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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS DEFINED IN EU REGULATION NO 596/2014 AND IS MADE IN ACCORDANCE WITH THE COMPANY'S OBLIGATIONS UNDER ARTICLE 17 OF THAT REGULATION

FOR IMMEDIATE RELEASE

13 March 2019

**RECOMMENDED CASH ACQUISITION
OF
MANX TELECOM PLC ("MANX")
BY
KELION BIDCO LIMITED ("BIDCO")**

a newly incorporated company owned by

Basalt Infrastructure Partners II A L.P., Basalt Infrastructure Partners II C L.P. and Basalt Infrastructure Partners II D L.P., each acting through its general partner Basalt Infrastructure Partners II GP Limited (together, "Basalt")

**to be implemented by means of a Scheme of Arrangement
under section 157 of the Isle of Man Companies Act 2006**

Summary

- The boards of Bidco and Manx are pleased to announce that they have reached agreement on the terms of a recommended cash offer pursuant to which Bidco, a newly-incorporated company owned by Basalt, will acquire the entire issued and to be issued share capital of Manx (the "**Acquisition**").
- Under the terms of the Acquisition, Manx Shareholders will be entitled to receive a price of 207.1 pence per Manx Share in cash (the "**Offer Price**"). In addition, Manx Shareholders who are on the register of members as at close of business on the Business Day following the Sanction Date will be entitled to receive the interim dividend of 7.9 pence per Manx Share announced by the Manx Directors in the Preliminary Results Announcement, which is expected to be paid in early May shortly after the Effective Date. Therefore with the intended dividend payment, Manx Shareholders will be entitled to receive:

215 pence in cash for each Manx Share (the "**Cash Value**")
- The Cash Value values the entire issued and to be issued share capital of Manx at approximately £255.9 million on a fully diluted basis, and represents a premium of approximately:

- 30.5 per cent. to the volume weighted average price of 164.7 pence per Manx Share for the three month period ending on 12 March 2019 (being the last Business Day before the date of this Announcement) (the "**Latest Practicable Date**");
- 27.1 per cent. to the volume weighted average price of 169.2 pence per Manx Share for the six month period ending on the Latest Practicable Date;
- 51.4 per cent. to the placing price of 142 pence per Manx Share upon admission of the Manx Shares to AIM on 10 February 2014; and
- 14.7 per cent. to the Closing Price of 187.5 pence per Manx Share on the Latest Practicable Date.

Recommendation

- The Manx Directors, who have been so advised by Oakley Advisory as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Manx Directors, Oakley Advisory has taken into account the commercial assessments of the Manx Directors. Oakley Advisory is providing independent financial advice to the Manx Directors for the purposes of Rule 3 of the Takeover Code.
- Accordingly, the Manx Directors intend to recommend unanimously that Manx Shareholders vote or procure votes to approve the Scheme at the Court Meeting and to vote or procure votes in favour of the Manx Resolutions at the General Meeting, as they and each of their spouses and controlled companies who own or control Manx Shares have irrevocably undertaken to do in respect of their own beneficial holdings totalling 597,173 Manx Shares, representing approximately 0.52 per cent. of the issued share capital of Manx as at the Latest Practicable Date. In addition, the Manx Directors consider the terms of the Acquisition to be in the best interest of the Manx Shareholders.

Timetable and Conditions

- It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under section 157 of the Isle of Man Companies Act 2006. However, Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer, subject to the Panel's consent.
- The cash consideration payable by Bidco to Manx Shareholders pursuant to the Acquisition will be financed by a combination of equity financing drawn from Basalt pursuant to the Equity Commitment Letter and debt financing to be provided under the Senior Facilities Agreement.
- The Acquisition will be put to Manx Shareholders at the Court Meeting and at the General Meeting. In order to become Effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in

person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted. In addition, the Manx Resolutions must be passed by the requisite majority or majorities at the General Meeting. The Scheme will also need to be sanctioned by the Court. Finally, a certified copy of the Court Order must be delivered to the Companies Registry for registration, and the Companies Registry must register a certified copy of the Court Order, together with a copy of the Scheme Document and all documents required to be annexed thereto (if any) on Manx's file, upon which the Scheme will become Effective.

- The Acquisition will be made in accordance with the Takeover Code and on the terms and subject to the Conditions which are set out in Appendix 1 to this Announcement and on the further terms and conditions that will be set out in the Scheme Document.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the General Meeting, together with the Forms of Proxy will be published as soon as practicable and, in any event, within 28 days of this Announcement.

Commenting on the Acquisition, Kevin Walsh, Chairman of Manx, said:

"Since its IPO in 2014, Manx has performed well and delivered consistent returns for its shareholders through resilient earnings, strong cash generation and a growing dividend. Basalt's cash offer recognises the quality of the business, the management team and the employees and provides certainty to shareholders. After careful consideration and negotiation the Board concluded that it would unanimously recommend the offer as being in the best interests of shareholders, employees and other stakeholders."

Commenting on the Acquisition, Steven Lowry, Partner of Basalt Infrastructure Partners LLP, said:

"We are pleased to announce Basalt's board recommended offer for Manx, which provides cash certainty to shareholders. We are keen to support the company through its next phase of capital investment, which includes funding fibre to the premises, its commitment to Vannin Ventures and the future requirement of a 5G network roll out. We look forward to working closely with Manx's management team and employees to continue to provide high quality services to customers and position the company for the future."

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 subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 to this Announcement contains the sources of information and bases of calculations of certain information contained in this Announcement. Appendix 3 contains a summary of the irrevocable undertakings received in relation to the Acquisition. Appendix 4 contains definitions of certain expressions used in this summary and in this Announcement.

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Important notices about financial advisers

Macquarie Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to Bidco and no one else in connection with the matters set out in this Announcement. In connection with such matters, Macquarie Capital, its affiliates and its or their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Bidco for providing the protections afforded to their clients or for providing advice in relation to the contents of this Announcement or any other matter referred to in this Announcement.

Oakley Advisory, which is authorised and regulated in the United Kingdom by the FCA, is acting as lead financial adviser to Manx and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Manx for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

Liberum Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, financial adviser and corporate broker to Manx and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Manx for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or a solicitation of an offer to buy, otherwise acquire, subscribe for, sell or otherwise dispose of any securities pursuant to the Acquisition or otherwise, nor shall there be any purchase, sale, issuance or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation, sale issuance or exchange is unlawful. The Acquisition will be made solely by means of the Scheme Document or any document by which the Acquisition is made which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information contained in the Scheme Document or any document by which the Acquisition is made.

This Announcement has been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with Isle of Man law, English law and the Takeover Code and 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 the United Kingdom and the Isle of Man. Nothing in this Announcement should be relied on for any other purpose.

Manx will prepare the Scheme Document to be distributed to Manx Shareholders at no cost to them. Manx and Bidco urge Manx Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.

Overseas jurisdictions

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom or the Isle of Man may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Announcement comes should inform themselves about and observe such restrictions. Further details in relation to the Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such 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 Bidco 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 Scheme by any such means from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Acquisition to Manx Shareholders who are not resident in the United Kingdom or the Isle of Man may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or the Isle of Man should inform themselves of, and observe, any applicable requirements.

Additional information for US investors

Manx Shareholders in the United States should note that the Acquisition relates to the securities of a company incorporated in the Isle of Man and is proposed to be effected by means of a scheme of arrangement under the laws of the Isle of Man. This Announcement, the Scheme Document and certain other documents relating to the Acquisition have been or will be prepared in accordance with Isle of Man law, English law, the Takeover Code and UK disclosure requirements, format and style, all of which differ from those in the United States. A transaction effected 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 is subject to the disclosure requirements of and practices applicable in the Isle of Man and the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. If, in the future, Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend the offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations, including any applicable exemptions under the US Exchange Act.

