

3 June 2019

MEIF 6 FIBRE LIMITED

KCOM GROUP PUBLIC LIMITED COMPANY

Co-operation Agreement
relating to the offer for KCOM Group Public
Limited Company by MEIF 6 Fibre Limited



Freshfields Bruckhaus Deringer

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THIS AGREEMENT is made on 3 June 2019

BETWEEN:

- (1) **MEIF 6 Fibre Limited**, a private limited company incorporated in England & Wales with registered number 12005063 whose registered office is at Ropemaker Place, 28 Ropemaker Street, London, Greater London, United Kingdom, EC2Y 9HD (*MEIF 6 Fibre*); and
- (2) **KCOM Group Public Limited Company**, a public limited company incorporated in England & Wales with registered number 2150618 whose registered office is at 37 Carr Lane, Hull, East Yorkshire HU1 3RE (*KCOM*),

together referred to as the *parties* and each as a *party* to this agreement (the *Agreement*).

WHEREAS:

- (A) MEIF 6 Fibre proposes, immediately following execution of this Agreement, to announce a firm intention to make a recommended offer for the entire issued and to be issued share capital of KCOM, pursuant to Rule 2.7 of the Code and on the terms and subject to the conditions set out in the Announcement (as defined below).
- (B) The parties intend that the Acquisition (as defined below) will be implemented by way of the Scheme (as defined below), but MEIF 6 Fibre reserves the right, to elect to implement the Acquisition by way of a Takeover Offer (as defined below).
- (C) The parties have agreed to take certain steps in relation to the proposed implementation of the Acquisition (whether by way of the Scheme or a Takeover Offer) and wish to enter into this Agreement to record their respective rights, commitments and obligations relating to such steps.

IT IS AGREED as follows:

1. Interpretation

1.1 In this Agreement:

Acceptance Condition means, if applicable, the acceptance condition to a Takeover Offer, being in any case more than 50 per cent. of the voting rights attaching to KCOM Shares then normally exercisable at a general meeting of KCOM;

Acquisition means the proposed acquisition by MEIF 6 Fibre of the entire issued and to be issued share capital of KCOM by means of the Scheme as described in this Announcement, or should MEIF 6 Fibre so elect (with the consent of the Panel), by means of a Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal of the Scheme or such a Takeover Offer (as applicable);

Act means the Companies Act 2006 as amended from time to time;

Agreed Switch has the meaning given to it in Clause 4.3;

Announcement means the press announcement to be released by MEIF 6 Fibre and KCOM pursuant to Rule 2.7 of the Code in relation to the Acquisition, in substantially the form set out in the Schedule to this Agreement;

Business Day means a day, other than a Saturday or Sunday or public or bank holiday, on which banks in London are generally open for business;

Clearance means the approval from the FCA which is referred to in Condition 3(a) and any reference to the Clearance having been satisfied shall be construed as meaning that such approval has been obtained;

Code means the City Code on Takeovers and Mergers;

Competing Offer has the meaning given to it in Clause 7.1(c)(ii);

Conditions means:

- (a) for so long as the Acquisition is being implemented by means of the Scheme, the conditions to the implementation of the Acquisition (including the Scheme) as set out in Part A of Appendix 1 to the Announcement and to be set out in the Scheme Document, as may be amended by MEIF 6 Fibre with the agreement of KCOM and with the consent of the Panel; and
- (b) for so long as the Acquisition is being implemented by means of a Takeover Offer, the conditions referred to in (a) above, as amended by replacing the Scheme Conditions with the Acceptance Condition and as may be further amended by MEIF 6 Fibre with the consent of the Panel,

and **Condition** shall be construed accordingly;

Confidentiality Agreement means the confidentiality agreement entered into between MIRAEL and KCOM in relation to the Acquisition dated 21 May 2019;

Court means the High Court of Justice in England and Wales;

Court Meeting means the meeting or meetings of the holders of KCOM Shares which are in issue as at the Voting Record Time to be convened by order of the Court pursuant to section 896 of the Act for the purpose of considering, and if thought fit, approving (with or without modification) the Scheme, including any adjournment thereof;

Court Order means the order(s) of the Court sanctioning the Scheme under Part 26 of the Act;

Effective Date means the date upon which either:

- (a) the Scheme becomes effective in accordance with its terms; or

- (b) if MEIF 6 Fibre elects to implement the Acquisition by way of a Takeover Offer, such Takeover Offer becomes or is declared unconditional in all respects;

FCA means the Financial Conduct Authority;

FCA Handbook means the FCA's Handbook of rules and guidance as amended from time to time;

FSMA means the Financial Services and Markets Act 2000 (as amended from time to time);

KCOM Directors means the directors of KCOM for the time being;

KCOM General Meeting means the general meeting of KCOM Shareholders (including any adjournment thereof) to be convened and held in connection with the Scheme, notice of which will be set out in the Scheme Document;

KCOM Group means KCOM and its subsidiary undertakings and **member of the KCOM Group** shall be construed accordingly;

KCOM LTIP means the KCOM Long-Term Incentive Plan;

KCOM Scheme Shareholders means holders of KCOM Scheme Shares;

KCOM Scheme Shares has the meaning given in the Announcement;

KCOM Shareholders means the registered holders of KCOM Shares for the time being;

KCOM Shares means ordinary shares of 10 pence each in the capital of KCOM;

Law means any applicable statutes, common law, rules, ordinances, regulations, codes, orders, judgments, injunctions, writs, decrees, directives, governmental guidelines or interpretations having the force of law or bylaws, in each case of a Relevant Authority;

Long Stop Date means 31 October 2019 or such later date as may be agreed by the parties in writing (with the Panel's consent and as the Court may approve (if such consent and/or approval is/are required));

Macquarie Group means Macquarie Group Limited and its subsidiaries;

MIRAEL means Macquarie Infrastructure and Real Assets (Europe) Limited;

Notice has the meaning given to it in Clause 9.1;

Offer Document means, in the event that MEIF 6 Fibre elects to implement the Acquisition by means of a Takeover Offer, the document setting out (among other things) details of the Acquisition and the full terms and conditions of such Takeover Offer to be sent to (among others) the KCOM Shareholders, including any revised or supplementary offer document;

Panel means the Panel on Takeovers and Mergers;

Regulatory Information Service means a regulatory information service as defined in the FCA Handbook from time to time;

Relevant Authority means any central bank, ministry, governmental, quasi-governmental, national, supranational (including the European Union), statutory, regulatory, environmental, administrative, supervisory, fiscal or investigative body or authority (including any antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), tribunal, court, trade agency, association, institution, employee representative body or any other body or person whatsoever in any jurisdiction, including the Panel and the FCA;

Sanction Hearing means the hearing of the Court of the petition to sanction the Scheme and to grant the Court Order pursuant to section 899 of the Act, including any adjournment thereof;

Scheme means the scheme of arrangement proposed to be made under Part 26 of the Act between KCOM and the KCOM Scheme Shareholders in order to implement the Acquisition, with or subject to any modification, addition, revision, variation or condition approved or imposed by the Court and agreed to by KCOM and MEIF 6 Fibre;

Scheme Conditions means the conditions referred to in paragraph 2 of Part A of Appendix 1 to the Announcement;

Scheme Document means the document to be sent to (among others) KCOM Shareholders setting out (among other things) details of the Acquisition, the full terms and conditions of the Scheme and the explanatory statement required pursuant to Part 26 of the Act and incorporating the notice convening the Court Meeting and the KCOM General Meeting, including any revised or supplementary document;

Scheme Record Time means the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date;

Section 178 Notice-Giver has the meaning given in Clause 3.1;

Takeover Offer means a takeover offer (within the meaning of section 974 of the Act) made by or on behalf of MEIF 6 Fibre to acquire the entire issued and to be issued share capital of KCOM on the terms and conditions to be set out in the Offer Document, including any increased, amended, varied, renewed or revised offer; and

Voting Record Time means the date and time specified as such in the Scheme Document or such later time and/or date as the parties may agree in writing.

1.2 In this Agreement, except where the context otherwise requires:

- (a) the expressions **subsidiary** and **subsidiary undertaking** shall have the meanings given in the Act;

- (b) the expression *acting in concert* shall be construed in accordance with the Code;
- (c) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;
- (d) references to one gender include other genders;
- (e) words in the singular shall include the plural and vice versa;
- (f) a reference to a *person* shall include a reference to an individual, an individual's executors or administrators, a partnership, a firm, a body corporate, an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture or association (in any case, whether or not having separate legal personality);
- (g) a reference to a Recital, Clause or Schedule (other than to a schedule to a statutory provision) shall be a reference to a recital or clause of, or schedule to, (as the case may be) this Agreement;
- (h) references to times are to London time;
- (i) any reference to a *day* (including within the phrase *Business Day*) shall mean a period of 24 hours running from midnight to midnight;
- (j) references to *writing* shall include any modes of reproducing words in any legible form and shall include email except where otherwise expressly stated;
- (k) a reference to *includes* or *including* shall mean "includes without limitation" or "including without limitation" respectively;
- (l) the expression *group*, in relation to a party, means that party together with its subsidiaries and subsidiary undertakings for the time being;
- (m) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
- (n) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (o) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and
- (p) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.

- 1.3 The headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.
- 1.4 The Schedule forms part of this Agreement and any reference to this Agreement shall include the Schedule.

2. Publication of the Announcement

The obligations of the parties under this Agreement, other than Clause 1, this Clause 2 and Clauses 6 to 19 (inclusive), shall be conditional on the release of the Announcement via a Regulatory Information Service at or before 5.00 p.m. on the date of this Agreement, or such later date and time as the parties may agree (and, where required by the Code, the Panel may approve). Clause 1, this Clause 2 and Clauses 6 to 19 (inclusive) shall take effect on and from execution of this Agreement.

3. Clearance

- 3.1 MEIF 6 Fibre shall, at its own cost, use its reasonable endeavours to ensure that the Clearance is obtained as soon as reasonably practicable following the date of this Agreement and in sufficient time to enable the Effective Date to occur by the Long Stop Date, including by giving to the FCA a section 178 notice (as defined in section 178(3) FSMA) in respect of the Acquisition and by procuring that each other person in the Macquarie Group that would acquire such control as a result of the Acquisition gives a section 178 notice (each person being a *Section 178 Notice-Giver*).
- 3.2 Except where otherwise required by Law or by the FCA, each of KCOM and MEIF 6 Fibre shall as soon as reasonably practicable respond to any request for information made by the FCA in connection with its examination of whether to grant the Clearance (and MEIF 6 Fibre shall procure that every other Section 178 Notice-Giver shall, as soon as reasonably practicable, respond to any such request made of it by the FCA).
- 3.3 Save to the extent prohibited by Law or by the FCA, KCOM undertakes to MEIF 6 Fibre to:
 - (a) provide as soon as reasonably practicable, following any request for the same:
 - (i) all such information held by KCOM as may reasonably be required for inclusion in any application, notice or filing to the FCA for the purposes of obtaining the Clearance or for inclusion in any response to any requests for further information as a result of any such MEIF 6 Fibre application, notice or filing; and
 - (ii) all such other assistance as may reasonably be required for the purposes of obtaining the Clearance; and
 - (b) provide as soon as reasonably practicable in consultation with MEIF 6 Fibre such information as the FCA may reasonably require, and co-

operate with MEIF 6 Fibre, for the purposes of making any application, notice or filing in connection with the Clearance.

