



IPO PROSPECTUS

Placing and Offer for
Subscription of
New Ordinary Shares

2021



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document, which comprises a prospectus relating to Digital 9 Infrastructure plc (the "**Company**") has been prepared in accordance with the UK Prospectus Regulation and the Prospectus Regulation Rules made under section 73A FSMA.

This document has been approved by the FCA of 12 Endeavour Square, London E20 1JN, as competent authority under the UK version of Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). Contact information relating to the FCA can be found at <http://www.fca.org.uk/contact>. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in securities. This document will be made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

The Ordinary Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities admitted to trading on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. It should be remembered that the price of the Ordinary Shares can go down as well as up and that investors may not receive the amount that they invested on the sale or cancellation of their Ordinary Shares.

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) in connection with the Initial Issue to be admitted to trading on the Specialist Fund Segment. Applications will be made for all of the Ordinary Shares issued pursuant to each Subsequent Placing under the Placing Programme to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission of the Ordinary Shares to be issued under the Initial Issue will become effective and that unconditional dealings will commence in the Ordinary Shares at 8.00 a.m. on 31 March 2021. It is expected that Admission pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 31 March 2021 and 7 March 2022. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

DIGITAL 9 INFRASTRUCTURE PLC

(A public company limited by shares incorporated under the laws of Jersey with registered number 133380)

**Initial Placing and Offer for Subscription for a target issue of 400 million
Ordinary Shares at £1.00 per Ordinary Share**

**Placing Programme for up to 750 million Ordinary Shares
Admission to trading on the Specialist Fund Segment of the Main Market**

Investment Manager

TRIPLE POINT INVESTMENT MANAGEMENT LLP

Financial Adviser

AKUR CAPITAL

Global Coordinator and Sole Bookrunner

J.P. MORGAN CAZENOVE

Specialist Fund Segment securities are not admitted to the Official List of the FCA. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not subject to the FCA's Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.

The Company and each of the Directors, whose names appear on page 50 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate

professional advice. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at www.jerseyfsc.org.

This document is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds — Prospectuses) (Jersey) Order 2012. The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this document. The applicant is strongly recommended to read and consider this document before completing an application.

Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly. You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this fund you should not invest in the Company.

The Company is regulated by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law 1988, as amended (the “Funds Law”) and the subordinate legislation made thereunder. A certificate granted under Article 8B of the Funds Law is in force in relation to the Company. The Company Administrator and the Registrar are each registered to conduct the relevant classes of fund services business under the Financial Services (Jersey) Law 1998, as amended (the “FSJL”). The Jersey Financial Services Commission is protected by the Funds Law and the FSJL against liability arising from the discharge of its functions under those laws.

Prospective investors should read the entire document and, in particular, the section headed “Risk Factors” on pages 13 to 38 of this document when considering an investment in the Company.

Akur Limited (trading as Akur Capital) (“Akur”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser for the Company and for no one else in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. Akur will not regard any other person (whether or not a recipient of this document) as its client in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document.

J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove) (“J.P. Morgan Cazenove”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as global coordinator and sole bookrunner for the Company and for no one else in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. J.P. Morgan Cazenove will not regard any other person (whether or not a recipient of this document) as its client in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Akur and/or J.P. Morgan Cazenove by FSMA or the regulatory regime established thereunder, none of Akur and/or J.P. Morgan Cazenove make any representation, express or implied, in relation to, nor accept any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Initial Admission, any Admission of any Ordinary Shares, the Initial Issue or the Placing Programme. Each of Akur and/or J.P. Morgan Cazenove (and their respective affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for statutory liability), whether arising in tort, contract or otherwise which it might otherwise have in respect of the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Initial Admission, any Admission of any Ordinary Shares, the Initial Issue or the Placing Programme.

The Offer for Subscription will remain open until 11.00 a.m. on 25 March 2021 and the Initial Placing will remain open until 2.00 p.m. on 25 March 2021. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in Appendix 1 to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance by post to the Receiving Agent so as to be received no later than 11.00 a.m. on 25 March 2021.

Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the Investment Manager, Akur and/or J.P. Morgan Cazenove. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for, or purchase of, Ordinary Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Each of Akur and J.P. Morgan Cazenove and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the Investment Manager, for which they would have received customary fees. Each of Akur and J.P. Morgan Cazenove and their respective affiliates may provide such services to the Company and/or the Investment Manager and any of their respective affiliates in the future.

In connection with the Initial Issue and/or Subsequent Placings, each of Akur and J.P. Morgan Cazenove and their respective affiliates, acting as investors for its or their own accounts, may subscribe for or purchase Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Ordinary Shares and other securities of the Company or related investments in connection with the Initial Issue and/or Subsequent Placings or otherwise. Accordingly, references in this document to Ordinary Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by each of Akur and J.P. Morgan Cazenove and their respective affiliates acting as an investor for its or their own account(s).

None of Akur and J.P. Morgan Cazenove and their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, each of Akur and J.P. Morgan Cazenove and their respective affiliates may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which each of Akur and J.P. Morgan Cazenove and their respective affiliates may from time to time acquire, hold or dispose of shareholdings in the Company.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for Ordinary Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of the Company, the Investment Manager, Akur and/or J.P. Morgan Cazenove nor any of their respective representatives is making any representation to any offeree or purchaser of Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Notice to U.S. and other overseas investors

This document may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, Akur and/or J.P. Morgan Cazenove or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**") and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Ordinary Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation.

Any person in the United States who obtains a copy of this document is requested to disregard it.

Eligibility for investment by UCITS or NURS

The Ordinary Shares should be “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in Jersey as a public limited company; (ii) the Ordinary Shares are to be admitted to trading on the Main Market; and (iii) the AIFM is a full scope UK alternative investment fund manager under the AIFMD and the UK AIFMD Rules and is regulated by the FCA and, as such, is subject to the FCA’s rules for the purpose of investor protection. The manager of a UCITS or NURS should, however, satisfy itself that the Ordinary Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Handbook.

General

In relation to the United Kingdom, which has implemented the AIFM Directive by virtue of the UK AIFM Legislation, and each jurisdiction in the EEA that has implemented the AIFM Directive, no Ordinary Shares have been or will be directly or indirectly offered to or placed with investors in the United Kingdom or a jurisdiction within the EEA at the initiative of or on behalf of the Company or the Investment Manager other than in accordance with methods permitted in the United Kingdom or that member state.

Copies of this document will be available on the Company’s website (www.d9infrastructure.com) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and hard copies of this document can be obtained free of charge from Hanway Advisory Limited.

Without limitation, neither the contents of the Company’s or the Investment Manager’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s or the Investment Manager’s website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document alone.

Dated: 8 March 2021

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SUMMARY

1. INTRODUCTION, CONTAINING WARNINGS

This summary should be read as an introduction to this document and any decision to invest in Ordinary Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of its invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in Ordinary Shares.

The securities which the Company intends to issue are Ordinary Shares of the Company, whose ISIN is JE00BMDKH437. The SEDOL is BMDKH43.

Digital 9 Infrastructure plc (the “Company”) can be contacted by writing to its registered office, 26 New Street St Helier Jersey JE2 3RA, or its principal place of business, 1 King William Street, London EC4N 7AF, or by calling, within business hours, 020 7201 8989.

This document was approved on 8 March 2021 by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. Contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

The Company is a closed-ended public company incorporated in Jersey with limited liability on 8 January 2021 under the provisions of the Companies Law, with registered number 133380. The Company's LEI number is 213800QLX64UNS38U92.

The Company's principal activity is to invest in Digital Infrastructure Investments.

Pending allotment of the Ordinary Shares pursuant to the Initial Issue, the Company currently has two shareholders (each holding one Ordinary Share), Triple Point Investment Management LLP and Perihelion One Limited, a company in the Triple Point Group. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The Board is comprised of:

- Jack Waters (Non-Executive Chairperson);
- Keith Mansfield (Non-Executive Senior Independent Director);
- Lisa Harrington (Non-Executive Director);
- Charlotte Valeur (Non-Executive Director); and
- Monique O'Keefe (Non-Executive Director).

The Company's Auditor is PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH.

The Company's investment objective and investment policy are set out below.

Investment Objective

The Company's investment objective is to generate a total return for investors comprising sustainable and growing income and capital growth through investing in a diversified portfolio of resilient Digital Infrastructure Investments.

Investment Policy

The Company intends to achieve its investment objective by investing in a diversified portfolio of Digital Infrastructure Investments which provide key infrastructure for global data transfer (subsea fibre-optic networks, wireless networks and terrestrial fibres) and data storage (data centres), all of which contribute to facilitating global digital communication.

The Company is focused on the provision of Digital Infrastructure integrated with green and cleaner power in line with UN Sustainable Development Goal 9: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”.

The Company will seek to invest in assets or Investee Companies which typically have secured medium to long term contracts underpinned by high quality counterparties.

The Company will invest (directly or via subsidiary companies) in a range of Digital Infrastructure assets which deliver a reliable, functioning internet. The portfolio will comprise future proofed, non-legacy, scalable platforms and technologies including (but not limited to) subsea fibre, data centres, terrestrial fibre, tower infrastructure and small cell networks which meet the following criteria:

- assets and Investee Companies which deliver communications, data transfer, interconnectivity and data storage;

- assets and Investee Companies which derive a significant proportion of their revenues from high quality counterparties (meaning, for these purposes, companies (or their parent companies) which are included in the FTSE 350 (or equivalent) or which are investment-grade rated by a recognised grading agency) and/or a diversified portfolio of counterparties that, by reason of its diversity, is resilient and well placed to weather economic downturns;
- assets and Investee Companies with high cash flow visibility and resilience, specifically from medium to long term contracts or from a diversified portfolio of shorter term contracts providing essential underlying services.

The Group will focus, primarily, on Digital Infrastructure Investments where the assets (or Investee Companies which own such assets) are operational and, where appropriate, there is a contract in place with the end user and/or off-taker. Where suitable opportunities arise, however, the Group may provide limited funding during the Construction Phase or Development Phase of a Digital Infrastructure asset, in particular, on a forward funding basis where development risk for the Company is limited, subject to the restrictions set out below.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- with the exception of Aqua Comms, the Company will not invest more than 20 per cent. of Gross Asset Value in any single asset or Investee Company;
- investments will be focused on acquiring a controlling interest (meaning more than a 50 per cent. interest) in the relevant investment assets or Investee Companies being acquired or invested in but can also comprise minority interests (where appropriate minority protections are in place);
- at least 50 per cent. of Gross Asset Value will be invested in developed markets, in particular (but not limited to), the UK, EU and US;
- neither the Company nor any of its subsidiaries will invest in any assets or Investee Companies located in or with co-investment exposure to any Restricted Territories;
- neither the Company nor any of its subsidiaries will invest in any assets or Investee Companies using technologies or equipment under any current prohibition ruling by relevant UK, EU, or US authorities, unless such equipment is in the process of being removed in line with the guidelines of such UK, EU or US authorities;
- the Company may invest a limited amount in assets (or Investee Companies which own assets) which are predominantly in construction, which typically will be undertaken via a forward funding arrangement which pays a return during the Construction Phase, with any investments which expose the Company to development risk limited to, in aggregate, no more than 5 per cent. of Gross Asset Value, and the aggregate value of assets in construction or development being no more than 20 per cent. of Gross Asset Value (such amount to be calculated as the aggregate value of all material construction or development activities, including forward funded developments, within Investee Companies);
- neither the Company nor any of its subsidiaries will invest in any listed entities, or in private closed-ended investment companies or any funds of any kind; and
- the Company itself will not conduct any trading activities which are significant in the context of the Group as a whole.

The investment limits set out above apply following full investment of the Net Proceeds.

Compliance with the above investment limits will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

Borrowing Policy

The Directors do not intend to use gearing at the Company level, other than utilising short-term revolving credit facilities for financing acquisitions, such borrowings to be at a Conservative level. Intra-group debt between the Company and its subsidiaries, and the debt of Investee Companies, will not be included in the definition of borrowings for these purposes.

Long term gearing is likely to be applied at an Investee Company level in order to enhance returns but will be at a prudent level, appropriate for the particular Investee Company and sub-sector.

Hedging and Derivatives

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management. In particular, the Company may engage in interest rate or currency hedging or otherwise seek to mitigate the risk of interest rate increases and currency movements.

The Group will only enter into hedging contracts and other derivative contracts when they are available in a timely manner and on acceptable terms. The Company reserves the right to terminate any hedging arrangement in its absolute discretion. Any such hedging transactions will not be undertaken for speculative purposes.

Cash management

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("**Cash and Cash Equivalents**"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

Changes to and compliance with the investment policy

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

2.2 What is the key information on Aqua Comms?

Aqua Comms is an Irish incorporated company, domiciled in Ireland. Its registered number is 557774. The company is a Designated Activity Company under Part 16 of the Irish Companies Act 2014. Aqua Comms does not have an LEI number itself but one of its operating subsidiaries, America Europe Connect Ltd, has the following LEI number: 635400GK9XZWXEICM80.

Aqua Comms' principal activities is the ownership and operation of a group of companies that provide capacity services across a subsea fibre optic telecommunications network with associated cable landing stations in the United States, Ireland, the United Kingdom, the Denmark and Isle of Man.

On First Completion, the Company is expected to acquire the entire issued share capital of Aqua Comms pursuant to the Aqua Comms SPAs. The U.S. Hive-Out will occur prior to First Completion, resulting in the U.S. Sale Shares being transferred to the current majority shareholder in Aqua Comms, Aqua Ventures. The U.S. Sale Shares will be acquired by the relevant subsidiaries in the Aqua Comms Group on Second Completion, which will take effect following receipt of the U.S. Consents.

The Aqua Comms board, immediately following First Completion, will be comprised of:

- Thorsten Johnsen;
- Alan Harper;
- Edward McCormack; and
- Christopher Nigel Bayliff.

Aqua Comms' statutory auditor is PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm of One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

2.3 What is the key financial information regarding the issuer and Aqua Comms?

No key financial information on the Company is included in this document as the Company is yet to commence operations.

The selected financial information in the tables below has been extracted without material adjustment from the audited consolidated financial information of Aqua Comms for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited consolidated financial information for the year ended 31 December 2020:

Year to 31 December	Audited 2017 US\$m	Audited 2018 US\$m	Audited 2019 US\$m	Unaudited 2020¹ US\$m
Total revenue	15.5	21.6	28.7	30.2
Gross Profit	8.1	13.4	22.5	23.2
EBITDA	3.7	9.7	16.5	18.6

2.4 What are the key risks that are specific to the issuer?

Key risks relating to the Company

- The Company is newly formed with no operating history and so investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.
- The Company, whose Board is non-executive and which has no employees, is reliant upon the performance of third-party service providers (primarily the Investment Manager) for its executive function.

¹ Investors should be aware that the Aqua Comms financial information for the 12 months ended 31 December 2020 is unaudited and has not been reviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the 12 months ended 31 December 2020 are expected to be published by 30 April 2021.

Key risks relating to the investment policy

- There can be no guarantee or assurance the Company will achieve its investment objective, which is a target only. The Company's targeted returns are targets only and are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies (meaning the actual rate of return may be materially lower than the targeted returns).
- Other than the Aqua Comms Acquisition, there are no contractually binding arrangements or obligations for the sale and purchase of the pipeline opportunities. There is no guarantee that all of the Net Proceeds will be deployed in a timely manner, or at all.

Key risks relating to the Company's acquisition of Aqua Comms

- Completion of the Preference Share SPA and First Completion under the Ordinary Share SPA are conditional on: (i) completion of the U.S. Hive Out; and (ii) Initial Admission. Second Completion under the Ordinary Share SPA (upon which the U.S. Sale Shares will be acquired by the Aqua Comms Group) is conditional upon receipt of the U.S. Consents. If any of the conditions to First Completion or Second Completion are not satisfied or waived, as applicable, the relevant completion may be delayed (which would prolong the period of uncertainty for the Company and Aqua Comms and may result in additional costs to their businesses) or may not occur. If First Completion or Second Completion do not occur, the Company will not realise the anticipated benefits of the Aqua Comms Acquisition and will have incurred significant transaction fees and other costs.

Key risks relating to the Group making investments in Digital Infrastructure Investments

- The Group may not have 100 per cent. control of every element of a given Digital Infrastructure Investment, which could expose the Group to the default by (or disputes with) co-owners and limit the Group's influence over such Digital Infrastructure Investments should the Group not hold a controlling interest.
- Whilst the Company seeks to invest in a diverse portfolio of Digital Infrastructure, demand for the Company's (and Aqua Comms') Digital Infrastructure assets is dependent on demand for internet, data, network or other telecom services and the continued development of the internet. The use of the Digital Infrastructure Investments invested in by the Company must continue to be seen as a cost-effective way to satisfy end users' digital infrastructure needs. A slowdown in the growth of, or a reduction in demand for, Digital Infrastructure could have a material adverse effect on the Company's (and Aqua Comms', as applicable) earnings and returns to Shareholders.

Key risks relating to the ongoing ownership, operation and maintenance of Digital Infrastructure assets, including in relation to Aqua Comms

- Issues may arise with the Counterparties to Investment SPVs or Investee Companies which hold Digital Infrastructure Investments that could affect their ability to make contractual payments or result in the early termination of a material contract concerning the Digital Infrastructure Investment due to a Counterparty's insolvency. In addition, if the infrastructure and equipment installed as part of a Digital Infrastructure Investment fails, this could give rise to remediation rights for the Counterparty.
- The success of the Company depends on the efficient, uninterrupted and high quality operation of its Digital Infrastructure Investments' systems, which could be jeopardised by the failure of infrastructure, equipment and/or third party networks.

Key risks relating to the Group's disposal or termination of Digital Infrastructure Investments

- The Digital Infrastructure Investments in which the Group will invest are inherently illiquid in nature, meaning they may be difficult for the Group to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant Digital Infrastructure Investment.

Key risks relating to regulation, taxation and the Company's operating environment

- The Group intends to operate in a highly regulated sector. Failure by the Group to comply with its regulatory obligations (including obtaining and maintaining relevant permits and licences) could lead to fines and/or the revocation of its authorisation to provide services.

3. KEY INFORMATION ON THE SECURITIES**3.1 What are the main features of the securities?****3.1.1 Ordinary Shares**

The securities which the Company intends to issue are Ordinary Shares of the Company of no par value, whose ISIN is JE00BMDKH437. Immediately following Initial Admission, the Company will have one class of share in issue.

The Ordinary Shares are denominated in Sterling. The Ordinary Shares are being offered under the Initial Issue at the Issue Price of £1.00 per Ordinary Share.

Set out below is the issued share capital of the Company as at the date of this document:

	Aggregate amount paid up	Number
Ordinary Shares	£0.02	2

The Ordinary Shares in issue are each fully paid up.

3.1.2 Rights attaching to the Ordinary Shares

The Ordinary Shares have the following rights:

Dividend: The holders of the Ordinary Shares shall be entitled to receive, and to participate in, any dividends (and any other forms of distribution) declared in relation to the Ordinary Shares that they hold.

Rights as respect to capital: On a winding-up, provided the Company has satisfied all its liabilities and subject to the rights conferred on any other class of shares in issue at that time to participate in the winding-up, the holders of Ordinary Shares shall be entitled to all the surplus assets of the Company.

Voting: The Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company and on a poll, to one vote for each Ordinary Share held.

3.1.3 Restrictions on the free transferability of Ordinary Shares

There are no restrictions on the free transferability of the Ordinary Shares, subject to the limited restrictions contained in the Articles.

3.1.4 Dividend policy and target returns

Whilst not forming part of the Company's investment policy, the Company intends to pay dividends on a quarterly basis with dividends typically declared in respect of the three-month periods ending 31 March, 30 June, 30 September and 31 December and typically paid in June, September, December and March, respectively.

Distributions made by the Company on the Ordinary Shares may take any form permitted under Jersey law. It is expected that a significant proportion of the Company's distributions will take the form of "qualifying interest income", which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending upon the classification of such distributions. **Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers.**

Any dividends and distributions will be at the discretion of the Board. The Company is targeting an initial dividend yield of 6 per cent per annum (by reference to the Issue Price) in the first financial year ending 31 December 2021 and, thereafter, the Company will seek to adopt a progressive dividend policy. The Company is targeting a first interim dividend of 1.5 pence per Ordinary Share in respect of the period from Initial Admission to 30 June 2021, payable in September 2021. Further, the Company is targeting a net Total Accounting Return of 10 per cent. per annum in the medium term (by reference to the Issue Price) following full investment of the Net Proceeds.

Dividends on Ordinary Shares will be declared and paid in Sterling.

The dividend and return targets stated above, and the target first interim dividend in particular, are based, amongst other things, on an assumption that the financial information for Aqua Comms for the 12 months ended 31 December 2020 is as stated in Part 16 of this document. The financial information for the 12 months ended 31 December 2020 set out in Part 16 is unaudited and unreviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the period are expected to be published by 30 April 2021.

The dividend and return targets stated above are Sterling denominated returns targets only and not a profit forecast. There can be no assurance that these targets will be met and they should not be taken as an indication of the Company's expected future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend and target net Total Accounting Return are reasonable or achievable.

Investors should note that references in this document to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

In accordance with regulation 19 of the Investment Trust Regulations, the Company will not (except to the extent permitted by the Investment Trust Regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

3.2 Where will the securities be traded?

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) to be admitted to trading on the Specialist Fund Segment of the Main Market. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

3.3 What are the key risks specific to the securities?

The attention of investors is drawn to the risks associated with an investment in the Ordinary Shares which, in particular, include the following:

- the value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested;
- the market price of the Ordinary Shares may fluctuate independently of the Net Asset Value per Ordinary Share and may trade at a discount or premium to the Net Asset Value per Ordinary Share at different times;
- it may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares; and
- the Company may issue additional Ordinary Shares, which may cause the market price of the existing Ordinary Shares to decline and/or be dilutive to existing Shareholders who cannot, or choose not to, participate.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

The Company is targeting an issue of 400 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription. Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of £1.00 per Ordinary Share.

The Offer for Subscription will remain open until 11.00 a.m. on 25 March 2021 and the Initial Placing will remain open until 2.00 p.m. on 25 March 2021. If the Initial Issue is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

The Directors may issue up to a further 750 million Ordinary Shares pursuant to the Placing Programme without having to first offer those Ordinary Shares to existing Shareholders. The issue of Ordinary Shares is at the discretion of the Directors.

Following the Initial Issue, the Placing Programme may be implemented by any placing of Ordinary Shares pursuant to the Placing Programme.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme will open on 31 March 2021 and will close on 7 March 2022 (or an earlier date on which it is fully subscribed, or as otherwise agreed amongst the Company, the Investment Manager, Akur and J.P. Morgan Cazenove).

Applications will be made for the Ordinary Shares to be issued pursuant to the Initial Issue and the Placing Programme to be admitted to trading on the Specialist Fund Segment of the Main Market.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £8 million, equivalent to approximately two per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £400 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be approximately £0.98, assuming Initial Gross Proceeds of £400 million.

The costs and expenses of each Subsequent Placing pursuant to the Placing Programme will depend on subscriptions received. The costs of any issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the prevailing Net Asset Value per Ordinary Share at the time of the issue. The maximum expenses payable by the Company in respect of each Subsequent Placing will represent approximately two per cent. of the Gross Proceeds of such Subsequent Placing.

The net proceeds of the Placing Programme are dependent, *inter alia*, on: (a) the level of subscriptions for new Ordinary Shares received in connection with Subsequent Placings; and (b) the price at which such new Ordinary Shares are issued. Assuming 400 million Ordinary Shares are issued pursuant to the Placing Programme at the Issue Price (noting that the actual placing price may be different), gross proceeds would be £400 million and the costs of the Placing Programme would be approximately £8 million (being two per cent. of the gross proceeds) resulting in net proceeds of approximately £392 million.

No dilution will result from the Initial Issue. If an existing Shareholder does not subscribe for Ordinary Shares issued under the Placing Programme, such Shareholder's proportionate ownership and voting rights in the Company will be reduced.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 31 March 2021 or such later time and/or date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree (being not later than 8.00 a.m. on 30 June 2021); and (ii) the Placing Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds, being £250 million (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree) being raised.

Each allotment and issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme, following the Initial Issue, will be conditional, *inter alia*, on: (i) Admission of the relevant Ordinary Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree from time to time in relation to that Admission, not being later than 7 March 2022; (ii) a valid supplementary

prospectus being published by the Company, if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors; and (iv) the Placing Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

4.2 Why is this prospectus being produced?

4.2.1 Reasons for the issue

The Initial Issue is intended to raise money for investment in accordance with the Company's investment objective and investment policy. The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase Aqua Comms and to purchase other investments in line with the Company's investment objective and investment policy. Following the Initial Issue, the Company may wish to issue further Ordinary Shares to raise additional capital. The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy. Neither the Initial Issue nor any Subsequent Placing will be underwritten.

4.2.2 Estimated net proceeds

The Company is targeting an issue of 400 million Ordinary Shares pursuant to the Initial Issue. The Net Proceeds are dependent on the level of subscriptions received. Assuming Initial Gross Proceeds are £400 million, the Net Proceeds will be approximately £392 million.

The net proceeds of the Placing Programme are dependent, *inter alia*, on: (a) the level of subscriptions for new Ordinary Shares received in connection with Subsequent Placings; and (b) the price at which such new Ordinary Shares are issued. Assuming 750 million Ordinary Shares are issued pursuant to the Placing Programme at the Issue Price (noting that the actual placing price may be different), gross proceeds would be £750 million and the costs of the Placing Programme would be approximately £15 million (being two per cent. of the gross proceeds) resulting in net proceeds of approximately £725 million.

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and policy.

4.2.3 Underwriting

The Initial Issue is not being underwritten. Subsequent Placings will not be underwritten.

4.2.4 Material conflicts of interest

The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the following amounts:

John (Jack) Waters: 50,000 Ordinary Shares (£50,000)
Keith Mansfield: 40,000 Ordinary Shares (£40,000)
Lisa Harrington: 20,000 Ordinary Shares (£20,000)
Charlotte Valeur: 10,000 Ordinary Shares (£10,000)
Monique O'Keefe: 10,000 Ordinary Shares (£10,000)

The Wider Triple Point Group (and funds managed by the Triple Point Group, with investment committee approval) intend to subscribe for, in aggregate, 5,000,000 Ordinary Shares pursuant to the Initial Issue (with an aggregate consideration of £5 million).

Thor Johnsen, head of the Investment Manager's Digital Infrastructure team, and Andre Karihaloo, a member of the Investment Manager's Digital Infrastructure team, intend to subscribe for 200,000 Ordinary Shares and 25,000 Ordinary Shares respectively, pursuant to the Initial Issue (with an aggregate consideration of £225,000).

In addition, Thor Johnsen, Andre Karihaloo and Arnaud Jaguin may from time to time have a personal interest in a potential investment by the Company, in any such case, Messrs Johnsen, Karihaloo and Jaguin will recuse themselves fully from any and all appraisal processes in relation to any such potential investment and from all investment decision discussions and processes at the Investment Manager. In addition, the Board will be made aware of any such personal interests, and the Investment Manager shall clearly set out the conflict management process. Specifically, Mr Johnsen (together with his connected parties) has a 15 per cent. indirect interest in the issued share capital of Ontix Infrastructure Holdings Limited, the ultimate parent company of the Ontix business. Ontix forms part of the pipeline of potential investment opportunities of the Company and Mr Johnsen will recuse himself from any and all investment decisions and processes relating to Ontix.

Following First Completion under the Ordinary Share SPA, Aqua Ventures is expected to hold in aggregate, approximately 20 million Ordinary Shares which it shall receive as part of the consideration payable to Aqua Ventures pursuant to the Ordinary Share SPA.

Except as otherwise stated in this paragraph 4.2.4, in so far as is known to the Company, there are no interests, including conflicting interests, that are material to the Issue, the Placing Programme, or Initial Admission or any Subsequent Admission.

RISK FACTORS

An investment in the Ordinary Shares carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in this document, the following specific factors should be considered when deciding whether to make an investment in the Ordinary Shares. The risks set out below are those that are considered to be the material risks relating to the Company and/or Aqua Comms and to an investment in the Ordinary Shares but are not the only risks relating to the Company and/or Aqua Comms and to such investment in the Ordinary Shares.

Prospective investors should note that the risks relating to the Company, its investment strategy, Aqua Comms and the Ordinary Shares summarised in the section of this document headed “Summary” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company and/or Aqua Comms face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary” but also, among other things, the risks and uncertainties described in this “Risk Factors” section. Additional risks and uncertainties not currently known to the Company or the Directors or Aqua Comms or the Aqua Comms Directors or that the Company or the Directors or Aqua Comms or the Aqua Comms Directors consider to be immaterial as at the date of this document may also have a material adverse effect on the Company’s and/or Aqua Comms’ financial condition, business, prospects and results of operations and, consequently, the Company’s Net Asset Value and/or the market price of the Ordinary Shares.

The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities traded on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. Investors in the Company are expected to be institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or who have been advised of, the potential risks from investing in the Company.

Potential investors in the Ordinary Shares should review this document carefully in its entirety and consult with their professional advisers prior to making an application to subscribe for Ordinary Shares. In particular, prospective investors should note that the risks relating to Digital Infrastructure Investments do not necessarily apply to each Digital Infrastructure Investment. The nature, terms, structure and characteristics of each Digital Infrastructure Investment vary significantly between each asset.

RISKS RELATING TO THE COMPANY

The Company has no operating history

The Company was incorporated on 8 January 2021 under the Companies Law, has no operating results and will not commence operations until it has obtained funding through the Initial Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company’s ability to achieve its investment objective and provide a satisfactory investment return.

The Company’s returns will depend on many factors, including the performance of its investments and the availability and liquidity of investment opportunities within the scope of the Company’s investment objective and investment policy. There can be no assurance that the Company’s investment policy will be successful.

The Company has no employees and is reliant on the performance of third-party service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst Aqua Comms has a number of employees with several years’ experience in subsea cables, and other investments made by the Company in accordance with its investment policy may include entities with employees, such individuals will not be employees of the Group and the Company will be reliant

upon the performance of third-party service providers for its executive functions. In particular, the Investment Manager, the Depositary, the Company Administrator, the Company Secretary, Hanway and the Registrar will be performing services which are integral to the operation of the Company.

In addition, the Group will engage third party contractors to provide the Group with various services in connection with the Digital Infrastructure Investments including support and maintenance of network infrastructure. Although the Company intends to monitor third party suppliers carefully, the services rendered by its third-party contractors may not always be satisfactory or match the Company's and Counterparties' targeted quality levels and standards.

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company or administration of its investments. The termination of the Company's relationship with any third-party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

RISKS RELATING TO THE INVESTMENT POLICY

The Company may not meet its investment objective and there is no guarantee that the Company's target dividend and/or target returns, as may be adopted from time to time, will be met

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company's investment objective is to generate an attractive total return for investors comprising sustainable and growing income and capital preservation, with the opportunity for capital growth. The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target net Total Accounting Return referred to in this document and therefore achieve its return objective.

Availability of appropriate investments and attractive investment terms for investments

The Company has entered into the Aqua Comms SPAs in relation to the Aqua Comms Acquisition. Completion of the Preference Share SPA and First Completion under the Ordinary Share SPA are conditional on (i) completion of the U.S. Hive-Out; and (ii) Initial Admission.

Other than the Aqua Comms SPAs, there are no other contractually binding arrangements or obligations for the sale and purchase of any pipeline opportunities. Therefore, there can be no assurance that any of the other pipeline opportunities identified in this document will remain available for purchase after Initial Admission. There is therefore no guarantee that all of the Net Proceeds will be deployed in a timely manner, or at all. Competition for investments, in the primary investment or secondary investment markets, may result in the Company being unable to make investments in Digital Infrastructure Investments, which may further limit the Company's ability to generate its targeted returns.

In addition, if the Investment Manager is not able to source a sufficient number of suitable investments within a reasonable timeframe whether by reason of lack of demand, competition or otherwise, a greater proportion of the Company's assets will be held in cash for longer than anticipated and the Company's ability to achieve its investment objective will be adversely affected. Any delays in the speed of capital deployment may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Company expects the Investment Manager to deploy the Net Proceeds within a period of twelve months following Initial Admission (subject to market conditions). There can be no guarantee that initial

deployment of the Net Proceeds will be achieved in the timeframe referred to above. Any delay in the initial deployment of the Net Proceeds may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Company's targeted returns are based on estimates and assumptions that are inherently subject to uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns

The Company's targeted returns set out in this document are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, value, yield and performance of the Group's Digital Infrastructure Investments (including the performance and reliability of the underlying asset technology), which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with the targets.

Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns and are therefore subject to change. In particular, the targeted returns assume no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by the occurrence of risks described elsewhere in this section. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this document. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Reliance on projections

Investment valuation will be based on financial projections for the Group's relevant Digital Infrastructure Investments. These projections will be primarily based on the Investment Manager's assessment and are only estimates of future results, based on assumptions made at the time of the projection.

The Company's semi-annual announcements of Net Asset Value will be based on estimates provided by the Investment Manager. The financial information relating to the Company's portfolio of Digital Infrastructure Investments, on which the semi-annual valuations will be based, will be based on management information provided by the Investment Manager. Actual results may vary significantly from the projections, which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Accordingly, Net Asset Value figures issued by the Company should be regarded as indicative only and investors should be aware that the "realisable" Net Asset Value per Ordinary Share may be materially different from those figures. There is no single standard for determining fair value and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. The types of factors that may be considered when applying fair value pricing to an investment include: latest applicable legal, financial, technical and insurance due diligence; cash flows which are contractually required or assumed in order to generate the returns; creditworthiness of a Counterparty; changes to the economic, legal, taxation or regulatory environment; claims or other disputes or contractual uncertainties; changes to revenue and cost assumptions; and macroeconomic factors such as changes in interest rates and bond yields.

Given that the Company gives no assurance as to the values that the Company records from time to time, it is possible that the Company may record materially higher values in respect of its investments than the values that are ultimately realised throughout the life of those investments. In such cases, the Net Asset Value will be adversely affected. Changes in values attributed to investments during each six-month period may result in volatility in the Net Asset Values that the Company reports from period to period. Such volatility in the value of the Company's portfolio of Digital Infrastructure Investments could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Use of borrowings

The Directors do not intend to use gearing at the Company level (other than utilising short-term revolving credit facilities for financing acquisitions). However, if the Group does, in the future, use borrowings (including for investment purposes), then whilst the use of borrowings should enhance the total return on the Ordinary Shares, where the return on the Group's portfolio of Digital Infrastructure Investments exceeds the cost of borrowing, it will have the opposite effect where the return on the portfolio is lower than the cost of borrowing. The use of borrowings (if any) by the Group may increase the volatility of the Net Asset Value per Ordinary Share.

To the extent that a fall in the value of the Group's portfolio of Digital Infrastructure Investments causes gearing (if any) to rise to a level that is not consistent with the Company's borrowing and gearing policy, borrowing limits or loan covenants, the Group may have to sell investments in order to reduce borrowings. Such investments may be difficult to realise and therefore the market price which is achievable may give rise to a significant loss of value compared to the book value of the relevant Digital Infrastructure Investments, as well as a reduction in income from the Group's portfolio.

Any amounts that are secured under a bank facility will rank ahead of Shareholders' entitlements and accordingly, should the Group's portfolio of Digital Infrastructure Investments not grow at a rate sufficient to cover the costs of operating such assets, on a liquidation of the Company, Shareholders may not recover all or any of their investment.

The Group may also find it difficult, costly or not possible to refinance future indebtedness as it matures or the terms may become more expensive. For example, the Group may be unable to enter into an agreement to secure refinancing on similar terms or on a timely basis or at all. Further, if interest rates are higher when any relevant indebtedness is refinanced, the Group's finance costs could increase. Any of the foregoing events may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders and may lead to Shareholder dilution as a result of further equity capital raisings by the Company or the forced sales of assets.

The Group may incur debt with a floating rate of interest and be exposed to interest rate risk due to fluctuations in prevailing market rates. Changes in interest rates may also affect the valuation of the investment portfolio by impacting the valuation discount rate. The Group may hedge or partially hedge interest rate exposure on borrowings. However, such measures may not be sufficient to protect the Group from adverse movements in prevailing interest rates to the extent exposures are unhedged or hedges are inadequate to offer full protection. If exposures are unhedged, interest rate movements may lead to mark-to-market movements which may be positive or negative and upon breaking of such hedges may cause crystallisation of gains or losses. In addition, hedging arrangements expose the Group to credit risk in respect of the hedging counterparty. Increased exposure to interest movements may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

RISKS RELATING TO THE COMPANY'S ACQUISITION OF AQUA COMMS

The Aqua Comms Acquisition is conditional upon certain conditions which may not be satisfied

The Company has entered into the Aqua Comms SPAs in relation to the Aqua Comms Acquisition pursuant to which the Company is expected to acquire the entire issued share capital of Aqua Comms. Completion of the Preference Share SPA and First Completion under the Ordinary Share SPA are conditional on: (i) completion of the U.S. Hive-Out; and (ii) Initial Admission. These conditions may not be fulfilled (or waived, where capable of being waived) and the Aqua Comms Acquisition may therefore not be completed. Second Completion under the Ordinary Share SPA (upon which the Aqua Comms Group will acquire the U.S. Sale Shares) is conditional upon receipt of the U.S. Consents.

There can be no guarantee that First Completion or Second Completion will occur in a timely manner and on terms acceptable to the Company or at all, or can be met without undue diversion of financial resources or management time and attention. If any of the conditions to First Completion or Second Completion are not met or waived, as applicable, the relevant completion may be delayed (which would prolong the period of uncertainty for the Company and Aqua Comms and may result in additional costs to their businesses) or may not occur. If First Completion or Second Completion do not occur, the Company will not realise the anticipated benefits of the Aqua Comms Acquisition and will have incurred significant transaction fees and other costs.

Risks relating to the Aqua Comms Acquisition as a result of CFIUS Clearance not being obtained (or conditions imposed)

Under the DPA, the President of the United States has the power to block certain non-U.S. investments directly or indirectly in U.S. businesses if the President determines that such a transaction threatens U.S. national security. CFIUS has the authority to conduct national security reviews of certain foreign investments and the CFIUS Clearance is a condition to Second Completion.

CFIUS may require mitigation as a pre-condition to clearing the Aqua Comms Acquisition or could prevent the acquisition of the U.S. Sale Shares (which will be acquired by AVL pursuant to the U.S. Hive-Out) and related operations of the U.S. Companies. Mitigation could include modifying the terms and conditions of the Transition Services Agreement or successor intercompany arrangements. CFIUS Clearance is a condition to Second Completion.

If CFIUS sought to prevent Second Completion, the U.S. Sale Shares would remain under the ultimate ownership and control of AVL, resulting in the Company only having a 49 per cent interest in the U.S. Companies. This would have a limited impact on the Aqua Comms business as the U.S. Companies are only entitled to a small percentage of sales representing their portion of the U.S. territorial segments, however, it would nonetheless impact the overall valuation of the Aqua Comms business. As noted above, CFIUS could require mitigation as a pre-condition of CFIUS Clearance.

The Foreign Investment Risk Review Modernization Act of 2018 ("**FIRRMA**") amended the DPA to, among other things, expand CFIUS's jurisdiction beyond acquisitions of control of U.S. businesses to include, among other things, non-controlling acquisitions in specific U.S. businesses that have involvement with critical technology, critical infrastructure, or that collect and maintain sensitive personal data of U.S. citizens ("**TID U.S. Businesses**"), and where the non-U.S. investor receives specified triggering rights in connection with that investment. Certain investments by non-U.S. persons in TID U.S. Businesses are subject to a mandatory filing requirement with CFIUS. The business carried on by the U.S. Companies is a TID U.S. Business as the U.S. Companies own and operate covered critical infrastructure. Accordingly, in the future, the rules implemented by FIRRMA could restrict the ability of non-U.S. persons to invest directly or indirectly in the U.S. Companies, or could limit the Company's ability to engage in strategic transactions involving the U.S. Companies which could impact the valuation of the Aqua Comms business.

Risks relating to the U.S. Companies should the FCC Consent not be granted (or conditions imposed) or significantly delayed

Under the Cable Landing License Act of 1921, as amended, Executive Order 10,530 and the FCC's rules, substantive transfers of control of the FCC Cable Landing Licenses requires the FCC Consent. The Company cannot acquire the U.S. Sales Shares, and Second Completion cannot occur, unless and until the FCC Consent is granted. Accordingly, it is a condition to Second Completion that the FCC Consent is obtained. There are no statutory or regulatory deadlines within which the FCC is required to act on applications for prior approval of a substantive transfer of control. Furthermore, such applications meeting certain thresholds of foreign ownership or control are referred to the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (the "**CAFP**"), a U.S. federal interagency committee, known informally as Team Telecom, that advises the FCC on national security and law enforcement concerns. CAFP assesses whether new national security or law enforcement concerns exist with respect to existing FCC licenses previously reviewed by interested Executive Branch agencies. CAFP could recommend against the grant of the FCC Consent or could request conditions be imposed on the business of the U.S. Companies in connection with any grant.

While the Company and Aqua Comms have been advised that the FCC will be likely to grant the FCC Consent, there can be no guarantee that this will occur, or will occur in a timely manner and on terms acceptable to the Company or that can be met without undue diversion of financial resources or management time and attention. If Second Completion does not occur, the Company may not realise the anticipated benefits of the Aqua Comms Acquisition, having incurred significant transaction fees and other costs. Further, while the Company and Aqua Comms have been advised that CAFP will be likely to recommend approval of the Second Completion with conditions similar to those currently imposed on the U.S. Companies, CAFP could recommend, and the FCC adopt, conditions that may be more onerous than the conditions currently imposed on the U.S. Companies. The Company cannot be certain

whether it would be willing to satisfy any such conditions or whether they can be satisfied, the timing thereof, or the potential impact on the Company and/or Aqua Comms that such conditions may have.

The Company has limited rights to terminate the Aqua Comms Acquisition if an adverse event affects Aqua Comms

Prior to First Completion, the Company has limited rights to terminate the Ordinary Share SPA. Prior to Second Completion, the Company has limited rights to terminate the provisions of the Ordinary Share SPA relating to the acquisition of the U.S. Sale Shares.

Accordingly, if an adverse event occurs that negatively affects Aqua Comms' business and/or the business of the U.S. Companies or if Aqua Comms's business and/or the business of the U.S. Companies performance or prospects were to decline prior to First Completion or Second Completion (as the case may be), the value of the Aqua Comms Group purchased by the Company may be less than the consideration agreed to be paid by the Company and, accordingly, the net assets of the Company could be reduced. There can be no assurance that the Company would be able to renegotiate the consideration paid for the Aqua Comms Group in such circumstances and the Company may therefore pay an amount in excess of market value for the Aqua Comms Group, which could have an adverse effect on the Company's business, financial condition and results of operations.

Risks relating to the Transition Services Agreement

It is a condition to First Completion under the Ordinary Share SPA that completion of the U.S. Hive-Out occurs. In connection with the U.S. Hive Out, the Transition Services Agreement will be entered into by each U.S. Company, Aqua Comms and certain subsidiary undertakings of Aqua Comms. The Transition Services Agreement is necessary because of U.S. regulatory FCC restrictions that prevent the Company from assuming control of the U.S. Companies prior to the grant of the FCC Consent. The Transition Services Agreement governs the ongoing relationship among the Aqua Comms Group and the U.S. Companies following First Completion. Under the Transition Services Agreement, the U.S. Companies will continue to control and operate their interests in the U.S. territorial segments and the Aqua Comms Group will provide operational, administrative and customer and sales support services to the U.S. Companies. The U.S. Companies will in turn provide the Aqua Comms Group with access to the capacity and facilities necessary for the Aqua Comms Group to perform the services.

The Company will rely on the U.S. Companies to perform their obligations under the Transition Services Agreement. If the U.S. Companies were to breach or become unable to satisfy their material obligations under the Transition Services Agreement, the Company and/or Aqua Comms could suffer operational difficulties and/or significant losses.

In addition, while the Company and Aqua Comms have been advised that the Transition Services Agreement is consistent with all current FCC regulations, in the event that the FCC was to decide otherwise, the FCC Consent could be delayed, resulting in undue diversion of financial resources or management time and attention.

If Second Completion does not occur because either of the U.S. Consents is not granted, the Company may not realise the anticipated benefits of the Aqua Comms Acquisition, having incurred significant transaction fees and other costs.

The Company may suffer reputational or financial losses arising from historical issues with respect to Aqua Comms, including those that have not been disclosed to the Company

AVL has provided customary business warranties and a tax indemnity relating to the Aqua Comms Group under the Ordinary Share SPA and the Company has obtained the W&I Policy under which, subject to certain exemptions and claims limitation periods, it will be entitled to recover losses arising from a breach of any such business warranty and/or the tax indemnity of up to US\$30 million in aggregate, subject to a policy excess of US\$1,075,000 (tipping to nil) and a minimum individual claims size of US\$140,000 for tax losses and US\$100,000 for non-tax losses. If such business warranties are not true and accurate, the Company may suffer losses or be unable to perform to meet expectations. If this were to occur, there can be no assurance that the Company would be able to recover damages under the W&I Policy in relation to such breaches or losses in an amount sufficient to fully compensate the Company for its losses or underperformance.

In addition, Aqua Comms may have historical issues of which the Company is currently unaware which, whether or not covered by the specific business warranties given by AVL pursuant to the terms of the Ordinary Share SPA, may adversely affect the reputation of the Company.

The Company has incurred and will incur substantial costs in connection with the Aqua Comms Acquisition

The Company has incurred and will incur significant transaction fees and other costs associated with undertaking the Aqua Comms Acquisition. These fees and costs are substantial and include financial advisory, legal and accounting fees and expenses. Although the Company believes that the benefits of the Aqua Comms Acquisition will offset the transaction costs over time, this net benefit may not be achieved in the near term, or at all.

Risk to delay of the Irish section of the CC-2 cable

There remains a risk that the Irish section of the CC-2 cable system will be delayed or fail to become operational. A foreshore licence application for the Irish landing was submitted in January 2020 and is expected to be determined in 2021 but could be delayed, refused, or subject to legal challenge. This has a potential impact on timing of if and when the Irish section of the CC-2 cable will become operational. While the North Sea Connect part of the cable can operate independently of CC-2, any agreement to accept one system independent of the other would need the approval of the relevant consortium and the supplier (Alcatel Submarine Networks). There is a risk of a loss of investment for Aqua Comms and the other parties to the joint build agreement, and a risk of loss of potential future revenue by Aqua Comms as it would be unable to sell capacity on the system which, in turn, could have a material adverse effect on the performance of the Company.

Risk to delay of the Irish branch of the AEC-2 cable system

There is a risk that the Irish branch of the AEC-2 cable system will be delayed or fail to become operational. The decision to grant the foreshore licence for the Irish landing was quashed following judicial review proceedings in June 2020. The application for the foreshore licence was remitted by the relevant Minister to be reconsidered in accordance with law. Updated information was furnished by Aqua Comms to the Minister in November 2020. There is a risk that the licence could be refused, delayed, challenged or subject to onerous conditions. There is consequently a risk of loss of potential future revenue by Aqua Comms as it would be unable to sell capacity on the Irish branch which, in turn, could have a material adverse effect on the performance of the Company.

RISKS RELATING TO THE GROUP MAKING INVESTMENTS INTO DIGITAL INFRASTRUCTURE INVESTMENTS

The Group may not have 100 per cent. control of every element of a given Digital Infrastructure Investment

Under certain investment structures, the Group may retain less than a 100 per cent. interest (whether through an acquisition of shares or assets) in a particular Digital Infrastructure Investment and the remaining ownership interest will be held by one or more third parties, which could include other funds managed by the Triple Point Group. In such instances, the Group may acquire a controlling or non-controlling interest.

These investment arrangements may expose the Group to the risk that:

- co-owners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in the Group having to pay the co-owner's share or risk losing the investment;
- co-owners have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to the Group's interests and plans, which may create impasses on decisions and affect the Group's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Group and/or Investment SPVs or Investee Companies (as applicable) and co-owners of any Digital Infrastructure Investments, with any litigation or

arbitration resulting from any such disputes increasing expenses and distracting the Board and the Investment Manager from their other managerial tasks;

- co-owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the relevant Digital Infrastructure Investment which could result in the loss of income from that investment and may otherwise adversely affect the operation and maintenance of the Digital Infrastructure Investment;
- a co-owner breaches agreements related to the Digital Infrastructure Investment, which may cause a default under such agreements and result in liability for the Group (or, if applicable, the relevant Investment SPV or Investee Company);
- the Group (or, if applicable, the relevant Investment SPV or Investee Company) may, in certain circumstances, be liable for the actions of co-owners; and
- a default by a co-owner constitutes a default under financing documents relating to the Digital Infrastructure Investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Group.

Any of the foregoing may have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Ordinary Shares.

In circumstances where the Group does not hold a controlling interest in an Investee Company or Investment SPV through which the Company invests in Digital Infrastructure Investments, it may: (i) have limited influence; or (ii) be unable to block certain decisions made collectively by the majority equity holders or senior lenders. This may result in decisions being made about the relevant Digital Infrastructure Investment that is not in the interests of the Group. In such circumstances, the Group will secure its shareholder rights through contractual and other arrangements, to, inter alia, ensure that the Digital Infrastructure Investment is operated and managed in a manner that is consistent with the Company's investment policy. However, this lack of control may have a significant impact and may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Assets within the Group's portfolio of Digital Infrastructure Investments (including Aqua Comms) may place significant reliance on certain licensing arrangements with third parties (for example, a licence to use sections or parts of infrastructure where such section or part of the infrastructure or equipment is not owned by the Investee Company, or a licence in respect of property on which the infrastructure may be placed). The Group (or Investee Company, as applicable) may not have control over the entities granting such licences, and the loss or invalidation of such licence may lead to the Investee Company lacking in a key dependency, meaning that the Group is unable to earn revenue and may incur costs in respect of such Digital Infrastructure Investment. This may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

A slowdown in the growth of, or a reduction in demand for internet, data centre or cell network services could adversely affect the demand for Digital Infrastructure and could have a material adverse effect on the Company's and Aqua Comms' financial performance

Whilst the Company seeks to invest in a diverse portfolio of Digital Infrastructure, demand for the Company's and Aqua Comms' Digital Infrastructure assets is dependent on demand for internet, data, network or other telecom services and the continued development of the internet.

The use of the Digital Infrastructure Investments held by the Company (and, in the case of Aqua Comms, the assets that it owns and operates) must continue to be seen as a cost-effective way to satisfy end users' digital infrastructure needs. The extent to which Counterparties require the use of Digital Infrastructure assets may depend on a number of factors beyond the Company's (and in some cases Aqua Comms') control, including:

- continued development and expansion of the internet as a secure communications medium and marketplace for the distribution and consumption of data and video by businesses, consumers and governments;

- continued growth in cloud hosted services which use smart devices as a delivery platform and household broadband penetration in the markets in which Digital Infrastructure Investments (and Aqua Comms) operate;
- the level of multimedia content consumption and the growth of speed of data transfer;
- the adoption of digital patterns by the customers of Aqua Comms and the customers of other Investee Companies or Investment SPVs (including, among others, cloud data services and machine to machine communication);
- the evolution of data transmission prices, including declining bandwidth prices;
- the evolution of demand for private networks;
- the evolution of metropolitan network caching versus long-haul traffic;
- the availability and/or capacity of the infrastructure and associated land interests where the infrastructure is located required by Aqua Comms and other Digital Infrastructure Investments in which the Group invests;
- delays or changes in the deployment of next generation technologies or the failure by the Company (or Aqua Comms, as applicable) to anticipate the development of new technologies;
- the existence of alternative providers of the services provided by or in respect of the Company's Digital Infrastructure Investments (or Aqua Comms, as applicable) or, alternatively, the self-provision of services by Counterparties;
- a decrease in ultimate consumer demand due to economic conditions, disruptions of financial and credit markets or other factors, including inflation or deflation or zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof.

As a result of any of these factors, Counterparties may scale back their need or demand for services provided by Aqua Comms and other Digital Infrastructure Investments owned by the Group which could materially and adversely affect the degree of capacity utilisation of Aqua Comms' subsea infrastructure (or other Digital Infrastructure Investments owned by the Group such as data centres, wireless and terrestrial fibre, as applicable). A slowdown in the growth of, or a reduction in demand for, Digital Infrastructure could have a material adverse effect on the Company's (and Aqua Comms', as applicable) earnings and returns to Shareholders.

Competitive market

The Digital Infrastructure Investments in which the Company will invest (including Aqua Comms) operate in increasingly competitive environments, particularly with respect to pricing and market share, across their respective markets and segments, which may adversely affect the Company's (and Aqua Comms', as applicable) revenue and margins. In particular, Aqua Comms faces competition from various sources, such as other telecom companies, including locally based operators and global operators, and existing, newly developed, planned and consortium cable systems along certain of Aqua Comms' existing and planned network routes.

Depending on the relevant Counterparties, competing digital infrastructure (both existing, and new technologies, products and services that enter the market) may enjoy certain competitive advantages that Aqua Comms or other Digital Infrastructure Investments owned by the Group, as applicable, do not, such as having easier access to financing, greater personnel resources, fewer regulatory burdens or closer relationships with regulatory authorities. Competitors may also include government-owned entities in jurisdictions in which Aqua Comms or other Digital Infrastructure Investments owned by the Group, as applicable, operate. Where the Company invests in Digital Infrastructure Investments operating outside of their local jurisdiction (or, in the case of Aqua Comms, any of its assets are located or land in foreign jurisdictions), local operators may be able to leverage their knowledge of the local markets more efficiently. Some competitors may have fewer regulatory burdens with which they are required to comply because, amongst other reasons, they use different technologies to provide their services, are state-owned or partly state-owned or are otherwise not subject to the same obligations as Aqua Comms or other Digital Infrastructure Investments owned by the Group, as applicable. Any of

these competitive advantages may make it difficult for Aqua Comms or other Digital Infrastructure Investments owned by the Group, as applicable, to maintain their customers or grow their respective market share, which could negatively impact the Company (or Aqua Comms, as applicable) and the results of operations and financial condition.

Increasing competition in the digital infrastructure sector has also led, in certain markets, to declines in prices the operators of such assets are able to charge for the services provided, impacting on the profitability of a particular Digital Infrastructure Investment and, therefore, the value of that investment (similarly applicable to Aqua Comms and its assets).

Where Aqua Comms (or other Investee Companies or Investment SPVs which own Digital Infrastructure Investments which the Group invests in, as applicable) acts as lessor of its infrastructure, competitive pricing for tenants from competitors could materially and adversely affect lease rates and services income. Any competitive pricing pressure on leases could make it more difficult for Aqua Comms to make profit, or for the Group to make a return on the Digital Infrastructure Investments it invests in. In addition, this could have a material adverse effect on Aqua Comms' business, results of operations, financial condition and cash flows (or that of other Digital Infrastructure Investments owned by the Group, as applicable) and, as a result, the financial condition and cash flows of the Company.

The Company's ability to generate revenue from the Digital Infrastructure Investments in which it invests (and in the case of Aqua Comms, its ability to generate revenue) may be adversely affected by the actions of other owners and operators of digital infrastructure assets:

- lowering prices or increasing the quality of their services, features or content;
- developing and deploying of new or improved technologies, products and services;
- entering into business combinations or strategic alliances; or
- enhancing their networks.

Furthermore, many of Aqua Comms' customers are in the telecoms industry themselves and may have their own cable infrastructure or access to competing cable networks through which they may choose to route their traffic due to pricing, latency or diversity considerations. Similarly, customers of other Digital Infrastructure Investments owned by the Group may also be in a relevant industry which may enable them to utilise their own or competing infrastructure rather than the assets owned and operated by such Digital Infrastructure Investment.