Manx's financial statements, and all financial information that is included in this Announcement or that may be included in the Scheme Document, or any other documents relating to the Acquisition, have been or will be prepared in accordance with IFRS and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Manx Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Manx Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him.

It may be difficult for US holders to enforce their rights and claims arising out of US federal securities laws, since Bidco and Manx are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders 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.

In accordance with normal practice in the UK and the Isle of Man and consistent with Rule 14e-5(b) of the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Manx outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom and the Isle of Man, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Bidco, Basalt or Manx contain statements about Bidco, Basalt and/or Manx that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's, Basalt's or Manx's operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Bidco's, Basalt's or Manx's business.

These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Acquisition, as well as additional factors, such as changes in political and economic conditions, changes in the level of capital investment, retention of key employees, changes in customer habits, success of business and operating initiatives and restructuring objectives, impact of any acquisitions or similar transactions, changes in customers' strategies and stability, competitive product and pricing measures, changes in the regulatory environment, fluctuations of interest and exchange rates, the outcome of any litigation. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. All subsequent oral or written forward-looking statements attributable to Bidco, Basalt or Manx or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Bidco, Basalt and Manx disclaim any obligation to update any forward-looking or other statements contained in this Announcement, except as required by applicable law.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for Manx for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Manx.

Disclosure requirements of the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1% 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 (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) 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 Code, any person who is, or becomes, interested in 1% 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 (London time) 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 Takeover 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.

Right to switch to a Takeover Offer

Bidco reserves the right to elect, with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of Manx as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Bidco so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Appendix 1 to this Announcement.

Publication of this Announcement on website

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions on Manx's website at <https://www.manxtelecom.com/> and on Basalt's website at <https://www.basaltinfra.com/#news> by no later than 12:00 p.m. on the Business Day following this Announcement.

For the avoidance of doubt, the contents of this website and any websites accessible from hyperlinks on this website are not incorporated into and do not form part of this Announcement.

Information relating to Manx Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Manx Shareholders, persons with information rights and other relevant persons for the receipt of communications from Manx may be provided to Bidco and Basalt during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Right to receive documents in hard copy form

Any person entitled to receive a copy of documents, announcements and information relating to the Acquisition is entitled to receive such documents in hard copy form free of charge. A person may also request that all future documents, announcements and information in relation to the Acquisition are sent to them in hard copy form. Hard copies of such documents, announcements (including this Announcement), and information will not be sent unless requested.

A hard copy of this Announcement may be requested by contacting Manx's registrars, Computershare Investor Services (Jersey) Limited, on 0370 707 4040.

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.

Rule 2.9

For the purposes of Rule 2.9 of the Takeover Code, Manx confirms that, as at the Latest Practicable Date, it had in issue 115,094,463 ordinary shares of £0.002 each. The International Securities Identification Number ("ISIN") number of the ordinary shares is IM00BHY3RF70.

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**to be implemented by means of a Scheme of Arrangement
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1. Introduction

The boards of Bidco and Manx are pleased to announce that they have reached agreement on the terms of a recommended cash offer pursuant to which Bidco, a newly-incorporated company owned by Basalt, will acquire the entire issued and to be issued share capital of Manx (the "**Acquisition**"). The Acquisition is intended to be implemented by means of a scheme of arrangement under section 157 of the Isle of Man Companies Act 2006.

2. The Acquisition

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to be set out in the Scheme Document, Manx Shareholders will be entitled to receive a price of 207.1 pence per Manx Share in cash (the "**Offer Price**"). In addition, Manx Shareholders who are on the register of members as at close of business on the Business Day following the Sanction Date will be entitled to receive the interim dividend of 7.9 pence per Manx Share announced by the Manx Directors in the Preliminary Results Announcement, which is expected to be paid in early May shortly after the Effective Date. Therefore with the intended dividend payment, Manx Shareholders will be entitled to receive:

215 pence in cash for each Manx Share (the "**Cash Value**")

If any dividend or other distribution is authorised, declared, made or paid in respect of Manx Shares on or after the date of this Announcement and before the Effective Date (other than the interim dividend of 7.9 pence per Manx Share announced by the Manx Directors in the Preliminary Results Announcement), Bidco reserves the right to reduce the Offer Price by the amount of any such dividend or other distribution.

The Cash Value values the entire issued and to be issued share capital of Manx at approximately £255.9 million on a fully diluted basis, and represents a premium of approximately:

- 30.5 per cent. to the volume weighted average price of 164.7 pence per Manx Share for the three month period ending on 12 March 2019 (being the last Business Day before the date of this Announcement) (the "**Latest Practicable Date**");
- 27.1 per cent. to the volume weighted average price of 169.2 pence per Manx Share for the six month period ending on the Latest Practicable Date;
- 51.4 per cent. to the placing price of 142 pence per Manx Share upon admission of the Manx Shares to AIM on 10 February 2014; and
- 14.7 per cent. to the Closing Price of 187.5 pence per Manx Share on the Latest Practicable Date.

It is expected that the Scheme Document will be published as soon as practicable and, in any event, within 28 days of this Announcement, that the Court Meeting and the General Meeting will be held in April 2019 and that the Scheme will become Effective in May 2019.

3. Background to and reasons for the Acquisition

Basalt is a long-term infrastructure investment vehicle, advised by an experienced investment firm with a strong track record of investing in strategic infrastructure assets. The specific attractions of Manx include:

- stable revenues, stemming from the critical, utility-like services that Manx provides its customers;
- proven financial and operational track record led by an established and well-respected management team;
- opportunity for further capital investment to support new business strategies and new network buildout;
- significant barriers to entry protecting its market position, including incumbency advantages of ownership of critical infrastructure and the capital-intensive nature of the business; and
- long-term stable and predictable cash flows underpinned by diversified revenue streams.

4. Recommendation

The Manx Directors, who have been so advised by Oakley Advisory 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 Manx Directors, Oakley Advisory has taken into account the commercial assessments of the Manx Directors. Oakley Advisory is providing independent financial advice to the Manx Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the Manx Directors intend to recommend unanimously that Manx Shareholders vote or procure votes to approve the Scheme at the Court Meeting and to vote or procure votes in favour of the Manx Resolutions at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings (and those of their close family members) totalling 597,173 Manx Shares, representing approximately 0.52 per cent. of the issued share capital of Manx as at the Latest Practicable Date. In addition, the Manx Directors consider the terms of the Acquisition to be in the best interests of the Manx Shareholders.

5. Background to and reasons for the recommendation

Manx was successfully admitted to trading on AIM in February 2014 and since then the Manx Directors, management and staff have transformed Manx into an integrated communications solutions business serving customers across the Isle of Man and internationally.

Manx has delivered consistent returns for its shareholders through resilient earnings, strong cash generation and a growing dividend. The Cash Value represents an increase of 73p over the IPO price of 142p. Since the IPO dividends of 46.7p have been paid to date.

Manx has pursued a strategy of defending its leading position in core domestic markets by innovating and maintaining high levels of customer service, and growing by exploiting new market opportunities on and off island.

The performance of Manx's core domestic business, providing fixed line, broadband and mobile services on the Isle of Man, has been robust despite continuing industry-wide headwinds and local competitive pressures.

Manx has continued to roll out fibre-to-the-premise ("FTTP") with over 10% of the Island's premises passed as at 31 December 2018. Manx intends to continue to invest significant capital expenditure in increasing FTTP penetration levels on the Isle of Man.

The Manx Directors' growth initiatives include the creation of Vannin Ventures, through which Manx's Global Solutions operations are managed and investments are made in higher growth business lines, such as the acquisition of Partitionware and Goshawk. In particular, the Manx Directors have committed Manx to ongoing investment in the development of Goshawk, which will later this year launch a hearing enhancement service for mobile phone users in the UK under the Audacious brand.