- 3.4 Each party undertakes, where reasonably requested by the other and given reasonable prior notice, and insofar as permitted by the Relevant Authority, to make available appropriate representatives for meetings and calls with any Relevant Authority.
- 3.5 Save to the extent prohibited by Law or by the FCA:
- (a) MEIF 6 Fibre undertakes to KCOM promptly to provide KCOM copies of the relevant application, notice or filing submitted to the FCA in connection with obtaining the Clearance; and
 - (b) each party undertakes to the other party to keep the other party informed as to progress in relation to the application for the Clearance.
- 3.6 Each party undertakes not to withdraw any filing or application made to the FCA in relation to the Clearance without the prior consent of the other party (and MEIF 6 Fibre undertakes to procure that no Section 178 Notice-Giver will withdraw any such filing or application without prior consent of KCOM).
- 3.7 If a provision of this Agreement obliges a party to disclose information to the other party:
- (a) which the disclosing party reasonably considers to be commercially or competitively sensitive;
 - (b) which the disclosing party is prohibited from disclosing by Law or the terms of an existing contract; or
 - (c) where such disclosure would result in the loss of privilege that subsists in relation to such information (including legal professional privilege),
- the disclosing party shall, to the extent permitted by Law, disclose the relevant information:
- (i) to the other party as the disclosing party and the other party may agree; or
 - (ii) only to the external legal counsel of the other party.
- 3.8 If a provision of this Agreement obliges a party to disclose information to the other party which includes personal data, the disclosing party may, at its discretion, disclose the relevant information with redactions, so that the information disclosed does not include any information that identifies any individual to, or would enable identification of any individual by, the other party.

4. Switching to a Takeover Offer

- 4.1 The parties intend that the Acquisition will be implemented by way of the Scheme.

- 4.2 MEIF 6 Fibre shall be entitled at any time, with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer rather than the Scheme (a *Switch*). MEIF 6 Fibre shall give to KCOM not less than two Business Days' notice of its intention to effect a Switch and shall in such notice ask KCOM whether or not KCOM consents to such Switch (it being agreed, for the avoidance of doubt, that such consent shall not be required for MEIF 6 Fibre to effect a Switch).
- 4.3 If KCOM provides its written consent to a Switch prior to the announcement of such Switch (an *Agreed Switch*) (which consent, for the avoidance of doubt, shall not be required for MEIF 6 Fibre to effect a Switch), the following shall apply:
- (a) MEIF 6 Fibre shall not, without the prior consent of KCOM, declare the Takeover Offer unconditional as to acceptances prior to the last day permitted under (or extended in accordance with) Rule 31.6 of the Code for the Takeover Offer to become or be declared unconditional as to acceptances, unless all of the remaining Conditions either:
 - (i) have been satisfied or waived (if capable of waiver); or
 - (ii) are reasonably expected to be satisfied or waived (if capable of waiver) prior to the last day permitted under Rule 31.7 of the Code for the Takeover Offer to become or be declared unconditional in all respects; and
 - (b) if, following the Takeover Offer having become or been declared unconditional as to acceptances, the Condition relating to the Clearance has not been satisfied by the last day permitted under Rule 31.7 of the Code for the Takeover Offer to become or be declared unconditional in all respects, MEIF 6 Fibre shall:
 - (i) seek the consent of the Panel to extend such deadline to a date agreed with KCOM and the Panel which, in the reasonable opinion of MEIF 6 Fibre and KCOM, allows sufficient time for the satisfaction of the Condition relating to the Clearance; and
 - (ii) if required by the Panel in order for such an extension to such deadline to be granted, waive all other outstanding Conditions that are capable of waiver.

5. KCOM LTIP

- 5.1 KCOM confirms that options granted under the KCOM LTIP will vest over not more than 4,688,855 KCOM Shares as a result of the Acquisition.
- 5.2 The parties agree that:
- (a) the Scheme will apply to any KCOM Shares acquired by participants in the KCOM LTIP prior to the record time for the Scheme;
 - (b) they shall co-operate to write to participants in the KCOM LTIP to inform them of the impact of the Acquisition on their options and the

extent to which their options will vest and become exercisable as a result of the Acquisition at a time to be agreed between the parties in accordance with the Code; and

- (c) KCOM Shareholder approval will be sought for an amendment to the articles of association of KCOM so that any KCOM Shares issued or transferred after the Scheme Record Time will be automatically transferred to, or to the order of, MEIF 6 Fibre in exchange for the provision by MEIF 6 Fibre of the same consideration payable per KCOM Share under the Acquisition,

and the same shall apply mutatis mutandis if the Acquisition is effected by way of a Takeover Offer.

- 5.3 The provisions of Clauses 5.2(b) and 5.2(c) shall cease to apply in the event that any of the events or circumstances referred to in Clauses 7.1(c)(iv), 7.1(c)(v) and 7.1(c)(vi) occurs or arises, whether or not MEIF 6 Fibre has given notice under Clause 7.1 to terminate this Agreement.

6. The Code and relevant Law

- 6.1 Nothing in this Agreement shall in any way limit the parties' obligations (or the obligations of the parties' respective boards of directors or other members of their respective groups) under the Code, and under any other Law, and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over the terms of this Agreement.
- 6.2 The parties agree that, if the Panel determines that any provision of this Agreement that requires KCOM to take or not take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded and neither KCOM nor any of the KCOM Directors shall have any obligation to take or not take any such action.

7. Termination

- 7.1 Subject to Clauses 7.2 and 7.3, this Agreement shall terminate, and all rights and obligations of the parties under this Agreement shall cease, in each case immediately, as follows:
 - (a) if agreed in writing between the parties at any time prior to the Effective Date;
 - (b) if the Announcement is not released via a Regulatory Information Service at or before 5.00 p.m. on the date of this Agreement (unless, prior to that time, the parties have agreed another later time and date in accordance with Clause 2);
 - (c) upon service of written notice by MEIF 6 Fibre to KCOM, if one or more of the following occurs:

- (i) prior to the Long Stop Date: (A) any Condition which has not been waived is (or has become) incapable of satisfaction by the Long Stop Date and, notwithstanding that it has the right to waive such Condition, MEIF 6 Fibre will not do so; or (B) any Condition which is incapable of waiver has become incapable of satisfaction by the Long Stop Date (in each case in circumstances where the invocation of the relevant Condition (or confirmation that the Condition is incapable of satisfaction, as appropriate) is permitted by the Panel);
- (ii) a third party announces a firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for KCOM (a *Competing Offer*) which (A) is recommended by the KCOM Directors or (B) completes, becomes effective or is declared or becomes unconditional in all respects;
- (iii) if the Acquisition is being implemented by way of the Scheme, the Court Meeting, the KCOM General Meeting or the Sanction Hearing is/are not held on or before the 22nd day after the expected date of such meeting or hearing as set out in the Scheme Document (or such later date as may be agreed in writing between the parties with the consent of the Panel and the approval of the Court (if such approval is required));
- (iv) KCOM makes an announcement prior to the publication of the Scheme Document and (if different) the circular convening the KCOM General Meeting that:
 - (A) the KCOM Directors no longer intend to recommend the Acquisition or intend to adversely qualify or adversely modify their recommendation of the Acquisition;
 - (B) it will not convene the Court Meeting or the KCOM General Meeting; or
 - (C) it intends not to post the Scheme Document or (if different) the circular convening the KCOM General Meeting,
 (in the case of (B) or (C) only, other than as a result of an Agreed Switch);
- (v) the KCOM Directors withdraw, adversely qualify or adversely modify their unanimous and unqualified recommendation of the Acquisition to the KCOM Shareholders; or
- (vi) the Scheme Document and (if different) the circular convening the KCOM General Meeting (or, following a Switch, the Offer Document) does not include, when published, a unanimous and

unqualified recommendation of the Acquisition from the KCOM Directors to the KCOM Shareholders; or

- (d) upon service of written notice by either party to the other party, if one or more of the following occurs:
- (i) a Competing Offer completes, becomes effective or is declared or becomes unconditional in all respects;
 - (ii) if the Acquisition is, with the permission of the Panel, withdrawn or terminated or lapses in accordance with its terms prior to the Long Stop Date (other than:
 - (A) where such lapse or withdrawal is as a result of the exercise of MEIF 6 Fibre's right to effect a Switch from the Scheme to the Takeover Offer; or
 - (B) it is otherwise to be followed within five Business Days (or such other period as KCOM and MEIF 6 Fibre may agree) by an announcement under Rule 2.7 of the Code made by MEIF 6 Fibre or any person acting in concert with MEIF 6 Fibre to implement the Acquisition by a different offer or scheme on substantially the same or improved terms);
 - (iii) if the Scheme is not approved by the KCOM Shareholders at the Court Meeting and/or the resolutions proposed thereat are not approved at the KCOM General Meeting or the Court refuses to sanction the Scheme; or
 - (iv) unless otherwise agreed by the parties in writing, if the Effective Date has not occurred by the Long Stop Date.

7.2 Termination of this Agreement shall be without prejudice to the rights of either party which have or may have arisen at or prior to termination.

7.3 Clauses 1 and 6 to 19 (inclusive) shall survive termination of this Agreement.

8. Representations and warranties

8.1 Each of the parties represents and warrants to the other party on the date of this Agreement that:

- (a) it has the requisite power and authority to enter into and perform its obligations under this Agreement;
- (b) this Agreement constitutes its legal, valid and binding obligations in accordance with its terms; and
- (c) the execution and delivery of, and performance of its obligations under, this Agreement shall not:
 - (i) result in a breach of any provision of its constitutional documents;

- (ii) result in a material breach of, or constitute a material default under, any instrument (which is material in the context of the Acquisition) to which it is a party or by which it is bound; or
- (iii) result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound.

8.2 No party shall have any claim against the other pursuant to Clause 8.1 for breach of warranty or misrepresentation after the Effective Date (without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement).

9. Notices

9.1 A notice under or in connection with this Agreement (*Notice*) shall be:

- (a) in writing;
- (b) in the English language; and
- (c) delivered personally or sent by first class post pre-paid recorded delivery or by email to the party due to receive the Notice at the address specified in Clause 9.2 (or to another address specified by that party by not less than seven days' written notice to the other party).

9.2 The address referred to in Clause 9.1(c) is:

- (a) in the case of MEIF 6 Fibre:

Address: Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD

Email: mfgmiraloncosec@macquarie.com marked for the attention of the directors

and a copy to (but such copy shall not constitute Notice):

Address: Freshfields Bruckhaus Deringer LLP, 65 Fleet Street London EC4Y 1HT

Email: stephen.hewes@freshfields.com,
andrew.hutchings@freshfields.com

Marked for the attention of Stephen Hewes / Andrew Hutchings; and

- (b) In the case of KCOM:

Address: Melbourne House, Brandy Carr Road, Wrenthorpe, Wakefield, West Yorkshire WF2 OUG

Email: Sally.Jones@kcom.com

Marked for the attention of the General Counsel;

and a copy to (but such copy shall not constitute Notice):

Address: Addleshaw Goddard LLP, One St Peter's Square, Manchester
M2 3DE

[Email: richard.lee@addleshawgoddard.com](mailto:richard.lee@addleshawgoddard.com)

Marked for the attention of Richard Lee.

- 9.3 A party may change its notice details on giving notice to the other party of the change in accordance with Clauses 9.1, 9.2 and 9.4.
- 9.4 Unless there is evidence that it was received earlier, a Notice is deemed given:
- (a) if delivered personally, when left at the address referred to in Clause 9.2;
 - (b) if sent by post, two Business Days after posting it; or
 - (c) if sent by email, when sent.

Any Notice sent outside the hours of 9:00am to 6.30pm on a Business Day shall be deemed to be given at the start of the next Business Day.

- 9.5 Each party shall, where it sends a Notice by email to the other party, within two Business Days send a hard copy of the relevant Notice via hand delivery or first class post pre-paid recorded delivery to the physical address of the other party.
- 9.6 This Clause shall not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this Agreement.

10. Remedies and waivers

- 10.1 No delay or omission by either party to this Agreement in exercising any right, power or remedy provided by Law or under this Agreement shall:
- (a) affect that right, power or remedy; or
 - (b) operate as a waiver of it.
- 10.2 The single or partial exercise of any right, power or remedy provided by Law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 10.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by Law.
- 10.4 Without prejudice to any other rights and remedies which either party may have, each party acknowledges and agrees that damages alone may not be an adequate remedy for any breach by such party of the provisions of this Agreement and the other party shall be entitled to seek the remedies of injunction, specific performance and other equitable remedies for any threatened or actual breach of any such provision of this Agreement by such party and no proof of special damages shall be necessary for the enforcement by either party of rights under this Agreement.