To compete effectively, Aqua Comms and other Investee Companies or Investment SPVs which own Digital Infrastructure Investments which the Group invests in, as applicable, need to design and market their services successfully, maintain their infrastructure in good condition and anticipate and respond to various competitive factors affecting all of their markets and customers such as pricing strategies adopted by their competitors, emerging technologies, changes in consumer preferences and general economic and social conditions. Any failure to compete effectively could have a material adverse effect on Aqua Comms' results of operations, financial condition and prospects (or that of other Digital Infrastructure Investments owned by the Group, as applicable) and, as a result, the investments, financial condition and cash flows of the Company.

If Digital Infrastructure Investments (or, where applicable, Aqua Comms) do not continue to provide services that are useful and attractive to customers, the Company (and Aqua Comms, as applicable) may not remain competitive

The commercial success of the Digital Infrastructure Investments in which the Group invests (and Aqua Comms) depends on such assets providing attractive products and services to underlying customers on a timely basis and at a competitive cost. Digital Infrastructure Investments (including, specifically, Aqua Comms) are technology-intensive and the development or acceptance of new technologies may render the services using such infrastructure non-competitive, replace such services or reduce prices for such services. The digital infrastructure industry is characterised by an increasing pace of technological change in industry standards combined with ongoing improvements in the capacity and quality of technology to cater for changing customer needs and expectations. As new technologies develop, equipment or internal processes within the Digital Infrastructure Investments in which the

Group invests in (and which are owned and operated by Aqua Comms) may need to be replaced, upgraded or digitalised, and new licences may need to be acquired to sustain a competitive position.

To upgrade existing infrastructure in response to technological advances (and to ensure that the relevant Digital Infrastructure Investments (or Aqua Comms, as applicable) can handle increased numbers of customers and amounts of traffic), may require additional capital expenditures and access to related or enabling technologies to integrate new technology with existing technology. If the Group's investments in Digital Infrastructure Investments (including Aqua Comms) do not align with customer preferences or industry changes or if such investments are not adaptable so as to modify its service offerings or otherwise react to changing customer demands on a timely and cost-effective basis, this may result in a loss of customers who use such underlying digital infrastructure with a resulting impact on the value of such asset (potentially rendering it obsolete or materially changing the way in which a service or product is delivered).

Aqua Comms and other Investee Companies or Investment SPVs which hold Digital Infrastructure Investments, as applicable, also face the risk that their customers may not adopt the technologies they invest in. For example, as communication technologies continue to develop, competitors may be able to design subsea cable systems superior to those owned and/or operated by Aqua Comms, or that are perceived to be, substantially similar to or better than those Aqua Comms operates, or offer technologies that provide similar functionality with competitive prices and with comparable or superior quality. The Company (and Aqua Comms) cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies and infrastructure used by Digital Infrastructure Investments owned by the Group, including Aqua Comms, obsolete.

As digital infrastructure technology continues to develop, competing products and services may be able to offer products and services that are, or are perceived to be, substantially similar or better than those offered by the Digital Infrastructure Investments owned by the Group (or by Aqua Comms, as applicable). This could have a material adverse effect on the Company's (or Aqua Comms', as applicable) revenue streams and Net Asset Value.

Due diligence risks

Prior to making a Digital Infrastructure Investment, the Investment Manager will undertake commercial, financial, technical and legal due diligence on the relevant Digital Infrastructure Investment. Notwithstanding that such due diligence is undertaken, it may not uncover all of the material risks affecting such project and/or such risks may not be adequately protected against in the acquisition or investment documentation. The Group may acquire Digital Infrastructure Investments with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. Whilst the Company will seek appropriate warranty and, where applicable, indemnity protection when making acquisitions or investments, along with (where applicable) obtaining appropriate insurances, if an unknown liability was later asserted in respect of the relevant Digital Infrastructure Investment, the Group might be required to pay substantial sums to settle it or enter into litigation proceedings in circumstances where the protections did not adequately cover the liability, or where the Group is required to enter litigation proceedings to enforce its rights. This could adversely affect cash flow and the result of its investments.

Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the Digital Infrastructure Investment (including Aqua Comms, as applicable) and consequently a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Group will have reliance on due diligence reports prepared by professionals appointed by the Investment Manager in relation to a Digital Infrastructure Investment. There is a risk that, notwithstanding this reliance relationship, the relevant professional adviser has limited its liability or is otherwise able to avoid liability to the Company. Should that be the case, the Group may be unable to recover losses suffered as a result of its reliance on such professional adviser.

Construction risks for certain Digital Infrastructure Investments including Aqua Comms

Whilst the Group will seek to invest in Digital Infrastructure Investments which are predominantly operational assets (where the underlying assets and infrastructure have already been installed, and are already in operation), it is possible that new Digital Infrastructure Investments acquired by the Group could relate to assets, infrastructure or projects that are in the construction phase or the development phase. In the case of Aqua Comms, the Irish branch of the AEC-2 cable, Irish Sea Cable CC-2 and the North Sea Cable NSC are all in the construction phase.

Digital Infrastructure Investments that are in the construction or development phase (including those in relation to Aqua Comms, as identified above) may be exposed to certain risks, such as cost overruns, construction delay and construction defects that may be outside the control of the Group (or Aqua Comms, as applicable). The engineering, procurement and construction obligations relating to a Digital Infrastructure Investment in the construction or development phase will be undertaken by third party contractors, who will be outside the direct control of the Group (or Aqua Comms, as applicable). The Group (or Aqua Comms, as applicable) will seek to contract with contractors of good standing and with a strong track record, and will seek to ensure that any contract with such contractor, and the other contracts relating to the relevant project, will contain sufficient protections to ensure that the Group (or Aqua Comms, as applicable) will be adequately compensated should it suffer any losses due to any delays or defects in the completion of the relevant construction or development project, or if commissioning of the Digital Infrastructure Investment or asset is never completed.

Should completion of any project overrun (both in terms of time and budget), there is a risk that payments may be required to be made to (or withheld by) a Counterparty in relation to the late installation of the relevant assets and infrastructure. If the completion of construction or development overruns, it would also result in a delayed start of contractual payments due to the Group (or Aqua Comms, as applicable) from Counterparties, which could affect the Company's ability to achieve its target returns, depending on the nature and scale of such delay. In addition, any error or deviation from project specifications during the construction phase may lead to additional costs or expenses being incurred and could thus result in a lower profit in respect of the Digital Infrastructure Investment (or Aqua Comms, as applicable) and, hence, lower returns to the Company.

There can be no assurance, however, that the liability regimes in the relevant contracts with contractors will be sufficient to cover all of the losses incurred by the Group (or Aqua Comms, as applicable) where a project has overrun (both in terms of time and budget) or an error or deviation in project specifications has occurred, or that, following termination of the relevant contract (and other project agreements), the Group (or Aqua Comms, as applicable) will be able to recover all of its losses from the relevant Contractor. It is also possible that a Contractor may become insolvent or otherwise unable to pay its debts as they fall due, further restricting the Group's (or Aqua Comms', as applicable) ability to recover its losses.

If no compensation from the relevant Contractor (or any guarantor) can be obtained by the Group (or the company in which the Group has invested or Aqua Comms, as applicable), the anticipated returns of the Group may be adversely affected. Further, if a Contractor is liable to repair or remedy any construction defect, there is a risk that such Contractor will not carry out such repair or remedy by the agreed deadline or at all and/or the relevant defects may not be sufficiently covered by warranty. Even if such defects are covered by warranty, there is also a possibility that such defects may only occur after the warranty period expires, or that the relevant damages exceed the scope of the warranty and therefore cannot be fully recovered.

Additional costs and expenses, delays in construction or carrying out repairs, lack of warranty cover and/or operational failures or malfunction in connection with a Digital Infrastructure Investment (or Aqua Comms (or one or more of its assets), as applicable) may have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Unsuccessful transaction costs

There is a risk that the Group or any Investment SPV, Investee Company (or Aqua Comms, as applicable) may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

The Company may acquire Digital Infrastructure Investments through one or more Investment SPVs or Investee Companies

The Company may acquire Digital Infrastructure Investments indirectly through intermediate holding companies and Investment SPVs or through investing in an Investee Company (for example, its investment in Aqua Comms). While such investments will provide the Company diversification on a look-through basis, the Company will be exposed to certain risks associated with the vehicles as a whole which may affect its return profile. For example:

- any change in the laws and regulations including any tax laws and regulations applicable to the Investment SPV, Investee Company or to the Company in relation to the receipts from any such Investment SPV or Investee Company may adversely affect the Company's ability to realise all or any part of its interest in Digital Infrastructure Investments held through such structures;
- any failure of an Investment SPV or Investee Company or its management to meet their respective obligations may have a material adverse effect on the Digital Infrastructure Investments held through such structures (for example, triggering breach of contractual obligations) and the Company's exposure to the investments held through such structures and/or the returns generated from such Digital Infrastructure Investments for the Company. This could, in turn, have a material adverse effect on the performance of the Company and affect its ability to achieve its investment objective; or
- when acquiring a Digital Infrastructure Investment through an Investment SPV, there may be contractual rights (such as pre-emption rights) accruing to third parties, not necessarily fully identified through due diligence, that may be subject to subsequent challenge impacting the Company's rights.

Further, where assets are acquired through indirect investments as described above, the value of the Investment SPV structure or Investee Company may not be the same as the value of the underlying asset due, for example, to tax, contractual, contingent and other liabilities, or structural considerations. To the extent that valuations of the Company's investments in Investment SPVs, Investee Companies or other investment structures prove to be inaccurate or do not fully reflect the value of the underlying assets, whether due to the above factors or otherwise, this may have a material adverse effect on the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Inflation

Inflation may be higher or lower than expected. The revenue and expenditure in relation to certain Digital Infrastructure Investments (or Aqua Comms, as applicable) may be partially index-linked and therefore any discrepancy with the Company's (or Aqua Comms', as applicable) inflation expectations could impact positively or negatively on the valuation of the Company's (or Aqua Comms', as applicable) assets. From a financial modelling perspective, an assumption is usually made that inflation will exist at a long-term rate. The effect on revenue and price projections and more generally on investment returns, if inflation overshoots or undershoots the original projections for this long-term rate, is dependent on the nature of the underlying project earnings and any indexation provisions agreed with the relevant Counterparty on any project. The consequences of higher or lower levels of inflation than those assumed by the Company will not be uniform across the portfolio of Digital Infrastructure Investments. An investment in the Company cannot be expected to provide protection from the effects of inflation or deflation. In the event that actual inflation differs from forecasts or projected levels, this could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

RISKS RELATING TO THE ONGOING OWNERSHIP, OPERATION AND MAINTENANCE OF DIGITAL INFRASTRUCTURE ASSETS, INCLUDING IN RELATION TO AQUA COMMS

Issues may arise with Counterparties that could affect their ability to make contractual payments

As the Company's revenue will be derived from its portfolio of Digital Infrastructure Investments, which will typically involve long-term contracts, the Group will be exposed to the financial strength of the Counterparties to the relevant Investee Company or Investment SPV (as applicable) and the ability of

such Counterparties to meet their contractual payment obligations. This also applies to Aqua Comms in respect of its Counterparties.

Prior to investing in a Digital Infrastructure Investment, the Investment Manager will undertake an extensive due diligence review to assess the creditworthiness of a Counterparty and its ability to meet its contractual payment obligations to the Investee Company or the Group (including any Investment SPV). In addition, as part of the structuring of an investment, the Investment Manager will look to build in suitable mechanisms to protect the Group's income stream from the relevant Digital Infrastructure Investment, which may include parent guarantees and liquidated damages payments on termination. The Group's exposure to defaults may be further mitigated by contracting with Counterparties who may be public sector or quasi-public sector bodies or able to draw upon government subsidies to partly fund contractual payments or may be companies listed in the FTSE 350 index (or equivalent) or investment-grade rated.

Further, the number of Counterparties in respect of a particular Investee Company or Digital Infrastructure Investment may be significantly diversified so as to reduce the impact of a default by any one Counterparty. For example, whilst Aqua Comms is exposed to the risk of Counterparties failing to meet contractual obligations, this is mitigated by the fact that Aqua Comms has a substantial number of Counterparties, most of which are investment-grade. Whilst all of these steps will be taken to mitigate the risk of a default in payment by a Counterparty, there can be no assurance that issues will not arise in relation to a Counterparty that will lead to such a payment default occurring.

Such a default may be temporary or permanent, and may include the insolvency of the Counterparty that may lead to the early termination of a material contract concerning the Digital Infrastructure Investment before the end of its contractual term. The failure by a Counterparty to pay the contractual payments due to an Investee Company (including Aqua Comms) or an Investment SPV, or the early termination of a material contract or project concerning the Digital Infrastructure Investment due to insolvency, may materially affect the value of the Company's portfolio of Digital Infrastructure Investments and could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Risks relating to the provision of interrupted or poor quality services as a result of the failure of infrastructure, equipment and/or third party networks

The success of the Digital Infrastructure Investments owned by the Group, including Aqua Comms, depends on the efficient, uninterrupted and high quality operation of their respective systems and the satisfaction of customers. Aqua Comms' service offerings are (and those of other Digital Infrastructure Investments owned by the Group will be) often complex and depend on the successful integration of sophisticated in-house and third-party technologies and services, which must meet stringent quality requirements.

In particular, the operation, administration, maintenance and repair of Aqua Comms' infrastructure, particularly its undersea network's systems, requires the coordination and integration of sophisticated and highly specialised hardware and software technologies and equipment, all of which require significant operating expenses and capital expenditures, as well as highly-qualified personnel with the relevant technical know-how. The failure of the hardware or software to function as required could render a undersea cable system unable to perform at design specifications or at all, resulting in their respective obsolescence or shorter useful life than estimated, all of which could have a material adverse effect on Aqua Comms' business, results of operations, financial condition and cash flows. Aqua Comms' infrastructure and network are subject to the risks inherent in large-scale, complex undersea fibre-optic telecom systems including design defects, equipment breakdowns, security breaches, computer viruses and physical damage to undersea cables and other equipment. The network operated by Aqua Comms includes submarine cables and these network assets are at risk of damage from the sea, including from other seabed users (and accessing damaged cables is complex and expensive). Damage to elements of Aqua Comms' undersea cable systems may lead to a shorter design life than anticipated which could require the Company or Aqua Comms, as applicable, to invest additional capital which it may not have provisioned for, to repair its systems. Similar risks would apply to the Group's investment into any other Investee Company or Digital Infrastructure asset (via an Investment SPV) which owns and/or operates one or more undersea cable systems.

If the infrastructure and equipment installed as part of a Digital Infrastructure Investment (including Aqua Comms) fails, this could give rise to remediation rights for the Counterparty under the relevant Digital Infrastructure Investment or Aqua Comms asset, as applicable.

In addition, the contractual arrangements governing Digital Infrastructure Investments (including Aqua Comms' assets) may also include key performance indicators ("KPIs"), against which the performance of the assets and infrastructure will be measured. Where such KPIs are not met, the Counterparty may be entitled, pursuant to the terms of its contract with the Digital Infrastructure Investment, to withhold part or all of the contractual payment payable to the Digital Infrastructure Investment or to terminate the relevant contract for the default of the Digital Infrastructure Investment.

In order to mitigate this risk, the Investment Manager (or Aqua Comms, as applicable) will procure that the Digital Infrastructure Investments in which the Group invests (or Aqua Comms, as applicable) use proven technologies, typically backed by manufacturer warranties, when installing applicable machinery and equipment. However, in the event that such machinery and equipment fails and the Counterparty is entitled to exercise its remediation rights (such as withholding payment of some or all of the contractual payments), and if the mitigating actions taken by the Investment Manager or Digital Infrastructure Investment should prove insufficient to cover the cost of such remediation action (including due to the insolvency or otherwise of a Contractor or its guarantor), this will affect the returns generated by the relevant Digital Infrastructure Investment which is likely to have a material adverse effect on the value of the portfolio and could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

In addition, in the event that the machinery and equipment to be used by a Digital Infrastructure Investment owned by the Group (or Aqua Comms, as applicable) does not operate for the period of time assumed by the Investment Manager (or Aqua Comms, as applicable) or requires significantly more maintenance expenditure than assumed, it could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms, as applicable) earnings and returns to Shareholders.

While Digital Infrastructure Investments owned by the Group (and Aqua Comms, as applicable) will endeavour to obtain appropriate commitments from third party suppliers, to the extent that a Digital Infrastructure Investment (including Aqua Comms, as applicable) relies upon any third party networks, a failure in such networks could give rise to a liability of the Investee Company (or Aqua Comms, as applicable) under its customer agreements which could, in turn, have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

In considering the acquisition of data centre assets, in particular, the Company will attempt only to purchase assets with long-term energy power purchase agreements that are close to power stations and have redundant grid connections. However, the risk exists that energy from the National Grid will not be sufficient to meet the needs of the data centre.

Interruptions in service or performance problems could also undermine confidence in the services of Aqua Comms (or a Digital Infrastructure Investment owned by the Group, as applicable) and cause it to lose customers or make it more difficult to attract new ones. Because many of Aqua Comms' services are (and the other Digital Infrastructure Investments owned by the Group will be) critical to the businesses of many of their customers, any significant interruption in service could result in lost profits or other losses to customers who in turn could attempt to recover such losses from Aqua Comms (or other Digital Infrastructure Investments owned by the Group, as applicable). Should Aqua Comms (or other Digital Infrastructure Investments owned by the Group, as applicable) fail to meet its obligations under its contracts, Aqua Comms (or other Digital Infrastructure Investments owned by the Group, as applicable) could be subject to liability claims or litigation for damages related to any service disruptions derived therefrom. If such litigation were to arise, regardless of its outcome, it could result in substantial expenses, significantly divert the efforts of Aqua Comms' technical and management personnel (or that of other Digital Infrastructure Investments owned by the Group, as applicable) and disrupt or otherwise severely and negatively impact its relationships with current and potential customers and the reputation of Aqua Comms (or other Digital Infrastructure Investments owned by the Group, as applicable) and/or the Company, as applicable. As a result, a service disruption or any reliability or quality issues and their

consequences could have a material adverse effect on the Company's (or Aqua Comms', as applicable) business, results of operations, financial condition and cash flows.

Risk relating to breaches of security

Digital Infrastructure Investments, in particular data centre assets, may be vulnerable to security breaches which could include unauthorised access to computer systems, loss or destruction of data, computer viruses, malware, distributed denial-of-service attacks or other malicious activities. These threats may result from human error, equipment failure or fraud or malice on the part of employees of the Investee Company, any operator or service provider or other third parties. A party who is able to compromise the security measures on a network or the security of a Digital Infrastructure Investment's infrastructure could misappropriate either that company's proprietary information or the personal information of its customers or its employees, or cause interruptions or malfunctions in its operations or its customers' operations. Further, as customers using Digital Infrastructure typically rely on the assurance of high levels security, such compromise could be harmful to the brand and/or reputation of the relevant Investee Company, the Investment Manager and any operator or service provider and, by association, the Company.

Significant capital and resources may be required to protect against such threats or to alleviate problems caused by breaches in security. As techniques used to breach security change frequently and are generally not recognised until launched against a target, the relevant Investee Company, the Investment Manager, or any operator or service provider may not be able to detect that a cyber breach has occurred promptly, or implement security measures in a timely manner or, if and when implemented, it may not be able to determine the extent to which these measures could be circumvented. Any breaches that may occur could expose the Investee Company and, potentially, the Group, to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, damage relating to loss of proprietary information, harm to the reputation of the Investee Company and/or the Company and increases in security costs, which could have a material adverse effect on the financial performance and operating results of the Digital Infrastructure Investment. While an Investee Company will likely maintain insurance coverage for cyber risks, such coverage may be unavailable or insufficient to cover its losses.

The occurrence of a security breach could disrupt the operations of the relevant Digital Infrastructure Investment and/or the cost of preventing breaches to security and in turn could have a material adverse effect on the Company's results of operations, financial condition and cash flows.

Risks relating to Counterparties terminating contracts or not renewing contracts

As the Company's revenue will be derived from its portfolio of Digital Infrastructure Investments, which typically involve long-term contracts, the Group will be exposed to the risk of Counterparties being able to terminate any such agreements at will, under the terms of the relevant contract. In addition, the Group will be exposed to the risk that Counterparties do not renew contracts where they expire, or will only renew such contracts on terms that are less favourable to the Group, the relevant Investment SPV or Investee Company (or Aqua Comms, as applicable).

Prior to investing in a Digital Infrastructure Investment, the Investment Manager will undertake due diligence to assess the material contracts in place, including termination provisions and whether any such contracts are close to termination. Where possible, the Investment Manager will seek to build in suitable mechanisms to protect the Group's income stream. Further, the number of Counterparties in respect of a particular Digital Infrastructure Investment may be significantly diversified so as to reduce the impact of a Counterparty terminating an agreement at will, or deciding not to renew such contract on expiry (as is the case for Aqua Comms). The risk will be higher where a relevant Digital Infrastructure Investment has a concentrated number of material customers.

This could result in a material effect on the Group's revenue stream, resulting in a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's earnings and returns to Shareholders.

The need to obtain additional capacity for Aqua Comms' network (or that of other Digital Infrastructure Investments owned by the Group, as applicable) from other providers and interconnect with networks controlled by others will increase its costs

Aqua Comms uses network resources owned by other companies for portions of its network by leasing and operating a variety of sources of network connectivity, including backhaul networks, international backbone networks, domestic networks and local access networks, to provide service coverage beyond the reach of its networks. Aqua Comms obtains the right to use such network portions, including both telecom capacity and rights to use dark fibre, through operating leases and indefeasible right of use ("IRU") agreements. The other party will typically be responsible for network maintenance and repair in some leases and IRU agreements. If such party suffers financial distress or bankruptcy, Aqua Comms may not be able to enforce its rights to use these network assets or, even if Aqua Comms could continue to use these network assets, it could incur material expenses related to maintenance and repair. Aqua Comms could also incur material expenses if it were required to locate alternative network assets. Aqua Comms may not be successful in obtaining reasonable alternative network assets if needed. Failure to obtain usage of alternative network assets, if necessary, could have a material adverse effect on Aqua Comms' ability to carry on business operations. In addition, some of its agreements with other providers require the payment of amounts for services whether or not those services are used. Similar risks may apply to other Digital Infrastructure Investments owned by the Group in the future which own and/or operate one or more digital network systems.

Costs of obtaining service from other communications carriers comprise a significant proportion of the operating expenses of long-distance carriers. Similarly, a large proportion of the costs of providing international service consists of payments to other carriers. Changes in regulation, particularly the regulation of local and international telecom carriers and local access network owners, could indirectly, but significantly, affect Aqua Comms' competitive position (or that of other Digital Infrastructure Investments owned by the Group, as applicable). These changes could increase or decrease the costs of providing Aqua Comms' services (or those of other Digital Infrastructure Investments owned by the Group, as applicable), which could have a material adverse effect on the Company's (or Aqua Comms', as applicable) business, results of operations, financial condition and cash flows.

Maintenance risks for Digital Infrastructure Investments

The Investment Manager, on behalf of the Group, will seek to procure that an appropriate maintenance programme for each Digital Infrastructure Investment is implemented (as Aqua Comms has done in respect of its assets) where Contractors with a strong track record will be appointed to carry out such maintenance pursuant to a maintenance contract. Typically, the maintenance contract will contain back-to-back KPIs against the same performance criteria contained in the correlating Digital Infrastructure Investment, to enable the Investee Company (including Aqua Comms, as applicable) to pursue the Contractor, often on a liquidated damages basis, for any loss of revenue caused by a failure to meet all KPIs. Typically, the maintenance contract will also contain back-to-back termination provisions and termination payments to enable the relevant Investment SPV or Investee Company (or Aqua Comms, as applicable) to recover costs and losses associated with early termination from the Contractor.

The Investment Manager (or Aqua Comms, as applicable) will also seek to ensure appropriate guarantees from the vendors of the relevant machinery and equipment used by a Digital Infrastructure Investment in favour of the Investee Company (or Aqua Comms, as applicable) are in place. The Investment Manager (or Aqua Comms, as applicable) will seek to ensure that the maintenance contracts will match the life of such guarantees.

However, there can be no assurance that the steps taken will be sufficient to extinguish entirely any risk that the machinery and equipment may fail, and there can be no assurance that the protections contained in the relevant maintenance contract (or any other mitigating actions taken by the Investment Manager, the Group, an Investment SPV or Investee Company (or Aqua Comms, as applicable)) will be sufficient to cover any loss suffered in connection with the Digital Infrastructure Investment (or Aqua Comms, as applicable). For example, the Investment Manager may not be able to procure that the KPIs and the liability and termination regimes contained in the contractual arrangements governing a Digital Infrastructure Investment are entirely aligned with the equivalent protections contained in the relevant maintenance contract. Moreover, there is the risk that the contractor (or its guarantor) becomes insolvent or is otherwise unable to pay its debts as they fall due (in spite of its strong track record), and is therefore unable to pay the damages set forth in the relevant maintenance contract.

In addition, contractors may be required to hold a variety of licences in order to perform their services under the relevant maintenance contract. Should the contractors or their subcontractors not be able to obtain (or lose) any requisite licence, this may delay the maintenance of the relevant project infrastructure.

The same contractors may be appointed in respect of more than one Digital Infrastructure Investment as Aqua Comms has appointed the same contractors in respect of its assets. These multiple appointments create a concentration risk that would magnify the quantum of any losses should that contractor (or its guarantor) become insolvent or otherwise be unable to fulfil its obligations under each of the relevant maintenance contract. The concentration risk is particularly relevant to Aqua Comms and any further investments by the Group in subsea cables as there are a limited number of contractors who can provide marine maintenance, being the companies that manufacture cables and own the ships.

A failure in the performance of a Contractor may therefore have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Aqua Comms (or other Digital Infrastructure Investments owned or invested in by the Group, as applicable) may not be able to renew long term leases in respect of land on which its assets (or those of other Digital Infrastructure Investments owned by the Group, as applicable) are situated

Where the Group acquires Digital Infrastructure Investments which include the occupation of land subject to a long lease, there may be a risk if the relevant Investment SPV or Investee Company is not able to renew the terms of such long term leases. This also applies to Aqua Comms in respect of its assets. This could mean that Aqua Comms or the relevant Investment SPV or Investee Company, as applicable, is no longer able to maintain part or all of its assets or equipment at that site and may result in substantial costs in relocating such assets or equipment, if possible, or a loss of revenue from Counterparties for any period in which the assets are not in use. This could have a material adverse effect on the Company's (or Aqua Comms', as applicable) earnings, the Net Asset Value and returns to Shareholders. Aqua Comms mitigates this risk by aligning, where possible, long term leases with the expected useful life of its infrastructure assets.

Events outside the control of Aqua Comms (or other Digital Infrastructure Investments owned by the Group, as applicable) may give a Counterparty the right to reduce its contractual payments

In addition to deductions from the contractual payments as a result of failure to meet KPIs, the contractual arrangements governing Aqua Comms' assets or a Digital Infrastructure Investment, as applicable, may link the quantum of the contractual payments to the availability output or efficiency of the project's assets and infrastructure. While Aqua Comms (or other Digital Infrastructure Investments owned by the Group, as applicable) may appoint a Contractor to maintain the infrastructure, events outside of the control of the Contractor or Aqua Comms, (or other Digital Infrastructure Investments owned by the Group, as applicable) such as unfavourable or extreme climate or environmental events (such as floods or fire) or loss of demand from the Counterparty, could result in the infrastructure underperforming or failing. The occurrence of such events could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Environmental risks

The activities of Aqua Comms are, and other Digital Infrastructure Investments the Group invests in will be, subject to various environmental laws and regulations in relevant jurisdictions which may have an impact on their activities. While environmental factors will be a key consideration in respect of the Group's investments into Digital Infrastructure Investments (including its investment in Aqua Comms), it is not possible to predict accurately the effects of future changes in such laws or regulations on the performance of Aqua Comms or other Digital Infrastructure Investments. There can be no assurance that environmental costs and liabilities will not be incurred in the future. In addition, environmental regulators may seek to impose injunctions or other sanctions on a Digital Infrastructure Investment's operations due to changes in laws or regulations that may have a material adverse effect on its financial condition.

To the extent that environmental liabilities arise in the future in relation to any sites owned or used in connection with a Digital Infrastructure Investment or Aqua Comms, as applicable, including, but not limited to, clean-up and remediation liabilities, depending on the contractual arrangements, the relevant Investment SPVs, Investee Companies or Aqua Comms, as applicable, may be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the Digital Infrastructure Investment(s) or Aqua Comms, as applicable. Environmental risks not otherwise overcome are mitigated, where possible, by taking out appropriate insurance cover. However, if insurance is not available, or if for whatever reason the policy does not pay out, any such financial contributions may have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Risks relating to health and safety

The physical location, construction, maintenance and operation of an asset within the Group's Digital Infrastructure Investment portfolio (or, as applicable, an asset of Aqua Comms), may pose health and safety risks to those involved with or in the vicinity of the assets. Construction and maintenance of the underlying assets within the Digital Infrastructure Investments (or, as applicable, an asset of Aqua Comms) may result in bodily injury, industrial accidents, and even death. If an accident were to occur in relation to one or more of the Group's Digital Infrastructure Investments (or Aqua Comms, as applicable), the Group, the relevant Investment SPV or Investee Company (or Aqua Comms, as applicable) could be liable for damages or compensation to the extent such loss is not covered under existing insurance policies. Health and safety concerns and/or accidents could also result in the suspension (either temporary or long-term) of operations of one or more specific assets within the portfolio of Digital Infrastructure Investment or Aqua Comms, as applicable, which will reduce the revenue of the Group (or Aqua Comms, as applicable) deriving from the relevant asset. Liability for damages or compensation in relation to accidents and/or suspension of operations could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

The Group or Aqua Comms may suffer losses in excess of insurance proceeds, if any, or from uninsurable events

An asset within the Company's portfolio of Digital Infrastructure Investments (or an asset owned by Aqua Comms, as applicable) may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages. In particular, environmental conditions (such as floods or storms) may cause damage to facilities or even a total loss of equipment. In addition, the relevant Investment SPV or Investee Company (or Aqua Comms, as applicable) could be liable to Counterparties for any losses they may have suffered as a result. Any material uninsured losses may materially affect the value of the Group's portfolio of Digital Infrastructure Investments (or Aqua Comms, as applicable) and could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

RISKS RELATING TO THE GROUP'S DISPOSAL OF DIGITAL INFRASTRUCTURE INVESTMENTS, INCLUDING IN RELATION TO AQUA COMMS

The Digital Infrastructure Investments which the Group will invest in (including Aqua Comms) are inherently illiquid in nature

The Group will acquire Digital Infrastructure Investments (including Aqua Comms, which owns and/or operates a portfolio of subsea cable networks. Such investments are illiquid, they may be difficult for the Group (or Aqua Comms, in the event it wished to dispose of any of its assets) to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant Digital Infrastructure Investment (or Aqua Comms asset, as applicable). The inability of the Group to exit a Digital Infrastructure Investment (or Aqua Comms to sell one or more of its assets, as applicable) in good time or for a price that it considers to represent the fair value of such investment could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

The Company and Aqua Comms may be subject to liability following the disposal of assets

The Company may be exposed to future liabilities and/or obligations with respect to Digital Infrastructure Investments that it sells (which may also be applicable to Aqua Comms in respect of assets it sells (if any)). The Company (or Aqua Comms, as applicable) may be required, or may consider it prudent, to set aside provisions for warranty claims or contingent liabilities in respect of the disposal of Digital Infrastructure Investments (or Aqua Comms' assets, as applicable). The Company (or Aqua Comms, as applicable) may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Company (or Aqua Comms, as applicable) breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Company (or Aqua Comms, as applicable) may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any claims, litigation or continuing obligations in connection with the disposal of any Digital Infrastructure Investments (or Aqua Comms assets, as applicable) may subject the Company (or Aqua Comms, as applicable) to unanticipated costs and may require the Investment Manager (or the Aqua Comms management team, as applicable) to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

RISKS RELATING TO THE INVESTMENT MANAGER

Reliance on the Investment Manager

Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend on the Investment Manager's ability to identify, acquire and realise Digital Infrastructure Investments (as the case may be) in accordance with the Company's investment objective. This, in turn, will depend on the ability of the Investment Manager to identify and complete the purchase of or investment in suitable Digital Infrastructure Investments for the Group. There can be no assurance that the Investment Manager will be able to do so or that it will enable the Company to invest on attractive terms or generate any investment returns for Shareholders or avoid investment losses. To assist in countering this risk, the Investment Manager will enter into the Development Agreement pursuant to which the Investment Manager (on behalf of the Company) will benefit from a right of first refusal in respect of potential Digital Infrastructure Investments sourced or developed by Devco, a wholly owned subsidiary of Aqua Ventures. Whilst in place, the Development Agreement will provide a useful source of Digital Infrastructure investment opportunities but there is a risk that a breach by either party may lead to termination of that agreement which would in turn make it necessary to find new/additional sources of pipeline. It is noted that the Investment Manager will at all times seek to ensure it forms relationships with parties who can provide Digital Infrastructure investment opportunities but initially there is expected to be increased reliance on the Development Agreement.

The performance of the Company depends on the ability of the Investment Manager to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager will be able to provide such services or that the Company will be able to make investments on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The Company depends on the diligence, skill, judgement and business contacts of the Investment Manager's investment professionals and the information and deal flow they generate and communicate to the Company during the normal course of their activities. The Company's future success depends on the continued service of these individuals (or their replacements from time to time) who are not obligated to remain employed with or consultants of the Investment Manager, and the Investment Manager's ability to recruit and retain personnel. A failure of the Investment Manager to retain or recruit appropriately qualified personnel may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

If the Investment Management Agreement is terminated, the Directors would have to find a replacement investment manager for the Company and there can be no assurance that a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company.

The resources of the Investment Manager are not solely dedicated to activities in which the Company is engaged and the Investment Manager will allocate resources to activities in which the Company is not engaged, which might have a negative impact on the Company's ability to achieve its investment objective

The Investment Manager is not required to commit all of its resources (or ensure continuity of any of its resources or that any of its resources are solely dedicated) to the Company's affairs and may allocate its resources to other business activities. Insofar as the Investment Manager devotes resources to its responsibilities in relation to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Investment Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of their activities on behalf of the Company

The Investment Manager and its officers, employees and consultants are involved in other activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager and its officers, employees and consultants may from time to time act for other clients or manage or advise other funds, which may have similar investment objectives and policies to that of the Company. In accordance with the Investment Management Agreement, in the event of a conflict between the Company and the Investment Manager, the Investment Manager is obliged to take reasonable steps to ensure that the conflict is resolved fairly, in accordance (so far as applicable in the circumstances) with applicable FCA rules. If these conflicts of interest are managed to the detriment of the Company by the Investment Manager, they could have a material adverse effect on the performance of the Company, the Net Asset Value and the price of the Ordinary Shares.

The past performance of funds managed by the Investment Manager is not an assurance or an indication of the future performance of the Company

The information contained in this document relating to the prior performance of funds managed by the Investment Manager and other members of the Triple Point Group is being provided for illustrative purposes only and is not indicative of the future performance of the Company. In considering the prior performance information contained in this document, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.

RISKS RELATING TO REGULATION, TAXATION AND THE OPERATING ENVIRONMENT OF THE COMPANY AND AQUA COMMS

Regulatory risks and risks relating to obtaining and maintaining relevant permits and licences

The Group intends to acquire Digital Infrastructure Investments which operate in a highly regulated sector and which will be subject to the different regulatory regimes of all the countries in which they operate which is currently the case for Aqua Comms. For example, the laying of submarine cables is subject to marine licences (including landing permits, seabed authorisations and easements) from all the countries that are connected by Aqua Comms' network. Furthermore, Aqua Comms operating a network and providing services in each of these countries will be subject to a licence/authorisation. The Group's investments (including Aqua Comms) will therefore be subject to regulatory enforcement (where applicable), and compliance obligations by various national regulatory authorities in each of these countries. Failure to comply with the applicable laws and regulations (including, for instance, the use of components in data centres which are not approved by the relevant regulatory authorities or for which approval is subsequently withdrawn) could lead to fines and/or a revocation of the applicable licence/authorisation. The provision of services in connection with Digital Infrastructure Investments (including Aqua Comms) will therefore be heavily dependent on their continued compliance with regulations applicable to them in each of these jurisdictions.

Certain Digital Infrastructure Investments (including Aqua Comms) may require licences from regulatory bodies, planning permissions and/or environmental permits (and other similar permissions and permits) regulating the design, build and operation of the relevant project infrastructure. Failure to obtain such permissions, permits or consents and/or a failure to comply with their requirements may lead to delay to construction or a suspension of operation, and increased costs and an inability to continue construction or operation of the assets the subject of the relevant Digital Infrastructure Investment (or Aqua Comms' assets, as applicable).

In addition, certain payments to be made to an Investee Company or Investment SPV owned by the Group in relation to some Digital Infrastructure Investments may be in the form of government incentive payments, which require the relevant project to comply with relevant regulations on an ongoing basis in order to receive the payments.

A failure to comply with applicable regulations or to obtain and/or maintain a relevant permit or licence may result in sanctions from the applicable regulator including fines and/or revocation of the authorisation. This could result in the relevant infrastructure (and in the case of Aqua Comms, one or more cables) ceasing to be operable and possibly subject to decommissioning requirements. As such licences or permits are fundamental to the operation of Digital Infrastructure Investments, a loss of licence would threaten, if not limit, revenue streams. This may, in turn, have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Merger regulation

The Competition and Markets Authority ("**CMA**") in the UK can review acquisitions by companies if the target being purchased has a UK turnover in excess of £70 million or if the transaction leads to an increment of a share of supply of 25 per cent. or more of particular goods and services in the UK. Several other jurisdictions in Europe have merger rules mostly based on turnover of the parties. Authorities can clear a merger, approve it with conditions or, if there are serious competition issues, prohibit it.

Whilst the Company's investment policy is to invest in a diversified range of Digital Infrastructure assets, if the Company were to achieve in the UK the 25 per cent. threshold, through the acquisition of several assets, an acquisition would fall within the CMA's jurisdiction. This would equally apply to qualifying investments or acquisitions by Aqua Comms in the UK. The Company could make a voluntary notification to the CMA to obtain clearance before proceeding with the transaction, however, the Company may incur substantial costs before obtaining clearance, also resulting in delays to deal execution or, in the worst case, may be notified that any such acquisition is prohibited. This could materially adversely affect the performance of the Company, its Net Asset Value and returns to Shareholders if it becomes unable to deploy funds on identified Digital Infrastructure Investments in the future.

National Security and Investment Bill may result in delays to the execution of transactions which fall within its scope or, in some cases, the imposition of conditions

On 11 November 2020, the UK Government introduced the National Security and Investment Bill which will create a new mandatory regime for notifying transactions in certain sectors (including communications and data infrastructure) to the Secretary of State for Business, Energy and Industrial Strategy. The Secretary of State may, if it has concerns that such transaction presents national security issues, call in the transaction for assessment resulting in either the approval of the transaction (with or without conditions) or a prohibition or ultimately unwinding of the transaction. The regime also has extraterritorial effect, covering acquisitions of non-UK entities if those entities carry out activities in the UK, or supply goods or services to persons in the UK. The UK Government has consulted on the appropriate definition for each of the 17 sectors included within the scope of the Bill and although it has narrowed down the definitions, it seems that a large number of acquisitions within the communications and data infrastructure space will be subject to mandatory notification. Although the Bill has not yet become law, the UK Government will have the power to retroactively call in and review transactions that have occurred from 12 November 2020 for a period of five years if they raise national security issues. At present, the Bill is expected to become law in the Autumn of 2021. The regime may result in delays in executing transactions where a notification is required, particularly if there is a potential national security issue (which could potentially be relevant to future acquisitions by the Group or Aqua Comms).

depending on the nature of such assets or business). In some instances, the new regime may result in the imposition of conditions in order to complete transactions, or in the worst case, a prohibition on certain transactions where there is a national security concern. This would have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders if there are material delays in, or if it is unable to invest capital in Digital Infrastructure Investments.

UK exit from the European Union

The UK voted in favour of withdrawing from the EU in a referendum on 23 June 2016 and on 31 January 2020 the UK formally ceased to be a member of the EU ("**Brexit**"). Upon its departure, pursuant to an agreement reached between the UK and the EU, a transition period came into effect until 31 December 2020, during which period EU law continued to be applicable to and in the UK. That transition period has now ended.

Notwithstanding the trade agreement concluded on 24 December 2020 between the EU and the UK governing certain aspects of their relationship after Brexit (the "**UK – EU Trade and Cooperation Agreement**"), Brexit is likely to result in ongoing political, legal and economic uncertainty in the UK and wider European markets. In particular, the economies of the UK and EU Member States, and individual businesses operating in one or more of those jurisdictions, may be adversely affected by the restrictions on the ability to provide cross-border services from the UK into the EU and vice versa; the introduction of non-tariff (and, in the future, potentially tariff) barriers; customs checks and/or duties; changes in tax (including withholding tax); restrictions on the movements of employees and restrictions on the transfer of personal data.

There are likely to be changes in the legal rights and obligations of commercial parties across all industries following the UK's exit from the EU despite the UK – EU Trade and Cooperation Agreement. Depending on the shape of the future relationship between the UK and the EU in relation to financial services, Brexit may have a significant adverse effect on the ability of the Company to raise capital from EU investors and for the Group and/or Aqua Comms to acquire assets or pursue investment opportunities in the EU in future. UK regulatory requirements for the Digital Infrastructure sector and data communications could be also be subject to change, which could place an additional compliance burden on the Group and/or Aqua Comms and/or any Investee Company or Investment SPV.

Economic turbulence arising out of the changes in the relationship between the UK and EU, including under the terms of the UK – EU Trade and Cooperation Agreement, could adversely affect the Group's Digital Infrastructure Investments (including Aqua Comms), the performance or value of the Group's Digital Infrastructure Investments (or Aqua Comms, as applicable) and the ability of the Group to fulfil its investment objectives (especially where it has invested in Digital Infrastructure Investments that have relied on access to the single market, that have benefited from harmonised regulation or whose value is otherwise affected adversely by the UK's future relationship with the EU).

The Group, Aqua Comms and other Digital Infrastructure Investments may be subject to certain epidemic-related risks, such as the coronavirus (Covid-19)

Whilst the Covid-19 pandemic has accelerated projected internet usage which in turn has caused greater immediate demand for Digital Infrastructure, the operation, maintenance and performance of Digital Infrastructure Investments in which the Group may acquire in the future (and the operations of Aqua Comms), may be affected by the impact on the global economy and businesses that Covid-19 (or another pandemic or epidemic) is currently having or may have in the future. It is possible, for example, that the production and supply of equipment necessary in the construction or maintenance of Digital Infrastructure assets invested in by the Group (or the Aqua Comms assets, as applicable) could be delayed or could only be available at an increased cost, as competition and lack of availability drives prices up. In addition, the Contractors or any other contractor, developer or service provider used by the Group, an Investment SPV or an Investee Company (or Aqua Comms, as applicable) in connection with the operation and maintenance of a Digital Infrastructure asset (or Aqua Comms' assets, as applicable) could be materially adversely affected as a result of a prolonged and significant continued outbreak of Covid-19, such as through restrictions on availability of the workforce of that entity or any sub-contractor employed by that entity. Furthermore, the business of Counterparties (on whom Aqua Comms, future Investee Companies or Investment SPVs rely to make payments in a timely manner) could suffer a downturn throughout a prolonged and significant outbreak of Covid-19, which may result

in the Counterparty being unable to satisfy its payment obligations in a timely manner or at all, or affect the ability to secure new Counterparties in respect of Digital Infrastructure Investments (or Aqua Comms, as applicable) undergoing expansion. Global capital markets are seeing significant downturns and extreme volatility as Covid-19 continues to have sustained impact on business across the world. Such volatility and downturn could have an impact on the liquidity of the Ordinary Shares. Investors should be aware that if any of the global impacts of Covid-19 continue for a sustained period of time, and should any of the risks identified above materialise, it could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Changes in laws or regulations governing the Company, Aqua Comms or the Investment Manager and their respective businesses may adversely affect the business and performance of the Company and/or Aqua Comms

The Company, Aqua Comms and the Investment Manager are subject to laws and regulations enacted by national and local governments.

The Company will be required to comply with certain legal and regulatory requirements that are applicable to Jersey registered companies that are regulated by the Jersey Financial Services Commission under the Funds Law, UK investment trusts and investment companies whose shares are admitted to trading on the Specialist Fund Segment of the Main Market.

Aqua Comms is incorporated in the Republic of Ireland with subsidiaries in the relevant jurisdictions in which its network of subsea cables are connected. The operation of its assets are also subject to various regulatory requirements in these jurisdictions, which it is required to comply with, as well as international law governing the location and operation of subsea cables.

The Investment Manager is subject to, and will be required to comply with, certain regulatory requirements set out in UK domestic legislation, rules and regulation, many of which could directly or indirectly affect the management of the Company.

The laws and regulations affecting the Company, Aqua Comms and the Investment Manager are evolving and any changes in such laws and regulations may have a material adverse effect on the ability of the Company, Aqua Comms and the Investment Manager to carry on their respective businesses. Any such changes could have a material adverse effect on the performance of the Company (or Aqua Comms, as applicable), the Net Asset Value, the Company's (or Aqua Comms', as applicable) earnings and returns to Shareholders.

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Any change in the Company's tax status, or in taxation legislation or practice in Jersey, the United Kingdom or other jurisdictions to which the Company has exposure, could adversely affect the value of investments in the Company's portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and taxation of Shareholders are based upon current tax law and published practice in both Jersey and the UK, any aspect of which is in principle subject to change (including with retrospective effect) that could adversely affect the ability of the Company to pursue successfully its investment policy and/or which could adversely affect the taxation of the Company and the Shareholders.

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of CTA 2010 and pursuant to regulations made under section 1159 of the CTA 2010. The Investment Trust Regulations require an up-front application to be made for approval as an investment trust. Once approved, the Company will be treated as an investment trust during the accounting period current as at the time the application is made, and will continue to have investment trust status in each subsequent accounting period, unless the Company breaches the investment trust conditions so as to cease to be treated by HMRC as an investment trust, pursuant to the Investment Trust Regulations. Breach of such conditions could, as a result, lead to the Company being subject to UK tax on its chargeable gains.

Neither the Investment Manager nor the Directors can provide assurance that this approval will be obtained and subsequently maintained.

Prospective investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Exposure to U.S. Dollars and other currencies

The Company will invest in Digital Infrastructure Assets that are located around the world, generate revenues in a number of currencies (including U.S. Dollars) and for which the expected purchase price (and sale price if relevant) is denominated in different currencies (including U.S. Dollars). The purchase price for Aqua Comms will be in U.S. Dollars. The Company will present all financial information, including the Net Asset Value per Ordinary Share and its annual and interim accounts in Sterling.

Shareholders whose assets, liabilities, income requirements and/or cost exposures are denominated in currencies other than the U.S. Dollar (the “**relevant base currencies**”) will be exposed to fluctuations in the exchange rate between the U.S. Dollar and the relevant base currencies. Such fluctuations will result in the performance of the Ordinary Shares, when stated in the relevant base currency, deviating from the actual returns achieved by the Company in Sterling.

The Company is registered in Jersey, the Ordinary Shares will be admitted to trading on the Specialist Fund Segment and the Initial Issue will be directed at investors in the UK (as well as other jurisdictions). It is therefore anticipated that a substantial proportion of Shareholders and potential investors in the Company will have Sterling as their relevant base currency. A depreciation in the U.S. Dollar against Sterling, actual or anticipated, may reduce the Net Asset Value per Ordinary Share and the dividends, and may therefore have an adverse effect on the market value of the Ordinary Shares.

The Company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act and related rules

The Company has not been and does not intend to become registered with the SEC as an “investment company” under the U.S. Investment Company Act and related rules. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies none of which will be applicable to the company or its investors. However, if the Company were to become subject to the U.S. Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the U.S. Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect the operating results and financial performance of the Company. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the U.S. Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity and shareholders in that entity may be entitled to withdraw their investment.

RISKS RELATING TO THE ORDINARY SHARES

General risks affecting the Ordinary Shares

The value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested. The market price of the Ordinary Shares, like shares in all investment companies, may fluctuate independently of the underlying Net Asset Value per Ordinary Share and may trade at a discount or premium to Net Asset Value per Ordinary Share at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share may vary considerably from the Net Asset Value per Ordinary Share.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Initial Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Consequently, the share price may

be subject to greater fluctuation on small volumes of trading of Ordinary Shares and the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying Net Asset Value per Ordinary Share.

While the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares in the market. There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to the underlying Net Asset Value per Ordinary Share. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value per Ordinary Share or at all.

The Company may issue additional Ordinary Shares that dilute existing Shareholders

Following the Initial Issue, subject to legal and regulatory requirements, the Company may issue additional Ordinary Shares pursuant to the Placing Programme. Any additional issuances by the Company, or the possibility of such issuances, may cause the market price of the existing Ordinary Shares to decline. Furthermore, the relative voting percentages of existing holders of Ordinary Shares who cannot or choose not to participate will be diluted by further issues of Ordinary Shares.

Future sales of Ordinary Shares could cause the market price of the Ordinary Shares to fall

Sales of Ordinary Shares or interests in the Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial number of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

The Ordinary Shares will be subject to significant transfer restrictions for investors in certain jurisdictions as well as forced transfer provisions

The Ordinary Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws. Moreover, the Ordinary Shares are only being offered and sold outside the United States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act), in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “plan assets” of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940, as amended and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934, as amended and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Securities Exchange Act 1934, as amended; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder, or (vi) would cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, including the Company becoming subject to any withholding tax or reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations), the Directors may require the holder of such shares to dispose of such shares and, if the Shareholder does not sell such shares, may dispose of such shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and Shareholders generally to sell the Ordinary Shares and may have a material adverse effect on the market value of the Ordinary Shares.

IMPORTANT INFORMATION

GENERAL

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Ordinary Shares other than those contained in this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Ordinary Shares issued pursuant to a Subsequent Placing under the Placing Programme and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Akur or J.P. Morgan Cazenove. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for, or purchase of, Ordinary Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for Ordinary Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Ordinary Shares.

This document should be read in its entirety before making any application for Ordinary Shares. All Shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the provisions of the Articles.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction: (i) in which such offer or solicitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Ordinary Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

An investment in the Ordinary Shares should constitute part of a diversified investment portfolio. The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities traded on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. Investors in the Company are expected to be institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or who have been advised of, the potential risks from investing in the Company. It should be remembered that the price of the Ordinary Shares can go down as well as up and that investors may not receive the amount that they invested on the sale or cancellation of their Ordinary Shares.

FOR THE ATTENTION OF UNITED STATES RESIDENTS

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration

requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Ordinary Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Any person in the United States who obtains a copy of this document is requested to disregard it.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN CANADA, JAPAN, AUSTRALIA OR THE REPUBLIC OF SOUTH AFRICA

The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of such territories.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

No Ordinary Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in the United Kingdom prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the Financial Conduct Authority, except that the Ordinary Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Section 85 of the FSMA. For the purposes of this provision, the expression an “offer to the public” in relation to the Ordinary Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no Ordinary Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in that Relevant State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the EU Prospectus Regulation, except that the Ordinary Shares may be offered to the public in that Relevant State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the EU Prospectus Regulation); or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of the Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Ordinary Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares.

In addition, Ordinary Shares will only be offered: (i) in the UK, to the extent that the Ordinary Shares are permitted to be marketed in the UK pursuant to the UK AIFM Legislation and, in any EEA jurisdiction, to the extent that the Ordinary Shares are permitted to be marketed into the relevant EEA jurisdiction pursuant to the AIFM Directive (and/or any applicable local implementing measures); or (ii) can otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor). Specifically, the Investment Manager, in its capacity as AIFM, has made the relevant notifications or applications and received, where relevant, approvals for the marketing of the Ordinary Shares in the UK and the following EEA jurisdictions: Ireland and the Netherlands. Notwithstanding any other statement in the Prospectus, the Prospectus should not be made available to any investor domiciled in any EEA jurisdiction other than those cited above. Prospective investors domiciled in the EEA that have received the Prospectus in any EEA jurisdiction other than those cited above should not subscribe for the Ordinary Shares (and the Company reserves the right to reject any application so made) unless: (i) the Investment Manager has confirmed that it has made the relevant notification or applications in that EEA jurisdiction and is lawfully able to market the Ordinary Shares into that EEA jurisdiction; or (ii) such investors have received the Prospectus on the basis of an enquiry made at the investor’s own initiative.

Notwithstanding the foregoing, as the Ordinary Shares will be admitted to the Specialist Fund Segment, the Ordinary Shares are intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment.

The Ordinary Shares may not be marketed to retail investors (as this term is defined in the AIFM Directive as transposed in the relevant EEA jurisdiction) in any EEA jurisdiction unless the Ordinary Shares have been qualified for marketing to retail investors in that EEA jurisdiction in accordance with applicable local laws. At the date of this Prospectus, the Ordinary Shares are not eligible to be marketed to retail investors in any EEA jurisdiction. Accordingly, the Ordinary Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Issue Shares may be distributed or made available to retail investors in any EEA jurisdiction.

NOTICE TO PROSPECTIVE INVESTORS IN IRELAND

While the AIFM has been approved to market the Company’s shares to professional investors in Ireland by the Central Bank, the scheme is not supervised or authorised in Ireland. The Company is incorporated in Jersey and is supervised by the Jersey Financial Services Commission. The AIFM is incorporated in England and Wales and is supervised by the FCA.

NOTICE TO PROSPECTIVE INVESTORS IN THE NETHERLANDS

The Ordinary Shares may not be marketed in the Netherlands other than to individuals or (legal) entities in the Netherlands who or which qualify as qualified investors within the meaning of section 1:1 of the Dutch Act on Financial Supervision as amended from time to time.

NOTICE TO PROSPECTIVE INVESTORS IN OTHER JURISDICTIONS

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures; and/or (d) (where applicable to UK investors or UK firms) the relevant provisions of the UK MiFID Laws (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect

thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares to be issued pursuant to the Initial Issue and Subsequent Placings are: (i) compatible with an end target market of retail investors who understand, or have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU or the UK MiFID Laws (as applicable); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II or the UK MiFID Laws (as applicable) (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: (a) the price of the Ordinary Shares may decline and investors could lose all or part of their investment; (b) the Ordinary Shares offer no guaranteed income and no capital protection; (c) an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and (d) the Ordinary Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, J.P. Morgan Cazenove will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or the UK MiFID Laws; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor (including any intermediary) is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

UK PRIIPS REGULATION

In accordance with the UK PRIIPs Regulation (and, if applicable, the EU PRIIPs Regulation), a Key Information Document in respect of the Ordinary Shares has been prepared by the Investment Manager and is available to investors at www.d9infrastructure.com. If you are distributing the Ordinary Shares, it is your responsibility to ensure that the relevant Key Information Document is provided to any clients that are “retail clients”.

The Company is not responsible for the information contained in the key information documents and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the key information documents may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The Investment Manager is the only manufacturer of the Ordinary Shares for the purposes of the UK PRIIPs Regulation (and, if applicable the EU PRIIPs Regulation) and none of Akur or J.P. Morgan Cazenove is a manufacturer for these purposes. Neither Akur nor J.P. Morgan Cazenove makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of any Key Information Documents prepared by the Investment Manager nor accepts any responsibility to update the contents of any Key Information Documents in accordance with the UK PRIIPs Regulation (and, if applicable, the EU PRIIPs Regulation), to undertake any review processes in relation thereto or to provide such Key Information Documents to future distributors of Ordinary Shares. Akur or J.P. Morgan Cazenove and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of any Key Information Documents prepared by the Investment Manager.

DATA PROTECTION

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by

the Company (and any third party in Jersey or the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of Jersey or the United Kingdom (the “**Data Protection Legislation**”); and (b) the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at www.d9infrastructure.com (“**Privacy Notice**”) (and if applicable any other third party delegate’s privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Company’s Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or of any third party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Company’s Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company’s Privacy Notice.

