

MODERN WATER PLC

(Incorporated and registered in England and Wales with registered number 5963927)

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO ANY ASPECT OF THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE YOU ARE RECOMMENDED TO CONSULT AN INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Modern Water plc will be held at the offices of the Company, Bramley House, The Guildway, Old Portsmouth Road, Guildford, Surrey GU3 1LR, on Wednesday 25 April 2018 at 10.00 a.m. to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 5 will be proposed as ordinary resolutions, and resolutions 6 and 7 will be proposed as special resolutions.

Ordinary resolutions

1. To receive the directors' report, the accounts and the Auditors' report for the financial year ended 31 December 2017.
2. To receive and approve the directors' remuneration report for the year ended 31 December 2017.
3. To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office from the conclusion of this general meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the shareholders, and to authorise the directors to fix their remuneration.
4. To re-elect as a director of the Company Dr Piers Clark, who retires by rotation.
5. **THAT** the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act):
 - a. up to an aggregate nominal amount of £79,504.75 (being one third of the nominal value of the issued share capital of the Company as at 29 March 2018); and in addition
 - b. up to a further aggregate nominal amount of £79,504.75 (being one third of the nominal value of the issued share capital of the Company as at 29 March 2018) in connection with a rights issue in favour of holders of shares in proportion, as nearly as is practicable, to their existing holding, and holders of other equity securities (to the extent that this is required by the rights of those securities or is permitted by those rights and considered necessary by the directors), subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical difficulties arising under the laws of any territory or the requirements of any relevant regulatory body or any stock exchange, or any other matter.

This authority shall operate in substitution for and to the exclusion of all previous authorities given to the directors pursuant to section 551 of the Act, and shall expire on the conclusion of the Company's 2019 Annual General Meeting (or if earlier 24 July 2019), except that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and, notwithstanding such expiry, the directors may allot relevant securities pursuant to any such offer or agreement.

Special resolutions

6. **THAT** subject to the passing of resolution 5 the directors be empowered in accordance with section 570 of the Companies Act 2006 ("the Act") to allot equity securities (as defined in section 560 of the Act), payment for which is to be wholly in cash, pursuant to the authority conferred by resolution 5 as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with a rights issue, or any other pre-emptive offer, in favour of holders of shares in proportion, as nearly as is practicable, to their existing holding, and holders of other equity securities (to the extent that this is required by the rights of those securities or is permitted by those rights and considered necessary by the directors), subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical difficulties arising under the laws of any territory or the requirements of any relevant regulatory body or any stock exchange, or any other matter;

- b. the allotment (otherwise than pursuant to sub-paragraph a. above) of equity securities up to an aggregate nominal value of £47,702.85 (being 20% of the nominal value of the issued share capital of the Company as at 29 March 2018).

This power shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to section 570 or 571 of the Act and shall expire at the same time as the authority in resolution 5, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the directors may allot equity securities pursuant to any such offer or agreement.

7. **THAT** a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Toby Schumacher
Company Secretary
Modern Water plc
29 March 2018

Registered office
Bramley House
The Guildway
Old Portsmouth Road
Guildford
Surrey GU3 1LR

Incorporated in England and Wales with registered number 5963927

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Link Asset Services on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge) or, if telephoning from overseas, on +44 371 664 0300. Lines are open 9.00 a.m. - 5.30 p.m. Monday to Friday.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand not less than 48 hours before the time fixed for the meeting (Saturdays, Sundays and public holidays excluded).
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "nominated person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to nominated persons. The rights described in that paragraph can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at close of business on 23 April 2018 or, if the meeting is adjourned, 48 hours prior to the time fixed for the adjourned meeting (Saturdays, Sundays and public holidays excluded). Changes to the register of members after that time shall be disregarded in determining the right of any person to attend and vote at the meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CREST's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. As at 29 March 2018 (being the day on which the board approved this notice) the Company's issued share capital consisted of 95,405,705 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at that time were 95,405,705.

Explanatory Notes to the Notice of the Annual General Meeting 2018

Whilst much of the business to be considered at the AGM is normal and self-explanatory, the purpose of these notes is to give you some further information and explanation about some of the proposed resolutions. Resolutions 1 to 5 in the notice of AGM are proposed as ordinary resolutions, and resolutions 6 and 7 are proposed as special resolutions.

To receive the reports and accounts (resolution 1)

The Board asks that shareholders receive the reports of the directors and the financial statements for the year ended 31 December 2017, together with the report of the auditors.

Director's remuneration report (resolution 2)

In line with legislation, the report on directors' remuneration, which is contained in the Annual Report and Accounts, will be put to an advisory vote. As the vote is advisory it does not affect the actual remuneration paid to any individual director.

Re-appointment of Grant Thornton as auditors (resolution 3)

The Board recommends that shareholders approve the appointment of Grant Thornton UK LLP as auditors for the financial year 2018.

