

COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited (the **Obligor Security Trustee**), Deutsche Trustee Company Limited (the **FinCo Security Trustee**), Deutsche Trustee Company Limited (the **Issuer Security Trustee**) and Deutsche Trustee Company Limited (the **Note Trustee**)

From: Arqiva Financing No 1 Limited (the **Borrower**)

September 2018

Dear Sirs

Common Terms Agreement dated 22 February 2013 between, among others, the Borrower, the Obligor Security Trustee, the FinCo Security Trustee and the Issuer Security Trustee) (the Common Terms Agreement)


Capitalised terms not defined in this certificate have the meaning given to them in the Common Terms Agreement.

1. We refer to the Common Terms Agreement. This is a Compliance Certificate.
2. We confirm that:
 - (a) Historic Net Debt to EBITDA for the relevant Test Period ending on (and including) 30 June 2018 was 4.42;
 - (b) Historic Cashflow ICR for the relevant Test Period ending on (and including) 30 June 2018 was 2.78;
 - (c) Historic Cashflow DSCR for the relevant Test Period ending on (and including) 30 June 2018 was 2.58 (together with (a) and (b) above, the **Historic Ratios**);
 - (d) Projected Net Debt to EBITDA for the relevant Projected Test Period commencing on (but excluding) 30 June is 4.33;
 - (e) Projected Cashflow ICR for the relevant Projected Test Period commencing on (but excluding) 30 June is 2.84; and
 - (f) Projected Cashflow DSCR for the relevant Projected Test Period commencing on (but excluding) 30 June is 1.95 (together with (d) and (e) above, the **Projected Ratios**).
3. We confirm that the Historic Ratios have been calculated using the most recently available financial information required to be provided by the Obligors under Schedule 2 (Covenants) of the Common Terms Agreement and delivered together with this Compliance Certificate.
4. We confirm that all calculations and projections in respect of the Projected Ratios:
 - (a) have been made on the basis of assumptions made in good faith and arrived at after due and careful consideration;

- (b) are consistent and updated by reference to the most recently available financial information required to be produced by the Obligors under Schedule 2 (Covenants) of the Common Terms Agreement and delivered together with this Compliance Certificate; and
 - (c) are consistent with UK GAAP (insofar as UK GAAP reasonably apply to such calculations and projections) as set out in Schedule 4 hereto.
5. We set out in Schedule 2 hereto the computation of the ratios set out in the tables in Paragraph 2 above for your information.
6. We confirm that:
- (a) no Default or Trigger Event has occurred and is continuing;
 - (b) no Modified Net Debt to EBITDA Ratio Breach has occurred;
 - (c) no Rating Downgrade Event has occurred;
 - (d) the Borrower is in compliance with the Hedging Policy;
 - (e) the amount standing to the credit of the Borrower Accounts and the amount of Excess Cash Flow that has been applied and/or retained (as applicable) during the most recent Test Period is nil;
 - (f) as at 30 June 2018, the Outstanding Principal Amount under the FinCo/Borrower Loans and the Issuer/Borrower Loans and respective amounts under the FinCo/Borrower Hedges and the Issuer/Borrower Hedges were as set out in Schedule 1 hereto;
 - (g) to the best of our knowledge the statements made in this Compliance Certificate are accurate in all material respects; and
 - (h)
 - (i) there were no material acquisition of subsidiaries, subsidiary undertakings, properties, assets, contracts or businesses by any Obligor;
 - (ii) there were no material subsidiary, subsidiary undertaking, property, asset, contract or business disposals by any Senior Financing Group Company;
 - (iii) the summary details of Restricted Payments to any Senior Group Holding Company or any other Non-Senior Financing Group Company or any Shareholder (in each case other than pursuant to or in accordance with the Obligor Transaction Documents),

in each case since the previously delivered Compliance Certificate are set out in Schedule 3 hereto.

Yours faithfully,



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Director



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CFO

Signing without personal liability for and on behalf of

Arqiva Financing No 1 Limited (the **Borrower**)

SCHEDULE 1

Outstanding Principal Amount under the Issuer/Borrower Loans and respective amounts under the Issuer/Borrower Hedges

| Issuer / Borrower hedges | | | | |
|---------------------------------|--------------------|-------------------------|--------------------------|----------------------|
| Title | Nominal | Borrower pays | Borrower receives | Maturity date |
| ILS Note hedge 10yr break | 235,000,000 | 2.75207% + RPI | 2.5730% | 03/04/2027 |
| ILS Note hedge No break | 163,973,684 | 2.93498% + RPI | 2.9049% | 03/04/2027 |
| ILS Note hedge No break | 515,000,000 | 2.94390% + RPI | 2.5730% | 03/04/2027 |
| Total | 913,973,684 | | | |
| Issuer / Borrower debt | | | | |
| Title | Nominal | Interest accrued | Total | |
| Loan | 906,666,667 | - | 906,666,667 | |
| Total | 906,666,667 | - | 906,666,667 | |

