



**Southern Water Services (Finance) Limited**

*(incorporated with limited liability in the Cayman Islands, with registered number 112331)*

**£6,000,000,000**

**Multicurrency Programme for the Issuance of Guaranteed Bonds**

**guaranteed by, *inter alios*,**

**Southern Water Services Limited**

*(incorporated with limited liability in England and Wales with registered number 2366670)*

This Supplement (the "**Supplement**") to the prospectus dated 6 May 2020 (the "**Prospectus**") constitutes a supplement to the Prospectus for the purposes of Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**") and is prepared in connection with the £6,000,000,000 Multicurrency Programme for the issuance of guaranteed bonds (the "**Programme**") established by Southern Water Services (Finance) Limited (the "**Issuer**") and unconditionally and irrevocably guaranteed by *inter alios* Southern Water Services Limited ("**SWS**"). This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus subsequently issued by the Issuer.

This Supplement also operates as a supplement to the listing particulars dated 6 May 2020 ("**Listing Particulars**") relating to the Programme for the purposes of LR 4.4.1 of the Listing Rules of the Financial Conduct Authority ("**FCA**") and section 81 of the Financial Services and Markets Act 2000 in relation to the PSM Bonds as defined in the Listing Particulars. For the purpose of any PSM Bonds issued under the Programme, this document does not constitute a supplemental prospectus within the meaning of Article 23 of the UK Prospectus Regulation. This Supplement is supplemental to, and should be read in conjunction with, the Listing Particulars and any other supplements to the Listing Particulars subsequently issued by the Issuer. References herein to the Prospectus include the Listing Particulars, except where the context requires otherwise.

The purpose of this Supplement is to (1) make such necessary amendments as required to account for the United Kingdom's exit from the European Union ("**Brexit**") (2) incorporate by reference into the Prospectus the financial results of SWS and the Issuer for the financial year end 31 March 2020 and the six months ended 30 September 2020 in respect of SWS. The Issuer and SWS, being the persons responsible for the financial information included in the consolidated financial results, approve such financial information; and (3) to update the Prospectus in respect of certain amendments to the Finance Documents made pursuant to a STID Proposal dated 28 January 2021 which was approved on 16 February 2021 (the "**PFI STID Proposal**").

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.

The Issuer and each of SWS, Southern Water Services Holdings Limited and Southern Water Services Group Holdings Limited (together with the Issuer, being the "**Obligors**") accept responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and 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.

**(1) Updates for the UK's exit from the European Union**

- (a) statements in the Prospectus that, expressly or impliedly, include the United Kingdom within references to the "EEA", the "European Economic Area", the "EU", the "European Union" or as a "Member State" of the EEA or EU, shall be deemed amended to exclude the United Kingdom and such statements shall be construed accordingly;
- (b) references to the "Prospectus Regulation" shall be deemed amended to refer to the "UK Prospectus Regulation" and shall refer to "Regulation (EU) 2017/2219 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018" instead;

- (c) the paragraph commencing “*In general, European regulated investors*” on page vi of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

“In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the “**EU CRA Regulation**”) as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Each of Moody’s Investors Service Limited (“**Moody’s**”) and Fitch Ratings Ltd. (“**Fitch**”) are established in the United Kingdom and are each registered under the UK CRA Regulation. S&P Global Ratings Europe Limited (“**Standard & Poor’s**”, and, together with Fitch and Moody’s, the “**Rating Agencies**”) is established in the EU and subject to the EU CRA Regulation but the rating which the Bonds are expected to receive on issue from Standard & Poor’s is expected to be endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered the UK CRA Regulation.”

- (d) the paragraph commencing “*Amounts payable under the Bonds may be calculated*” on page vii of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

“Amounts payable under the Bonds may be calculated by reference to: (i) the London Inter-Bank Offered Rate (“**LIBOR**”), which is provided by ICE Benchmark Administration Limited (“**IBA**”); (ii) the Euro Interbank Offered Rate (“**EURIBOR**”), which is provided by the European Money Markets Institute (the “**EMMI**”); (iii) the United Kingdom retail price index (“**RPI**”), which is provided by the Office for National Statistics; (iv) the United Kingdom consumer price index (“**CPI**”), which is provided by the Office for National Statistics; (v) the harmonised indices of consumer prices (“**CPIH**”) which is provided by the Office for National Statistics; and (vi) the daily Sterling Overnight Index Average (“**SONIA**”), which is provided by the Bank of England. As at the date of [●], the IBA (as administrator for LIBOR) appears, on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”).

As far as the Issuer is aware, RPI, CPI, CPIH and SONIA do not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of that regulation. In addition, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration under the UK Benchmarks Regulation.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by benchmark reforms, investigations and licensing issues in making any investment decisions with respect to Bonds linked to a “benchmark”.”