PRESENTATION OF FINANCIAL INFORMATION

The Company is newly formed and as at the date of this document has not commenced operations and has no assets or liabilities which will be material in the context of the Initial Issue and, therefore, no financial statements have been prepared as at the date of this document. All future financial information for the Company will be prepared under IFRS.

This document contains financial information on Aqua Comms in Part 16. Certain financial and statistical information contained in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Investors should be aware that the Aqua Comms financial information for the 12 months ended 31 December 2020 set out in Part 16 of this prospectus is unaudited and has not been reviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the 12 months ended 31 December 2020 are expected to be published by 30 April 2021.

PRESENTATION OF MARKET AND OTHER DATA

Market and economic data used throughout this document is sourced from various independent sources. The Company confirms that such data has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to “£”, “pence” or “GBP” are to the lawful currency of the UK, all references in this document to “Euro” or “€” are to the currency adopted by those nations participating in the third stage of the economic and monetary union provisions of the Treaty on European Union, signed at Maastricht on 7 February 1992 and all references in this document to “US\$” are to the lawful currency of the United States.

DEFINITIONS

Capitalised terms contained in this document shall have the meanings ascribed to them in Part 12 (Glossary of Relevant Terms) and Part 13 (Definitions) of this document, save where the context indicates otherwise.

WEBSITES

Without limitation, neither the contents of the Company's or the Investment Manager's website (or any other website including that of Aqua Comms) nor the content of any website accessible from hyperlinks on the Company's or the Investment Manager's website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Ordinary Shares issued pursuant to a Subsequent Placing under the Placing Programme alone.

GOVERNING LAW

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales.

FORWARD LOOKING STATEMENTS

This document contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “might”, “will” or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Regulation Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation and MAR.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part 10 of this document.

No commissions, fees or expenses will be charged by the Company to investors who acquire new Ordinary Shares through the Placing, Offer for Subscription or Placing Programme.

VOLUNTARY COMPLIANCE WITH THE LISTING RULES

The Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA do not apply to the Company. The Company is subject to the Admission and Disclosure Standards whilst traded on the Specialist Fund Segment. In addition, the Directors have resolved that, as a matter of best practice and good corporate governance, the Company will voluntarily comply with the following key provisions of the Listing Rules:

- the Company is not required to comply with the Listing Principles set out at Chapter 7 of the Listing Rules and Premium Listing Principles. Nonetheless, the Company will comply with these Listing Principles and Premium Listing Principles;
- the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Akur as its financial adviser to guide the Company in understanding and meeting its responsibilities in connection with Initial Admission;
- the Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company will comply with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (Notifications); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (v) Listing Rule 9.8 (Annual financial report);
- the Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions;
- the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Ordinary Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2;
- the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding the contents of circulars. The Company however will comply with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars); and
- the Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: premium listing). Nonetheless, the Company will comply with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations) (other than Listing Rule 15.4.8(2) and, in respect of Listing Rule 15.4.2(1), only once the Net Proceeds have been fully invested); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information) (as modified above).

Specialist Fund Segment securities are not admitted to the Official List. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.

It should be noted that the FCA does not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are admitted to trading on the Specialist Fund Segment nor will it impose sanctions in respect of any failure of such compliance by the Company. FCA-authorized firms conducting designated investment business with retail customers under COB Rules are reminded that securities admitted to trading on the Specialist Fund Segment will be securities that may have characteristics such as: (i) variable levels of secondary market liquidity; (ii) sophisticated corporate structures; (iii) highly leveraged structures; and (iv) sophisticated investment propositions with concentrated risks and are therefore intended for institutional, professional and knowledgeable investors.

EXPECTED TIMETABLE

Expected Initial Issue and Aqua Comms Acquisition Timetable

Publication of this document and Initial Placing and Offer for Subscription open	8 March 2021
Latest time and date for applications under the Offer for Subscription	11.00 a.m. on 25 March 2021
Latest time and date for receipt of commitments under the Initial Placing	2.00 p.m. on 25 March 2021
Announcement of the results of the Initial Issue	7.00 a.m. on 26 March 2021
Initial Admission and dealings in the Ordinary Shares issued pursuant to the Initial Issue commence	8.00 a.m. on 31 March 2021
Crediting of CREST stock accounts in respect of the Ordinary Shares issued pursuant to the Initial Issue	31 March 2021
Completion of the Preference Share SPA, First Completion of the Ordinary Share SPA and admission of the new Ordinary Shares issued pursuant to the Ordinary Share SPA	1 April 2021
Where applicable, definitive share certificates despatched in respect of the Ordinary Shares	week commencing 5 April 2021 (or as soon as possible thereafter)

Expected Placing Programme Timetable

Placing Programme opens	31 March 2021
Announcement of the results of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Admission and crediting of CREST stock accounts in respect of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Share certificates despatched in respect of Ordinary Shares issued pursuant to each Subsequent Placing (if applicable)	approximately one week after the Admission of Ordinary Shares pursuant to a Subsequent Placing
Placing Programme closes and last date for Ordinary Shares to be issued pursuant to the Placing Programme	7 March 2022

The dates and times specified are subject to change subject to agreement between the Company, the Investment Manager, Akur and J.P. Morgan Cazenove. All references to times in this document are to London time unless otherwise stated. Any changes to the expected timetable will be notified by the Company via a Regulatory Information Service.

INITIAL ISSUE AND PLACING PROGRAMME STATISTICS

Initial Issue Statistics

Issue Price per Ordinary Share	£1.00
Target number of new Ordinary Shares being issued	400 million
Initial Gross Proceeds*	£400 million
Estimated Net Proceeds*	£392 million
Estimated Net Asset Value per Ordinary Share at Initial Admission*	98 pence

* Assuming Initial Gross Proceeds of £400 million. The Company is targeting Initial Gross Proceeds of £400 million subject to a maximum of £800 million. The Minimum Gross Proceeds are £250 million (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove agree). The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds and the Net Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Initial Admission. If the Initial Issue does not proceed (because the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove agree) are not raised or otherwise), subscription monies received will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days. In the event that such dates change, the Company will notify investors who have applied for Ordinary Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service. The minimum subscription per investor pursuant to the Offer for Subscription is £1,000.00 and multiples of £100.00 thereafter.

Placing Programme Statistics

Maximum size of the Placing Programme	750 million Ordinary Shares
Minimum Placing Programme Price	at least Net Asset Value per Ordinary Share plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions)

DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN

JE00BMDKH437

SEDOL

BMDKH43

Ticker

DGI9

DIRECTORS, MANAGEMENT AND ADVISERS

Directors (all non-executive)	<p>Jack Waters (<i>Chairperson</i>) Keith Mansfield (<i>Senior Independent Director</i>) Lisa Harrington (<i>Director</i>) Charlotte Valeur (<i>Director</i>) Monique O'Keefe (<i>Director</i>)</p> <p>all of the registered office below:</p>
Registered Office	<p>26 New Street St Helier Jersey JE2 3RA Channel Islands</p>
Investment Manager	<p>Triple Point Investment Management LLP 1 King William Street London EC4N 7AF</p>
Company Secretary	<p>Ocorian Secretaries (Jersey) Limited 26 New Street St Helier Jersey JE2 3RA Channel Islands</p>
Company Administrator	<p>Ocorian Fund Services (Jersey) Limited 26 New Street St Helier Jersey JE2 3RA Channel Islands</p>
Delegated Company Secretary	<p>Hanway Advisory Limited 1 King William Street London EC4N 7AF</p>
Financial Adviser	<p>Akur Limited 66 St James's Street London SW1A 1NE</p>
Global Coordinator and Sole Bookrunner	<p>J.P. Morgan Cazenove 25 Bank Street Canary Wharf London E14 5JP</p>
Solicitors to the Company as to matters of English Law	<p>Taylor Wessing LLP 5 New Street Square London EC4A 3TW</p>
Legal advisers to the Company as to matters of Jersey law	<p>Carey Olsen Jersey LLP 47 Esplanade St Helier Jersey JE1 OBD</p>

Solicitors to the Financial Adviser and the Global Coordinator and Sole Bookrunner	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG
Registrar	Computershare Investor Services (Jersey) Limited 13 Castle Street St Helier Jersey JE1 1ES
Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH
Depository	Ocorian Depositary (UK) Limited 5th Floor 20 Fenchurch Street London England EC3M 3BY
Reporting Accountants	BDO LLP 55 Baker Street London W1U 7BA
Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

PART 1

INFORMATION ON THE COMPANY

1. INTRODUCTION

Digital 9 Infrastructure plc was incorporated in Jersey on 8 January 2021 as a public company limited by shares of no par value under registration number 133380. The Company is regulated by the Jersey Financial Services Commission as a Jersey Listed Fund under the Funds Law and the Jersey Listed Fund Guide published by the Jersey Financial Services Commission. The Jersey Financial Services Commission is protected by the Funds Law against liability arising from the discharge of its functions under that Law. The Company intends to carry on business as an investment trust within the meaning of section 1158 of the CTA 2010.

The Company's investment objective is to generate a total return for investors comprising sustainable and growing income and capital growth, to be achieved through acquiring a diversified portfolio of resilient Digital Infrastructure Investments that provide key infrastructure for global data transfer (subsea fibre-optic networks, wireless networks (including 5G) and terrestrial fibre) and data storage (data centres). It will seek to do so in each case typically via medium to long term contracts underpinned by high quality counterparties.

The Company is focused on the provision of Digital Infrastructure integrated with green and cleaner power in line with UN Sustainable Development Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation".

The Company has entered into the Aqua Comms SPAs in relation to the conditional acquisition of Aqua Comms, which is anticipated to require a material portion of the funds raised. Aqua Comms owns and operates a portfolio of some of the most reliable and resilient trans-Atlantic subsea fibre systems. Further information on Aqua Comms is set out in Part 5 of this prospectus.

Thereafter the Company will progress the acquisition of additional assets in the pipeline including data centres, wireless networks (including 5G) and terrestrial fibre. The Investment Manager will enter into a Development Agreement with Aqua Ventures and Devco (a wholly owned subsidiary of Aqua Ventures), pursuant to which the Investment Manager will have a right of first refusal in respect of new assets sourced or developed by Devco which are in line with the Company's investment policy (including opportunities to co-invest or provide forward funding finance). The Investment Manager will also make use of its network of contacts to source further pipeline assets, predominantly off-market.

While the Company intends to invest primarily in operational assets, subject to the investment restrictions, it may invest in a limited number of projects which are in a construction and development phase, in particular, forward funding the development of assets where development risk for the Company is limited, to ensure it maintains access to resilience and takes advantage of new technologies.

The Company is targeting an issue of 400 million Ordinary Shares pursuant to the Initial Issue (comprising the Initial Placing and the Offer for Subscription) to invest in accordance with the Company's investment objective and investment policy.

The Company has an independent board of non-executive directors and has engaged Triple Point Investment Management LLP as the Company's alternative investment fund manager to provide portfolio and risk management services to the Company.

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares issued pursuant to the Initial Issue will commence, at 8.00 a.m. on 31 March 2021.

The Company is not regulated by the FCA or any other regulatory authority but will, following Initial Admission, be subject to the Admission and Disclosure Standards and certain of the Disclosure Guidance and Transparency Rules. The Company has also resolved to voluntarily comply with certain of the Listing Rules, as described in the section entitled "Voluntary Compliance with the Listing Rules" on page 46 of this document.

2. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The Company's investment objective and investment policy are set out below.

Investment Objective

The Company's investment objective is to generate a total return for investors comprising sustainable and growing income and capital growth through investing in a diversified portfolio of resilient Digital Infrastructure Investments.

Investment Policy

The Company intends to achieve its investment objective by investing in a diversified portfolio of Digital Infrastructure Investments which provide key infrastructure for global data transfer (subsea fibre-optic networks, wireless networks and terrestrial fibres) and data storage (data centres), all of which contribute to facilitating global digital communication.

The Company is focused on the provision of Digital Infrastructure integrated with green and cleaner power in line with UN Sustainable Development Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation".

The Company will seek to invest in assets or Investee Companies which typically have secured medium to long term contracts underpinned by high quality counterparties.

The Company will invest (directly or via subsidiary companies) in a range of Digital Infrastructure assets which deliver a reliable, functioning internet. The portfolio will comprise future proofed, non-legacy, scalable platforms and technologies including (but not limited to) subsea fibre, data centres, terrestrial fibre, tower infrastructure and small cell networks which meet the following criteria:

- assets and Investee Companies which deliver communications, data transfer, interconnectivity and data storage;
- assets and Investee Companies which derive a significant proportion of their revenues from high quality counterparties (meaning, for these purposes, companies (or their parent companies) which are included in the FTSE 350 (or equivalent) or which are investment-grade rated by a recognised grading agency) and/or a diversified portfolio of counterparties that, by reason of its diversity, is resilient and well placed to weather economic downturns;
- assets and Investee Companies with high cash flow visibility and resilience, specifically from medium to long term contracts or from a diversified portfolio of shorter term contracts providing essential underlying services.

The Group will focus, primarily, on Digital Infrastructure Investments where the assets (or Investee Companies which own the assets) are operational and, where appropriate, there is a contract in place with the end user and/or off-taker. Where suitable opportunities arise, however, the Group may provide limited funding during the Construction Phase or Development Phase of a Digital Infrastructure asset, in particular, on a forward funding basis where development risk for the Company is limited, subject to the restrictions set out below.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- with the exception of Aqua Comms, the Company will not invest more than 20 per cent. of Gross Asset Value in any single asset or Investee Company;
- investments will be focused on acquiring a controlling interest (meaning more than a 50 per cent. interest) in the relevant investment assets or Investee Companies being acquired or invested in but can also comprise minority interests (where appropriate minority protections are in place);
- at least 50 per cent. of Gross Asset Value will be invested in developed markets, in particular (but not limited to), the UK, EU and US;

- neither the Company nor any of its subsidiaries will invest in any assets or Investee Companies located in or with co-investment exposure to any Restricted Territories;
- neither the Company nor any of its subsidiaries will invest in any assets or Investee Companies using technologies or equipment under any current prohibition ruling by relevant UK, EU, or US authorities, unless such equipment is in the process of being removed in line with the guidelines of such UK, EU or US authorities;
- the Company may invest a limited amount in assets (or Investee Companies which own assets) which are predominantly in construction, which typically will be undertaken via a forward funding arrangement which pays a return during the Construction Phase, with any investments which expose the Company to development risk limited to, in aggregate, no more than 5 per cent, of Gross Asset Value, and the aggregate value of assets in construction or development being no more than 20 per cent. of Gross Asset Value (such amount to be calculated as the aggregate value of all material construction or development activities, including forward funded developments, within Investee Companies);
- neither the Company nor any of its subsidiaries will invest in any listed entities, or in private closed-ended investment companies or any funds of any kind; and
- the Company itself will not conduct any trading activities which are significant in the context of the Group as a whole.

The investment limits set out above apply following full investment of the Net Proceeds.

Compliance with the above investment limits will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

Borrowing Policy

The Directors do not intend to use gearing at the Company level, other than utilising short-term revolving credit facilities for financing acquisitions, such borrowings to be at a Conservative level. Intra-group debt between the Company and its subsidiaries, and the debt of Investee Companies, will not be included in the definition of borrowings for these purposes.

Long term gearing is likely to be applied at an Investee Company level in order to enhance returns but will be at a prudent level, appropriate for the particular Investee Company and sub-sector.

Hedging and Derivatives

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management. In particular, the Company may engage in interest rate or currency hedging or otherwise seek to mitigate the risk of interest rate increases and currency movements.

The Group will only enter into hedging contracts and other derivative contracts when they are available in a timely manner and on acceptable terms. The Company reserves the right to terminate any hedging arrangement in its absolute discretion. Any such hedging transactions will not be undertaken for speculative purposes.

Cash management

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("**Cash and Cash Equivalents**"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

Changes to and compliance with the investment policy

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

3. COMPETITIVE ADVANTAGES

The Directors believe that the Company has a number of competitive advantages including:

- **Experience and relationships of the Investment Manager:** The Triple Point Group currently manages over £1.8 billion of private, institutional and public capital and has extensive experience in asset and project finance, portfolio management and structured investments, with investments in digital assets, renewable energy, energy efficiency, social infrastructure and lending and leasing into public and private bodies. The Investment Manager has added to its Digital Infrastructure expertise by hiring a team of individuals, led by Thor Johnsen, who are highly experienced in the development and management of Digital Infrastructure assets, having invested \$1.9 billion of capital in infrastructure and having advised on or been involved in over US\$50 billion of Digital Infrastructure transactions. The new team has managed Aqua Comms' assets for six years and are therefore highly knowledgeable about Aqua Comms' assets, as well as the opportunities available in the wider Digital Infrastructure sector. In addition, the Investment Manager's team includes a panel of digital infrastructure industry experts made up of senior industry executives who have held some of the most senior positions in the telecommunications sector and have invested significantly across Digital Infrastructure. The Digital Infrastructure team (including the panel of senior industry executives) have advised on, or been involved in, over US\$250 billion of Digital Infrastructure transactions.
- **Available investment pipeline:** The Company (through the Investment Manager) will have access to a pipeline of investment opportunities via the Development Agreement to be entered into between the Investment Manager, Aqua Ventures and Devco (a wholly owned subsidiary of Aqua Ventures), which will give right of first refusal to the Investment Manager (on behalf of the Company) over high quality assets that are in line with the Investment Policy of the Company and at competitive valuations. In addition, the Company will have access to the wider industry contacts and investment opportunities via the knowledge within Aqua Comms, as well as the Investment Manager's existing network and access to digital infrastructure industry experts. As set out in Part 3, the Company has a pipeline of assets amounting to approximately US\$7.0 billion which includes subsea fibre, data centres, and cell towers and terrestrial networks, in addition to Aqua Comms' assets.
- **Early mover advantage:** Digital Infrastructure is critical to global connectivity as key aspects of people's lives – work, shopping and social – become more reliant on the transfer and storage of data. As demand for capacity increases exponentially (for instance, the volume of data in the world has increased by 3,300 per cent. in a decade) and earlier technologies begin to reach capacity or become redundant (for example, 11 of the 14 existing transatlantic cables are expected to retire in the next five years), the Company will be one of the first to provide investors in the UK public markets with the opportunity to participate in this key growth sector.
- **Covered dividend from IPO:** As set out below, the Company is targeting an initial dividend yield of 6 per cent. per annum (by reference to the Issue Price) in its first financial year ending 31 December 2021 and thereafter the Company will seek to adopt a progressive dividend policy. With the acquisition of Aqua Comms on IPO, the dividends paid will be significantly covered from the outset.¹

¹ The target dividend is not a profit forecast and should not be taken as an indication of the Company's expected future performance or results over any period. The target dividend is a target only and there is no guarantee that it can or will be achieved and it should not be seen as an indication of the Company's expected or actual return. Accordingly, investors should not place any reliance on the target return in deciding whether to invest in the Ordinary Shares. Furthermore, the Company's initial dividend and return targets, and the target first interim dividend in particular, are based, amongst other things, on an assumption that the financial information for Aqua Comms for the 12 months ended 31 December 2020 is as stated in Part 16 of this Prospectus. The financial information for the 12 months ended 31 December 2020 set out in Part 16 is unaudited and unreviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the period are expected to be published by 30 April 2021.

4. APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INTEGRATION

In 2019, Triple Point became a signatory to the United Nations Principles for Responsible Investing (“PRI”) and is applying to become B Corporation certified and a member of Sustainable Digital Infrastructure Alliance (SDIA).

The Investment Manager believes that the PRI are helpful in guiding and demonstrating best practice in investor ESG integration. They also help promote a closer alignment between the objectives of institutional investors and those of society at large. The principles are voluntary and intended to be actionable and measurable. In particular, signatories to the PRI agree that they will:

- Incorporate ESG issues into investment analysis and decision-making processes;
- Be active owners and incorporate ESG issues into ownership policies and practices;
- Seek appropriate disclosure on ESG issues by the entities in which they invest;
- Promote acceptance and implementation of the Principles within the investment industry;
- Work together to enhance effectiveness in implementing the Principles; and
- Report on activities and progress towards implementing the Principles.

Triple Point seeks to promote these principles throughout its business, and they are reflected in its ESG Integration Policy, pursuant to which it is committed to ensuring all investment processes have sound and appropriate integration of ESG practice, overseen by its ESG Committee. The aim of ESG integration is to ensure that its investment teams are aware of, and take informed investments decisions with knowledge of, key ESG risks and look to identify and capture where ESG presents value creation.

The Company’s approach to ESG

ESG is central to the Triple Point’s Business Mission: “*Through our people, and the partnerships we build, Triple Point unlocks investment opportunities that have purpose, while generating profits for investors*”. In line with this business mission and the commitment to responsible investment, Triple Point as Investment Manager has developed the Company’s approach to Digital Infrastructure ESG. This is a two step approach combining broad and deep ESG integration with a purpose driven overlay:

Step 1 – Purpose driven overlay, alignment to one of our purpose-driven themes:

The Company will invest in Digital Infrastructure opportunities which align with at least one of two purpose-driven themes aligned with UN Sustainable Development Goal 9: “*Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*”

- (1) **Significantly increase access to information and communications technology** – Investing in those assets who can demonstrate the ability to improve digital access, for all sections of society
- (2) **Decarbonisation of digital infrastructure energy use** – Target assets with the most advanced energy efficiency practices, or where strong improvement can be achieved

Step 2 – ESG integration, underpinned by best practice

Aim

The aim of ESG integration is to bring value both to the investment decision-making process and to the investments which the Company makes. By applying a broad and deep analysis this helps the Company to build a clear picture of the sustainability credentials of a potential investment in addition to driving improvement through ongoing engagement:

- (1) **Breadth** – Align to cross-sector ESG expectations defined by the United Nations Global Compact
- (2) **Depth** – Align ESG expectations to sector relevant risks and opportunities drawn from the Sustainability Accounting Standards Board (SASB) and SDIA and assess each potential investment for climate risk, using the Task Force on Climate-related Financial Disclosures (TCFD) framework.

ESG integration and the investment process

ESG will be considered by the Investment Manager at every stage of the investment process:

- (1) **Sourcing** – All investments will be assessed for alignment to one of our purpose driven themes.
- (2) **Due Diligence** – Systematically consider the breadth and depth of an investment's ESG. All investments are assessed for alignment to the 10 principles of the Global Compact, to ensure due attention to the key areas of Human Rights, Labour, Environment and Anti-Corruption. A deep bespoke analysis of industry specific ESG themes and topics will be conducted which are guided by SASB, SDIA, and TCFD. At this stage we identify any possible concerns or areas for further interrogation.
- (3) **Preparation for approval** – Once the Investment Manager has determined to progress with an opportunity, a comprehensive review will be conducted which includes a site visit. At this stage the Investment Manager will seek clarification on any areas of concern previously identified, in addition to the completion of the Investment Manager's ESG site checklist. At this stage the Investment Manager will also baseline current performance on key ESG areas.
- (4) **Investment Committee Review** – All Triple Point Investment Committee members receive specialist ESG training, to ensure they fully understand the ESG integration approach in place and can assess investment opportunities in the correct context.
- (5) **Execution** – Metrics are established that will be collected for future reporting and any required improvements with a particular focus on using the Company's influence as owners to drive ongoing improvement through engagement.
- (6) **Monitoring & Reporting** – Triple Point will collect and report on key ESG metrics across investments.
- (7) **Holding & Exit Strategy** – Triple Point as Investment Manager will seek buyers for assets who support and uphold the highest standards of ESG within their business conduct.

Topics of assessment

While the approach to ESG must consider the individual nature of the target asset, for example, the size and type of asset, region, operational environment and stage of project cycle, the Investment Manager believes there are also a range of issues systematically important to understanding the longevity of an infrastructure asset's value. For responsible infrastructure investments, Triple Point takes the following approach:

Environmental: consider green house gas emissions and air pollution, their creation, management and monitoring during build and asset life. Use, generation and intensity of energy, and the nature of the energy (e.g. renewable) along with water use and its pollution. The Investment Manager will also look at levels of waste generated, avoided and disposed of, approach to raw material sourcing and supply chain sustainability, and build impacts on biodiversity and habitat by understanding management and protection measures. Digital Infrastructure enables communications (including in the remote working context) which can substantially reduce the requirement to travel, which in turn has the effect of reducing emissions.

Social: consider the asset and its quality and fit with a more sustainable economy, including relevance/appropriateness to the locality. The Investment Manager will seek reassurance of good customer and stakeholder relations, including management of land rights and accessibility and social inclusion of access to the asset. It expects strong management and reporting of health and safety (during and after build, as appropriate) as well as good labour management including staff wellbeing, good diversity and inclusion practices, appropriate training, and presence of fair pay, including reassurance of the absence of modern slavery.

Governance: should reflect management's responsibility and ability to promote a corporate governance structure that is accountable and responsive to stakeholders by addressing issues such as boards of directors and trustees, pay structure, ownership and accounting practices. Examination of governance also reveals important information on a company's business ethics, and the Investment

Manager looks for evidence of best practice in approaches to tax policy, management of bribery and corruption, conflicts of interest and appropriate senior level ownership of ESG issues.

In the event any ESG risks are identified during due diligence, Triple Point will look to implement an action plan for improvement by working collaboratively with the management of the investee company to develop robust policies and practices to mitigate risk.

5. DIVIDEND POLICY AND TARGET RETURNS

Whilst not forming part of the Company's investment policy, the Company intends to pay dividends on a quarterly basis with dividends typically declared in respect of the three-month periods ending 31 March, 30 June, 30 September and 31 December and typically paid in June, September, December and March, respectively.

Any dividends and distributions will be at the discretion of the Board.

Distributions made by the Company on the Ordinary Shares may take any form permitted under Jersey law. It is expected that a significant proportion of the Company's distributions will take the form of "qualifying interest income", which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending upon the classification of such distributions. **Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers.**

The Company is targeting an initial dividend yield of 6 per cent. per annum (by reference to the Issue Price) in the first financial year ending 31 December 2021 and, thereafter, the Company will seek to adopt a progressive dividend policy. The Company is targeting a first interim dividend of 1.5 pence per Ordinary Share in respect of the period from Initial Admission to 30 June 2021, payable in September 2021. Further, the Company is targeting a net Total Accounting Return of 10 per cent. per annum in the medium term (by reference to the Issue Price) following full investment of the Net Proceeds.

Dividends on Ordinary Shares will be declared and paid in Sterling.

The dividend and return targets stated above, and the target first interim dividend in particular, are based, amongst other things, on an assumption that the financial information for Aqua Comms for the 12 months ended 31 December 2020 is as stated in Part 16 of this document. The financial information for the 12 months ended 31 December 2020 set out in Part 16 is unaudited and unreviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the period are expected to be published by 30 April 2021.

The dividend and return targets stated above are targets only and not a profit forecast. There can be no assurance that these targets will be met, and they should not be taken as an indication of the Company's expected future results. They have been calculated using the Principal Bases and Assumptions set out in Part 4 of this document. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend and target net Total Accounting Return are reasonable or achievable.

Investors should note that references in this document to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

In accordance with regulation 19 of the Investment Trust Regulations, the Company will not (except to the extent permitted by the Investment Trust Regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

6. NET ASSET VALUE

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors (including provisions for such liabilities).

Publication of Net Asset Value per Ordinary Share

The unaudited Net Asset Value will be calculated in Sterling by the Company Administrator on a semi-annual basis, as described below and based on information provided by the Investment Manager. The Net Asset Value per Ordinary Share, calculated by dividing the relevant Net Asset Value by the number of Ordinary Shares in issue (excluding Ordinary Shares held in treasury), will be published on both a cum-income and ex-income basis, via an RIS and made available on the Company's website as soon as practicable thereafter.

Valuation Methodologies

The Investment Manager will be responsible for carrying out the fair valuation of the portfolio, which will be presented to the Board for its approval and adoption. The fair valuation of the portfolio will be reviewed by the Company's Auditor at each valuation date. The valuation will be carried out on a six-monthly basis as at 30 June and 31 December each year and will be reported on to Shareholders in the annual report and interim financial statements.

The valuation is driven by the fair value of the Company's Digital Infrastructure Investments calculated in accordance with IPEV (International Private Equity and Venture Capital) valuation guidelines where appropriate to comply with IAS 39, given the special nature of Digital Infrastructure Investments.

Fair value for each investment is, and will be, derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts, and an appropriate discount rate. The Investment Manager will exercise its judgment in assessing the expected future cash flows from each investment. Each Investment SPV will produce detailed investment life financial models and the Investment Manager will typically take, inter alia, the following into account in its review of such models and make amendments where appropriate:

- the latest applicable legal, financial, technical and insurance due diligence;
- the cash flows which are contractually required or assumed in order to generate the returns;
- investment performance against time, activity and other milestones;
- credit worthiness of a Counterparty and delivery partner counterparties (including Contractors and other subcontractors);
- changes to the economic, legal, taxation or regulatory environment;
- claims or other disputes or contractual uncertainties; and
- changes to revenue and cost assumptions.

The Investment Manager will use its judgment in arriving at the appropriate discount rate. This will be based on its knowledge of the market, considering intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions.

All valuations made by the Investment Manager will be made, in part, on valuation information provided by the Investment SPVs in which investments have been made. Although the Investment Manager will evaluate all such information and data, it may not be able to confirm the completeness, genuineness or accuracy of such information or data. In addition, the financial reports provided by the Investment SPVs may be provided only on a quarterly or half yearly basis and generally are issued one to four months after their respective valuation dates. Consequently, each half yearly Net Asset Value contains information that may be out of date and require updating and completing. Shareholders should bear in mind that the actual Net Asset Values at such time may be materially different from these half yearly valuations.

Suspension of the calculation of the Net Asset Value

The calculation of the Net Asset Value (and Net Asset Value per Ordinary Share) will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Company Administrator) which prevents the Company Administrator from making such

calculations. Details of any suspension in making such calculations will be announced through an RIS as soon as practicable after any such suspension occurs.

7. REPORTS, ACCOUNTS AND MEETINGS

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 31 December each year, with the first accounting period of the Company ending on 31 December 2021. It is expected that copies of the report and accounts will be published by the end of March each year and copies sent to Shareholders. The Company will also publish an unaudited half-yearly report covering the six months to 30 June each year, which is expected to be published within the following three months. The Company's first report will be the publication of an unaudited report covering the period from incorporation to 30 June 2021. The first financial report and accounts that the Company will publish will be the annual report for the period ending on 31 December 2021 (covering the period from incorporation of the Company).

The financial report and accounts and unaudited half-yearly report, once published, will be available for inspection at the Company's registered office and on the Company's website (www.d9infrastructure.com).

The Company will hold its first annual general meeting in May 2022 and will hold an annual general meeting each year thereafter. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders.

8. SHARE CAPITAL MANAGEMENT

Premium Management

Once the Net Proceeds have been fully invested, the Company intends to implement the Placing Programme. In addition to raising capital, Ordinary Shares may be issued pursuant to the Placing Programme or otherwise to seek to manage the premium to Net Asset Value per Ordinary Share at which the Ordinary Shares trade. The Directors may issue, in aggregate, up to 750 million Ordinary Shares pursuant to the Placing Programme. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Directors will not be obliged to offer any new Ordinary Shares under the Placing Programme to Shareholders pro rata to their existing holdings; this ensures that the Company retains full flexibility, following Initial Admission, in issuing new Ordinary Shares to investors. The minimum price at which Ordinary Shares may be issued is the prevailing published Net Asset Value per Ordinary Share at the time of issue plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions).

Further details of the Placing Programme are set out in Part 8 of this document. Investors should note that the issuance of new Ordinary Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares that may be issued.

Discount Management

Repurchase of Ordinary Shares

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests and as a means of correcting any imbalance between the supply of, and demand for, the Ordinary Shares.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued Ordinary Share capital immediately following Initial Admission during the period expiring on the conclusion of the earlier of the Company's first annual general meeting and 6 June 2022.

Renewal of this buy-back authority will be sought at each annual general meeting of the Company or more frequently if required. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market quotations for the five Business

Days before the purchase is made, and (ii) the higher of, (a) the price of the last independent trade, and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. In addition, the Company will only make such repurchases through the market at prices (after allowing for costs) below the relevant prevailing published Net Asset Value per Ordinary Share under the guidelines established from time to time by the Board.

With effect from the date on which the Company has first invested 75 per cent. or more of the Net Proceeds, if the Ordinary Shares trade, over any six-month rolling period, at an average discount of more than 10 per cent. to the Net Asset Value per Ordinary Share, it will be the Board's intention to use any uncommitted cash, or cash in excess of scheduled dividend payments to undertake share buy backs until such discount is reduced to less than 10% of the Net Asset Value per Ordinary Share, subject at all times to any legal requirements (including the authority available to the Company), the Company's working capital position and taking into account any other economic factors that the Board considers prudent to take into account at the relevant time.

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Continuation resolution

In accordance with the Articles, the Directors are required to propose an ordinary resolution at the annual general meeting in 2026 that the Company continues its business as presently constituted (the "**Initial Continuation Resolution**"). In addition, the Articles provide that the Directors will propose an ordinary resolution that the Company continue its business as presently constituted at each fifth annual general meeting thereafter (a "**Continuation Resolution**").

If the Initial Continuation Resolution or any Continuation Resolution is not passed, the Directors will put forward proposals for the reconstruction or reorganisation of the Company to Shareholders for their approval as soon as reasonably practicable following the date on which the Initial Continuation Resolution or any Continuation Resolution (as the case may be) is not passed. These proposals may or may not involve winding up the Company in accordance with the Companies Law (which would require a special resolution to be passed by the Shareholders). Accordingly, failure to pass the Initial Continuation Resolution or any Continuation Resolution will not necessarily result in the winding up of the Company.

Treasury Shares

Any Ordinary Shares repurchased may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue Ordinary Shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

No Ordinary Shares will be sold from treasury at a price less than the Net Asset Value per Ordinary Share at the time of sale unless they are first offered pro rata to existing Shareholders.

9. THE TAKEOVER CODE

The Takeover Code applies to the Company.

Given the existence of the proposed buyback powers described in the paragraphs above, there are certain considerations that Shareholders should be aware of regarding the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code, where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The proposed buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 2 of Rule 37. However, neither the Company, nor any of the Directors, nor the Investment Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

10. THE INITIAL ISSUE AND THE PLACING PROGRAMME

The Initial Issue

The target size of the Initial Issue is £400 million (before expenses). The Minimum Gross Proceeds is £250 million (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree).

The total number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Initial Admission.

J.P. Morgan Cazenove has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in the Placing Agreement and this document. The Initial Issue will not be underwritten.

The Company has agreed to make an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application set out in this document. The Terms and Conditions of Application should be read carefully before an application is made. Investors should consult their independent financial advisers if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

Further details about the Initial Issue are set out in Part 7 of this document.

The Placing Programme

In addition to any Ordinary Shares issued under the Initial Issue, the Company may issue up to 750 million Ordinary Shares in aggregate pursuant to the Placing Programme.

Any Ordinary Shares issued pursuant to the Placing Programme will be issued at a price calculated by reference to the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions), which are not expected to exceed two per cent. of the gross proceeds of each Subsequent Placing.

Ordinary Shares issued under the Placing Programme may be issued under this document provided that it is updated by a supplementary prospectus (if required) under section 87G of FSMA and Article 23 of the UK Prospectus Regulation.

Further details about the Placing Programme are set out in Part 8 of this document.

11. C SHARES

If there is sufficient demand at any time in the future, the Company may (but shall not be required to) seek to raise further funds through the issue of C Shares. The rights conferred on the holders of

C Shares or other classes of shares issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of the issue of the relevant shares) be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

The Articles contain the C Share rights, full details of which are set out in paragraph 6.20 of Part 10 of this document.

C Shares will be available for issue by the Company (subject to admission) if the Directors consider it appropriate to avoid the dilutive effect that the proceeds of an issue might otherwise have on the existing assets of the Company.

12. TAXATION

Potential investors are referred to Part 9 of this document for details of the taxation of the Company and Shareholders in Jersey and the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than Jersey or the UK are strongly advised to consult their own professional advisers immediately.

13. DISCLOSURE OBLIGATIONS

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) ("**DTR 5**") of the Financial Conduct Authority Handbook apply to the Company on the basis that the Company is an "issuer" whose shares will be admitted to trading on a "regulated market", as such terms are defined in DTR 5.

As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Ordinary Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Ordinary Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of the Company, 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.

14. RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 13 to 38 of this document.

15. NON-MAINSTREAM POOLED INVESTMENT PRODUCTS AND MIFID II

The Ordinary Shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

The Directors consider that the requirements of Article 57 of MiFID II and the UK MiFID Laws. The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 (and the equivalent provision of the UK MiFID Laws) will be met in relation to the Ordinary Shares and that, accordingly, the Ordinary Shares should be considered "non-complex" for the purposes of MiFID II and the UK MiFID Laws.

PART 2

DIGITAL INFRASTRUCTURE MARKET AND INVESTMENT OPPORTUNITY

1. SUMMARY

The Directors and the Investment Manager believe that, with reliance on the internet increasing, a significant opportunity exists in the Digital Infrastructure market, owing to exponentially increasing demand as well as limited supply.

Digital Infrastructure refers to the critical infrastructure required for the internet to operate and, essentially, refers to everything from fibre-optic networks that connect businesses and homes, to the data centres that organisations use to house their critical networks of computer and storage resources, and to the towers and small cells that carry data traffic wirelessly to the end user.

Any business that is online, including some of the largest and most successful global companies, requires the internet to function. Any business that requires the internet to function is reliant on the digital infrastructure behind it in order to continue operating.

The drivers of Digital Infrastructure are growing exponentially:

- Since 2010, the number of internet users worldwide has doubled while global internet traffic has grown 12-fold, equivalent to growth of around 30 per cent. per year¹;
- Between February and mid-April 2020, at the height of the Covid-19 containment measures, global internet traffic rose by almost 40 per cent.¹;
- Global internet traffic is expected to double by 2022¹;
- The amount of data produced and consumed is expected to quadruple by 2025²;
- The number of mobile internet users is projected to increase from 3.8 billion in 2019 to 5 billion by 2025¹;
- The number of Internet of Things (“IoT”) connections is expected to double from 12.5 billion to 25 billion by 2025¹;
- From 2020 to 2024, data gravity (as measured in gigabytes per second) is expected to grow by a compound annual growth rate of 139 per cent. globally³; and
- Demand for terrestrial and subsea bandwidth is growing so quickly that by 2026, 4 petabits of new capacity will need to be installed – 25 per cent. of total demand⁴.

As more and more of our lives move online the reliance on this infrastructure is continuing to increase. How we work, shop and socialise is fundamentally changing. These trends are expected to accelerate further with the roll-out of 5G technology along with the long-term changes in behaviour accelerated by or resulting from the Covid-19 pandemic outbreak in 2020.

1 IEA (2020), Data Centres and Data Transmission Networks, IEA, Paris <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

2 <https://www.cbinsights.com/research/future-of-data-centers/>

3 <https://datacenterfrontier.com/study-data-gravity-will-guide-the-global-digital-economy/>

4 <https://blog.telegeography.com/watch-bandwidth-demand-in-a-pandemic>, Nov 2020

2. KEY DRIVERS

2.1 Work – Remote working

The shift towards remote working has been driven by four main factors: advances in technology; cost rationalisation; employee wellbeing; and sustainability. Remote working is now commonplace in many organisations placing even greater reliance on the internet, and the wider digital infrastructure that supports it, in order for these organisations to operate effectively.

Covid-19 has highlighted the need for organisations to be adaptable and those that were already facilitating remote working have had a more seamless transition.

Advances in technology have facilitated a seamless transition between working in the office and working remotely for many organisations. Cloud-based computing provides employees with the same centralised network access regardless of where they are located. Dynamic organisations are increasingly recruiting the best talent regardless of location with remote working being an integral part of how these businesses operate 90 per cent. of companies are running workloads on the cloud and globally cloud service revenue is forecast to increase by 85 per cent. between 2018 and 2022. Development of video conferencing applications and software have also simplified meetings allowing individuals and teams to keep in contact virtually. This is illustrated by the number of daily active users on Microsoft Teams having increased by 58x¹ in less than three years. The move to the cloud means that rather than running or storing data on work computers, users are accessing data via the host servers of cloud providers. Accessing data via the cloud means that the hardware and software are maintained at remote locations and are then accessed via the internet. Cloud-based computing thus also increases the requirement for data storage facilities, such as data centres, with the amount of data stored in data centres worldwide increasing by 5.8x² in the last five years.

As with all cost centres, businesses have been trying to reduce their office footprint to minimise costs. Companies are spending more time focusing on their core business operations rather than investing time and money operating large real estate portfolios. Prior to the Covid-19 pandemic, central London office take-up had already fallen by 30 per cent.^{3,4} compared to the average quarterly take-up for 2018. This accelerated further with office take-up falling a further 58^{4,5} per cent. during the third quarter of 2020.

Remote working is also seen as a key element in improving employee wellbeing and increasing diversity in the workplace. By reducing the amount of time spent commuting and providing the flexibility for workers to work from home, employees have the opportunity to continue working even when their personal situation changes.

In a world where there is an increasing focus on sustainability and businesses are taking steps to reduce the impact of their operations on the environment, the ability to have virtual meetings and work remotely has the added benefit of reducing the amount of travel required. Reducing the amount of business travel, which makes up a significant portion of global travel, helps to contribute towards global sustainability and a reduction in the amount of carbon generated.

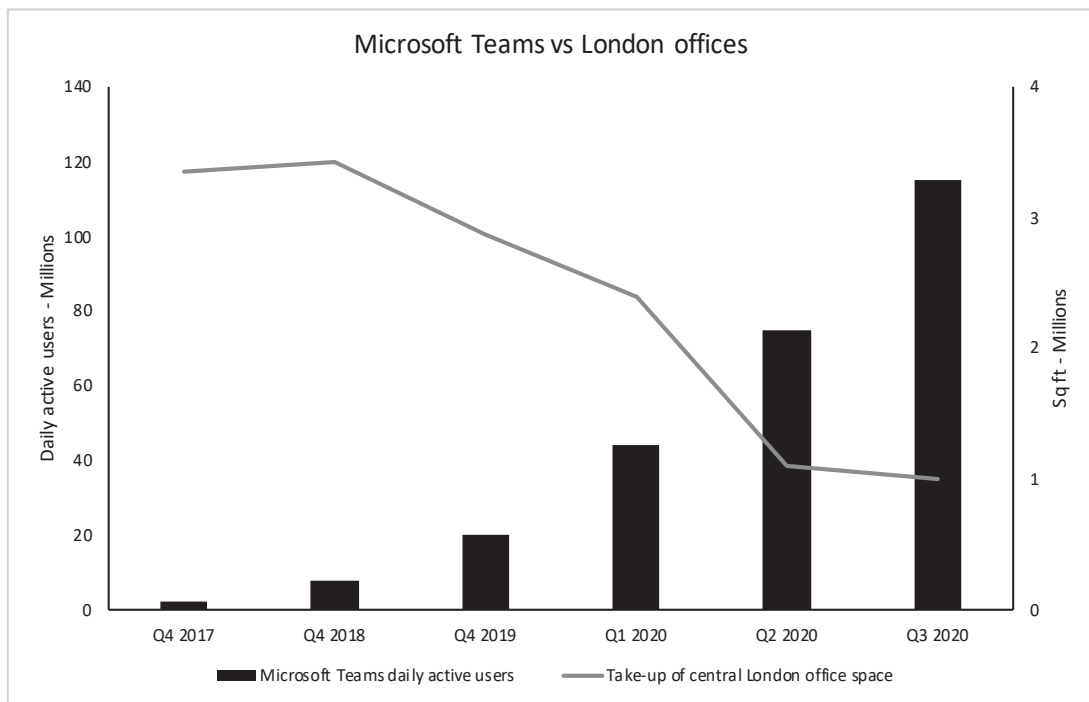
1 <https://www.businessofapps.com/data/microsoft-teams-statistics/>

2 <https://www.statista.com/statistics/638613/worldwide-data-center-storage-used-capacity/>

3 <https://news.cbre.co.uk/2018-ends-with-a-record-33m-sq-ft-of-london-office-space-under-offer/>

4 <https://www.avisonyoung.co.uk/documents/38901/59345308/CLOA+Q1+2020.pdf/8505d90a-07a3-4885-b86d-8dca59062c7a>

5 [https://www.cbre.co.uk/research-and-reports/Central-London-Office-MarketView-Q3-2020#:~:text=Take%20Dup%20in%20Central%20London,%3A%2014.1m%20sq%20ft\).](https://www.cbre.co.uk/research-and-reports/Central-London-Office-MarketView-Q3-2020#:~:text=Take%20Dup%20in%20Central%20London,%3A%2014.1m%20sq%20ft).)



Sources: Business of Apps, Microsoft, CBRE, JLL, Avison Young

2.2 Shopping – Online retail

The shift to online has been one of the most significant trends in retail, with ecommerce's share of total global retail sales increasing by 60 per cent.¹ during the last three years. Online penetration in a number of countries, such as the UK, exceeds 30 per cent.² The online marketplace is made up of 'Pure-play' online retailers, such as Amazon, along with the online arms of traditional high street retailers.

The shift to online has been driven by:

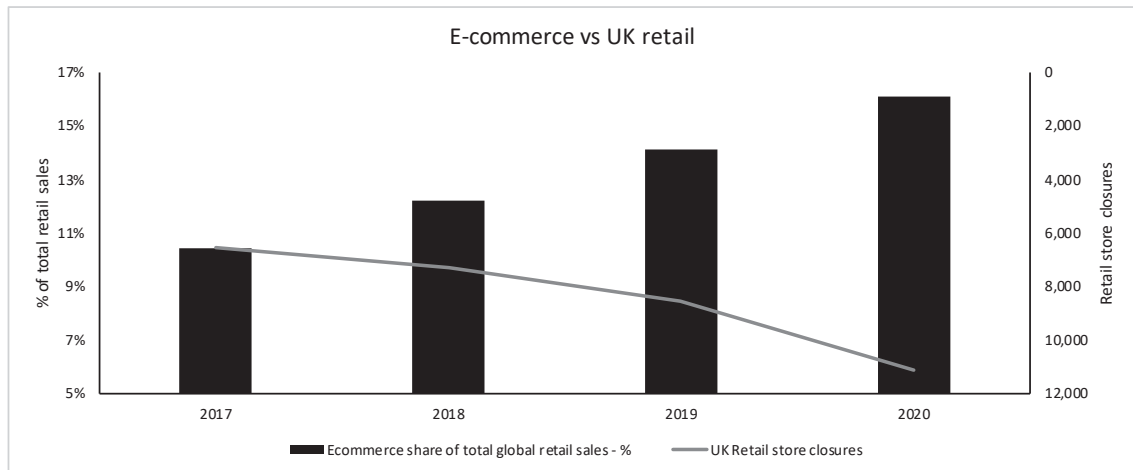
- Lower costs associated with a pure-play online operation allowing these retailers to compete more aggressively on pricing in markets that are traditionally very low margin;
- The rise of out-of-town retail outlets and the implementation of town centre traffic reduction measures which has reduced footfall resulting in shop closures, reducing the overall attractiveness of an area and, fundamentally, the demise of high street retail;
- The convenience of online retail, with consumers not wanting to spend their spare time going to shops when they can access the same stock from the comfort of their own home;
- An increase in smartphone usage and specialist retail apps which have simplified the retail experience allowing consumers to shop on the move.

In the UK, the lower costs associated with operating a solely online operation has put pressure on 'hybrid' retailers who were already struggling due to lower footfall in town centres and the demise of the more traditional high street retail locations, with the number of UK retail store closures increasing by 70 per cent.³ since 2017.

Online sales are increasing rapidly in many continental European countries, which have historically lagged behind the UK, spurred by the Covid-19 pandemic. Many consumers, particularly older consumers, tried ecommerce for the first time during lockdown in 2020, creating new converts to online shopping. The Centre for Retail Research (CRR) forecasts that Covid-19 has brought forward the higher level of online sales that was previously expected in 2021. Thus, the CRR forecasts online sales as a percentage of total retail is expected to reach new peaks in the six main western European countries (the UK, Germany, Netherlands, France, Spain and Italy) in 2020, easing slightly in 2021 but still substantially above previous levels.

Consumers can now shop online for everything from their groceries to clothes and general household items. Many online retailers have invested heavily in highly automated e-fulfilment centres providing greater depth of inventory and quicker delivery times. By providing an easy and efficient retail experience, the shift towards online shopping is expected to continue.

- 1 <https://www.oberlo.co.uk/statistics/ecommerce-share-of-retail-sales>
- 2 <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>
- 3 <https://www.pwc.co.uk/industries/retail-consumer/insights/store-openings-and-closures.html>



Sources: Oberlo, PwC

2.3 Socialising – Social media

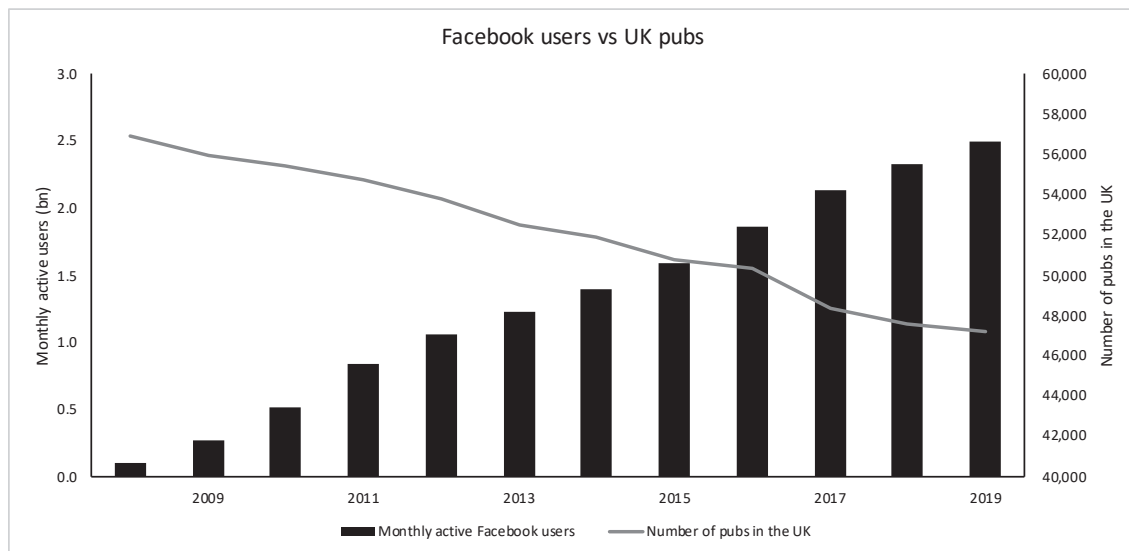
One of the major trends of the last decade has been the rise in popularity of social media platforms. These platforms boast significant global reach – nearly 60 per cent. of the world's internet users are on Facebook and many individuals have multiple profiles across a wide range of platforms. On average internet users spend nearly 2.5 hours¹ each day on social media platforms. The likes of Facebook and Instagram, which are now household names, has revolutionised:

- The volume of content created by individuals;
- How people consume news and media content;
- How people interact and communicate with others; and
- How firms can use social media platforms to market their products and brands.

Facebook along with Amazon, Apple, Netflix and Google are typically grouped together as 'FAANG' or Internet Content Providers ("ICPs"). These ICPs have driven the majority of data demand over the last decade and are also responsible for the creation of vast quantities of data on a daily basis.

In contrast, more traditional forms of socialising, such as going to the pub, have diminished due to higher costs, as a result of increased alcohol duty, along with greater emphasis being placed on the negative health impact of alcohol consumption. The number of pubs in the UK has decreased by nearly 20 per cent.² during the last decade

- 1 Data Report Global - Digital 2020 October Global Statshot
- 2 <https://beerandpub.com/statistics/pub-numbers/>



Sources: Statista, TNW, Facebook, British Beer and Pub Association (BBPA)

3. MARKET DYNAMICS

3.1 Demand

The greater the demand for the internet, the greater the demand for the infrastructure to support it. The requirement for digital infrastructure is being driven by the following growth pillars:

- Increase in the number of global internet users;
- Increase in the data consumption per user;
- Increased data transfer speed; and
- Increased volume of data resulting in increased demand for data storage.

Global internet user growth

The number of global internet users has grown at a compound annual growth rate of 8 per cent.^{1,2} since 2010 with 60 per cent.³ of the world's population currently online. Over the last five years, on average there have been 27,000 new internet users per hour⁴. The growth in users has mainly been driven by economic development, with access to the internet seen as key to opening up further economic opportunities with other countries and continuing the economic growth trajectory. Online access in developed countries is typically in excess of 85 per cent.⁵ Without the restrictions of replacing legacy infrastructure these countries typically implement the latest technology resulting in greater download speeds, further increasing global bandwidth demand. 66 per cent.² of the world's population is expected to be online by 2023.

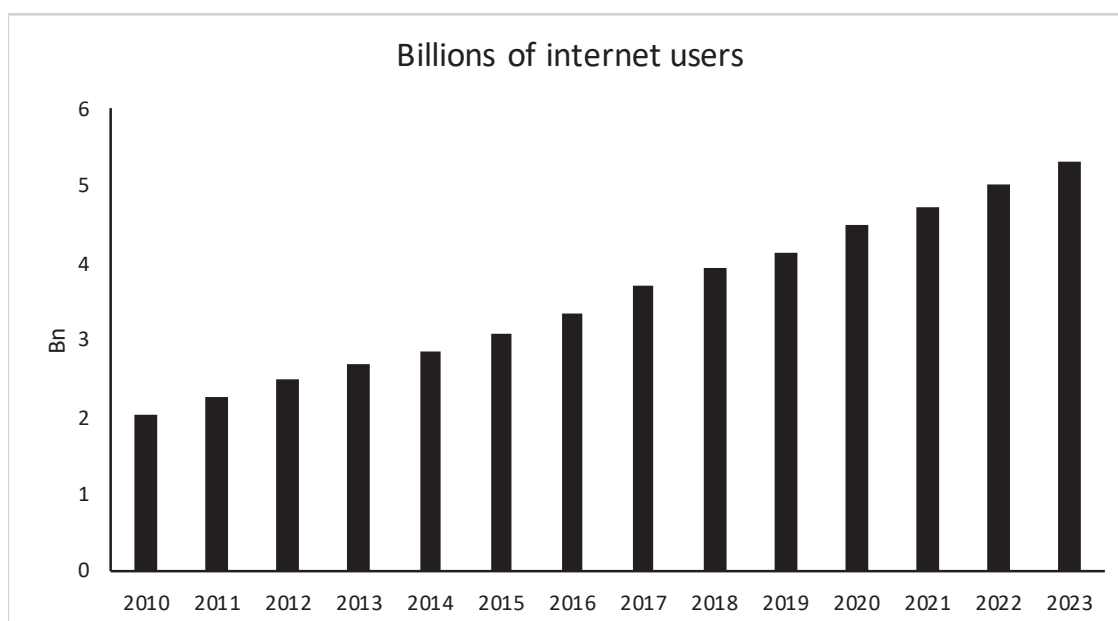
1 <https://www.statista.com/statistics/273018/number-of-internet-users-worldwide/>

2 <https://www.cisco.com/c/en/us/solutions/collateral/executive-perspectives/annual-internet-report/white-paper-c11-741490.html>

3 Data Report Global - Digital 2020 October Global Statshot

4 <https://ourworldindata.org/how-many-internet-users-does-each-country-have>

5 ITU – Measuring digital development – Facts and figures 2020



Sources: Statista, Cisco

Global growth in data consumption

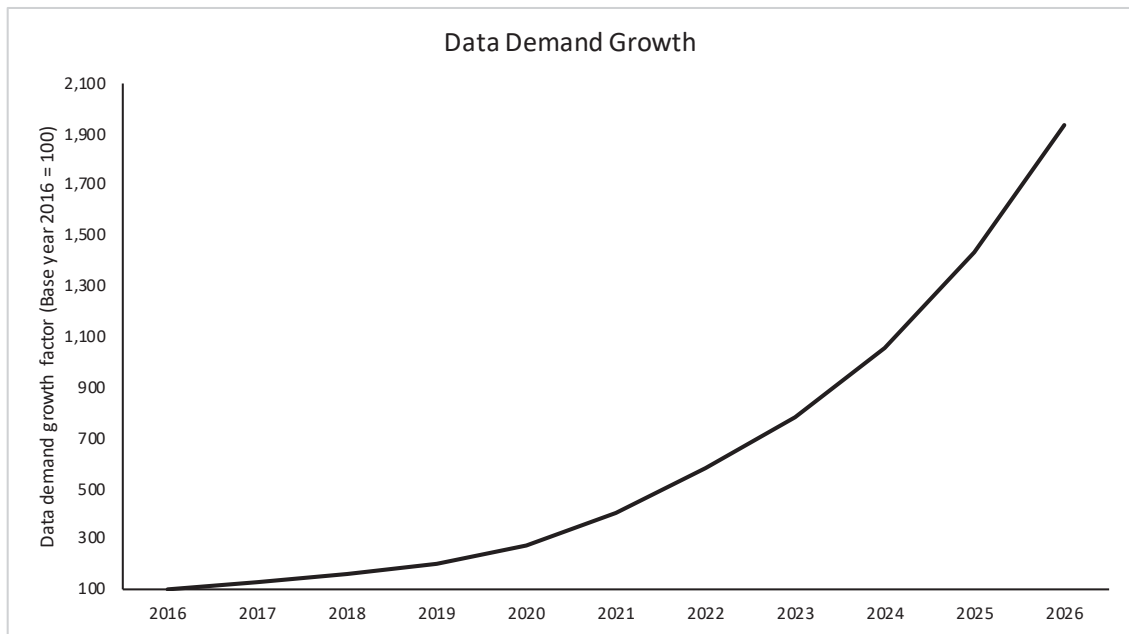
Historically carrier networks provisioning public internet services were the primary source of demand growth. More recently Content Providers, a category that includes providers of internet content (including Google, Facebook and Microsoft), cloud service providers (including Amazon, Microsoft and Google), and network-based content delivery networks (such as Akamai and Limelight) have become the primary sources of demand. As of 2019, Content Providers are now the dominant users of international bandwidth, accounting for 64 per cent.¹ of all used capacity globally and 90 per cent.² of used capacity on the Trans-Atlantic route. Cloud based computing, the explosion of social media and streaming platforms such as Facebook and Netflix, coupled with online shopping being responsible for an ever increasing proportion of retail sales, has resulted in people spending more time online and households consuming 38x³ more data than they were a decade ago. Work, social interaction and shopping is moving increasingly online. Global data demand is expected to increase at a CAGR of c.40 per cent.⁴ between 2020 and 2026. International data demand could be further influenced as new technologies such as augmented reality, virtual reality and artificial intelligence (AI) emerge in the coming years.

