

Post-transaction report

Name of issuer	Pennon Group plc
Transaction details	<p>In aggregate, the Equity Capital Raise of 24,657,535 New Ordinary Shares represents approximately 9.4% of the Company's issued ordinary share capital.</p> <p>Settlement for the New Ordinary Shares and Admission are expected to take place on or before 8.00 a.m. on 12 January 2024.</p>
Use of proceeds	<p>The Equity Capital Raise of approximately £180 million in aggregate will be used in connection with the Acquisition, in order to ensure that the pro forma leverage and capital structure for the enlarged Group following the Acquisition remains consistent with Pennon's well-established water business gearing range of 55-65%(1).</p>
Quantum of proceeds	<p>In aggregate, the Equity Capital Raise will raise gross proceeds of approximately £180 million and net proceeds of approximately £176 million.</p>
Discount	<p>The Offer Price represents a discount of approximately 2.6 per cent to the closing share price of 750 pence on 9 January 2024 and a discount of 4.9 per cent to the middle market price at the time at which the Company and the Bookrunners agreed the Offer Price.</p>
Allocations	<p>Soft pre-emption has been adhered to in the allocations process. The Company was involved in the allocations process, which has been carried out in compliance with all applicable MiFID II allocation requirements. Allocations made outside of soft pre-emption were preferentially directed towards existing shareholders in excess of their pro rata, and wall-crossed accounts.</p>
Consultation	<p>The Bookrunners undertook a pre-launch wall-crossing process, including consultation with major shareholders, to the extent reasonably practicable and permitted by law.</p>
Retail investors	<p>The Equity Capital Raise included a Retail Offer, for a total of 925,000 New Ordinary Shares, via the PrimaryBid platform.</p>

	<p>Retail investors, who participated in the Retail Offer, were able to do so at the same Offer Price as all other investors participating in the Placing and Subscription.</p> <p>The Retail Offer was made available to existing shareholders and new investors in the UK. Investors were able to participate through PrimaryBid's platform via its partner network (covering 60+ FCA registered intermediaries) and through PrimaryBid's free-to-use direct channel. Investors had the ability to participate in this transaction through ISAs and SIPPs, as well as General Investment Accounts (GIAs). This combination of participation routes meant that, to the extent practicable on the transaction timetable, eligible UK retail investors (including certificated retail shareholders) had the opportunity to participate in the Equity Capital Raise alongside institutional investors.</p> <p>Allocations in the Retail Offer were preferentially directed towards existing shareholders in keeping with the principle of soft pre-emption.</p>
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Note: (1) Gearing at the regulated water business level, defined as net debt / RCV