11. Variation

No variation of this Agreement shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the parties.

12. Invalidity

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the Law of any jurisdiction, that shall not affect or impair:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the legality, validity or enforceability under the Law of any other jurisdiction of that or any other provision of this Agreement,

and, if such provision would be valid and enforceable if deleted in part or reduced in application, such provision shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

13. Entire agreement

- 13.1 Save for the Confidentiality Agreement, this Agreement constitutes the whole and only agreement between the parties relating to the Acquisition and supersedes any previous agreement whether written or oral between the parties in relation to the Acquisition.
- 13.2 Except in the case of fraud, each party acknowledges that it is entering into this Agreement in reliance upon only this Agreement and that it is not relying upon any pre-contractual statement that is not set out in this Agreement or in the Confidentiality Agreement.
- 13.3 Except in the case of fraud, no party shall have any right of action (including those in tort or arising under statute) against the other party arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement or in the Confidentiality Agreement.
- 13.4 For the purposes of this Clause 13, *pre-contractual statement* means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time before the date of this Agreement.

14. Third party rights

A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of term of, or enjoy any benefit under, this Agreement.

15. No partnership

No provision of this Agreement creates a partnership between the parties or makes one party the agent of the other party for any purpose. Neither party has any authority or power to bind, to contract in the name of, or to create a liability for the other party in any way or for any purpose.

16. Assignment

Neither party shall be entitled to assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge, declare itself a trustee for a third party of, or otherwise dispose of (in any manner whatsoever) the benefit of this Agreement (or any part of it) or sub-contract in any manner whatsoever its performance under this Agreement without the prior written consent of the other party.

17. Costs and expenses

Each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and any matter contemplated by it.

18. Counterparts

18.1 This Agreement may be executed in two counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but both the counterparts shall together constitute but one and the same instrument.

18.2 Delivery of an executed counterpart signature page of this Agreement by email (pdf) shall be as effective as delivery of a manually executed counterpart of this Agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page on the final text of this Agreement, such counterpart signature page shall take effect with such final text as a complete authorised counterpart.

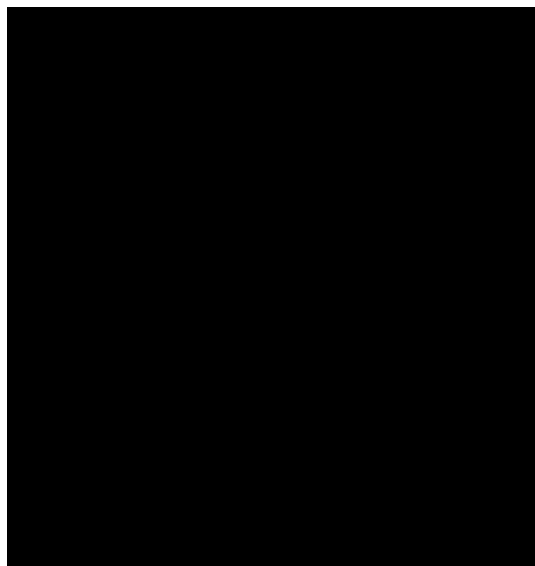
19. Governing law and jurisdiction

19.1 This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

19.2 The parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual.

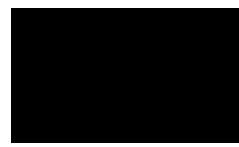
In witness whereof the parties have executed this Agreement on the date first set out above.

SIGNED by)
for and on behalf of)
MEIF 6 FIBRE LIMITED)



SIGNED by )
for and on behalf of)

KCOM GROUP PUBLIC LIMITED COMPANY)



**Schedule
Form of Announcement**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION
FOR IMMEDIATE RELEASE**

3 June 2019

RECOMMENDED CASH OFFER

for

KCOM GROUP PUBLIC LIMITED COMPANY

by

MEIF 6 FIBRE LIMITED

a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited)

to be implemented by means of a scheme of arrangement under Part 26 of the Companies Act 2006

Summary

- The boards of MEIF 6 Fibre Limited (*MEIF 6 Fibre*) and KCOM Group Public Limited Company (*KCOM*) are pleased to announce that they have reached agreement on the terms of a recommended cash offer, to be made by MEIF 6 Fibre, a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited (*MIRAE*)) (*MEIF 6*), for the entire issued and to be issued ordinary share capital of KCOM. It is intended that the Acquisition will be implemented by means of a scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, KCOM Shareholders will be entitled to receive:

for each KCOM Share 108 pence in cash

- The Acquisition Price represents:
 - a premium of 49 per cent to the Closing Price of 72.5 pence for each KCOM Share on 23 April 2019 (being the last Business Day prior to commencement of the Offer Period);
 - an increase of 11 pence to the USS Offer of 97 pence per KCOM Share;
 - a premium of 52 per cent to the volume weighted average share price of 71.2 pence per KCOM Share in the 30 days prior to 23 April 2019 (being the last Business Day prior to commencement of the Offer Period); and

- an aggregate value of £563 million for KCOM's issued and to be issued share capital.
- If any dividend or other distribution or return of capital is authorised, declared, made or paid in respect of KCOM Shares on or after the date of this Announcement and prior to the Effective Date, MEIF 6 Fibre reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution or return of capital for each KCOM Share, in which case eligible KCOM Shareholders will be entitled to receive and retain such dividend or other distribution or return of capital.

KCOM recommendation

- Pursuant to a firm offer announcement dated 24 April 2019, a cash offer was made for the acquisition of the entire issued and to be issued ordinary share capital of KCOM by Humber Bidco Limited, a wholly-owned indirect subsidiary of Universities Superannuation Scheme Limited (acting in its capacity as sole corporate trustee of Universities Superannuation Scheme) by way of a Court-sanctioned scheme of arrangement.
- In light of the superior proposal put forward by MEIF 6 Fibre as compared to the USS Offer, the KCOM Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the KCOM Directors, Rothschild & Co has taken into account the commercial assessments of the KCOM Directors.
- Accordingly:
 - the KCOM Directors intend to recommend unanimously that KCOM Shareholders vote in favour of the Scheme at the Court Meeting, and in favour of the General Meeting Resolution to be proposed at the General Meeting; and
 - the KCOM Directors have withdrawn their recommendation of the USS Offer and the KCOM Board proposes to adjourn the USS Scheme Meetings convened for 5 June 2019 to consider the USS Offer.

Information on MEIF 6 Fibre and MIRA

- MEIF 6 Fibre is a wholly-owned indirect subsidiary of MEIF 6 (an investment fund managed by MIRAEL).
- Macquarie Infrastructure and Real Assets (*MIRA*) is one of the world's leading alternative asset managers. For more than two decades, MIRA has partnered with investors, governments and communities to manage, develop and enhance assets relied on by more than 100 million people each day. As at 31 December 2018, MIRA managed over €110 billion in assets that are essential to the sustainable development of economies and communities, including: 200 portfolio businesses, approximately 400 properties and over 4 million hectares of farmland.

- MIRA has been a leading owner and investor in critical telecommunications infrastructure since the early 2000s. Under MIRA's management, assets such as fibre and cable broadband networks, broadcast infrastructure, secure mobile networks, pay-TV, and mobile towers have provided services to millions of consumers and business customers.
- Some of MIRA's notable investments in the telecommunications sector include Arqiva (part of the UK's "critical national infrastructure" and serving all of the UK's major broadcasters and mobile networks), TDC (Denmark's leading telecommunications company), and INEA (a Polish provider of fibre-to-the-home broadband and cable TV).

Information on KCOM

- KCOM, a leading provider of IT and communications solutions to consumers and businesses across the UK, is one of the UK's longest-established communications companies, helping customers get connected since 1904. Throughout the decades, KCOM has stayed at the forefront of technology and communications. KCOM is focussed on three markets:
 - Hull and East Yorkshire: KCOM provides voice and internet-based services to 140,000 consumers and businesses in the region;
 - Enterprise: KCOM serves large enterprise and public sector organisations that need complex technology solutions to serve customers better and adapt to an ever-changing competitive and regulatory environment; and
 - National Network Services: KCOM serves UK-based multi-site organisations that rely on connectivity as part of their business operations.

Further information on KCOM is available at www.kcomplc.com.

General

- It is intended that the Acquisition will be implemented by means of a Court-approved scheme of arrangement under Part 26 of the Companies Act. However, MEIF 6 Fibre reserves the right to elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer.
- The Acquisition will be subject to the approval of KCOM Scheme Shareholders at the Court Meeting and the passing of the General Meeting Resolution by KCOM Shareholders at the General Meeting. In order to become Effective, the Scheme must be approved by a majority in number of KCOM Scheme Shareholders, representing at least 75 per cent in value of the KCOM Scheme Shares held by those KCOM Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting. In addition, the General Meeting Resolution required to implement certain matters in connection with the Scheme must be passed by KCOM Shareholders representing at least 75 per cent of votes cast at the General Meeting.

- The Acquisition is subject to the Conditions and further terms set out in Appendix 1 and to be set out in the Scheme Document. It is expected that the Scheme will become Effective in mid-2019.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the General Meeting, will be published as soon as practicable and, in any event, within 28 days of this Announcement.

Commenting on the Acquisition, Patrick De Smedt, Interim Non-executive Chairman of KCOM, said:

“The Board of KCOM is pleased to recommend MEIF 6 Fibre’s cash offer for KCOM which represents an increase of 11 pence to the USS Offer of 97 pence per KCOM Share and a 49 per cent premium to the undisturbed share price on 23 April 2019. This offer provides our shareholders with even greater value in cash for their shares, as well as providing KCOM with a strong partner as we work to maintain, build and enhance our offering and position.”

Commenting on the Acquisition, Leigh Harrison, Head of MIRA EMEA, said:

“We are pleased that the KCOM Board is recommending our takeover offer. KCOM has a strong local heritage that has been developed over more than a century and is well-positioned to continue to meet the evolving telecommunications needs of the region, which is why we have made this compelling offer to shareholders at an attractive premium.

As an experienced, long-term telecommunications investor, we are committed to supporting KCOM’s sustainable growth. We look forward to partnering with management to increase broadband take-up in its core region and beyond, enhancing the quality of service delivery while giving local businesses and residents greater access to the opportunities that high-speed broadband can provide.”

This summary should be read in conjunction with, and is subject to, the full text of this Announcement and its Appendices. The Acquisition will be made subject to the Conditions and further terms set out in Appendix 1. The bases and sources of certain financial information contained in this Announcement are set out in Appendix 2. Certain definitions and terms used in this Announcement are set out in Appendix 3.

Enquiries:

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KCOM

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Ed Bridges

Matt Dixon

Jamie Ricketts

Freshfields Bruckhaus Deringer LLP is retained as legal adviser to MEIF 6 (managed by MIRAEL) and MEIF 6 Fibre. Addleshaw Goddard LLP is retained as legal adviser to KCOM.

Further information

This Announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely through the Scheme Document (and the accompanying Forms of Proxy), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote or other response to the Acquisition should be made only on the basis of the information in the Scheme Document.

MEIF 6 Fibre reserves the right to elect, with the consent of the Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme, subject to the Takeover Code and to any appropriate amendments to reflect, amongst other things, the change in method of implementing the Acquisition, and compliance with all applicable laws, including US securities laws.

Important notices relating to financial advisers

Barclays, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for MEIF 6 Fibre and MEIF 6 (managed by MIRAEL) and no one else in connection with the matters described herein and will not be responsible to anyone other than MEIF 6 Fibre and MEIF 6 (managed by MIRAEL) for providing the protections afforded to clients of Barclays nor for providing advice in relation to the matters described herein or any other matter referred to herein.

N.M. Rothschild & Sons Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for KCOM and no one else in relation to the Acquisition and/or other matters set out in this Announcement and will not be responsible to anyone other than KCOM for providing the protections afforded to clients of Rothschild & Co or for providing advice in relation to the Acquisition, the contents of this Announcement or any other matter or arrangement referred to herein.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting for KCOM and no-one else in connection with the Acquisition and/or other matters set out in this Announcement and will not be responsible to anyone other than KCOM for the protections offered to its clients nor for providing advice in relation to the Acquisition or any matters referred to in this Announcement.

