



THAMES WATER UTILITIES FINANCE PLC

(incorporated with limited liability in England and Wales with registered number 02403744)

(Legal Entity Identifier: 213800ESMPQ4RQ7G8351)

**£15,000,000,000 Multicurrency programme for the issuance of
Guaranteed Bonds
financing**

Thames Water Utilities Limited

(incorporated with limited liability in England and Wales with registered number 2366661)

This supplement ("this **Supplement**") is prepared as a supplement to, and must be read in conjunction with the base prospectus dated 12 October 2023 (the "**Prospectus**", which definition includes the Prospectus and all information incorporated by reference therein) relating to the £15,000,000,000 multicurrency programme for the issuance of up to £15,000,000,000 Guaranteed Bonds (the "**Programme**") established by Thames Water Utilities Finance plc (the "**Issuer**"). This Supplement together with the Prospectus constitutes a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**"). This Supplement constitutes a supplementary prospectus for the purposes of Article 23 of the UK Prospectus Regulation.

Unless otherwise defined in this Supplement, terms defined in the Prospectus have the same meaning when used in this Supplement. Unless stated otherwise, page numbers referred to in this Supplement refer to pages in the Prospectus.

This Supplement has been approved by the Financial Conduct Authority (the "**FCA**"), as competent authority under the UK Prospectus Regulation, as a supplement to the Prospectus in compliance with the UK Prospectus Regulation. The FCA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Bonds that are the subject of this Supplement and the Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds.

Each of the Issuer and the other Obligors accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and each of the other Obligors the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.

The purpose of this Supplement is to:

- (a) incorporate by reference into the Prospectus (i) the unaudited interim financial reports of the Issuer and TWUL for the six month period ended 30 September 2023; and (ii) the deed of amendment to the Bond Trust Deed dated 7 December 2023;
- (b) update (i) the sub-sections entitled "*Environmental considerations*" and "*Environmental pollution offences*" in the section entitled "*Compliance risks*" in Chapter 2 (*Risk Factors*); and (ii) the sub section entitled "*Principal English law*" in the section entitled "*Environmental Regulation*" in Chapter 6 (*Regulation of the Water and Wastewater Industry in England and Wales*), to reflect an update in Ofwat's ongoing investigation into TWUL;
- (c) update (i) the sub-sections entitled "*Performance, commitments and incentives*" in the section entitled "*Compliance risks*" in Chapter 2 (*Risk Factors*); and (ii) "*Customer charges*" in Chapter 5 (*Description of the TWU Financing Group*), to reflect Ofwat's final determination of the 2022/23 ODI outcomes;
- (d) update the following sections in Chapter 5 (*Description of the TWU Financing Group*) to reflect the appointment of Chris Weston as Thames' new Chief Executive Officer ("**CEO**"): (i) the section entitled

“*Refocused turnaround*”; and (ii) the sub-section entitled “*Board composition and corporate governance*” and the section entitled “*Executive Directors*” and in the case of point (i) to also provide further detail as to nature of the March 2023 shareholder funding;

- (e) update the section entitled “*Wastewater treatment*” in Chapter 5 (*Description of the TWU Financing Group*) to reflect Thames’ performance against its 2023 performance commitment targets; and
- (f) update the sub-sections entitled “*Company details*” in the sections entitled “*TWUL*” and the “*TWH*”, in Chapter 5 (*Description of the TWU Financing Group*) to reflect additional issuances of shares, each as described further below.

1 DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall, by virtue of this Supplement, be incorporated in, and form part of the Prospectus:

- 1.1 the unaudited interim financial report of the Issuer for the six month period ended 30 September 2023 (available at: <https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-finance/reports/interim-report-2023-24.pdf>);
- 1.2 the unaudited interim financial report of TWUL for the six month period ended 30 September 2023 (available at: <https://www.thameswater.co.uk/media-library/home/about-us/investors/our-results/interim-2023-24/TWUL-Interim-Report-HY24.pdf>); and
- 1.3 the deed of amendment to the Bond Trust Deed dated 7 December 2023 (available at <https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/thames-water-utilities/thames-water-utilities-finance/other-documents/deed-of-amendment-to-the-bond-trust-deeds-dated-june-2015-september-2016-october-2017-April-2020.pdf>).

2 RISK FACTORS (CHAPTER 2)

- 2.1 The second paragraph of the sub-section entitled “*Environmental considerations*” in the section entitled “*Compliance risks*” on page 49 of the Prospectus shall be updated by replacing the sentence starting “*This risk is increased ...*” with the following:

“This risk is increased by virtue of the ongoing and separate EA and Ofwat investigations into water and sewerage companies, pursuant to which Ofwat issued a number of water and wastewater companies with formal notices to gather further information for enforcement purposes and in respect of which Ofwat announced on 12 December 2023 that it had reached the next stage of its investigation (see section titled “Environmental pollution offences” below for further details of this investigation), as well as the new provisions introduced by the Environment Act 2021 in relation to storm overflows and the recommendations made by the Environmental Audit Committee inquiry in their report published on 13 January 2022 on water quality in rivers (and the response of the Government) as described in Chapter 6 “Regulation of the Water and Wastewater Industry in England and Wales”.”

