation Period less Depreciation, IRE not already deducted in the calculation of Cash Flow or Depreciation; and Fast/Slow Adjustment to the Total Interest Service for the same Calculation Period.

In respect of the Calculation Period ending 30 September 2016:

- (i) Cash Flow was £285.4m;
- (ii) Depreciation was (£122.9m);
- (iii) IRE not already deducted in the calculation of Cash Flow or Depreciation was (£39.4m);
- (iv) Fast/Slow Adjustment was £29.0m; and
- (v) Total Interest Service was (£151.4m)

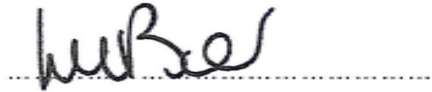
In respect of the six month Calculation Period ending 31 March 2017:

- (i) Cash Flow is projected to be £276.3m;
- (ii) Depreciation is projected to be (£122.9m);
- (iii) IRE not already deducted in the calculation of Cash Flow or Depreciation is projected to be (£39.4m);
- (iv) the Fast-Slow Adjustment is projected to be £29.0m; and
- (v) Total Interest Service is projected to be (£87.3m).

Therefore Conformed Group PMICR is projected to be 1.64 times for the Calculation Period ending 31 March 2017 and the covenant contained in paragraph (b) of Clause 20.1 (*Financial condition*) of the Agreement has been complied with.

- 2. We confirm that the Permitted Distributions made by the Obligors in the six calendar months prior to the date of this certificate amount to £84.6m in aggregate.
- 3. We confirm that no Default is continuing.

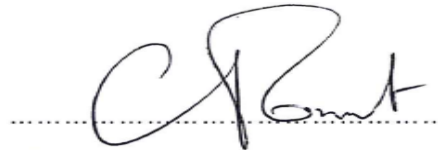
Signed:



Liz Barber

Director

Signed:



Chantal Forrest

Director