

Ancala acquires Portsmouth Water

- **London, 19th February 2018** – Ancala Partners LLP ('Ancala'), the independent mid-market infrastructure investment manager, today announces that it has agreed to acquire South Downs Capital Limited, the ultimate parent company of Portsmouth Water, one of the UK's leading water utility companies. The acquisition is expected to complete in March 2018.

Portsmouth Water is an independent provider of high quality public water supplies to a domestic population of over 700,000, and wholesale water supplies to a wide range of industrial and commercial customers. The company offers customers the lowest bills in the UK water sector and is a leading performer under the Service Incentive Mechanism¹, a measurement of customer service assessed by Ofwat, the UK water industry regulator.

Through the acquisition, Ancala will support Portsmouth Water in continuing to deliver on its strategy to be the best water company in the UK; achieving excellence for its customers, employees and the environment. Ancala's investment will also allow the company to pursue growth opportunities by providing access to additional capital. This includes potential investments to utilise the company's privileged water resource position for the benefit of both Portsmouth Water customers and neighbouring areas through the provision of bulk supplies.

David Owens, Industry Partner at Ancala Partners and a former Chief Executive Officer at Thames Water, will join the board of Portsmouth Water as a non-executive director following completion of the transaction.

Lee Mellor, Partner, Ancala Partners, commented:

"Portsmouth Water is an excellent fit with our core investment strategy, which targets mid-market infrastructure businesses that deliver long-term, inflation-linked cashflows. At a time when regulators are placing great focus on performance and efficiency, we are delighted to be acquiring one of the leading companies in the UK water sector."

David Owens, Industry Partner, Ancala Partners, commented:

“Portsmouth Water has a committed and highly skilled workforce and management team. We look forward to working with them to build on Portsmouth Water’s leading position in the sector and further improve their proposition to customers. We fully support Portsmouth Water in its plans for future development of the business and we share the company’s values and commitment to outstanding customer service.”

Neville Smith, Managing Director, Portsmouth Water, commented:

“We are very excited by the next phase of our growth with Ancala, who share our passion for excellence and a belief in our values which have been fundamental to the company’s success. Ancala’s appreciation of our business provides a strong foundation for our continued success and we look forward to working closely with its experienced team to further improve our services to customers whilst continuing to deliver excellent value for money.”

Mike Kirk, Chairman, Portsmouth Water, commented:

“This is a positive development for Portsmouth Water and its customers, which preserves the Company’s independence, whilst providing access to capital to further enhance the business, including the development of significant regional water resources.”

- Ends -

¹The Service Incentive Mechanism (SIM) developed by Ofwat used four independent Customer Experience Surveys during 2016/17. It surveys customers who have had contact with the business and divides the result between billing contacts and clear water contacts and gives an overall result. Ofwat then take the number of written complaints and unwanted calls into account to produce an overall SIM score.

For more information, see the website: www.ancala.com or contact:

Citigate Dewe Rogerson

Patrick Evans / Stephen Sheppard / Will Easton

Tel: 0207 638 9571

Email: Stephen.sheppard@citigatedewerogerson.com

Notes to Editors

About Ancala Partners

Ancala Partners is an independent infrastructure investment manager.

Ancala launched its Mid-Market Infrastructure Platform in 2015 to meet the requirements of long-term investors looking for enhanced returns from core mid-market infrastructure investments. Ancala has over €950 million in funds under management.

About Portsmouth Water

Portsmouth Water is responsible for water supply and distribution in Portsmouth and parts of East Hampshire and West Sussex, including Gosport, Fareham, Havant, Chichester and Bognor Regis. It has 251 employees and covers an area of 868 km², serving a population of 722,000. It has 18 service reservoir sites and 18 treatment works which supply water to 316,000 properties through a mains network with a total length of 3,297 km.

The company is majority owned by its Employee Benefits Trust. The remainder of the shares are owned by a number of individuals, including current and former Directors and their beneficiaries.

The company was formed in 1857 as the Borough of Portsmouth Waterworks Company to supply Portsmouth. It grew through a series of mergers including with Gosport Waterworks Company in 1955. The company headquarters are located in Havant, Hampshire.

Portsmouth Water was recognised as 2017 Utility Company of the Year by the Home Builders Federation.