1 TeleGeography Global Bandwidth Research Services - Content providers

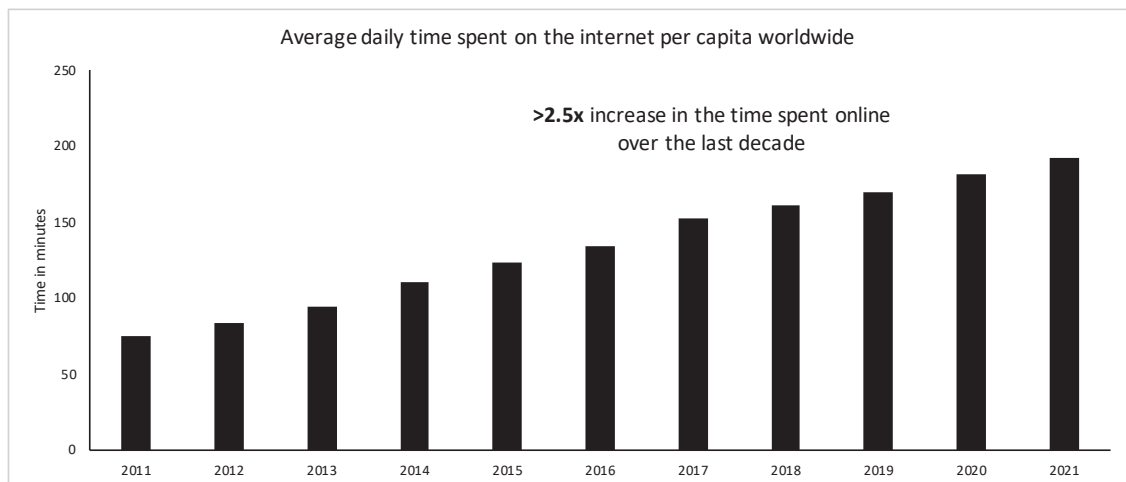
2 TeleGeography Global Bandwidth Research Services - Executive summary

3 <https://decisiondata.org/news/report-the-average-households-internet-data-usage-has-jumped-38x-in-10-years/>

4 TeleGeography - Bandwidth Demand in a Pandemic (2020)



Source: TeleGeography



Source: Statista

Increases in data transfer speed

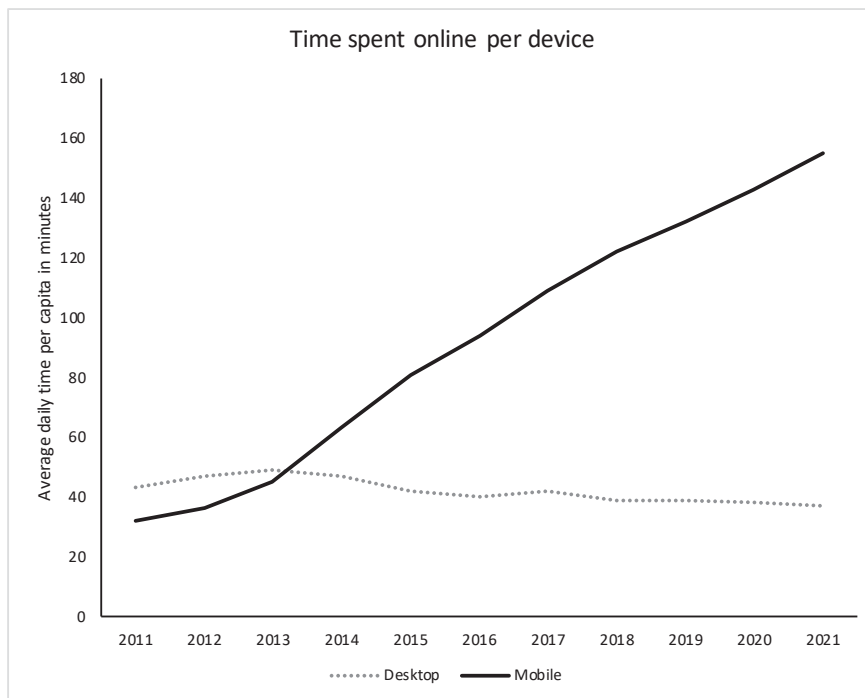
With greater data demand comes greater demand for data transfer speed. Latency is the term frequently used when discussing data transfer speed, and refers to the time it takes for data to travel between locations. Latency can be increased and speeds reduced by a variety of sources including network congestion, over-utilised routers and firewalls. With the outbreak of COVID-19 resulting in a surge in network traffic, operators have taken steps to manage this traffic by reducing the bit rate for streaming video applications in some regions to ease network congestion along with accelerating plans to increase capacity. Financial enterprises, content providers, gaming companies and cloud computing providers all want to lower the latency of data transmission particularly over long-haul routes. In the case of financial enterprises, reducing the delay by as little as a few milliseconds can impact the profitability of trading operations. Online search companies such as Google have observed that increased latency leads to decreased click-throughs and search result views. Amazon has claimed that every 100 milliseconds of latency reduces their sales by 1 per cent. This highlights the critical role that digital infrastructure plays in facilitating the operations of these and many other businesses.

Combined with this, how data is consumed has fundamentally changed, with 81 per cent.¹ of the time spent online now being on mobile devices and 75 per cent.² of global internet users expected to be mobile-only by 2025. Over the last decade the proportion of time spent online on mobile devices has increased by 384 per cent.¹ whilst the corresponding amount of time spent

on desktop devices has decreased by 14 per cent.¹ As a result, 5G is expected to be one of the 'game changers' in the world of digital infrastructure, offering increased data speeds primarily to mobile devices.

1 <https://www.statista.com/statistics/319732/daily-time-spent-online-device/>

2 https://www.warc.com/content/paywall/article/warc-datapoints/almost_three_quarters_of_internet_users_will_be_mobileonly_by_2025/124845



Source: Statista

5G is expected to revolutionise the market by exponentially increasing data transfer speeds with up to an 18.5x³ increase in data download speeds compared to 4G, and with the potential to offer faster download speeds than conventional broadband wi-fi. Increased data transfer speeds result in reduced transmission costs making new data applications possible. 5G has the potential to increase the number of connected devices by 100x⁴, including driverless cars, smart homes and security. With more devices moving online, the demand for data bandwidth will increase further.

3 <https://www.opensignal.com/2020/05/20/quantifying-the-global-5g-experience-across-ten-operators>

4 <https://www.thalesgroup.com/en/markets/digital-identity-and-security/mobile/inspired/5G>

Increases in connected devices

The Internet of Things (IoT) is the concept of connecting any device to the Internet, and/or to each other. This includes everything from mobile phones to washing machines in addition to components of machines such as the jet engine of an airplane or the drill on an oil rig. If it has an on and off switch then it is likely that it can be a part of the IoT.

The IoT is becoming the main way in which people, processes and things connect to the Internet and to each other. By 2023 there will be almost 30 billion networked devices⁵, that is devices that are connected in some way to the internet. The number of devices connected to the internet will be more than three times the global population by 2023, it is expected that there will be 3.6 networked devices per capita⁵ up from 2.4 devices per capita⁵ in 2018. Nearly half these devices, 14.7 billion⁵ will be machine-to-machine (M2M) connections compared to only 6.1 billion⁵ in 2018, an increase of 140% in only 5 years. These connections run applications such as telemedicine and healthcare monitoring, smart car navigation systems, smart meters, package tracking, autonomous vehicles and asset maintenance monitoring in addition to many others yet to be conceived. All of these billions of connections require greater bandwidth, lower latency and investment in digital infrastructure to run the growing set of applications.

5 <https://www.cisco.com/c/en/us/solutions/collateral/executive-perspectives/annual-internet-report/white-paper-c11-741490.html>

Increases in data storage requirements

As the internet continues to develop with more people online, consuming more data and with faster download speeds the volume of data globally is increasing at an exponential rate. The volume of data globally has increased by 36x^{6, 7} in a decade and is expected to continue increasing.

Any entity that generates or uses data has a need for data storage facilities on some level – this includes the likes of Facebook, Amazon, Apple, Netflix and Google but also includes financial service providers such as banks and game hosting providers such as Sony. Demand for data centre and network services is expected to continue to grow strongly, driven in particular by rapidly growing demand from streaming videos, gaming and cloud-based working. Data creation is expected to increase at a CAGR of 28 per cent.⁸ over the next four years with over 1.1 million gigabytes of data being created per second by 2024⁸.

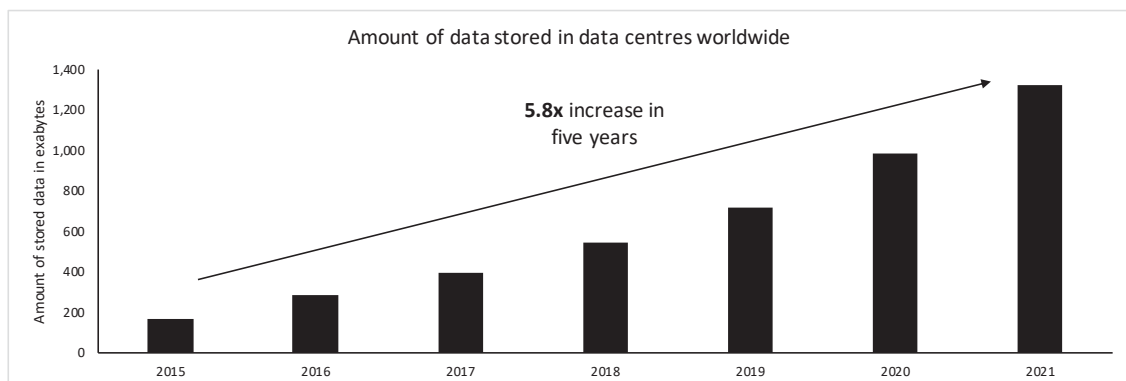
The move to the cloud, means that rather than running or storing data on home or work computers, users are accessing data via the host servers of cloud providers. Accessing data via the cloud means that the hardware and software are maintained at remote locations and are then accessed via the Internet – these remote locations are data centres.

As data becomes more and more important across a range of industries, early strategies where firms, such as banks, had their own data centres have been replaced with the acquisition of space in third party data centres. Companies are focussing on their core business activities rather than diverting time and resource into non-core activities such as owning and operating a data centre. This is increasing demand for third party data centre providers that can serve multiple customers.

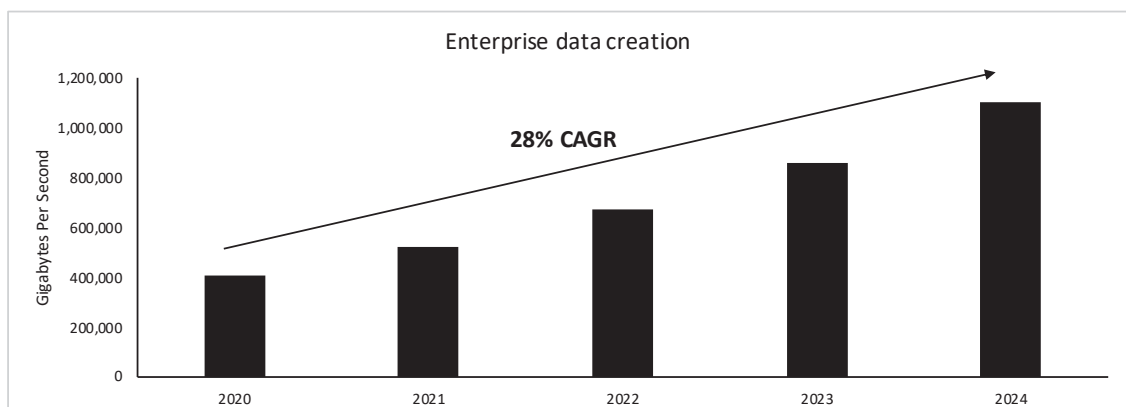
6 IDC - Iview - The Digital Universe Decade - Are You Ready?

7 <https://www.weforum.org/agenda/2019/04/how-much-data-is-generated-each-day-cf4bddf29f/>

8 Data Gravity Index, Sept. 2020



Source: Statista



Source: Data Gravity Index

3.2 Supply

The supply of digital infrastructure assets can be constrained by a combination of:

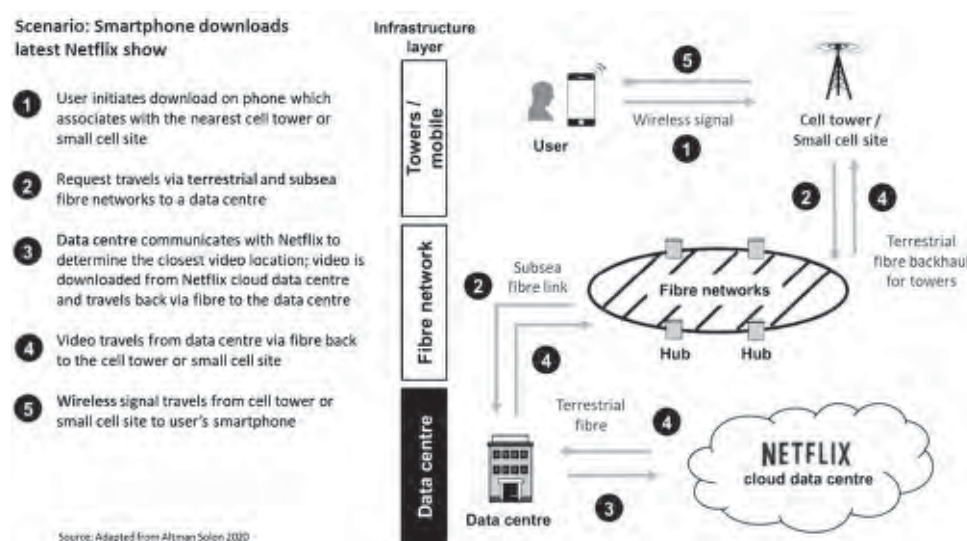
- High capital costs;
- Long lead times for development;
- Technical expertise and delivery experience; and/or
- Entrenched customer relationships.

The COVID-19 pandemic has also resulted in delays to expected launch dates for a number of digital infrastructure assets. The subsea cable market has been particularly impacted with ship crews finding it difficult to travel to and from work due to travel restrictions and quarantines and travel restrictions have limited site visits for new cable landings. Supply chain disruptions caused by temporary factory closures have also further delayed system upgrades and the deployment of new cables. These disruptions will further constrain supply at a time when demand for these assets is at an all time high.

The key sub-sectors of Digital Infrastructure the Investment Manager will focus on when seeking new investments for the Company are:

- **Subsea** fibre-optic networks;
- **Data centres**;
- **Terrestrial** fibre-optic networks; and
- **Wireless** via macro cell towers and small cell networks.

An example of how these sub-sectors interconnect is shown below.



These target sectors are characterised by having contracted revenues ranging from 2 years (Terrestrial fibre) to 20 years (Subsea fibre) and implied EBITDA yields, based on precedent market transaction multiples, of between 3-12 per cent. with an average yield of 6 per cent.

3.2.1 Subsea fibre-optic networks

Subsea fibre-optic cables are the backbone of the internet, transporting 98 per cent. of international internet traffic.¹ There are over 400 submarine cable systems currently active around the world, stretching for 1.2 million kilometres. Over the next three years there is the potential for a further 60 new cables to be constructed globally.

The process for laying subsea cables can take a number of years and involve a large capital outlay. A new transatlantic cable can take up to three years and cost over £200m to proceed from the planning stage to having an operational asset.

1 Google, <https://cloud.google.com/blog/products/infrastructure/announcing-googles-grace-hopper-subsea-cable-system>

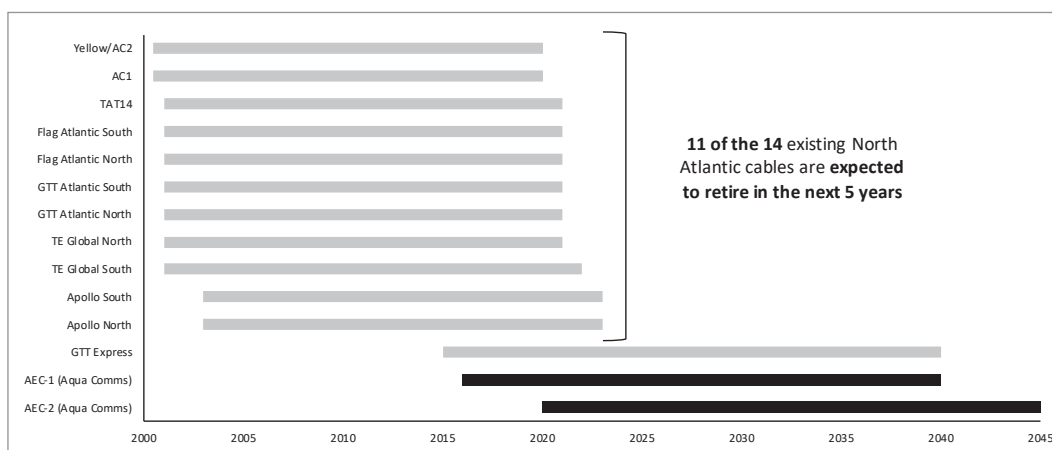
The subsea cable market was historically dominated by carriers (for example, CenturyLink/Lumen and Tata Communications), but OTT (over-the-top) players/content providers such as Google, Facebook and Amazon have emerged in recent years as key market participants due to their need for high bandwidth, low latency and high redundancy. Prior to 2012, content providers accounted for less than 10 per cent. of internet traffic, by 2019 their share of total capacity usage had risen to 64%. By 2027, they are expected to account for 83 per cent. Although some content providers have built cables independently, they will continue to partner with cable companies such as Aqua Comms for engineering and operation and to mitigate development and potential antitrust risk.²

2 <https://submarine-cable-map-2020.telegeography.com/> and <https://www2.telegeography.com/submarine-cable-faqs-frequently-asked-questions>

The most successful subsea cable systems deliver low latency and high bandwidth on popular routes with multiple points of presence. They are long-life assets that produce predictable long-term cash-flows from customers who enter into 20-year Indefeasible Right of Use contracts and 20-year operations and maintenance contracts, or into medium-term recurring leases.

The supply of transatlantic cables peaked in the early 2000s following a flurry of speculative development surrounding the dotcom bubble. This overbuild turned into financial collapse as many of these networks went through bankruptcy, with the market then going through a period of 12 years with no cables being built.

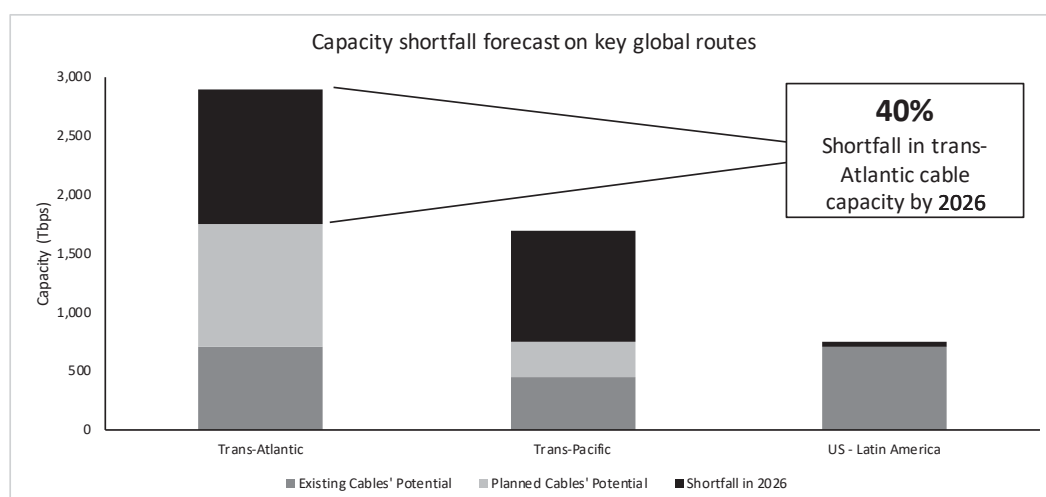
During this 12-year period, products and applications that are now used every day such as the Apple iPhone, Facebook and Google maps were launched. The rapid growth and use of these products have driven most of the demand for new transatlantic cables. These new networks are larger and more technologically advanced (100G vs. 10G) than the initial generation of fibre cables. The first-generation cables are likely to be forced into retirement as their contracted revenue streams end and they approach the end of their useful lives. Cables are engineered to have a minimum design life of 25 years but as the fixed costs of these older networks are equivalent to new generation networks which results in a higher cost on a per unit basis, the economic life of these cables is shorter and many older cables may soon become candidates for retirement. For example, the TAT-14 trans-Atlantic cable, which entered service in April 2001, was retired in December 2020.



Sources: TeleGeography, Aqua Comms Management, existing North Atlantic cables as at 31 January 2021

Given the forecast exponential increases in data consumption, there is expected to be a huge capacity supply shortfall on key cable routes in the next five years as supply is unable to keep up with demand for these key digital infrastructure assets. In addition to capacity, route diversity is also key for major consumers of subsea cable capacity. Creating mesh networks by having bandwidth on multiple cable systems is important in order to provide a high level of network availability and to comply with stringent service level agreements.

These consumers want to ensure that they have a sufficient number of high-capacity systems in place for resilience.



Source: TeleGeography

This supply/demand mismatch is largely driven by content providers who have become the dominant users of international bandwidth over the last decade. However, this trend does not hold across all routes as content provider operations are heavily focused in North America, Europe and Asia. As a result, there is high demand on trans-Atlantic and trans-Pacific routes but relatively lower demand on non-core routes. For example during 2019 content provider demand on the trans-Atlantic route was 18x higher³ than on the US-Latin America route.

The growth rate of the subsea cable market is forecast to remain around 40 per cent. for the foreseeable future, implying a doubling in size every two years.⁴ The demand for more bandwidth, with 4 petabits or 25 per cent. of the global total required by 2026,⁵ supports the retention and attraction of customers in Aqua Comms' assets and the expansion into new subsea systems.

3 TeleGeography Global Bandwidth Research Service - Content Providers

4 Re-Imagineering Telecom Subsea Systems" Clifford Holliday, SubTel Forum Magazine, February 2020. https://issuu.com/subtelforum/docs/subtel_forum_110_final/18

5 <https://blog.telegeography.com/watch-bandwidth-demand-in-a-pandemic>, Nov 2020

3.2.2 Data centres

The internet exists on servers in data centres. Almost all internet traffic flows to or from a data centre. This volume of traffic is expected to double globally by 2022¹, and the volume of data (measured in gigabytes per second) is expected to double every year through to 2024².

Data centres are buildings that house computing equipment – primarily servers – to consolidate IT functions for organisations. They send, receive, process and store digital data and are critical infrastructure to modern economies. They are equipped with guaranteed power supplies and high bandwidth connectivity (often duplicated to ensure resilience), controls to maintain a specified range of temperature and humidity, and advanced security systems for both the facilities and data.

Data centre operators offer a wide range of services. The most common include:

- wholesale co-location, where customers take large amounts of space with bespoke supporting infrastructure on long-term leases (e.g. Global Switch, Digital Realty);
- retail co-location, where customers take racks or part racks for their servers in fitted-out space on relatively short-term leases (e.g. Equinix, Telecity); and

- cloud computing, where customers can access remote servers hosted on the internet (e.g. AWS, Microsoft Azure).

The data centre concept began life as the mainframe computers in the 1950s. These data centres, before they were even referred to as such, contained large computers developed for bulk data processing and were often used as servers. In the early days of the data centre, the push to create facilities with high levels of redundancy and resilience, which relied on large amounts of manual labour to keep operational, meant the need for efficiency was often overlooked.

Maintaining mainframe technology was often difficult and labour-intensive and, hence, during the 1980s most businesses wanted to move away from operating their own IT systems. As this was before co-location – a type of data centre where equipment, space and bandwidth are available for rental to retail customers - these companies either paid others to host their applications or they outsourced all their big computing requirements.

Early data centre supply suffered from several design and operational issues:

- Lack of standardisation of design resulted in high development costs;
- Data centre requirements were often misunderstood by design teams due to a lack of a common language and the broad range of data centre design specifications and layouts;
- Efficiency issues with data centre design, in particular, cooling issues resulting in high levels of power demand both for data centre operation and cooling. For every kilowatt of power a server used 10 years ago, at least another kilowatt of thermal power was required to cool it down.

The emergence of standard racks and servers during the 1990s had a transformative effect on data centre design. This meant that all data centres around the world could be designed and operated in the same way and suppliers could save huge costs by standardising the 'U'-sized rack. Over the past decade many facilities have moved to adopt designs that incorporate hot and cold aisle containment within their data halls, whereby server racks are lined up in alternating rows. The heat given off by the servers is isolated in one row for disposal, while the cold air used to keep the equipment cool is fed into the other. This design has reduced the amount of energy required to cool data centres by 90 per cent., representing a substantial increase in energy efficiency, as well as corresponding reductions in carbon emissions.

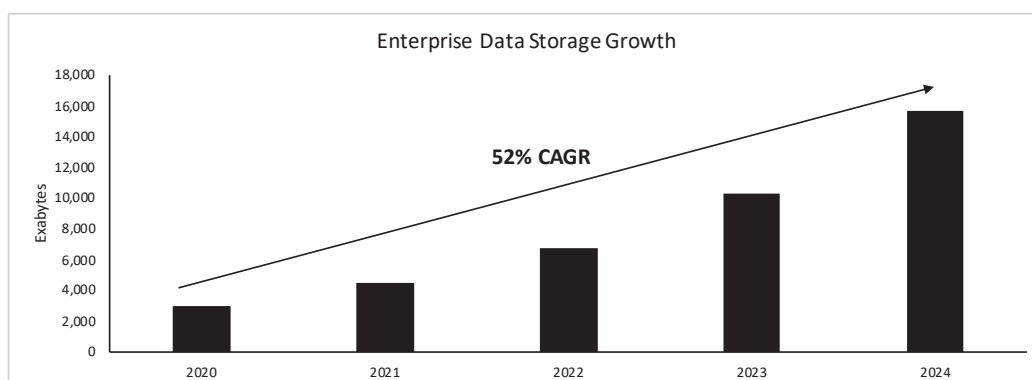
The dotcom bubble of the early 2000s was characterised by growing numbers of internet users and a slew of online-only businesses. To keep up with the demand for online services, substantial amounts of capital were invested in building out data centre capacity. As these early internet companies began to fail, many sites remained dormant. In 2000, there were 27 pan-European data centre operators, of which 17 went out of business. It took until 2008 for the market to recover.

The global financial crisis, a time when enterprises looked to cut costs by outsourcing their IT requirements, played into the hands of the co-location data centre providers. The glut of data centre space that existed as a by-product of the dotcom bubble bursting came into its own around this time, with internet service providers and financial services firms using colocation to meet their capacity needs.

Whereas in the past businesses used to own and operate their own data centres, they are now taking steps to wind down their own investments in data centres and move more of their IT infrastructure to the cloud. These companies are forecast to require an increasing amount of data centre space, and this space will need to be provided by third party data centre operators.

Network expansion has also undergone a long-term shift in focus, from connecting users to users, to linking users to data centres and increasingly, data centres to each other. Data

centres are often placed in densely populated metropolitan areas where large numbers of end-users reside. As global data demand and usage grows, content localisation will become increasingly important with data-intensive content accessed from caches or the content delivery network nodes located in data centres in the same city or country as the end user.



Source: Data Gravity Index

Despite demand for data centres increasing and the asset class increasing in attractiveness to investors, as demonstrated by several recent high value transactions in the market, data centre supply has remained relatively constrained, in part due to location. Data centres must be located where they can easily access the wider data network, particularly subsea cables, along with proximity to a high quality, reliable power source as well as having access to the end user being a key requirement to reduce latency and potential downtime/outages.

With increased demand for data centre space coming from the emergence of trends like cloud computing and the internet of things, combined with reduced direct investment in the space as companies themselves move to the cloud and supply constraints, a demand, supply imbalance is expected to result.

The pricing power of data centres is largely a function of their access to connectivity and customers. Access to high-speed connection and high-value interconnection provides barriers to entry. The Investment Manager will leverage the low-latency, high-capacity subsea footprint of Aqua Comms’ assets and build a data-centre to data-centre connectivity platform, looking for investments in that generate predictable revenues through long-term contracts and with associated escalators. Such contracts are usually based on power consumption, with additional fees for power availability, cross connects and remote hands.. Although the Investment Manager’s pipeline initially focuses on Europe and the United States, it will naturally follow the expansion of its subsea network to other regions.

Data centres come in a wide range of sizes. At one extreme, hyperscale data centres – those with more than 5,000 servers³ – prefer colder climates for affordable cooling, access to renewable power and plenty of land for development (e.g. Facebook, Google). In Europe, Ireland and Scandinavia are the favoured locations. At the other extreme, edge data centres move computing closer to the end user in distributed, modular facilities, providing the ultra-low latency communications required for IoT applications like autonomous vehicles and other machine-to-machine applications. Edge computing will evolve together with 5G. The Investment Manager will monitor opportunities in the hyperscale space, as investing in energy-efficient data centres in colder climates or near renewable power sources – such as hydroelectricity in Norway, offshore wind in England or tidal stream in Scotland – will help achieve the Company’s sustainability objectives. It will also monitor the edge market for synergistic opportunities with its Wireless investments.

Data centre tiers are a system used to describe specific kinds of data centre infrastructure, with Tier 1 representing the simplest infrastructure, and Tier 4 being the most complex with

the most redundant components. Each tier includes the required components of all the tiers below it. The Investment Manager expects to target data centres in Tier 3 or Tier 4 with more complex infrastructure but significantly lower levels of downtime due to the ability to maintain the assets without taking them offline and built in redundancy on all components). With data security being a key requirement, it is anticipated that the Investment Manager will likely seek to ensure that target acquisitions will have the level of security and controls in place (or will be able to be developed) which would be compliant with SSAE16 or equivalent in the relevant jurisdiction.

- 1 IEA (2020), Data Centres and Data Transmission Networks, IEA, Paris <https://www.iea.org/reports/data-centres-and-data-transmission-5networks>
- 2 <https://investor.digitalrealty.com/news-and-events/news/press-release-details/2020/Data-Gravity-Identified-as-Key-Megatrend-Impacting-Enterprise-Growth/default.aspx>
- 3 <https://www.bmc.com/blogs/hyperscale-data-center/>

3.2.3 Wireless

The Investment Manager's wireless strategy will initially focus on the UK market.

The UK wireless telecommunications market is underpinned by around 42,500 macro towers. That tower market is dominated by two infraco joint ventures. The first one, Cornerstone, operates Vodafone and O2's network and owns 16,500 towers (38.8 per cent. share of the market). The second joint venture, MBNL, manages (but does not own) EE and Three's 14,600 towers (34.4 per cent. share). The rest of the market is operated by a handful of independent towercos: Cellnex (8,135 own sites and 1,120 operated and marketed sites), Wireless Infrastructure Group (2,050 sites), Spyder (142 sites) and Hibernian/Brittania (72 sites). While a change of relationship between the MNOs and their towerco joint ventures could shake the market in the medium term, further consolidation is expected in a market which is already relatively mature. As such, investment opportunities will be attractive, but limited.

In the future, small cells are going to become increasingly important. Roll outs are already taking place to densify 4G networks, where bandwidth needs are the highest (mostly in London). As of November 2020, more than 1,000 small cells have been deployed in the UK. This number is expected to increase dramatically with 5G adoption, which could reach 26 per cent. by 2024.

Online traffic is already growing at an exponential rate, especially in dense urban areas, and with the arrival of 5G, the rate of growth will only increase. In 2019, 4G became the dominant mobile technology across the world with over 4 billion connections¹ meanwhile the roll-out of 5G is gaining pace. It is expected that 5G will account for 20 per cent. of global connections¹ by 2025 with take-up particularly strong across developed Asia, North America and Europe. Operators find it difficult, time consuming and expensive to deploy the infrastructure themselves. To support the generational shift and further drive consumer engagement, operators are expected to invest \$1.1 trillion¹ worldwide between 2020 and 2025 in mobile capex of which 80 per cent. will be in 5G networks¹.

The number of global mobile end-user subscribers continues to grow, however, average data usage per subscriber has increased much faster than new subscriptions. This has been driven in part due to increased adoption of broadband capable devices, particularly smartphones. The combined impact of more subscribers and more data usage per subscriber has resulted in even higher rates in overall data usage. At a global level there are:

- **7.9 billion¹** mobile subscriptions, this number is expected to increase to 8.8 billion¹ by the end of 2026 of which 3.5 billion¹ will be 5G subscriptions
- **82 per cent.²** of mobile connections are broadband connections as at Q4 2020. This proportion has increased from 47 per cent.² in Q4 2015

- **9.4 gigabytes³** average monthly data consumption during 2020 this has increased from 1.9 gigabytes in 2016⁴ and is expected to continue increasing to 34 gigabytes³ per month by 2026
 - The increase in mobile subscriptions, broadband penetration and data consumption per user has resulted in mobile data consumption increasing by **9.6 times²** between 2016 and 2020. Mobile data consumption is expected to continue increasing driven by increased broadband penetration in addition to increased adoption of 5G technologies and the associated increase in data download speeds
- 1 <https://www.ericsson.com/en/mobility-report/dataforecasts/mobile-subscriptions-outlook>
 - 2 Data Report Global – Digital 2021 Global Overview Report
 - 3 <https://www.ericsson.com/en/mobility-report/mobility-calculator?up=2&bp=2&v=0&c=2>
 - 4 <https://www.oecd-forum.org/posts/21197-daily-data-on-digital-2-data-usage-per-mobile-broadband-subscription> (monthly average for OECD countries)

How end-users consume data has fundamentally changed, with 81 per cent. of the time spent online now being on mobile devices. The proportion of time spent online on mobile devices has increased by 384 per cent. over the last decade increasing the utilisation and reliance on local networks. 5G is expected to result in up to an 18.5x increase in data download speeds compared to 4G. Lower latency is expected to increase the number of connected devices along with allowing users to consume more content further driving up the growth in average data usage per subscriber.

1 GSMA The Mobile Economy 2020

3.2.4 Terrestrial

The initial terrestrial fibre investment targets for the Investment Manager will be in the UK market, which is currently very active. The UK terrestrial fibre market is still dominated by two national networks serving both residential and business customers: BT (operated by OpenReach) and Virgin Media.

Alternative fibre networks (“altnets”) in the UK tend to belong to two categories:

- (1) Providers primarily targeting large businesses and the wholesale market. The roll out of those networks started in the nineties and focused heavily on areas with high density of businesses (Metro Area Networks, especially in Central London, Birmingham and Manchester) and on linking those areas (long-haul network). That category of assets has consolidated over the last 15 years by large global players, both domestic (Vodafone, Sky) and foreign (Lumen, Zayo, Verizon). For this reason, investment opportunities in this space will be scarce.
- (2) Providers primarily targeting residential customers. Those are often referred to as FTTP (fibre to the property) or FTTH (fibre to the home) players and focus on specific geographic areas that have been underserved by existing fibre players, often small towns, large suburbs or rural areas.

There is currently significant activity in the residential space. This is of particular interest to the Investment Manager for the following reasons:

- Strong take-up upside: according to the FTTH Council Europe’s latest panorama, the UK has one of the lowest FTTH penetration rates in Europe (33rd out of 35 countries), with only 2.8 per cent. of households benefiting from an FTTH subscription as of September 2019. This relative immaturity of the UK FTTH market is also reflected in its low FTTH penetration, with only 15 per cent. of premises passed vs. 57 per cent. in France, 86 per cent. in Spain or >90 per cent. in some Nordic countries.
- Ambitious Government targets: the UK Government is committed to deliver “nationwide gigabit broadband” by 2025. While the commitment is technology-neutral, it is widely assumed that the bulk of the incremental growth will be driven by FTTH. To support this ambition, the UK Government has also launched various subsidy programmes, such as the £200m Gigabit Broadband Voucher Scheme or the £5bn Rural Gigabit Connectivity Programme.

- Favourable competitive dynamics: both Ofcom and the UK Government (via the National Infrastructure Commission) also consider that market competition is the most appropriate way to encourage and deliver full-fibre deployment. This philosophy, coupled with the financial incentives discussed above, have supported existing alternative players and spurred the creation of numerous new entrants.

For the purpose of the Investment Manager's strategy, FTTH players can be categorised into four groups:

- Incumbent players: BT OpenReach and Virgin Media are established players running large-scale FTTH roll outs without requiring external funding. Their full fibre product passes 3 million and 500k respectively as of October 2020.
- Funded for growth: altnets that have already raised a significant amount of external funding (> £200m). Some of them started rolling out networks several years ago (e.g. CityFibre, Hyperoptic, Gigaclear), while others are more recent ventures (Jurassic Fibre, Swish Fibre).
- Partially funded for growth: altnets that have proven their ability to roll out fibre networks and even raised external funding, but not enough to fulfil their long-term ambitions. This group will be the Investment Manager's main focus.
- Development projects: there is a long tail of projects that have not secured any funding yet and not executed any significant roll-out. The Investment Manager will monitor these projects.

4. COVID-19 IMPACT

The Covid-19 pandemic in 2020 has accelerated the key drivers and trends already fundamental to the growth in demand for digital infrastructure. This acceleration can be illustrated by some key statistics:

- **47 per cent.**¹: overall increase in internet usage during Q1 2020, increase during Q2 2020 of 36 per cent. compared to the same periods during 2019
- **530m**²: number of global meeting participants per day, this trend continued into Q3 2020 with Zoom Cloud Meetings and Google Meet ranking 4th and 5th in terms of global app downloads³
- **23 per cent.**⁴: year-on-year growth in Netflix subscribers
- **50,000 years**⁵: the amount of content streamed by Americans in one day in April 2020, an increase of 170 per cent.
- **4 years**⁶: the number of years Disney+ is ahead of its projections, with 87m⁵ paid subscribers in December 2020
- **71 per cent.**⁷: the proportion of adults who now use video calls at least once per week compared to 35 per cent. at the start of 2020

The acceleration of trends in how individuals work, shop and socialise has resulted in observed global data demand growth being 35 per cent.⁸, 9% ahead of the forecast for 2020 in absolute terms, equivalent to an increase of 35% on a proportionate basis. As noted above the pandemic has also constrained the supply of new digital infrastructure assets due to issues surrounding travel and temporary factory closures disrupting the supply chain.

1 OpenVault Broadband Insights Report Q1 2020

2 Data Report Global - Digital 2020 July Global Statshot

3 Data Report Global - Digital 2020 October Global Statshot

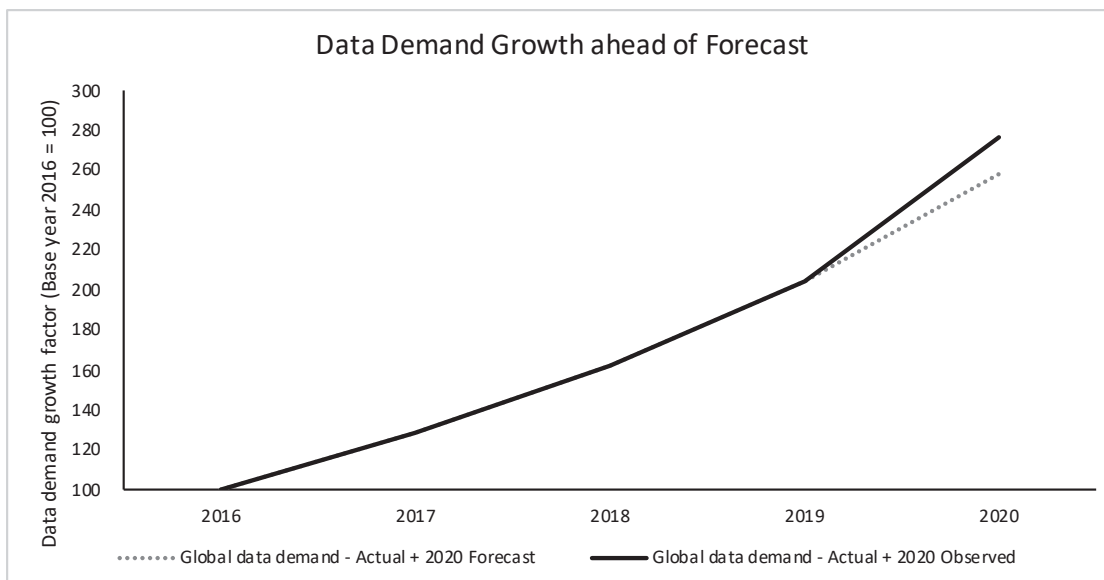
4 Netflix, Q3 2020 shareholder letter

5 <https://us.sganalytics.com/blog/americans-consumed-50000-yrs-of-content-within-a-day-impact-of-covid-19-on-ott-vod-streaming-industry/>

6 Disney Investor Day 2020 Presentation

7 <https://www.computerweekly.com/news/252485097/Lockdown-drives-UK-internet-and-videoconferencing-surge>

8 TeleGeography – Bandwidth Demand in a Pandemic (2020)



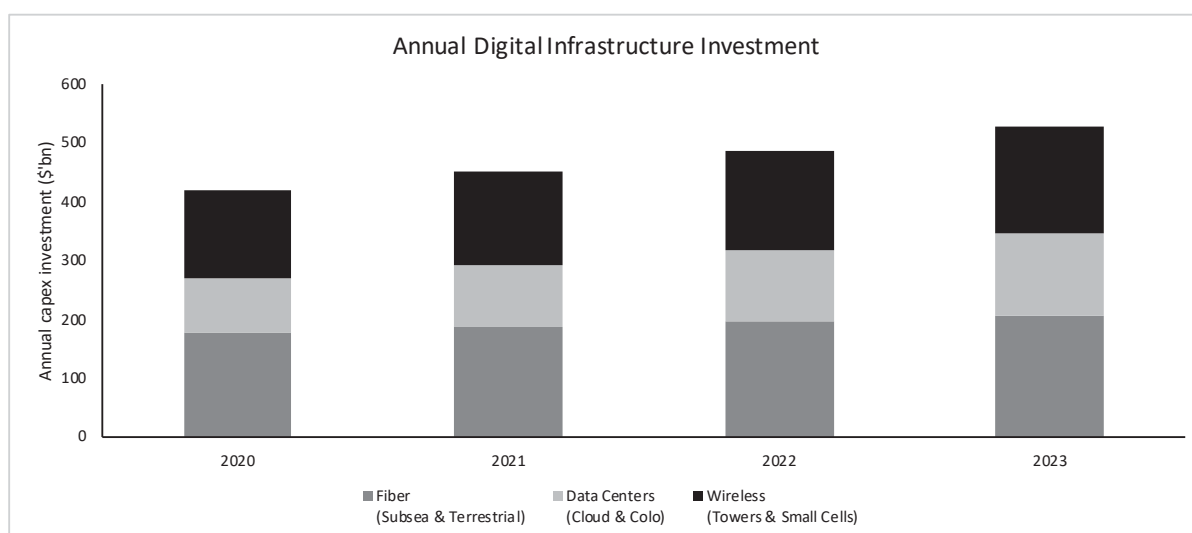
Source: TeleGeography

5. THE INVESTMENT OPPORTUNITY

Demand for the internet has increased and is expected to continue to increase at an exponential rate.

The pre-existing trends changing how individuals work, shop and socialise have been accelerated by Covid-19. These trends are resulting in individuals and businesses placing ever greater reliance on the internet for all facets of daily life.

Businesses are either too small to effectively and efficiently develop their own supporting digital infrastructure or prefer to focus on their underlying business models rather than developing non-core activities such as the digital infrastructure required for their operations to run. Global investment in digital infrastructure, comprising subsea and terrestrial fibre, wireless towers, small cells and data centres was expected to exceed \$400 billion in 2020. This level of investment is expected to continue growing and is expected to exceed \$500 billion by 2023.



Source: Colony Capital Q2 Earnings Presentation, GSMA The Mobile Economy 2020, Omdia Cloud & Colocation Data Center Capex Market Tracker

Given the capital-intensive nature of digital infrastructure asset investment, there is an opportunity for a third party specialist investor to provide financing for the development and operation of this infrastructure, in turn providing an opportunity for a wider spectrum of investors to gain exposure to such investments, benefitting from the attractive and stable returns generated.

The Company is targeting investment in the critical infrastructure that supports the internet, providing investors with access to an asset class not previously available combined with the liquidity of a publicly traded vehicle. A pure-play digital infrastructure investment policy which at the same time has flexibility to invest across a broad spectrum of assets allows the fund to capture trends and diversify technologies. Investing across digital infrastructure also provides opportunities to create a digital infrastructure network with complementary assets.

PART 3

INITIAL ASSETS AND PIPELINE

Section A – Initial Assets and Pipeline

1. Initial assets

The Company has entered into the Aqua Comms SPAs in relation to the conditional acquisition of Aqua Comms for a total enterprise value of US\$215 million, on a cash free debt free basis. Further details of the Aqua Comms SPAs are contained in paragraph 8.1.3 of Part 10.

Aqua Comms owns and operates a portfolio of some of the most reliable and resilient trans-Atlantic subsea fibre systems and is the only independent owner and operator in the North Atlantic.

Aqua Comms has a strong customer base with a broad range of global content providers (particularly the FAANGs) and telecom service providers, providing long-term contracted revenues. Aqua Comms' broad base of customer relationships and essential services is expected to provide the Company and the Investment Manager with significant insight and access into some of the biggest purchasers and users of digital infrastructure. The Investment Manager believes this will provide opportunities to better evaluate investment opportunities and to support revenue growth on acquired assets.

The Directors believe that the proposed acquisition price for Aqua Comms agreed by the Investment Manager and for which the Company is solely responsible is fair and reasonable. In arriving at this conclusion, the Company has obtained an independent valuation.

The Company has also separately engaged BDO LLP to review the proposed acquisition price for Aqua Comms. BDO LLP has confirmed that, in its opinion, the proposed acquisition price of Aqua Comms, as determined by the Investment Manager, is fair and reasonable. The Valuation Opinion is reproduced in section B of this Part 3.

Assuming the Company raises its target Initial Gross Proceeds of £400 million, and following the introduction of third party debt at the Aqua Comms level (as intended), it is expected that the Company's investment in Aqua Comms will amount to approximately 30 per cent. of Gross Asset Value. In the event that the Initial Gross Proceeds amount to less than the targeted amount, the Company's investment in Aqua Comms will represent a proportionately larger percentage of Gross Asset Value, being up to approximately 55 per cent. of Gross Asset Value (after gearing at the Aqua Comms level) if only the Minimum Gross Proceeds are raised.

Following acquisition, Aqua Comms will be an Investee Company and, hence, will not form part of the Group. The Company, therefore, will not be conducting any trading activity as a result of the acquisition of Aqua Comms.

Further details of Aqua Comms are contained in Part 5 (Information on Aqua Comms) with historical financial information on Aqua Comms contained in Part 16.¹

2. Pipeline

In addition to (and separate from) Aqua Comms, the Investment Manager has identified a number of specific opportunities in line with the Company's investment policy which are either: (i) under active discussion with the relevant counterparties; or (ii) likely to be available for sale within the twelve months following Initial Admission.

The Investment Manager will enter into a Development Agreement with Aqua Ventures and Devco (a wholly owned subsidiary of Aqua Ventures) pursuant to which Devco provides a right of first refusal to the Investment Manager in respect of new assets sourced or developed by Devco which are in line with the Company's investment policy (including opportunities to co-invest or provide forward funding finance). Further details of the Development Agreement are contained in paragraph 3.1 of Part 6 of this document.

¹ Investors should be aware that the Aqua Comms financial information for the 12 months ended 31 December 2020 set out in Part 16 of this prospectus is unaudited and has not been reviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the 12 months ended 31 December 2020 are expected to be published by 30 April 2021.

Short term pipeline

In addition to the Aqua Comms acquisition, the Investment Manager is, in the short term, focused on a portfolio of US, UK and northern European data centres, Ontix (a UK wireless infrastructure business (with a specific focus on 5G)), and a UK terrestrial fibre platform. All these platforms are operational and the Investment Manager believes that these opportunities have the potential for low risk further growth, particularly for assets which can benefit from significant synergies with the Aqua Comms business and the relationships with end customers. These short term target assets have an investable value in excess of £200 million. It is expected that the investment by the Company in these assets will complete within 12 months of Initial Admission.

Data Centre pipeline and strategy

The Company's data centre strategy is primarily focused on retail colocation data centre opportunities in key network connectivity locations. Specifically, the strategy is focused on several key layers:

Interconnectivity – targeting data centres with key interconnectivity – specifically access to sub-sea networks for core key global data centre routes

Power – Building a portfolio which migrates to areas with lower cost green power, targeting zero carbon

Scalability – Targeting assets which have an ability to augment existing capacity and services, to improve the wider asset base

Diversification – Geographic diversification to provide additional scale and product offering to customers

The Investment Manager is currently in negotiations on eight data centre targets that fit within this strategy:

#	Geography	Area (m ²)	Cabinets	Subsea connections	Expansion potential	Potential power (MW)
1	UK	10,000	c.2,500	Yes	Yes	80
2	US	5,000	c.1,000	Yes	Yes	10
3	US	1,750	c.500	Yes	Yes	≤5
4	US	2,000	c.500	Yes	Yes	6
5	Nordics	5,000	c.2,500	No – Potential in the future	Yes	60
6	UK	7,500	c.1,000	No – Potential in the future	Yes	15
7	Nordics	200	c.100	No – Potential in the future	Yes	50
8	UK	12,500	c.500	No – Potential in the future	Yes	50

Some figures in the table above have been subject to minor adjustments.

Source: Investment Manager

Ontix

5G solutions require network densification and more comprehensive fibre connectivity. Ontix Infrastructure Holdings Limited (“Ontix”) is a leading provider of wireless infrastructure neutral host solutions, including:

- Small cells
- Wifi
- Fixed wireless access
- Indoor wireless
- Full fibre backhaul network solutions for full 5G upgradeability

Ontix invests in shared small cell infrastructure – including connectivity – and licenses it to operators, such as large mobile network operators, enabling them to benefit from small cells with 5G-ready connectivity quickly and at a much lower cost. Ontix currently has over 200 access points under contract and exclusive long-term access to street infrastructure in the City of Westminster and Bexley. The company benefits from the deployment costs of a full network tending to be paid upfront, with the ability to continue to benefit from further infrastructure revenues from other mobile network operators.

Longer term pipeline

The longer-term pipeline represents a total potential investment volume in operating businesses and assets over the 12 months following Initial Admission of US\$1.8 billion, of which approximately US\$0.9 billion is expected to be off market, and a total potential proprietary development pipeline of circa US\$2.8 billion, as summarised in the table below:

Subsector	Asset type	Region	Proprietary?	Expected off market?	EV – \$'m
Subsea Networks	Operating	EMEA	Yes	n/a	50
	Operating	Global	–	–	150
	Development	Global	Yes	n/a	350
	Development	Global	Yes	n/a	700
	Development	USA	Yes	n/a	100
Data Centres	Operating	Nordics	–	–	550
	Operating	UK	–	–	150
	Operating	UK	–	Yes	125
	Operating	Nordics	–	Yes	125
	Operating	USA	–	–	125
	Operating	USA	–	Yes	100
	Operating	USA	–	Yes	65
	Operating	APAC	Yes	n/a	35
	Operating	Nordics	–	–	20
	Operating	UK	–	Yes	15
	Operating	Nordics	–	n/a	500
	Operating	UK	–	n/a	100
	Development	UK	Yes	n/a	250
	Development	EMEA	Yes	n/a	250
	Development	Nordics	Yes	n/a	200
	Development	EU	Yes	n/a	150
	Development	USA	Yes	n/a	150
	Development	UK	Yes	n/a	125
	Development	EMEA	Yes	–	125
	Development	Nordics	Yes	n/a	50
	Development	Nordics	Yes	n/a	50
	Development	Nordics	Yes	n/a	35
	Development	UK	Yes	n/a	25
	Operating	UK	–	Yes	450
	Operating	UK	–	–	600
	Operating	UK	–	–	50
	Development	UK	Yes	n/a	75
	Development	UK	Yes	n/a	50
	Development	UK	Yes	n/a	25
	Development	UK	Yes	n/a	20
	Development	UK	–	–	1,100
	Development	UK	–	–	50
Wireless	Development	EMEA	Yes	n/a	25

Source: Investment Manager

The Board and the Investment Manager, therefore, believe that suitable acquisition opportunities exist which would allow any remaining surplus Net Proceeds that are not used to acquire Aqua Comms to be invested or committed within twelve months following Initial Admission (subject to market conditions). There can be no guarantee that initial deployment of the Net Proceeds will be achieved in the timeframe referred to above.

The potential investments comprising the Investment Manager's pipeline from time to time include transactions at various stages of consideration by the Investment Manager. The number and value of potential investments comprised in the pipeline fluctuates and the pipeline under consideration following Initial Admission may be higher or lower than that under consideration at the date of this document. There is no certainty that any of the potential investments in the Investment Manager's pipeline as at the date of this document will be completed or will be invested in by the Company.

