

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO: FSD⁶¹ OF 2018 ()

IN THE MATTER OF SECTIONS 14 TO 16 OF THE COMPANIES LAW (2016 REVISION)

AND IN THE MATTER OF ANGLIAN WATER SERVICES OVERSEAS HOLDINGS LIMITED



PETITION



TO: The Grand Court of the Cayman Islands

THE HUMBLE PETITION of ANGLIAN WATER SERVICES OVERSEAS HOLDINGS LIMITED (the "**Company**") whose registered office is of Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands, shows that:

Purpose

- 1 The object of this Petition is to seek an Order of the Court pursuant to section 16 of the *Companies Law (2016 Revision)* (the "**Companies Law**") confirming a reduction of the capital of the Company, which has been approved by special resolution of the Company's sole shareholder (the "**Capital Reduction**").

Background

- 2 The Company was incorporated and registered on 16 January 2002 as an exempted company limited by shares.
- 3 The objects for which the Company was formed include, among other things, to carry on business as a holding company, along with the other objects more particularly set forth in the Company's Amended and Restated Memorandum and Articles of Association (the "**Articles**") adopted by special resolution on 23 July 2002.

This Petition is filed by Maples and Calder, Attorneys-at-Law for the Petitioner, whose address for service is care of their said Attorneys at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: JSE/503061.43/54521546)

- 4 The Company is part of (and is a wholly owned subsidiary within) the Anglian Water group of companies (the "**Anglian Water Group**"), the ultimate holding company of which is Anglian Water Group Limited (a company incorporated under the laws of Jersey). All the Company's Shares are held by Anglian Water Services Holdings Limited ("**AWSH**"), which is itself an indirect wholly owned subsidiary of Anglian Water Group Limited.
- 5 The principal business of the Anglian Water Group is conducted by Anglian Water Services Limited ("**AWSL**"), the group's regulated water and water recycling company in England and Wales. The Anglian Water Group supplies water and water recycling services to more than six million business and domestic customers in the east of England and Hartlepool.
- 6 The Company is resident for tax purposes in the United Kingdom.

Company's share capital – History

- 7 By a special resolution dated 23 July 2002, the authorised share capital of the Company was increased from GBP30,000 to GBP300,000,000 by the creation of 299,970,000 ordinary shares of GBP1.00 par value each.
- 8 As at the date of this Petition, the Company's authorised and issued share capital is GBP300,000,000.00, divided into 300,000,000 ordinary shares of GBP1.00 par value each (the "**Ordinary Shares**").
- 9 For the purposes of the transaction of which this proposed Capital Reduction forms part, prior to the hearing of this Petition, one of the ordinary shares of the Company will be re-designated as a new class of shares, called "A ordinary shares".
- 10 Accordingly, prior to the hearing of this Petition, the Company's authorised and issued share capital will be GBP300,000,000.00 divided into 299,999,999 Ordinary Shares, and one A ordinary share, also with a par value of GBP1.00, each of which will be fully paid (the "**A Ordinary Share**", and together with the Ordinary Shares, the "**Shares**").

Purpose of the Capital Reduction

- 11 The Capital Reduction forms part of a broader transaction (the "**Transaction**"), which represents an internal restructuring of the Anglian Water Group. The goal of the Transaction is to remove

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the Company from the Anglian Water Group and to replace it with a company recently incorporated in England and Wales, called Anglian Water Services UK Parent Co Ltd ("**UK Newco**").

- 12 The sole business of the Company is (and since shortly after its incorporation has been) acting as a holding company. Its only material asset is shares in its wholly owned subsidiary, AWSL.
- 13 The UK Water Services Regulation Authority ("**Ofwat**"), and the UK Government (through the Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs) have made certain comments on the complexity of corporate structures of a number of UK water utilities groups. A number of affected UK water utilities groups (including the Anglian Water Group) have announced that they are exploring the possibility of removing Cayman Islands incorporated entities from their structures. Ofwat and the UK Government have expressed a strong desire for the Anglian Water Group to remove this Cayman Islands-incorporated Company from its corporate structure as soon as possible (the Company being the only Cayman Islands incorporated company in the Anglian Water Group). The Transaction is intended to effect that removal.
- 14 In essence, that goal is to be achieved by the following steps:
 - 14.1 The incorporation of UK Newco (the shares of which are presently held by another wholly owned subsidiary in the Anglian Water Group, AWG Group Limited);
 - 14.2 The re-designation of one of the Company's Shares as set out at paragraph 9 above;
 - 14.3 This Capital Reduction, by which:
 - (a) all of the Company's Ordinary Shares will be cancelled;
 - (b) the Company's capital (save only for the capital represented by the remaining A Ordinary Share) will be returned to the shareholder, by way of an in specie distribution of the Company's sole material asset being its shares in AWSL, such distribution to be made (at the direction of the Company's sole shareholder AWSH) to UK Newco.

