

Final Terms dated 18 August 2016

AFFINITY WATER PROGRAMME FINANCE LIMITED

Issue of Sub-Class A4 £85,000,000 3.278 per cent. Guaranteed Bonds
due 2042

under the £2,500,000,000 Guaranteed Bond Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 1 September 2015 and the supplemental Prospectus dated 4 August 2016 which together constitute a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Programme Issuer, the Guarantors and the offer of the Sub-Class A4 £85,000,000 3.278 per cent. Guaranteed Bonds due 2042 is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented.

The Prospectus and the supplemental Prospectus have been published on the website of the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies are available for viewing at the Specified Office of the Principal Paying Agent and at the registered office of the Programme Issuer c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands during usual business hours on any weekday apart from Saturdays, Sundays and public holidays, and copies may be obtained from AWL at the following address: Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any financial institution.

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| 1. | (i) Issuer: | Affinity Water Programme Finance Limited |
| | (ii) Guarantors: | Affinity Water Holdings Limited, Affinity Water Limited, Affinity Water Finance (2004) PLC |
| 2. | (i) Series Number: | 3 |
| | (ii) Sub-Class Number: | A4 |
| 3. | Relevant Currency or Currencies: | Pounds Sterling ("£") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | £85,000,000 |
| | (ii) Sub-Class: | £85,000,000 |

- (iii) Tranche: £85,000,000, comprising £65,796,000 in aggregate nominal amount of A Bonds (the "A Bonds") and £19,204,000 in aggregate nominal amount of B Bonds (the "B Bonds")
5. (i) Issue Price: In respect of the A Bonds, 100 per cent. of the Aggregate Nominal Amount of the A Bonds.
- In respect of the B Bonds, 114.364 per cent. of the Aggregate Nominal Amount of the B Bonds.
6. (i) Specified Denominations: £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000.
- (ii) Calculation Amount £1,000
7. (i) Issue Date: 22 August 2016
- (ii) Interest Commencement Date (if different from the Issue Date): Issue Date
8. Maturity Date: 22 August 2042
9. Instalment Date: Not applicable
10. Interest Basis: 3.278 per cent. Fixed Rate
11. Redemption/Payment Basis: Redemption at par
12. Change of Interest or Redemption/Payment Basis: Not Applicable
13. Call Options: Issuer Call Option
14. (i) Status of the Guarantees: Senior
- (ii) Date Board approval for issuance of Bonds and Guarantee obtained: 29 July 2016 in the case of the issuance of the Bonds and 29 July 2016 in the case of the Guarantee
15. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Bond Provisions: Applicable

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| (i) | Interest Rate: | 3.278 per cent. per annum payable semi-annually in arrear on each Interest Payment Date |
| (ii) | Interest Payment Date(s): | 22 August and 22 February in each year commencing on 22 February 2017 up to and including the Maturity Date |
| (iii) | Fixed Coupon Amounts: | £16.39 per Calculation Amount |
| (iv) | Broken Amounts: | Not Applicable |
| (v) | Day Count Fraction: | Actual/Actual (ICMA) |
| (vi) | Determination Date: | 22 August and 22 February in each year |
| (vii) | Reference Gilt: | Not Applicable |
| 17. | Floating Rate Bond Provisions: | Not Applicable |
| 18. | Indexed Bond Provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 19. | Call Option: | Applicable in accordance with Condition 8(b) |
| (i) | Optional Redemption Date(s): | Any Interest Payment Date |
| (ii) | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | The Redemption Amount as calculated in accordance with Condition 8(b) |
| (iii) | If redeemable in part: | |
| (a) | Minimum Redemption Amount: | Not Applicable |
| (b) | Maximum Redemption Amount: | Not Applicable |
| 20. | Final Redemption Amount: | £1,000 per Calculation Amount |
| 21. | Reference Gilt: | UK Treasury 4.5 per cent. due 2042 |

GENERAL PROVISIONS APPLICABLE TO THE BONDS

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| 22. | Form of Bonds: | Bearer |
| | | Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bearer Bonds in the limited circumstances |

specified in the Permanent Global Bond.

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| 23. | Relevant Financial Centre(s) or other special provisions relating to Payment Dates: | Not Applicable |
| 24. | Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature): | Yes |
| 25. | Details relating to Instalment Bonds: | Not Applicable |
| 26. | Redenomination, renominalisation and reconventioning provisions: | Not Applicable |

DISTRIBUTION

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| 27. | If syndicated, names of Managers: | Not Applicable |
| 28. | If non-syndicated, name of Dealer: | HSBC Bank plc |
| 29. | U.S. Selling Restrictions | Reg S Compliance Category 2, TEFRA D |

LISTING AND ADMISSION TO TRADING APPLICATION


These Final Terms comprise the details required for issue and admission to trading on the London Stock Exchange's Regulated Market and admission to the Official List of the UK Listing Authority of the Bonds described herein pursuant to the listing of the Programme for the issuance of up to £2,500,000,000 Bonds financing Affinity Water Limited.

Signed on behalf of the Programme Issuer:

By: 
Duly authorised

Duncan Bates
Director

Signed on behalf of Affinity Water Limited:

By: 
Duly authorised


Duncan Bates
Director

Signed on behalf of Affinity Water Holdings Limited:

By: 
Duly authorised

Duncan Bates
Director

Signed on behalf of Affinity Water Finance (2004) PLC:

By: 
Duly authorised

Duncan Bates
Director

PART B - OTHER INFORMATION

1. Listing

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| (i) | Listing: | Listed on the Official List of the UKLA |
| (ii) | Admission to trading: | Application has been made for the Bonds to be admitted to trading on the Regulated Market of the London Stock Exchange with effect from the Issue Date |
| (iii) | Estimate of total expenses related to admission to trading: | £750 |

2. Ratings

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| Ratings: | The Bonds to be issued have been rated: |
| | Moody's: A3 |
| | S&P: A- |

3. Interests of Natural and Legal Persons involved in the Issue/Offer

Save as disclosed in "*Subscription and Sale*" in the Prospectus, so far as the Programme Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer.

4. YIELD

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| Indication of yield: | 2.521 per cent.(semi-annual) |
| | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

5. Operational information

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| ISIN: | XS1480879540 |
| Common Code: | 148087954 |
| Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): | Not Applicable |

Delivery:	In respect of the A Bonds, delivery against delivery of the relevant existing bonds for which the A Bonds are being exchanged.
	In respect of the B Bonds, delivery against payment.
Names and addresses of initial Paying Agent(s):	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

