

**Pennon Group plc announces results of its Tender Offer  
for its £300,000,000 Perpetual Capital Securities**

**THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014.**

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*19 September 2017.* Pennon Group plc<sup>1</sup> (the **Company**) announces today the results of its invitation to holders of its £300,000,000 Perpetual Capital Securities (ISIN: XS0899989213) (the **Capital Securities**) to tender their Capital Securities for purchase by the Company for cash (the **Offer**).

The Offer was announced on 11 September 2017 and was made on the terms and subject to the conditions contained in the tender offer memorandum dated 11 September 2017 (the **Tender Offer Memorandum**). Capitalised terms used in this announcement but not defined have the meanings given to them in the Tender Offer Memorandum.

The Expiration Deadline for the Offer was 4.00 p.m. (London time) on 18 September 2017. As at the Expiration Deadline, £285,800,000 in aggregate principal amount of the Capital Securities were validly tendered for purchase pursuant to the Offer.

The Company announces that, subject to satisfaction or waiver of the New Financing Condition on or prior to the Settlement Date, it has decided to accept for purchase all Capital Securities validly tendered pursuant to the Offer, at a cash purchase price equal to 103.00 per cent. of the principal amount of the relevant Capital Securities, together with an Accrued Periodic Returns Payment.

A summary of the final results of the Offer appears below:

<b>Description of the Capital Securities</b>	<b>ISIN / Common Code</b>	<b>Purchase Price</b>	<b>Principal Amount of Capital Securities accepted for purchase<sup>2</sup></b>
£300,000,000 Perpetual Capital Securities	XS0899989213 / 089998921	103.00 per cent.	£285,800,000

Subject to satisfaction or waiver of the New Financing Condition on or prior to such date, settlement of the purchase of the relevant Capital Securities pursuant to the Offer is expected to take place on 22 September 2017. The Company intends to cancel those Capital Securities accepted for purchase pursuant to the Offer.

As it is expected that more than 80 per cent. of the aggregate principal amount of the Capital Securities will be purchased by the Company pursuant to the Offer, the Company intends, following settlement of the Offer, to exercise its option under the terms and conditions of the Capital Securities to redeem all (but not some only) of the remaining Capital Securities, that were not validly tendered for purchase pursuant to the Offer, at their principal amount together with any accrued but unpaid periodic returns.

Barclays Bank PLC (Telephone: +44 20 3134 8515; Attention: Liability Management Group; Email: eu.lm@barclays.com) and Morgan Stanley & Co. International plc (Telephone: +44 20 7677 7799; Attention: Liability Management Group; Email: liabilitymanagementeuropa@morganstanley.com) are acting

<sup>1</sup> LEI: 213800VICCTS41GWH423

<sup>2</sup> Subject to satisfaction or waiver of the New Financing Condition on or prior to the Settlement Date

as Dealer Managers and Lucid Issuer Services Limited (Telephone: +44 20 7704 0880; Attention: Thomas Choquet; Email: pennon@lucid-is.com) is acting as Tender Agent.

This announcement is released by Pennon Group plc and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (**MAR**), encompassing information relating to the Offer described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Helen Barrett-Hague, Group General Counsel and Company Secretary at Pennon Group plc.

**DISCLAIMER** This announcement must be read in conjunction with the Tender Offer Memorandum. No offer or invitation to acquire any securities is being made pursuant to this announcement. The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum comes are required by each of the Company, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions.