

## COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited as Security Trustee  
 cc: Fitch Ratings, Moody's investors Service and S&P Global Ratings  
 From: Yorkshire Water Services Bradford Finance Limited (the "Programme Issuer")  
 Yorkshire Water Services Odsal Finance Limited (the "Exchange Issuer")  
 Yorkshire Water Services Finance Limited ("YWSF")  
 Yorkshire Water Services Limited ("YWS")

29 July 2019

Dear Sirs

**Amended and Restated Common Terms Agreement dated 15 July 2015 between, among others, the Programme Issuer, the Exchange Issuer, YWSF, YWS and Deutsche Trustee Company Limited (the "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:
  - (a) the ratios are as detailed in the table below in respect of the Calculation Date of 31 March 2019.

Date	31/03/2019 Actual	31/03/2020 Forecast
Class A RAR	68.4%	69.0%
Senior RAR	76.6%	76.9%

Test Period	31/03/2019 Actual	31/03/2020 Forecast
Class A ICR	3.62x	3.75x
Class A Adjusted ICR	3.62x	3.75x
Senior Adjusted ICR	3.28x	3.40x
Class A Average Adjusted ICR	3.67x	3.67x
Senior Average Adjusted ICR	3.25x	3.25x
Conformed Class A Adjusted ICR	1.61x	1.77x
Conformed Senior Adjusted ICR	1.46x	1.60x
Conformed Class A Average Adjusted ICR	1.73x	1.73x
Conformed Senior Average Adjusted ICR	1.53x	1.53x

(together the "**Ratios**").

3. We confirm that each of the above Ratios has been calculated in respect of the relevant period(s) for which it is required to be calculated under the Common Terms Agreement and has not breached the Trigger Event Ratio Levels and has not caused Paragraph 17 (Ratios) of Part 2 (Events of Default - Non-YWH) of Schedule 6 to be breached.
4. We set out below the computation of the following ratios set out in the table in Paragraph 2 above for your information:

Test Period		Year ending 31/03/2019 Actual	Year ending 31/03/2020 Forecast
Net Cash Flow divided by	£m	555.3	599.7
Class A Debt Interest	£m	153.3	160.0
<b>Class A ICR</b>	<b>times</b>	<b>3.62</b>	<b>3.75</b>
Net Cash Flow	£m	555.3	599.7
Less CCD and IRC	£m	0.0	0.0
Adjusted Cash Flow divided by	£m	555.3	599.7
Class A Debt Interest	£m	153.3	160.0
<b>Class A Adjusted ICR</b>	<b>times</b>	<b>3.62</b>	<b>3.75</b>
Net Cash Flow	£m	555.3	599.7
Less CCD and IRC	£m	0.0	0.0
Adjusted Cash Flow divided by	£m	555.3	599.7
Senior Debt Interest	£m	169.5	176.5
<b>Senior Adjusted ICR</b>	<b>times</b>	<b>3.28</b>	<b>3.40</b>
Year 1 Class A Average Adjusted ICR	times	3.41	3.41
Year 2 Class A Average Adjusted ICR	times	3.76	3.76
Year 3 Class A Average Adjusted ICR	times	3.83	3.83
<b>Class A Average Adjusted ICR</b>	<b>times</b>	<b>3.67</b>	<b>3.67</b>
Year 1 Senior Average Adjusted ICR	times	2.90	2.90
Year 2 Senior Average Adjusted ICR	times	3.40	3.40
Year 3 Senior Average Adjusted ICR	times	3.46	3.46
<b>Senior Average Adjusted ICR</b>	<b>times</b>	<b>3.25</b>	<b>3.25</b>
Net Cash Flow	£m	555.3	599.7
Less Depreciation	£m	(253.1)	(212.9)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(91.8)	(115.8)
Fast/Slow Adjustment	£m	36.8	12.0
Adjusted Cash Flow divided by	£m	247.2	283.1
Class A Debt Interest	£m	153.3	160.0
<b>Conformed Class A Adjusted ICR</b>	<b>times</b>	<b>1.61</b>	<b>1.77</b>
Net Cash Flow	£m	555.3	599.7
Less Depreciation	£m	(253.1)	(212.9)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(91.8)	(115.8)
Fast/Slow Adjustment	£m	36.8	12.0
Adjusted Cash Flow divided by	£m	247.2	283.1
Senior Debt Interest	£m	169.5	176.5
<b>Conformed Senior Adjusted ICR</b>	<b>times</b>	<b>1.46</b>	<b>1.60</b>