Investec Bank plc, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for KCOM and no one else in relation to the Acquisition and/or other matters set out in this Announcement and will not be responsible to anyone other than KCOM for providing the protections afforded to the clients of Investec or for providing advice in relation to the Acquisition, the contents of this Announcement or any other matter or arrangement referred to herein.

Overseas Shareholders

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom and the ability of KCOM Shareholders who are not resident in the United Kingdom to participate in the Acquisition may be restricted by laws and/or regulations in those jurisdictions and therefore any persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their KCOM Scheme Shares in respect of the Scheme at the Court Meeting or with respect to the General Meeting Resolution at the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by MEIF 6 Fibre or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of or any facility of a national, state or other securities exchange of or from within, a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

This Announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that

which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.

The Acquisition will be subject to the applicable requirements of English law, the Takeover Code, the Panel, the London Stock Exchange and the FCA.

Copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of acceptance of the Acquisition.

If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Additional information for US Shareholders

KCOM Shareholders in the United States should note that the Acquisition relates to the securities of an English company and is proposed to be implemented pursuant to a scheme of arrangement provided for under English company law. A transaction implemented by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition will be subject to UK procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this Announcement and other documentation relating to the Acquisition has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If MEIF 6 Fibre exercises its right, in the circumstances provided for in this Announcement, to implement the Acquisition by way of a Takeover Offer, such Takeover Offer will only be made in the United States in accordance with the US Exchange Act.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, MEIF 6 Fibre, certain affiliated companies and their respective nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, KCOM Shares, other than pursuant to the Acquisition, until the date on which the Takeover Offer and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be

made they would be made outside the United States and would comply with applicable law, including the US Exchange Act. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in KCOM securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

None of the securities referred to in this Announcement have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Acquisition by a US Shareholder as consideration pursuant to the terms of the Acquisition may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each US Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

It may be difficult for US holders of KCOM Shares to enforce their rights and claims arising out of the US federal securities laws, since MEIF 6 Fibre and KCOM are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of KCOM Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Forward-looking statements

This Announcement contains certain forward-looking statements with respect to MEIF 6 Fibre and KCOM. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "aim", "will", "may", "hope", "continue", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements include, but are not limited to, statements relating to the following: (a) future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects, (b) business and management strategies and the expansion and growth of the operations of MEIF 6 Fibre or KCOM, and (c) the

effects of government regulation on the business of MEIF 6 Fibre or KCOM. There are many factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Except as expressly provided in this document, they have not been reviewed by the auditors of MEIF 6 Fibre or KCOM. By their nature, these forward-looking statements involve known and unknown risks, uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this Announcement may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this Announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. Neither MEIF 6 Fibre nor KCOM, nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

None of MEIF 6 Fibre, KCOM or their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them undertakes any intention or obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. All subsequent oral or written forward-looking statements attributable to MEIF 6 Fibre or KCOM or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

Neither MEIF 6 Fibre nor the KCOM Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

No profit forecasts or estimates

Nothing in this Announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings for each KCOM Share, for the current or future financial years, will necessarily match or exceed the historical published earnings for each KCOM Share.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if

later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website

This Announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on MIRA's website at www.macquarie.co.uk/mgl/uk/meif/meif6-fibre-offer and on KCOM's website at www.kcomplc.com promptly and in any event by no later than 12 noon on the Business Day following the date of this Announcement.

Neither the content of the websites referred to in this Announcement nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this Announcement.

Request for hard copies

KCOM Shareholders may, subject to applicable securities laws, request a hard copy of this Announcement (and any information incorporated into it by reference to another source) by contacting Link Asset Services on 0371 664 0321 or by submitting a request in writing to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH, with an address to which the hard copy may be sent. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice. KCOM Shareholders may, subject to applicable securities laws, also request that all future documents, announcements and information to be sent in relation to the Acquisition should be in hard copy form.

Information relating to KCOM Shareholders

Please be aware that addresses, electronic addresses and certain information provided by KCOM Shareholders, persons with information rights and other relevant persons for the receipt of communications from KCOM may be provided to MEIF 6 Fibre during the Offer Period as required under section 4 of Appendix 4 to the Takeover Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Time

All times shown in this Announcement are London times, unless otherwise stated.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION
FOR IMMEDIATE RELEASE**

3 June 2019

RECOMMENDED CASH OFFER

for

KCOM GROUP PUBLIC LIMITED COMPANY

by

MEIF 6 FIBRE LIMITED

a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited)

to be implemented by means of a scheme of arrangement under Part 26 of the Companies Act 2006

1. Introduction

The boards of MEIF 6 Fibre and KCOM are pleased to announce that they have reached agreement on the terms of a recommended cash offer, to be made by MEIF 6 Fibre, a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited), for the entire issued and to be issued ordinary share capital of KCOM. It is intended that the Acquisition will be implemented by means of a scheme of arrangement under Part 26 of the Companies Act.

2. The Acquisition

Under the terms of the Acquisition, which shall be subject to the Conditions and further terms set out in Appendix 1 and to be set out in the Scheme Document, KCOM Shareholders who are on the register of members of KCOM at the Scheme Record Time will be entitled to receive:

for each KCOM Share 108 pence in cash

The Acquisition Price represents:

- a premium of 49 per cent to the Closing Price of 72.5 pence for each KCOM Share on 23 April 2019 (being the last Business Day prior to commencement of the Offer Period);
- an increase of 11 pence to the USS Offer of 97 pence per KCOM Share;

- a premium of 52 per cent to the volume weighted average share price of 71.2 pence per KCOM Share in the 30 days prior to 23 April 2019 (being the last Business Day prior to commencement of the Offer Period); and
- an aggregate value of £563 million for KCOM's issued and to be issued share capital.

If any dividend or other distribution or return of capital is authorised, declared, made or paid in respect of KCOM Shares on or after the date of this Announcement and prior to the Effective Date, MEIF 6 Fibre reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution or return of capital for each KCOM Share, in which case eligible KCOM Shareholders will be entitled to receive and retain such dividend or other distribution or return of capital.

It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the General Meeting, will be published as soon as practicable and, in any event, within 28 days of this Announcement. It is further expected that the Scheme will become Effective in mid-2019.

3. Background to and reasons for the Acquisition

MIRA is one of the world's leading alternative asset managers. For more than two decades, MIRA has partnered with investors, governments and communities to manage, develop and enhance assets relied on by more than 100 million people each day. As at 31 December 2018, MIRA managed over €110 billion in assets that are essential to the sustainable development of economies and communities, including: 200 portfolio businesses, approximately 400 properties and over 4 million hectares of farmland.

MIRA has been a leading owner and investor in critical telecommunications infrastructure since the early 2000s. Under MIRA's management, assets such as fibre and cable broadband networks, broadcast infrastructure, secure mobile networks, pay-TV and mobile towers have provided services to millions of consumers and business customers.

MIRA believes the acquisition of KCOM, via MEIF 6 Fibre, represents an attractive opportunity given KCOM's strong position in the market and the community in which it operates. MIRA intends to work with KCOM management team with the aims of expanding the HEY network, increasing consumer choice and maximising network utilisation.

The specific attractions of KCOM to MIRA include:

- (a) the HEY division's ownership of critical infrastructure and fibre roll-out initiative setting a stepping stone for local business growth and innovation. In the long term, MIRA aims to increase third party access to KCOM's network infrastructure to improve customer offerings, customer choice and retail competition;

- (b) the opportunity to use additional investment to meaningfully expand fibre network beyond the current footprint of the HEY business. MIRA believes an expansion of KCOM's existing footprint will increase fibre accessibility, reduce digital exclusion and deliver the infrastructure needed for the economy to prosper in the region; and
- (c) infrastructure funds managed by MIRA have invested into the region since 2017, in particular in renewable energy via Race Bank Offshore Wind Farm off the coast of Grimsby and the Humber port sector via HES Humber Bulk Terminal. MIRA therefore believes the acquisition of KCOM will be complementary to its existing investments as these organisations all provide infrastructure and employment opportunities that contribute to the ever-growing Northern Powerhouse.

4. Recommendation

Pursuant to a firm offer announcement dated 24 April 2019, a cash offer was made for the acquisition of the entire issued and to be issued ordinary share capital of KCOM by Humber Bidco Limited, a wholly-owned indirect subsidiary of Universities Superannuation Scheme Limited (acting in its capacity as sole corporate trustee of Universities Superannuation Scheme) by way of a court-sanctioned scheme of arrangement.

In light of the superior proposal put forward by MEIF 6 Fibre as compared to the USS Offer, the KCOM Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the KCOM Directors, Rothschild & Co has taken into account the commercial assessments of the KCOM Directors.

Accordingly:

- the KCOM Directors intend to recommend unanimously that KCOM Shareholders vote in favour of the Scheme at the Court Meeting, and in favour of the General Meeting Resolution to be proposed at the General Meeting; and
- the KCOM Directors have withdrawn their recommendation of the USS Offer and the KCOM Board proposes to adjourn the USS Scheme Meetings convened for 5 June 2019 to consider the USS Offer.

5. Background to and reasons for the KCOM Directors' recommendation

Following the announcement of the USS Offer on 24 April 2019, KCOM received an approach from MIRA regarding a possible higher cash offer by MEIF 6 Fibre. MEIF 6 Fibre has now made an offer of 108 pence per KCOM Share in cash.

The offer from MEIF 6 Fibre announced today represents an increase of 11 pence to the USS Offer of 97 pence per KCOM Share. Following careful consideration, the KCOM Board concluded that the offer from MEIF 6 Fibre represented a superior offer for KCOM Shareholders as compared with the

USS Offer and intends to recommend unanimously the Acquisition to KCOM Shareholders, as set out in paragraph 4 above.

6. Information on MEIF 6 Fibre and MIRA

MEIF 6 Fibre is a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by MIRAEL).

MIRA is one of the world's leading alternative asset managers. For more than two decades, MIRA has partnered with investors, governments and communities to manage, develop and enhance assets relied on by more than 100 million people each day. As at 31 December 2018, MIRA managed over €110 billion in assets that are essential to the sustainable development of economies and communities, including: 200 portfolio businesses, approximately 400 properties and over 4 million hectares of farmland.

MIRA has been a leading owner and investor in critical telecommunications infrastructure since the early 2000s. Under MIRA's management, assets such as fibre and cable broadband networks, broadcast infrastructure, secure mobile networks, pay-TV, and mobile towers have provided services to millions of consumers and business customers.

Some of MIRA's notable investments in the telecommunications sector include Arqiva (part of the UK's "critical national infrastructure" and serving all of the UK's major broadcasters and mobile networks), TDC (Denmark's leading telecommunications company), and INEA (a Polish provider of fibre-to-the-home broadband and cable TV).

7. Information on KCOM

KCOM, a leading provider of IT and communications solutions to consumers and businesses across the UK, is one of the UK's longest-established communications companies, helping customers get connected since 1904. Throughout the decades, KCOM has stayed at the forefront of technology and communications. KCOM is focussed on three markets:

- Hull and East Yorkshire: KCOM provides voice and internet-based services to 140,000 consumers and businesses in the region;
- Enterprise: KCOM provides support for large enterprise and public sector organisations that need complex technology solutions to serve customers better and adapt to an ever-changing competitive and regulatory environment; and
- National Network Services: KCOM serves UK-based multi-site organisations that rely on connectivity as part of their business operations.

Further information is available at www.kcomplc.com

8. Intentions of MEIF 6 Fibre

The acquisition of KCOM represents an attractive opportunity for MIRA, via MEIF 6 Fibre, given KCOM's strong position in the market and community in which it operates. MIRA is excited to be partnering with KCOM, which has historically been at the forefront of the digital evolution, offering high quality and high speed products. MIRA is confident in the overall prospects of KCOM's businesses and looks forward to working with the KCOM management team to grow the value of the business in the long-term.

As an important broadband provider in the region, MIRA believes KCOM is well positioned to be the stepping stone for the growth and innovation of local business and has demonstrated this by taking the lead with its fibre roll-out initiative. MIRA intends for KCOM to continue its strong local commitment and further strengthen its reach and offerings.

Under MIRA's stewardship, it is intended that KCOM will continue to deliver the digital infrastructure needed for the economy to prosper in the region. MIRA believes this will help fuel further growth in the local economy and minimise digital exclusion.

Prior to this Announcement, and consistent with market practice, MIRA has been granted access to certain KCOM information for the purposes of conducting a high level confirmatory due diligence exercise.

KCOM Review

MIRA is aware of KCOM's ongoing strategic review (the ***KCOM Review***).

MIRA has not yet had the opportunity to work with management in order to formulate detailed plans or intentions regarding the impact of the Acquisition and the KCOM Review on KCOM and its businesses and employees, including any potential headcount reductions.

Based on a preliminary assessment of the KCOM Review findings, MIRA intends to increase the focus on KCOM's well-performing HEY business, with the possibility of expanding its existing footprint. MIRA will consider the other recommendations of the KCOM Review following the Effective Date, which will be implemented to the extent MIRA supports such recommendations.

MIRA's own plans

MIRA's own plans at this stage do not contemplate significant redundancies in the KCOM Group. However, as a result of the early stage of MIRA's work and KCOM's ongoing strategic review, MIRA has been unable to determine the precise impact on the KCOM Group's headcount going forwards.

Nevertheless, MIRA believes that the skills of the employees within the KCOM Group will be key to delivering high quality services to customers, and MIRA's vision for growth. MIRA believes that the expansion of KCOM's existing footprint will increase fibre accessibility to the region and contribute

to the ever-growing “Northern Powerhouse”. Following completion of the Acquisition, MIRA intends to:

- work with KCOM’s management team to review the strategy of the HEY business with the aim of maximising network utilisation and consumer choice. MIRA is intending to work with KCOM to increase the number of households and businesses being served by its best in class network, by both increasing the number of customers buying KCOM’s own retail offerings, and by increasing the amount of business with third party Internet Services Providers;
- work with KCOM’s management to establish opportunities to use additional investment to expand the fibre network beyond the current footprint of the HEY business, to drive growth and employment opportunities. Whilst no decisions have yet been taken on whether additional investment would be made, if such additional investment was made, it would be funded from KCOM’s existing cash resources, new equity from MEIF 6 Fibre, and/or third party debt;
- review initiatives to improve the performance of the National Network Services and Enterprise businesses to enhance customer experience, provide relevant and profitable services to customers, and improve platform efficiency to enhance margins;
- undertake a review of the strategic options for the National Network Services and Enterprise businesses. The review will focus on operating performance, viability of its offerings and long-term strategic fit in relation to MIRA’s overall strategy. MIRA will work closely with management to evaluate different possible outcomes. At this stage, MIRA does not have sufficient insight to conclude on any outcomes, however it would expect potential options to include disposal of these businesses to a third party, refocusing of product catalogues, and integration into other business lines, among others; and
- work with KCOM’s management to understand and implement any recommendations as to costs efficiencies, service improvements and organisational structure which result from the KCOM Review.

MIRA has not yet begun to carry out the detailed evaluation referred to in the paragraph above or made any decisions in relation to specific actions that may be taken as a result of this evaluation, including in relation to any impact on organisational structure and headcount. Independently of the KCOM Review, MIRA plans to carry out its own strategy review in close collaboration with KCOM management over three to six months following the Effective Date and expects to start implementation of any additional actions resulting from that review as soon as possible thereafter.

Once KCOM ceases to be a listed company, some central management, corporate and support functions, including PLC-related functions, may be reduced in scope, which is likely to require reduced headcount in these areas.

MIRA intends to safeguard the existing employment rights of the management and employees of the KCOM Group in accordance with applicable law and does not envisage any material change to the balance of skills and functions of existing employees and management of the KCOM Group, or in their conditions of employment (other than the possible implementation of incentivisation arrangements for certain members of management as described below).

MIRA confirms it is also fully supportive of KCOM's initiatives to help foster a diverse local employment pool by actively encouraging participation in STEM subjects. MIRA intends for KCOM to continue its current local initiative during its stewardship as the benefits of a diversified workforce are also a high priority to MIRA – both as an owner and employer.

The non-executive directors of KCOM have informed MIRA that they intend to resign as KCOM Directors with effect from completion of the Acquisition.

MIRA recognises the importance of the KCOM pension schemes to their members. MIRA confirms that it has no intention of changing members' pension rights under the schemes and that the current level of employer contributions under the schemes' existing funding arrangements will continue. Prior to this Announcement, MIRA engaged in an initial discussion with the chair of the trustees of KCOM's defined benefit pension schemes in relation to the upcoming triennial valuation process and the Acquisition. Following completion of the Acquisition, MIRA intends to continue such discussions with the trustees of KCOM's defined benefit pension schemes in respect of the triennial valuation, the Acquisition and the funding position of the schemes. The KCOM defined benefit pension schemes are closed to new members and to future accrual.

MIRA has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of KCOM's management team. Post completion of the Acquisition, MIRA would intend to develop incentive arrangements for certain members of the KCOM management team.

MIRA intends to maintain KCOM's corporate headquarters and headquarters' functions in Hull. MIRA does not intend to change the locations of the places of business of the KCOM Group; however, the places of business of the National Network Services and Enterprise businesses may be impacted by MIRA's and KCOM's strategic reviews and any potential disposal of these businesses, as referred to above. MIRA has no intention of redeploying the fixed assets of KCOM. KCOM has no dedicated research and development function.

KCOM is currently listed on the Official List and, as set out in paragraph 13, it is intended that an application will be made to the London Stock Exchange to cancel trading in KCOM Shares and de-list KCOM from the Official List, in each case to take effect on or shortly after the Effective Date.

9. KCOM LTIP

The Scheme will extend to any KCOM Shares unconditionally allotted, issued or transferred prior to the Scheme Record Time to satisfy the exercise of options granted under the KCOM LTIP.

Participants in the KCOM LTIP will receive a letter explaining the effects of the Acquisition on their options and the actions they may take in respect of their options.

The Scheme will not extend to KCOM Shares issued after the Scheme Record Time. However, it is proposed to amend KCOM's articles of association at the General Meeting to provide that, following completion of the Acquisition, any KCOM Shares issued to any person other than MEIF 6 Fibre or its nominees after the Scheme Record Time (including in satisfaction of an option exercised under the KCOM LTIP) will be automatically transferred to MEIF 6 Fibre in consideration for the payment by MEIF 6 Fibre to such persons of an amount equal to the Acquisition Price for each KCOM Share so transferred.

10. Financing of the Acquisition

MEIF 6 Fibre is financing the Acquisition through equity to be invested indirectly by MEIF 6. In due course after the Acquisition has completed, MEIF 6 Fibre will consider putting in place an appropriate capital structure for the business, which is likely to include third party debt.

Barclays is satisfied that resources available to MEIF 6 Fibre are sufficient to satisfy in full the cash consideration payable to KCOM Shareholders under the terms of the Acquisition.

11. Offer-related Arrangements

Confidentiality Agreement

MIRAEL and KCOM entered into a confidentiality agreement on 21 May 2019 (the **Confidentiality Agreement**) pursuant to which MIRAEL has undertaken to keep confidential information relating to KCOM and not to disclose it to third parties (other than permitted recipients) unless required by applicable law or regulation. These confidentiality obligations shall remain in force notwithstanding the completion or termination of discussions concerning the Acquisition between the parties, but will terminate on the date of completion of the Acquisition.

The Confidentiality Agreement also contains undertakings from MIRAEL to KCOM and from KCOM to MIRAEL that, for a period of 12 months from the date of the Confidentiality Agreement, neither party will solicit, employ or offer to employ officers, managers or senior employees of the other party.

Co-operation Agreement

MEIF 6 Fibre and KCOM have entered into the Co-operation Agreement, which records the intention of MEIF 6 Fibre and KCOM to implement the

Acquisition by way of the Scheme. However, MEIF 6 Fibre may with the consent of the Panel implement the Acquisition by way of a Takeover Offer.

Pursuant to Clause 3 of the Co-operation Agreement, MEIF 6 Fibre and KCOM have agreed to co-operate in relation to any clearance as may be required from the FCA in connection with the Acquisition.

The Co-operation Agreement will terminate (a) if agreed in writing between MEIF 6 Fibre and KCOM; (b) if any condition to the Acquisition in Appendix 1 Part A of Appendix 1 of this Announcement is or becomes incapable of satisfaction by the Long Stop Date (and MEIF 6 Fibre serves notice of termination); (c) if a third party announces a firm intention to make an offer which is recommended by the KCOM Directors (and MEIF 6 Fibre serves notice of termination); (d) if the KCOM Directors do not recommend, or withdraw, adversely qualify or adversely modify the recommendation of the Acquisition (and MEIF 6 Fibre serves notice of termination); or (e) unless the parties otherwise agree, if the Effective Date has not occurred by the Long Stop Date and in certain other circumstances specified in the Co-operation Agreement.

12. Structure of and conditions to the Acquisition

It is intended that the Acquisition will be implemented by means of a Court-approved scheme of arrangement between KCOM and KCOM Scheme Shareholders under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for MEIF 6 Fibre to become the holder of the entire issued and to be issued ordinary share capital of KCOM. This is to be achieved by the transfer of the KCOM Shares to MEIF 6 Fibre, in consideration for which the KCOM Shareholders who are on the register of members at the Scheme Record Time will receive the Acquisition Price for each KCOM Share they hold.

Conditions to the Acquisition

The Scheme is subject to the Conditions and further terms set out in Appendix 1 and to be set out in the Scheme Document and will only become Effective if, among other things, the following events occur on or before the Long Stop Date or such later date as may be agreed in writing by MEIF 6 Fibre and KCOM (with the Panel's consent and as the Court may approve (if such approval(s) are required)):

- the approval of the Scheme by a majority in number of KCOM Scheme Shareholders, representing at least 75 per cent in value of the KCOM Scheme Shares held by those KCOM Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- the General Meeting Resolution being duly passed by KCOM Shareholders representing 75 per cent or more of votes cast, whether in person or by proxy, at the General Meeting;

- the approval of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to KCOM and MEIF 6 Fibre);
- the delivery of a copy of the Court Order to the Registrar of Companies; and
- all other Conditions to the Scheme, as set out in Appendix 1, being satisfied or (where applicable) waived.

Upon the Scheme becoming Effective, it will be binding on all KCOM Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. The cash consideration payable under the Scheme will be despatched to KCOM Scheme Shareholders by MEIF 6 Fibre no later than 14 days after the Effective Date.

Upon the Scheme becoming Effective, the non-executive directors of KCOM will resign as KCOM Directors.

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document. It is expected that the Scheme Document and the Forms of Proxy accompanying the Scheme Document will be published as soon as practicable and, in any event, within 28 days of this Announcement. The Scheme Document and Forms of Proxy will be made available to all KCOM Shareholders at no charge to them.

The Scheme will be governed by English law and will be subject to the jurisdiction of the Court. The Scheme will also be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

13. De-listing and re-registration

Prior to the Scheme becoming Effective, KCOM will make an application for the cancellation of the listing of KCOM Shares on the Official List and for the cancellation of trading of the KCOM Shares on the London Stock Exchange's main market for listed securities, in each case to take effect from or shortly after the Effective Date.

On the Effective Date, share certificates in respect of KCOM Shares will cease to be valid and entitlements to KCOM Shares held within the CREST system will be cancelled.

It is also proposed that, following the Effective Date and after its shares are de-listed, KCOM will be re-registered as a private limited company.

14. Dividends

If any dividend or other distribution or return of capital is authorised, declared, made or paid in respect of KCOM Shares on or after the date of this Announcement and prior to the Effective Date, MEIF 6 Fibre reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution or return of capital for each KCOM Share, in

which case the eligible KCOM Shareholders will be entitled to receive and retain such dividend or other distribution or return of capital.