SCHEDULE 2

SCHEDULE 2 Compliance Certificate ratio computations

| Senior Group Covenant Compliance Certificate (Financial Covenants) Calculations | | |
|---------------------------------------------------------------------------------|----------------------------|---------------------------|
| Senior Net Debt to EBITDA | | |
| Calculation Period - 12 months to/from 30 June 2018 | 12 month backward €'000 | 12 month forward €'000 |
| Senior Net Debt | 2,320,482 | 2,230,000 |
| EBITDA for Test Period | 524,889 | 515,000 |
| Senior Net Debt to EBITDA - Actual | 4.42 | 4.33 |
| Senior Net Debt to EBITDA - Covenant | 7.50 | 7.50 |
| Compliance with Senior Net Debt to EBITDA Covenant | Compliant | Compliant |
| Senior Cashflow Debt Service Cover Ratio | | |
| Calculation Period - 12 months to/from 30 June 2018 | 12 month backward €'000 | 12 month forward €'000 |
| Cash Flow | 494,618 | 471,000 |
| Debt Service | 191,374 | 241,000 |
| Senior Cashflow Debt Service Cover Ratio - Actual | 2.58 | 1.95 |
| Senior Cashflow Debt Service Cover Ratio - Covenant | 1.05 | 1.05 |
| Compliance with Senior Cashflow Debt Service Cover Ratio Covenant | Compliant | Compliant |
| Senior Cashflow Interest Cover Ratio | | |
| Calculation Period - 12 months to/from 30 June 2018 | 12 month backward €'000 | 12 month forward €'000 |
| Cash Flow | 494,618 | 471,000 |
| Net Interest Payable | 178,040 | 166,000 |
| Senior Cashflow Interest Cover Ratio - Actual | 2.78 | 2.84 |
| Senior Cashflow Interest Cover Ratio - Covenant | 1.55 | 1.55 |
| Compliance with Senior Cashflow Interest Cover Ratio Covenant | Compliant | Compliant |

Note: 'Cash Flow' has been prepared in accordance with the definitions in the Common Terms Agreement and is derived from 'EBITDA' less maintenance capex and other deductions.

Projected covenant metrics are set out assuming no distributions are declared, however this will be reviewed after the year end results.

SCHEDULE 3

Summary details

Reference is made to the Executive Summary of the Financial Report of Arqiva Broadcast Parent Limited and Arqiva Group Parent Limited (delivered in conjunction with this certificate) in connection with the recent developments regarding the business.

Summary details - Restricted Payments

In both September 2017 and March 2018, pursuant to the delivery of a Compliance Certificate and in accordance with the terms of the Common Terms Agreement, a distribution of £28.5m was made from the Senior Financing Group. The purpose of the distribution was to settle the six months of interest due on the £600m Junior bonds issued by Arqiva Broadcast Finance plc.

SCHEDULE 4

Basis of statutory financial reporting

For periods beginning on or after 1 January 2015, three new Financial Reporting Standards (FRS 100, FRS 101 and FRS 102) came into force to replace the previously existing UK Generally Accepted Accounting Practices ('old UK GAAP'). FRS 100 ('current UK GAAP') paragraph 4(b) sets out the permissible financial reporting frameworks for entities that do not qualify for reporting under the small entities regime (namely FRSSE) as EU-adopted IFRS, FRS 101 (EU-adopted IFRS with reduced disclosure) or FRS 102 (a single framework based upon IFRS for small and medium entities). In accordance with FRS 100 the Group has chosen to adopt EU-adopted IFRS for the presentation of its financial statements. The financial statements for the year ended 30 June 2016 were the first to be presented on this basis. These statements are therefore consistent with UK Generally Accepted Accounting Practices applicable at this reporting date.

The defined terms ('Financial Covenant Inputs') used to calculate the Financial Covenant Ratios and Historic Cashflow ICR (per Schedule 2, part 3 of the Common Terms Agreement) are as follows:

- Cashflow
- Debt Service
- EBITDA
- Net Cash Flow
- Net Debt
- Net Interest Payable

There are measurement differences to old UK GAAP on adoption of EU- adopted IFRS (details of which are set out in the notes to the financial statements). The following table presents the impact of these measurement differences to the extent they relate to the Financial Covenant Inputs:

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cashflow | No impact. |
| Debt Service | No impact (as per Net Interest Payable). |
| EBITDA | No impact. |
| Net Cash Flow | No impact. |
| Net Debt | The Group's statutory accounts differ to old UK GAAP in respect of the currency revaluation of the US\$ denominated debt. The impact, however, is reversed for calculating this Financial Covenant Input per paragraph (c) of the defined term as the exposure is economically hedged. |
| Net Interest Payable | The Group's statutory accounts differ to old UK GAAP in relation to the old UK GAAP treatment of elements of derivative financial instruments (e.g. swap break costs). Each of the elements affected are excluded from the determination of this Financial Covenant Input as per the defined term paragraphs (a) to (j). |

Consequently the Financial Covenant Ratios and Historic Cashflow ICR would be presented as follows under each permissible reporting framework, including old UK GAAP:

| | At 30 June 2018 | |
|-----------------------------|----------------------------------------------------|--------------------|
| | EU-adopted IFRS (‘current UK GAAP’) | Old UK GAAP |
| Historic Net Debt to EBITDA | 4.42 | 4.42 |
| Historic Cashflow ICR | 2.78 | 2.78 |
| Historic Cashflow DSCR | 2.58 | 2.58 |