Manx therefore has a number of capital commitments in the coming years. As described above these include the funding of new growth initiatives in Vannin Ventures, future FTTP deployment as well as the future requirement of a 5G network roll out. Whilst the

Manx Directors are confident of Manx's ability to support these investments in future, they will inevitably put additional demands on Manx's balance sheet and capital allocation policy, which includes cash distributions to shareholders.

On 28 January 2019, Basalt approached the Manx Directors with an indicative offer. The Manx Directors gave very careful consideration to the approach from Basalt in the light of the medium-term outlook for Manx and the growth capital that can be provided by a long-term infrastructure investor such as Basalt. It was in this context that the Manx Directors considered the unsolicited approach from Basalt and, after careful consideration and a period of negotiation, the Directors concluded that the Acquisition recognises Manx's prospects, as well as the risks associated with those prospects, and provides certainty, in cash, to Manx Shareholders.

6. Irrevocable undertakings

Bidco has received irrevocable undertakings from each of the Manx Directors and their spouses and controlled companies who own or control Manx Shares to vote or procure the votes to approve the Scheme at the Court Meeting and to vote or procure the votes in favour of the Manx Resolutions at the General Meeting, in respect of a total of 597,173 Manx Shares, representing approximately 0.52 per cent. of the issued share capital of Manx as at the Latest Practicable Date.

Full details of the irrevocable undertakings, including the circumstances in which they may lapse, are set out in Appendix 3 to this Announcement.

7. Information on Basalt and Bidco

Basalt

Basalt is an infrastructure equity investment vehicle with investor commitments of approximately \$1.3bn. Basalt targets mid-market investments in infrastructure assets, or companies operating essential infrastructure assets in Western Europe and North America. It is a committed, long-term investor in infrastructure and essential service assets. Basalt is exclusively advised by Basalt Infrastructure Partners LLP, an investment adviser comprising 19 experienced investment professionals located in London, Munich and New York.

Basalt has raised capital from institutional investors including public and private pension funds and insurance companies from Europe and North America. To date, Basalt Infrastructure Partners LLP has advised two funds which have in total invested in thirteen infrastructure assets.

Bidco

Bidco is a newly incorporated company limited by shares registered in the Isle of Man established for the purposes of implementing the Acquisition. Bidco is wholly owned by Kelion Holdco Limited which in turn is wholly owned by Basalt. Neither Bidco nor Kelion Holdco Limited have traded prior to the date of this Announcement nor have they entered into any obligation other than in connection with the Acquisition.

8. Information on Manx

Manx is the leading Isle of Man-based communications solutions provider, providing a wide range of Fixed Line, Broadband, Mobile and Data Centre services to retail, business and public sector customers on the island, as well as a growing portfolio of innovative hosting and "Smart SIM" solutions to global customers.

Manx focuses on providing outstanding customer experience, high-quality and high-availability networks achieving 99% 4G and 93% superfast fibre broadband population coverage, and consistent first-to-local-market roll-out of new products for homes and businesses.

Manx is the only operator of a Fixed Line network in the Isle of Man and is currently investing in state of the art 1 Gbps Fibre- to- the- Premise (FTTP) broadband for both its consumer and business customer base. It has three data centres, two of which are Tier 3 designed, plus international connectivity, and its operations are business-critical to the economic strategy of the Isle of Man.

One of the Isle of Man's largest employers with around 300 staff, Manx plays a major role in the wider community through a range of activities including: charitable donations, sponsorships and corporate social responsibility initiatives.

Manx is strengthening its core market position whilst exploring new market opportunities on and off-island, leveraging its telecommunications expertise and mobile technology platform. As part of Manx's long-term growth strategy, its international growth business Vannin Ventures is focused on identifying and investing in new products, services and business opportunities, and is home to the established Global Solutions product lines.

9. Management, employees, pensions, research and development and locations

Bidco confirms that, following the Scheme becoming effective, the existing contractual and statutory employment rights, including in relation to pensions, of all Manx management and employees will be fully safeguarded in accordance with applicable law. Basalt does not intend to make any material change to the conditions of employment or in the balance of the skills and functions of the employees and management. Bidco intends to work with the Manx management team to invest in new technology to deliver improved customer service and efficiencies to the business. Bidco does not intend to make any material changes to the employee base within the first 12 months following completion of the Acquisition, and will continue to support the management team in reshaping the employee base thereafter to maintain the core business whilst realising the medium to long term growth opportunity. Basalt has no intention to make any material changes in location of Manx's headquarters and headquarters functions, operations and places of business. In addition, no changes are expected with respect to the redeployment of Manx's fixed asset base or research and development functions.

Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation or any other arrangements with members of Manx's management. It is the

intention to put in place appropriate arrangements for management of Manx following completion of the Acquisition.

Manx Shares are currently admitted to trading on AIM. As set out in paragraph 14, application will be made to the London Stock Exchange for the cancellation of the admission to trading of the Manx Shares on AIM.

Bidco recognises the importance for the beneficiaries of Manx's defined benefit pensions scheme that their position continues to be protected. Although Bidco has no intention to make any changes with regard to employer contributions into Manx's defined benefit pension schemes, ahead of announcing the Acquisition, Bidco engaged in an initial discussion with the Chairman of the pension trustees in respect of ongoing contributions into the scheme. Bidco intends to continue such discussions with the Trustees as soon as practicable following this announcement, in order that a longer term solution to the Scheme's funding deficit can be addressed. The Company's defined benefit pension scheme is closed to new members and to future accrual. Bidco has no intention to make any changes to the Company's defined contribution pension plan (including any employer contributions thereto).

No statements in this paragraph 9 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

The Manx Directors welcome Bidco's confirmation that the existing contractual and statutory employment rights, including in relation to pensions, of all Manx management and employees will be fully safeguarded in accordance with applicable law. In particular, the Manx Directors welcome Bidco's confirmation that it does not intend to make any material changes to the employee base within the first 12 months following completion of the Acquisition. The Manx Directors also welcome Bidco's confirmation that it has no intention to make any material changes in the location of Manx's headquarters and headquarters functions, operations and places of business.

Manx Share Plans and Cash Bonuses

Participants in the Manx Share Plans will be contacted regarding the effect of the Acquisition on their rights under the Manx Share Plans and appropriate proposals will be made to such participants which reflect their rights under the Manx Share Plans in due course. The proposals can be summarised as follows:

Manx Long Term Incentive Plan

The proposal to participants in the Manx Long Term Incentive Plan will take the form of their awards vesting upon the sanction of the Scheme by the Court and to the extent determined by the Manx Remuneration Committee, taking into account the extent to which any applicable performance conditions have been met (as determined by the Manx Remuneration Committee). For the avoidance of doubt an award will only vest to the extent that any such performance conditions are determined to have been satisfied. In the case of awards granted in 2018, the Manx Remuneration Committee will also apply a 33% reduction to the number of Manx Shares in respect of which the awards otherwise vest to reflect the accelerated vesting of

those awards. Dividend equivalent payments will be made in cash in respect of awards that vest in accordance with the terms on which the awards were granted.

The maximum number of Manx Shares that can be issued in connection with the Manx Long Term Incentive Plan is, in aggregate, 372,369 Manx Shares and the maximum gross amount of any dividend equivalent payments is up to £61,000.

In addition, cash payments will be made to employees and management in lieu of a 2019 grant and in respect of 2018 awards to new joiners up to an aggregate amount of £306,000.

Manx SAYE Scheme and Manx Shadow SAYE Scheme

The proposal to award holders under the Manx SAYE Scheme and the Manx Shadow SAYE Scheme will take the form of the award holder's options becoming exercisable with effect from immediately prior to the sanction of the Scheme by the Court. Award holders will only be able to exercise their options to the extent of their accrued savings and interest (if any) under the linked savings arrangements as at the date of exercise, with options that are not so exercised, and the balance of any options that are not capable of exercise, lapsing in accordance with their terms on the day following the Effective Date.

Award Holders under the Manx SAYE Scheme and the Manx Shadow SAYE Scheme will receive a cash payment to compensate them for the loss of opportunity as a result of the early exercise of their options. In the case of options granted in 2016 (due to mature in August 2019), compensation will be for any part of their option that lapses as a result of the Acquisition, and in the case of options granted in 2018, will be limited to loss of opportunity in respect of the number of Manx Shares that could have been purchased with an additional three months of monthly savings contributions. The maximum gross amount of any cash compensation payments made in connection with the Manx SAYE Scheme and/or the Manx Shadow SAYE Scheme (prior to deductions for income tax or employee social security contributions) is up to £126,000 in aggregate.

Manx Shares held under deferred bonus arrangements

Any Manx Shares held by employees under any deferred bonus arrangements will be acquired by Bidco as part of the Acquisition.

Vannin MIP

The proposal to award holders under the Vannin MIP will take the form of the award holders being given the opportunity to exercise their put options during a set period before the Acquisition as determined by the Manx Directors and sell their Vannin Shares to Manx in exchange for Manx Shares in accordance with the terms of the Vannin MIP. The resultant Manx Shares will be acquired by Bidco as part of the Acquisition.

Manx Share Incentive Plan

Manx Shares held under the Manx Share Incentive Plan (including, where applicable, by the trustee of the trust relating to the Manx Share Incentive Plan) will be acquired by Bidco as part of the Acquisition.

Manx will make an additional cash payment to employees in connection with the Manx Share Incentive Plan to reflect the grant of awards that would otherwise have been made under the plan had the Acquisition not occurred. The maximum aggregate amount of such cash payments (prior to deductions for income tax or employee social security contributions) is up to £404,000.

Cash Bonuses

Manx will make cash payments of up to £500,000 in aggregate (prior to deductions for income tax or employee social security contributions) to Manx management and/or employees under the terms of the Manx annual bonus scheme and in respect of the performance of Manx for the first six months of 2019.

10. Financing

The cash consideration payable by Bidco to Manx Shareholders pursuant to the Acquisition will be financed by a combination of equity financing drawn from Basalt pursuant to the Equity Commitment Letter and debt financing to be provided under the Senior Facilities Agreement.

Equity Financing Arrangements

Pursuant to the Equity Commitment Letter, Basalt has entered into commitments to subscribe for securities in Bidco and/or Kelion Holdco Limited, the immediate parent undertaking of Bidco, conditional upon the Acquisition completing. Kelion Holdco Limited has given corresponding commitments to ensure that the cash proceeds of any such subscription to it are provided to Bidco.

Debt Financing Arrangements

Under the terms of the Senior Facilities Agreement, Bidco has agreed that, save as required by the Takeover Code, the Panel, the Court and/or any applicable law or regulation or with the consent of the Agent (as defined in the Senior Facilities Agreement) it will not amend, vary, waive or otherwise modify the terms and conditions of the Acquisition to the extent such amendment, variance, waiver or modification would be materially prejudicial to the interests of the finance parties under the Senior Facilities Agreement.

Cash Confirmation

Macquarie Capital, in its capacity as the financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the cash consideration payable to Manx Shareholders under the terms of the Acquisition.

11. Offer-related arrangements

Basalt Infrastructure Partners LLP, investment adviser to Basalt, and Manx entered into a confidentiality agreement on 15 February 2019 (the "**Confidentiality Agreement**") pursuant to which Basalt Infrastructure Partners LLP has undertaken to keep confidential, and to procure that certain of its representatives keep confidential, information relating to Manx and/or to the Acquisition, to use such information solely for the agreed purposes in relation to the Acquisition and not to disclose it to third parties (with certain exceptions).

The Confidentiality Agreement also contains undertakings from Basalt Infrastructure Partners LLP that, during the period of discussions with Manx in relation to the Acquisition and for a period of 12 months following any termination of such discussions, Basalt Infrastructure Partners LLP shall not solicit or offer to employ certain of Manx's employees or officers, subject to a customary exception for non-targetted recruitment campaigns.

Basalt Infrastructure Partners LLP has also agreed to customary standstill arrangements pursuant to which it has agreed that, without the prior written consent of Manx, it will not acquire Manx Shares or any interest in Manx Shares. These restrictions fall away immediately following the making of this Announcement.

12. Structure of the Acquisition

It is intended that the Acquisition will be implemented by means of a Court-approved scheme of arrangement between Manx and Manx Shareholders under section 157 of the Isle of Man Companies Act 2006. Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer (with the consent of the Panel).

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued and to be issued share capital of Manx. This is to be achieved by the transfer of the Manx Shares to Bidco, in consideration for which the Manx Shareholders will receive the cash consideration on the basis set out in paragraph 2 of this Announcement.

The Acquisition will be put to Manx Shareholders at the Court Meeting and at the General Meeting. In order to become Effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted. In addition, the Manx Resolutions must be approved by the requisite majority or majorities at the General Meeting. The General Meeting will be held immediately after the Court Meeting.

The Scheme will also be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to be set out in the Scheme Document.

Once the necessary approvals from Manx Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court. The Scheme will only become Effective upon registration of a certified copy of the Court Order, together with a copy of the Scheme Document and all documents required to be annexed thereto (if any), by the Companies Registry. Upon the Scheme becoming Effective, it will be binding on all Manx Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

The Acquisition will lapse if:

- the Court Meeting and the General Meeting are not held by the 22nd day after the expected date of such meetings as set out in the Scheme Document (or such later date as may be agreed between Bidco and Manx);
- the Court hearing to approve the Scheme is not held by the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as may be agreed between Bidco and Manx); or
- the Scheme does not become Effective by the Long Stop Date (or such later date as may be agreed between Bidco and Manx).

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document, which, together with the Forms of Proxy, is expected to be dispatched to Manx Shareholders as soon as practicable and, in any event, within 28 days of this Announcement. It is expected that the Court Meeting and the General Meeting will be held in April 2019 and that the Scheme will become Effective in May 2019.

13. Conditions to the Acquisition

The Acquisition will be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to be set out in the Scheme Document.

14. De-listing and change of name

Before the Scheme becomes Effective, it is intended that application will be made to the London Stock Exchange for the cancellation of trading of the Manx Shares on AIM, with effect from or shortly following the Effective Date.

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

It is also proposed that, following the Effective Date and after its shares are delisted, Manx will change its name to "Manx Limited".

15. Disclosure of Interests in Manx

As at the close of business on the Latest Practicable Date, save for the irrevocable undertakings referred to in paragraph 6 of this Announcement, neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person acting in concert (within the meaning of the Takeover Code) with it had:

- (i) any interest in or right to subscribe for any relevant securities of Manx;
- (ii) any short positions in respect of relevant securities of Manx (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;

- (iii) borrowed or lent any relevant securities of Manx (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code); or
- (iv) entered into any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code.

"interests in securities" for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

16. General

The Acquisition will be made subject to the Conditions and further terms set out in Appendix 1 to this Announcement 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 to this Announcement. A summary of the irrevocable undertakings given in relation to the Acquisition is contained in Appendix 3 to this Announcement. Certain terms used in this Announcement are defined in Appendix 4 to this Announcement.

Macquarie Capital and Oakley Advisory 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 be made available on Manx's website at <https://www.manxtelecom.com/> and on Basalt's website at <https://www.basaltinfra.com/#news> until the end of the Acquisition:

- a copy of this Announcement;
- the Senior Facilities Agreement;
- the Equity Commitment Letter;
- the irrevocable undertakings referred to in paragraph 6 above and summarised in Appendix 3 to this Announcement; and
- the Confidentiality Agreement referred to in paragraph 11 above.

