

**SUPPLEMENT DATED 12 JANUARY 2022 TO THE PROSPECTUS DATED 26
OCTOBER 2021**



THAMES WATER UTILITIES FINANCE PLC

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

(Legal Entity Identifier: 213800ESMPQ4RQ7G8351)

**£10,000,000,000 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 26 October 2021 (the "**Prospectus**", which definition includes the Prospectus and all information incorporated by reference therein) relating to the £10,000,000,000 multicurrency programme for the issuance of up to £10,000,000,000 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 Obligor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and each of the other Obligor 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:

- (i) incorporate by reference into the Prospectus the unaudited interim financial report of the Issuer and TWUL for the six month period ended 30 September 2021;
- (ii) update certain disclosures in respect of the sustainable financing framework of the Issuer and TWUL (the "**Sustainable Financing Framework**");
- (iii) update the outlook of certain ratings of bonds issued by the Issuer assigned by Standard & Poor's;

- (iv) update the paragraph headed “*TWUL revenue and cost considerations*” in the section headed “Risk Factors” in the Prospectus;
- (v) update the section headed “*Description of the TWU Financing Group*” to reflect certain changes to shareholder and board compositions;
- (vi) update the disclosure in the section headed “*Regulatory Developments*” for the recent industry-wide investigations by the Environment Agency and Ofwat; and
- (vii) update the disclosure on Totex and ODIs,

each as described further below.

1 DOCUMENTS INCORPORATED BY REFERENCE

- 1.1 The unaudited interim financial report of the Issuer and TWUL for the six month period ended 30 September 2021 (available at: <https://www.thameswater.co.uk/media-library/home/about-us/investors/our-results/current-reports/interim-report-2021.pdf>) shall, by virtue of this Supplement, be incorporated in, and form part of, the Prospectus.

2 SUSTAINABLE FINANCING FRAMEWORK

In connection with the issue of Green Bonds, Social Bonds or Sustainability Bonds under the Programme, the Issuer and TWUL have produced a Sustainable Financing Framework and have obtained an External Review on the Sustainable Financing Framework from DNV Business Assurance Services UK Limited (“DNV”). Each of the Sustainable Financing Framework and the External Review has been made available by TWUL and the Issuer on TWUL’s website (the Sustainable Financing Framework being made available at: <https://www.thameswater.co.uk/media-library/home/about-us/investors/debt-investors/sustainable-finance/sustainable-finance-framework.pdf>).

3 OUTLOOK OF STANDARD & POOR’S RATINGS

- 3.1 On 13 December 2021, Standard & Poor’s announced that (i) the rating of BBB+ assigned to the Class A Unwrapped Bonds by Standard & Poor’s and (ii) the rating of BBB- assigned to the Class B Unwrapped Bonds by Standard & Poor’s had each been placed on CreditWatch Negative.
- 3.2 All references in the Prospectus to such ratings assigned or expected to be assigned by Standard & Poor’s shall be deemed to be construed accordingly.
- 3.3 A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

4 RISK FACTORS

- 4.1 The section headed “*TWUL revenue and cost considerations*” on page 48 of the Prospectus shall be deleted in its entirety and replaced with the following:

“The significant capital and operating expenditure required to maintain the network presents the risk that the cash generated by the business may not be sufficient: (i) to enable TWUL to make full and timely payment of amounts due to creditors; and (ii) to enable the Obligors to comply with requirements of the financial covenants set out in the Common Terms Agreement. Furthermore, energy costs are currently subject to significant fluctuations. Increases in energy prices which may occur from time to time may impact TWUL’s financial position. Capital and operating expenditure increases, including increases in energy prices could have a material adverse impact on TWUL and,

consequently on the Issuer's ability to meet its obligations (including the payment of principal and interest) under the Bonds."

5 DESCRIPTION OF THE TWU FINANCING GROUP

- 5.1 On 3rd December 2021, Greg Pestrak resigned as a director of TWUL. The paragraph headed "*Greg Pestrak*" in the section headed "*Appointed Non-Executive Directors*" on page 105 of the Prospectus shall consequently be deleted in its entirety.
- 5.2 On 3rd December 2021, Universities Superannuation Scheme Limited ("**USS**"), agreed to acquire an additional 8.77% in Kemble Water Holdings Limited, the ultimate holding company of TWUL from investors Wren House Infrastructure LP. Once the acquisition is complete, USS's holding in Kemble Water Holdings Limited will be c. 19.7%.

6 REGULATORY DEVELOPMENTS

6.1 Environment Agency and Ofwat Sewage Treatment Works Investigation

On 18th November 2021, the Environment Agency and Ofwat announced an investigation into sewage treatment works across all water companies in England and Wales in relation to the release of unpermitted sewage discharges into rivers and watercourses. This investigation will involve more than 2000 sewage treatment works, with any company found to be breaching their legal discharge permits facing potential enforcement action, including fines or prosecutions. Fines can be up to 10% of annual turnover for civil cases, or unlimited in criminal proceedings.

7 TOTEX AND ODIS

- 7.1 TWUL's wholesale businesses have been set Totex allowances for AMP7 under the Final Determination. TWUL's current business plan contemplates significant additional investment beyond such allowances.

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 12 January 2022.