15. Disclosure of interests in KCOM

As at the close of business on the Last Practicable Date, none of MEIF 6 Fibre or any of its directors or, so far as MEIF 6 Fibre is aware, any person acting, or deemed to be acting, in concert with MEIF 6 Fibre, had:

- an interest in, or right to subscribe for, relevant securities of KCOM;
- any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of KCOM;
- procured an irrevocable commitment or letter of intent to accept the terms of the Acquisition in respect of relevant securities of KCOM; or
- borrowed or lent any relevant securities of KCOM or entered into any financial collateral arrangements or dealing arrangements in respect of any KCOM Shares.

In the interests of secrecy prior to this Announcement, MEIF 6 Fibre has not made any enquiries in respect of the matters referred to in this paragraph of certain parties who may be deemed by the Panel to be acting in concert with MEIF 6 Fibre for the purposes of the Acquisition. Enquiries of such parties will be made as soon as practicable following the date of this Announcement, and MEIF 6 Fibre confirms that further disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Takeover Code will be made and included in the Scheme Document.

16. General

MEIF 6 Fibre reserves the right to elect, subject to the consent of the Panel and the terms of the Co-operation Agreement, to implement the Acquisition of the KCOM Shares by way of a Takeover Offer as an alternative to the Scheme. In such event, such Takeover Offer will be implemented on substantially the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent (or such other percentage (being more than 50 per cent) as MEIF 6 Fibre may decide (subject to the Panel's consent)) (i) in nominal value of the shares to which such Takeover Offer relates; and (ii) of the voting rights attaching to those shares.

The Acquisition will be made subject to the Conditions and further terms set out in Appendix 1 and to be set out in the Scheme Document. The bases and sources of certain financial information contained in this Announcement are set out in Appendix 2. Certain definitions and terms used in this Announcement are set out in Appendix 3.

Barclays, Rothschild & Co, Peel Hunt and Investec have each given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.

17. Documents available on website

Copies of the following documents will, by no later than 12 noon (London time) on the Business Day following the date of this Announcement, be made available on MIRA's website at www.macquarie.co.uk/mgl/uk/meif/meif6-fibre-offer and KCOM's website at www.kcomplc.com until the end of the Offer Period:

- this Announcement;
- the Confidentiality Agreement;
- the Co-operation Agreement; and
- the Funding Letter.

Enquiries:

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Freshfields Bruckhaus Deringer LLP is retained as legal adviser to MEIF 6 (managed by MIRAEL) and MEIF 6 Fibre. Addleshaw Goddard LLP is retained as legal adviser to KCOM.

Further information

This Announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely through the Scheme Document (and the accompanying Forms of Proxy), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote or other response to the Acquisition should be made only on the basis of the information in the Scheme Document.

MEIF 6 Fibre reserves the right to elect, with the consent of the Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme, subject to the Takeover Code and to any appropriate amendments to reflect, amongst other things, the change in method of implementing the Acquisition, and compliance with all applicable laws, including US securities laws.

Important notices relating to financial advisers

Barclays, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for MEIF 6 Fibre and MEIF 6 (managed by MIRAEL) and no one else in connection with the matters described herein and will not be responsible to anyone other than MEIF 6 Fibre and MEIF 6 (managed by MIRAEL) for providing the protections afforded to clients of Barclays nor for providing advice in relation to the matters described herein or any other matter referred to herein.

N.M. Rothschild & Sons Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for KCOM and no one else in relation to the Acquisition and/or other matters set out in this Announcement and will not be responsible to anyone other than KCOM for providing the protections afforded to clients of Rothschild & Co or for providing advice in relation to the Acquisition, the contents of this Announcement or any other matter or arrangement referred to herein.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting for KCOM and no-one else in connection with the Acquisition and/or other matters set out in this Announcement and will not be responsible to anyone other than KCOM for the protections offered to its clients nor for providing advice in relation to the Acquisition or any matters referred to in this Announcement.

Investec Bank plc, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for KCOM and no one else in relation to the Acquisition and/or other matters set out in this Announcement and will not be responsible to anyone other than KCOM for providing the protections afforded to the clients of Investec or for providing advice in relation to the Acquisition, the contents of this Announcement or any other matter or arrangement referred to herein.

Overseas Shareholders

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom and the ability of KCOM Shareholders who are not resident

in the United Kingdom to participate in the Acquisition may be restricted by laws and/or regulations in those jurisdictions and therefore any persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their KCOM Scheme Shares in respect of the Scheme at the Court Meeting or with respect to the General Meeting Resolution at the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by MEIF 6 Fibre or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of or any facility of a national, state or other securities exchange of or from within, a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

This Announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.

The Acquisition will be subject to the applicable requirements of English law, the Takeover Code, the Panel, the London Stock Exchange and the FCA.

Copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of acceptance of the Acquisition.

If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Additional information for US Shareholders

KCOM Shareholders in the United States should note that the Acquisition relates to the securities of an English company and is proposed to be implemented pursuant to a scheme of arrangement provided for under English company law. A transaction implemented by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition will be subject to UK procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this Announcement and other documentation relating to the Acquisition has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If MEIF 6 Fibre exercises its right, in the circumstances provided for in this Announcement, to implement the Acquisition by way of a Takeover Offer, such Takeover Offer will only be made in the United States in accordance with the US Exchange Act.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, MEIF 6 Fibre, certain affiliated companies and their respective nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, KCOM Shares, other than pursuant to the Acquisition, until the date on which the Takeover Offer and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in KCOM securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

None of the securities referred to in this Announcement have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Acquisition by a US Shareholder as consideration pursuant to the terms of the Acquisition may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each US Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

It may be difficult for US holders of KCOM Shares to enforce their rights and claims arising out of the US federal securities laws, since MEIF 6 Fibre and KCOM are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of KCOM Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Forward-looking statements

This Announcement contains certain forward-looking statements with respect to MEIF 6 Fibre and KCOM. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "aim", "will", "may", "hope", "continue", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements include, but are not limited to, statements relating to the following: (a) future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects, (b) business and management strategies and the expansion and growth of the operations of MEIF 6 Fibre or KCOM, and (c) the effects of government regulation on the business of MEIF 6 Fibre or KCOM. There are many factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Except as expressly provided in this document, they have not been reviewed by the auditors of MEIF 6 Fibre or KCOM. By their nature, these forward-looking statements involve known and unknown risks, uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this Announcement may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this Announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. Neither MEIF 6 Fibre nor KCOM, nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events

expressed or implied in any forward-looking statements in this announcement will actually occur.

None of MEIF 6 Fibre, KCOM or their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them undertakes any intention or obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. All subsequent oral or written forward-looking statements attributable to MEIF 6 Fibre or KCOM or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

Neither MEIF 6 Fibre nor the KCOM Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

No profit forecasts or estimates

Nothing in this Announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings for each KCOM Share, for the current or future financial years, will necessarily match or exceed the historical published earnings for each KCOM Share.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website

This Announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on MIRA's website at www.macquarie.co.uk/mgl/uk/meif/meif6-fibre-offer and on KCOM's website at www.kcomplc.com promptly and in any event by no later than 12 noon on the Business Day following the date of this Announcement.

Neither the content of the websites referred to in this Announcement nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this Announcement.

Request for hard copies

KCOM Shareholders may, subject to applicable securities laws, request a hard copy of this Announcement (and any information incorporated into it by reference to another source) by contacting Link Asset Services on 0371 664 0321 or by submitting a request in writing to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH, with an address to which the hard copy may be sent. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice. KCOM Shareholders may, subject to applicable securities laws, also request that all future documents, announcements and information to be sent in relation to the Acquisition should be in hard copy form.

Information relating to KCOM Shareholders

Please be aware that addresses, electronic addresses and certain information provided by KCOM Shareholders, persons with information rights and other relevant

persons for the receipt of communications from KCOM may be provided to MEIF 6 Fibre during the Offer Period as required under section 4 of Appendix 4 to the Takeover Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Time

All times shown in this Announcement are London times, unless otherwise stated.

Appendix 1

Conditions and further terms of the Scheme and the Acquisition

The Acquisition will be subject to the Conditions and terms set out in this Appendix and in the Scheme Document.

Part A Conditions to the Scheme and Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and Effective, subject to the Takeover Code, by no later than 11.59 pm on 31 October 2019, or such later date (if any) as MEIF 6 Fibre and KCOM may, with the consent of the Panel, agree and (if required) the Court may approve.

Scheme approval

2. The Scheme will be conditional upon:
 - (a) approval of the Scheme at the Court Meeting (or at any adjournment thereof, provided that the Court Meeting may not be adjourned beyond the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course or such later date (if any) as MEIF 6 Fibre and KCOM may agree) by a majority in number of the KCOM Scheme Shareholders present and voting, either in person or by proxy, representing three-quarters or more in value of the KCOM Scheme Shares held by those KCOM Scheme Shareholders;
 - (b) all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the General Meeting (including, without limitation, the General Meeting Resolution) being duly passed by the requisite majority at the General Meeting (or at any adjournment thereof, provided that the General Meeting may not be adjourned beyond the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course or such later date (if any) as MEIF 6 Fibre and KCOM may agree); and
 - (c) the sanction of the Scheme without modification or with modification on terms acceptable to MEIF 6 Fibre and KCOM, provided that the Court Hearing may not be adjourned beyond the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course or such later date (if any) as MEIF 6 Fibre and KCOM may agree); and
 - (d) the delivery of an office copy of the Court Order to the Registrar of Companies.
3. In addition, MEIF 6 Fibre and KCOM have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

FCA approvals

- (a) In respect of each notice under section 178 of FSMA which MEIF 6 Fibre or any other person who has decided to acquire control pursuant to the Acquisition over any member of the KCOM Group which is a UK authorised person (as such term is defined in section 191G of FSMA) is under a duty to give in connection with the proposed implementation of the Acquisition:
- (i) the FCA having given notice in writing pursuant to section 189(4)(a) of FSMA that it has determined unconditionally to approve each such acquisition pursuant to section 185 of FSMA;
 - (ii) in relation to such acquisition, the FCA having given notice in writing pursuant to section 189(7) of FSMA subject to condition(s) specified in the decision notice and such condition(s) being satisfactory to the section 178 notice-giver, acting reasonably; or
 - (iii) the FCA being treated, under section 189(6) of FSMA, as having approved each such acquisition,

where for the purposes of this Condition 3(a), “control” shall be construed in accordance with the provisions of Part XII of FSMA (read, as appropriate, with the FSMA (Controllers) (Exemption) Order 2009).

Third Party clearances

- (b) No Third Party having given written notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice, or having taken any other steps (in each case, not having withdrawn the same) (in each case which would be material in the context of the Wider MEIF 6 Fibre Group or Wider KCOM Group, as the case may be, taken as a whole) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
- (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider KCOM Group by any member of the Wider MEIF 6 Fibre Group void, illegal and/or unenforceable under the laws of any jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, impede, materially challenge, delay or otherwise interfere with the implementation of, or impose additional material conditions or material obligations with respect thereto or otherwise challenge or interfere therewith;
 - (ii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider MEIF 6 Fibre Group

directly or indirectly to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or other securities convertible into shares or any other securities (or the equivalent) in KCOM (or any member of the Wider KCOM Group) or to exercise management control over, any member of the Wider KCOM Group to an extent which is material in the context of the Wider KCOM Group taken as a whole;

- (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider KCOM Group of all or any part of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider KCOM Group taken as a whole;
- (iv) other than pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider MEIF 6 Fibre Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider KCOM Group owned by any third party (other than in the implementation of the Acquisition);
- (v) result in any member of the Wider KCOM Group ceasing to be able to carry on business under any name under which it presently does so (in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole);
- (vi) impose any material limitation on, or result in any delay of, the ability of any member of the Wider MEIF 6 Fibre Group or any member of the Wider KCOM Group to integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider MEIF 6 Fibre Group and/or the Wider KCOM Group in a manner which is material in the context of the Wider MEIF 6 Fibre Group and/or the Wider KCOM Group, in each case taken as a whole; or
- (vii) otherwise adversely affect the business, assets, value, profits, prospects or operational performance of any member of the Wider KCOM Group to an extent which is material in the context of the Wider KCOM Group taken as a whole, and all applicable waiting or other time periods (including any extensions thereof) during which a Third Party could take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any KCOM Shares having expired, lapsed or been terminated.