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Important notices about financial advisers

Macquarie Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to Bidco and no one else in connection with the matters set out in this Announcement. In connection with such matters, Macquarie Capital, its affiliates and its or their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Bidco for providing the protections afforded to their clients or for providing advice in relation to the contents of this Announcement or any other matter referred to in this Announcement.

Oakley Advisory, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to Manx and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Manx for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

Liberum Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, financial adviser and corporate broker to Manx and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Manx for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or a solicitation of an offer to buy, otherwise acquire, subscribe for, sell or otherwise dispose of any securities pursuant to the Acquisition or otherwise, nor shall there be any purchase, sale, issuance or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation, sale issuance or exchange is unlawful. The Acquisition will be made solely by means of the Scheme Document or any document by which the Acquisition is made which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information contained in the Scheme Document or any document by which the Acquisition is made.

This Announcement has been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with Isle of Man law, English law and the Takeover Code and 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 the United Kingdom and the Isle of Man. Nothing in this Announcement should be relied on for any other purpose.

Manx will prepare the Scheme Document to be distributed to Manx Shareholders at no cost to them. Manx and Bidco urge Manx Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.

Overseas jurisdictions

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom or the Isle of Man may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Announcement comes should inform themselves about and observe such restrictions. Further details in relation to the Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such 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 Bidco 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 Scheme by any such means from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Acquisition to Manx Shareholders who are not resident in the United Kingdom or the Isle of Man may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or the Isle of Man should inform themselves of, and observe, any applicable requirements.

Additional information for US investors

Manx Shareholders in the United States should note that the Acquisition relates to the securities of a company incorporated in the Isle of Man and is proposed to be effected by means of a scheme of arrangement under the laws of the Isle of Man. This Announcement, the Scheme Document and certain other documents relating to the Acquisition have been or will be prepared in accordance with Isle of Man law, English law, the Takeover Code and UK disclosure requirements, format and style, all of which differ from those in the United States. A transaction effected 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 is subject to the disclosure requirements of and practices applicable in the Isle of Man and the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. If, in the future, Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend the offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations, including any applicable exemptions under the US Exchange Act.

Manx's financial statements, and all financial information that is included in this Announcement or that may be included in the Scheme Document, or any other documents relating to the Acquisition, have been or will be prepared in accordance with IFRS and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Manx Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Manx Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him.

It may be difficult for US holders to enforce their rights and claims arising out of US federal securities laws, since Bidco and Manx are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders 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.

In accordance with normal practice in the UK and the Isle of Man and consistent with Rule 14e-5(b) of the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Manx outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom and the Isle of Man, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Bidco, Basalt or Manx contain statements about Bidco, Basalt and/or Manx that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's, Basalt's or Manx's operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Bidco's, Basalt's or Manx's business.

These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Acquisition, as well as additional factors, such as changes in political and economic conditions, changes in the level of capital investment, retention of key employees, changes in customer habits, success of business and operating initiatives and restructuring objectives, impact of any acquisitions or similar transactions, changes in customers' strategies and stability, competitive product and pricing measures, changes in the regulatory environment, fluctuations of interest and exchange rates, the outcome of any litigation. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. All subsequent oral or written forward-looking statements attributable to Bidco, Basalt or Manx or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Bidco, Basalt and Manx disclaim any obligation to update any forward-looking or other statements contained in this Announcement, except as required by applicable law.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for Manx for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Manx.

Disclosure requirements of the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1% 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 (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) 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 Code, any person who is, or becomes, interested in 1% 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 (London time) 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 Takeover 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.

Right to switch to a Takeover Offer

Bidco reserves the right to elect, with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of Manx as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Bidco so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Appendix 1 to this Announcement.

Publication of this Announcement on website

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions on Manx's website at <https://www.manxtelecom.com/> and on Basalt's website at <https://www.basaltinfra.com/#news> by no later than 12:00 p.m. on the Business Day following this Announcement.

For the avoidance of doubt, the contents of this website and any websites accessible from hyperlinks on this website are not incorporated into and do not form part of this Announcement.

Information relating to Manx Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Manx Shareholders, persons with information rights and other relevant persons for the receipt of communications from Manx may be provided to Bidco and Basalt during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Right to receive documents in hard copy form

Any person entitled to receive a copy of documents, announcements and information relating to the Acquisition is entitled to receive such documents in hard copy form free of charge. A person may also request that all future documents, announcements and information in relation to the Acquisition are sent to them in hard copy form. Hard copies of such documents, announcements (including this Announcement), and information will not be sent unless requested.

A hard copy of this Announcement may be requested by contacting Manx's registrars, Computershare Investor Services (Jersey) Limited, on 0370 707 4040.

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.

Rule 2.9

For the purposes of Rule 2.9 of the Takeover Code, Manx confirms that, as at the Latest Practicable Date, it had in issue 115,094,463 ordinary shares of £0.002 each. The International Securities Identification Number ("ISIN") number of the ordinary shares is IM00BHY3RF70.

APPENDIX 1
CONDITIONS AND FURTHER TERMS OF THE ACQUISITION

PART A: CONDITIONS TO THE SCHEME AND THE ACQUISITION

Long Stop Date

1. The Acquisition will be conditional upon the Scheme becoming unconditional and being Effective, subject to the Takeover Code, by no later than the Long Stop Date or such later date (if any) as Bidco and Manx may agree and (if required) the Panel and the Court may allow.

Scheme approval

2. The Scheme will be conditional upon:
 - (a)
 - (i) its approval by a majority in number of the Scheme Shareholders who are present and vote, whether in person or by proxy, at the Court Meeting (or at any adjournment of that meeting) and who represent at least 75 per cent. in value of the Scheme Shares voted by those Scheme Shareholders; and
 - (ii) such Court Meeting being held on or before the 22nd day after the expected date of such meeting as set out in the Scheme Document (or such later date as may be agreed by Bidco and Manx and the Court may allow);
 - (b)
 - (i) the Manx Resolutions being duly passed by the requisite majority or majorities of Manx Shareholders at the General Meeting; and
 - (ii) such General Meeting being held on or before the 22nd day after the expected date of such meeting as set out in the Scheme Document (or such later date as may be agreed by Bidco and Manx and the Court may allow);
 - (c)
 - (i) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Manx and Bidco) and the delivery of a certified copy of the Court Order to the Companies Registry and registration of such Court Order, together with a copy of the

Scheme Document and all documents required to be annexed thereto (if any), by the Companies Registry; and

- (ii) the Court hearing to sanction the Scheme being held on or before the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as may be agreed by Bidco and Manx and the Court may allow).

