

YOUR LONDON AIRPORT



To: Deutsche Trustee Company Limited as Borrower Security Trustee and Issuer Security Trustee

From: Gatwick Airport Limited as Borrower

22 November 2017

Dear Sirs

Common Terms Agreement dated 15 February 2011 between, among others, the Issuer, the Obligors and Deutsche Trustee Company Limited (the Borrower Security Trustee) (the Common Terms Agreement)

Capitalised terms not defined in this certificate have the meaning given to them in the Master Definitions Agreement.

1. We refer to the Common Terms Agreement. This is a Compliance Certificate.
2. We confirm that the ratios (together the **Ratios**) are as detailed in the tables below:

ICR TEST	Historical for Relevant Period ended 30 September 2017 (an Issue Date)
Senior ICR	4.12

The Senior ICR for the immediately preceding March Calculation Date has been recalculated and the recalculated Senior ICR is not lower than the Senior ICR which was determined as at the immediately preceding March Calculation Date.

RAR TEST	Historical for Relevant Period ended 30 September 2017 (an Issue Date)
Senior RAR	0.49

The Senior RAR for the immediately preceding March Calculation Date has been recalculated and the recalculated Senior RAR is not higher than the Senior ICR which was determined as at the immediately preceding March Calculation Date.

Forecast ICR Ratios	Forecast for Relevant Period ending on 31 March 2018	Forecast for Relevant Period ending on 31 March 2019	Forecast for Relevant Period ending on 31 March 2020
Senior ICR	3.53	3.04	2.93

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Forecast RAR Ratios	Forecast for Relevant Period ending on 31 March 2018	Forecast for Relevant Period ending on 31 March 2019	Forecast for Relevant Period ending on 31 March 2020
Senior RAR	0.65	0.65	0.65

3. We confirm that the historical 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 forward-looking financial ratio calculations and projections:
 - (a) have been made on the basis of assumptions made in good faith and arrived at after date 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 the Applicable Accounting Principles (insofar as such Applicable Accounting Principles reasonably apply to such calculations and projections).

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5. We set out below the computation of the following ratios set out in the tables in Paragraph 2 above for your information:

(a) Senior ICR

	12 months ended 30 September 2017 £m	Year ending 31 March 2018 £m	Year ending 31 March 2019 £m	Year ending 31 March 2020 £m
Net cash inflow from operating activities	369.4	374.5	443.2	492.1
Add back: one off, non-recurring extraordinary or exceptional items ¹	39.5	29.7	-	-
Less: UK corporation tax paid	(3.6)	(3.8)	(16.3)	(26.1)
Less: 2% of Total RAB	(75.2)	(78.3)	(86.3)	(95.6)
Cash Flow (A)	330.1	322.1	340.6	370.4
Interest and equivalent charges paid on Senior Debt ²	81.0	91.3	112.1	126.6
Interest received	(0.8)	-	-	-
Total Interest (B)	80.2	91.3	112.1	126.6
Senior ICR (A/B)	4.12	3.53	3.04	2.93

1 Exceptional items include payments incurred as a result of staff transitioning to the defined contribution pension plan, severance payments and other exceptional costs incurred in relation to the Airport Transformation Programme (for further details please see note 8 of the Ivy Holdco Limited Financial Statements for the year ended 31 March 2017).

2 'Interest and equivalent charges paid on Senior Debt' comprises all interest paid, including interest paid which is capitalised into the cost of tangible fixed assets.

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(b) Senior RAR

	As at 30 September 2017 £m	As at 31 March 2018 £m	As at 31 March 2019 £m	As at 31 March 2020 £m
Class A 6.125 per cent. Bonds	300.0	300.0	300.0	300.0
Class A 6.5 per cent. Bonds	300.0	300.0	300.0	300.0
Class A 5.25 per cent. Bonds	300.0	300.0	300.0	300.0
Class A 5.75 per cent. Bonds	300.0	300.0	300.0	300.0
Class A 4.625 per cent. Bonds	350.0	350.0	350.0	350.0
Class A 2.625 per cent. Bonds	300.0	300.0	300.0	300.0
Class A 3.125 per cent. Bonds ¹	350.0	350.0	350.0	350.0
Other Senior Debt	-	430.7	695.2	1,049.1
Accretion on inflation-linked Treasury Transactions	18.5	23.9	36.5	16.4
Senior Debt ²	2,218.5	2,654.6	2,931.7	3,265.5
Less: Cash ³	(259.6)	-	-	-
Senior Debt net of cash (X)	1,958.9	2,654.6	2,931.7	3,265.5
RAB (Y) ⁴	3,967.0	4,104.3	4,525.1	5,036.6
Senior RAR (X/Y)	0.49	0.65	0.65	0.65

1. £350.0 million of Fixed Rate Class A Bonds with a coupon of 3.125% were issued on 28 September 2017.
2. For the purposes of preparing the Senior Debt forecast, it has been assumed that long term leverage will equate to 0.65 Senior RAR consistent with maintaining a strong investment grade credit rating.
3. Cash held at 30 September 2017 will be used to fund a restricted payment of £175 million along with capital investment for the remainder of the financial year.
4. RAB is calculated under the Transfer RAB methodology utilising a Relevant Transfer Value of £2,622.4 million as at 1 April 2014 with a relevant multiple of 11.1.

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6. We confirm that:
- (a) no Default or Trigger Event has occurred and is continuing;
 - (b) the Borrower is in compliance with the Hedging Policy;
 - (c) to the best of our knowledge after verification, the statements made in this Compliance Certificate are accurate in all material respects; and
 - (d) the amount of any Restricted Payments made since the date of the delivery of the immediately previous Compliance Certificate is £175 million.

Yours faithfully,



Stewart Wingate
Chief Executive Officer



Nicholas Dunn
Chief Financial Officer

Signing without personal liability for and on behalf of
Gatwick Airport Limited as Borrower