- (c) Other than as contemplated by Condition 3(a) above, all notifications, filings or applications which are necessary under applicable legislation or regulation of any relevant jurisdiction having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in respect of the Scheme and the Acquisition; and
- (d) All Authorisations which are necessary in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, KCOM by any member of the Wider MEIF 6 Fibre Group having been obtained in terms and in a form reasonably satisfactory to MEIF 6 Fibre from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider KCOM Group has entered into contractual arrangements and all such Authorisations which are necessary for any member of the Wider KCOM Group to carry on its business in any jurisdiction having been obtained in each case where the consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider KCOM Group, any member of the MEIF 6 Fibre Group or the ability of MEIF 6 Fibre to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations.

Confirmation of absence of adverse circumstances

- (e) Except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider KCOM Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, in each case as a consequence of the Acquisition or the proposed acquisition by any member of the Wider MEIF 6 Fibre Group of any shares or other securities in KCOM or because of a change in the control or management of any member of the Wider KCOM Group or otherwise, would or might reasonably be expected to result in (in each case to an extent which is, or would be, material in the context of the Wider KCOM Group as a whole, or in the context of the Scheme):
 - (i) any monies borrowed by, or any other indebtedness or liabilities (including, without limitation, guarantees, letters of credit and hedging contracts), whether actual or contingent, of, or any grant available to, any member of the Wider KCOM Group being or becoming repayable, or capable of being

declared repayable immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

- (ii) any such arrangement, agreement, licence, permit, lease or instrument, or the rights, liabilities, obligations or interests of any member of the Wider KCOM Group thereunder being or becoming capable of being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (iii) any such member of the Wider KCOM Group ceasing to be able to carry on business under any name under which it presently does so;
- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider KCOM Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider KCOM Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider KCOM Group otherwise than in the ordinary course of business;
- (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider KCOM Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider KCOM Group being materially prejudiced or adversely affected;
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider KCOM Group, other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider KCOM Group to make any severance, termination, bonus or other payment to any of its directors or other officers, and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider KCOM Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of

this Condition, in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole.

No material transactions, claims or changes in the conduct of the business of the KCOM Group

- (f) Except as Disclosed, no member of the Wider KCOM Group having since 30 September 2018:
- (i) save as between KCOM and wholly-owned subsidiaries of KCOM or for KCOM Shares issued pursuant to the exercise of options or vesting of awards granted in the ordinary course under, or any other issue of KCOM Shares in the ordinary course pursuant to, the KCOM Share Schemes, issued or agreed to be issued or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities;
 - (ii) other than to another member of the KCOM Group and the interim dividend of £0.01 for each KCOM Share paid on 1 February 2019, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise);
 - (iii) save for transactions between KCOM and its wholly-owned subsidiaries, or between its wholly-owned subsidiaries or transactions in the ordinary course of business, merged or demerged with any body corporate or acquired or disposed of any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case, other than in the ordinary course of business (in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole);
 - (iv) made, authorised, proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider KCOM Group taken as a whole;
 - (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability which in any case is material in the context of the Wider KCOM Group as a whole;

- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is outside the ordinary course of business or is of a long-term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude and which, in any such case, is material in the context of the Wider KCOM Group or in the context of the Acquisition, or which is or is reasonably likely to be restrictive on the business of any member of the Wider KCOM Group taken as a whole;
- (vii) disposed of intellectual property rights of any member of the Wider KCOM Group which is material in the context of the Wider KCOM Group taken as a whole or which is other than in the ordinary course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider KCOM Group;
- (ix) proposed, agreed to provide or modified to a material extent the terms of the KCOM Share Schemes or any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment, of any employee of the Wider KCOM Group;
- (x) procured the trustees of any Relevant Pension Plan, or any such trustees having taken any action since 30 September 2018, to:
 - (I) make or agree to any material change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any Relevant Pension Plan; (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; or (d) the basis or rate of employer contribution to a Relevant Pension Plan, in each case other than as required by applicable law;
 - (II) carry out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding-up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any

Relevant Pension Plan, in each case other than as required by applicable law;

- (xi) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement other than the Scheme;
- (xii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (xiii) waived, compromised or settled any claim (whether actual or threatened) otherwise than in the ordinary course of business and which is material in the context of the Wider KCOM Group taken as a whole;
- (xiv) save as is envisaged by the Acquisition, made any material alteration to its articles of association or other constitutional documents;
- (xv) (other than in respect of a member of the Wider KCOM Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed (in each case to an extent which is material in the context of the Wider KCOM Group when taken as a whole);
- (xvi) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business (in each case to an extent which is material to the Wider KCOM Group when taken as a whole);
- (xvii) entered into any material contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention

to, or to propose to, effect any of the transactions, matters or events referred to in this Condition and which is material in the context of the Wider KCOM Group taken as a whole or in the context of the Acquisition;

- (xviii) terminated or varied the terms of any agreement or arrangement between any member of the Wider KCOM Group and any other person in a manner which would or would reasonably likely to be expected to have a material adverse effect on the financial position of the Wider KCOM Group taken as a whole; or
- (xix) other than with the consent of MEIF 6 Fibre, having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of KCOM Shareholders at the General Meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code.

No material adverse change

- (g) Except as Disclosed, since 30 September 2018:
 - (i) there having been no adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider KCOM Group which, in any such case, is material in the context of the Wider KCOM Group taken a whole or in the context of the Acquisition and no circumstances have arisen which would or might reasonably be expected to result in any such adverse change;
 - (ii) no material litigation, arbitration proceedings, prosecution or other material legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider KCOM Group to which any member of the Wider KCOM Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider KCOM Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider KCOM Group in each case which is material in the context of the Wider KCOM Group taken as a whole;
 - (iii) no contingent or other liability having arisen, increased or become apparent which would reasonably be likely adversely to affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider KCOM Group to an extent which is material to the Wider KCOM Group taken as a whole or in the context of the Acquisition; and

- (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider KCOM Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have an adverse effect on the Wider KCOM Group taken as a whole or in the context of the Acquisition.

No discovery of certain matters

- (h) Except as Disclosed, since 30 September 2018 MEIF 6 Fibre not having discovered:
 - (i) that any financial, business or other information concerning the Wider KCOM Group publicly announced or disclosed to any member of the Wider MEIF 6 Fibre Group at any time by or on behalf of any member of the Wider KCOM Group or to any of their advisers is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not materially misleading; or
 - (ii) that any member of the Wider KCOM Group is subject to any material liability, contingent or otherwise, other than in the ordinary course of business; or
 - (iii) there is any information which affects the import of any information publicly announced prior to the date of this Announcement by or on behalf of any member of the Wider KCOM Group and which is material in the context of the Wider KCOM Group taken as a whole.

Intellectual Property

- (i) Save as Disclosed, no circumstance having arisen or ceasing to exist, or no event having occurred, in each case, in relation to any intellectual property owned or used by any member of the Wider KCOM Group which would have a material adverse effect on the Wider KCOM Group taken as a whole.

Anti-corruption and sanctions

- (j) Save as Disclosed, MEIF 6 Fibre not having discovered that:
 - (i) any past or present member, director, officer or employee of the Wider KCOM Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in connection with the performance of such services which would constitute an offence under the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, Part 3 of the Criminal Finances Act 2017 (each as

amended) or any other applicable anti-corruption or anti-tax-evasion legislation; or

- (ii) any past or present member, director, officer or employee of the Wider KCOM Group or any person who has performed services for and on behalf of any such company has engaged in any activity or business with, or made any investments in, or made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or EU persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or EU laws or regulations, including the economic sanctions administered by the HM Treasury & Customs, the United Nations or the EU (or any of their respective member states) or the United States Office of Foreign Assets Control; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the EU or any of its member states, in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole; or
- (iii) any member of the KCOM Group has been engaged in any transaction which would cause MEIF 6 Fibre to be in breach of any applicable law or regulation upon its acquisition of KCOM, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the EU or any of its member states.

No criminal property

- (k) Save as Disclosed, MEIF 6 Fibre not having discovered that any material asset of any member of the Wider KCOM Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part B Waiver and Invocation of the Conditions

1. The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by MEIF 6 Fibre to be or remain to be satisfied by no later than the Long Stop Date.
2. MEIF 6 Fibre reserves the right in its sole discretion (subject to the requirements of the Takeover Code and the Panel) to waive:
 - (a) those parts of all or any of the Conditions set out in paragraph 2 of Part A of this Appendix 1 relating to the deadlines for the Court Meeting, General Meeting and/or the Court Hearing. If any such deadline is not met, MEIF 6 Fibre shall make an announcement by 8.00 a.m. on the

Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadlines or agreed with KCOM to extend the relevant deadline; or

- (b) in whole or in part, all or any of Conditions Part A3(a) to (k) of Part A of this Appendix 1 above.
3. MEIF 6 Fibre shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A above by a date earlier than the latest date specified above for the fulfilment of that condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.
4. Under Rule 13.5(a) of the Takeover Code, MEIF 6 Fibre may not invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to MEIF 6 Fibre in the context of the Acquisition. Conditions 2(a), 2(b) and 2(c) and 2(d) and if applicable, any acceptance condition if the Acquisition is implemented by means of a Takeover Offer, are not subject to this provision of the Takeover Code.

Part C Implementation by way of Takeover Offer

1. MEIF 6 Fibre reserves the right to elect, subject to the consent of the Panel and the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, such Takeover Offer will be implemented on substantially the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent (or such other percentage (being more than 50 per cent) as MEIF 6 Fibre may decide (subject to the Panel's consent)) (i) in nominal value of the shares to which such Takeover Offer relates; and (ii) of the voting rights attaching to those shares.

Part D Certain further terms of the Acquisition

1. The availability of the Acquisition to persons not resident in the UK may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the UK should inform themselves about, and observe, any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.
2. If MEIF 6 Fibre is required by the Panel to make an offer for KCOM Shares under the provisions of Rule 9 of the Takeover Code, MEIF 6 Fibre may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
3. The KCOM Shares will be acquired by MEIF 6 Fibre fully paid and free from all liens, charges, equities, encumbrances, options, rights of pre-emption and

any other third party rights and interests of any nature whatsoever and together with all rights attaching to them as at the date of this Announcement or subsequently attaching or accruing to them including, without limitation, voting rights and the right to receive and retain, in full, all dividends and other distributions (if any), declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement and before the Effective Date.

4. If any dividend or other distribution or return of capital is authorised, declared, made or paid in respect of the KCOM Shares on or after the date of this Announcement and prior to the Effective Date, MEIF 6 Fibre reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution or return of capital for each KCOM Share. If MEIF 6 Fibre exercises this right or makes such reduction in respect of a dividend or other distribution that has not been paid, KCOM Shareholders will be entitled to receive and retain that dividend or other distribution or return of capital.
5. The Acquisition will lapse and the Scheme will not become Effective if the European Commission either initiates proceedings under Article 6(1)(c) of the EU Merger Regulation in respect of the Acquisition, or makes a referral to the competent UK authority (being the Competition and Markets Authority) under either Article 4(4) or Article 9(1) of the EU Merger Regulation and there is then a CMA Phase 2 Reference in respect of the Acquisition, before 11.59 p.m. on the date immediately preceding the date of the Court Meeting.
6. The Scheme will be governed by the laws of England and Wales and be subject to the jurisdiction of the Court and to the Conditions and further terms set out in this Announcement and to be set out in the Scheme Document. The Acquisition will comply with the applicable requirements of the FCA, the London Stock Exchange and the Court, as well as with the Takeover Code.
7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Appendix 2
Sources of information and bases of calculation

1. As at close of business on the Last Practicable Date, KCOM had 516,603,910 KCOM Shares in issue.
2. The value placed by the Acquisition on the existing issued and to be issued ordinary share capital of KCOM has been calculated on the basis of:
 - (a) 516,603,910 KCOM Shares in issue on the Last Practicable Date; and
 - (b) Up to 4,688,855 KCOM Shares which may be issued on or after the date of this Announcement on the exercise of options or vesting of awards under the KCOM LTIP (taking into account the exercise by KCOM's remuneration committee of applicable discretions).
3. Unless otherwise stated, all prices quoted for KCOM Shares are Closing Prices.
4. Volume-weighted average prices have been derived from Bloomberg and have been rounded to the nearest one decimal place.