Authority of directors to allot shares (resolution 5)

Under the Companies Act 2006, directors are not permitted to allot new shares unless authorised to do so by shareholders. The authority granted to the directors at the last AGM to allot securities will expire at the end of this year's AGM. Your board considers it appropriate that a further authority be granted to allot relevant securities on the same terms. Resolution 5 will, if passed, give the directors, until the conclusion of the 2019 AGM, authority to allot relevant securities up to the maximum aggregate nominal amount of £79,504.75 (being one-third of the issued share capital of the Company) and in addition to this, equity securities by way of a fully pre-emptive rights issue, up to the maximum aggregate nominal amount of £79,504.75 (being an additional one-third of the issued share capital of the Company).

Save in respect of the issue of new ordinary shares pursuant to the Company's share incentive schemes, the directors do not have any present intention to exercise either of the authorities sought under this resolution. However, the directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives. The Company does not currently hold any of its shares in treasury.

Partial disapplication of pre-emption rights (resolution 6)

If the directors wish to allot shares for cash, the Companies Act 2006 requires that the new shares be offered first to existing shareholders in proportion to their existing shareholdings, unless shareholders have by special resolution disapplied or varied this statutory pre-emption right. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 6 is a special resolution that will, if passed, authorise the directors, at their discretion, to allot a limited number of equity securities for cash on a non pre-emptive basis and provide the directors with increased flexibility to take advantage of business opportunities as they arise. The percentage of shares being authorised represents 20% of issued share capital, in line with the authority granted at last year's AGM.

This authority will expire at the conclusion of the AGM in 2019.

Notice of general meetings (resolution 7)

Legislative changes have increased the notice period for general meetings to 21 days unless shareholders approve a shorter period, which cannot be less than 14 clear days. Before these changes the Company was able to call general meetings (other than an Annual General Meeting) on 14 clear days' notice, and this resolution would restore this ability. If given, the approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Inspection of documents

The following documents will be available for inspection at the Company's offices at Bramley House, The Guildway, Old Portsmouth Road, Guildford, Surrey GU3 1LR for at least 15 minutes prior to and during the AGM:

- a copy of the executive director's service contract;
- copies of letters of appointment of the non-executive directors.

MODERN WATER PLC - Company Number: 5963927

FORM OF PROXY FOR USE AT ANNUAL GENERAL MEETING

Please read carefully the notice of meeting and explanatory notes set out below before completing this form.
Please complete this form in BLOCK CAPITALS.

I/We
of (address)
being member(s) of the above named Company hereby appoint the Chairman of the meeting or (see notes 1, 5 and 7) (name)
of (address)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the offices of the Company, Bramley House, The Guildway, Old Portsmouth Road, Guildford GU3 1LR at 10.00. a.m. on 25 April 2018 and at any adjournment thereof.

I/we direct my/our proxy to vote as indicated by an "X" in the appropriate column (note 2).

Ordinary resolutions	For	Against	Withheld
1. To receive the directors' report, the audited statement of accounts and Auditors' report of the Company for the financial year ended 31 December 2017			
2. To receive and approve the directors' remuneration report for the year ended 31 December 2017			
3. To re-appoint Grant Thornton UK LLP to hold office from the conclusion of this general meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the shareholders, and to authorise the directors to fix their remuneration			
4. To elect Dr Piers Clark as a director of the Company, who is retiring by rotation and offering himself for re-election			
5. To authorise the directors to allot equity securities up to a nominal amount of £79,504.75, and in addition, by way of fully pre-emptive rights issue, up to a nominal amount of £79,504.75			
Special resolutions	For	Against	Withheld
6. To authorise the directors to allot equity securities for cash, disapplying the statutory pre-emption rights, up to a nominal amount of £47,702.85 (being 20% of the issued capital)			
7. To call a general meeting (other than AGM) on not less than 14 days' notice			

Signature(s) and/or common seal (notes 3 and 4)

Date2018

Notes

1. A proxy need not be a member of the Company. Completion and return of this form of proxy does not preclude a member from subsequently attending and voting at the meeting. If you wish to appoint a proxy other than the Chairman of the meeting, please cross out the words "the Chairman of the meeting or" and write the full name and address of your proxy in the space provided. The change should be initialled.
2. If you do not indicate how you wish your proxy to vote on any resolution or on any other matter (including any amendment to any resolution), the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting in such manner as he/she thinks fit.
3. This form must be signed and dated by the shareholder or his/her attorney duly authorised in writing. In the case of a corporation this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. A form of proxy, to be valid, must be signed and dated and must be lodged, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, with the Company's registrars at: Link Asset Services PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not less than 48 hours before the time fixed for the meeting (Saturdays, Sundays and public holidays excluded).
5. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
6. Any alteration to this form must be initialled.
7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is close of business on 23 April 2018 or, if the meeting is adjourned, 48 hours prior to the time fixed for the adjourned meeting (Saturdays, Sundays and public holidays excluded). Changes to the register of members after that time shall be disregarded in determining the right of any person to attend and vote at the meeting.