Section B – Valuation Opinion

BDO LLP Valuation Opinion Letter

Digital 9 Infrastructure plc
26 New Street
St Helier
Jersey
JE2 3RA

8 March 2021

Dear Sirs

Ref: PJG/pa/103185877

Digital 9 Infrastructure plc

Valuation Opinion Letter

We are writing to report to Digital 9 Infrastructure plc (the “Company”) our opinion as to the fair market value of its proposed acquisition of Aqua Comms (the “Acquisition”). The details of Aqua Comms are described on pages 90 to 104 of the prospectus issued by the Company dated 8 March 2021 (the “Prospectus”).

Purpose

This valuation has been provided to the Company in connection with the admission of the Company's Ordinary Shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange and the Acquisition.

In providing our opinion, we are not making any recommendations to any person regarding the Prospectus in whole or in part and are not expressing an opinion on the fairness of the terms of the Acquisition, other than in respect of the proposed acquisition price, or the terms of any investment in the Company.

Basis of opinion

This letter sets out our opinion on a fair market value basis for Aqua Comms in connection with the Acquisition assuming a willing buyer and seller, dealing at arm's length and with equal information.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the tax, accounting and other information available to us as of 8 March 2021. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the views expressed in this letter. Specifically, it is understood that our opinion may change as a consequence of changes to market conditions, interest rates, the prospects of the sector in general or Aqua Comms in particular.

In providing this opinion, we have relied upon the commercial assessment of the Directors of the Company and Triple Point Investment Management LLP (in its capacity as investment manager to the Company) (the “Investment Manager”), in relation to a number of issues, including the markets in which Aqua Comms operates. In forming our opinion, we have also relied upon the information, forecasts and underlying assumptions which were provided by the Company and the Investment Manager and for which the Directors of the Company are wholly responsible. We have not undertaken any form of investigation, verification, audit or other work in relation to the information, forecasts and assumptions provided to us. In particular, we have not formed a view on the achievability of the forecasts provided to us.

In forming our opinion, we have used a discounted cash flow methodology, whereby the estimated future cash flows accruing to Aqua Comms have been discounted using discount rates reflecting the risks associated with Aqua Comms and the time value of money. In considering the discount rate applicable to Aqua Comms, we took into account various factors, including, but not limited to, comparable industry benchmarks, the historical track record and risks specific to Aqua Comms.

We have made the following key assumptions in forming our opinion:

- the cash flow projections for the financial model of Aqua Comms (the “Model”) provided by the Company and the Investment Manager accurately reflect the terms of all agreements relating to Aqua Comms;
- the accounting policies applied in the Model for Aqua Comms are in accordance with the relevant Generally Accepted Accounting Principles;
- the tax treatment applied in the Model is in accordance with the applicable tax legislation and does not materially misstate the future liability of the owners of Aqua Comms to pay tax;
- there are no material disputes with parties contracting directly or indirectly with Aqua Comms, nor any going concern issues, nor performance issues with regard to the contracting parties, nor any other contingent liabilities, which as at the date of the delivery of our valuation opinion letter are expected to give rise to a material adverse effect on the future cash flows of Aqua Comms as set out in the Model provided to us.

We have received written representations from the Investment Manager confirming the validity of the above assumptions.

Opinion

While there is clearly a range of possible values for Aqua Comms and no single figure can be described as a “correct” valuation, BDO LLP advises the Company that, based on market conditions on 8 March 2021, and on the assumptions stated above, in our opinion the proposed acquisition price of Aqua Comms of US\$215m on an Enterprise Value basis falls within a valuation range which we consider to be fair and reasonable on a fair market value basis.

Declaration

For the purpose of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this letter and declare that to the best of our knowledge, the information contained in this letter is in accordance with the facts and this letter does not omit anything likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the UK PR Regulation.

Responsibility

Save for any responsibility we may have to those persons to whom this report is expressly addressed and save for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as to the extent therein provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this valuation opinion letter, required by and given solely for the purposes of complying with item 1.3 of Annex I to the UK PR Regulation, consenting to its inclusion in the Prospectus.

Yours faithfully

BDO LLP

PART 4

PRINCIPAL BASES AND ASSUMPTIONS

Shareholders should note that the Principal Bases and Assumptions set out in this Part 4 do not constitute a profit forecast and the Company's actual returns will be based on a number of factors, any one of which, if not achieved, may result in a lower rate of return to Shareholders.

GENERAL ASSUMPTIONS

The Principal Bases and Assumptions used in calculating the targeted dividends, Total Accounting Return and annual growth in Net Asset Value figures given in this document in relation to the Ordinary Shares are:

Initial Issue size	400 million Ordinary Shares.
Initial investment basis	Aqua Comms is acquired immediately following Initial Admission and the remaining Net Proceeds is invested on an approximately straight line basis over the 6 month period following Initial Admission.
Asset returns	Assets are assumed to be acquired at 12 month trailing EBITDA multiples of between 11 to 20 times implying an income yield of between 5 to 9 per cent. All assets acquired are assumed to be operational and capacity utilisation increases of between 20 to 50 per cent. have been assumed over the forecast period.
Historical financial information in respect of Aqua Comms	The Company's initial dividend and return targets (including the target first interim dividend) are based on an assumption that the financial information for Aqua Comms for the 12 months ended 31 December 2020 is as stated in Part 16 of this document. The financial information for the 12 months ended 31 December 2020 set out in Part 16 is unaudited and unreviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the period are expected to be published by 30 April 2020.
Contract and operating life	Contract terms range from 1 to 20 years depending on the nature of the asset and the revenue stream. Where contracts expire they are assumed to renew with pricing updated to reflect expected unit pricing at the time of renewal. The expected unit pricing has been forecast based on industry standard inflation metrics.
Revenue indexation	<p>Where appropriate, asset revenue streams are assumed to track industry standard inflation metrics such as data price indices produced by TeleGeography.</p> <p>Where included as part of the contractual arrangements CPI/RPI indexation has been applied.</p>
Excess cashflow	<p>Excess cashflow, post dividend payments, is assumed to be invested into new assets.</p> <p>It is assumed that the Company will utilise intermediate holding companies (HoldCo) to manage excess cash flow. These holding companies will pay up to the Company such distributions as are required by the Company to maintain its distribution target to Shareholders. Excess cashflow received by HoldCo, and which is not distributed to the Company, is intended to be invested by HoldCo in new assets.</p>

Ongoing Charges Ratio (“OCR”)	The OCR is 1.3 per cent. following full investment of the Net Proceeds.
Acquisition costs	2 per cent. of asset value on acquisition.
Leverage ratio	<p>No gearing is assumed at the Company level.</p> <p>Gearing at the investee company level is assumed to be only at a prudent level, appropriate for the investee company and specific sub-sector. Gearing at the investee company level is not assumed to exceed 20%.</p>
Valuation	The valuation is driven by the fair value of the Company’s Digital Infrastructure Investments calculated in accordance with IPEV (International Private Equity and Venture Capital) valuation guidelines where appropriate to comply with IAS 39, being an EBITDA multiple based valuation methodology. No increase in the valuation multiple applied on acquisition is assumed during the forecast period with valuation uplifts being driven solely by improved asset operating performance.
Currency denomination	The Company will present all financial information in Sterling. Where asset purchase prices, revenues and costs are denominated in other currencies, such as USD, these are assumed to be translated to Sterling at the current market exchange rate. No changes to this exchange rate are assumed over the forecast period.

PART 5

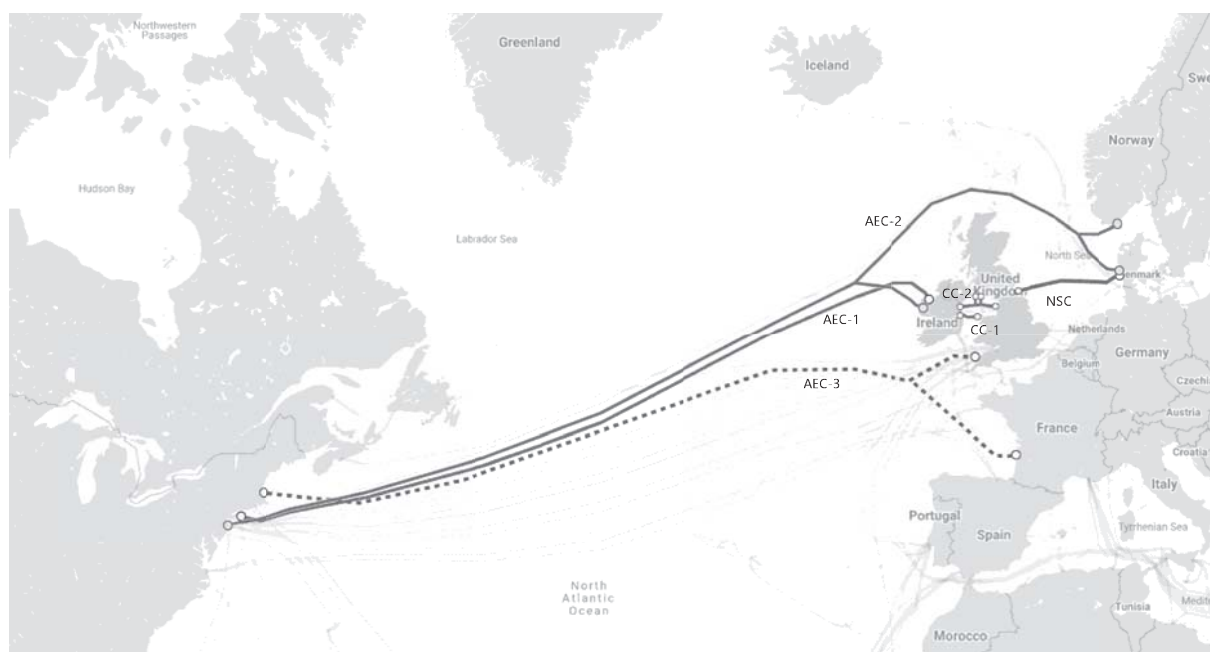
INFORMATION ON AQUA COMMS

1. INTRODUCTION

Aqua Comms DAC (**"Aqua Comms"**) is one of the largest independent subsea fibre network operators with global services and a core network position in the North Atlantic. Aqua Comms owns and operates five separate fibre systems across the Atlantic Ocean, North and Irish Seas. Since 2012, Aqua Comms has specialised in developing, operating and owning modern high capacity, highly reliable subsea telecommunications infrastructure. Aqua Comms also provides subsea operating services on behalf of other owners. As an operator of one of the most modern and lowest cost subsea fibre platforms, Aqua Comms provides a high degree of customer integration and speed of provisioning flexibility, which are increasingly key requirements of network connectivity. Aqua Comms has a signed contract with one third party, and is well advanced with another party in relation to two further systems currently in development which are expected to be ready for service within the next few years, to operate other subsea fibre systems in the North Atlantic/North Sea region.

Aqua Comms is a carriers' carrier which specialises in the building and operating of submarine cable systems. Aqua Comms offers a complete service that includes the planning, implementation and supply of fibre pairs, spectrum and capacity services to the global media, content and carrier markets.

Below is a map showing the location of Aqua Comms' existing fibre systems^{1 2} and those which are currently in build phase.



Source: Telegeography and Aqua Comms Management

Below is a table setting out details of the subsea systems owned and operated by Aqua Comms and those which are in the build phase:

SYSTEM	TOTAL FIBRE PAIRS	FIBRE PAIRS OWNED	CURRENT/ EXPECTED CAPACITY PER FIBRE PAIR (TBPS)	OWNED CAPACITY (TBPS)	CAPACITY CONTRACTED SOLD AS AN IRU (TBPS)	LEASE REVENUE (TBPS)	RFS	LENGTH (KM)
AEC-1	6	6	20	120	82	10	2016	5,521
AEC-2	8	1	20	20	5	1	2020	7,650
CC-1	72	72	30	2,160	510	30	2012	135
CC-2	48	24	30	720	—	—	2021	301
NSC	8	1	20	20	—	—	2021	661

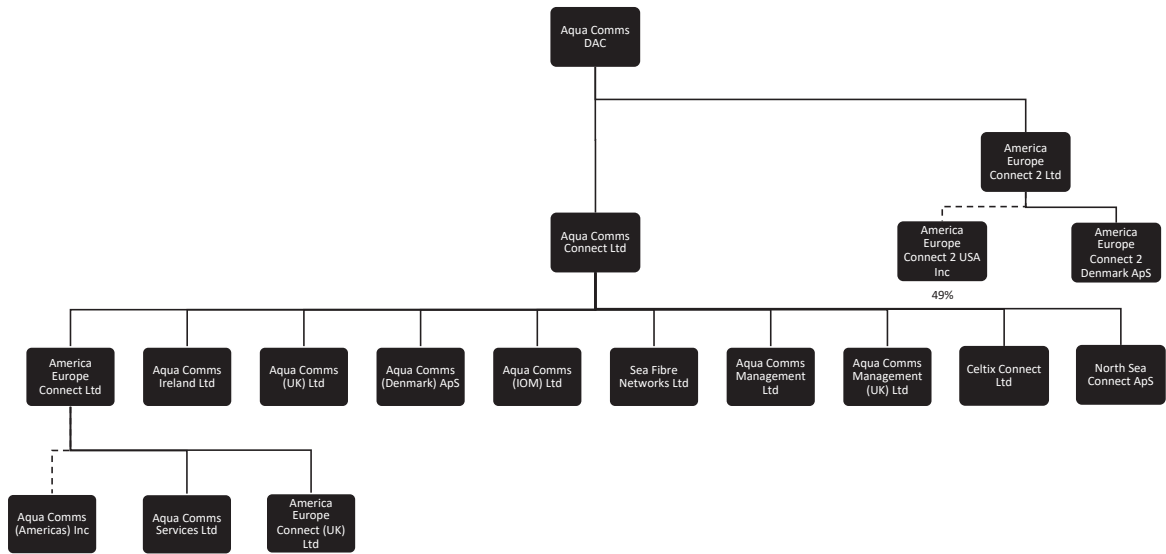
Source: Aqua Comms Management

1 AEC-2 – The map includes the full Havfrue cable system. Aqua Comms' owned portion of the Havfrue system (AEC-2) does not include the link to Norway.

2 AEC-3 – Aqua Comms' portion runs from the USA to UK and does not include the link to France.

In addition to three existing operational subsea cables and the three subsea cables in build/deployment, Aqua Comms is in the development phase for two further cable systems – CC-3 (Expected RFS 2024) and AEC-4 (Expected RFS 2025).

Aqua Comms is the parent company of a group of 17 companies. Below is a structure chart showing the Aqua Comms group of companies as it will be at the time of the Aqua Comms Acquisition:



It is expected that completion of the Preference Share SPA and First Completion under the Ordinary Share SPA will occur on the Business Day following Initial Admission (resulting in the Company acquiring Aqua Comms and the Aqua Comms group of companies shown in the structure chart above). Following Second Completion (which is conditional on the U.S. Consents being obtained), the Aqua Comms Group will re-acquire the U.S. Sale Shares so that it wholly owns the U.S. Companies.

Aqua Comms Americas is the owner of the US territorial segments of the AEC-1 and AEC-2 cables. Aqua Comms Americas also holds contractual commitments for the fronthaul, cable landing station and backhaul connectivity of the AEC-1 cable in the US Territory.

In addition to the contractual commitments, Aqua Comms Americas also owns the network operating equipment for AEC1 and AEC2 located in the US.

AEC2 USA has entered into a number of contracts and licences on behalf of the Havfrue consortium in the US. These include the agreement for the provision fronthaul duct fibre and for Cable Landing Station (“CLS”) space. These contracts and licenses are held by AEC2 USA for the benefit of the Havfrue consortium members.

It is a condition of the Ordinary Share SPA that, prior to First Completion, completion of the U.S. Hive-Out occurs. Following completion of the U.S. Hive-Out, pursuant to which AVL will acquire the U.S. Sale Shares, the ongoing relationship among the Aqua Comms Group and the U.S. Companies will be governed by the Transition Services Agreement. It is the intention of the Company that through the operation of the Transition Services Agreement after the U.S. Hive-Out, the Aqua Comms business will continue to operate as closely as possible to the manner in which it operated immediately prior to the U.S. Hive-Out. The Transition Services Agreement is necessary because of U.S. regulatory FCC restrictions that prevent the Company from assuming control of the U.S. Companies prior to the grant of the FCC Consent.

Under the Transition Services Agreement, the U.S. Companies will continue to control and operate their interests in the U.S. territorial segments and the Aqua Comms Group will provide operational, administrative and customer and sales support services to the U.S. Companies. The U.S. Companies will in turn provide the Aqua Comms Group with access to the capacity and facilities necessary for the Aqua Comms Group to perform the services.

Once the Company has obtained the U.S. Consents, Second Completion will take place and the Transition Services Agreement will automatically terminate.

If the U.S. Consents are not obtained, Second Completion will not occur and AVL will retain the U.S. Sale Shares. In that scenario, the parties will continue to carry out their obligations under the Transition Services Agreement with the intention that the Aqua Comms business continues to operate as closely

as possible to the manner in which it operated immediately prior to the U.S. Hive-Out. The initial term of the Transition Services Agreement is five years from First Completion. Thereafter, the Transition Services Agreement will automatically renew on an annual basis unless terminated earlier.

Further details of the Transition Services Agreement are contained in paragraph 8.2 of Part 10.

2. BUSINESS OVERVIEW

2.1 Principal activities

Aqua Comms provides capacity services across a number of fibre optic subsea systems. Each system is a modern system capable of providing high quality, high capacity services. With each unique asset, Aqua Comms delivers services to a variety of customers, including content providers and carriers.

The initial Atlantic system, AEC-1, was designed to be the most reliable and secure system across the Atlantic. The route achieved Ready For Service status ("**RFS**") in 2016 and has six fibre pairs. The subsea cable system extends from a Cable Landing Station ("**CLS**") in Shirley, Long Island, New York and traverses approximately 5,521km to a corresponding cable landing station in Killala, Co Mayo, Ireland. On the US side, diverse backhaul fibre is in place with four Points of Presence ("**PoPs**") in New York and with PoPs in the Republic of Ireland and the UK.

The design of the system enables it to benefit from future upgrades to capacity throughput. The modern design of the system allows for efficient PoP to PoP solutions.

AEC-1 is on a secure route, avoiding shallow waters on the US and Irish continental shelves, maximising protection from external aggression such as fishing trawling. AEC-1 provides further layers of reliability by providing full diversity on all terrestrial backhaul segments in the US and Ireland.

Aqua Comms' first system, CC-1, which achieved RFS in 2012, provides connectivity across the Irish Sea, connecting the data hubs of Ireland to the United Kingdom and Europe. The cable is approximately 136km long cable system with 72 fibre pairs between Ireland and the UK. The route provides capacity services interconnecting Dublin to Holyhead, West Wales, with onward terrestrial connectivity into Slough and other major UK POP sites.

AEC-2 is Aqua Comms' second long-haul fibre network system across the Atlantic connecting key data centre hubs in Europe and North America. The system is approximately 7,650km long cable system between New Jersey and Denmark, with a branch (not yet constructed) into the Republic of Ireland. Aqua Comms is the operator for the entire system on behalf of the Havfrue consortium and O&M service partner for all parts of the system other than the Norway branch. Aqua Comms also owns a fibre pair between New Jersey and Denmark and on the branch to Ireland.

AEC-2 infrastructure network services are delivered from carrier-neutral interconnection points at NJFX, in Wall, New Jersey, and Interxion Copenhagen. In Europe, Aqua Comms offers interconnection points in Dublin, London, Manchester, Newcastle and Copenhagen.

CC-2 will provide diverse connectivity across the Irish Sea, connecting the U.K and Ireland. The cable is designed to provide access into both the traditional London markets and into the Northern U.K. CC-2 also connects via two branches into the Isle of Man. CC-2 is expected to be RFS in the first half of 2021.

North Sea Connect ("**NSC**") will provide connectivity between Newcastle and Denmark. NSC is the first modern cable connecting the UK to into Northern Europe avoiding London. NSC is expected to be RFS in first half of 2021.

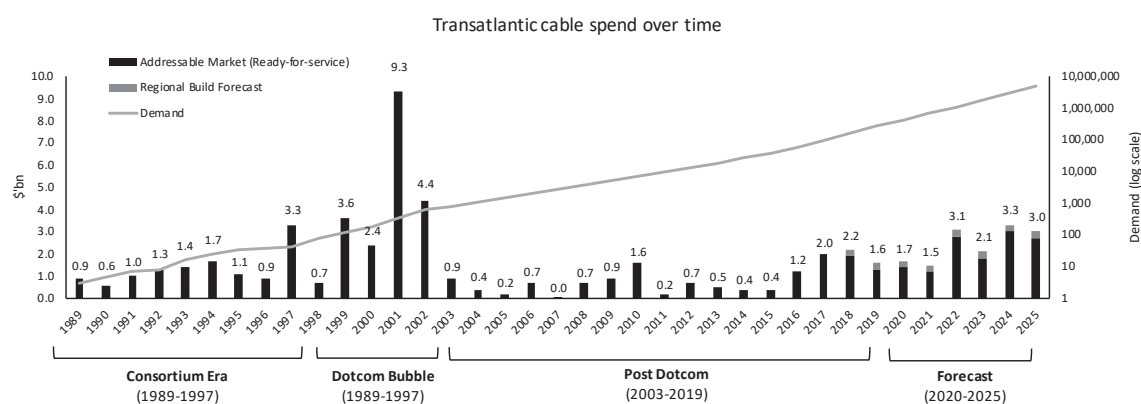
Aqua Comms' efficient operations and processes provide a platform for significant further expansion globally. Aqua Comms has a signed contract with one third party, and is well advanced with another party in relation to two further systems currently in development which are expected to be ready for service within the next few years, to provide operations and support for third party subsea fibre systems.

2.2 Principal markets in which Aqua Comms operates

There are currently, 14 separate transatlantic routes connecting North America to Northern Europe. Most of these became operational between 1999–2003 and are nearing the end of their useful lives of 20–25 years. Older networks are less able to utilise improving technologies for improving capacity utilisation, increasing the gap between the lower service costs of modern networks, such as AEC-1 and AEC-2, and older systems which have higher service costs. As demand increases, customers are also increasing their demand for a higher capacity offering (100Gbps and 400Gbps vs legacy 10Gbps).

Global international bandwidth demand has grown at a CAGR of 51% between 2002 and 2019 and is expected to continue growing at CAGR of c.40% from 2020 to 2026. Recent demand growth has largely been driven by growing mobile usage and increasing numbers of connected devices, greater media consumption (driven by the over-the-top (“OTT”) providers such as the FAANGs), wider internet adoption in underserved regions, shift to cloud computing and proliferation of data centres. Meaningful investment in subsea cables will be required to meet demand growth.

Below is an infographic which sets out a timeline showing transatlantic cable spend¹:



Source: *Telegeography and Aqua Comms Management*

¹ Addressable market based on when cables are ready for service. Regional build forecast based on 2017 actuals inflated at 2.0%

Early-to-Mid 2000's: \$13.7 billion of investment during the dotcom bubble created excess capacity, leading to market dormancy for 5-7 years

2011-2015: Greater focus on developing markets, particularly intra-Asia

2016-2019: OTT investment into fibre pairs and owned capacity shifted spend away from the traditional wholesale market

2019-2025: Meaningful and consistent demand growth coupled with technological limits in cable capacity expected to drive a greater reliance on new cables

Aqua Comms focuses on building routes which can provide customers with the highest level of availability and resilience. This is achieved, in part, by support for a high quality diverse (two-routes for any route segment) terrestrial network, which currently spans over 4,343 kilometres from and to the Aqua Comms landing stations and PoPs. Multiple PoPs serve as redundancy to manage high congestion areas and serve as aggregation points for customer demand.

Network and Route Overview

	AEC-1		AEC-2		CC-1		CC-2			NSC	
	U.S.	Europe	U.S.	Europe	Ireland	U.K.	Ireland	Isle of Man	U.K.	U.K.	Denmark
CLS	Shirley, NY	Killala, Ireland	NJFX, NJ	Old Head Ireland, Blaabyerg, Denmark	Dublin, Ireland	Parc Cybi, U.K.	Dublin, Ireland	Ronaldsway, Isle of Man	Blackpool, U.K.	Newcastle, U.K.	HOU, Denmark
POP 1	Secaucus, NJ	Dublin, Ireland	Secaucus, NJ	Dublin, Ireland				Ronaldsway, Isle of Man	Manchester, U.K.	London, U.K.	
POP 2	32 Ave of Americas, NY	London, U.K.	32 Ave of Americas, NY	London, U.K.						Birmingham, U.K.	
POP 3	60 Hudson, NY	Manchester, U.K.	60 Hudson, NY	Manchester, U.K.						Manchester, U.K.	
POP 4	111 8 th , NY	Birmingham, U.K.	111 8 th , NY	Birmingham, U.K.							
POP 5	1025 Connect, NY		1025 Connect, NY								

Source: Aqua Comms Management

2.3 Important events in the development of Aqua Comms' business

Over the past eight years, Aqua Comms has grown from an owner operator of a single system to a developer and operator of more than five unique subsea systems. Aqua Comms' origins came through the development of the CC-1 system which reached RFS in 2012. This was followed by the development of the AEC-1 system in 2016. Since then, Aqua Comms' focus on systems and processes in developing and operating the initial two subsea systems positioned it to be an ideal partner for one or more of the FAANGs to develop and operate a further three systems which reached RFS in 2020 (AEC-2) and 2021 (Irish Branch of AEC-2, CC-2 & NSC).

In the past year, Aqua Comms decided to extend its systems and processes to third party owned cables through its professional service offering. Aqua Comms has a signed contract with one third party, and is well advanced with another party in relation to two further systems currently in development which are expected to be ready for service within the next few years, to provide operations and support for third party subsea fibre systems.

The below graphic sets out the timeline for Aqua Comms' cable developments in terms of its five existing owned cables together with those being constructed in addition to two cable systems which Aqua Comms is currently developing plans for (AEC-4 and CC-3):

Network	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
AEC-1					Planning for AEC-1	Contract in force	AEC-1 reaches RFS	Fibre pairs sold to 2x FAANGs	FAANG acquires a 2 nd fibre pair	FAANG acquires a 3 rd fibre pair						
AEC-2							Planning for AEC-2	JBA with OTT partners as operator	Contract in force		RFS November 2020					
AEC-3										Planning for AEC-3		Contract in Force	Expected RFS			
AEC-4											Planning for AEC-4		Contract in Force			Expected RFS
CC-1	Planning for CC-1 begins	Contract in force	RFS													
CC-2								Planning begins for CC-2	Contract in force			Expected RFS H1 2021				
CC-3												Planning for CC-3	Contract in Force		Expected RFS	
NSC								Planning begins for NSC	Contract in force			Expected RFS H1 2021				

Source: Aqua Comms Management

2.4 Strategy and objectives

Aqua Comms is an independent carrier's carrier specialising in subsea development and operations and related sales. The neutrality and focus on the subsea segment has positioned it to be a partner of choice for content providers who have become significant owners of fibre pairs or customers of Aqua Comms on the various routes. The unique focus of Aqua Comms and

development of modern systems and efficient operating processes has allowed the company to benefit from economies of scale as further systems and network is added. The Aqua Comms Directors believe that Aqua Comms' emphasis on efficiency (cost, time, management resource) of development and best-in-class operations ensure that Aqua Comms is the partner of choice for future developments and outsourced operations. The high capital costs of subsea systems, necessary technical expertise and delivery experience and the importance of proven customer relationships present high barriers to entry for new market entrants.

Aqua Comms focuses on operating low-cost networks and managing a focused sales and service delivery model. Since it is offering only a single core layer in the digital telecommunications network infrastructure, Aqua Comms can act as the "carriers' carrier", which permits a greater depth of relationship and long-term integration into the operations of other telecommunication companies and carriers without threat or competition.

2.5 Regulatory environment and key licences

Submarine cables are regulated by coastal states within areas of their jurisdiction as established under the United Nations Convention on the Law of the Sea ("**UNCLOS**") which entered into force in 1994) and customary international law. UNCLOS establishes rights and obligations only for states, so a company operating a submarine cable has rights or obligations only to the extent established by a state's domestic law. Within the territorial sea, which extends 12 nautical miles seaward, coastal states may regulate activities (including submarine cables) as if on land. Within the exclusive economic zone (the ocean surface and water column extending 200 nautical miles seaward) and the continental shelf (the seabed and subsoil thereof extending at least 200 nautical miles seaward), coastal states must refrain from imposing measures that would impede the laying or maintenance of submarine cables, subject to an obligation of the state exercising submarine cable rights and freedoms to show due regard to the coastal state in the exercise of those rights and freedoms, particularly with respect to natural resource exploration and exploitation. Coastal states must show due regard for submarine cables already in position. Beyond the limits of any state's exclusive economic zone or continental shelf, all states are entitled to install and maintain submarine cables as a high seas freedom.

Typically, a licence is required to construct or to operate an international submarine cable that comes under a state's jurisdiction as established by UNCLOS and customary international law. Aqua Comms' cable networks are subject to various licences in the jurisdictions in which it lands and operates its subsea cables.

Aqua Comms considers the following licences to be material to the operation of its business:

Ireland

Foreshore Licence Bull Island (CC-1)	For life of cable – annual fee	Lease for the seabed from the territorial limit to the high-water mark. It is a legal requirement for the occupation of the seabed. A failure to maintain fee payments or the terms of the licence or observe the conditions of the grant can result in the licence being revoked. Like all the seabed permits there is a provision that Aqua Comms could be asked to decommission the cable at the end of its life, however, in the view of the Aqua Comms' Directors, it is rare that these types of provisions are enforced.
Foreshore Licence Ross Beach Killala (AEC-1)	For life of cable – annual fee	
Foreshore Licence Old Head (AEC-2) (Pending)	To be determined	
Foreshore Licence Loughshinny (Pending)	Agreed prepaid fee for life of cable	
ComReg registration (AECL)	Annual filing and variable revenue-based fee	Regulatory obligation. All telecommunications companies need to register in Ireland to be approved to sell services.

United Kingdom

Crown Estate Licence Wales (CC-1)	Annual fee – indexed up every year. In addition, there is an upwards only open market review on 28 November 2021.	All the seabed from the territorial limit to the Highwater Mark in the UK is owned by the Crown. It is a requirement to obtain a permit to utilise the seabed in this zone. A licence is granted for the life of the cable but the fee is reviewed annually. Like Ireland, non-payment or non-compliance with terms can lead to the licence being revoked and the operator being asked to remove the cable. Like all the seabed permits there is a provision that Aqua Comms could be asked to decommission the cable at the end of its life, however, in the view of the Aqua Comms' Directors, it is rare that these types of provisions are enforced.
Crown Estate Licence Newcastle x 2 – Two landings (NSC) ¹	Annual fee – indexed up every year. In addition, there are upwards only open market reviews on 1 January 2025 and every fifth anniversary thereafter	
Crown Estate Licence Blackpool – (CC-2)	Annual fee – indexed up every year. In addition, there are upwards only open market reviews on 1 January 2025 and every fifth anniversary thereafter.	
Crown Estate Scotland licence (AEC-2) ²	Annual fee – indexed up every year. In addition, there are upwards only open market rent reviews on 15 May 2029 and each 10th anniversary thereafter	
Seabed licence for Duchy of Lancaster (CC-2)	Annual fee – no annual indexation – subject to upwards only review on 1 January 2025 and every fifth anniversary of such date.	Required lease to traverse Duchy owned seabed.
General Authorisation	Annual fee	A general authorisation to operate a communications network and to provide communications services applies, subject to the conditions set out in the General Conditions of Entitlement issued by Ofcom. A breach of these conditions could lead to enforcement action, including fines and ultimately the revocation of the authorisation.

(1) There are two landings in Newcastle as the cable power conductor is an experimental aluminium core. Aqua Comms constructed a second landing with a traditional copper conductor as insurance should the primary cable power conductor fail.

(2) This licence is required as the cable passes through Scottish water.

Isle of Man

Wholesale Telecommunications Licence	Annual revenue based fee. A % of revenue based on the island	Licence is a permit to sell telecommunication services on the Isle of Man and is required in order to provide connection to business on the Isle of Man. Aqua Comms may only sell to other licenced businesses. Without it, Aqua Comms could not provide connection to business on the Isle of Man. Terms restrict Aqua Comms to selling only to other licenced businesses.
Seabed Licence	Agreed once off fee with small annual payment	A fee to exist on the seabed, similar to the Crown Estate and Irish Foreshore licences.

Denmark

Danish Nature Agency Permit (AEC-2)	Initial registration with some annual reporting requirements	Environmental permit for cable install. Prerequisite to install a cable on the coastline. Compliance is largely environmental as the government is seeing to protect the costal habitat. Like all the seabed permits there is a provision that Aqua Comms could be asked to decommission the cable at the end of its life, however, in the view of the Aqua Comms' Directors, it is rare that these types of provisions are enforced.
Danish Nature Agency Permit (NSC)	Initial registration with some annual reporting requirements	
Telecommunications Centre of the Danish National Police (AECL)	No fees applicable	Registration required as the provider of telecommunications services in Denmark.

United States

FCC Submarine Cable Landing License (AEC-1)	Annual fee – imposed on a per submarine cable landing license basis for all submarine cable systems operating as of the last day of the prior year. The fee is tiered and increases based on “lit” capacity.	FCC Submarine Cable Landing Licenses are subject to a strong regulatory environment with compliance oversight. The FCC license is conditioned on compliance with a Letter of Assurance (“LOA”) negotiated with US executive agencies to address potential US national security and law enforcement concerns. In the LOA the licensee agrees to certain requirements, including having a US point of contact, prior consent for change of control, limitations on and disclosure of principal equipment used in the cable system, adoption of security policies and procedures and periodic security audits.
FCC Submarine Cable Landing License (AEC-2)	Annual fee – imposed on a per submarine cable landing license basis for all submarine cable systems operating as of the last day of the prior year. The fee is tiered and increases based on “lit” capacity.	FCC Submarine Cable Landing Licenses are subject to a strong regulatory environment with compliance oversight. The FCC license is conditioned on compliance with a Letter of Assurance (“LOA”) negotiated with US executive agencies to address potential US national security and law enforcement concerns. In the LOA the licensee agrees to certain requirements, including having a US point of contact, prior consent for change of control, limitations on and disclosure of principal equipment used in the cable system, adoption of security policies and procedures and periodic security audits.

The U.S. licences are held by the U.S. Companies which are the subject of the U.S. Hive-Out.

2.6 Key service providers

As is typical in the communications sector where reliability is critical to the success of a business, Aqua Comms works with a number of strategic partners for backhaul networks, international backbone networks, domestic networks and local access networks.

A description of the key service providers used by Aqua Comms is set out below:

Backhaul Networks	Leading providers of infrastructure with dense high-quality networks
Customer Tail circuits	Strategic relationships with key providers who can meet customer location demand
Facilities Management	Experienced datacentre providers who can act under the direction and management of Aqua Comms to meet the requirements of this industry
Fibre Maintenance	Reputable experienced providers who can meet the performance requirements of Aqua Comms
Hands and eyes support	Local experienced professionals who have the necessary skills and experience to meet the requirements of Aqua Comms
Network operations centre (NOC)	ISO 27001:2013 certified 24x7x365 US based NOC provider
Network Equipment Providers	NASDAQ quoted provider of optical connectivity
PoP Providers	Companies are chosen for their locations which are driven by market demand
Subsea Cable Maintenance Support	Membership of ACMA provides access to cable repair and maintenance services, as well as contract with a leading global supplier of undersea data transport requirements

Aqua Comms places reliance on a number of key service providers, which varies in importance across the supply chain.

The backhaul networks are a key component of the Aqua Comms network. These have been contracted on long term indefeasible right of use contracts to guarantee supply and, to mitigate the impact of any disruption, Aqua Comms has diverse terrestrial backhaul routes for each of its cables.

The second most critical element is the network equipment provider. Aqua Comms uses only Ciena equipment in the network and is reliant on the supplier for future development and supply of resources to add incremental capacity.

Other providers are less critical and could be replaced after some short term disruption.

Problems with a number of key suppliers at the same time could cause disruption for Aqua Comms. However, the spread of key service providers reduces the risk of Aqua Comms' supply chain entering difficulties or suffering a break in service continuity. Aqua Comms maintains close relationships with its vendors and support service providers, assessing business continuity plans and capabilities so as to ensure that, if there is a problem, Aqua Comms has sufficient notice to migrate away from a particular provider and/or sign up an alternative support service provider.

3. COMPETITIVE POSITION

Aqua Comms' unique position as a neutral independent operator permits it to act as a carrier's carrier. The previous generation cables are expected to retire over the next five years and, as they near their end of useful life, increasing pressure from the relative maintenance and provisioning costs for the same amount of capacity affects their demand. Many of the retiring networks overlap with Aqua Comms' existing geographic footprint. A majority of the retiring carrier owners already utilise Aqua Comms' network.

The Aqua Comms network continues to build a record of reliability and each layer of new network (e.g. AEC-2) builds additional system resilience. The additional cables (AEC-2, CC-2, NSC) enable Aqua Comms to provide a one-stop solution for customers seeking route diversity.

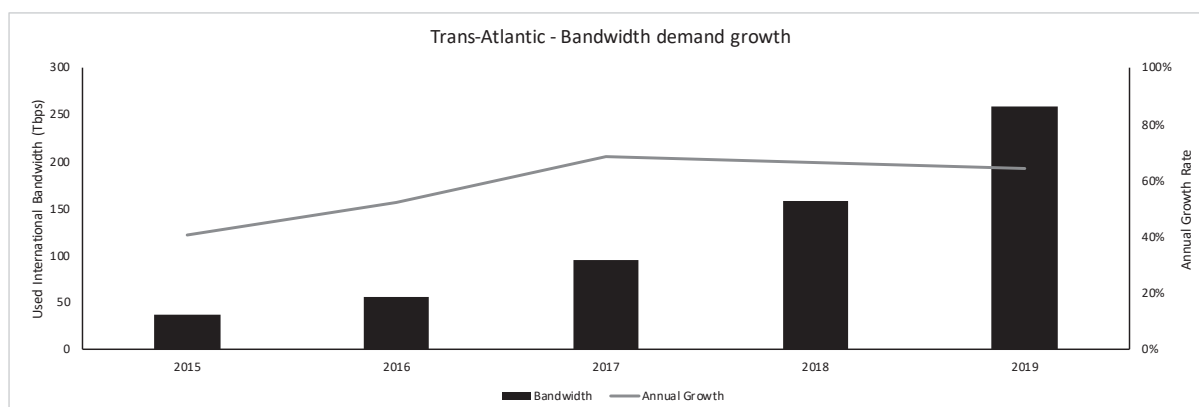
There are significant barriers to entry into the market. It is costly and time consuming to build credibility with the carrier and content community. Most cable new builds require a high degree of support from the content community very early in the development process. Aqua Comms has a proven record of development and operations, and the platform now has the potential to continue to grow the number of developments and systems to operate.

4. TRENDS

Since 31 December 2020 there has been no significant change in the financial performance of Aqua Comms (and its group).

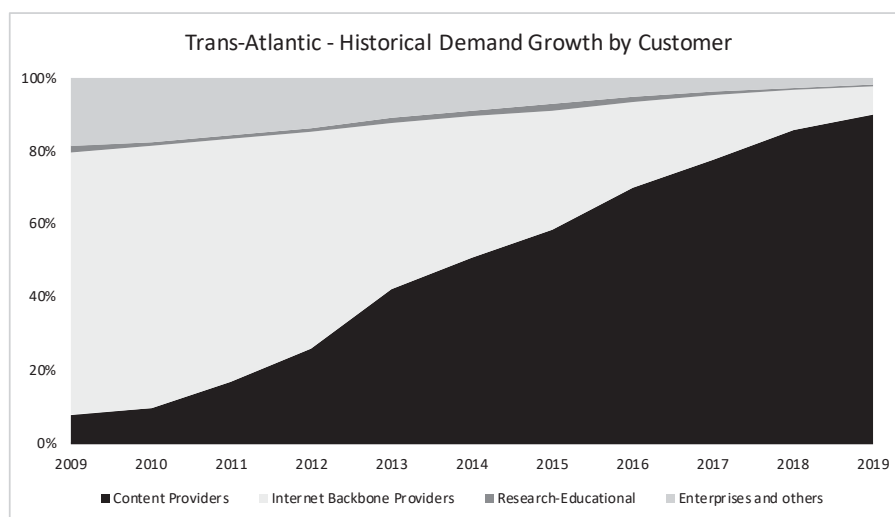
International bandwidth demand grew at a rate of 35% between 2019 and 2020. Historically this demand growth was driven by the carrier networks but more recently content and cloud service providers such as Google, Amazon, Facebook and Microsoft have become the primary sources of demand. As of 2019 content providers made up 64% of total bandwidth demand. However their capacity requirements vary extensively by route. Content providers' top priority in their international network planning is to link their data centres and major interconnection points. As such, they often take high levels of capacity on core routes, while focusing much less than traditional carriers do on secondary long-haul routes. To get a sense of this contrast, note that in 2019, content providers accounted for 90% of used capacity on the trans-Atlantic route but just 5% on the Europe-East Asia route. Pricing for wholesale capacity is normally negatively affected by reducing unit costs (improving wavelength technologies permitting higher capacity through a given fibre optic system and reducing hardware costs for lighting cards) or new systems (additional systems developed). Revenue for wholesale capacity is positively affected by increasing demand from customers and new customer growth. Historically, the rapidly increasing demand has facilitated a decline in prices for a fixed unit of capacity while the overall market revenue has improved.

In 2019, the used bandwidth in the Atlantic increased by 64 per cent., according to Telegeography. Although actual figures for 2020 are not yet available, a similar or higher CAGR is expected.



Source: TeleGeography Global Bandwidth Research Service, Primetrica Inc., 2020

Demand for capacity is also evolving by source to an increasing concentration of content providers. Content providers are any hosts of internet content that connect their data centres with private network links outside of (or in addition to) carrier-run internet backbones. Specifically, these include large search and social media content (including the FAANGs), cloud service providers (including certain of the FAANGs), content delivery networks (e.g. Akamai, CloudFlare and Limelight) and gaming (e.g. Valve, Sony Gaikai). The larger content providers (i.e. the FAANGs) tend to want to own their own fibre pairs and also look for other services.



Source: TeleGeography Global Bandwidth Research Service, Primetrica Inc., 2020

5. CAPITAL RESOURCES

On completion of the acquisition by the Company, Aqua Comms will have no financial debt and at 31 December 2020 had a cash and cash equivalents balance of US\$21.6 million. Aqua Comms will have no immediate borrowing requirements following the acquisition by the Company.

The main sources of Aqua Comms' cash flows are explained in paragraph 6 below.

6. OPERATING AND FINANCIAL REVIEW

Aqua Comms' revenue product mix is made up of four main revenue categories:

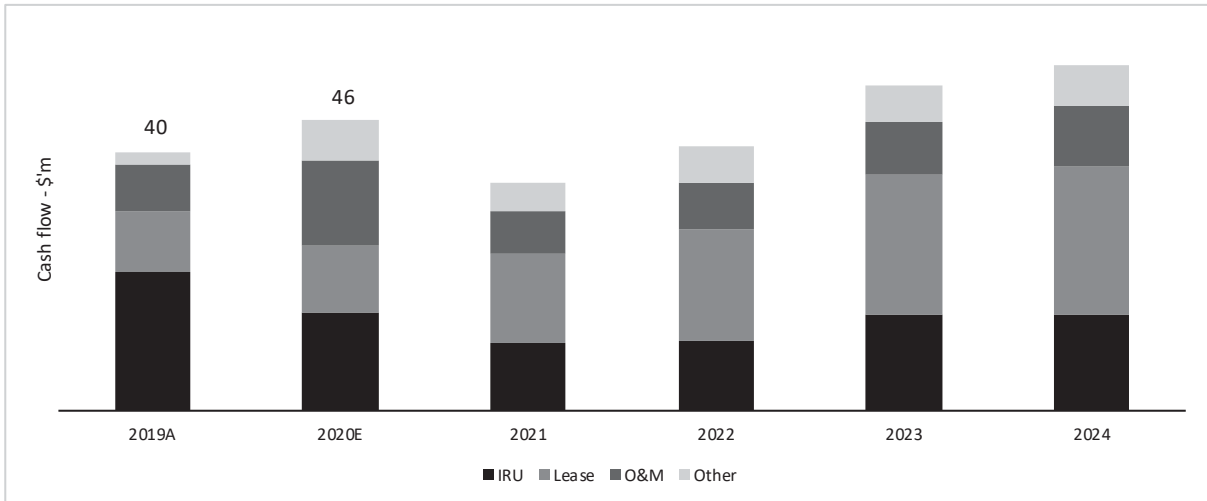
- Operations and maintenance ("O&M") revenue comprises long term contracts paid to Aqua Comms for providing operations and maintenance to customers who have purchased indefeasible rights of use ("IRUs") on the various Aqua Comms systems;
- IRU sale contracts provide access to the specified capacity for the life of the system. IRU revenue payments are made for the agreed capacity and are for an agreed amount of time, though typically for the life of the system;
- Capacity services, made up of lease contracts with customers for under five years with various automatic renewal mechanism built in; and
- Aqua Comms also provides professional operating services where it is contracted to provide support in the development of a system, and then enters a long-term contract to provide operating services.

Aqua Comms has a high quality, diversified customer base with approximately 50 customers, with over 90 per cent. of revenue coming from companies with their own revenues in excess of US\$1 billion. These customers include the largest global content players, with monthly recurring revenue currently broken down as follows:

- Content providers – c.50 per cent.
- Telecoms – 44 per cent.
- Industry – 6 per cent.

Over the next five years, Aqua Comms' strategy will shift from an Atlantic focused, single route (AEC-1) to a diversified multi route business with a portfolio of cable systems. As a result it is expected that the revenue cash generation profile of the business will move away from being dominated by IRU sales, predominantly on AEC-1, to one that derives an increased portion of revenue from lease contracts. During 2019 IRU sales made up 54 per cent. of total revenue cash generated, by 2024 this number is

expected to fall to 28 per cent. with the portion of revenue generated from lease contracts expected to increase from 24 per cent. to 43 per cent.



3

Source: Aqua Comms Management

6.1 Financial condition

Aqua Comms’ growing revenue base over the last four years and stable operating cost basis has increased the operating cash flow of the business. Aqua Comms’ time to revenue from additional asset investments continues to improve, improving return on investment. The cash flow in the business has shown steady annual growth, benefitting from a fixed operating cost base and an increasing return on investment. In 2020, the company reinvested US\$23.4m back into its network, adding three additional systems.

Over the past four years the long-term and shorter-term contracts have provided high cash flow visibility. The revenue breakdown over the past few years has remained relatively stable although the percentage of revenue from O&M has increased by 56 per cent. in 2020.

Remaining capital expenditure commitments with the constructor of the AEC-2 network amount to US\$1.04m.

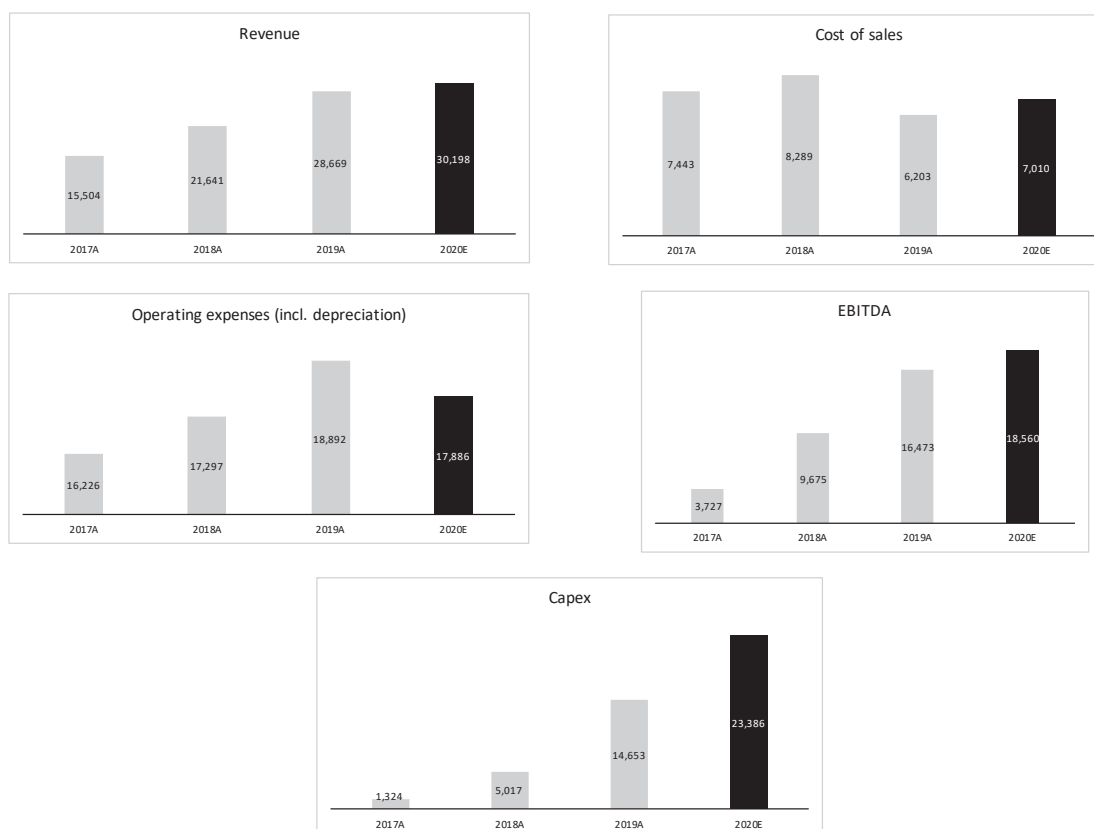
6.2 Operating results

Revenue growth has been consistent over the last four years, with the results for the year ended 31 December 2020 showing the start of further growth from the recent development of AEC-2.

The stable cost of sales and operating expenditure has led to increasing gross profits margins and EBITDA. There was no significant increase in operating expenditure or cost of sales with the commissioning of the additional systems in 2020.

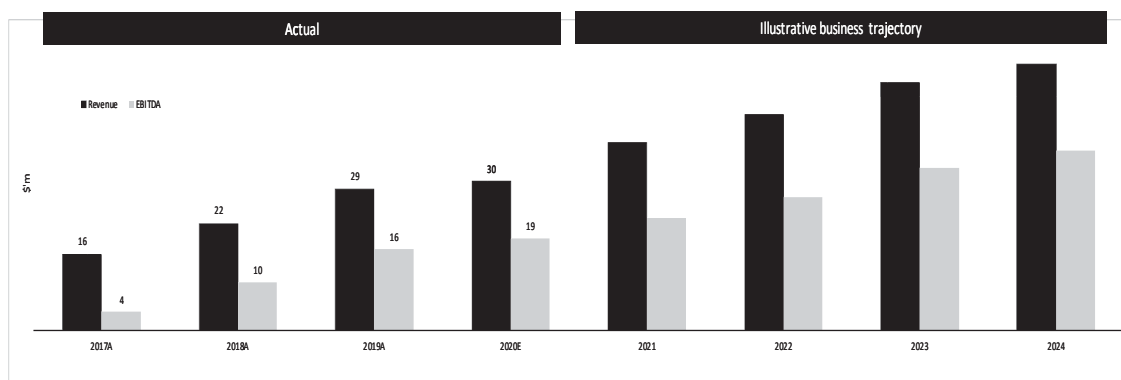
The capital expenditure over the last two years is predominantly US\$28m in investment in the three new systems, AEC-2, CC-2 and NSC, which Aqua Comms has developed.

3 This is an illustration only of the cash receipt trajectory potential of Aqua Comms. This does not constitute a profit forecast or seek to provide a forecast of likely cash receipts. There can be no assurance that the cash receipts of Aqua Comms will increase and should not be taken as an indication of its expected future results.



Source: Aqua Comms Management

Aqua Comms' portfolio of active cable systems is expected to increase from three today (AEC-1, AEC-2 and CC-1) to six once the new cable launches expected during 2021 (CC-2, NSC) and 2022 (AEC-3) are included. Taking into account the increase in Aqua Comms' active systems, historical operating performance, combined with expected changes in the addressable market and unit pricing, the following is an illustration of the revenue/EBITDA trajectory potential of Aqua Comms.



4

Source: Aqua Comms Management

7. RISK FACTORS

Aqua Comms' performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 13 to 38 of this document.

4 This is an illustration only of the revenue/EBITDA trajectory potential of Aqua Comms. This does not constitute a profit forecast or seek to provide a forecast of likely revenue/EBITDA. There can be no assurance that the revenue/EBITDA of Aqua Comms will increase and should not be taken as an indication of its expected future results.

PART 6

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. DIRECTORS

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and are independent of the Investment Manager and the other service providers (and all of the Directors are independent for the purposes of the Jersey Listed Fund Guide published by the Jersey Financial Services Commission).

The Directors will meet at least four times a year, inter alia, to review and assess the Company's investment policy and strategy, the risk profile of the Company, the Company's investment performance, the performance of the Company's service providers, including the Investment Manager, the Company Administrator, the Company Secretary and Hanway, and generally to supervise the conduct of its affairs.

The Directors are as follows:

John (Jack) Waters Jr (aged 55) (Chairperson)

Jack Waters has significant experience in the digital infrastructure sector with an executive career spanning over 30 years. Most recently, Jack was President of Zayo Networks and Chief Operating Officer at Zayo Group Holdings Inc ("**Zayo**") which was listed on the New York Stock Exchange prior to its US\$14.3 billion take private which completed in 2020. During his tenure, Zayo owned c. 13m miles of fibre and 45 data centres in the US and Europe. Jack oversaw the company's global business. Prior to joining Zayo, Jack was Chief Technology Officer and one of the founding senior executives at Level 3 Communications, where he was focused on global network technology, architecture, engineering, process and security. He also held management positions at MCI Communications and the Southeastern University Research and Academic Network. Jack has served on the board of directors for the Colorado Technology Association and the U.S. Federal Communications Commission Technical Advisory Council.

Keith Mansfield (aged 56) (Non-executive Senior Independent Director)

Keith Mansfield is a Chartered Accountant by background and brings extensive accountancy experience, having worked at PricewaterhouseCoopers LLP ("**PwC**") for over 30 years, during which time he served as Chairman of PwC in London responsible for assurance, tax and advisory services. As a partner for 22 years, he advised many public and private companies across a range of industry sectors. Keith is a Non-executive Director (and Chair of the Audit Committee) of Tritax EuroBox plc (of which he is also Senior Independent Director) and Motorpoint Group plc. He was also a Non-executive Director of Tarsus Plc until its management buyout in August 2019 and was previously a Non-executive Director of Real Time Sports Bingo Limited. He is Chairman of the board of Albermarle Fair Oaks Airport Limited and also sits on the investment advisory board of Nexus Investment Ventures Limited.

Lisa Harrington (aged 49) (Non-executive Director)

Lisa Harrington is a tech executive and has spent 25 years growing and transforming business across a range of sectors including telecommunications, technology and utilities, advising companies such as Hyperoptic Limited. Joining British Telecom ("**BT**") in 2007, Lisa spent 10 years in a range of leadership positions with her final role being Chief Customer Officer BT Group, reporting to the CEO. Lisa is currently a Non-Executive Director of Post Office Limited and Calisen plc (FTSE 250), and has previously held non-executive posts on the boards of Southern Water and West London NHS Mental Trust. She started her career at Accenture in Ireland and the UK and, more recently, was managing director Tech Learning Division of QA Limited, one of the biggest tech and cyber skills providers in the UK.

Charlotte Valeur (aged 57) (Independent Non-executive Director)

Charlotte Valeur is a Jersey based Non-executive Director and has over 35 years' experience in finance, primarily in Denmark and UK. Charlotte's previous non-executive roles include Chairing Kennedy Wilson Europe Real Estate Plc (FTSE 250) and DW Catalyst Fund Ltd, and Non-executive Director on the boards of 3i Infrastructure Plc (FTSE 250), NTR Plc, Renewable Energy Generation Limited and JPMorgan Convertibles Income Fund Ltd. She is currently Chair of Blackstone/GSO Loan Financing Ltd, a Non-executive Director of Laing O'Rourke plc and a member of the Primary Markets Group of the London Stock Exchange.

