

From: Macquarie European Infrastructure Fund 6 SCSp (the *Investor*)
acting by its general partner
MEIF 6 Luxembourg GP s.à r.l.
20, boulevard Royal
L-2449 Luxembourg

To: MEIF 6 Fibre Limited (*Bidco*)
Ropemaker Place
28 Ropemaker Street
London
EC2Y 9HD

3 June 2019

Dear Sir/Madam

Project Bamboo – Funding guarantee letter

1. Introduction

- 1.1. We are writing in relation to the proposed cash offer for the acquisition by Bidco, a company wholly and indirectly owned by the Investor, of all of the issued and to be issued ordinary share capital of KCOM Group plc (the *Target*) (the *Acquisition*).
- 1.2. Any capitalised term used but not defined in this letter shall have the meaning given to it in the draft press announcement in the form scheduled to this letter (the *Rule 2.7 Announcement*).

2. Funding guarantee

- 2.1. Subject to the satisfaction or waiver of each of the Conditions to the Acquisition and in accordance with the other terms and conditions of the Rule 2.7 Announcement, the Investor hereby irrevocably undertakes to Bidco to procure that, no later than 2 Business Days prior to the Effective Date, there is provided, directly or indirectly, to Bidco (and not directly or indirectly extracted, withdrawn, repaid or redeemed from or by Bidco) an amount of up to £565,811,167 (the *Funding Amount*) in cash, in immediately available funds, which shall be used by Bidco to satisfy its obligations to pay: (i) the cash consideration due to the relevant KCOM Shareholders and/or holders of share options, warrants or convertible securities over KCOM Shares, in each case pursuant to the terms of the Acquisition and in accordance with Rule 15 of the Code if applicable; and (ii) any applicable stamp duty or stamp duty reserve tax payable in relation to the transfer of the KCOM Shares pursuant to the Acquisition (together, the *Bidco Payment Obligations*).
- 2.2. The Investor warrants that as at the date of this letter it has, and that at all times until it has fully discharged its obligations under this letter it will have, sufficient funds available, or have access to sufficient funds, to provide the Funding Amount to Bidco.

2.3. Bidco undertakes to the Investor that it shall use the monies received from the Investor pursuant to paragraph 2.1 of this letter solely to satisfy the Bidco Payment Obligations.

2.4. The maximum liability of the Investor under this letter is limited to the Funding Amount.

3. Termination

3.1. This letter shall automatically terminate and be of no further force or effect upon the earlier of:

- (a) the agreement by the parties in writing, subject to Barclays (in its capacity as financial adviser to Bidco) (the *Financial Adviser*) consenting in writing to such termination;
- (b) if the Rule 2.7 Announcement is not released by 11.59 p.m. (London time) on the date of this letter (or such later date as the Investor (acting through its general partner), Bidco and the Financial Adviser agree in writing);
- (c) the Scheme lapsing, terminating or being withdrawn (by order of the Court or otherwise), unless Bidco has elected prior to such time or elects within ten Business Days following such time, to implement the Acquisition by way of the Takeover Offer; or
- (d) if Bidco elects to implement the Acquisition by way of the Takeover Offer, the Takeover Offer being withdrawn by Bidco (with the consent of the Panel if required), lapsing or terminating.

4. Warranties

4.1. Each party warrants to the other party that:

- (a) it is duly established or incorporated and validly existing under the laws of its place of establishment or incorporation with power to enter into this letter and to exercise its rights and perform its obligations hereunder;
- (b) all corporate or other actions required to authorise its execution of this letter and its performance of its obligations hereunder have been duly taken;
- (c) its execution of this letter and its exercise of its rights and performance of its obligations hereunder do not constitute and will not result in any breach of any agreement or, to the best of its knowledge, any law binding it; and
- (d) the obligations assumed by it in this letter are legal, valid and binding obligations.

5. General

5.1. Without affecting any other rights or remedies that they may have, each party acknowledges that the other party to this letter may be irreparably harmed by any breach of the terms of this letter and that damages alone may not necessarily be an adequate remedy. Accordingly, the other party shall be entitled to seek the remedies of final or

- interim injunction, specific performance and other equitable relief, or any combination of these remedies, for any potential or actual breach of its terms.
- 5.2. The failure to exercise or delay in exercising a right or remedy provided by this letter or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this letter or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.
 - 5.3. The Investor waives and relinquishes any right of set off or counterclaim, deduction or retention which the Investor might otherwise have in respect of any claim against or out of any payments which the Investor may be obliged to make (or procure to be made) to the Bidco pursuant to this letter.
 - 5.4. Unless the parties specifically agree in writing, with the consent of the Financial Adviser, no person shall assign, transfer, charge or otherwise deal with all or any of its rights under this letter nor grant, declare, create or dispose of any right or interest in it. Any purported assignment in contravention of this paragraph shall be void.
 - 5.5. No amendment of this letter shall be valid unless it is in writing and signed by the parties hereto and the prior written consent of the Financial Adviser has been obtained..
 - 5.6. If any provision of this letter is or is held to be invalid or unenforceable, then so far as it is invalid or unenforceable it has no effect and is deemed not to be included in this letter. This shall not invalidate any of the remaining provisions of this letter. The parties shall use all reasonable endeavours to replace any invalid or unenforceable provision by a valid provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.
 - 5.7. This letter constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements, written or oral, between them in respect thereof.
 - 5.8. A person who is not a party to this letter shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms, save that the Financial Adviser shall be entitled to enforce the undertakings of each of the parties, in default of compliance by either of them, to the extent necessary to ensure satisfaction of clause 2.3 and that no assignment is made in contravention of clause 5.4 or amendment is made in contravention of clause 5.5.
 - 5.9. This letter may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this letter by e-mail attachment shall be an effective mode of delivery.
 - 5.10. The terms of this letter and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

- 5.11. The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this letter including, without limitation disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, termination or the legal relationships established by, this letter; and (ii) any non-contractual obligations arising out of or in connection with this letter. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction. Each party also irrevocably waives any objection to the recognition or enforcement in the courts of any other country of a judgment delivered by an English court exercising jurisdiction pursuant to this clause.
- 5.12. The Investor shall at all times retain an agent for service of process in England and any documents and proceedings in connection with this letter. Investor hereby appoints its alternative investment fund manager Macquarie Infrastructure and Real Assets (Europe) Limited of Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD as its agent and hereby irrevocably agrees that any notice of legal process shall be sufficiently served on Investor if delivered to such agent at its address for the time being.

For and on behalf of

MACQUARIE EUROPEAN INFRASTRUCTURE FUND 6 SCSP

By: MEIF 6 Luxembourg GP s.à r.l., its general partner

Name:

Title:

Name:

Title:

Acknowledged and agreed

For and on behalf of

MEIF 6 FIBRE LIMITED

Name:

Title:

Name:

Title:

Schedule

Rule 2.7 Announcement