

## Regulatory Story

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- REVISED INCREASED CASH OFFER FOR KCOM  
Released 17:00 09-Jul-2019

RNS Number : 9834E  
Macquarie Infrastructure & RA Ltd  
09 July 2019

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**FOR IMMEDIATE RELEASE**

**9 July 2019**

**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**

- MEIF 6 Fibre Limited is a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited).
- Further to the statement made by the Panel on 4 July 2019 regarding the competitive situation between MEIF 6 Fibre and Humber Bidco Limited (*USS*) in relation to the acquisition of KCOM Group Public Limited Company, MEIF 6 Fibre and USS are participating in an auction procedure to determine their respective offers for KCOM (the *Auction Procedure*).

- The Auction Procedure is being supervised by the Panel and is being undertaken pursuant to the auction rules established by the Panel in accordance with Appendix 8 of the Takeover Code (the *Auction Rules*).

## 2. Revised Increased Offer

- Following the conclusion of Auction Day 2 (as specified in the Auction Rules), MEIF 6 Fibre is pleased to announce the terms of a revised increased cash offer for the entire issued and to be issued share capital of KCOM.

Under the terms of the Acquisition, which shall be subject to the Conditions and further terms set out in Appendix 1 and set out in the Scheme Document (and, if required to be published, the revised 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 109.5 pence in cash**

The Acquisition, at the increased price of 109.5 pence per KCOM Share in cash (the "**Increased Acquisition Price**"), represents:

- a premium of 51 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 1 pence to the USS Offer of 108.5 pence per KCOM Share;
- a premium of 54 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 £571 million for KCOM's issued and to be issued share capital.

Under the revised increased offer, fractions of pence will be paid to KCOM Scheme Shareholders and cash entitlements will be rounded up to the nearest penny.

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 end of the Auction Procedure and prior to the Effective Date, MEIF 6 Fibre will reduce the Increased Acquisition Price by an amount equal 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 published the Scheme Document in relation to the Acquisition on 18 June 2019. If the Panel or the Court require, a revised Scheme Document will be published as soon as practicable following the conclusion of the Auction Procedure, in accordance with a timetable agreed with the Panel and approved by the Court. The Court Meeting and the General Meeting, which were adjourned by KCOM from 11 July 2019, are expected to be re-convened as soon as reasonably practicable following the conclusion of the Auction Procedure pursuant to notices to be sent separately to KCOM Shareholders (or, if a revised Scheme Document is required

to be published, will be contained in the revised Scheme Document).

It is further expected that the Scheme will become Effective in the third quarter of 2019.

### **3. Reasons for the Acquisition and MEIF 6 Fibre's intentions**

The commercial justification for the Acquisition remains unchanged, and is set out in paragraph 3 of Part I of the Scheme Document. MEIF 6 Fibre's strategic plans for KCOM, as well as its intentions as to the directors, management, employees, pension schemes and locations of the KCOM business (as outlined in paragraphs 6, 8 and 10 of Part I of the Scheme Document), also remain unchanged.

### **4. 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 have received 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 Increased Acquisition Price for each KCOM Share so transferred.

### **5. Financing of the Acquisition**

MEIF 6 Fibre is financing the Acquisition, at the Increased Acquisition Price, 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, at the Increased Acquisition Price.

### **6. Offer-related Arrangements**

A summary of offer-related arrangements is set out in paragraph 10 of Part II of the Scheme Document.

### **7. Structure of the Acquisition**

It is currently 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 Increased Acquisition Price for each KCOM Share they hold.

## **8. Conditions to the Acquisition**

Save as set out in this announcement at Appendix 1, the Acquisition remains subject to the same Conditions and further terms as those set out in Appendix 1 of the Scheme Document. No conditions have been added to those set out in the Scheme Document.

## **9. De-listing and re-registration**

Prior to the Scheme becoming Effective, MEIF 6 Fibre intends to request that KCOM makes 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.

## **10. 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 end of the Auction Procedure and prior to the Effective Date, MEIF 6 Fibre will reduce the Increased Acquisition Price by an amount equal 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.

## **11. Disclosure of interests in KCOM**

As at the close of business on 5 July 2019, being the last practicable date prior to the date of this announcement, 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.

## 12. 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 by MEIF 6 Fibre of the entire issued and to be issued share capital of KCOM as described in this announcement and in the Scheme Document (and, if required to be published, the revised Scheme Document) will, save as set out in this announcement (including Appendix 1), be made subject to the Conditions and further terms set out in the Scheme Document. Accordingly, this announcement should be read in conjunction with the full text of the Scheme Document and Form of Proxy, copies of which are 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](http://www.macquarie.co.uk/mgl/uk/meif/meif6-fibre-offer).

Appendix 1 sets out the conditions and further terms of the Acquisition. Appendix 2 sets out the bases and sources of certain financial information contained in this announcement.

Barclays has given and not withdrawn its consent to the publication of this announcement with the inclusion herein of the references to its name in the form and context in which they appear.

## 13. Definitions

Unless the context otherwise requires, and save to the extent superseded in this announcement, the definitions and rules of interpretation used in the Scheme Document shall also apply to this announcement.

## 14. 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](http://www.macquarie.co.uk/mgl/uk/meif/meif6-fibre-offer) until the end of the Offer Period:

- the Scheme Document;
- MEIF 6 Fibre's announcement of a firm intention to make an offer for KCOM dated 3 June 2019 and this announcement;
- the articles of association of MEIF 6 Fibre;

- the Confidentiality Agreement, as referred to in paragraph 10 of Part II of the Scheme Document;
- the Co-operation Agreement, as referred to in paragraph 10 of Part II of the Scheme Document; and
- MEIF 6 Fibre's financing arrangements in connection with the Acquisition at the Increased Acquisition Price.

### **Enquiries:**

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

### ***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), and if required to be published, the revised Scheme Document, which together 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 (and, if required to be published, the revised 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 Bank PLC, acting through its Investment Bank, 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.*

### ***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 are 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](http://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](http://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 its 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, or its 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 any of its 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.*

### ***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](http://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](http://www.macquarie.co.uk/mgl/uk/meif/meif6-fibre-offer) 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**

#### **Part A Conditions to the Scheme and Acquisition**

The Acquisition is made subject to the same Conditions as those set out in Part A of Appendix 1 of the Scheme Document, which shall be deemed to be incorporated into and form part of this Appendix 1.

No Conditions have been added to those set out in the Scheme Document.

#### **Part B Further terms of the Acquisition**

The Acquisition is, save as set out in this Appendix 1, made on and subject to the further terms and conditions of the Acquisition set out in Parts B, C and D of Appendix 1 of the Scheme Document.

Paragraph 4 of Part D of Appendix 1 of the Scheme Document shall be replaced with:

*"If any dividend and/or other distribution or return of capital is authorised, declared, made or paid in respect of the KCOM Shares following the conclusion of the auction procedure between MEIF 6 Fibre and USS (undertaken pursuant to the auction rules established by the Panel in accordance with Appendix 8 of the Takeover Code), MEIF 6 Fibre will reduce the Increased Acquisition Price by an amount equal to the amount of such dividend and/or other distribution or return of capital for each KCOM Share. KCOM Shareholders will be entitled to receive and retain that dividend or other distribution or return of capital."*

## Appendix 2

### Sources of information and bases of calculation

1. As at close of business on 5 July 2019, being the last practicable date prior to the date of this announcement, 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. Volume-weighted average prices have been derived from Bloomberg and have been rounded to the nearest one decimal place.

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