

Ancala Partners portfolio company, Portsmouth Water, achieves key milestones towards development of first major reservoir in the UK since 1980s

- UK water regulator Ofwat approves budget for reservoir to be developed by Ancala portfolio company, Portsmouth Water
- Funds managed by Ancala Partners investing additional £150 million of equity to finance the reservoir, which will commission in 2029
- Portsmouth Water signs key contracts ahead of construction commencing on scheme that will provide essential water supplies to South East England

London, 20 February 2023 – Ancala Partners, the experienced investor in critical infrastructure, is pleased to announce that its portfolio company, Portsmouth Water, has awarded a £167 million contract to Future Water MJJV Limited to build the flagship Havant Thicket Reservoir and a £41 million contract to Ward & Burke Construction Limited for a tunnelled pipeline in the water-stressed region of southern Hampshire. This follows approval of planning permission for the reservoir, and Ofwat, the economic regulator for water companies in England and Wales, agreeing to move forward with the project.

The reservoir will be the first major new water storage reservoir in the UK since the 1980s, and has been enabled by an innovative financial, regulatory, and commercial partnership between Portsmouth Water and key project stakeholders. This includes agreeing a unique long-term bulk supply agreement with neighbouring water company, Southern Water, with the support of Ofwat, to enable the reliable delivery of 21 million litres of water a day. In addition, Ancala is supporting Portsmouth Water to secure a £280 million financing package to support the construction of the Havant Thicket Reservoir. The financing package includes £205 million of innovative ESG performance-linked financing placing Portsmouth Water among a small leading group of utilities across Europe that are actively integrating ESG metrics into their financing strategy.

Once completed in 2029, the reservoir will hold approximately 8.7 billion litres of water. Alongside protecting environmentally sensitive chalk streams – the River Test and the River Itchen – the project will provide a new green leisure facility to benefit local communities and wildlife. There will be a new wetland to support local bird species, footpaths for walking, cycling and horse riding, facilities for bird watching, such as bird hides, and picnic and play areas.

Ofwat recently published its final decision to approve a revised budget for the Havant Thicket Reservoir. This has enabled Portsmouth Water to award the two main design and construction contracts for the project, with further contracts, including for a new visitor centre at the reservoir, to be awarded in the coming years.

Lee Mellor, Partner at Ancala commented: *“The Havant Thicket Reservoir is a critical step to enhance water security in the South East of England, and will generate significant environmental benefits for decades to come. We are delighted to support the project through £150 million of further investment in Portsmouth Water and are grateful to the company’s management team, as well as the collaboration of Ofwat, customers and Southern Water, for their hard work, partnership, and support in developing this exciting project.*

Ancala focuses on proprietary investments in critical mid-market infrastructure where we can add meaningful operational value. We are pleased to have worked closely with Bob and the team at Portsmouth Water over a number of years to solve complex operational, financial and regulatory challenges to progress this vital project.”

Bob Taylor, Chief Executive Officer at Portsmouth Water, said: *“This is a major milestone for the Havant Thicket Reservoir project and for Portsmouth Water. The reservoir will safeguard essential water supplies and protect world-renowned chalk streams – the River Test and the River Itchen. Ancala’s continued financial and operational support has been crucial to enabling this major project.”*

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Notes to Editors

About Ancala Partners

Ancala Partners LLP is an independent infrastructure investment manager focused on delivering enhanced returns from infrastructure investments across Europe. Ancala adopts a proactive approach to the origination and asset management of investments to create value for all stakeholders.

For more information, please visit www.ancala.com.

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About Portsmouth Water

Portsmouth Water is one of the oldest water companies in the country, having been incorporated in 1857. Its water is high quality and derived from the chalk of the South Downs and abstracted from wells, boreholes, springs and the River Itchen. The company serves 316,000 homes and businesses in an area stretching from the River Meon in Hampshire to the River Arun in West Sussex. Each day it supplies around 170 million litres of water to more than 720,000 people at the lowest cost in England and Wales.

For more information on the Havant Thicket Reservoir scheme, please visit havant-thicket-reservoir.uk.engagementhq.com/.

Website: www.portsmouthwater.co.uk

Twitter: @portsmouthwater