Monique O'Keefe (aged 47) (Independent Non-executive Director)

Monique O'Keefe is a Jersey based Non-executive Director and has over 25 years' experience in finance and law. She is currently a Non-executive Director on two listed boards, Foresight Solar Fund Limited (FTSE 250) and Phoenix Spree Deutschland Limited, as well as a select number of private funds. She also sits on the Board of Commissioners at the Jersey Financial Services Commission and is the co-founder of investment consultancy business, Kairos Wealth Limited. Prior to this, Monique was at Merrill Lynch and Goldman Sachs in London and New York working in structured finance, and previously a structured finance lawyer at Clifford Chance in London.

2. THE INVESTMENT MANAGER

2.1 Introduction

The Company has engaged Triple Point Investment Management LLP as the Company's alternative investment fund manager to provide portfolio and risk management services to the Company. The Investment Manager is authorised and regulated by the FCA.

The Investment Manager was incorporated as a privately-owned limited liability partnership in the United Kingdom on 28 July 2006, with registered number OC321250. The registered office and principal operational place of business is 1 King William Street, London EC4N 7AF. The Investment Manager is domiciled in England and Wales.

The Investment Manager's approach is to unlock unique investment opportunities that have a challenge at their core. Investing in the solutions to social problems creates a flywheel effect. The scale of the problem drives the size of the demand, which in turn underpins the strength of the investment. With long-lasting social impact comes long term sustainable returns. The purpose of the Investment Manager's investments is to create value for communities and the people who live and work in them; and the returns from those investments creates profit for investors.

The Investment Manager manages over £1.8 billion of private, institutional, and public capital and has extensive experience in asset and project finance, portfolio management and structured investments. The Triple Point Group has a team of 135 asset management, legal and finance professionals with a successful track record of creating value for clients.

The Investment Manager invests in four principal areas: Energy and Infrastructure, Leasing and Lending, Property and Venture Capital. Over the last ten years, the Investment Manager has arranged over £2 billion of investment into: energy assets, property, central and local government projects, NHS hospital trusts, SMEs and infrastructure including lease and asset finance.

The Investment Manager has a proven track record. It was one of the earliest direct equity investors into specialised supported social housing sector making its first investments in 2015. Since then, the Investment Manager has built up a team of social housing investment professionals and deployed over £500 million in assets throughout the UK. The Investment Manager has conducted this work in its private funds and as investment manager to Triple Point Social Housing REIT plc ("**SOHO**"). SOHO is a real estate investment trust listed on the premium segment of the Main Market of the London Stock Exchange which invests in UK social housing properties, focusing on specialised supported social housing, and is a constituent of the FTSE All-Share and the FTSE EPRA NAREIT indices. SOHO's total shareholder return was 6.5 per cent. for the year to 31 December 2019 and investors have received all dividends in full, with dividend targets continuing to increase in line with inflation since SOHO's admission to the London Stock Exchange in August 2017.

The Investment Manager has also invested over £225 million across energy and infrastructure projects to date via its private funds and as investment manager to Triple Point Energy Efficiency Infrastructure Company plc (“**TEEC**”). TEEC is an investment trust which listed on the specialist fund segment of the Main Market of the London Stock Exchange in October 2020, and which invests in energy efficiency projects.

Further, the Investment Manager is the delivery partner to the Department for Business, Energy and Industrial Strategy for its £320 million Heat Network Investment Project (“**HNIP**”). Launched in 2018 and part of the UK Government’s Major Project Portfolio HNIP is helping create a self-sustaining heat network market through capital investment in the form of grants and loans and the Investment Manager was selected to deliver it on their behalf having been successful in a competitive tendering process.

In January 2021, Thor Johnsen and his team, Andre Karihaloo and Arnaud Jaguin, joined the Investment Manager. The team has a proven track record of US\$1.9 billion of infrastructure investments, with realised investments yielding an IRR of 42 per cent. It has also been responsible for managing the Aqua Ventures Digital Infrastructure portfolio for six years. It has advised on a combined US\$60 billion of telecommunications and digital infrastructure transactions, spanning all four key verticals targeted by the fund.

In addition, the Investment Manager will benefit from a panel of Digital Infrastructure industry experts, with deep knowledge, relationships and involvement in a combined US\$250 billion of Digital Infrastructure transactions. The Investment Manager may call upon their specialist sector expertise and contacts which will assist the Investment Manager when considering an investment opportunity.

Subject to the overall supervision of the Directors, the Investment Manager will be responsible for the portfolio and risk management of the Company’s assets in accordance with the terms of the Investment Management Agreement and the UK AIFM Legislation.

Further details of the Investment Manager’s senior management team are set out in paragraph 2.2 below.

The Investment Management Agreement

The Company and the Investment Manager have entered into the Investment Management Agreement, a summary of which is set out at paragraph 8.1.2 of Part 10 of this document.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a stepped annual management fee (the “**Annual Management Fee**”) on the following basis:

Net Asset Value (as adjusted)⁽¹⁾	Annual Management Fee (percentage of Net Asset Value (as adjusted))
On such part of the Net Asset Value (as adjusted) that is up to and including £500 million	1.0 per cent.
On such part of the Net Asset Value (as adjusted) that is above £500 million up to and including £1 billion	0.9 per cent.
On such part of the Net Asset Value (as adjusted) that exceeds £1 billion	0.8 per cent.

(1) For the avoidance of doubt, the different percentages set out above shall be applied incrementally and not as against the total Net Asset Value (as adjusted).

The Annual Management Fee is calculated, invoiced and payable quarterly in arrears (in respect of the periods ending 31 March, 30 June, 30 September and 31 December) based on the most recent half-year Net Asset Value adjusted to reflect assets under management in the period between the relevant Net Asset Value date and the quarter date (as further adjusted to reflect the level of deployment of funds, as described below). The Annual Management Fee for the quarters ending 31 March and 30 June shall be based on the Net Asset Value as at 31 December (as adjusted). The Annual Management Fee for the quarters ending 30 September and 31 December shall be based on the Net Asset Value as at 30 June.

In relation to each issue of Ordinary Shares or C Shares by the Company (a “**Relevant Issue**”), no Annual Management Fee shall accrue or be charged on the undeployed cash funds arising from such Relevant Issue until such time as 75 per cent. or more of the net proceeds of such Relevant Issue have been Deployed. For these purposes, “Deployed” shall mean funds: (i) invested or contractually committed to be invested in the acquisition or development of Digital Infrastructure Investments, or (ii) used or contractually committed to be used to pay down any existing drawn down debt facilities of the Group, or (iii) such other use (or contractual commitment to use) as the Board shall determine in its reasonable discretion. In calculating the Annual Management Fee, the Net Asset Value will be adjusted to reflect this.

In addition to the Annual Management Fee, the Company shall pay to the Investment Manager a one-off fee, conditional on Admission occurring, of an amount equal to 0.5 per cent. of the total purchase price paid by the Company for the share capital of Aqua Comms pursuant to the Aqua Comms SPAs.

The Investment Manager is also entitled to reimbursement for all cost and expenses properly incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

There is no performance fee payable to the Investment Manager.

The initial term of the Investment Management Agreement will be four years, following which it may be terminated by either the Company or the Investment Manager on not less than 12 months’ notice to the other party, such notice not to be served before the fourth anniversary of the date of Initial Admission.

The Investment Manager shall not manage any listed or unlisted fund (and which is not a venture capital trust or enterprise investment scheme fund) which has the ability to invest into Digital Infrastructure Investments (other than where any such fund, has in its investment policy, a requirement that at least 50 per cent. of its gross assets is invested in digital infrastructure assets in the development phase). In addition, all investment opportunities sourced or originated by the Triple Point Group which fulfil the Investment Policy will first be internally allocated by the Investment Manager to the Group in full.

The Investment Management Agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager or if the Investment Manager ceases to be authorised and regulated by the FCA.

2.2 The Investment Team

The key individuals from the Investment Manager who are responsible for executing the Company’s investment strategy are:

Thorsten (Thor) Johnsen – Head of Digital Infrastructure – Fund Manager

Thor has over 15 years’ experience in infrastructure investment. He has been responsible for a digital infrastructure portfolio, including Aqua Comms, the Company’s initial asset, for six years. Over his career, Thor has invested and managed c. US\$1.9 billion of infrastructure investments and served as Head of Infrastructure (Asset Based) for Arcapita Bank across Europe. He was also previously at Bank of America and Credit Suisse. Thor joined Triple Point in January 2021.

Andre Karihaloo – Investment Team

Andre has over 15 years’ experience in financial services. He began his career in investment management at HSBC in New York and London. He has worked on over £5 billion of infrastructure development transactions, appearing before three Select Committees in Parliament and the Prime Minister to discuss infrastructure. He has advised on c.£1 billion in digital infrastructure deals. Andre joined Triple Point in January 2021.

Arnaud Jaguin – Investment Team

Arnaud has over 15 years' experience in telecoms and digital infrastructure. He began his career in telecoms M&A at UBS in London, advising on almost £50 billion of transactions. At Level 3 Communications and RETN, he worked on corporate development, corporate strategy, segmentation and sales operations. Arnaud joined Triple Point in January 2021.

The key individuals from the Investment Manager who are responsible for the overall operation and management of Triple Point are:

James Cranmer – Managing Partner

James joined the Investment Manager in 2007 to develop its origination and investment capability. He has over 20 years' experience in structured, asset and vendor finance. He has been responsible for in excess of £1 billion of funding into UK Local Authorities, NHS Hospital Trusts, FTSE 100 including numerous investments in the infrastructure, energy and low carbon sectors. James has led Triple Point's infrastructure investments over the years. He became co-Managing Partner in 2016.

Ben Beaton – Managing Partner

Ben joined the Investment Manager in 2007 to lead the sourcing and execution of a broad spectrum of investments including renewable energy, long leased infrastructure and real estate. He has established himself as an industry leader in matching capital with investment opportunities, building innovative products for investors and offering attractive and flexible funding solutions to a range of businesses, both in the public and private sector. He became co-Managing Partner of the Investment Manager in 2016.

Further senior industry experts adding to the resources of the Investment Manager are:

Alan Harper

Alan spent 12 years at Vodafone Group Plc ("**Vodafone**") including as Group Strategy Director. He was involved in over US\$200 billion of global acquisitions completed by Vodafone. He co-founded Eaton Towers ("**ET**") in 2008 and was CEO until 2015. ET was a leading telecom tower company, which was acquired by American Tower for US\$1.85 billion in 2019.

Ed McCormack

Ed has over 40 years' experience in global business, including 25 years in telecommunications. He spent eight years as an Executive Director and Officer at FLAG Telecom, building a global network services portfolio and 52,000 km of submarine network connecting key markets around the world. In addition, he served four years as Non-executive Director of Global Crossing (UK) Limited, a c. US\$1 billion UK voice, enterprise and government communications business. He has a 10 year relationship with Ciena, a leading network solutions provider with a market capitalisation of c.US\$8 billion. He started his Ciena career as Vice President, with responsibility for Ciena's entry into a new market segment – adopting new technologies to increase the potential bandwidth over submarine cables. Since then, Ciena has become the market leader in that segment and Ed still serves as Senior International Advisor.

Steve Andrews

Steve has 25 years of experience as an Executive at BT Plc. He held various roles including President of Global Carrier business, MD Products and Services and Retail Strategy. Steve Managed BT's Network Operations across 125 countries, including Subsea and was a member of BT Group Capital Investment Committee. Steve was also Chairman of PE backed Azzurri Communications until a successful exit in 2016.

Simon Beresford-Wylie

Simon was CEO of Arqiva for 5 years between 2015 and 2020. He led the sale of Arqiva's telecoms division for £2 billion in addition to the sale of their Indoor Networks portfolio to 3i Infrastructure backed Wireless Infrastructure Group (WIG). He was previously executive vice

president at the Networks Business Unit of Samsung Electronics, and the founding CEO of Nokia Siemens Networks. He is the current CEO of Imagination Technologies.

3. OTHER ARRANGEMENTS

3.1 Development Agreement

The Investment Manager, Aqua Ventures and Devco (a wholly owned subsidiary of Aqua Ventures) will enter into the Development Agreement, pursuant to which Devco provides a right of first refusal to the Investment Manager in respect of new assets sourced or developed by Devco which are in line with the Company's investment policy (including opportunities to co-invest or provide forward funding finance). Devco has agreed that it shall not provide the Investment Manager with any investment advice.

The Investment Manager agrees to pay a specified proportion of its investment management fees received under the Investment Management Agreement (amounting to approximately 20 per cent. of such fees) to Devco.

Subject to provisions relating to early termination, the Development Agreement shall automatically terminate on the termination of the Investment Management Agreement.

3.2 Administrator and Company Secretary

The Company Administrator

The Company has appointed Ocorian Fund Services (Jersey) Limited, a company limited by shares incorporated under the laws of Jersey on 5 June 1998, having its registered office at 26 New Street, St Helier, Jersey, JE2 3RA, under registered number 71859 (the "**Company Administrator**") as the administrator of the Company under the Company Administrative Services Agreement. The issued share capital of the Company Administrator is 25,000 shares of £1.00 each (which shares are all fully paid up).

The Company Administrator is licensed by the Jersey Financial Services Commission under the FSJL for the conduct of 'trust company business' and 'funds services business' (as such terms are defined in article 1 of the FSJL). The Jersey Financial Services Commission is protected by the FSJL against liability arising from the discharge of its functions under that Law. The Company Administrator's principal business activity is providing corporate administration secretarial services.

Under the Company Administrative Services Agreement, the Company Administrator will charge the Company an annual fee of £80,000 in addition to a one-off on-boarding fee of £6,000. Further, the Company Administrator may receive certain variable supplementary fees for additional services. In addition, pursuant to the Company Administrative Services Agreement, the Company has appointed Ocorian Secretaries (Jersey) Limited, a company limited by shares incorporated under the laws of Jersey on 20 April 1971, having its registered office at 26 New Street, St Helier, Jersey, JE2 3RA, under registered number 4704 (the "**Company Administrator**"), as its company secretary (the "**Company Secretary**").

The Company Secretary

Pursuant to the Company Administrative Services Agreement, Ocorian Secretaries (Jersey) Limited, a company limited by shares incorporated under the laws of Jersey on 20 April 1971, having its registered office at 26 New Street, St Helier, Jersey, JE2 3RA, under registered number 4704, is to act as the company secretary of the Company (the "**Company Secretary**").

The Company Secretary is licensed by the Jersey Financial Services Commission under the FSJL for the conduct of 'trust company business' (as such term is defined in article 1 of the FSJL). The Jersey Financial Services Commission is protected by the FSJL against liability arising from the discharge of its functions under that Law. The Company Secretary's principal business activity is acting as the secretary of companies.

The fees of the Company Secretary are included within the charges payable to the Company Administrator under the Company Administrative Services Agreement (and the Company Secretary is not entitled to receive any separate remuneration from the Company).

Delegated Company Secretary

In addition, pursuant to the Delegated Company Secretary Agreement, (i) Hanway Advisory Limited (“**Hanway**”) (a member of the Triple Point Group) has been appointed as the deputy company secretary of the Company, and (ii) the Company Administrator has delegated to Hanway certain UK-orientated company secretarial functions.

Hanway was incorporated in England and Wales as a private company limited by shares on 31 January 2018 under the Companies Act (registration number 11178874), and has its registered office at 1 King William Street, London, EC4N 7AF, United Kingdom.

Under the Delegated Company Secretary Agreement, Hanway is entitled to receive a fee of £60,000 pa (exclusive of VAT and subject to annual increase in line with the percentage increase in the Retail Price Index in the preceding 12-month period), plus an annual fee of £1,600 in respect of its provision of a software product (provided at cost, which may increase). Further, Hanway may receive certain variable supplementary fees for additional services or corporate actions of the Company or any of its subsidiaries.

Hanway is also entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.

Details of the Company Administrative Services Agreement and the Delegated Company Secretary Agreement are set out in paragraphs 8.1.4 and 8.1.8 (respectively) of Part 10 of this document.

3.3 Depositary

Ocorian Depositary (UK) Limited has been appointed as Depositary to the Company. The Investment Manager is authorised by the FCA as a manager of AIFs for the purposes of the UK AIFM Legislation and in its capacity as the Company's AIFM, is required, in accordance with the UK AIFM Legislation, to ensure that a single appropriately authorised depositary is appointed to perform certain activities such as monitoring the Company's cash flows, ownership verification of certain assets of the Company, safekeeping of financial instruments to the extent such instruments are owned by the Company, and performing general oversight over the Company. The Depositary is entitled to be paid a depositary fee of £25,000 per annum (plus VAT if applicable). The costs of such services are borne by the Company.

The Depositary was incorporated in England and Wales as a private company limited by shares on 19 June 2013 under the Companies Act (registration number 08575830). The Depositary is authorised and regulated by the FCA (reference number 606784). The registered office of the Depositary is 5th Floor 20 Fenchurch Street, London, England, EC3M 3BY (tel. +44 (0)289 6230 221). The issued share capital of the Depositary is 150,000 shares of £1.00 each (which shares are all fully paid up). The Depositary's principal business activity is to provide specialist depositary services to alternative investment funds.

Details of the Depositary Agreement are set out in paragraph 8.1.5 of Part 10 of this document.

3.4 Registrar

The Company utilises the services of Computershare Investor Services (Jersey) Limited as Registrar in relation to the transfer and settlement of its issued shares. The Registrar is a company incorporated in Jersey on 2 September 1999 with registered number 75005, and it has its registered office address at 13 Castle Street, St Helier, Jersey, JE1 1ES. The issued share capital of the Registrar is 25,000 shares of £1.00 each (which shares are all fully paid up).

Under the terms of the Registrar Agreement, the Registrar is entitled to a fee calculated based on the number of shareholders and the number of transfers processed (exclusive of VAT or other taxes) which is subject to a minimum annual amount of £7,500 per year. In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time.

The Registrar is licensed by the Jersey Financial Services Commission under the FSJL for the conduct of “funds company business” (as such terms are defined in article 1 of the FSJL). The Jersey Financial Services Commission is protected by the FSJL against liability arising from

the discharge of its functions under that Law. The Registrar's principal business activity is providing corporate registrar and associated services.

Details of the Registrar Agreement are set out in paragraph 8.1.6 of Part 10 of this document.

3.5 Receiving Agent

The Company has also appointed Computershare Investor Services PLC to act as the Company's receiving agent for the purposes of the Offer for Subscription pursuant to the Receiving Agent Agreement.

Details of the Receiving Agent Agreement are set out in paragraph 8.1.7 of Part 10 of this document.

3.6 Auditor

PricewaterhouseCoopers LLP provides audit services to the Company. The annual report and accounts will be prepared according to the accounting standards laid out under IFRS. The fees charged by the Auditor depend on the services provided and on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor's engagement letter.

4. FEES AND EXPENSES

4.1 Formation and initial expenses

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission. These expenses include the fees and commissions payable under the Placing Agreement, Receiving Agent's fees, admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and paid on or around Initial Admission out of the Initial Gross Proceeds.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £8 million, equivalent to approximately two per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £400 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be approximately £0.98, assuming Initial Gross Proceeds of £400 million.

4.2 Placing Programme expenses

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including admission fees, as well as fees and commissions due under the Placing Agreement and any other applicable expenses in relation to the Placing Programme.

Ordinary Shares issued under the Placing Programme will be issued at a premium to the prevailing published Net Asset Value per Ordinary Share at the time of issue together to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions). The maximum expenses payable by the Company in respect of each Subsequent Placing will represent approximately two per cent. of the Gross Proceeds of such Subsequent Placing.

4.3 Ongoing annual expenses

The Company will also incur ongoing annual expenses which will include fees paid to the Investment Manager and other service providers as described above in addition to other expenses which are currently expected to amount to 1.3 per cent. of Net Asset Value per annum (excluding all costs associated with making and realising investments) assuming a Net Asset Value on Initial Admission of circa £392 million.

5. INVESTMENT PROCESS

The investment process undertaken by the Investment Manager is broadly as follows:

5.1 Sourcing investments

The Investment Manager has an extensive network of relationships which will deliver new potential investment opportunities in the global Digital Infrastructure market. In addition, the Investment Manager will source prospective investments through its relationship with Devco under the Development Agreement. The Investment Manager will (on behalf of the Company) benefit from a right of first refusal on all assets developed or sourced by Devco, providing access to a significant pipeline of assets that would otherwise not be available.

The Investment Manager will target predominantly Digital Infrastructure Investments which are operational (directly or via subsidiary companies including Investment SPVs), and where appropriate, where there is a contract in place with the end users and/or off-takers.

Specifically, the Investment Manager will assess prospective investments against the Company's investment objective and policy. An assessment will also be made in relation to the Company's environmental, social and governance ("ESG") policy, the purpose of which is to ensure the prospective investment meets the Company's criteria of delivering key infrastructure for global data transfer and storage and contributes a positive impact to wider stakeholders. The Company will also consider the risks inherent in the Company's investments and decision making. If a prospective investment is considered potentially suitable and in line with the ESG policy and impact criteria, a high level financial and economic analysis and review of the investment will be undertaken. Limited due diligence may also be undertaken at this stage.

5.2 Development

The Group may invest in Digital Infrastructure Investments where the assets are in the Construction Phase or Development Phase, predominantly via forward funding arrangements which pay a return during the Construction Phase, in circumstances where the Investment Manager has identified an attractive opportunity which meets the Company's investment objective and the criteria set out in the investment policy and which complies with the investment restrictions.

5.3 Review and approval

The Board shall have overall responsibility for the management of the Company and shall oversee compliance with the Company's investment objective and investment policy. When any potential acquisition or disposal, development opportunity or secured debt financing opportunity (an "**Investment Opportunity**") is identified by the investment team, the Investment Manager will undertake an initial due diligence/analysis on the Investment Opportunity in order to verify that it meets the Company's investment objective and investment policy and is commercially sound.

Initial due diligence on an asset acquisition would typically include:

- preparation of a full cash flow model;
- an indicative valuation (and in the case of potential assets from the Devco development pipeline arising under the Development Agreement, obtaining an independent valuation on the asset);
- technical due diligence including where appropriate an independent review of key aspects of a project providing confidence as to the project's deliverability and likely revenue production;
- a review of the terms of the operating agreement and any other material commercial agreements;
- a site visit and review of the key parties involved with the project, including those responsible for the operation of the asset and the end user;

- structure and counterparty due diligence if assets are held in a shared ownership or co-investment arrangements; and

appropriate market research on the key commercial drivers of the opportunity and an initial review of the financial situation of the customers, as required.

If the outcome of the initial due diligence/analysis process is positive, the Investment Manager will propose the Investment Opportunity to its Investment Committee who will review, challenge and approve the investment (as appropriate) ensuring any investments proposed are in accordance with the Company's Investment Policy. The Investment Committee will have responsibility for the Portfolio Management function of the AIFM and therefore will have a right to veto an Investment Opportunity. Should the Investment Committee approve an Investment Opportunity the Investment Manager will seek to agree indicative terms for the Investment Opportunity, and in the case of an acquisition, disposal or development opportunity, seek to enter into a period of exclusivity.

When the Investment Manager expects that an Investment Opportunity is likely to complete, it shall deliver to the Board as soon as reasonably practicable a report on the Investment Opportunity ("**Transaction Report**"). The Board will be continuously updated on the progress of any ongoing transactions at quarterly Board meetings. The Transaction Report shall include a written confirmation from the Investment Manager that the Investment Opportunity falls within the scope of the investment objective and investment policy and that it does not breach the investment restrictions.

The Board shall make such observations and comments as they see fit on the Transaction Report and shall communicate them to the Investment Manager as soon as reasonably practicable. Any decision to proceed with the Investment Opportunity shall be the sole responsibility of the Investment Manager but shall only be made having taken account of these observations and comments.

5.4 **Investment execution**

Where an Investment Opportunity proceeds to the execution phase, in addition to carrying out further due diligence on the Investment Opportunity (as applicable), the Investment Manager will:

- project manage the transaction, including co-ordinating the work of other professional advisers and service providers, including technical advisers and engineers, lawyers, accountants, and tax advisers;
- lead in the negotiation with any third party (whether buying, selling, refinancing, or otherwise) and the third party's agent (if any);
- lead in the negotiation and structuring of the transaction to ensure it meets the Company's investment objective and investment policy;
- lead in the negotiation and structuring of any borrowings on the transaction;
- lead in the preparation and negotiation of any new commercial agreements, or review the implications of any existing commercial agreements; and
- lead the preparation of final documentation (in conjunction with legal and accounting advisers).

5.5 **Investment monitoring and reporting**

The Investment Manager will continually monitor the progress of the Company's investments, including participation on the boards of the Investment SPVs. This will include regular meetings with the operators, as required, and at a minimum an annual site visit. The Investment Manager will actively monitor the performance of key contractual obligations to ensure that service providers are delivering under service contracts. The Investment Manager will also look to optimise investment performance via opportunities which may include (but are not limited to) contract extensions, optimisation of contract terms, reductions in costs via re-contracting and increase in revenues via additional services.

The Investment Manager will prepare valuation statements for the portfolio in each six-month period (working with the Company Administrator and to be reviewed by the Auditor).

The Investment Manager will also prepare the relevant sections of the half year and annual reports for the Company relating to the portfolio, together with the report of the Investment Manager, and will make any periodic disclosures required to be made under the FCA rules in its capacity as an AIFM.

Amongst other general roles, the Investment Manager will also work closely with the Company's advisers to assist in the preparation of relevant regulatory announcements and in the observation of other ongoing regulatory obligations of the Company.

The Investment Manager shall supply to the Board for its information any reports on investments, due diligence reports or any other information in relation to investment opportunities as may be requested from time to time.

5.6 Holding and exit strategy

The Group's holding period and exit strategy for each asset will depend on the characteristics of the asset, transaction structure, exit price potentially achievable, suitability and availability of alternative investments (capital recycling), balance of the portfolio and lot size of the asset as compared to the value of the portfolio. While the Directors intend to hold the Group's investments on a long term basis, the Group may dispose of investments should an appropriate opportunity arise where, in the Investment Manager's opinion, the value that could be realised from such disposal would represent a satisfactory return on the investment and/or otherwise enhance the value of the Company as a whole, having consideration to the Company's investment objective and investment policy.

5.7 Conflict management

General

The Investment Manager has regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the COB Rules and in particular, that any transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The COB Rules require the Investment Manager to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it should be allocated fairly amongst all of its clients for whom the investment is appropriate.

In addition, Thor Johnsen, Andre Karihaloo and Arnaud Jaguin may from time to time have a personal interest in a potential investment by the Company, in any such case, Messrs Johnsen, Karihaloo and Jaguin will recuse themselves fully from any and all appraisal processes in relation to any such potential investment and from all investment decision discussions and processes at the Investment Manager. In addition, the Board will be made aware of any such personal interests, and the Investment Manager shall clearly set out the conflict management process. Specifically, Mr Johnsen (together with his connected parties) has a 15 per cent. indirect interest in the issued share capital of Ontix Infrastructure Holdings Limited, the ultimate parent company of the Ontix business. Ontix forms part of the pipeline of potential investment opportunities of the Company and Mr Johnsen will recuse himself from any and all investment decisions and processes relating to Ontix.

Asset allocation

Notwithstanding the Investment Manager's allocation policy, the Investment Manager has undertaken that in relation to any investment opportunity sourced or originated by the Triple Point Group outside of the Development Agreement that falls within the scope of the Company's investment policy (a "**Guideline Investment**") the following policy will be followed:

- (a) all Guideline Investments will first be internally allocated by the Investment Manager to the Company in full;

- (b) the Investment Manager will then determine whether the Company is technically able to make the Guideline Investment (in whole or in part) by assessing: (i) the Guideline Investment against the Company's investment restrictions, (ii) whether the Company has the funds available to finance the Guideline Investment, and (iii) whether the Guideline Investment contributes sufficiently to the Company's target returns;
- (c) if the Investment Manager determines that the Company is not technically able to make the Guideline Investment then other funds managed by the Triple Point Group will be free to make the Guideline Investment (to the extent that the opportunity remains);
- (d) if the Company is technically able to make the Guideline Investment, but the Investment Manager determines that either: (i) it would be inappropriate for the Company to make the Guideline Investment, or (ii) recommends that the Company only makes a partial investment in the Guideline Investment alongside one or more other funds managed by the Triple Point Group or a third party investor, the Investment Manager shall discuss this decision with the Board and shall take into account any comments or instructions from the Board;
- (e) if the Board agrees with the Investment Manager's decision, then other funds managed by the Triple Point Group will be free to make the Guideline Investment (to the extent that the opportunity remains);
- (f) if the Company partially invests in the Guideline Investment, then any other fund managed by the Triple Point Group may be offered the opportunity to take up the balance of the investment; and
- (g) in circumstances where both the Company and another fund managed by the Triple Point Group co-invest in the same Guideline Investment, the Investment Manager shall ensure that they will invest on substantially the same terms.

Acquisition of assets

The Investment Manager may be involved in other financial, investment or professional activities in the future, including managing assets for, or advising, other investment clients. It may provide investment management, investment advice or other services to investment companies which may have substantially similar investment policies to that of the Company.

It is possible that the Group may seek to purchase certain investments from funds or investment vehicles managed or operated by the Triple Point Group to the extent that the investments fall within the Company's investment policy. In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between the Company, the Investment Manager (or its affiliates) and other funds or investment vehicles managed by the Triple Point Group. If such acquisitions are to be made, appropriate procedures will be put in place to manage the conflict and ensure any transactions are on an arms' length basis and are at fair market value. The acquisition of assets by the Company from other funds or investment vehicles managed by the Triple Point Group will be subject to approval from the Board (all of whom are independent of the Investment Manager) prior to the acquisition proceeding.

6. CORPORATE GOVERNANCE

The Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. The Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, will provide better information to Shareholders. As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC Code. However, the Company intends to join the AIC as soon as practicable following Initial Admission, and arrangements have been put in place so that, with effect from Initial Admission, the Company will comply with the AIC Code.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

It is acknowledged in the UK Corporate Governance Code that some of its provisions may not be relevant to externally managed investment companies (such as the Company). The Board does not consider that the above provisions are relevant to the Company. The Company will therefore not comply with these provisions.

The Company's Audit Committee is chaired by Keith Mansfield and also includes Lisa Harrington and Monique O'Keefe. The Audit Committee will meet at least three times a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and receive information from the Investment Manager. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

The Company's Risk Committee is chaired by Jack Waters and also includes Monique O'Keefe and Charlotte Valeur. The Risk Committee will meet twice a year. Its principal duties will be to regularly review and monitor the Company's internal control and risk management systems, oversee and advise the Board.

In accordance with the AIC Code, the Company has established a Management Engagement Committee which is chaired by Charlotte Valeur and also includes Keith Mansfield and Lisa Harrington. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the Investment Manager and other service providers and it will annually review those appointments and the terms of engagement.

The Company's Nomination Committee is chaired by Lisa Harrington and includes Jack Waters and Charlotte Valeur. The Nomination Committee will meet at least once a year or more often if required. Its principal duties will be to advise the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will make recommendations to the Board in this regard. The Nomination Committee will advise the Board on its balance of relevant skills, experience, gender, race, age and length of service of the Directors serving on the Board. All appointments to the Board will be made in a formal and transparent matter.

As the Company has no executive directors, the Board has not established a separate remuneration committee, and discussions regarding Directors' remuneration shall be undertaken by the full Board.

7. DIRECTORS' SHARE DEALINGS

The Directors will comply with the share dealing code adopted by the Company in relation to their dealings in Ordinary Shares. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

PART 7

THE INITIAL ISSUE

1. INTRODUCTION

The Company is targeting an issue of 400 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription. The Initial Issue has not been underwritten. The maximum number of Ordinary Shares to be issued under the Initial Issue is 800 million. The minimum size of the Initial Issue is 250 million Ordinary Shares.

The total number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement and the Company's website prior to Initial Admission.

The Net Proceeds, after deduction of expenses, are expected to be approximately £392 million on the assumption that the Initial Gross Proceeds are £400 million.

Application will be made for the Ordinary Shares issued and to be issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that Initial Admission will become effective and dealings in the Ordinary Shares will commence at 8.00 a.m. on 31 March 2021.

2. THE INITIAL ISSUE

Overview

Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of £1 per Ordinary Share.

The Initial Issue is conditional, inter alia, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 31 March 2021 or such later time and/or date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree (being not later than 8.00 a.m. on 30 June 2021); (ii) the Placing Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree) being raised.

If the Initial Issue does not proceed (due to the Minimum Gross Proceeds (or such lesser amount as Akur and J.P. Morgan Cazenove may agree) not being raised or otherwise), any monies received under the Initial Issue will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days.

If the Minimum Gross Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

Initial Placing

J.P. Morgan Cazenove has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing on the terms and subject to the conditions set out in the Placing Agreement.

The Ordinary Shares are being made available under the Initial Placing at the Issue Price. The terms and conditions that shall apply to any subscription for Ordinary Shares under the Initial Placing are set out in Part 14 of this document. The latest time and date for receipt of commitments under the Initial Placing is 2.00 p.m. on 25 March 2021 (or such later date, not being later than 30 June 2021, as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree).

If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Each Placee agrees to be bound by the Articles once the Ordinary Shares that the Placee has agreed to subscribe for pursuant to the Initial Placing have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or

in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

Offer for Subscription

The Company is making an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application as set out in Part 15 of this document. The Terms and Conditions of Application and the Application Form set out at Appendix 1 to this document should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

The Offer for Subscription is being made in the UK only.

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000.00 and thereafter in multiples of £100.00 or such lesser amount as the Company may determine (at its discretion). Multiple applications will be accepted. Commitments under the Offer for Subscription once made, may not be withdrawn without the consent of the Directors.

Application Forms accompanied by a cheque or banker's draft in Sterling must be made payable to **"CIS PLC re: DIGITAL 9 OFS a/c"** for the appropriate sum should be returned to the Receiving Agent by no later than 11.00 a.m. on 25 March 2021.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 25 March 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11.00 a.m. on 30 March 2021, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share through the CREST system upon the settlement date, following the CREST matching criteria set out in the Application Form.

If the Offer for Subscription is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

3. SCALING BACK AND ALLOCATION

The results of the Initial Issue will be announced by the Company via a Regulatory Information Service.

In the event that commitments under the Initial Placing and valid applications under the Offer for Subscription exceed the maximum number of Ordinary Shares available under the Initial Issue (being 800 million Ordinary Shares), applications under the Initial Placing and Offer for Subscription will be scaled back at the discretion of J.P. Morgan Cazenove and Akur (in consultation with the Company and the Investment Manager).

The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Initial Issue.

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days following the close of the Initial Issue.

4. REASONS FOR THE INITIAL ISSUE AND USE OF PROCEEDS

The Initial Issue is intended to raise money for investment in accordance with the Company's investment objective.

The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase investments in line with the Company's investment objective and investment policy as described in Part 1.

The Company expects the Investment Manager to deploy the Net Proceeds within a period of twelve months after Initial Admission (subject to market conditions). There can be no guarantee that initial deployment of the Net Proceeds will be achieved in the timeframe referred to above.

5. COSTS OF THE INITIAL ISSUE

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £8 million, equivalent to approximately two per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £400 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be approximately £0.98, assuming Initial Gross Proceeds of £400 million.

6. WITHDRAWAL

In the event that the Company is required to publish a supplementary prospectus prior to Initial Admission, applicants who have applied for Ordinary Shares under the Offer for Subscription shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire Ordinary Shares in the Offer for Subscription in its entirety. If the application is not withdrawn within the stipulated period, any offer to apply for Ordinary Shares in the Offer for Subscription will remain valid and binding.

Investors under the Offer for Subscription wishing to exercise statutory withdrawal rights after the publication of a supplementary prospectus prior to Initial Admission must do so by lodging written notice of withdrawal to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH or by emailing OFSpaymentqueries@computershare.co.uk so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

7. THE PLACING AGREEMENT

The Placing Agreement contains provisions entitling J.P. Morgan Cazenove to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to each applicant without interest (at the risk of the applicant) to the applicant from whom the money was received.

The Placing Agreement provides for Akur and J.P. Morgan Cazenove to be paid commissions by the Company in respect of the Ordinary Shares to be allotted pursuant to the Initial Issue. Any Ordinary Shares subscribed for by Akur and J.P. Morgan Cazenove may be retained or dealt by them for their own benefit. Under the Placing Agreement, Akur or J.P. Morgan Cazenove is also entitled at its discretion and out of its own resources at any time to rebate to any third party part or all of its fees relating to the Initial Placing.

Further details of the terms of the Placing Agreement are set out in paragraph 8.1.1 of Part 10 of this document.

8. GENERAL

Pursuant to anti-money laundering laws and regulations with which the Company must comply, the Company (and its agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued to the relevant applicant pursuant to the Initial Issue.

If there are any material changes affecting any of the matters described in this document or where any significant new factors have arisen after the publication of this document, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the material change(s) or the significant new factor(s).

9. INITIAL ADMISSION, CLEARING AND SETTLEMENT

Application will be made for the Ordinary Shares issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 31 March 2021.

An investor applying for Ordinary Shares in the Initial Issue may receive Ordinary Shares in certificated or uncertificated form. The Ordinary Shares are in registered form. No temporary documents of title will be issued. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited on 31 March 2021 in respect of Ordinary Shares issued in uncertificated form and definitive share certificates in respect of Ordinary Shares held in certificated form will be despatched by post after the week commencing 5 April 2021, at the Shareholder's own risk. Shareholders holding their Ordinary Shares through CREST may obtain from the Registrar (as evidence of title) a certified extract from the Register showing their Shareholding.

The ISIN of the Ordinary Shares is JE00BMDKH437. The SEDOL is BMDKH43.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

10. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Initial Admission. Accordingly, settlement of transactions in the Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes.

11. OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Ordinary Shares under the Initial Issue to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares under the Initial Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Initial Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

In addition, until 40 calendar days after the commencement of the Initial Issue, an offer or sale of the Ordinary Shares within the United States by any dealer (whether or not participating in the Initial Issue) may violate the registration requirements of the U.S. Securities Act.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Initial Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

United States transfer restrictions

Each of Akur, J.P. Morgan Cazenove and the Company has acknowledged and warranted in the Placing Agreement that it will not offer or sell or procure the offer or sale of the Ordinary Shares except in compliance with Regulation S. The Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Ordinary Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

12. PROFILE OF A TYPICAL INVESTOR

The Specialist Fund Segment is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of the potential risk of investing in companies admitted to the Specialist Fund Segment.

The Ordinary Shares are designed to be suitable for institutional investors and private investors. Accordingly, typical investors in the Ordinary Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors, professionally advised investors and knowledgeable unadvised retail investors who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up and that investors may not receive, on the sale or cancellation of the Ordinary Shares, the amount that they invested. The Ordinary Shares are being offered under the Offer for Subscription only to facilitate the participation of investors who understand, or have been advised of, the potential risk from investing in companies admitted to trading on the Specialist Fund Segment.

PART 8

THE PLACING PROGRAMME

1. INTRODUCTION

The Company may issue up to 750 million Ordinary Shares on a non-pre-emptive basis pursuant to the Placing Programme.

The Placing Programme is flexible and may have several closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme is intended to satisfy market demand for Ordinary Shares and to raise further money after the Initial Issue to increase the size of the Company and invest in accordance with the Company's investment policy.

2. THE PLACING PROGRAMME

The Placing Programme will open on 31 March 2021 and will close on 7 March 2022 (or any earlier date on which it is fully subscribed, or as otherwise determined by Company, the Investment Manager, Akur and J.P. Morgan Cazenoves). The terms and conditions that apply to the purchase of the Ordinary Shares under the Placing Programme are set out in Part 14 of this document.

The Company will have the flexibility to issue Ordinary Shares on a non-pre-emptive basis where there appears to be reasonable demand for Ordinary Shares in the market, for example if the Ordinary Shares trade at a premium to the Net Asset Value per Ordinary Share.

Any issue of Ordinary Shares under the Placing Programme is at the discretion of the Directors. Issues may take place at any time prior to the final closing date of 7 March 2022 (or any earlier date on which it is fully subscribed, or as otherwise determined by Company, the Investment Manager, Akur and J.P. Morgan Cazenove). An announcement of each Subsequent Placing under the Placing Programme will be released via a Regulatory Information Service, including details of the number of Ordinary Shares to be issued and the Placing Programme Price for the issue.

There is no minimum subscription. The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Ordinary Shares to be issued under the Placing Programme is not known. The maximum number of Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued.

Where new Ordinary Shares are issued pursuant to the Placing Programme, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Programme Price less the expenses of such issuance.

The net proceeds of any Subsequent Placing under the Placing Programme will be dependent, inter alia, on the level of subscriptions received, the price at which such Ordinary Shares are issued and the costs of the Subsequent Placing. It is anticipated that the costs and expenses of any Subsequent Placing will be two per cent. of the gross proceeds of such Subsequent Placing.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment and issue of the relevant Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue Ordinary Shares under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

Conditions

Each issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme will be conditional, inter alia, on:

- Admission of the relevant Ordinary Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree from time to time in relation to that Admission, not being later than 7 March 2022;
- a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; and
- the Placing Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

3. THE PLACING PROGRAMME PRICE

The minimum price at which Ordinary Shares will be issued pursuant to the Placing Programme, will be equal to the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions), which are not expected to exceed two per cent. of the gross proceeds of such Subsequent Placing.

In accordance with Chapter 15 of the Listing Rules (with which the Company has voluntarily undertaken to comply), the Company may not issue Ordinary Shares on a non-pre-emptive basis at a price below the prevailing published Net Asset Value per Ordinary Share at the time of announcement of the issue without Shareholder approval.

The Placing Programme Price in respect of each Subsequent Placing will be announced via a Regulatory Information Service as soon as practicable in conjunction with such Subsequent Placing.

4. BENEFITS OF THE PLACING PROGRAMME

The Directors believe that the issue of Ordinary Shares pursuant to the Placing Programme should yield the following principal benefits:

- give the Company the ability to issue Ordinary Shares to better manage the premium at which the Ordinary Shares may trade relative to the Net Asset Value per Ordinary Share;
- enhance the Net Asset Value per Ordinary Share of existing Ordinary Shares through new issuance of Ordinary Shares at a premium to the prevailing published Net Asset Value per Ordinary Share;
- grow the Company, thereby spreading operating costs over a larger capital base which should reduce the Company's ongoing charges ratio;
- the Company will be able to raise additional capital promptly, allowing it to take advantage of future investment opportunities as and when they arise; further diversifying the Company's portfolio of investments; and
- improve liquidity in the market for the Ordinary Shares.

5. COSTS OF THE PLACING PROGRAMME

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including admission fees, as well as fees and commissions due under the Placing Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Net Asset Value per Ordinary Share at the time of announcement of the issue, together with a premium to at least cover the costs

and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions).

The costs and expenses of issuing Ordinary Shares pursuant to a Subsequent Placing are not expected to exceed two per cent. of the gross proceeds of such Subsequent Placing.

6. SCALING BACK

In the event of oversubscription of a Subsequent Placing, applications under the relevant Subsequent Placing will be scaled back at the absolute discretion of Akur and J.P. Morgan Cazenove (in consultation with the Company and the Investment Manager).

7 THE PLACING AGREEMENT

Under the Placing Agreement, J.P. Morgan Cazenove has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers under the Placing Programme for Ordinary Shares at the applicable Placing Programme Price. Details of the Placing Agreement are set out in paragraph 8.1.1 of Part 10 of this document.

The Placing Agreement provides for Akur and J.P. Morgan Cazenove to be paid commissions by the Company in respect of the Ordinary Shares to be issued pursuant to the Placing Programme. Any Ordinary Shares subscribed for by Akur or J.P. Morgan Cazenove may be retained or dealt in by it for its own benefit. Under the Placing Agreement, Akur or J.P. Morgan Cazenove is also entitled at its discretion and out of its own resources at any time to rebate to any third party part or all of its fees relating to any Subsequent Placing.

In circumstances in which the conditions to a Subsequent Placing are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

8. VOTING DILUTION

If 750 million Ordinary Shares were to be issued pursuant to Subsequent Placings, and assuming the Initial Issue had been subscribed as to 400 million Ordinary Shares and a Shareholder did not participate in such Subsequent Placing, there would be a dilution of approximately 65.2 per cent. in such Shareholder's voting control of the Company immediately after the Initial Issue. It is not anticipated that there would be any dilution in the Net Asset Value per Ordinary Share as a result of the Placing Programme.

9. USE OF PROCEEDS

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy and for working capital purposes.

10. ADMISSION AND SETTLEMENT

The Placing Programme may have several closing dates to provide the Company with the ability to issue Ordinary Shares over the duration of the Placing Programme. Ordinary Shares may be issued under the Placing Programme from 31 March 2021 until 7 March 2022 (or any earlier date on which it is fully subscribed, or otherwise as determined by the Company, the Investment Manager, Akur and J.P. Morgan Cazenove).

Application will be made to the London Stock Exchange for all of the Ordinary Shares issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that any Admissions pursuant to Subsequent Placings will become effective and dealings will commence between 31 March 2021 and 7 March 2022. All Ordinary Shares issued pursuant to the Placing Programme will be allotted conditionally on such Admission occurring.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares to be issued in uncertificated form pursuant to a Subsequent Placing, these will be transferred to successful applicants through the CREST system. Dealing in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

Whilst it is expected that all Ordinary Shares allotted pursuant to the Placing Programme will be issued in uncertificated form, if any Ordinary Shares are issued in certificated form it is expected that share certificates will be despatched approximately one week following Admission of the Ordinary Shares, at the Shareholder's own risk.

The ISIN number of the Ordinary Shares is JE00BMDKH437. The SEDOL is BMDKH43.

Any Ordinary Shares issued pursuant to any Subsequent Placing will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

11. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company shall apply for the Ordinary Shares offered under the Placing Programme to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following an Admission may take place within the CREST system if any holder of such Ordinary Shares so wishes.

12. OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Ordinary Shares under the Placing Programme to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares under the Placing Programme. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Placing Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her under the Placing Programme, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S.

Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Placing Programme if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

13. PROFILE OF A TYPICAL INVESTOR

The Specialist Fund Segment is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment.

The Ordinary Shares are designed to be suitable for institutional investors and private investors. Accordingly, typical investors in the Ordinary Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors, professionally advised investors and knowledgeable unadvised retail investors who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up and that investors may not receive the amount that they invested on the sale or cancellation of their Ordinary Shares.

PART 9

TAXATION

1. General

Prospective investors should consult their professional advisers concerning the possible tax consequences of their subscribing for, purchasing, holding or selling Ordinary Shares. The following summary of the principal United Kingdom and Jersey tax consequences applicable to the Company and its Shareholders is based upon interpretations of existing laws in effect on the date of this document and no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur (including with retrospective effect). The tax and other matters described in this document are not intended as legal or tax advice. Each prospective investor must consult its own advisers regarding the tax consequences of an investment in Ordinary Shares. None of the Company, the Directors, the Investment Manager, Akur, J.P. Morgan Cazenove or any of their respective affiliates or agents accept any responsibility for providing tax advice to any prospective investor.

Investors should note that whilst the Company was incorporated in Jersey it is the intention that the Company shall be resident in the United Kingdom for taxation purposes.

2. United Kingdom

2.1 Introduction

The information below, which relates only to Jersey and United Kingdom taxation, summarises the advice received by the Board in so far as applicable to the Company and to persons who are resident, and in the case of individuals, domiciled for UK tax purposes in (and only in) the United Kingdom for taxation purposes and who hold Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Ordinary Shares and any dividends paid in respect of them. It is based on current tax law and published practice in Jersey and the United Kingdom, which laws or practice are, in principle, each subject to any subsequent changes therein (potentially with retrospective effect). Any statements made in respect of tax rates for individual UK Shareholders assume that the Shareholder is a UK resident and domiciled individual who is neither a Scottish taxpayer nor a Welsh taxpayer. Different tax rates may apply to UK resident individuals who are Scottish taxpayers or Welsh taxpayers.

Certain Shareholders, such as traders, brokers, banks, tax exempt organisations, dealers in securities, collective investment schemes, insurance companies, persons connected with the Company, persons holding Ordinary Shares as part of hedging transactions, trustees, pension schemes, persons who are (or are deemed to be) acquiring their Ordinary Shares in connection with their office or employment and persons acquiring their Ordinary Shares other than for bona fide commercial purposes may be taxed differently and are not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or any non-UK resident Shareholder holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise). The tax consequences for each Shareholder investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

There may be other tax consequences of an investment in the Company and all Shareholders or potential investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside of Jersey and the United Kingdom, should consult an appropriate professional adviser without delay. In particular, the tax legislation of the Shareholder's or potential investor's country of domicile or residence and of the Company's country of incorporation may have an impact on income received from the Ordinary Shares.

2.2 The Company

The Company will apply to HMRC for approval as an investment trust company and it is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under sections 1158 to 1159 of the CTA 2010. However, neither the Directors nor the Investment Manager can guarantee that this approval will be obtained or subsequently maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors intend that the Company should not be a close company immediately following Initial Admission. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its chargeable gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

In principle, the Company will be liable to UK corporation tax on any dividend income it receives. However, there are exemptions and the Company should in practice be exempt from UK corporation tax on any dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the “exempt classes” in Part 9A of the CTA 2009.

An investment trust approved under sections 1158 to 1159 of the CTA 2010, or one that intends to seek such approval, is able to elect to take advantage of modified UK tax treatment in respect of its “qualifying interest income” for an accounting period (referred to here as the “streaming” regime). Under the Investment Trusts (Dividends) (Optional Treatment as Interest Distributions) Regulations 2009 (SI 2009/2034), the Company may, if it so chooses, designate as an “interest distribution” all or part of the amount it distributes to Shareholders as dividends in respect of the accounting period, to the extent that it has “qualifying interest income” for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its taxable interest income in calculating its taxable profit for the relevant accounting period.

To the extent that the Company receives income from, or realises amounts on the disposal of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, to the extent not relievable under a double tax treaty, as a credit against UK corporation tax up to certain limits and subject to certain conditions.

2.3 Shareholders

2.3.1 Taxation of capital gains

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020–2021. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate taxpayers) and 20 per cent. (for higher and additional rate taxpayers) for the tax year 2020–2021.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders within the charge to UK corporation tax who are resident in the UK for tax purposes (or who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected) will generally, and subject to any available exemption or relief, be subject to corporation tax on chargeable gains arising on a disposal of their Ordinary Shares (currently at 19 per cent.). Shareholders within the charge to UK corporation tax do not qualify for the annual exemption or indexation allowance.

Capital losses realised on a disposal of Ordinary Shares must be set off as far as possible against chargeable gains for the same tax year (or accounting period in the case of a

corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption, in the case of UK resident individuals) in the earliest later tax year. Losses cannot generally be carried back, except for losses accruing to an individual Shareholder in the year of his death.

2.3.2 Taxation of dividends

It is expected that a significant proportion of the Company's income will take the form of "qualifying interest income", and therefore it may decide to designate some or all of the dividends paid in respect of a given accounting period as interest distributions for UK tax purposes. Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

The Company will not be required to withhold tax at source when paying a dividend (including any dividends designated as "interest distributions").

Individual Shareholders

- (a) Dividends that are not designated as "interest distributions"
- If the Directors do not elect for the "streaming" regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as "interest distributions" were the Directors to elect for the streaming regime to apply.

A £2,000 annual tax free dividend allowance is available to UK individuals for the tax year 2020-21. Dividends received in excess of this threshold (taking account of any other dividends and dividend distributions received by the Shareholder in the same tax year) will be taxed, for the tax year 2020/21 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

- (b) Interest distributions
- Should the Directors elect to apply the "streaming" regime to any dividends paid by the Company, were the Company to designate any dividends paid as an "interest distribution", a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income. No withholding tax will be applied to such distributions.

Each UK resident individual who is a basic rate or higher rate taxpayer is entitled to a Personal Saving Allowance. For Shareholders who are basic rate taxpayers, the first £1,000 of savings income (including distributions deemed as 'interest distributions' from an investment trust company) received in each tax year is charged at the special savings rate of 0 per cent (instead of the normal basic rate). For Shareholders who are higher rate taxpayers, the first £500 of savings income received in each tax year is charged at the special savings rate of 0 per cent. Shareholders who are additional rate taxpayers are not eligible for any of their savings income received in the tax year to be charged at the special savings rate of 0 per cent.

UK resident corporate Shareholders

- (a) Dividends that are not designated as "interest distributions"
- UK resident corporate Shareholders within the charge to UK corporation tax may be subject to corporation tax on dividends paid by the Company unless they fall within one of the exempt classes in Part 9A of CTA2009. There is no guarantee that such conditions will be satisfied and it will be necessary for Shareholders to consider their application in respect of every dividend received.

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company (currently at 19 per cent).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

(b) Interest distributions

If the Directors did elect for the “streaming” rules to apply, and such corporate Shareholders were to receive dividends designated by the Company as “interest distributions”, they would be subject to corporation tax in the same way as a creditor in a “loan relationship”, as defined for UK corporation tax purposes.

Other Shareholders

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company and any capital gains.

2.3.3 Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax (“SDRT”) will normally arise on the issue or transfer of Ordinary Shares.

2.3.4 ISA, SSAS and SIPP

Ordinary Shares acquired by a UK resident individual Shareholder in the Offer for Subscription or on the secondary market (but not the Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£20,000 in the tax year 2020-2021) and eligibility requirements. Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available to children under the age of 18 who are resident in the UK subject to the annual allowance of £9,000 for the 2020-2021 tax year. Sums received by a Shareholder on a disposal of Ordinary Shares would not count towards the Shareholder’s annual limit; but a disposal of Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.

Ordinary Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of (or, where applicable, the providers of) the SIPP or the SSAS.

2.4 FATCA and other tax information reporting regimes

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the U.S. in relation to “FATCA”. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters.

On 18 March 2010, the US created an exchange of information, reporting and tax withholding regime under the ‘Foreign Account Tax Compliance Act’ regime, as modified by US Treasury regulations and subject to any future IRS or US Treasury regulations or official interpretations thereof, any applicable intergovernmental agreement between the United States and a non-U.S. government to implement these rules and improve international tax compliance, or any fiscal or regulatory legislation or rules adopted pursuant to any such agreement (collectively, “FATCA”). The aim is to combat tax evasion by preventing US persons using foreign entities to hide assets

and income from the Internal Revenue Service (the “IRS”). Generally, FATCA requires foreign financial institutions (“FFIs”) to either comply with an expansive reporting regime on the identity of their direct and indirect account owners or be subject to a 30 per cent. withholding tax on (i) certain US source interest, dividends and certain other types of income and (ii) the gross proceeds from the sale or other disposal of property which could produce US source dividends or interest payments.

An FFI can comply with FATCA by reporting information about financial accounts and ownership interests held by US taxpayers (or certain entities that are controlled by US taxpayers) to the IRS or to its applicable intergovernmental agreement jurisdiction. The UK has agreed an intergovernmental agreement with the US (the “IGA”), and has subsequently enacted implementing legislation (The International Tax Compliance Regulations 2015 (as amended) (the “FATCA Regulations”). Pursuant to the FATCA Regulations, FFIs that are resident in the UK are required to register with the IRS in order to obtain a ‘Global Intermediary Identification Number’ (“GIIN”), and undertake due diligence and report certain information to HMRC about their US account holders and certain other persons or entities. By entering into the IGA, the UK has removed the risk of FATCA withholding on payments made to UK funds that comply with the FATCA Regulations.

