09 July 2025

Rt Hon Mr Alistair Carmichael MP

Chair, Environment, Food and Rural Affairs Committee

House of Commons

London

SW1A 0AA

Dear Mr. Carmichael,

Thank you for the Environment, Food and Rural Affairs Committee's interest in KKR's perspective as part of its inquiry into reforming the water sector.

We are happy to provide a response to your questions. Please see below answers to the four questions in your letter.

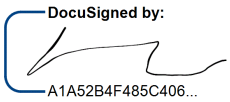
1. The equity raise process was overseen by Rothschild, and it is the board of Thames Water that was - and still is to this day - ultimately responsible for deciding on the path forward with respect to the equity raise process. Our approach has always been to engage in a detailed exercise to develop an extensive due diligence review and comprehensive turnaround plan to support any investment in Thames Water. Our proposal, which the board of Thames Water elected to implement, was that such an exercise would require detailed and time-consuming interaction with the management of Thames Water and that was only practicable if, after the initial selection process, the designated investor was regarded as a preferred bidder. It is common to ask for preferred bidder status in situations of this complexity, and we understand we were not alone in believing that this preferred bidder status was required to proceed. Ultimately, it was for the board to decide which approach or proposal to progress.
2. Throughout the process we were aware that alternative solutions were available to, and being pursued by, Thames Water and its stakeholders and that our proposal was being considered in that context.

3. The decision not to proceed followed months of detailed due diligence and significant effort on the operational turnaround plan, drawing on multiple teams and resources across our firm. The turnaround for Thames Water is a complex process, which would take time and with multiple important and diverse stakeholders involved. Thanks to the support of the company we were able to develop a detailed turnaround plan, but we felt that we would not be able to manage and meet the understandable expectations on the timing of improvements, risking falling short in the eyes of the public and stakeholders.

4. That is ultimately a question for Thames and the senior creditors. Our experience was Thames Water's management team worked constructively and professionally to support our work to produce an in-depth operational turnaround plan which was handed over to the company. The company and its advisers ran an open market process which did not in our view impinge on a private market solution.

If we can be of further assistance, please let us know. We wish the Committee well with its important work.

Yours sincerely,



Tara Davies

Co-Head of KKR EMEA and Co-Head of European Infrastructure