Test Period		31/03/2019 Actual	31/03/2020 Forecast
Year 1 Conformed Class A Average Adjusted ICR	times	1.81	1.81
Year 2 Conformed Class A Average Adjusted ICR	times	1.61	1.61
Year 3 Conformed Class A Average Adjusted ICR	times	1.77	1.77
<b>Conformed Class A Average Adjusted ICR</b>	<b>times</b>	<b>1.73</b>	<b>1.73</b>
Year 1 Conformed Senior Average Adjusted ICR	times	1.54	1.54
Year 2 Conformed Senior Average Adjusted ICR	times	1.46	1.46
Year 3 Conformed Senior Average Adjusted ICR	times	1.60	1.60
<b>Conformed Senior Average Adjusted ICR</b>	<b>times</b>	<b>1.53</b>	<b>1.53</b>

Test Period		31/03/2019 Actual	31/03/2020 Forecast
Class A Net Indebtedness divided by	£m	4,576.9	4,811.4
RCV	£m	6,686.6	6,971.9
<b>Class A RAR</b>	<b>%</b>	<b>68.4</b>	<b>69.0</b>
Senior Net Indebtedness divided by	£m	5,123.1	5,361.1
RCV	£m	6,686.6	6,971.9
<b>Senior RAR</b>	<b>%</b>	<b>76.6</b>	<b>76.9</b>

5. The tables below reconcile the calculations of Senior Net Indebtedness, Net Cash Flow, and Class A and Senior Debt Interest contained within this report against the audited financial statements of YWS for period ended 31 March 2018.

Net debt	Reference	2018/19
		£m
YW net debt at 31 March 2019	Note 17 to YW's Annual report and financial statements ("AR&FS")	4,303.1
Fair value adjustment of bonds	Note 17 to YW's AR&FS	(96.3)
Net amounts owed in relation to loans to parent companies	Note 17 to YW's AR&FS	743.9
Intercompany loans to / (from) other members of the YW Financing Group that reverse on consolidation	Note 17 to YW's AR&FS	(22.2)
Unamortised issue costs	Note 17 to YW's AR&FS	10.1
RPI accretion on inflation linked swaps	Note 18 to YW's AR&FS	184.5
<b>Senior Net Indebtedness</b>		<b>5,123.1</b>
<b>of which Class A Net Indebtedness</b>		<b>4,576.9</b>

Adjusted Cash Flow	Reference	2018/19
		£m
YW EBITDA excluding exceptional items	YW's AR&FS – Strategic report	570.6
Changes in working capital	Table 1D line 5 of YW's Annual Performance Report ("APR")	(15.3)
<b>Net Cash Flow</b>		<b>555.3</b>
Less Depreciation	YW FD (inflated to outturn)	(253.1)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation:		
- FD allowance	YW FD (inflated to outturn)	(109.0)
- IRE already deducted	Note 26 to YW's AR&FS	17.2
		(91.8)
Fast/Slow Adjustment	YW FD (inflated to outturn)	36.8
<b>Adjusted Cash Flow</b>		<b>247.2</b>

Class A / Senior Debt Interest	Reference	2018/19
		£m
YW net interest paid	Table 1D line 10 of YW's APR	113.4
Interest received on subordinated intercompany loans	Note 7 to YW's AR&FS	50.4
Interest payable on inter-company loans to fund interest payments on exchange bonds held by subsidiary companies	Note 17 to YW's AR&FS	6.0
Finance leases payment due 31 March 2019 but paid 1 April 2019	Note 8 to YW's AR&FS	0.3
Exclude one-off refinancing fees	Note 8 to YW's AR&FS	(0.6)
<b>Senior Debt Interest</b>		<b>169.5</b>
<b>of which Class A Debt Interest</b>		<b>153.3</b>

Above totals may not agree due to roundings

We also confirm that:

- (a) no Default or Potential Trigger Event is outstanding;
- (b) YWS's insurances are being maintained in accordance with:
  - (i) the Common Terms Agreement; and
  - (ii) the provisions of the Finance Leases;
- (c) the aggregate amount of all accretions by indexation to the original notional amounts of any Super-Senior RPI Linked Hedging Agreements is 2.75% of RCV as at 31 March 2019; and
- (d) no Event of Default or event which would be (with the expiry of a grace period, the giving of notice or the making of any determination or any combination thereof) an Event of Default under any Non-Participating YWSF Bond Debt has occurred and is outstanding.

Yours faithfully

*For and on behalf of*  
**Yorkshire Water Services Limited**



**Richard Flint**  
Chief Executive



**Liz Barber**  
Group Director of Finance, Regulation & Markets

*For and on behalf of*  
**Yorkshire Water Services Finance Limited**



**Richard Flint**  
Director



**Liz Barber**  
Director

*For and on behalf of*  
**Yorkshire Water Finance plc**



**Richard Flint**  
Director



**Liz Barber**  
Director