Since the enactment of FATCA, other jurisdictions have signalled their intention to enter into similar information exchange agreements. The Organisation for Economic Co-operation and Development has developed a global Common Reporting Standard (the “CRS”) for multilateral exchange of information. The UK has implemented the CRS and so the Company may have to provide information about its Shareholders to HMRC under these rules. In December 2014, the EU formally adopted Council Directive 2014/107/EU to assist member states in combating tax evasion and fraud by extending the scope for the automatic exchange of information (“DAC”). Broadly speaking, DAC implements the CRS within the EU. For FATCA and the CRS, the 2021 reporting period will end on 31 December 2021, with reporting to HMRC by financial institutions for that period to take place by 31 May 2022.

From January 2021, the UK rules implementing the EU Directive on Administrative Cooperation in Tax Matters (commonly referred to as “DAC 6”) require mandatory disclosure by intermediaries (e.g. accountants and lawyers) and taxpayers of cross-border arrangements that possess certain features (known as “hallmarks”). The rules also apply retrospectively to any arrangements the first step in the implementation of which was put in place on or after 25 June 2018. The implementation of these rules varies from EU Member State to EU Member State, and there remains a degree of uncertainty as to how different EU Member States will implement and interpret the rules.

However, following the end of the Brexit implementation period and conclusion of the UK-EU Trade and Cooperation Agreement, the UK Government introduced regulations that significantly narrow the scope of arrangements which will need to be reported by UK intermediaries under DAC 6. The UK tax authorities also announced that, in 2021, the legislation implementing DAC 6 in the UK would be repealed in its entirety and replaced with regulations implementing the OECD’s Mandatory Disclosure Rules (“MDR”).

In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions. In particular, Shareholders may be required to provide - and the Company may be obliged to disclose - details and information about Shareholders (and persons connected or associated with them) as may be required to enable the Company or any of its associates to comply with their obligations to any tax, regulatory or comparable authorities (including pursuant to FATCA, CRS, DAC 6, MDR or similar exchange of information regimes) or where the Company believes such that such disclosure is in the interests of the Company. Any failure to do so may result in such shareholder being subject to adverse tax consequences.

Shareholders are encouraged to consult their own tax advisers regarding the possible application of the exchange of information rules imposed by FATCA, CRS, DAC 6, MDR and other information reporting agreements and arrangements to their investment in the Company.

2.5 Prevention of the Criminal Facilitation of Tax Evasion

Two new United Kingdom corporate criminal offences for failure to prevent the facilitation of tax evasion (“FTP offences”) have been created by the Criminal Finances Act 2017. The offences came into force on 30 September 2017. The FTP offences impose criminal liability on a company or a partnership (a “relevant body”) if it fails to prevent the criminal facilitation of tax evasion by a “person associated” with the relevant body. There is a defence to the charge if the relevant body can show that it had in place “reasonable prevention procedures” at the time the facilitation took place. To comply with the Criminal Finances Act 2017, the Company and/or the Investment Manager may require additional information from Shareholders or prospective investors in the Company regarding their tax affairs.

2.6 The Base Erosion and Profit Shifting Project (the “BEPS Project”)

Prospective investors should be aware that the Organisation for Economic Co-operation and Development (“OECD”) undertook a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties. A number of jurisdictions, including the UK, have already implemented certain BEPS Project measures (for example, the UK has introduced anti-hybrid legislation and rules restricting the extent to which companies within the charge to UK corporation tax may obtain relief for interest expenses). In addition the UK has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“MLI”), which is intended to facilitate the speedy introduction by participating states of double tax treaty-related BEPS Project recommendations.

Several of the areas of tax law on which the BEPS Project focused are potentially relevant to the ability of the Company to efficiently realise and/or repatriate income and capital gains from the jurisdictions in which they arise. Depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law, the ability of the Company to do those things may be adversely impacted. The implementation of the BEPS Project has resulted in a period of significant tax legislative changes for the OECD jurisdictions in which the Company may invest. These changes include, for example, restrictions on interest and other deductions for tax purposes and/or restrictions on an entity’s ability to rely on a double tax treaty (in particular, one of the features of the MLI is the introduction of a “principle purpose test” into certain double tax treaties, which may limit the ability of the Company and/or any SPVs to claim treaty relief). It is not clear precisely what impact there may be to the Company as a result of such changes.

Depending on how the BEPS Project is implemented, any changes to tax laws, or double tax treaties based on recommendations made by the OECD in relation to the BEPS Project, may also result in additional reporting and disclosure obligations for Shareholders.

In addition, the OECD published a report on 31 May 2019 entitled ‘Programme of Work to Develop a Consensus Solution to the Tax Challenges arising from the Digitalisation of the Economy’, which promises to take forward work on fundamental changes to the international tax system. The Programme of Work is considering, among other matters, the allocation of taxing rights between jurisdictions and the potential for a global minimum rate of taxation for multinational enterprises. The OECD’s stated aim is to achieve a consensus solution by mid-2021 and depending on how the proposals are developed and implemented by various jurisdictions, there may be a material impact on the taxation of the Company and/or its investment holding vehicles and the taxation of returns received by investors.

3. Jersey

3.1 Introduction

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties. No stamp duty is levied in Jersey on the issue, conversion, redemption or transfer of Ordinary Shares unless there is any element of residential property being transferred, in which case Land Transaction Tax may apply. On the death of an individual holder of Ordinary Shares (whether or not such individual was domiciled in Jersey), duty at rates of up to 0.75 per cent. of the value of the relevant Ordinary Shares may be payable on the registration of any Jersey probate or letters of administration which may be required in order to

transfer, convert, redeem or make payments in respect of, Ordinary Shares held by a deceased individual sole shareholder, however the total duty payable may not exceed £100,000.

3.2 **Income tax – the Company**

It is intended that the Company will be resident for income tax purposes in the UK and not in any other jurisdiction. Therefore, the Company will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to Article 118B of the Income Tax (Jersey) Law 1961, as amended).

3.3 **Income tax – Shareholders**

Persons holding Ordinary Shares who are not resident for income tax purposes in Jersey are not subject to taxation in Jersey in respect of any income or gains arising to them in respect of Ordinary Shares held by them.

Shareholders who are resident for income tax purposes in Jersey will be subject to income tax in Jersey at their marginal income tax rate on any dividends paid on Ordinary Shares held by them or on their behalf. Moreover, holders of Ordinary Shares who are resident in Jersey should be aware of specific anti-avoidance rules which extend the range of what is a potentially taxable distribution to those holders who are resident in Jersey and this may now include repayment of loan principal, proceeds received in the course of winding up, share repurchase/redemption etc. In the case of any immediate holders of Ordinary Shares who are resident in Jersey, the Company may be required to notify the Comptroller of Revenue in Jersey of amounts paid to those individuals by way of dividends or other distributions. Furthermore, the Company can be required to make a return to the Comptroller of Revenue in Jersey, on request, of the names, addresses and shareholdings of Jersey resident shareholders (in practice this return is not required at more frequent intervals than once a year).

No withholding in respect of Jersey taxation will be required on payments made in respect of the Ordinary Shares to any holder of the Ordinary Shares.

3.4 **Goods and services tax**

Pursuant to the Goods and Services Tax (Jersey) Law 2007 (the “**2007 Law**”), tax at a rate which is 5 per cent. applies to the supply of goods and services, unless the relevant supplier or recipient of such goods and services is registered as an “international services entity”.

The Company is an “international services entity” within the meaning of the 2007 Law, having satisfied the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended and, as long as it continues to be such an entity, a supply of goods or of a service made by or to the Company shall not be a taxable supply for the purposes of the 2007 Law.

3.5 **FATCA and Inter-Governmental Agreements (“IGAs”)**

The States of Jersey have entered into an IGA with the United States of America to implement relevant sections of FATCA and provide for the reporting of information to the U.S. Department of the Treasury. Shareholders should be aware that, in certain circumstances, information regarding their interest in the Company may be provided by the Comptroller of Revenue in Jersey in the future to the U.S. Department of the Treasury and to other national tax authorities in accordance with the IGAs that may apply to the Company from time to time.

Under the terms of the IGA entered into between Jersey and the United States of America, in-scope Jersey entities that comply with the requirements of the Jersey legislation implementing FATCA will be treated as compliant with FATCA and, as a result, will not be required to withhold under FATCA on payments they make. The scope and application of information reporting pursuant to the terms of FATCA and the IGA is subject to review by the United States of America and Jersey and the rules may change.

3.6 **Common Reporting Standards (“CRS”)**

Jersey is a signatory to the CRS and in summary, the Jersey legislation which implements the CRS requires “reporting financial institutions” in Jersey to identify, review and report to the Comptroller of Revenue in Jersey on “financial accounts” maintained by them and which are held by residents for tax purposes (whether individuals or entities) of jurisdictions with which Jersey has agreed to exchange information. The reporting deadline for Jersey reporting financial institutions to report to the Jersey Comptroller of Taxes is 30 June in the year following the calendar year to which the return relates.

The scope and application of the obligations under the CRS may be reviewed by the OECD and the information reporting requirements may change. Shareholders should consult with their own tax advisers regarding the application of CRS to their particular circumstances.

3.7 **Economic substance – the Company**

Jersey has enacted law to ensure the Island complies with inter alia certain economic substance requirements laid out by the EU Code of Conduct Group (Business Taxation). The law – Taxation (Companies – Economic Substance) (Jersey) Law 2019 came into effect for accounting periods commencing on or after 1 January 2019. However, on the basis that the Company is expected to remain solely resident for tax purposes in the UK, the Directors do not expect this law to apply to the Company.

PART 10

GENERAL INFORMATION

1. RESPONSIBILITY

- 1.1 The Company and each of the Directors, whose names and functions appear on page 50 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus does not omit anything likely to affect its import.
- 1.2 Aqua Comms and each of the Aqua Comms Directors, whose names and functions appear on page 143 of this Prospectus, accept responsibility for the Aqua Comms Statements contained in this Prospectus. To the best of the knowledge of Aqua Comms and each of the Aqua Comms Directors, the Aqua Comms Statements contained in this Prospectus are in accordance with the facts and the Aqua Comms Statements do not omit anything likely to affect their import.
- 1.3 The Investment Manager accepts responsibility for the Investment Manager's Statements contained in this Prospectus. To the best of the knowledge of the Investment Manager, such Investment Manager's Statements contained in this Prospectus are in accordance with the facts and the Prospectus does not omit anything likely to affect its import.

2. THE COMPANY

- 2.1 The Company was incorporated with the name Digital 9 Infrastructure plc in Jersey on 8 January 2021 with registered number 133380 as a public company limited by shares under the Companies Law. The Company's LEI number is 213800QLX64UNS38U92. The Company has a no par value share capital structure, and accordingly no share issued by the Company shall have a nominal (or par) value.
- 2.2 The registered office of the Company is 26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands and the principal place of business is 1 King William Street, London EC4N 7AF with telephone number 020 7201 8989.
- 2.3 The principal legislation under which the Company operates is the Companies Law. The Company is regulated by the Jersey Financial Services Commission as a Jersey Listed Fund under the Funds Law and the Jersey Listed Fund Guide published by the Jersey Financial Services Commission. The Jersey Financial Services Commission is protected by the Funds Law against liability arising from the discharge of its functions under that Law. In addition, from and including Initial Admission, the Company and the Shareholders will be subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation, MAR and the rules of the London Stock Exchange.
- 2.4 Save for entry into of the material contracts summarised in paragraph 8.1 of this Part 10, the Company has not commenced operations since incorporation and, as at the date of this document, no financial statements have been made up and no dividends have been declared by the Company.
- 2.5 The Company's accounting period will end on 31 December of each year. The first accounting period will end on 31 December 2021. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.
- 2.6 On 5 March 2021, the Company was granted a certificate as a "Company Issuing Units" issued by the Jersey Financial Services Commission under Article 8B of the Funds Law. While investors acquire an interest in the Company on acquiring shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.
- 2.7 While the Company is incorporated in Jersey, it is intended that the Company shall be resident solely in the UK for income tax purposes. The Company does not have any employees and it does not own any premises.

- 2.8 As at the date of this document, the Company has no subsidiary companies. The Directors intend that intermediate holding companies and other wholly-owned SPVs may be set up to hold Digital Infrastructure Investments.
- 2.9 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the CTA 2010 and the Investment Trust Regulations. In summary, the conditions and requirements that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust, are that:
- all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
 - the Company is not a close company at any time during the accounting period;
 - the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period;
 - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses;
 - the Company must not be a real estate investment trust or a venture capital trust; and
 - the Company notifies HMRC if it revises its published investment policy.

3. AQUA COMMS

- 3.1 Aqua Comms was incorporated with the name "Aqua Comms Limited" in Ireland on 18 February 2015 with registered number 557774 as a private company limited by shares under the Companies Acts 1963 to 2013. On 22 August 2016, Aqua Comms converted from a limited company to a Designated Activity Company under the Companies Act 2014 and changed its name to "Aqua Comms Designated Activity Company".
- 3.2 The registered office and principal place of business of Aqua Comms is The Exchange Building, Foster Place, Dublin 2, D02 E796 Ireland and its telephone number is + 353 (0)1 662 4399. Aqua Comms' website is www.aquacomms.com.

The principal legislation under which Aqua Comms operates is the Companies Act 2014.

- 3.3 Aqua Comms is domiciled in Ireland.

- 3.4 Aqua Comms has the following wholly-owned subsidiaries:

Name	Principal activity	Country of incorporation/residence
Aqua Comms Management Limited	Management company	Ireland
Sea Fibre Networks Limited	Trading company	Ireland
America Europe Connect Limited	Trading company	Ireland
Aqua Comms Services Limited	Trading company	Ireland
Aqua Comms Connect Limited	Intermediate holding company	Ireland
America Europe Connect 2 Limited	Trading company	Ireland
Celtix Connect Ltd	Trading company	Ireland
Aqua Comms (Ireland) Ltd	Trading company	Ireland
America Europe Connect (UK) Limited	Trading company	England
Aqua Comms (Americas) Inc*	Trading company	Delaware (US)
America Europe Connect 2 Denmark ApS	Trading company	Denmark
America Europe Connect 2 USA Inc*	Trading company	Delaware (US)
Aqua Comms (UK) Ltd	Trading company	England

Name	Principal activity	Country of incorporation/residence
Aqua Comms Management (UK) Ltd	Management company	England
Aqua Comms (IOM) Ltd	Trading company	Isle of Man
Aqua Comms (Denmark) ApS	Trading company	Denmark
North Sea Connect (Denmark) ApS	Trading company	Denmark

* On completion of the U.S. Hive-Out (which will occur prior to First Completion), AVL will acquire the US Sale Shares pursuant to the U.S. Hive-Out Documents.

- 3.5 As at 31 December 2020, Aqua Comms had 19 permanent full-time employees, 11 of whom are based in Ireland, six are based in the UK and two are based in the US. The Aqua Comms Group is split into three core functions: Sales & Marketing, Corporate Services, and Network. The Sales & Marketing team are largely UK based with three of the four people in the UK. There is one US based person in the Sales team with responsibility for the Americas. The entire Corporate Services team (six employees) are Dublin based. This covers Accounting, Reporting, Tax and Legal. The Network team is spread across jurisdictions with one employee in the US, two in the UK and the remaining five being based in Ireland.
- 3.6 Currently none of the employees hold or have the rights to acquire stock or options for stock in the company.

4. SHARE CAPITAL

- 4.1 The Memorandum of Association of the Company provides that the Company is authorised to issue an unlimited number of Ordinary Shares, C Shares and Deferred Shares each of no par value. On the incorporation of the Company, each of Triple Point Investment Management LLP and Perihelion One Limited (a company in the Triple Point Group) subscribed for one ordinary share in the capital of the Company, each for an issue price of \$0.01 per share. On 1 February 2021, a board resolution was passed pursuant to which the denomination of the stated capital account maintained by the Company in respect of its ordinary shares was changed from US Dollars to Pounds Sterling.

- 4.2 Set out below is the issued share capital of the Company as at the date of this document:

	Aggregate amount paid up	Number
Ordinary Shares	£0.02	2

The Ordinary Shares in issue are each fully paid up.

- 4.3 Set out below is the issued share capital of the Company as it will be immediately following the Initial Issue (assuming 400 million Ordinary Shares are allotted):

	Aggregate amount paid up	Number
Ordinary Shares	£400,000,000.02	400,000,002

All Ordinary Shares will be fully paid up.

- 4.4 By ordinary and special resolutions passed on 7 March 2021:

4.4.1 the Articles were adopted;

4.4.2 the Directors were generally and unconditionally authorised in accordance with the Companies Law and the Articles to exercise all the powers of the Company to allot up to a maximum number of 800 million Ordinary Shares pursuant to the Initial Issue and up to 25 million Ordinary Shares pursuant to the Ordinary Share SPA, such authority to expire at the end of the period of five years from the date of passing of the resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted in pursuance of such an offer or agreement as if such authority had not expired;

4.4.3 the Directors were generally empowered to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph 4.4.2 above, such power to expire at the end of period of five years from the date of passing of the resolution, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which

would or might require Ordinary Shares to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

- 4.4.4 the Directors were generally and unconditionally authorised to exercise all the powers of the Company to allot up to a maximum number of 5,000 million Ordinary Shares and/or C Shares convertible into Ordinary Shares, such authority to expire (unless previously revoked, varied or renewed) at the end of the period five years from the date of the passing of the resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares and/or C Shares as the case may be to be allotted in pursuance of such an offer or agreement as if such authority had not expired;
- 4.4.5 the Directors were generally empowered to allot Ordinary Shares and/or C Shares in aggregate for cash pursuant to the authority referred to in paragraph 4.4.4 above at the end of the period five years from the date of the passing of the resolution, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require Ordinary Shares and/or C Shares as the case may be to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
- 4.4.6 the Company was authorised to make market purchases of Ordinary Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue immediately following Initial Admission. The minimum price which may be paid for an Ordinary Share is £0.01. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of, (i) 5 per cent. above the average of the mid-market quotations for the five Business Days before the purchase is made, and (ii) the higher of (a) the price of the last independent trade, and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and 6 June 2022, save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract. The Company was also generally authorised to hold, if the Directors so desire, as treasury shares any Ordinary Shares purchased pursuant to such authority;
- 4.4.7 the Directors were authorised to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval; and
- 4.4.8 the Company was authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice.
- 4.5 In accordance with the authorities referred to in paragraph 4.4 above, it is expected that the Ordinary Shares to be issued pursuant to the Initial Issue or any Subsequent Placing will be allotted (conditionally upon Initial Admission or the relevant Admission (as the case may be)) pursuant to a resolution of the Board to be passed shortly before Initial Admission or the relevant Admission (as the case may be) in accordance with the Companies Law and the Articles.
- 4.6 Save as disclosed in this paragraph 4, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and, other than pursuant to the Initial Issue or the Placing Programme, no such issue is now proposed.
- 4.7 As at the date of this document, the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 4.8 All of the Ordinary Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

THE COMPANY

- 5.1 The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the amounts set out below:

Director	Number of Ordinary Shares	% of issued ordinary share capital*
John (Jack) Waters	50,000	0.012
Keith Mansfield	40,000	0.010
Lisa Harrington	20,000	0.005
Charlotte Valeur	10,000	0.002
Monique O'Keefe	10,000	0.002

* As at Initial Admission, assuming that the Initial Issue is subscribed as to 400 million Ordinary Shares. This does not take into account the new Ordinary Shares to be issued by the Company to Aqua Ventures and Black Forest (which shall, in aggregate, amount to approximately 22.8 million Ordinary Shares pursuant to the Ordinary Share SPA, which are expected to be admitted to trading on 1 April 2021).

Save as disclosed in this paragraph, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 5.2 The Wider Triple Point Group (including funds managed by the Triple Point Group with investment committee approval) intend to subscribe for, in aggregate, 5,000,000 Ordinary Shares pursuant to the Initial Issue (with an aggregate consideration of £5 million). Thor Johnsen, head of the Investment Manager's Digital Infrastructure team and Andre Karihaloo, a member of the Investment Manager's Digital Infrastructure team, intend to subscribe for 200,000 Ordinary Shares and 25,000 Ordinary Shares, respectively, pursuant to the Initial Issue (with an aggregate consideration of £225,000). In addition, Aqua Ventures and Black Forest will be issued with approximately 20 million new Ordinary Shares and approximately 2.8 million new Ordinary Shares respectively pursuant to the Ordinary Share SPA, with such Ordinary Shares being expected to be admitted to trading on 1 April 2021.
- 5.3 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. Each Director will retire from office at each annual general meeting except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held. The Directors' appointments can be terminated by either party in accordance with the Articles and on three months' written notice, in both cases without compensation. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.
- 5.4 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairperson, the initial fees will be £40,000 for each Director per annum. The Chairperson's initial fee will be £50,000 per annum. The Chairperson of the Audit Committee and the Chairperson of the Risk Committee will receive an additional £5,000 per annum. The Directors are also entitled to variable fees based on a daily rate for time spent on the performance of additional duties as well as reasonable out-of-pocket expenses incurred in the proper performance of their duties.
- 5.5 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 5.6 Save as set out in this paragraph, none of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 5.7 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 5.8 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Previous
Jack Waters	–	Zayo Group Holding Inc Bessemer Ventures Front Range LLC TeleSoft Limited Partners
Keith Mansfield	Albemarle Fairoaks Airport Limited Motorpoint Group plc Tritax EuroBox plc	Fairoaks Garden Village Limited PriceWaterhouseCoopers LLP RTSB Limited Tarsus plc
Lisa Harrington	Calisen plc Post Office Limited	QA Limited Southern Water Services Limited Kinloch Services Limited
Charlotte Valeur	Global Governance Group Limited Andrea Investments (Jersey) PCC FSN Capital Holding Jersey Limited FSN Capital Holding III Limited FSN Capital GP IV Limited FSN Capital GP V Limited FSN Capital GP VI Limited NTR Plc NTR Wind 1 LP Blackstone Loan Financing Ltd Board Apprentice Global Ltd Laing O'Rourke Corporation Ltd	GFG Limited DW Catalyst Ltd TECREF GP Limited Tyndaris European Real Estate Finance SA JP Morgan Convertibles Income Fund Limited Kennedy Wilson Real Estate plc Phoenix Spree Deutschland Limited University of Westminster Tri Pillar Fund Limited Institute of Directors
Monique O'Keefe	Foresight Solar Fund Limited Kairos Wealth Limited Actera Group Limited Spark Entertainment Limited Roro Investments Limited ST Limited Bibendum Limited CFV Limited DI Limited TAMG Limited VDS Limited Arrow Vehicle Leasing Limited CAP Holdings Limited CFV II Limited APCF Limited Aspect Financial Group Limited Greystone Partners Limited Lucid Holdings Limited Nordwind Holdings Limited Pine Partners Limited Okavango Holdings Limited Sixsails Limited Sereno Limited CFV III Limited Apollo Investors Limited Apollo Investment Holding Limited Phoenix Spree Deutschland Limited Phoenix Spree Deutschland I Limited Phoenix Spree Deutschland II Limited Phoenix Spree Deutschland III Limited Phoenix Spree Deutschland IV Limited	Board Apprentice Global Limited Flowstream Royalties Limited ZASI Limited

Name	Current	Previous
Monique O'Keefe (Continued)	Phoenix Spree Deutschland V Limited Phoenix Spree Deutschland VII Limited Phoenix Spree Deutschland IX Limited Phoenix Spree Deutschland X Limited Phoenix Spree Deutschland XI Limited Phoenix Spree Deutschland XII Limited PSPF General Partner (Jersey) Ltd Jersey Financial Services Commission Cevian Capital Limited Cevian Capital II GP Limited Cevian Capital II Ltd Cevian Capital II Co-Investment – Series V L.P. Cevian Capital II Co-Investment – Series V Corporate Feeder Ltd. AGG Capital Management Limited	

5.9 The Directors in the five years before the date of this document:

5.9.1 do not have any convictions in relation to fraudulent offences;

5.9.2 have not been associated with any bankruptcies, receiverships, liquidations or administration of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

5.9.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

5.10 As at the date of this document insofar as known to the Company, there are no parties known to have a notifiable interest under Jersey law in the Company's capital or voting rights.

5.11 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

5.12 Pending the allotment of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager, as described in paragraphs 4.1 and 4.2 of this Part 10. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.13 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.14 Save for the entry into of the Directors' appointment letters, the Investment Management Agreement and the Aqua Comms SPAs the Group has not entered into any related party transaction at any time during the period from incorporation to 7 March 2021 (the latest practicable date prior to the publication of this document).

5.15 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.

5.16 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

AQUA COMMS

- 5.17 The following table sets out details of the directors and members of management of Aqua Comms immediately following First Completion:

Name	Business address	Function/Activities
<i>Aqua Comms Directors</i>		
Thorsten Johnsen	The Exchange Building Foster Place, Dublin 2, Ireland	Director (appointed June 2016)
Alan Harper	The Exchange Building Foster Place, Dublin 2, Ireland	Non Executive Director (appointed November 2020)
Edward McCormack	The Exchange Building Foster Place, Dublin 2, Ireland	Non Executive Director (appointed February 2019)
Christopher Nigel Bayliff	The Exchange Building Foster Place, Dublin 2, Ireland	Director, Chief Executive Officer
<i>Members of management</i>		
Kevin Foley	The Exchange Building Foster Place, Dublin 2, Ireland	Chief Financial Officer
Andrew Hudson	The Exchange Building Foster Place, Dublin 2, Ireland	Chief Networks Officer
Christopher Bayly	The Exchange Building Foster Place, Dublin 2, Ireland	Chief Commercial Officer

- 5.18 Immediately following First Completion, no Aqua Comms Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of Aqua Comms.
- 5.19 Alan Harper and Edward McCormack, the two non executive directors who will continue as directors of Aqua Comms immediately following First Completion are each entitled to receive a fee as contracted at €40,000 per annum. There is no expiry term in connection with their appointments. The respective parties may terminate the appointments upon prior written notice of not less than 30 days. No compensation will be due on leaving office. There is no obligation to resign at each AGM.
- 5.20 Executive director Thorsten Johnsen does not have a service contract with Aqua Comms and receives no remuneration.

With effect from Completion, the members of Aqua Comms management and details of their respective contracts are as follows:

Name	Contract date	Annual basic salary (£)	Term	Notice period
Christopher Nigel Bayliff	14 October 2016 (supplementary agreement 14 December 2016)	£235,000	N/A	6 months (by CEO) or 3 months (by Aqua Comms)
Kevin Foley	22 February 2017	€170,000	N/A	3 months
Andrew Hudson	21 October 2020	£175,974	N/A	3 months
Christopher Bayly	12 February 2018	£165,180	N/A	3 months

Save in circumstances justifying cause for termination without notice, the CEO contract is terminable on 6 months' notice by the CEO or 3 months' notice by Aqua Comms. The remaining contracts are terminable by 3 months' notice by either party. In the event that Aqua Comms terminates the CEO contract with notice, the contract provides for a termination payment equal to 12 months' salary and a termination bonus in lieu of any pro-rated annual bonus the CEO may have been entitled to under the contract. The remaining contracts do not provide for payments on termination of employment. There is a long term incentive plan in the form of a cash bonus based on a phantom shares tracker value (which is due to expire in April 2021). There is a draft replacement long term incentive plan not yet approved by the remuneration committee. None of the employees have options to hold or acquire stock in Aqua Comms.

- 5.21 The Aqua Comms board has a separate audit committee, and a remuneration committee. For the year ended 31 December 2020, the Aqua Comms Audit Committee consisted of two board members, Thorsten Johnsen and Paul Hong and the remuneration committee consisted of Thorsten Johnsen and Alan Clarke. The Audit Committee immediately following First Completion will consist of Thorsten Johnsen and Alan Harper. The remuneration committee immediately following First Completion will consist of Thorsten Johnsen and Edward McCormack.
- 5.22 In relation to the year ended 31 December 2020, each of the Aqua Comms directors were entitled to receive the following remuneration on an annual basis (including any contingent or deferred compensation and benefits in kind) for services in all capacities to Aqua Comms and its subsidiaries by any person:

Name	Total fees
Alan Clarke	€40,000
Peter Yu	Nil
Paul Hong	Nil
Thorsten Johnsen	Nil
Alan Harper	€40,000
Edward McCormack	€40,000
Saoirse O'Connor	Nil

The Aqua Comms Directors are also entitled to reasonable out-of-pocket expenses incurred in the proper performance of their duties.

- 5.23 The aggregate amounts set aside or accrued by Aqua Comms to provide pensions, retirement or other similar benefits for the year ended 31 December 2020 was US\$Nil. Aqua Comms operates a defined contribution pension scheme, administered by Zurich. All payments are current, and there are no pension or retirement liabilities with Aqua Comms.
- 5.24 Save as set out in this paragraph, none of the Aqua Comms Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of Aqua Comms or that has been effected by Aqua Comms since its incorporation.
- 5.25 Aqua Comms has not made any loans to the Aqua Comms Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any director or the directors collectively.
- 5.26 Over the five years preceding the date of this document, the directors of Aqua Comms (who will be on the board of Aqua Comms immediately following First Completion) and the members of management hold or have held the following directorships (apart from their directorships of Aqua Comms and related subsidiaries) or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Previous
<i>Aqua Comms Directors</i>		
Alan Harper	Avanti Communications Group PLC Azuri Technologies Limited Ontix Infrastructure Holdings Ltd Pale Hall Limited	Gigabit Fibre MTN Pty Ltd
Thorsten Johnsen	Aggelia Limited EFM Investments LLC Naval N.R.O.T.C. Scholarship Fund, Inc Ontix Holdings LLP Ontix Infrastructure Holdings Ltd Ontix Sites No.1 Ltd Ontix Sites No.2 Ltd Ontix Trading Ltd.	Vanir Capital Ltd
Edward McCormack	MC Corporate Services Limited	Dover Gateway Limited

Name	Current	Previous
Christopher Nigel Bayliff*	Ontix Infrastructure Holdings Ltd Ontix Sites No.1 Ltd Ontix Sites No.2 Ltd Ontix Trading Ltd	Sin Medida Limited Deep Blue Cable Limited
<i>Members of management</i>		
Kevin Foley**	Fencing Ireland CLG	Cable & Wireless Insurance Ltd
Andrew Hudson	none	none
Christopher Bayly	Umoya Inc.	none

*Vice chair of the International Telecommunication Union (ITU) / the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (UNESCO/IOC) / and the World Meteorological Organization (WMO) Joint Task Force on SMART cables.

**Fellow of the Institute of Chartered Accountants of Ireland.

5.27 The directors of Aqua Comms (who will be on the board of directors of Aqua Comms immediately following First Completion) in the five years before the date of this document:

5.27.1 do not have any convictions in relation to fraudulent offences;

5.27.2 have not been associated with any bankruptcies, receiverships, liquidations or administration of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

5.27.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

5.28 Other than the transactions set out in the notes to the historical financial information contained in Part 16, Aqua Comms has not entered into any related party transaction at any time during the period from 1 January 2017 to 7 March 2021 (the latest practicable date prior to the publication of this document).

5.29 As at the date of this document, none of the Aqua Comms Directors has any conflict of interest or potential conflict of interest between any duties to Aqua Comms and their private interests and/or other duties.

6. THE ARTICLES

The Articles contain provisions, inter alia, to the following effect:

6.1 Voting rights

6.1.1 Subject to the provisions of the Companies Law, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company every shareholder who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a shareholder entitled to vote on the resolution shall, on a show of hands, have one vote and every shareholder present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

6.1.2 Unless the Board otherwise determines, no shareholder is entitled to vote at a general meeting or at a separate meeting of shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a shareholder in respect of any

share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such shareholder to the Company have been paid.

6.2 Dividends

- 6.2.1 Subject to the provisions of the Companies Law and of the Articles, the Company may by ordinary resolution declare dividends to be paid to shareholders according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- 6.2.2 Subject to the provisions of the Companies Law, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as it may determine. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- 6.2.3 All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited, and shall cease to remain owing by, and shall become the property of, the Company.
- 6.2.4 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 6.2.5 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 6.2.6 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in number of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Articles requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 calendar days. Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend.

6.3 Distribution of assets on a winding-up

If the Company is wound up, the Directors of any appointed liquidator may, with the sanction of a special resolution and any other sanction required by law divide among the Shareholders in specie the whole or any part of the assets of the Company. The Directors or the liquidator (as applicable) may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as they may with the like sanction determine, but no Shareholders shall be compelled to accept any assets upon which there is a liability.

For such purposes, the liquidator or, where there is no liquidator, the Directors may, for such purposes, value any assets and determine how their division shall be carried out as between the holders or different classes of holders or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the holders (as the case may be).

6.4 **Transfer of shares**

6.4.1 Subject to any applicable restrictions in the Articles, each shareholder may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of shareholders.

6.4.2 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

6.4.2.1 it is in respect of a share which is fully paid up;

6.4.2.2 it is in respect of only one class of shares;

6.4.2.3 it is in favour of a single transferee or not more than four joint transferees;

6.4.2.4 it is duly stamped (if so required); and

6.4.2.5 it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading.

The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the CREST Order and the relevant electronic system provided that such refusal does not prevent dealings in shares from taking place on an open and proper basis.

6.4.3 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Articles requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within the prescribed period from the service of the notice and the shares in respect of which such notice has been served represent at least 0.25 per cent. in number of their class, unless the shareholder is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a bona fide sale to an unconnected party.

6.4.4 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which appropriate instructions were received by or on behalf of the Company in accordance with the regulations of the relevant electronic system.

- 6.4.5 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- 6.4.6 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “plan assets” of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940, as amended and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934, as amended and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Securities Exchange Act 1934, as amended; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder; or (vi) would cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 or any similar legislation in any territory or jurisdiction (including the International Tax Compliance Regulation 2015), including the Company becoming subject to any withholding tax or reporting obligation or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations) then any shares which the Directors decide are shares which are so held or beneficially owned (“**Prohibited Shares**”) must be dealt with in accordance with paragraph 6.4.7 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether the share is a Prohibited Share.
- 6.4.7 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 calendar days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairperson of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 calendar days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company’s costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- 6.4.8 Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under section 3(42) of ERISA; and/or (ii) a U.S. Person.

6.5 Variation of rights

- 6.5.1 Subject to the provisions of the Companies Law, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided

in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than two-thirds in number of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class. For the avoidance of doubt, the rights attached to the C Shares shall not be deemed to be varied by their conversion in accordance with paragraph 6.20 below.

- 6.5.2 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third in number of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

6.6 Alteration of share capital

- 6.6.1 The Company may by special resolution alter its Memorandum of Association so as to increase or reduce the number of shares which it is authorised to issue or consolidate or divide all or any part of its shares (whether issued or not) into fewer or more shares and may generally make such other alteration to its share capital as is from time to time permitted by the Companies Law.
- 6.6.2 Any new shares created on an increase or other alteration of share capital shall be issued upon such terms and conditions as the Company may by ordinary resolution determine.
- 6.6.3 Any capital raised by the creation of new shares shall, unless otherwise provided by the conditions of issue of the new shares, be considered as part of the original capital and the new shares shall be (subject to the provisions of the Articles) with reference to the payment of calls, transfer and transmission of shares, lien or otherwise applicable to the existing shares in the Company.

6.7 General meetings

- 6.7.1 The Board may convene a general meeting (which is not an annual general meeting) whenever and at such time and place, and/or on such electronic platform(s), as it thinks fit.
- 6.7.2 The Board shall determine whether a general meeting is to be held as a physical general meeting and/or an electronic general meeting.
- 6.7.3 The Board may enable persons entitled to attend a general meeting to do so by simultaneous attendance by electronic means. The right of a member to participate in the business of any electronic general meeting shall include the right to speak, vote on a poll, be represented by a proxy and have access (including by electronic means) to all documents which are to be made available. The members or proxies so present shall count in the quorum for the general meeting in question.
- 6.7.4 A general meeting shall be convened by such notice as may be required by law from time-to-time.
- 6.7.5 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
- 6.7.5.1 whether the meeting is convened as an annual general meeting or any other general meeting;
 - 6.7.5.2 whether the meeting will be physical and/or electronic;
 - 6.7.5.3 the place and/or electronic platform(s), the day, and the time of the meeting;
 - 6.7.5.4 the general nature of the business to be transacted at the meeting;
 - 6.7.5.5 if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
 - 6.7.5.6 with reasonable prominence, that a shareholder entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights

attached to a different share held by the shareholder) more proxies to attend and to speak and vote instead of the shareholder and that a proxy need not also be a shareholder.

- 6.7.6 The notice must be given to the shareholders (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any general meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.
- 6.7.7 The right of a shareholder to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Law or the Articles to be made available at the meeting.
- 6.7.8 A Director shall, notwithstanding that he is not a shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairperson of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- 6.7.9 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a shareholder so entitled or a proxy for a shareholder so entitled or a duly authorised representative of a corporation which is a shareholder so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole shareholder so entitled or a proxy for such sole shareholder so entitled or a duly authorised representative of a corporation which is such sole shareholder so entitled, shall be a quorum. The Chairperson of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 calendar days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- 6.7.10 A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Law, a poll may be demanded by:
- 6.7.10.1 the Chairperson;
 - 6.7.10.2 at least five shareholders having the right to vote on the resolution;
 - 6.7.10.3a shareholder or shareholders holding shares representing not less than 10 per cent. of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
 - 6.7.10.4 shareholder or shareholders holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).
- 6.7.11 Resolutions put to shareholders at electronic general meetings shall be voted on by a poll. Poll votes may be cast by such electronic means as the Board deems appropriate.

6.8 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and, subject to the provisions of the Companies Law, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6.9 Allotment and issue of shares

Subject to the provisions of the Companies Law, the Articles and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

Although the Companies Law does not provide any statutory pre-emption rights, the Articles provide that when proposing to allot shares or fractions of shares of any class, the Company must first offer such shares to existing holders of shares of the relevant class on the same or more favourable terms in proportion to their respective holdings of the relevant shares then in issue.

Such pre-emption rights shall not apply:

6.9.1 where the shares to be allotted are or are to be wholly or partly paid otherwise than in cash;

6.9.2 where the shares are being allotted pursuant to the terms of an Employee Share Scheme (as defined in the Articles); or

6.9.3 where they have been disapplied by way of a special resolution.

6.10 Powers of the Board

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

6.11 Directors' fees

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day to day.

The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

6.12 Directors' interests

6.12.1 Subject to the Companies Law and provided he has disclosed to the Board the nature and extent of any direct or indirect interest of his, in accordance with the Companies Law and the Articles, a Director, notwithstanding his office:

6.12.1.1 may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;

- 6.12.1.2 may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
 - 6.12.1.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
 - 6.12.1.4 shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal, or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- 6.12.2 An interest of a Director is not deemed to include any interest that might arise simply by virtue of the holding of shares or other securities in the Company.
- 6.12.3 A Director who, to his knowledge, is in any way (directly or indirectly) interested in a contract, arrangement, transaction or proposal with the Company or any of its subsidiary undertakings shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, if for any reason he fails to comply with that obligation, as soon as practical after that meeting, by notice in writing delivered to the secretary of the Board. For such purposes:
- 6.12.3.1 a general notice given to the Board by a Director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in a contract, transaction, arrangement or proposal in which a specified person or class of persons is interested is a sufficient disclosure under this Article in relation to that contract, transaction, arrangement or proposal provided that the Board does not request further information and, in the event that the Board or the secretary of the Board does require further information, the notice will only be deemed sufficient disclosure until such time as the Board or the secretary of the Board confirms to the relevant Director that all queries have been satisfactorily answered;
 - 6.12.3.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge is not treated as his interest; and
 - 6.12.3.3 a Director shall be treated as having been interested if:
 - (a) it is an interest of his spouse, child or step-child;
 - (b) it is an interest of a body corporate in which he owns or is interested in at least one-fifth of the share capital or is entitled to exercise or control the exercise of one-fifth of the voting power at any general meeting; or
 - (c) it is the interest of a person acting in his capacity as trustee of any trust the beneficiaries of which include the Director, his spouse, children or step-children of his or a body corporate in which the Director owns or is interested in at least one-fifth of the share capital or is entitled to exercise or control the exercise of one-fifth of the voting power at any general meeting.

6.13 Restrictions on Directors voting

- 6.13.1 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

6.13.2 Save as provided otherwise in the Articles, a Director may not vote on or be counted in the quorum in relation to a resolution of the Board or of a committee of the Board concerning a contract, arrangement, transaction or proposal to which the Company or any of its subsidiary undertakings is or is to be a party and in which he has an interest which is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters (provided that the Director concerned has duly disclosed his interest(s) in accordance with the Companies Law and the Articles):

6.13.2.1 the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

6.13.2.2 the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

6.13.2.3 the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;

6.13.2.4 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

6.13.2.5 any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Article 75 of the Companies Law) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusive of any shares of that class in that company held as treasury shares) nor to his knowledge hold one per cent. or more of the voting rights which he holds as member or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure Guidance and Transparency Rules) in such body corporate;

6.13.2.6 any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

6.13.2.7 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors; or

6.13.2.8 any transaction or arrangement in respect of which his interest, or the interest of Directors generally, has been authorised by ordinary resolution.

6.13.3 Subject to the Articles, the Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit (including the exercise of voting rights in favour of any resolution appointing the Directors or any of them as directors or officers of the other company or in favour of the payment of remuneration to the directors or officers of the other company), and a Director may vote on and be counted in the quorum in relation to any of these matters.

6.14 Shareholdings of a Director

A Director is obliged to notify the Company of his shareholding in the Company (and/or any of the Company's direct and indirect subsidiaries) upon becoming a Director. A Director who acquires shares while acting as a Director is obliged to notify the Company of his shareholding or any increase in that shareholding as the case may be. If a Director disposes of shares while

acting as a Director, he is required to notify the Company of such change. All notifications under this Article must be made in writing in the form approved by the Company and notified to the Company on the day such acquisition, disposal or, in the case of new Directors, appointment takes place. A Director is also obliged to disclose to the Company in likewise fashion details of shares held by any Connected Person (as defined in the Articles) or where the Director is treated as being interested for the reasons set out in paragraphs 6.12.3.3(b) or (c) above.

6.15 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be not less than two and the number is not subject to a maximum.

6.16 Directors' appointment and retirement

6.16.1 Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting, except as provided in paragraph 6.16.2 below.

6.16.2 At each annual general meeting all of the Directors will retire from office except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held.

6.17 Notice requiring disclosure of interest in shares

6.17.1 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

6.17.2 If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 calendar days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in number of the class of shares concerned (excluding treasury shares), the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

6.18 Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a shareholder remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the shareholder, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

6.19 Indemnity of officers

The Companies Law restricts indemnities or exemptions from liability given by Jersey companies to their directors and officers. In general, directors and officers of a Jersey company cannot be exempted from or receive an indemnity in respect of any liability which would otherwise attach to that director or officer under law by reason of the fact that they are or were a director or officer of the company. There are certain exemptions to this restriction – in particular in respect of proceedings where the director or officer is not held liable or the matter is discontinued, where the director or officer acted in good faith with a view to the best interests of the company and in respect of any liability for which the company normally maintains insurance.

The Articles provide that a director may be indemnified out of the assets of the Company to the extent this is legally permissible under the Companies Law and that, subject to the Companies Law, the Directors may purchase and maintain insurance against any liability for any director of the Company or of any associated company.

6.20 C Shares and Deferred Shares

6.20.1 The following definitions apply for the purposes of this paragraph 6.20 only:

“Calculation Date” means, in relation to any tranche of C Shares, the earliest of the:

- (i) the close of business on the month end on which the Board becomes aware or is notified by the Investment Manager that at least 85 per cent. of the net issue proceeds attributable to that tranche of C Share shall have been deployed in accordance with the Company’s investment objective and investment policy;
- (ii) the close of business on the month end falling 18 calendar months after the allotment of that tranche of C Shares;
- (iii) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of Conversion of that tranche of C Shares; or
- (iv) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are in contemplation in relation to any tranche of C Shares;

“Conversion” means conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph 6.20.8 below;

“Conversion Date” means, in relation to any tranche of C Shares, the close of business on such Business Day as may be selected by the Directors falling not more than 40 Business Days after the Calculation Date of such tranche of C Shares;

“Conversion Ratio” is the ratio of the Net Asset Value per C Share of the relevant tranche (A) to the Net Asset Value per Ordinary Share (B), which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

where:

“A” is the Net Asset Value of the C Shares of the relevant tranche as at the Calculation Date (and to the extent not already taken into account as a liability, any unpaid amounts of any dividend on such C Shares with a record date prior to the Conversion Date) divided by the number of C Shares of the relevant tranche in issue on the Calculation Date;

“B” is the Net Asset Value of the C Shares of the assets attributable to the Ordinary Shares as at the Calculation Date (and to the extent not already taken into account as a liability, any unpaid amounts of any dividend on such Ordinary Shares with a record date prior to the Conversion Date) divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) on the Calculation Date;

provided that the Directors shall make such adjustments to the value or amount of A and B as the Directors believe to be appropriate having regard among other things, to the

assets of the Company immediately prior to the date on which the Company first receives the net proceeds of an issue of C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche;

“Deferred Shares” means deferred shares of no par value in the capital of the Company arising on Conversion;

“Existing Shares” means the Ordinary Shares in issue immediately prior to a Conversion;

“Force Majeure Circumstances” means, in relation to any tranche of C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

“Net Asset Value” means the net asset value of the Company, the Ordinary Shares or the C Shares, as the case may be, as at the relevant date, determined in accordance with the accounting policies adopted by the Company from time to time.

References to “Shareholders”, “C shareholders” and “deferred shareholders” should be construed as references to holders for the time being of Ordinary Shares, C Shares of the relevant tranche and Deferred Shares, respectively.

6.20.2 The holders of the Ordinary Shares, any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:

6.20.2.1 the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of 1 per cent. of the amounts paid up thereon, the first such dividend (adjusted pro rata temporis) (the **“Deferred Dividend”**) being payable on the date six months after the Conversion Date on which such Deferred Shares were created as summarised in paragraph 6.20.8 (the **“Relevant Conversion Date”**) and thereafter on each anniversary of such date payable to the holders thereof on the register of shareholders on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Relevant Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of shareholders of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed redemption of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;

6.20.2.2 the holders of any tranche of C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of the assets attributable to the C Shares of that tranche;

6.20.2.3 the Existing Shares shall confer the right to dividends declared in accordance with the Articles; and

6.20.2.4 the Ordinary Shares into which any tranche of C Shares shall convert shall rank pari passu with the Existing Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date.

6.20.3 The holders of the Ordinary Shares, any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:

6.20.3.1 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when no C Shares of any tranche are for the time being in issue be applied as follows:

6.20.3.1.1 first, if there are Deferred Shares in issue, in paying to the deferred shareholders one penny (£0.01) in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and

6.20.3.1.2 secondly, the surplus shall be divided amongst the Shareholders pro rata according to the amounts paid up on their holdings of Ordinary Shares.

6.20.3.2 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when one or more tranches of C Shares are for the time being in issue and prior to the Conversion Date in respect of such tranche(s) of C Shares be applied amongst the holders of the Existing Shares pro rata according to the amounts paid up on their holdings of Existing Shares, after having deducted therefrom:

6.20.3.2.1 first, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount(s) shall be applied amongst the C shareholders of the relevant tranche(s) pro rata according to the amounts paid up on their holdings of C Shares of the relevant tranche;

6.20.3.2.2 secondly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one penny (£0.01) in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders,

for the purposes of this paragraph 6.20.3.2 the Calculation Date shall be such date as the liquidator, or (if no liquidator is appointed) the Directors, may determine.

6.20.4 As regards voting:

6.20.4.1 the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Shares as set out in the Articles as if the C Shares and Existing Shares were a single class; and

6.20.4.2 the Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

6.20.5 The following shall apply to the Deferred Shares:

6.20.5.1 the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be redeemed by the Company in accordance with the terms set out herein;

6.20.5.2 immediately upon Conversion of any tranche of C Shares, the Company shall redeem all of the Deferred Shares which arise as a result of Conversion of that tranche for an aggregate consideration of one penny (£0.01) for all of the Deferred Shares so redeemed and the notice referred to in paragraph 6.20.8.2 below shall be deemed to constitute notice to each C shareholder of the relevant tranche (and any person or persons having rights to acquire or acquiring C Shares of the

relevant tranche on or after the Calculation Date) that the Deferred Shares shall be so redeemed; and

6.20.5.3 the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the redemption moneys in respect of such Deferred Shares.

6.20.6 Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

6.20.6.1 no alteration shall be made to the Articles;

6.20.6.2 no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and

6.20.6.3 no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt, but subject to the rights or privileges attached to any other class of shares, the prior sanction of a special resolution of the holders of Existing Shares and C Shares, as described above, shall not be required in respect of:

6.20.6.4 the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Shares; or

6.20.6.5 the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

6.20.7 For so long as any tranche of C Shares are for the time being in issue, until Conversion of such tranche of C Shares and without prejudice to its obligations under applicable laws the Company shall:

6.20.7.1 procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of that tranche;

6.20.7.2 allocate to the assets attributable to the C Shares of that tranche such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the net proceeds of an issue of C Shares and the Calculation Date relating to such tranche of C Shares (both dates inclusive) as the Directors fairly consider to be attributable to that tranche of C Shares;

6.20.7.3 on a redemption or repurchase of any C Shares of a particular tranche, the assets of the tranche of C Shares to which such redemption or repurchase relates shall be reduced by an amount equal to the redemption or repurchase monies; and

6.20.7.4 give appropriate instructions to the Investment Manager to manage the Group's assets so that such undertakings can be complied with by the Company.

6.20.8 In relation to any tranche of C Shares, the C Shares for the time being in issue of that tranche shall, on the relevant Conversion Date, be sub-divided and converted into

Ordinary Shares and Deferred Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 6.20.8:

6.20.8.1 the Directors shall procure that within 30 Business Days of the relevant Calculation Date:

6.20.8.1.1 the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C shareholder of that tranche shall be entitled on Conversion of that tranche shall be calculated having first obtained an independent valuation of the relevant tranche of C Shares and the Ordinary Shares; and

6.20.8.1.2 the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of B in paragraph 6.20.1 above;

6.20.8.2 the Directors shall procure that, as soon as practicable following the Auditor's confirmation pursuant to 6.20.8.1.2 and in any event within 30 Business Days of the relevant Calculation Date, a notice is sent to each C shareholder of the relevant tranche advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder of the relevant tranche will be entitled on Conversion;

6.20.8.3 on conversion each C Share of the relevant tranche shall automatically subdivide into 10 conversion shares and such conversion shares shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:

6.20.8.3.1 the aggregate number of Ordinary Shares into which the same number of conversion shares are converted equals the number of C Shares of the relevant tranche in issue on the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole new Ordinary Share); and

6.20.8.3.2 each conversion share which does not so convert into an Ordinary Share shall convert into one Deferred Share;

6.20.8.4 the Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders of the relevant tranche pro rata according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company);

6.20.8.5 forthwith upon Conversion, the share certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each former C shareholder of the relevant tranche new certificates in respect of the Ordinary Shares and the Deferred Shares which have arisen upon Conversion to which he or she is entitled.;

6.20.8.6 the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders; and

6.20.8.7 upon completion of the Conversion, the assets, liabilities, income and expenditure attributable to the tranche of C Shares the subject of the Conversion shall be allocated to the Ordinary Shares.

6.21 Stated capital accounts

6.21.1 The Company shall maintain a stated capital account in accordance with the Companies Law for each class of issued share. A stated capital account may be expressed in any currency.

6.21.2 Subject to the requirements of the Companies Law, and except as summarised in paragraph

6.21.3 below, there shall be transferred to the stated capital account for each class of share:

6.21.3.1 the amount of cash received by the Company for the issue of shares of that class;

6.21.3.2 the value, as determined by the Directors, of the “cause” received by the Company, otherwise than in cash, for the issue of shares of that class; and

6.21.3.3 every other amount which is from time to time required by the Companies Law to be transferred to a stated capital account.

6.21.4 Where the Companies Law permits the Company to refrain from transferring any amount to a stated capital account, that amount need not be so transferred; but the Directors may if they think fit nevertheless cause all or any part of such amount to be transferred to the relevant stated capital account.

6.21.5 The Directors may determine to transfer an amount to a stated capital account of the Company from any other account of the Company.

6.21.6 Where, for the purposes of the provision summarised at paragraph 6.21.3.2 above, the Directors are to determine the value of any “cause” received by the Company they may rely on such indicator or indicators of value as appear to them to be reasonable and practicable in the circumstances.

7. TAKEOVER CODE

7.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

7.2 Compulsory acquisition

Under Part 18 of the Companies Law, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in number in the case of a ‘no par value’ company such as the Company) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration

to the company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Law must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to article 119 of Part 18 of the Companies Law, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in number in the case of a 'no par value' company such as the Company) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Such a notice may specify a period for the exercise of the holder's sell-out rights, and in that event the rights shall not be exercisable after the end of that period, but no such period shall end less than 3 months after the end of the period within which the original offer can be accepted. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

8. MATERIAL CONTRACTS

8.1 The Company

The following are all of the contracts, not being contracts entered into in the ordinary course of business that have been entered into by the Company since incorporation and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

8.1.1 Placing Agreement

The Placing Agreement dated 8 March 2021 between the Company, the Directors, the Investment Manager, Akur and J.P. Morgan Cazenove, pursuant to which, subject to certain conditions, Akur has agreed to act as the exclusive financial adviser to the Company in connection with the Initial Issue and the Placing Programme, and J.P. Morgan Cazenove has agreed to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing at the Issue Price and to use reasonable endeavours to procure subscribers under the Placing Programme for Ordinary Shares at the Placing Programme Price.

The Placing Agreement provides for Akur and J.P. Morgan Cazenove to be paid commissions by the Company in respect of the Ordinary Shares to be allotted pursuant to the Initial Issue and the Placing Programme, as well as any allotted pursuant to the Ordinary Share SPA. Any Ordinary Shares subscribed for by Akur or J.P. Morgan Cazenove may be retained or dealt in by it for its own use and benefit.

The Placing Agreement may be terminated by Akur or J.P. Morgan Cazenove in certain customary circumstances.

The obligation of the Company to issue the Ordinary Shares and the obligation of J.P. Morgan Cazenove to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Initial Admission having become effective on or before 8.00 a.m. on 31 March 2021 (or such later time and/or date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree (not being later than 8.00 a.m. on 30 June 2021)); (ii) the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds being raised (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree).

Each issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme will be conditional, inter alia, on: (i) Admission of the relevant Ordinary Shares

occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree from time to time in relation to that Admission, not being later than 7 March 2022; and (ii) the Placing Agreement becoming wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

The Company, the Directors and the Investment Manager have given warranties to Akur and J.P. Morgan Cazenove concerning, inter alia, the accuracy of the information contained in this document. The Company and the Investment Manager have also given indemnities to Akur and J.P. Morgan Cazenove. The warranties and indemnities are standard for an agreement of this nature.

The Placing Agreement is governed by the laws of England and Wales.

8.1.2 Investment Management Agreement

The Investment Management Agreement dated 8 March 2021 between the Company and the Investment Manager, pursuant to which the Investment Manager is appointed to act as the Company's alternative investment fund manager for the purposes of the UK AIFM Legislation, and accordingly the Investment Manager is responsible for providing portfolio management and risk management services to the Company, subject to the overall control and supervision of the Directors. The Investment Manager, in its capacity as the Company's AIFM, will also make the relevant notifications for the marketing of the Ordinary Shares in the United Kingdom and elsewhere (if required).

Details of the fees payable by the Company to the Investment Manager are contained in paragraph 2.1 of Part 6 of this document.

The initial term of the Investment Management Agreement will be four years after which it may be terminated by either the Company or the Investment Manager on not less than 12 months' notice to the other party, such notice not to be served before the fourth anniversary of the date of Initial Admission.

The Investment Management Agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager or if the Investment Manager ceases to be authorised and regulated by the FCA.