In addition, subject as stated in Part B below, and to the requirements of the Panel, the Acquisition will be conditional upon the following Conditions and, accordingly, the Court Order will not be delivered to the Companies Registry unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Notifications, waiting periods and Authorisations

3. all material notifications, filings or applications which are necessary by Bidco having been made in connection with the Acquisition and all necessary waiting 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 each case in respect of the Acquisition and its implementation and all Authorisations reasonably necessary or appropriate for or in respect of the Acquisition and, except pursuant to section 160 of the Isle of Man Companies Act 2006, the acquisition of any shares or other securities in, or control or management of, Manx or any other member of the Wider Manx Group by any member of the Wider Bidco Group, in each case where the absence of such notification, filing or application would have a material adverse effect on the Wider Manx Group or the Wider Bidco Group in each case taken as a whole, having been obtained in terms and in a form reasonably satisfactory to Bidco 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 Manx Group or the Wider Bidco Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Manx Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations having been made where, in each case absence of such Authorisation would have a material adverse effect on the Wider Manx Group or the Wider Bidco Group, in each case taken as a whole;

General antitrust and regulatory

4. no antitrust regulator or Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), 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

(and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to, in any case to an extent or in a manner which is or would be material in the context of the Wider Manx Group taken as a whole or in the context of the Acquisition:

- (a) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Manx Group of all or any material part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
- (b) except pursuant to section 160 of the Isle of Man Companies Act 2006, require any member of the Wider Bidco Group or the Wider Manx Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Manx Group or any asset owned by any Third Party (other than in the implementation of the Acquisition);
- (c) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Manx or on the ability of any member of the Wider Manx Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Manx Group;
- (d) otherwise materially adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Manx Group or any member of the Wider Bidco Group;
- (e) result in any member of the Wider Manx Group or any member of the Wider Bidco Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (f) make the Acquisition, its implementation or the acquisition of any shares or other securities in, or control or management of, Manx by any member of the Wider Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly prevent or prohibit, restrict, restrain, or delay or otherwise materially interfere with the implementation of, or impose additional materially adverse conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment of the

Acquisition or the acquisition of any shares or other securities in, or control or management of, Manx by any member of the Wider Bidco Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to 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 the acquisition of any Manx Shares or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

5. except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Manx Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject to or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition or the acquisition by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in Manx or because of a change in the control or management of any member of the Wider Manx Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Manx Group as a whole:
 - (a) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Manx Group being or becoming repayable, or capable of being declared repayable, immediately or before 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;
 - (b) save in the ordinary course of business, 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 Manx Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) being enforced or becoming enforceable;
 - (c) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or becoming capable of being terminated or adversely modified or the rights, liabilities, obligations or interests of any member of the Wider Manx Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;

- (d) any liability of any member of the Wider Manx Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
- (e) the rights, liabilities, obligations, interests or business of any member of the Wider Manx Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Manx Group or any member of the Wider Bidco Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) 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 thereunder;
- (f) any member of the Wider Manx Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (g) the value of, or the financial or trading position or prospects of, any member of the Wider Manx Group being prejudiced or adversely affected; or
- (h) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Manx Group other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,

and, except as Disclosed, no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Manx Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in Conditions 5(a) to (h) to an extent in any such case which is material in the context of the Wider Manx Group as a whole.

Certain events occurring since 31 December 2017

6. Except as Disclosed, no member of the Wider Manx Group having since 31 December 2017:

- (a) issued or agreed to issue 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, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Manx Shares out of treasury (except, where relevant, as between Manx and wholly-owned subsidiaries of Manx or between the wholly-owned

subsidiaries of Manx and except for the issue or transfer out of treasury of Manx Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Manx Share Plans);

- (b) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Manx to Manx or any of its wholly-owned subsidiaries;
- (c) other than pursuant to the Acquisition (and except for transactions between Manx and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Manx and transactions in the ordinary course of business), implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or offer or disposal of assets or shares or loan capital (or the equivalent thereof);
- (d) except for transactions between Manx and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Manx and except for transactions in the ordinary course of business, disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any asset or authorised, proposed or announced any intention to do so;
- (e) (except for transactions between Manx and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Manx) 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 become subject to any contingent liability or incurred or increased any indebtedness, which is material in the context of the Wider Manx Group taken as a whole or is material in the context of the Acquisition;
- (f) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of a nature or magnitude which is reasonably likely to be materially restrictive on the business of any member of the Wider Manx Group;
- (g) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement, commitment or arrangement with any director or,

except for salary increases, bonuses or variations of terms in the ordinary course, senior executive of any member of the Wider Manx Group except for salary increases, bonuses or variation of terms, in each case, in the ordinary and usual course of business and consistent with past practice;

- (h) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Manx Group;
- (i) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (a) above, made any other change to any part of its share capital;
- (j) except in the ordinary course of business, waived, compromised or settled any claim;
- (k) terminated or varied the terms of any agreement or arrangement between any member of the Wider Manx Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Manx Group taken as a whole;
- (l) made any alteration to its memorandum or articles of association or other incorporation documents;
- (m) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any material change to:
 - (i) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Manx Group for its directors, employees or their dependants;
 - (ii) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
 - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (iv) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;

- (n) 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;
- (o) 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 a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (p) (except for transactions between Manx and its wholly-owned subsidiaries or between the wholly-owned subsidiaries), made, authorised, proposed or announced an intention to propose any change in its loan capital to an extent in any such case which is material in the context of the Wider Manx Group taken as a whole;
- (q) except in the ordinary course of trading, entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities; or
- (r) entered into any agreement, arrangement, commitment or contract 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 6;

No adverse change, litigation, regulatory enquiry or similar

7. except as Disclosed, since 31 December 2017 there having been:

- (a) no adverse change and no circumstance having arisen which would or might be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Manx Group which is material in the context of the Wider Manx Group taken as a whole or is material in the context of the Acquisition;
- (b) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of

the Wider Manx Group or to which any member of the Wider Manx Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Manx Group, in each case which is or might reasonably be expected to be material in the context of the Wider Manx Group taken as a whole or is material in the context of the Acquisition;

- (c) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Manx Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Manx Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Manx Group taken as a whole or is material in the context of the Acquisition;
- (d) no contingent or other liability having arisen or become apparent to Bidco or increased which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Manx Group to an extent which is material in the context of the Wider Manx Group taken as a whole or is material in the context of the Acquisition; and
- (e) no steps taken and no omissions made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Manx Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider Manx Group taken as a whole or is material in the context of the Acquisition;

No discovery of certain matters regarding information, liabilities and environmental issues

8. except as Disclosed, Bidco not having discovered that:

- (a) any financial, business or other information concerning the Wider Manx Group publicly announced before the date of the Announcement or disclosed at any time to any member of the Wider Bidco Group by or on behalf of any member of the Wider Manx Group before the date of the Announcement is misleading in any material respect, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading (in any case to an extent which is material in the context of the Wider Manx Group taken as a whole);
- (b) any member of the Wider Manx Group or any partnership, company or other entity in which any member of the Wider Manx Group has a significant economic interest and which is not a subsidiary undertaking

of Manx is subject to any liability, contingent or otherwise which is material in the context of the Wider Manx Group taken as a whole or material in the context of the Acquisition;

- (c) any past or present member of the Wider Manx Group has not complied with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Manx Group, in each case to an extent which is material in the context of the Wider Manx Group taken as a whole or material in the context of the Acquisition;
- (d) there has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider Manx Group, in each case to an extent which is material in the context of the Wider Manx Group taken as a whole or material in the context of the Acquisition;
- (e) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Manx Group, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto (in any case to an extent which is material in the context of the Wider Manx Group taken as a whole); or
- (f) circumstances exist (whether as a result of making the Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider Manx Group would be likely to be required to institute), an environmental audit or take any

steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Manx Group (or on its behalf) or by any person for which a member of the Wider Manx Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Manx Group taken as a whole or material in the context of the Acquisition;

Anti-corruption, sanctions and criminal property

9. except as Disclosed, Bidco not having discovered that:
- (a) (i) any past or present member, director, officer or employee of the Wider Manx Group is or has at any time engaged in any activity, practice or conduct would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other anti-corruption legislation applicable to the Wider Manx Group; or (ii) any person that performs or has performed services for or on behalf of the Wider Manx Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation;
 - (b) any asset of any member of the Wider Manx Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
 - (c) any past or present member, director, officer or employee of the Wider Manx Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, 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 European Union 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 applicable US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
 - (d) a member of the Wider Manx Group has engaged in any transaction which would cause any member of the Wider Bidco Group to be in

breach of any applicable law or regulation upon its Acquisition of Manx, 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 European Union or any of its member states.

