



Who owns Southern Water and how is it funded?

Southern Water Services Limited is a privately owned company. It's owned by Greensands Holdings Limited (GSH). All companies in the group are UK tax resident and liable for tax in the UK. GSH is owned by a group of long-term investors representing infrastructure investment funds, pension funds and private equity.

Since September 2021, a fund managed by Macquarie Asset Management acquired a majority stake in GSH, and has invested over £1.6 billion of new equity into the group. This money has been used to improve our debt position and operational performance, none of it has been paid to existing shareholders in the form of dividends.

Why we raise finance?

We raise finance so we're able to update and maintain our sites and networks and repay loans. We can't just rely on loans to pay for everything, so our shareholders contribute approximately 14% of the money we need. They also act as a financial buffer in case we need to absorb any financial risk.

We also use the money we make from our customers' bills to help us run the business.

This money goes towards maintaining our sites and networks and helps to pay the interest on the loans we take out. We also use it to provide a return to our shareholders (dividends) who help to finance the business. We only pay these dividends when we meet certain business performance targets. We haven't paid any dividends to our shareholders since 2017.

Our economic regulator, Ofwat, makes sure that we can only charge our customers a certain amount, which is benchmarked against our peers.

The diagram on the next page shows where the money comes in and where it gets spent, based on our business plan 2020–25, which set the limits on customer bills for the five-year price period.

GSH investors

MSCIF Wight Bidco Ltd – Funds managed by Macquarie Asset Management on behalf of long-term investors including pension funds and insurance companies.

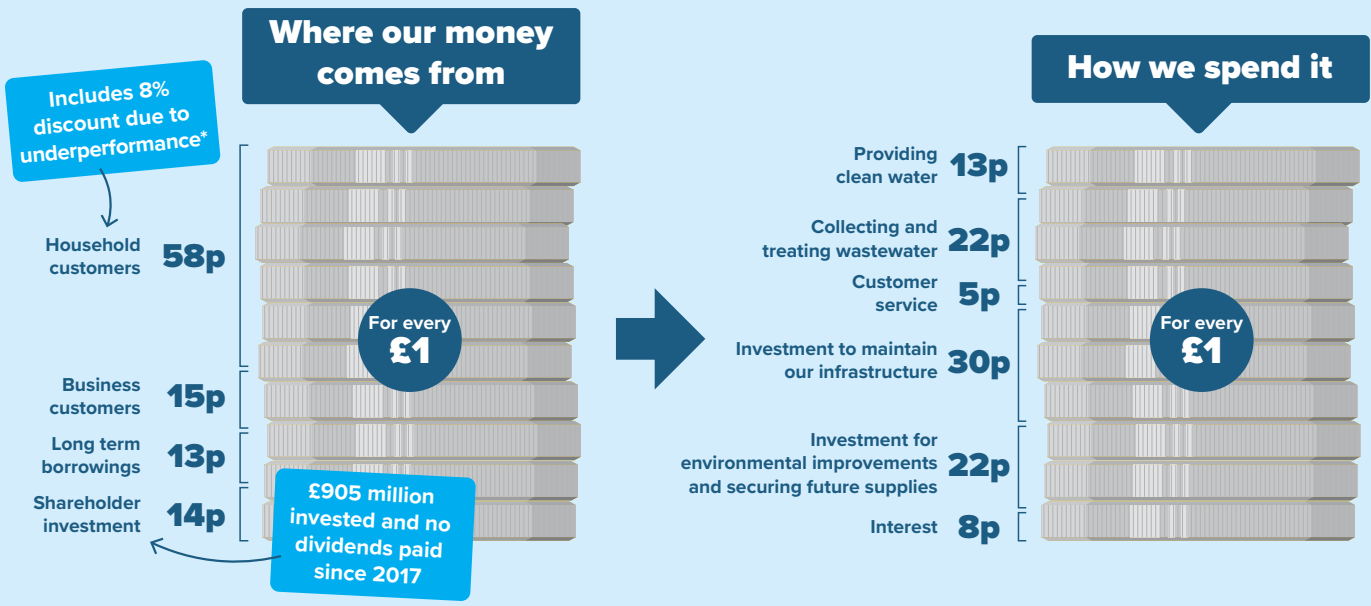
IIF Int'l SW UK ParentCo Ltd – A constituent entity of the Infrastructure Investments Fund, a fund advised by JP Morgan Asset Management (JPMAM), a largescale global asset manager advising institutional investors.

UBS Asset Management – Shareholding advised by UBS Asset Management, a large-scale global asset manager.

Hermes Infrastructure funds – Hermes Infrastructure is part of Federal Hermes International and is a specialist infrastructure manager operating a UK-focused shared investment platform.

Other minor shareholdings held by infrastructure investment companies.

Where your money goes



*8% discount included in customer bills for underperformance and rebates relating to Ofwat penalties.

How do we decide what to spend money on?

Every five years we carry out a public consultation to develop a five-year ‘asset management plan’, or AMP, as part of what’s called a regulatory price review process. This involves speaking to our key stakeholders, customers and partners, to make sure we have a clear idea of their priorities, which inform our plans alongside fulfilling statutory obligations prescribed by our regulators.



These priorities and obligations include delivering clean, safe water and effectively removing and treating wastewater at an affordable price, but also focus on supporting our customers in vulnerable circumstances, securing future resources and protecting and enhancing our natural environment.



This five-year plan is then submitted to our regulator, Ofwat, who decides how much we can spend on certain activities – as part of the price review process. Ofwat delivers this decision in a Final Determination which we use to create our five-year delivery plan. This is when we work out how much money our shareholders need to invest to top up the spending allocated by Ofwat.

We use the money our shareholders invest to fund our capital investment schemes – large construction projects – as this means our customers are not paying directly for future improvements.

