

Compliance Certificate

To: Deutsche Trustee Company Limited as Security Trustee, Bond Trustee and Existing Bond Trustee

cc: Rating Agencies, Hedge Counterparties and Facility Agents

From: WALES & WEST UTILITIES FINANCE PLC (the "Issuer")
WALES & WEST UTILITIES LIMITED ("WWU")

23 December 2020

Dear Sirs

Common Terms Agreement dated 31 March 2010 between, among others, the Issuer, WWU and 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 2020:

Note: The ratios in the table below are the Conformed Ratios agreed with Senior Lenders in 2017 to adjust for the transition to FRS 102 from UK GAAP

CONFORMED RATIOS (i.e. adjusted for Transition to FRS 102)							
Test Date →	As at 31 March 2020	As at 31 March 2021	As at 31 March 2022	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at 31 March 2026
Class A RAR (as at the relevant Test Date)	62.3%	63.0%	66.1%	67.5%	68.1%	61.1%	55.7%
Senior RAR (as at the relevant Test Date)	68.9%	69.4%	72.3%	73.5%	73.9%	73.3%	73.1%

Test Period →	Year to 31 March 2020	Year to 31 March 2021	Year to 31 March 2022	Year to 31 March 2023	Year to 31 March 2024	Year to 31 March 2025	Year to 31 March 2026
Class A ICR (x)	3.3	3.3	3.5	3.7	3.7	4.2	4.0
Class A Adjusted ICR (x)	1.7	1.4	1.4	1.6	1.5	1.7	1.6
Senior Adjusted ICR (x)	1.6	1.3	1.4	1.5	1.4	1.5	1.3
Class A Average Adjusted ICR (x)	1.5						
Senior Average Adjusted ICR (x)	1.4						

Note: The ratios in the table below are the non-conformed ratios (i.e. not adjusted for transition to FRS 102)

NON CONFORMED RATIOS (i.e. not adjusted for Transition to FRS 102)							
Test Date →	As at 31 March 2020	As at 31 March 2021	As at 31 March 2022	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at 31 March 2026
Class A RAR (as at the relevant Test Date)	62.4%	63.1%	66.2%	67.5%	68.1%	61.1%	55.7%
Senior RAR (as at the relevant Test Date)	69.0%	69.5%	72.4%	73.5%	74.0%	73.4%	73.1%

Test Period →	Year to 31 March 2020	Year to 31 March 2021	Year to 31 March 2022	Year to 31 March 2023	Year to 31 March 2024	Year to 31 March 2025	Year to 31 March 2026
Class A ICR (x)	4.5	4.7	5.5	5.8	5.6	6.5	6.1
Class A Adjusted ICR (x)	2.9	2.8	3.5	3.6	3.5	4.0	3.7
Senior Adjusted ICR (x)	2.7	2.6	3.3	3.4	3.3	3.4	3.0
Class A Average Adjusted ICR (x)	3.1						
Senior Average Adjusted ICR (x)	2.8						

(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 (*WWU and the Issuer*) (*Events of Default*) to the Common Terms Agreement to be breached.
4. We set out in Appendix 1 the computation of the following ratios set out in the table in Paragraph 2 above for your information:
 - (a) the Class A ICR
 - (b) the Class A Adjusted ICR
 - (c) the Senior Adjusted ICR
 - (d) the Class A Average Adjusted ICR
 - (e) the Senior Average Adjusted ICR
 - (f) the Class A RAR
 - (g) the Senior RAR

} Non-conformed ratios

- (h) the Conformed Class A ICR
 - (i) the Conformed Class A Adjusted ICR
 - (j) the Conformed Senior Adjusted ICR
 - (k) the Conformed Class A Average Adjusted ICR
 - (l) the Conformed Senior Average Adjusted ICR
 - (m) the Conformed Class A RAR
 - (n) the Conformed Senior RAR
- } Conformed ratios

5. We also confirm that:

- (a) no Default or Potential Trigger Event is outstanding nor has any occurred since the Initial Closing Date;
- (b) WWU's insurances are being maintained in accordance with the Common Terms Agreement; and
- (c) the aggregate amount of all accretions by indexation to the original notional amounts of any Super-Senior RPI Linked Hedging Agreements is less than 6 per cent. of RAV as at 30 September 2020

Yours faithfully,



Director



Director

For and on behalf of
WALES & WEST UTILITIES LIMITED



Director



Director

For and on behalf of
WALES & WEST UTILITIES FINANCE Plc

Appendix 1

CONFORMED RATIOS (i.e adjusted for transition to FRS 102)

RAR TESTS	As at	As at	As at	As at	As at	As at	As at
	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26
	£m	£m	£m	£m	£m	£m	£m
Class A net indebtedness	1,414.0	1,471.9	1,605.1	1,694.1	1,764.4	1,628.4	1,524.9
Senior Net Indebtedness	1,564.0	1,622.2	1,755.6	1,844.7	1,915.2	1,954.3	2,000.9
RAV	2,269.0	2,336.2	2,427.3	2,511.1	2,590.4	2,664.6	2,737.3
Class A RAR %	62.3%	63.0%	66.1%	67.5%	68.1%	61.1%	55.7%
Senior RAR %	68.9%	69.4%	72.3%	73.5%	73.9%	73.3%	73.1%
Debt Headroom (£m)							
Class A : £m	174.3	163.4	94.0	63.7	48.9	236.8	391.2
Senior : £m	194.5	188.4	125.6	101.4	92.4	110.8	120.5