PART B: CERTAIN FURTHER TERMS OF THE ACQUISITION

1. To the extent permitted by law and subject to the requirements of the Panel, Bidco reserves the right to waive:
 - (a) any of the Conditions set out in the above Conditions 1 and 2 for the timing of the Court Meeting, General Meeting, the Court hearing to sanction the Scheme and the Effective Date of the Scheme. If any such deadline is not met, Bidco will make an announcement by 8.00am on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Manx to extend the deadline in relation to the relevant Condition. In all other respects, Conditions 1 and 2 cannot be waived; and
 - (b) in whole or in part, all or any of the above Conditions 3 to 9 (inclusive).
2. If Bidco is required by the Panel to make an offer for Manx Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
3. Bidco will be under no obligation to waive (if capable of waiver) or to treat as fulfilled any of the Conditions by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
4. The Acquisition shall lapse if:
 - (a) insofar as the Acquisition or any matter arising from or relating to the Scheme or a Takeover Offer constitutes a concentration with a European community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the Regulation and there is then a CMA Phase 2 Reference; or
 - (b) the Acquisition or any matter arising from or relation to the Scheme or Acquisition becomes subject to a CMA Phase 2 Reference,

in each case before the date of the Court Meeting.
5. The Manx Shares to be acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter 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 reduction of share capital or share premium account or otherwise) made, on or after the Effective Date, (other than the interim dividend of 7.9 pence per Manx Share announced by the Manx Directors in the Preliminary Results Announcement and any dividend in respect of which a corresponding reduction in the consideration payable in respect of each Manx Share has been made as described in paragraph 6 below).

6. Subject to the terms of the Scheme, if, on or after the date of this Announcement, any dividend or other distribution is announced (other than the interim dividend of 7.9 pence per Manx Share announced by the Manx Directors in the Preliminary Results Announcement), Bidco reserves the right to reduce the Offer Price by the amount of any such dividend or other distribution, in which case: (a) any reference in this Announcement or in the Scheme Document to the Offer Price for the Manx Shares will be deemed to be a reference to the Offer Price as so reduced; and (b) the relevant eligible Manx Shareholders will be entitled to receive and retain such dividend or distribution. To the extent that any such dividend or distribution announced, declared or paid is: (x) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution and to retain it; or (y) cancelled, the Offer Price will not be subject to change in accordance with this paragraph. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and the consent of the Panel and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
7. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or any offer to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. Conditions 1 and 2 (and any Takeover Offer acceptance condition adopted on the basis specified in paragraphs 2 or 8 of this Part B) are not subject to this provision of the Takeover Code.
8. Bidco reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the offer will be implemented on substantially the same terms subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Bidco may decide) of the shares to which such offer relates, so far as applicable, as those which would apply to the Scheme. Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient Manx Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of section 160 of the Isle of Man Companies Act 2006 to compulsorily acquire any outstanding Manx Shares to which such Takeover Offer relates.
9. The availability of the Acquisition to persons not resident in the United Kingdom or the Isle of Man may be affected by the laws of the relevant jurisdictions. Persons

who are not resident in the United Kingdom or the Isle of Man should inform themselves about and observe any applicable requirements.

- 10.** The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction.
- 11.** The Scheme will be governed by Isle of Man law and is subject to the jurisdiction of the Isle of Man courts and to the Conditions and further terms set out in this Appendix 1. The Acquisition will be subject to the applicable requirements of the Takeover Code, the Panel, the AIM Rules, the London Stock Exchange and the FCA.
- 12.** Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.

APPENDIX 2
SOURCES OF INFORMATION AND BASES OF CALCULATION

1. The value placed by the Acquisition on the existing issued and to be issued share capital of Manx on a fully diluted basis is based upon:
 - (a) 115,094,463 Manx Shares in issue as at the Latest Practicable Date (and assuming no Manx Shares held in treasury);
 - (b) 3,921,682 Manx Shares to be issued on or after the date of this Announcement on the exercise of options or vesting of awards granted or agreed to be granted under the Manx Share Plans; and
 - (c) Manx Shareholders receiving the Cash Value for each Manx Share held by them comprising: (i) the Offer Price; and (ii) the interim dividend of 7.9 pence per Manx Share announced by the Manx Directors in the Preliminary Results Announcement which is intended to be paid prior to the Effective Time.
2. The Closing Price on the Latest Practicable Date is taken from the Daily AIM List.
3. Volume-weighted average prices have been derived from Bloomberg and have been rounded to the nearest single decimal place.
4. Unless otherwise stated, the financial information relating to Manx is extracted from: (i) the audited consolidated financial statements of Manx for the financial year ended 31 December 2017, prepared in accordance with IFRS; and (ii) the Preliminary Results Announcement.
5. Certain figures included in this Announcement have been subject to rounding adjustments.

APPENDIX 3
IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

1. Manx Directors, Related Persons and controlled companies

The following Manx Directors, spouse of one of the Manx Directors and companies controlled by Manx Directors have given irrevocable undertakings to vote or procure the votes to approve the Scheme at the Court Meeting and to vote or procure the votes in favour of the Manx Resolutions at the General Meeting in respect of their own beneficial holdings (or those Manx Shares over which they have control) of Manx Shares:

Name	Number of Manx Shares	Percentage of Manx existing issued share capital
Mr Gary Lamb	16,135	0.01%
GEL Investments Limited	440,194	0.38%
Mr Jeffrey Hume	70,422	0.06%
Mrs Valerie Walsh	70,422	0.06%

In the event that Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, these irrevocable undertakings extend to include an obligation to accept or procure the acceptance of such offer.

The irrevocable undertakings given by Mr Gary Lamb and Mr Jeffrey Hume also extend to any shares acquired by them as a result of the exercise of options or vesting of awards under the Manx Share Plans.

All these irrevocable undertakings remain binding in the event a higher competing offer is made for Manx and will only cease to be binding if:

- Bidco announces, with the consent of the Panel and before the Scheme Document is published, that it does not intend to proceed with the Acquisition and no new, revised or replacement scheme of arrangement (or Takeover Offer) is announced by Bidco in accordance with Rule 2.7 of the Takeover Code at the same time; or
- the Scheme (or Takeover Offer, as applicable) is withdrawn with the consent of Bidco or lapses in accordance with its terms, excluding where:
 - the Scheme is withdrawn or lapses as a result of Bidco exercising its right to implement the Acquisition by way of a Takeover Offer rather than a scheme of arrangement; or
 - the lapse or withdrawal either is not, in the case of a withdrawal, confirmed by Bidco or is followed within 5 Business Days by an

announcement under Rule 2.7 of the Takeover Code by Bidco (or a person acting in concert with it) to implement the Acquisition either by a new, revised or replacement scheme of arrangement or Takeover Offer.

