

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**)

22 February 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) 31 December 2017 was 4.77;
 - (b) Historic Cashflow ICR for the relevant Test Period ending on (and including) 31 December 2017 was 2.76;
 - (c) Historic Cashflow DSCR for the relevant Test Period ending on (and including) 31 December 2017 was 2.76 (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) 31 December is 4.56;
 - (e) Projected Cashflow ICR for the relevant Projected Test Period commencing on (but excluding) 31 December is 2.66; and
 - (f) Projected Cashflow DSCR for the relevant Projected Test Period commencing on (but excluding) 31 December is 1.97 (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 Obligor 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 31 December 2017, 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	914,000,000	-	914,000,000	
Total	914,000,000	-	914,000,000	

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 31 December 2017	12 month backward €'000	12 month forward €'000
Senior Net Debt	2,417,898	2,346,000
EBITDA for Test Period	507,347	515,000
Senior Net Debt to EBITDA – Actual	4.77	4.56
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 31 December 2017	12 month backward €'000	12 month forward €'000
Cash Flow	482,944	458,150
Debt Service	175,086	232,800
Senior Cashflow Debt Service Cover Ratio – Actual	2.76	1.97
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 31 December 2017	12 month backward €'000	12 month forward €'000
Cash Flow	482,944	458,150
Net Interest Payable	175,086	172,200
Senior Cashflow Interest Cover Ratio – Actual	2.76	2.66
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.

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 March 2017 and September 2017, 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 present a measurement difference 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 present a measurement difference 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 31 December 2017	
	EU-adopted IFRS (‘current UK GAAP’)	Old UK GAAP
Historic Net Debt to EBITDA	4.77	4.77
Historic Cashflow ICR	2.63	2.63
Historic Cashflow DSCR	2.63	2.63