- 2.2 The sub-section entitled “*Environmental pollution offences*” in the section entitled “*Compliance risks*” on page 50 shall be updated by adding the following at the end of the paragraph starting “*In Ofwat’s parallel investigation*”:

“On 12 December 2023, Ofwat announced that it had reached the next stage of its investigation into TWUL’s management of its sewage treatment works and wider network and that it had notified TWUL of its provisional findings (which are without prejudice to any further representation that TWUL may make to Ofwat). Ofwat has not yet concluded whether there has been any contravention or failure by TWUL, nor has it decided to issue a notice under section 22A of the WIA. Ofwat expects to publish its proposed decision for public consultation in the first quarter of 2024.”

- 2.3 The sub-section entitled “*Performance, commitments and incentives*” in the section entitled “*Compliance risks*” on page 54 shall be updated by adding the following at the end of the paragraph starting “*According to Ofwat’s press release PN36/22...*”:

“In its final determination published on 14 November 2023, Ofwat’s decision to reduce the tax rate from 19% to 0% on future ODI payments means that the amount by which TWUL is required to reduce customer bills in 2024/25 has been reduced by £26.953 million to £73.766 million.”

3 DESCRIPTION OF THE TWU FINANCING GROUP (CHAPTER 5)

- 3.1 The section entitled “*Refocused turnaround*” in Chapter 5 (*Description of the TWU Financing Group*) on page 90 shall be updated by:

- 3.1.1 replacing the first paragraph starting “*In June 2023,*” with the following:

“In June 2023, Cathryn Ross and Alastair Cochran were appointed as Interim Co-CEOs, with a firm focus on stepping up the delivery of TWUL’s turnaround and served in this position until the appointment of a permanent CEO. On 14 December 2023, Thames Water announced the appointment of Chris Weston as its CEO with effect from 8 January 2024.”; and

- 3.1.2 adding the following at the end of the paragraph starting “*TWUL’s refocused turnaround plan ...*”:

“This shareholder funding was provided by the Kemble Shareholders by way of £500 million of convertible loan notes to KWHL. The proceeds of these loan notes were then cascaded down to TWUL and were received by the TWU Financing Group as equity. The TWU Financing Group owes no obligations in respect of the convertible loan notes between the Kemble Shareholders and KWHL.”.

- 3.2 The first paragraph in the section entitled “*Wastewater treatment*” in Chapter 5 (*Description of the TWU Financing Group*) on page 96 shall be deleted and replaced with the following:

“Wastewater is treated at 354 sewage treatment works, which are monitored to ensure that the treatment works comply with regulatory standards, through effective operation, risk assessments and focused investment. TWUL is not currently on track to meet its performance commitment target for total pollutions (category 1-3) for 2023 and has recently reported a year-on-year increase in pollution events from 217 to 257 in the interim results for 2023/24. TWUL remains committed to improving its performance through its refocused turnaround plan where TWUL is identifying root causes and solutions to address poor performance.

TWUL expects that there will be more pollution events as a result of the shift in approach by the Environment Agency (including those previously categorised as category 4 being graded as category 3), an increase in data availability following the installation of event duration monitors that enable TWUL to identify when sewage has entered the environment outside of permit conditions and a deterioration in sewage treatment works performance driven by poor asset health, a lack of inbuilt resilience and resourcing challenges. TWUL is currently forecasting sewage treatment works compliance below the performance commitment target of 100%. This reflects that a few sites have failed numeric wastewater quality compliance during 2023.”

- 3.3 The section entitled “*Customer charges*” in Chapter 5 (*Description of the TWU Financing Group*) on page 102 shall be updated by adding the following at the end of the paragraph starting “*In 2023/24 Thames Water will...*”:

“In its final determination published on 14 November 2023, Ofwat’s decision to reduce the tax rate from 19% to 0% on future ODI payments means that the amount by which TWUL is required to reduce customer bills in 2024/25 has been reduced by £26.953 million to £73.766 million.”