- (e) the paragraph entitled “*Prohibition of Sales to EEA and UK Retail Investors*” on page 3 and 4 shall be deleted in its entirety and replaced with the following wording:

**PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS** - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS** - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of domestic

law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

- (f) following the paragraph entitled “*MiFID II Product Governance/Target Markets*” on page 4, a new paragraph entitled “*UK MiFIR Product Governance*” shall be deemed inserted as follows:

“The Final Terms in respect of any Bonds may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any Distributor should take into consideration the target market assessment; however, a Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.”

- (g) the paragraph commencing with “*Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”)*” in the section entitled “*Risk Factors*” on page 47 of the Prospectus shall be deleted in its entirety and replaced with the following wording:

The EU Benchmarks Regulation became applicable from January 2018. The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The UK Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark in the UK.

The EU Benchmarks Regulation and the UK Benchmarks Regulation could have a material impact on any Bonds linked to LIBOR, EURIBOR or another benchmark rate or index, including in any of the following circumstances:

- i. a “benchmark” ceases to be published, calculated or administered;
- ii. an index which is a “benchmark” could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or register, or if based in a non-EU or non-UK jurisdiction (as applicable), the administrator is not otherwise recognised as equivalent; and
- iii. the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulations, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Any of the above could potentially lead to the Bonds being de-listed or redeemed early or otherwise affected depending on the particular “benchmark” and applicable terms of the Bonds.”

- (h) the paragraph entitled “*Prohibition of Sales to EEA and UK Retail Investors*” in the section entitled “*Pro Forma Final Terms*” on page 261 of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

**PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS** - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS** - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any

retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

- (i) following the paragraph entitled “*MiFID II Product Governance / Professional Investors and ECPS only Target Market*” in the section entitled “*Pro Forma Final Terms*” on page 261 of the Prospectus, a new paragraph entitled “*UK MiFIR Product Governance*” shall be deemed inserted as follows:

**“[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET**  
– Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer[s/s] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[s/s] target market assessment) and determining appropriate distribution channels.]”

- (j) the paragraph entitled “*Prohibition of Sales to EEA and UK Retail Investors*” in the section entitled “*Pro Forma Pricing Supplement*” on page 272 of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

**“PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS** - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “EU PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS** - The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

- (k) following the paragraph entitled “*MiFID II Product Governance / Professional Investors and ECPS only Target Market*” in the section entitled “*Pro Forma Pricing Supplement*” on page 272 of the Prospectus, a new paragraph entitled “*UK MiFIR Product Governance*” shall be deemed inserted as follows:

“**[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET**  
– Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]”

## **(2) Financial Results**

SWS and the Issuer have prepared the following:

- (a) In respect of SWS, an annual report for the financial year end 31 March 2020 which includes the auditors’ report and audited non-consolidated financial statements of SWS for the financial year end 31 March 2020;
- (b) In respect of the Issuer, an annual report for the financial year end 31 March 2020 which includes the auditors’ report and audited non-consolidated financial statements of the Issuer for the financial year end 31 March 2020; and
- (c) In respect of SWS an interim report for the six months ended 30 September 2020 which includes the un-audited financial statements for the six months ended 30 September 2020.

Copies of such financial results have been filed with the FCA and, by virtue of this Supplement, those financial results are incorporated in, and form part of, the Prospectus. These financial results have been properly prepared on the basis stated and the basis of accounting is consistent with the accounting policies of the Issuer and SWS.

Copies of all documents incorporated by reference in the Prospectus can be obtained (without charge) from the Issuer’s website at [www.southernwater.co.uk](http://www.southernwater.co.uk), and may be requested from the registered office of SWS at Southern House, Yeoman Road, Worthing, West Sussex BN13 3NX, as described in the Prospectus. In addition, copies of such documents will be available on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/pricesand-news/news/market-news/market-news-home.html>. Please note, however, that the contents of any websites referred to in this Supplement do not form part of this Supplement or the Prospectus, except where that information has been incorporated into the Prospectus.

## **(3) PFI STID Proposal**

Pursuant to the PFI STID Proposal which was approved on 16 February 2021, certain amendments have been made to the terms of the Finance Documents. The PFI STID Proposal can be found at <https://www.southernwater.co.uk/media/4498/stid-proposal.pdf> and is incorporated in, and forms part of, the Prospectus and Chapter 7 (*Summary of the Financing Agreements*) of the Prospectus and other references to the Finance Documents in the Prospectus are deemed to be updated accordingly.

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

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.

If documents which are incorporated by reference into 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. This Supplement has been approved by the FCA, which is the United Kingdom competent authority for the purposes of Article 23 of the UK Prospectus Regulation in the United Kingdom, as a base prospectus supplement issued in compliance with the UK Prospectus Regulation.