APPENDIX 4 DEFINITIONS

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

"Acquisition"	the direct or indirect acquisition by Bidco of the entire issued and to be issued share capital of Manx, to be implemented by means of the Scheme (or by way of a Takeover Offer under certain circumstances described in this Announcement) and, where the context requires, any subsequent revision, variation, extension or renewal thereof;
"AIM" or "AIM Market"	the AIM Market of the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time;
"Announcement"	this announcement;
"Authorisations"	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
"Basalt"	Basalt Infrastructure Partners II A L.P., Basalt Infrastructure Partners II C L.P. and Basalt Infrastructure Partners II D L.P., each acting through its general partner Basalt Infrastructure Partners II GP Limited;
"Bidco"	Kelion Bidco Limited, a company limited by shares incorporated in the Isle of Man with company number 016893V;
"Business Day"	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are generally open for normal business in the City of London and the Isle of Man;
"Cash Value"	has the meaning given to it on page 1 of this announcement;
"Closing Price"	the closing middle market price of a Manx Share on a particular trading day as derived from the Daily AIM List;
"CMA"	the Competition and Markets Authority, a UK statutory body established under the Enterprise and Regulatory Reform Act 2013;

"CMA Phase 2 Reference"	a decision by the CMA to refer the Acquisition or any part of it under section 33 of the Enterprise Act 2002 (as amended);
"Companies Registry"	the Isle of Man Companies Registry;
"Conditions"	the conditions to the implementation of the Acquisition, as set out in Appendix 1 to this Announcement and to be set out in the Scheme Document;
"Confidentiality Agreement"	the confidentiality agreement between Basalt Infrastructure Partners LLP and Manx dated 15 February 2019;
"Court"	the High Court of Justice of the Isle of Man;
"Court Meeting"	the meeting of Manx Shareholders to be convened pursuant to an order of the Court pursuant to section 157 of the Isle of Man Companies Act 2006 for the purpose of considering and, if thought fit, approving the Scheme, including any adjournment thereof;
"Court Order"	the order of the Court sanctioning the Scheme;
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear;
"Daily AIM List"	the AIM Appendix to the Daily Official List;
"Daily Official List"	the Daily Official List published by the London Stock Exchange;
"Disclosed"	the information fairly disclosed by, or on behalf of, Manx: (i) in the annual report and accounts of Manx group for the financial year ended 31 December 2017; (ii) in this Announcement; (iii) in any other announcement to a Regulatory Information Service by, or on behalf of, Manx before the date of this Announcement; or (iv) as otherwise fairly disclosed to Basalt or Bidco (or their respective officers, employees, agents or advisers) in writing before the date of this Announcement;
"Effective Date"	the date on which either: (i) the Scheme becomes effective in accordance with its terms; or (ii) (if Bidco elects to implement the Acquisition by way of a Takeover Offer), the date on which such Takeover Offer becomes or is declared unconditional in all respects in accordance with the requirements of the

	Takeover Code, and "Effective" shall be construed accordingly;
"Equity Commitment Letter"	an equity commitment letter entered into between Basalt, Bidco and Kelion Holdco Limited dated 13 March 2019;
"Euroclear"	Euroclear UK and Ireland Limited;
"European Commission"	the Commission of the European Union;
"FCA" or "Financial Conduct Authority"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000, or any successor regulatory body;
"Forms of Proxy"	the forms of proxy in connection with each of the Court Meeting and General Meeting which will accompany the Scheme Document;
"General Meeting"	the general meeting of Manx Shareholders (including any adjournment thereof) to be convened for the purposes of seeking approval for the Manx Resolutions to be adopted in connection with the Scheme;
"IFRS"	International Financial Reporting Standards;
"Latest Practicable Date"	12 March 2019;
"Liberum Capital"	Liberum Capital Limited;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Date"	13 September 2019 or such later date as may be agreed by Manx and Bidco (with the Panel's consent);
"Macquarie Capital"	Macquarie Capital (Europe) Limited;
"Manx"	Manx Telecom plc;
"Manx Directors"	the directors of Manx;
"Manx Remuneration Committee"	the remuneration committee of the Manx Directors;
"Manx Resolutions"	such shareholder resolutions of Manx as are necessary to approve, implement and effect the Scheme and the Acquisition, including (without limitation) a resolution to amend the articles of association of Manx by the adoption of a new article (in terms approved by the Bidco) under which any Manx Shares issued or

	transferred after the General Meeting shall either be subject to the Scheme or (after the Effective Date) shall be immediately transferred to Bidco (or as it may direct) in exchange for the same consideration as is due under the Scheme;
"Manx Share Plans"	the Manx Long Term Incentive Plan, the Manx SAYE Scheme, the Manx Shadow SAYE Scheme, the Manx Share Incentive Plan and the Vannin MIP;
"Manx Shareholders"	the holders of Manx Shares;
"Manx Shares"	the existing unconditionally allotted or issued and fully paid ordinary shares of £0.002 each in the capital of Manx and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective;
"Oakley Advisory"	Oakley Advisory Limited;
"Offer Period"	the offer period (as defined by the Takeover Code) relating to Manx, which commenced on the date of this Announcement;
"Offer Price"	215 pence in cash per Manx Share;
"Opening Position Disclosure"	has the same meaning as in Rule 8 of the Takeover Code;
"Overseas Shareholders"	Manx Shareholders (or nominees of, or custodians or trustees for Manx Shareholders) not resident in, or nationals or citizens of the United Kingdom or the Isle of Man;
"Panel"	the Panel on Takeovers and Mergers;
"PRA" or "Prudential Regulation Authority"	the Prudential Regulation Authority, or any successor regulatory body;
"Preliminary Results Announcement"	the announcement of Manx's preliminary results for the financial year ended 31 December 2018 on 13 March 2019;
"Regulation"	Council Regulation (EC) 139/2004;
"Regulatory Information Service"	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website;

"Restricted Jurisdiction"	any jurisdiction into which, or from which, making the Acquisition or this Announcement available would violate the laws of that jurisdiction;
"Sanction Date"	the date of sanction of the Scheme by the Court;
"Scheme"	the proposed scheme of arrangement under section 157 of the Isle of Man Companies Act 2006 between Manx and Manx Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Manx and Bidco;
"Scheme Document"	the document to be sent to Manx Shareholders containing, amongst other things, the Scheme and the notices convening the Court Meeting and General Meeting;
"Scheme Record Time"	the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately before the Effective Date;
"Scheme Shares"	<p>all Manx Shares:</p> <p>(i) in issue at the date of the Scheme Document;</p> <p>(ii) (if any) issued after the date of the Scheme Document and before the Scheme Voting Record Time; and</p> <p>(iii) (if any) issued at or after the Scheme Voting Record Time but on or before the Scheme Record Time either on terms that the original or any subsequent holders thereof are bound by the Scheme or in respect of which such holders are, or shall have agreed in writing to be, so bound,</p> <p>in each case excluding any Manx Shares held by Manx as treasury shares.</p>
"Scheme Shareholder"	a holder of Scheme Shares;
"Scheme Voting Record Time"	the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, expected to be 6.00pm on the day which is two days before the Court Meeting or, if the Court Meeting is adjourned, 6.00pm on

	the day which is two days before the date of such adjourned Court Meeting;
"Senior Facilities Agreement"	means the senior term and revolving facilities agreement dated 12 March 2019 and entered into between, amongst others, Kelion Holdco Limited as Holdco, Bidco as the Company and Lloyds Bank plc as Agent and Security Agent;
"Significant Interest"	in relation to an undertaking, a direct or indirect interest of 20 per cent, or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the UK Companies Act 2006) of such undertaking;
"Takeover Code"	the City Code on Takeovers and Mergers;
"Takeover Offer"	a takeover offer as defined in Chapter 3 of Part 28 of the UK Companies Act 2006;
"Third Party"	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
"US Exchange Act"	the United States Securities Exchange Act of 1933, and the rules and regulations promulgated thereunder;
"Vannin MIP"	the Vannin Ventures Limited management incentive plan under which the senior managers of Vannin Ventures Limited hold an aggregate of 550 ordinary shares of £1.00 each in the capital of Vannin Ventures Limited;
"Wider Bidco Group"	Bidco, funds advised by Basalt Infrastructure Partners LLP, and their respective associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and all such undertakings (aggregating their interests) have a Significant Interest; and

"Wider Manx Group"

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

For the purposes of this Announcement, "**subsidiary**", "**subsidiary undertaking**", "**undertaking**" and "**associated undertaking**" have the respective meanings given thereto by the UK Companies Act 2006.

All references to "**pounds**", "**pounds Sterling**", "**Sterling**", "**£**", "**pence**", "**penny**" and "**p**" are to the lawful currency of the United Kingdom.

All the times referred to in this Announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.