Appendix 3 Definitions

The following definitions apply throughout this Announcement unless the context otherwise requires:

<i>2006 Act or Companies Act</i>	the Companies Act 2006, as amended from time to time
<i>Acquisition</i>	the proposed acquisition by MEIF 6 Fibre of the entire issued and to be issued share capital of KCOM by means of the Scheme as described in this Announcement, or should MEIF 6 Fibre so elect, by means of a Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal of the Scheme or the Takeover Offer (as applicable)
<i>Acquisition Price</i>	108 pence for each KCOM Share
<i>Announcement</i>	this announcement made in accordance with Rule 2.7 of the Takeover Code
<i>Annual Report</i>	the annual report and financial statements of KCOM for the year ended 31 March 2018
<i>associated undertaking</i>	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations
<i>Authorisations</i>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
<i>Barclays</i>	Barclays Bank PLC, acting through its Investment Bank
<i>Business Day</i>	a day, not being a public holiday, Saturday or Sunday, on which banks in London are open for normal business
<i>Closing Price(s)</i>	the closing price of a KCOM Share as

	derived from the Official List of the London Stock Exchange on any particular date
<i>CMA</i>	the Competition and Markets Authority of the UK
<i>CMA Phase 2 Reference</i>	a reference to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<i>Conditions</i>	the conditions to the implementation of the Acquisition, as set out in Part A of Appendix 1 to this Announcement, and to be set out in the Scheme Document
<i>Confidentiality Agreement</i>	the confidentiality agreement dated 21 May 2019 between MIRAEL and KCOM, as described in paragraph 11 of this Announcement
<i>Co-operation Agreement</i>	the agreement dated 3 June 2019 between MEIF 6 Fibre and KCOM, as described in paragraph 11 of this Announcement
<i>Court</i>	the High Court of Justice of England and Wales
<i>Court Hearing</i>	the hearing of the Court to sanction the Scheme
<i>Court Meeting</i>	the meeting of KCOM Scheme Shareholders convened by order of the Court pursuant to section 896 of the 2006 Act, notice of which will be set out in the Scheme Document, for the purposes of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof
<i>Court Order</i>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act
<i>CREST</i>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) (the Regulations) in respect of which Euroclear UK & Ireland Ltd is the Operator (as defined in such

Regulations) in accordance with which securities may be held and transferred in uncertificated form

Dealing Disclosure

an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in relevant securities of a party to an offer

Disclosed

the information which has been fairly disclosed:

(a) by or on behalf of KCOM to MEIF 6 Fibre or MIRA or the professional advisers of MEIF 6 Fibre or MEIF 6 (in their capacity as such in relation to the Acquisition) prior to the date of this Announcement;

(b) in the Annual Report;

(c) in this Announcement;

(d) in any other public announcement made by KCOM prior to the date of this Announcement; or

(e) by or on behalf of KCOM (or its advisers) in writing during the course of the due diligence exercise carried out by MEIF 6 Fibre or its professional advisers or on a call in connection with the Acquisition

Effective

in the context of the Acquisition: (a) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms, upon the delivery of an office copy of the Court Order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of the Takeover Offer, the Takeover Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code

Effective Date

the date on which the Acquisition becomes Effective

<i>EU</i>	the European Union
<i>EU Merger Regulation</i>	Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings
<i>Excluded Shares</i>	any KCOM Shares: <ul style="list-style-type: none"> (a) which are registered in the name of or beneficially owned by MEIF 6 Fibre or its nominee(s) or any subsidiary undertaking of MEIF 6 Fibre or its nominee(s); or (b) which are held in treasury (unless such KCOM Shares cease to be so held)
<i>FCA</i>	the Financial Conduct Authority or its successor from time to time, the authority for listing in the UK when it is exercising its powers under Part 6 of the Financial Services and Markets Act 2000 as amended
<i>Funding Letter</i>	a letter dated 3 June 2019 between MEIF 6 and MEIF 6 Fibre relating to the funding of the Acquisition
<i>Forms of Proxy</i>	the form of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
<i>FSMA</i>	the Financial Services and Markets Act 2000 (as amended from time to time)
<i>General Meeting</i>	the general meeting of KCOM Shareholders (including any adjournment, postponement or reconvention thereof) to be convened for the purpose of considering and, if thought fit approving, the General Meeting Resolution in relation to the Acquisition, notice of which shall be contained in the Scheme Document
<i>General Meeting Resolution</i>	the resolution to be proposed by KCOM at the General Meeting in connection with, among other things, the approval of the Scheme and the

	alteration of KCOM's articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the KCOM Shares
<i>HEY</i>	the Hull & East Yorkshire division of the KCOM Group
<i>Investec</i>	Investec Bank plc
<i>KCOM or Company</i>	KCOM Group Public Limited Company, a company incorporated in England and Wales with registered number 02150618
<i>KCOM Directors or KCOM Board</i>	the directors of KCOM as at the date of this Announcement or, where the context so requires, the directors of KCOM from time to time
<i>KCOM Group</i>	KCOM and its subsidiary undertakings from time to time
<i>KCOM LTIP</i>	the KCOM Long-Term Incentive Plan
<i>KCOM Meetings</i>	the Court Meeting and the General Meeting
<i>KCOM Scheme Shareholders</i>	holders of KCOM Scheme Shares
<i>KCOM Scheme Shares</i>	KCOM Shares: <ul style="list-style-type: none"> (a) in issue as at the date of the Scheme Document; (b) if any, issued after the date of the Scheme Document and prior to the Voting Record Time; and (c) if any, issued on or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, but in each case other than the Excluded Shares
<i>KCOM Share(s)</i>	the ordinary shares of 10 pence each in the capital of KCOM

<i>KCOM Shareholder(s)</i>	holders of KCOM Shares
<i>KCOM Share Schemes</i>	the KCOM LTIP and the KCOM SIP
<i>KCOM SIP</i>	the KCOM MyShare Share Incentive Plan
<i>Last Practicable Date</i>	Friday 31 May 2019
<i>Link Asset Services</i>	a trading name of Link Market Services Limited
<i>London Stock Exchange</i>	London Stock Exchange plc or its successor
<i>Long Stop Date</i>	31 October 2019 or such later date (if any) as MEIF 6 Fibre and KCOM may agree, with the consent of the Panel, and the Court may allow
<i>MEIF 6</i>	Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited), together with its affiliates as the context may require
<i>MEIF 6 Fibre</i>	MEIF 6 Fibre Limited, a company incorporated in England and Wales with registered number 12005063
<i>MIRA</i>	Macquarie Infrastructure and Real Assets
<i>MIRAEL</i>	Macquarie Infrastructure and Real Assets (Europe) Limited
<i>Offer Period</i>	the offer period (as defined by the Takeover Code) relating to KCOM, which commenced on 24 April 2019
<i>Official List</i>	the Official List maintained by the FCA
<i>Opening Position Disclosure</i>	an announcement pursuant to Rule 8 of the Takeover Code containing details on interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer
<i>Overseas Shareholders</i>	KCOM Shareholders (or nominees of, or custodians or trustees of KCOM Shareholders) who are not resident in,

	ordinarily resident in, or citizens of, the United Kingdom
<i>Panel</i>	the Panel on Takeovers and Mergers
<i>Peel Hunt</i>	Peel Hunt LLP
<i>PRA</i>	the Prudential Regulation Authority or its successor from time to time
<i>Registrar of Companies</i>	the Registrar of Companies in England and Wales
<i>Regulatory information Service</i>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
<i>Relevant Pension Plan</i>	any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider KCOM Group or their dependants
<i>relevant securities</i>	shall be construed in accordance with the Takeover Code
<i>Restricted Jurisdiction(s)</i>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to KCOM Shareholders in that jurisdiction
<i>Rothschild & Co</i>	N.M. Rothschild & Sons Limited
<i>Scheme</i>	the proposed scheme of arrangement under Part 26 of the 2006 Act between KCOM and KCOM Scheme Shareholders in order to implement the Acquisition, upon the terms and subject to the conditions set out in this Announcement and to be set out in the Scheme Document (with or subject to any modification, revision, variation, addition or condition which MEIF 6 Fibre and KCOM may agree and the Court may impose or, if required, approve)
<i>Scheme Document</i>	the document to be sent to KCOM

	Shareholders, persons with information rights and holders of options under the KCOM Share Schemes containing, amongst other things, the Scheme, the full terms and conditions of the Scheme and notices of the KCOM Meetings and proxy forms in respect of the KCOM Meetings, including any revised or supplementary document
<i>Scheme Record Time</i>	the time and date by reference to which entitlement to receive consideration under the Scheme will be determined, as specified in the Scheme Document
<i>SEC</i>	the US Securities and Exchange Commission
<i>Significant Interest</i>	in relation to an undertaking, a direct or indirect interest of 20 per cent or more of: (a) the total voting rights conferred by the equity share capital (as defined in section 548 of the 2006 Act) of such undertaking; or (b) the relevant partnership interest
<i>subsidiary, subsidiary undertaking and undertaking</i>	shall be construed in accordance with the 2006 Act
<i>Takeover Code</i>	the City Code on Takeovers and Mergers
<i>Takeover Offer</i>	if (subject to the consent of the Panel and the terms of the Co-operation Agreement) MEIF 6 Fibre elects to effect the Acquisition by way of a takeover offer (as defined in Chapter 3 of Part 28 of the 2006 Act), the offer to be made by or on behalf of MEIF 6 Fibre to acquire the entire issued and to be issued ordinary share capital of KCOM (excluding the Excluded Shares) on the terms and subject to the conditions to be set out in the related offer document and, where the context permits, any subsequent revision, variation, extension or renewal of such takeover offer
<i>Third Party</i>	any and each relevant government or governmental, quasi-governmental, supranational, statutory, regulatory,

environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other similar body or person whatsoever in any jurisdiction

UK or United Kingdom

United Kingdom of Great Britain and Northern Ireland

US Exchange Act

the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder

US or United States

the United States of America, its territories and possessions, any state of the United States and the District of Columbia

US Securities Act

the US Securities Act of 1933, as amended and the rules and regulations promulgated thereunder

US Shareholder

a KCOM Shareholder resident or located in the United States

USS Court Meeting

the meeting of KCOM Scheme Shareholders convened by order of the Court pursuant to section 896 of the 2006 Act in relation to the USS Offer scheduled to be held on 5 June 2019

USS General Meeting

the meeting of KCOM Shareholders in relation to the USS Offer scheduled to be held on 5 June 2019

USS Offer

the cash offer of 97 pence per KCOM Share made for the entire issued and to be issued ordinary share capital of KCOM by Humber Bidco Limited, a wholly-owned indirect subsidiary of Universities Superannuation Scheme Limited (acting in its capacity as sole corporate trustee of Universities Superannuation Scheme) announced on 24 April 2019

USS Scheme Meetings

the USS Court Meeting and USS General Meeting

Voting Record Time

the time and date by reference to which entitlement to vote on the Scheme will be determined, as specified in the Scheme Document

Wider KCOM Group

KCOM Group and associated undertakings and any other body corporate, partnership, joint venture or person in which KCOM and all such undertakings (aggregating their interests) have a Significant Interest

Wider MEIF 6 Fibre Group

MEIF 6 Fibre, its parent undertakings subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which MEIF 6 Fibre and all such undertakings (aggregating their interests) have a Significant Interest

£ or pence

the lawful currency of the United Kingdom from time to time

All references in this Announcement to any statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as amended, consolidated, extended, modified, replaced or reenacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validly therefrom.