Restricted Payments	Trigger	Default
> 70%	> 75%	N/A
> 77.5%	> 90%	> 95%

INTEREST COVER TESTS	Year to	Year to	Year to	Year to	Year to	Year to	Year to
	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26
	£m	£m	£m	£m	£m	£m	£m
Net cash flow (A)	261.4	227.3	211.5	226.5	234.6	240.4	249.4
Less approved Reg depreciation (B)	(125.0)	(129.9)	(124.2)	(130.6)	(136.9)	(143.0)	(149.1)
Adjusted net cash flow (A) - (B)	136.4	97.4	87.3	95.9	97.7	97.4	100.3
Class A debt interest	79.2	69.4	60.6	60.7	64.2	57.0	62.6
Senior Debt Interest	85.3	76.2	64.4	64.9	68.3	66.6	78.4
Class A ICR	3.3	3.3	3.5	3.7	3.7	4.2	4.0
Class A Adjusted ICR	1.7	1.4	1.4	1.6	1.5	1.7	1.6
Senior Adjusted ICR	1.6	1.3	1.4	1.5	1.4	1.5	1.3
Class A Average Adjusted ICR	1.5						
Senior Average Adjusted ICR	1.4						
Trigger Event Headroom on adjusted net cash flow (£m)							
Class A	33.4	7.2	8.5	17.0	14.2	23.3	18.9
Senior	42.6	13.6	16.5	24.5	22.6	24.1	14.1

Restricted Payments	Trigger	Default
N/A	N/A	< 1.6x
N/A	< 1.3x	< 1.0x
N/A	< 1.1x	N/A
N/A	< 1.4x	N/A
N/A	< 1.2x	N/A

Appendix 2

NON CONFORMED RATIOS (i.e. not adjusted for transition to FRS 102)

RAR TESTS	As at 31-Mar-20 £m	As at 31-Mar-21 £m	As at 31-Mar-22 £m	As at 31-Mar-23 £m	As at 31-Mar-24 £m	As at 31-Mar-25 £m	As at 31-Mar-26 £m
Class A net indebtedness	1,415.4	1,473.3	1,606.2	1,694.9	1,765.1	1,629.0	1,525.0
Senior Net Indebtedness	1,565.4	1,623.6	1,756.6	1,845.5	1,915.8	1,954.8	2,001.0
RAV	2,269.0	2,336.2	2,427.3	2,511.1	2,590.4	2,664.6	2,737.3
Class A RAR %	62.4%	63.1%	66.2%	67.5%	68.1%	61.1%	55.7%
Senior RAR %	69.0%	69.5%	72.4%	73.5%	74.0%	73.4%	73.1%

Debt Headroom (£m)							
Class A : £m	172.9	162.0	92.9	62.9	48.2	236.2	391.1
Senior : £m	193.1	187.0	124.6	100.6	91.8	110.3	120.4

Restricted Payments	Trigger	Default
> 70%	> 75%	N/A
> 77.5%	> 90%	> 95%

INTEREST COVER TESTS	Year to 31-Mar-20 £m	Year to 31-Mar-21 £m	Year to 01-Apr-21 £m	Year to 02-Apr-21 £m	Year to 03-Apr-21 £m	Year to 04-Apr-21 £m	Year to 05-Apr-21 £m
Net cash flow (A)	356.4	326.0	334.5	350.3	360.4	370.0	381.4
Less approved Reg depreciation (B)	(125.0)	(129.9)	(124.2)	(130.6)	(136.9)	(143.0)	(149.1)
Adjusted net cash flow (A) - (B)	231.4	196.1	210.3	219.7	223.5	227.0	232.3
Class A debt interest	79.3	69.5	60.8	60.9	64.4	57.2	62.8
Senior Debt Interest	85.4	76.3	64.6	65.1	68.5	66.8	78.6
Class A ICR	4.5	4.7	5.5	5.8	5.6	6.5	6.1
Class A Adjusted ICR	2.9	2.8	3.5	3.6	3.5	4.0	3.7
Senior Adjusted ICR	2.7	2.6	3.3	3.4	3.3	3.4	3.0
Class A Average Adjusted ICR	3.1						
Senior Average Adjusted ICR	2.8						

Restricted Payments	Trigger	Default
N/A	N/A	< 1.6x
N/A	< 1.3x	< 1.0x
N/A	<1.1x	N/A
N/A	<1.4x	N/A
N/A	<1.2x	N/A

Trigger Event Headroom on adjusted net cash flow (£m)							
Class A	128.3	105.8	131.3	140.5	139.8	152.6	150.7
Senior	137.5	112.2	139.2	148.1	148.2	153.5	145.8