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- 14.4 The issue by UK Newco of new shares to AWSH, and the transfer of the single currently issued share of UK Newco held by AWG Group Limited to AWSH, such that UK Newco will become a wholly owned subsidiary of AWSH (thereby effectively replacing the Company in the Anglian Water Group corporate structure).
- 14.5 The transfer of the sole remaining issued share of the Company to AWG Group Limited.
- 14.6 The modification (pursuant to their contractual terms) of certain financing arrangements to which certain companies in the Anglian Water Group (including presently the Company) are parties, so as to release the Company from any obligations pursuant to those arrangements
- 14.7 It is then envisaged that the Company will be wound up and dissolved by way of a solvent voluntary liquidation pursuant to section 116 of the Companies Law.
- 15 The Company has no actual (current or future) creditors. It is anticipated that, at the time of hearing this Petition and as a result of the aspect of the Transaction described at 13.6 above, it will also have no known contingent creditors. All costs incurred by the Company in connection with this Transaction (including in connection with this proceeding) are being met by entities in the Anglian Water Group other than the Company.

The assets of the Company to be distributed pursuant to the Capital Reduction (being the shares in AWSL) are in excess of the wants of the Company, in circumstances where the business of which is at an end in light of the Transaction described above.

Power to reduce the Company's share capital

- 16 Pursuant to Article 53(D) of the Articles, the Company has the power to reduce its share capital by special resolution subject to the Companies Law.
- 17 By a written special resolution duly passed by the Company's sole shareholder in accordance with the Articles it was resolved:

"THAT subject to and conditional upon (i) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the "Court") (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction; (iii) the registration by

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the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law of the Cayman Islands with respect to the Capital Reduction:

- A. *the issued share capital of the Company be reduced from GBP300,000,000.00 to GBP1.00 by the cancellation of the 299,999,999 issued and fully paid Ordinary Shares of the Company each having a par value of GBP1.00 (the "**Capital Reduction**")*; and
- B. *That such Capital Reduction be effected by distributing in specie the sole material asset of the Company (being 10,000,000 shares in Anglian Water Services Limited (the "AWSL Shares"), and the Company be hereby authorised and directed to transfer those AWSL Shares to Anglian Water Services UK Parent Co Ltd."*

Minute of Order

18 The form of Minute proposed to be registered is as follows:

*"The capital of Anglian Water Services Overseas Holdings Limited (the "**Company**") was, by virtue of a Special Resolution passed on 6 April 2018 and confirmed by an Order of the Grand Court of the Cayman Islands, reduced from GBP300,000,000.00 comprising 299,999,999 Ordinary shares of a nominal or par value of GBP1.00 each and one A ordinary share of a nominal or par value of GBP1.00 each to GBP1.00, comprising a single A ordinary share of a nominal or par value of GBP1.00.*

At the date of the registration of this minute, the authorised share capital of the Company will be one A ordinary share of a nominal or par value of GBP1.00, which share is issued and fully paid up."

AND THE PETITIONER HUMBLY PRAYS AS FOLLOWS:

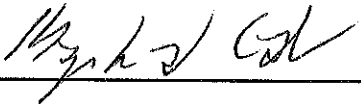
- 1 That the capital reduction of the Company proposed to be effected by the Special Resolution referred to in paragraph 17 of this Petition be confirmed by the Court.
- 2 That the Minute referred to in paragraph 18 of this Petition be approved by the Court.

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3 That, to this end, all necessary inquiries may be made and directions may be given.

4 Such further or other order as the Court sees fit.

Dated this 9th day of April 2018



Maples and Calder

Attorneys for the Petitioner

NOTE: This petition is not intended to be served on anyone.

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NOTICE OF HEARING

TAKE NOTICE that the above matter has been set down for hearing in the Financial Services Division of the Grand Court on the 28th day of May 2018 at ~~11:00 a.m.~~ ^{11 am} ₂.

DATED this 1st day of May 2018

FILED this 2nd day of May 2018



DISTINGUISHED OFFICER OF THE GRAND COURT

TO Maples and Calder