- 3.4 The second paragraph of the sub-section entitled “Company details” in the section entitled “TWH” in Chapter 5 (*Description of the TWU Financing Group*) on page 130 shall be deleted and replaced with the following:
- “TWUL’s authorised and issued share capital is £49,478,000 divided into 49,478,000 ordinary shares of £1 each. All ordinary shares have been issued and have been fully paid-up. TWUL is a wholly owned subsidiary of TWH. The business address of the directors of TWUL is Clearwater Court, Vastern Road, Reading, Berkshire RG1 8DB.”*
- 3.5 The sub-section entitled “Board composition and corporate governance” in the section entitled “TWUL” in Chapter 5 (*Description of the TWU Financing Group*) on page 131 shall be updated by:
- 3.5.1 replacing the second paragraph with the following:
- “As at the date of this Prospectus, the ultimate beneficial owners of TWUL are the Kemble Shareholders. The composition of the TWUL Board at the date of this Prospectus consists of the Non-Executive Chairman, two Executive Directors, three Thames Shareholder appointed Non-Executive Directors and five Independent Non-Executive Directors.”*
- 3.5.2 adding the following as a new paragraph at the end of the second paragraph:
- “Chris Weston joined as TWUL’s new Chief Executive Officer on 8 January 2024 and was appointed as an Executive Director of TWUL on the same day.”*
- 3.5.3 replacing the third paragraph with the following:
- “Alastair Cochran joined as TWUL’s new Chief Financial Officer on 6 September 2021 and was appointed as an Executive Director of TWUL on the same day.”*
- 3.6 The sub-section entitled “Chairman” in the section entitled “Directors” in Chapter 5 (*Description of the TWU Financing Group*) on page 133 shall be updated by replacing the first paragraph with the following:
- “Sir Adrian Montague was appointed as Chairman of TWUL and KWHL in July 2023. Previous roles include Chairman of The City UK Advisory Council, Aviva Group plc, 3i Group, Anglian Water Group, Michael Page International plc, London First, British Energy Group plc, Friends Provident plc, Cross London Rail Links Ltd and Hurricane Exploration plc. Adrian was a former Deputy Chairman of Network Rail Ltd, Partnerships UK plc and UK Green Investment Bank plc.”*
- 3.7 The section entitled “Executive Directors” in Chapter 5 (*Description of the TWU Financing Group*) on page 133 shall be updated by inserting the following before the sub-section entitled “Chief Financial Officer”:
- “Chief Executive Officer**
- On 14 December 2023, Thames Water announced the appointment of Chris Weston as its Chief Executive Officer with effect from 8 January 2024.*
- Chris was formerly CEO of FTSE 250 Aggreko plc for seven years, a multi-national business operating in 45 countries. Previously he was at Centrica, where his last role was managing director of International Downstream and he was also a member of both the board and the executive committee. Prior to this, he held a number of roles in the Australian and UK telecoms sector in One.Tel and Cable and Wireless. He served in HM Armed Forces in the Royal Artillery and holds a PhD and MBA from Imperial College, London. He was a non-executive director of the Royal Navy between 2017 and 2023 and has been a non-executive director of Barratt Developments Plc since 2021.”*
- 3.8 The sub-section entitled “Interim Co Chief Executive Officer and Chief Financial Officer” in the section entitled “Executive Directors” in Chapter 5 (*Description of the TWU Financing Group*) on page 133 shall be updated by:

3.8.1 amending to title of the sub-section to be “*Chief Financial Officer*”;

3.8.2 replacing the paragraph starting “*Alastair Cochran joined TWUL...*” with the following:

“Alastair Cochran joined TWUL as Chief Financial Officer on 6 September 2021. He was appointed interim Co-CEO on 27 June 2023 and served in this position until the appointment of Chris Weston as CEO on 8 January 2024. He is also part of the Board and Executive team. Alastair was previously Chief Financial Officer of Petrofac, where he developed and led the sustainability, digital and Finance transformation initiatives, which focused on reinforcing the Group’s long-term cost competitiveness and delivering value for stakeholders through effective business partnerships. Prior to that, Alastair was at BG Group plc, where he was responsible for M&A, Treasury, Corporate Finance, Global Strategy and Business Development.”; and

3.8.3 deleting the third and fourth paragraphs in the sub-section.

3.9 The second paragraph of the sub-section entitled “*Company details*” in the section entitled “*TWH*” in Chapter 5 (*Description of the TWU Financing Group*) on page 137 shall be deleted and replaced with the following:

“TWH is a wholly owned subsidiary of the Parent. Its authorised share capital is £520,428,002 divided into 520,428,002 ordinary shares of £1 each. 520,428,002 have been issued to the Parent and are fully paid-up.”

4 REGULATION OF THE WATER AND WASTEWATER INDUSTRY IN ENGLAND AND WALES (CHAPTER 6)

The sub-section entitled “*Principal English Law*” in the section entitled “*Environmental Regulation*” on page 159 shall be updated by adding the following into the paragraph starting “*In line with the EA’s push...*” after the sentence ending “*not necessarily an indicator that Ofwat intends to pursue formal enforcement action.*”:

“On 12 December 2023, Ofwat announced that it had reached the next stage of its investigation into TWUL’s management of its sewage treatment works and wider network and that it had notified TWUL of its provisional findings (which are without prejudice to any further representation that TWUL may make to Ofwat). Ofwat has not yet concluded whether there has been any contravention or failure by TWUL, nor has it decided to issue a notice under section 22A of the WIA. Ofwat expects to publish its proposed decision for public consultation in the first quarter of 2024.”

5 General Provisions

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in this Supplement and (b) any other statement in or incorporated by reference in the Prospectus prior to the date of this Supplement, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus. An investor should be aware of its rights arising pursuant to Section 87Q(4) of the FSMA.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the UK Prospectus Regulation except where such information or other documents are specifically incorporated by reference or where this Supplement is specifically defined as including such information.

The date of this Supplement is 15 January 2024.