The Company has given an indemnity in favour of the Investment Manager (subject to customary exceptions) in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

The Investment Manager shall not manage any listed or unlisted fund (and which is not a venture capital trust or enterprise investment scheme fund) which has the ability to invest into Digital Infrastructure Investments (other than where any such fund, has in its investment policy, a requirement that at least 50 per cent. of its gross assets is invested in digital infrastructure assets in the development phase). In addition, all investment opportunities sourced or originated by the Triple Point Group which fulfil the Investment Policy will first be internally allocated by the Investment Manager to the Group in full.

The Investment Management Agreement is governed by the laws of England and Wales.

8.1.3 Aqua Comms SPAs

The Preference Share SPA, entered into between the Company (as buyer) and Cartesian and ISIF (as sellers) on 7 March 2021, provides for the conditional acquisition by the Company of all of the issued A preference shares of Aqua Comms. The Ordinary Share SPA, entered into between the Company (as buyer) and AVL, Nomura and Black Forest (as sellers) on 7 March 2021, provides for the conditional acquisition by the Company of all of the issued ordinary shares of Aqua Comms. Together, the Preference Share SPA and the Ordinary Share SPA provide for the conditional acquisition by the Company of the entire issued share capital of Aqua Comms.

Completion of the Preference Share SPA and First Completion under the Ordinary Share SPA are conditional on: (a) completion of the U.S. Hive Out; and (b) Initial Admission. The obligations of Nomura to sell its shares in Aqua Comms to the Buyer on First Completion under the Ordinary Share SPA are conditional on completion to its satisfaction of know your customer and anti-money laundering checks on the Company.

The total enterprise value payable by the Company for Aqua Comms is US\$215.0 million, on a cash free debt free basis. The equity value payable to the holders of all of the ordinary shares of Aqua Comms under the Ordinary Share SPA is US\$215.0 million plus an agreed cash balance of US\$19.5 million, less (a) the price payable to Cartesian and ISIF under the Preference Share SPA, (b) amounts required to repay shareholder loans from each of AVL and ISIF, (c) bonuses payable to certain employees of Aqua Comms, (d) any locked box leakage amounts; and (e) transaction costs incurred by the Aqua Comms Group. The equity value of Aqua Comms is derived from locked box accounts of the Aqua Comms Group dated 31 December 2020 and there is no post-completion purchase price adjustment mechanism in either Aqua Comms SPA.

The consideration payable for Aqua Comms will be satisfied on First Completion in cash, save that \$28.0 million of AVL's entitlement to the consideration will be satisfied by the issue of Ordinary Shares at the Issue Price, subject to a 12 month lock-up restriction, and Black Forest's entitlement to the consideration will be satisfied in full by the issue of Ordinary Shares at the Issue Price. The Ordinary Share SPA provides flexibility to vary AVL's sale terms to reduce the total cash required to be paid by the Company on First Completion, which may include AVL selling less than its entire shareholding in Aqua Comms, receiving a greater proportion of its consideration in Ordinary Shares, or foregoing or deferring repayment of some or all of its shareholder loan. Such a variation may be made by agreement between the Company and AVL, provided that the rights of the other parties to the Ordinary Share SPA are not adversely affected in any material respect.

The U.S. Hive-Out will take place prior to First Completion, pursuant to which AVL will acquire the U.S. Sale Shares for market value. The consideration for the U.S. Hive-Out will be satisfied by the issue of interest-bearing promissory notes by AVL to the vendors of the U.S. Sale Shares under the Hive-Out (the "**Promissory Notes**"). The Ordinary Share SPA provides for the acquisition of the U.S. Sale Shares by the Company (or as it may direct) for market value on Second Completion, conditional upon receipt of the U.S. Consents (the "**U.S. Hive-in**"). The consideration payable under the U.S. Hive-in will be set off against the amounts outstanding under the Promissory Notes on Second Completion.

The Aqua Comms SPAs contain customary title and capacity warranties. Under the Ordinary Share SPA, AVL has provided business warranties and a tax indemnity relating to the Aqua Comms Group.

AVL's liability in respect of the business warranties and the tax indemnity in the Ordinary Share SPA is capped at US\$1.00, save in the event of its fraud or fraudulent misrepresentation. The Company has obtained the W&I Policy under which, subject to certain exemptions and claims limitation periods, it will be entitled to recover losses arising from a breach of any warranty and/or the tax indemnity of up to US\$30 million in aggregate, subject to a policy excess of US\$1,075,000 (tipping to nil) and a minimum individual claims size of US\$140,000 for tax losses and US\$100,000 for non-tax losses.

The Ordinary Share SPA contains customary gap undertakings from AVL, Nomura and Black Forest in respect of the conduct of the Aqua Comms Group between the date of the agreement and First Completion, and from AVL in respect of the conduct of the US Companies until Second Completion.

8.1.4 Company Administrative Services Agreement

The Company Administrative Services Agreement dated 8 March 2021 entered into between the Company and the Company Administrator, pursuant to which (i) the Company has appointed the Company Administrator to provide company administrative and

secretarial services, and (ii) the Company Administrator is to procure that the Company Secretary acts as the company secretary of the Company.

The services to be provided by the Company Administrator under the Company Administrative Services Agreement include: maintaining the Company's books and records; assisting in providing Company accounting services; assisting in calculating the Company's Net Asset Value in accordance with the Company's valuation policies and procedures; assisting with the processing of the Company's disbursements; supporting the Directors with on-going compliance with the Company's duties and obligations under applicable Jersey law and regulation; and coordinating with the Company's Auditor and tax accountant for the preparation of the Fund's annual audit and tax filings and company filings.

Cash on deposit for the Company will be held in a Jersey bank account which shall be operated by the Company, and the Company Administrator will provide supporting cash management services.

The Company Administrator has charged the Company a one-off on-boarding fee of £6,000. In consideration of the various services to be provided under the Company Administrative Services Agreement, the Company Administrator will receive annual fees of £80,000 in total (which are subject to annual review and potential increase), and certain variable additional fees for additional services or corporate actions of the Company or any of its subsidiaries may also arise. The Company Administrator is also entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.

The Company has given certain warranties and indemnities in favour of the Company Administrator that are standard for an agreement of this nature, including warranties concerning the Company's status, capacity and authority to enter into, and perform its obligations under, the Company Administrative Services Agreement, and indemnity in respect of the Company Administrator's (and the Company Secretary's) potential losses in carrying on its responsibilities under the Company Administrative Services Agreement. The Company Administrative Services Agreement is terminable on a party giving at least 3 months' notice in writing, or immediately upon the occurrence of certain customary termination events including the commencement of insolvency, criminal or regulatory proceedings against the Company or the Company Administrator, a party committing a material breach of the agreement (where such breach has not been remedied within 10 calendar days of written notice being given) or the Company or the Company Administrator breaching any applicable law or policy or which may cause reputational damage to the other. No part of any annual fee paid to the Company Administrator is refundable upon termination of the Agreement, however brought about, unless otherwise previously agreed in writing.

The Company Administrative Services Agreement is governed by the laws of the Island of Jersey.

8.1.5 Depositary Agreement

The Depositary Agreement dated 8 March 2021 entered into between the Depositary, the Investment Manager and the Company, pursuant to which, the Depositary acts as the sole depositary of the Company and is responsible for:

- (a) ensuring the Company's cash flows are properly monitored;
- (b) the safe keeping of the Custodial Assets (as defined therein) entrusted to it by the Company and/or the Investment Manager acting on behalf of the Company; and
- (c) the oversight and supervision of the Investment Manager and the Company.

The duties and obligations of the Depositary under the Depositary Agreement are construed in accordance with all laws, rules and regulations applicable from time to time, including, the UK AIFM Legislation, FSMA and the FCA Handbook (the "**Applicable Provisions**"). Under the Depositary Agreement, the Investment Manager and the

Company are responsible for providing the Depositary with information required by the Depositary to carry out its duties. Subject to the Applicable Law (as defined therein), the Company indemnifies the Depositary, its directors, officers, employees, nominees, sub-contractors, delegates and agents (current and former) and employees (each an “Indemnified Person”) against all claims, fines, demands, legal proceedings, charges, actions or suits (Claims) brought or made or threatened to be brought or made against any such Indemnified Person by any third party and against all liabilities, damages and reasonable costs and expenses, including legal costs, payable, suffered or incurred by an Indemnified Person in connection with any such third party Claim arising out of or in connection with the Depositary Agreement or its subject matter or the provision of the Services unless (and solely to the extent that) the Claim in question is the result of fraud or wilful misconduct on the part of the Indemnified Person in question.

Pursuant to the Depositary Agreement, the Depositary warrants (amongst other things) that it is an entity duly established and validly existing under the laws of its country of establishment and all authorisations required under any Applicable Law (as defined therein) to authorise the Depositary’s performance of its obligations under the Depositary Agreement have been duly taken.

In consideration of its services, the Depositary is entitled to be paid a depositary fee of £25,000 per annum (exclusive of VAT).

The Depositary Agreement is governed by the laws of England and Wales.

8.1.6 Registrar Agreement

The Registrar Agreement dated 8 March 2021 between the Company and the Registrar pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the Registrar Agreement, the Registrar is entitled to a fee calculated based on the number of Shareholders and the number of transfers processed (exclusive of any VAT or other taxes) which is subject to a minimum annual amount of £7,500 per year. In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company. The Registrar maintains the Register at its registered office address in Jersey at 13 Castle Street, St Helier, Jersey, JE1 1ES, and the Register may be inspected at such address (subject to and in accordance with the Companies Law).

The Registrar Agreement is for an initial period of three years from the date of Initial Admission and is thereafter terminable by either party on not less than six months written notice, such notice not to expire before the third anniversary of Initial Admission.

The Company has given certain market standard indemnities in favour of the Registrar and its affiliates and their directors, officers, employees and agents in respect of the Registrar’s potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar’s liabilities under the Registrar Agreement are subject to a cap.

The Registrar Agreement is governed by the laws of the Island of Jersey.

8.1.7 Receiving Agent Agreement

The Receiving Agent Agreement dated 8 March 2021 between the Company and the Receiving Agent pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offer for Subscription.

Under the terms of the agreement, the Receiving Agent is entitled to a fee from the Company of £5,000 (exclusive of VAT) for set up, placing and disbursements plus a per application processing fee in connection with certain of these services. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent and its affiliates and their directors, officers, employees and agents in respect of the

Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liabilities under the Receiving Agent are subject to a cap.

The agreement is governed by the laws of England and Wales.

8.1.8 Delegated Company Secretary Agreement

The Delegated Company Secretary Agreement between the Company, the Company Administrator and Hanway dated 8 March 2021, pursuant to which (i) Hanway has been appointed as the deputy company secretary of the Company, and (ii) the Company Administrator has delegated to Hanway certain UK orientated company secretarial functions.

Under the terms of the Delegated Company Secretary Agreement, Hanway shall support the Directors in various ways, including by: providing advice on governance matters and compliance with applicable UK regulations; assisting with the Company's compliance with the listing rules of the FCA and the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA and any reporting requirements of the London Stock Exchange; assisting with the implementation and administration of any share dealing code that the Company may have in place (in conjunction with the Company's lawyers, brokers and other professional advisers); maintaining insider processes/lists and assisting in respect of announcements/notifications in compliance with the MAR; and sending required notices and returns to the FCA and the London Stock Exchange (in particular notification of Directors' shareholdings and substantial shareholdings).

The Company and the Company Administrator have each given certain warranties and indemnities in favour of Hanway under the Delegated Company Secretary Agreement that are customary for an agreement of its type, including warranties concerning their respective status, capacity and authority to enter into, and perform their obligations under, the Delegated Company Secretary Agreement, and indemnities in respect of Hanway's potential losses in carrying on its responsibilities under the Delegated Company Secretary Agreement.

Under the Delegated Company Secretary Agreement, Hanway is entitled to receive a fee of £60,000 pa (exclusive of VAT and subject to annual increase in line with the percentage increase in the Retail Price Index in the preceding 12-month period), plus an annual fee of £1,600 in respect of its provision of a software product (provided at cost, which may increase). Further, Hanway may receive certain variable supplementary fees for additional services or corporate actions of the Company or any of its subsidiaries. Hanway is also entitled to be reimbursed in respect of all reasonable out-of-pocket expenses incurred by it.

The Delegated Company Secretary Agreement has an initial term of 3 months and, amongst other termination rights, is thereafter terminable upon not less than 3 months' written notice. The Delegated Company Secretary Agreement is also terminable immediately upon the occurrence of certain customary termination events including the insolvency or dissolution of the Company or the Company Administrator or Hanway, a party committing a material breach of the Delegated Company Secretary Agreement (where such breach has not been remedied within 30 calendar days of written notice being given), a party committing a persistent material breach of its obligations under the agreement (whether or not it is remedied in a timely manner or capable of remedy), or any event occurs in relation to a party in circumstances where another party in its reasonable opinion determines that its continued provision of any services provided under the agreement could reasonably be expected to have a material adverse effect on its business or reputation or any of its affiliates.

The Delegated Company Secretary Agreement is governed by the laws of England and Wales.

8.2 Aqua Comms

The following are all of the contracts, not being contracts entered into in the ordinary course of business that have been entered into by Aqua Comms since incorporation and are, or may be,

material or contain any provision under which Aqua Comms has any obligation or entitlement which is or may be material to it as at the date of this document:

Transition Services Agreement

It is a condition to completion of the Preference Share SPA and First Completion under the Ordinary Share SPA that completion of the U.S. Hive-Out occurs. In connection with the U.S. Hive Out, the Transition Services Agreement will be entered into by each U.S. Company, Aqua Comms and certain subsidiary undertakings of Aqua Comms. The Transition Services Agreement governs the ongoing relationship among the Aqua Comms Group and the U.S. Companies following First Completion.

It is the intention of the Company that through the operation of the Transition Services Agreement after the U.S. Hive-Out, the Aqua Comms business will continue to operate as closely as possible to the manner in which it operated immediately prior to the U.S. Hive-Out. The Transition Services Agreement is necessary because of U.S. regulatory FCC restrictions that prevent the Company from assuming control of the U.S. Companies prior to the grant of the FCC Consent.

Under the Transition Services Agreement, the U.S. Companies will continue to control and operate their interests in the U.S. territorial segments and the Aqua Comms Group will provide operational, administrative and customer and sales support services to the U.S. Companies. The U.S. Companies will in turn provide the Aqua Comms Group with the access to capacity and facilities necessary for the Aqua Comms Group to perform the services.

Once the Company has obtained the U.S. Consents, Second Completion will take place and the Transition Services Agreement will automatically terminate.

If the U.S. Consents are not obtained, Second Completion will not occur and AVL will retain the U.S. Sale Shares. In that scenario, the parties will continue to carry out their obligations under the Transition Services Agreement with the intention that the Aqua Comms business continues to operate as closely as possible to the manner in which it operated immediately prior to the U.S. Hive-Out. The initial term of the Transition Services Agreement is 5 years from First Completion. Thereafter, the Transition Services Agreement will automatically renew on an annual basis unless terminated earlier.

9. LITIGATION

9.1 The Company

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Group.

9.2 Aqua Comms

There have been no governmental, legal or arbitration proceedings, and the company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of Aqua Comms.

10. WORKING CAPITAL

The Company is of the opinion that, on the basis the Minimum Net Proceeds are raised, the working capital available to the Group is sufficient for its present requirements that is for at least the next 12 months from the date of this document.

If the Minimum Net Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA. In the event that the Company does not wish to prepare and publish a supplementary prospectus incorporating a working capital statement based on a revised minimum net proceeds figure the Initial Issue will not proceed, the

arrangements in respect of the Initial Issue will lapse and any monies received in respect of the Initial Issue will be returned to applicants and placees without interest at each applicants' risk.

11. CAPITALISATION AND INDEBTEDNESS

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and there have been no material changes to the Company's capitalisation from the date of its incorporation to the date of this document.

12. GENERAL

- 12.1 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 12.2 No application is being made for the Ordinary Shares to be dealt with in or on any stock exchange or investment exchange other than to the Main Market.
- 12.3 The Investment Manager was incorporated in England and Wales as a limited liability partnership on 28 July 2006 under the Limited Liability Partnership Act 2000 (registration number OC321250). The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA registration number 456597). The registered office of the Investment Manager is 1 King William Street, London EC4N 7AF (tel. +44 (0)20 7201 8989) (www.triplepoint.co.uk). The Investment Manager's LEI number is 2138001G73LMDVOGKU70. The Investment Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 12.4 Aqua Comms was incorporated in the Republic of Ireland as a limited company on 18 February 2015 under the Companies Acts 1963 to 2013 (registration number 557774). On 22 August 2015, Aqua Comms converted from a limited company to a Designated Activity Company under the Companies Act 2014. The registered office of Aqua Comms is The Exchange Building, Foster Place, Dublin 2, D02 E796, Ireland. Aqua Comms has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 12.5 BDO LLP was incorporated in England and Wales as a limited liability partnership on 18 July 2003 under the Limited Liability Partnership Act 2000 (registration number OC305127). The registered office of BDO LLP is 55 Baker Street, London, W1U 7EU (tel. +44 (0)20 7486 5888). BDO LLP has given and not withdrawn its consent to the inclusion in this document of the Valuation Opinion and has authorised the contents of the Valuation Opinion. For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), BDO LLP accepts responsibility for the Valuation Opinion. To the best of the knowledge of BDO LLP the information contained in the Valuation Opinion is in accordance with the facts and makes no omission likely to affect its import. BDO LLP is a member of the Institute of Chartered Accountants in England and Wales.
- 12.6 The auditors of the Company are PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH and have been the only auditors of the Company since its incorporation. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.
- The auditors of Aqua Comms are PricewaterhouseCoopers of One Spencer Dock, Dublin 1 and have been the only auditors of Aqua Comms since its incorporation. PricewaterhouseCoopers is a member of the Institute of Chartered Accountants in Ireland.
- 12.7 Ocorian Depositary (UK) Limited, whose registered office is located at 5th Floor 20 Fenchurch Street, London, England, EC3M 3BY, acts as the Company's depositary. The Depositary is a private limited company, registered in England and Wales under number 08575830 and its telephone number is +44 (0)289 6930 221. The Depositary maintains its registered office and place of central administration in the United Kingdom. The Depositary is authorised and regulated by the FCA. The Depositary's LEI number is 2138000DAQOWBNRGYX58.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document.

The Depositary will not hold the Company's Digital Infrastructure Investment assets in custody. The Depositary's asset ownership and verification duties with respect to non-custodial assets of the Company apply on a look-through basis to underlying assets held by financial or legal structures established by the Company or by the Investment Manager acting on behalf of the Company for the purpose of investing in the underlying assets and which are controlled directly or indirectly by the Company or the Investment Manager acting on behalf of the Company.

- 12.8 There has been no significant change in the Company's financial position which has occurred since its incorporation.
- 12.9 There has been no significant change in the financial position of Aqua Comms since 31 December 2020, the date to which the financial information on Aqua Comms set out in Part 16 has been drawn up.
- 12.10 The effect of the Initial Issue will be to increase the net assets of the Company. On the assumption that the Initial Issue is subscribed as to 400 million Ordinary Shares, the fundraising is expected to increase the net assets of the Company by approximately £392 million.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on the Company's website (www.d9infrastructure.com) and for inspection at the registered office of the Company during normal business hours on any Business Day from the date of this document until 31 March 2021:

- the Memorandum and Articles of the Company;
- the Valuation Opinion; and
- this document.

Dated: 8 March 2021

PART 11

AIFM DIRECTIVE – ARTICLE 23 DISCLOSURES

The table below sets out information required to be disclosed: (i) to investors in the UK pursuant to the AIFM Directive (as implemented by the UK AIFM Legislation and the FCA Handbook); and (ii) to investors in the EEA pursuant to the AIFM Directive (and/or any applicable local implementing measures).

This document contains solely that information that Triple Point Investment Management LLP (as the alternative investment fund manager of the Company) is required to make available: (i) to investors in the UK pursuant to the UK AIFM Legislation; and (ii) to investors in the EEA pursuant to the AIFM Directive, and should not be relied upon as the basis for any investment decision.

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
1(a) a description of investment strategy objectives of the Company;	the Information on the investment strategy and objectives of the and Company are outlined in paragraph 2 of Part 1 of this document.
(b) if the Company is a feeder fund, information on where the master fund is established;	Not applicable.
(c) if the Company is a fund of funds, information on where the underlying funds are established;	Not applicable.
(d) a description of the types of assets in which the Company may invest;	The types of assets in which the Company may invest are outlined in paragraph 2 of Part 1 of this document.
(e) the investment techniques that the Company may employ and all associated risks;	The investment techniques used by the Company are described in paragraph 2 of Part 1 and paragraph 5 of Part 6 of this document. The section entitled “Risk Factors” (pages 13 to 38 inclusive) of this document provides an overview of the risks involved in investing in the Company.
(f) any applicable restrictions; investment;	The investment restrictions applicable to the Company are set out in paragraph 2 of Part 1 of this document under the heading “Investment Restrictions”.
(g) the circumstances in which the Company may use leverage;	The circumstances in which the Company may use leverage and the restrictions on the use of leverage are described in paragraph 2 of Part 1 under the heading “Borrowing Policy”.
(h) the types and sources of leverage permitted and the associated risks;	The AIFM Directive (and in the case of the UK, the UK AIFM Legislation which implements the AIFM Directive) prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of ‘leverage’ the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
(i) the maximum level of leverage which the AIFM is entitled to employ on behalf of the Company;	<p>Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 250 per cent. (on both a “gross” and “commitment” basis).</p> <p>Certain risks associated with the Company’s use of leverage are described in the “Risk Factors” section of this document.</p>
(j) any collateral and asset reuse arrangements;	Not applicable.
(2) a description of the procedures by which the Company may change its investment strategy or investment policy, or both;	No material change will be made to the investment policy and investment restrictions without the prior approval of Shareholders by ordinary resolution. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of the Shareholders.
(3) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;	<p>The Company is a company limited by shares of no par value, incorporated in Jersey, Channel Islands. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Ordinary Shares held by them.</p> <p>Shareholders’ rights in respect of their investment in the Company are governed by the Articles and the Companies Law. Under Jersey law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims and derivative actions. If a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>Jurisdiction and applicable law</p> <p>As noted above, Shareholders’ rights are governed principally by the Articles and the Companies Law. By subscribing for Ordinary Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of the Island of Jersey.</p> <p>The UK has acceded to the Hague Convention on Choice of Courts Agreements 2005 (the “Hague Convention”) which applies between the EU member states, Montenegro, Denmark, Mexico, Singapore and the UK and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The Hague Convention does not, however, extend to contracts containing non-exclusive jurisdiction clauses, which typically permit the more dominant party to the contract to sue in the court of their choice while restricting the right of the less dominant party to the courts of a single country.</p>

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
	<p>The UK has also applied to rejoin the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur.</p> <p>Recognition and enforcement of foreign judgments</p> <p>Subject to the provisions of the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and the Rules under that Law, if a final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) were obtained in England in the High Court of Justice, Court of Appeal or Supreme Court of the United Kingdom against the Company in respect of any contracts relating to the Company where the Company has submitted to the jurisdiction of such courts or in relation to which the said courts otherwise had jurisdiction, such judgment would, on application to the Jersey courts, be registered and would thereafter be enforceable.</p> <p>Subject to the principles of private international law, by which for example foreign judgments may be impeachable, as applied by Jersey law (which are broadly similar to the principles accepted under the common law of England), if a final and conclusive judgment under which a debt or definite sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or multiple damages) were obtained in the courts of any territory having jurisdiction against the Company in respect of such contracts to which it is party, (a) the Jersey courts would, on application properly made to it, recognise such judgment and give a judgment for liquidated damages in the amount of that judgment without reconsidering its merits and (b) such judgment of the Jersey courts would thereafter be enforceable.</p>
(4) the identity of the AIFM, the Company's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	<p>The Investment Manager:</p> <p>Pursuant to the Investment Management Agreement, the Company has appointed Triple Point Investment Management LLP to act as the Company's AIFM. The Investment Manager will maintain responsibility for implementing appropriate portfolio and risk management standards and procedures for the Company and will also carry out the on-going oversight functions and ensure compliance with the applicable requirements of the AIFM Rules. Further details of the Investment Management Agreement are set out in paragraph 8.1.2 of Part 10 of this document.</p>
	<p>Company Administration and Secretarial:</p> <p>Ocorian Fund Services (Jersey) Limited has been appointed as the Company Administrator and it is to provide corporate administration and secretarial services to the Company in accordance with the terms of the Company Administrative Services Agreement (further details of which are set out in paragraph 8.1.5 of Part 10 of this document).</p>

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
	<p>Ocorian Secretaries (Jersey) Limited acts as the company secretary of the Company, and it is to be responsible for fulfilling the duties of a company secretary arising under Jersey law.</p> <p>Hanway Advisory Limited has been appointed as the deputy company secretary of the Company, and it is to be responsible for providing UK-orientated company secretarial functions in accordance with the terms of the Delegated Company Secretary Agreement (further details of which are set out in paragraph 8.1.9 of Part 10 of this document).</p> <p>Registrar:</p> <p>The Company will utilise the services of Computershare Investor Services (Jersey) Limited as registrar in relation to the transfer and settlement of shares.</p> <p>Depositary:</p> <p>Ocorian Depositary (UK) Limited has been appointed as the sole depositary of the Company.</p> <p>Auditor:</p> <p>PricewaterhouseCoopers LLP will provide audit services to the Group. The auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.</p> <p>Investors' Rights</p> <p>The Company is reliant on the performance of third party service providers, including the Investment Manager, the Administrator, the Depositary, the Auditor and the Registrar.</p> <p>Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.</p> <p>If a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.</p>

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
	<p>Shareholders who are “Eligible Complainants” for the purposes of the FCA “Dispute Resolutions Complaints” rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service (“FOS”) (further details of which are available at www.fscs.org.uk). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.</p>
(5) a description of how the Company complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;	<p>In order to cover potential professional liability risks resulting from the Investment Manager’s activities, the Investment Manager maintains additional own funds of 0.01 per cent. of the value of the portfolio of AIFs it manages. In addition to this, the Investment Manager holds a professional indemnity insurance policy against liability arising from professional negligence which is appropriate to the risks.</p>
(6) a description of: (a) any management function delegated by the Manager;	<p>Not applicable.</p>
(b) any safe-keeping function delegated by the depositary;	<p>The Company is not expected to invest in or hold custodial assets. However, to the extent the Company does hold custodial assets in accordance with the terms of the Depositary Agreement, and subject to the provisions of the UK AIFM Legislation (which implements the AIFM Directive into UK law), the Depositary may delegate its safe-keeping functions. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated. The Depositary may discharge its responsibility in case of a loss of a financial instrument: (i) in the event it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) where it has contractually discharged its responsibility in compliance with article 21(13) of the AIFM Directive (as implemented by UK AIFM Legislation); or (iii) in compliance with the conditions set out under article 21(14) of the AIFM Directive (as implemented by UK AIFM Legislation) where the laws of a third country require that certain financial instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 21(11) of the AIFM Directive (as implemented by UK AIFM Legislation). Save as aforesaid, the Depositary shall be liable to the Company for any loss or liability incurred by the Company as a consequence of the Depositary’s fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the UK AIFM Legislation. In the absence of the Depositary’s fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the UK AIFM Legislation, the Depositary shall not be liable to the Company or any other person with respect to any act or omission in connection with the services provided under the Depositary Agreement.</p>

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
(c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	Not applicable.
(d) any conflicts of interest that may arise from such delegations;	Not applicable.
(7) a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	A description of the Company's valuation procedures is outlined in paragraph 5 of Part 1 of this document.
(8) a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	<p>The Company is a closed-ended public limited company incorporated in Jersey, Channel Islands on 8 January 2021. Shareholders are entitled to participate in the assets of the Company attributable to their Ordinary Shares in a winding-up of the Company or other return of capital, but they have no rights of redemption.</p> <p>Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company will mitigate this risk by maintaining a balance between continuity of funding and flexibility using bank deposits and loans.</p>
(9) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>The costs and expenses of, and incidental to, the Initial Issue are expected to be approximately two per cent. of the Initial Gross Proceeds (assuming Initial Gross Proceeds of £400 million).</p> <p>The on-going annual expenses of the Company for the period ending 31 December 2021 relative to the Net Asset Value is expected to be approximately 1.3 per cent.</p> <p>Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
(10) a description of how the AIFM ensures a fair treatment of investors;	<p>The Directors of the Company have certain statutory and customary duties under Jersey law with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Company has voluntarily undertaken to comply with the FCA's Premium Listing Principles which require the Company to treat all Shareholders of a given class equally.</p> <p>The Investment Manager maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between it and the Company.</p>

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
	<p>No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.</p> <p>The Ordinary Shares rank pari passu with each other.</p>
(11) whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	
(a) that preferential treatment;	Not applicable.
(b) the type of investors who obtain such preferential treatment; and	Not applicable.
(c) where relevant, their legal or economic links with the AIF or the AIFM;	Not applicable.
(12) the procedure and conditions for the issue and sale of units or shares;	<p>The terms and conditions under which investors can subscribe for Ordinary Shares under the Initial Placing and the Placing Programme are set out in Part 14 of this document.</p> <p>The terms and conditions under which investors can subscribe for Ordinary Shares under the Offer for Subscription are set out in Part 15 of this document.</p> <p>New Ordinary Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Ordinary Shares. While the Company will typically have Shareholder authority to buy back Ordinary Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
(13) the latest net asset value of the Company or the latest market price of the unit or share of the Company, in line with FUND 3.9 (Valuation);	<p>The Company has not yet published a Net Asset Value in accordance with Article 19 of the AIFM Directive (as implemented by the UK AIFM Legislation).</p> <p>When published, Net Asset Value announcements can be found on the Company's website: www.d9infrastructure.com.</p>
(14) the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	<p>The Company has not yet published an annual report in line with Article 22 of the AIFM Directive (as implemented by the UK AIFM Legislation).</p> <p>When published, annual reports can be found on the Company's website: www.d9infrastructure.com.</p>
(15) where available, the historical performance of the Company;	<p>The Company has not yet published any annual or interim financial statements.</p> <p>When published, annual and interim financial statements can be found on the Company's website: www.d9infrastructure.com.</p>
(16) (a) the identity of the prime brokerage firm;	Not applicable.

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
(b) a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed;	Not applicable.
(c) the provision in the contract with the depositary on the possibility of transfer and reuse of Company assets; and	Not applicable.
(d) information about any transfer of liability to the prime brokerage firm that may exist; and	Not applicable.
(17) a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.	<p>The Investment Manager as AIFM is required under the UK AIFM Legislation to make certain periodic disclosures to Shareholders of the Company.</p> <p>Under Article 23(4) of the AIFM Directive (as implemented by the UK AIFM Legislation), the Investment Manager must periodically disclose to Shareholders:</p> <ul style="list-style-type: none"> the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; any new arrangements for managing the liquidity of the Company; and the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. <p>This information shall be disclosed as part of the Company's annual and half year reporting to Shareholders.</p> <p>Under Article 23(5) of AIFM Directive (as implemented by the UK AIFM Legislation), the Investment Manager must disclose to Shareholders on a regular basis:</p> <ul style="list-style-type: none"> any changes to: (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; and (ii) any right or reuse of collateral (including any security, guarantee or indemnity) or any guarantee granted under the leveraging arrangement; and the total amount of leverage employed by the Company. <p>Information on changes to the maximum level of leverage and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to Shareholders.</p> <p>Without limitation to the generality of the foregoing, any information required under Article 23(4) or 23(5) of the AIFM Directive (each as implemented by the UK AIFM Legislation) may be disclosed to Shareholders: (a) in the Company's annual report or half-yearly report; (b) by the Company issuing an announcement via an RIS; (c) a subsequent prospectus; and/or (d) by the Company publishing the relevant information on www.d9infrastructure.com.</p>

EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “EU Sustainable Finance Disclosure Regulation” or “SFDR”)

The Investment Manager as AIFM has determined that the Company is subject to Article 8 of the EU Sustainable Finance Disclosure Regulation.

Article 8 applies where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

Article 8 Disclosure

The Investment Manager as AIFM is committed to considering a range of Environmental, Social and Governance (ESG) factors throughout the investment process, and these are detailed within our dedicated Digital Infrastructure ESG Integration Policy. The Investment Manager believes taking these ESG issues into account throughout the investment process goes beyond responding to industry expectation. The Investment Manager believes it is critical for risk mitigation and when done well can contribute to enhanced returns as well as preserve value for the Company’s investors.

The AIFM’s approach aims to integrate ESG considerations at each step of the investment process, from due diligence and investment committee review, throughout our holding period and at exit. There are two key steps to the AIFM’s process: firstly, our purpose-driven overlay considers the alignment of the investment to two themes associated with sustainable digital infrastructure investment, which align to the UN Sustainable Development Goals (“**UN SDG**”), Goal 9. Secondly, the AIFM conducts ESG analysis which covers both a broad range of expectations associated with responsible business practice, and a deeper more sector-focused assessment. The AIFM draws on industry best practice to guide the expectations it places on investments the Company makes, including (but not exhaustively) the UN Global Compact, OECD Multinational Guidelines for Enterprises, the Sustainable Development Goals, and the Sustainable Accounting Standards Board. The AIFM also looks to add value through the Company’s investments and will work to help the Company improve its investments across weaker areas of their ESG practice.

Through the AIFM’s careful and tailored ESG integration process it analyses and accounts for a wide range of risks and opportunities which may impact the value of the investments the Company makes. Digital Infrastructure assets are long-term in nature and hence particularly exposed to long-term themes synonymous with ESG integration. Extreme weather, environmental trends, gradual resource degradation, poor governance, deteriorating community relations and potential loss of the social licence to operate are all examples of ESG risks to an operational asset. Conversely, ESG can help identify resource efficiencies, social licence to operate and support staff retention. The Investment Manager believes that, in essence, good ESG integration for the Company will help ensure the funding of the most resilient assets, and further increase the likely alignment to UN SDG, Goal 9. Furthermore, as part of the AIFM’s environmental assessment it applies an additional review of the climate risk exposure of the asset, and this assessment aligns to the TCFD’s framework of Governance, Strategy, Risk Management, and Metrics & Targets.

No index has been designated as a reference benchmark.

The Digital Infrastructure ESG Integration Policy can be downloaded from the Company’s website, www.d9infrastructure.com.

PART 12

GLOSSARY OF RELEVANT TERMS

Set out below is an explanation of some of the industry-specific terms which are used in this document:

cloud computing	on-demand availability of computer system resources including data storage, without direct active management by the user
colocation	the housing of privately-owned servers and networking equipment in a third-party data centre
Construction Phase	in respect of a new development project, the phase where contracts have been agreed and relevant permits are in place
Development Phase	in respect of a new development project, the initial phase before relevant contracts or permits are in place
FAANGs	global content providers such as Facebook, Amazon, Apple, Netflix, Google and Microsoft
FTTH (fibre to the home) or FTTP (fibre to the premises)	a form of fibre-optic communication delivery that reaches one living or working space by using optical fibre that runs directly into the home, building or office
ICPs or Internet Content Providers	a website or organisation that handles the distribution of online content such as blogs, videos, music or files
IRU or Indefeasible Right of Use	a permanent contractual agreement that cannot be undone relating to the long-term lease by an owner or operator of a communications cable to a client, which provides to that client an exclusive, unrestricted and indefeasible right to use the relevant capacity
internet of things or IoT	this term describes the network of physical objects (things) that are embedded with technologies such as sensors or software for the purpose of connecting and exchanging data with other devices and systems via the internet
KPI	key performance indicator
MNO	mobile network operator which provides wireless communications services (also known as a wireless service provider, wireless carrier, cellular company or mobile network carrier)
OTT or over-the-top	refers to over-the-top media services which are streaming media services offered directly to viewers via the Internet, and which bypasses cable, broadcast, satellite television platforms. The term “content providers” can also be used to describe this category and the largest companies in the category are generally referred to in groups such as the FAANGs.

PART 13

DEFINITIONS

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

Admission	any admission of the Ordinary Shares pursuant to a Subsequent Placing to trading on the Specialist Fund Segment of the Main Market becoming effective in accordance with the Admission and Disclosure Standards
Admission and Disclosure Standards	the Admission and Disclosure Standards published by the London Stock Exchange as amended from time to time
AEC2 USA	USA America Europe Connect 2 USA Inc. a private company incorporated and registered in Delaware, USA
AEC2L	America Europe Connect 2 Limited, a private company incorporated and registered in Ireland
AECL	America Europe Connect Limited, a private company incorporated and registered in Ireland
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance published by the AIC from time to time
AIF	an alternative investment fund within the meaning of the UK AIFM Legislation or the AIFM Directive (as applicable)
AIFM	an alternative investment fund manager within the meaning of the UK AIFM Legislation or the AIFM Directive (as applicable)
AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers, as amended from time to time
AIFM Rules	the UK AIFM Legislation and all relevant provisions of the FCA Handbook
Akur	Akur Limited (trading as Akur Capital)
Application Form	the application form attached to this document for use in connection with the Offer for Subscription
Aqua Comms	Aqua Comms Designated Activity Company, a private company limited by shares incorporated and registered in Ireland
Aqua Comms Acquisition	the conditional acquisition by the Company of the entire issued share capital of Aqua Comms pursuant to the Aqua Comms SPAs
Aqua Comms Americas	Aqua Comms (Americas) Inc., a private company incorporated and registered in Delaware, USA
Aqua Comms Directors	the directors of Aqua Comms immediately following First Completion, as listed in paragraph 5.17 of Part 10 of this document, and “ Aqua Comms Director ” is to be construed accordingly
Aqua Comms Group	Aqua Comms, the U.S. Companies and the subsidiary undertakings of Aqua Comms

Aqua Comms SPAs	the Ordinary Share SPA and the Preference Share SPA
Aqua Comms Statements	statements or information relating to Aqua Comms and its subsidiaries in (i) paragraph 2.2 and 2.3 of the Summary, (ii) the risk factors, (iii) Part 5, (iv) paragraph 1.2, paragraph 3, paragraphs 5.17 – 5.29, paragraph 9.2 and paragraphs 12.4 and 12.9 of Part 10, and (v) Part 16 of this Prospectus, in each case excluding any statements or information in relation to the Aqua Comms Acquisition, the Ordinary Share SPA, First Completion, the U.S. Hive-Out, the U.S Consents, the Transition Services Agreement and/or Second Completion
Aqua Ventures or AVL	Aqua Ventures Limited, a private company incorporated and registered in Jersey
Articles	the articles of association of the Company adopted by special resolution on 7 March 2021 and described in paragraph 6 of Part 10
Audit Committee	the audit committee of the Board
Auditor	PricewaterhouseCoopers LLP
Black Forest	Black Forest Funding (Ireland) Designated Activity Company, incorporated and registered in Ireland with registered number 559339, whose registered office is at 32 Molesworth Street, Dublin 2, D02 Y512, Ireland
Board	the board of Directors of the Company or any duly constituted committee thereof
Brexit	has the meaning given in the section entitled “Risk Factors” on pages 13 to 38 of this document
Business Day	any day which is not a Saturday or Sunday or a bank holiday in the City of London
C Shares	C shares of no par value in the capital of the Company
Calculation Date	has the meaning given in paragraph 6.20.1 of Part 10 of this document
Capital gains tax or CGT	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
Cartesian	Pangaea Two Acquisition Holdings XV, LLC, a limited liability company formed in the State of Delaware with file number 6005376 at the Division of Corporations Delaware, and whose principal place of business is at c/o Cartesian Capital Group, 505 Fifth Avenue, 15th Floor, New York, NY 10017, U.S.A.; and Pangaea Two Acquisition Holdings Parallel XV, LLC, a limited liability company formed in the State of Delaware with file number 6005378 at the Division of Corporations Delaware, and whose principal place of business is at c/o Cartesian Capital Group, 505 Fifth Avenue, 15th Floor, New York, NY 10017, U.S.A.
certificated or in certificated form	not in uncertificated form
CFIUS	Committee on Foreign Investment in the United States
CFIUS Clearance	receipt by the Company and Aqua Comms as a result of a CFIUS Notice submitted to CFIUS under the DPA for the

transactions contemplated by this agreement of: (i) written confirmation from CFIUS that it has determined that there are no unresolved national security concerns with respect to the transactions contemplated by the Aqua Comms SPAs and that it has concluded all action under the DPA; (ii) written confirmation that the notified transaction is not a 'covered transaction' or, if CFIUS determines that 31 C.F.R. Part 802 applies, that it is not a 'covered real estate transaction', as those terms are defined by the DPA's implementing regulations, and therefore is not subject to review by CFIUS; or (iii) CFIUS shall have sent a report to the President of the United States requesting the President's decision on the CFIUS Notice submitted by the Company and Aqua Comms and either: (A) the period under the DPA, during which the President may announce his decision to take action to suspend or prohibit the transactions contemplated by the Aqua Comms SPAs shall have expired without any such action being threatened, announced or taken; or (B) the President shall have announced a decision not to take any action to suspend or prohibit the transactions contemplated by the Aqua Comms SPAs

CFIUS Notice	the draft filing contemplated under 31 C.F.R. § 800.501(g) (compliant with the requirements of 31 C.F.R. § 800.502), together with a voluntary notice as contemplated by 31 C.F.R. § 800.501(a)
Companies Act	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
Companies Law	the Companies (Jersey) Law 1991 and any subordinate legislation from time to time made thereunder (including the Order), including any statutory modifications or re-enactments for the time being in force
Company	Digital 9 Infrastructure plc
Company Administrator	Ocorian Fund Services (Jersey) Limited
Company Administrative Services Agreement	the company administrative and secretarial services agreement between the Company and the Company Administrator, a summary of which is set out in paragraph 8.1.4 of Part 10 of this document
Company Secretary	Ocorian Secretaries (Jersey) Limited
Conservative	in respect of the Company's borrowing policy, the level of any short term revolving credit facility put in place by the Company will be determined by the quality of the investments to be made, including the covenant strength of counterparties within the proposed Investee Company, the terms available to the Company and the timeframe for which such short term borrowings are expected to be required. In any event, the aggregate level of borrowings will be expected to be no more than a maximum of 50 per cent. of Gross Asset Value
Conversion	the conversion of C Shares into Ordinary Shares and Deferred Shares in accordance with the Articles and as described in paragraph 6.20.1 of Part 10 of this document
Conversion Date	has the meaning given in paragraph 6.20.1 of Part 10 of this document

Conversion Ratio	has the meaning given in paragraph 6.20.1 of Part 10 of this document
Counterparty	a counterparty contracting with: (i) the Company (or any company within the Group) in relation to any Digital Infrastructure Investment; or (ii) any Investment SPV or Investee Company (including Aqua Comms), as applicable
CPI	the consumer price index calculated and published by the UK's Office for National Statistics
CREST	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CREST Order	the Uncertificated Securities (Jersey) Order 1999, as amended from time to time and any provisions of or under the Companies Law which supplement or replace such Order
CTA 2009	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
CTA 2010	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
Delegated Company Secretary Agreement	the delegated company secretary agreement between the Company, the Company Administrator and Hanway, a summary of which is set out in paragraph 8.1.8 of Part 10 of this document
Depository	Ocorian Depository (UK) Limited
Depository Agreement	the depository agreement between the Company, the Investment Manager and the Depository, a summary of which is set out in paragraph 8.1.5 of Part 10 of this document
Devco	Aqua Development 9 Limited, a company incorporated in Jersey and a wholly owned subsidiary of Aqua Ventures
Development Agreement	the development agreement to be entered into between the Investment Manager, Aqua Ventures and Devco on First Completion, described in paragraph 3.1 of Part 6
Digital Infrastructure	key services and technologies that enable methods, systems and processes for the provision of reliable and resilient data storage and transfer
Digital Infrastructure Investment	an investment which falls within the parameters of the Company's investment policy set out in paragraph 2 of Part 1 and which may include (but is not limited to) an investment into or acquisition of an Investee Company or a direct investment in Digital Infrastructure assets or projects via an Investment SPV or a forward funding arrangement
Directors	the directors from time to time of the Company and "Director" is to be construed accordingly
Disclosure Guidance and Transparency Rules	the disclosure guidance published by the Financial Conduct Authority and the transparency rules made by the Financial Conduct Authority under section 73A of FSMA, as amended from time to time
DVP	delivery versus payment

DPA	section 721 of the Defense Production Act of 1950, as amended, 50 U.S.C. § 4565, and all regulations promulgated thereunder
EEA	European Economic Area
EEA EFTA States	Iceland, Liechtenstein and Norway
ERISA	U.S. Employee Retirement Income Security Act of 1974, as amended
Euro or €	the currency adopted by those nations participating in the third stage of the economic and monetary union provisions of the Treaty on European Union, signed at Maastricht on 7 February 1992
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
European Union or EU	the European Union first established by the treaty made at Maastricht on 7 February 1992
EUWA	the European Union (Withdrawal) Act 2018
EU Money Laundering Directive	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended by the Money Laundering Directive (EU) 2018/843 of the European Parliament and of the Council of the Europe Union of 9 July 2018 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as amended from time to time, or any measure implementing Directive (EU) 2015/849 in that EEA jurisdiction
EU PRIIPs Regulation	Regulation EU No.1286/2014 on key information documents for packaged retail and insurance-based investment products, as amended from time to time
EU Prospectus Regulation	Regulation (EU) No. 2017/1129
FATCA	the U.S. Foreign Account Tax Compliance Act of 2010, as amended from time to time
FCA	the Financial Conduct Authority or any successor authority
FCA Handbook	the FCA handbook of rules and guidance as amended from time to time
FCC	the Federal Communications Commission in the United States
FCC Cable Landing Licenses	the submarine cable landing licenses issued by the FCC and held by Aqua Comms Americas and AEC2USA, FCC File Nos. SCL-LIC-20140206-00002 and SCL-LIC-20180511-00010, respectively
FCC Consent	the prior consent of the FCC for the transfer of control of the U.S. Companies from Aqua Ventures to the Company
First Completion	completion of the acquisition by the Company of all or some of the ordinary shares in Aqua Comms under the Ordinary Share SPA following (i) completion of the U.S. Hive-Out and (ii) Initial Admission

FSJL	the Financial Services (Jersey) Law 1998, as amended, and any statutory modification or re-enactment thereof for the time being in force
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
Funds Law	the Collective Investment Funds (Jersey) Law 1988, as amended, and any statutory modification or re-enactment thereof for the time being in force
Gross Asset Value	the aggregate value of the total assets of the Company as determined with the accounting principles adopted by the Company from time to time
Group	the Company, and any other companies in the Company's group for the purposes of Section 606 of CTA 2010 from time to time, but excluding Investee Companies
Hanway	Hanway Advisory Limited
HMRC	Her Majesty's Revenue and Customs
IFRS	international financial reporting standards
Initial Admission	admission of the Ordinary Shares issued pursuant to the Initial Issue to trading on the Specialist Fund Segment of the Main Market becoming effective in accordance with the Admission and Disclosure Standards
Initial Expenses	the commissions, costs and expenses of the Company that are necessary for the establishment of the Company, the Initial Issue and Initial Admission
Initial Gross Proceeds	the gross proceeds of the Initial Issue
Initial Issue	together the Initial Placing and the Offer for Subscription
Initial Placing	the conditional placing of Ordinary Shares at the Issue Price pursuant to the Initial Issue as described in this document
Investee Company	a company or special purpose vehicle which owns and/or operates Digital Infrastructure assets or projects in which the Group invests or acquires, including Aqua Comms
Investment Management Agreement	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 8.1.2 of Part 10 of this document
Investment Manager	Triple Point Investment Management LLP
Investment Manager's Statements	the following parts of this document (i) Risk Factors – the sections headed "Risks relating to the Investment Policy", "Risk relating to the Group making investments in Digital Infrastructure Investments", "Risk relating to the ongoing ownership, operation and maintenance of Digital Infrastructure assets, including in relation to Aqua Comms", "Risks relating to the Group's disposal of Digital Infrastructure Investments, including in relation to Aqua Comms" and "Risks relating to the Investment Manager"; (ii) Part 1 – Information on the Company – the sections headed "Investment Objective and Investment Policy", "Reporting Commitments", "Competitive Advantages", "Approach to Environmental, Social and Governance Integration", and "Dividend Policy and Target

	Returns”; (iii) Part 3 – Pipeline Assets; (iv) Part 4 – Principal Bases and Assumptions; (v) Part 6 – Directors, Management and Administration – the sections headed “The Investment Manager” and “The Investment Process”; (vi) Part 11 – AIFMD – Article 23 Disclosures; and (viii) Part 12 – Glossary, and any other statement in this Prospectus which begins with or contains the words “the Investment Manager believes”, “the Investment Manager anticipates”, “the Investment Manager expects”, “the Investment Manager’s belief”, “the Investment Manager’s view”, “the Investment Manager intends”, “the belief of the Investment Manager”, “the Investment Manager’s opinion” or “the intention of the Investment Manager” or other variations or comparable terminology
Investment SPV	a special purpose vehicle used to acquire or own one or more Digital Infrastructure Investments
Investment Trust Regulations	Investment Trust (Approved Company) (Tax) Regulations 2011, as amended from time to time
IRR	internal rate of return
ISA	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
ISIF	the National Treasury Management Agency (as controller and manager of the Ireland Strategic Investment Fund)
ISIN	International Securities Identification Number
Issue Price	£1.00 per Ordinary Share
J.P. Morgan Cazenove	J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove)
Key Information Document(s)	the key information document(s) relating to the Ordinary Shares and/or any other class of shares issued by the Company from time to time (as the context requires), produced pursuant to the UK PRIIPs Regulation (and if applicable, the EU PRIIPs Regulation), as amended and updated from time to time
LEI	Legal Entity Identifier
Listing Rules	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time
London Stock Exchange	London Stock Exchange plc
Main Market	the London Stock Exchange’s main market for listed securities
Management Engagement Committee	the management engagement committee of the Board
Market Abuse Regulation or MAR	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which is part of UK law by virtue of the EUWA
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“ MiFID ”) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU)

	No 648/2012 (" MiFIR ", and together with MiFID, " MiFID II "), as amended from time to time
Minimum Gross Proceeds	the minimum gross proceeds of the Initial Issue, being £250 million
Minimum Net Proceeds	the Minimum Gross Proceeds less the Initial Expenses
Money Laundering Regulations	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time
Net Asset Value	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
Net Asset Value per Ordinary Share	at any time, the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation
Net Proceeds	the proceeds of the Initial Issue, after deduction of the Initial Expenses
Nomination Committee	the nomination committee of the Board
Nomura	Nomura International PLC, incorporated and registered in England & Wales with registered number 01550505, whose registered office is at 1 Angel Lane, London EC4R 3AB, United Kingdom
Offer for Subscription	the offer for subscription of Ordinary Shares at the Issue Price on the terms set out in this document
Official List	the official list maintained by the FCA pursuant to Part VI of FSMA
Ongoing Charges Ratio	the annual percentage reduction in shareholder returns because of recurring operational expenses assuming markets remain static and the portfolio is not traded (calculated according to the AIC's ongoing charges calculation)
Ordinary Share SPA	the agreement dated on or around the date of this document for the conditional acquisition of all of the issued ordinary shares of Aqua Comms entered into between the Company, AVL, Nomura and Black Forest
Ordinary Shares	ordinary shares of no par value in the capital of the Company and " Ordinary Share " shall be construed accordingly
Overseas Persons	a potential investor who is not resident in, or who is not a citizen of, the UK
O&M	operations and maintenance
Placee	any person who agrees to subscribe for Ordinary Shares pursuant to the Initial Placing or any Subsequent Placing
Placing Agreement	the conditional placing agreement between the Company, the Directors, the Investment Manager, Akur and J.P. Morgan Cazenove, a summary of which is set out in paragraph 8.1.1 of Part 10 of this document

Placing Programme	the proposed placing programme of Ordinary Shares incorporating any Subsequent Placing as described in this document
Placing Programme Price	the price at which Ordinary Shares will be issued to Placees pursuant to a Subsequent Placing under the Placing Programme, as set out in Part 8 of this document
Preference Share SPA	the agreement dated on or around the date of this document for the conditional acquisition of all of the issued A preference shares of Aqua Comms entered into between the Company, Cartesian and ISIF
Principal Bases and Assumptions	the principal bases and assumptions set out in Part 4 of this document
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA under section 73A of FSMA, as amended from time to time
Receiving Agent or Computershare	Computershare Investor Services PLC
Receiving Agent Agreement	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 8.1.7 of Part 10 of this document
Register	the register of Shareholders of the Company
Registrar	Computershare Investor Services (Jersey) Limited
Registrar Agreement	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 8.1.6 of Part 10 of this document
Regulation S	Regulation S promulgated under the U.S. Securities Act, as amended from time to time
Regulatory Information Service or RIS	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
Relevant State	each member state of the EU and the EEA EFTA States
Restricted Jurisdictions	the United States, Australia, Canada, the Republic of South Africa and Japan
Restricted Territories	the Republic of China, Democratic People's Republic of Korea (North Korea), Russia, Iran and Syria
Rollover Shares	has the meaning given to it in paragraph 8.1.3 of Part 10 of this document
RPI	the retail price index calculated and published by the UK's Office for National Statistics
Second Completion	completion of the acquisition by the Company (or as it may direct) of the U.S. Sale Shares under the Ordinary Share SPA following receipt of the U.S. Consents
SEDOL	the Stock Exchange Daily Official List
Shareholder	a holder of Ordinary Shares
SIPP	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK

Specialist Fund Segment	the Specialist Fund Segment of the Main Market
SSAE 16	Statement on Standards for Attestation Engagements No. 16, published by the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA), used by auditors in assessing controls, including security controls, in organisations such as data centres, internet service providers and other entities that incorporate information security controls
SSAS	a small self-administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 of the UK
Sterling or GBP or £ or pence	the lawful currency of the United Kingdom
Subsequent Placing	any placing of Ordinary Shares pursuant to the Placing Programme described in this document
Takeover Code	the City Code on Takeovers and Mergers, as amended from time to time
Target Market Assessment	has the meaning defined on page 42 of this document
Terms and Conditions of Application	the terms and conditions to which subscriptions under the Offer for Subscription are subject as set out in Part 15 of this document
Total Accounting Return	together Net Asset Value growth and distributions
Transition Services Agreement	the transition services agreement to be entered into on completion of the U.S. Hive-Out between each U.S. Company, Aqua Comms and certain subsidiary undertakings of Aqua Comms
Triple Point Group	the Investment Manager and any the other entities in its group for the purposes of Section 606 of CTA 2010
UK AIFM Legislation	means the AIFM Directive as implemented in the UK by UK statutory instruments and by virtue of the EUWA
UK MiFID Laws	<p>the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II in to UK law before 31 January 2020 (as amended and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (2) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019; and</p> <p>the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The</p>

	Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019
UK Money Laundering Directive	the UK statutory instruments implementing Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing
UK PRIIPs Regulation	means the UK version of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products, which is part of UK law by virtue of the EUWA, as amended from time to time
UK Prospectus Regulation	the UK version of the Prospectus Regulation (EU) No. 2017/1129 which forms part of UK law by virtue of the EUWA
UK PR Regulation	the UK version of Commission Delegated Regulation (EU) No. 2019/980 which forms part of UK law by virtue of the EUWA
United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Companies	Aqua Comms Americas and AEC2 USA and " U.S. Company " means either or both of them
U.S. Consents	the FCC Consent and the CFIUS Clearance
U.S. Dollars or US\$	the lawful currency of United States
U.S. Hive-Out	the acquisition of the U.S. Sale Shares by AVL prior to First Completion
U.S. Hive-Out Documents	the documents governing the implementation of the U.S. Hive-Out
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended from time to time
U.S. Person	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
U.S. Sale Shares	such number of common shares in the capital of Aqua Comms Americas that equates to 51 per cent of the issued share capital of Aqua Comms Americas and such number of common shares in the capital of AEC2 USA that equates to 51 per cent of the issued share capital of AEC2 USA
U.S. Securities Act	U.S. Securities Act of 1933, as amended from time to time
U.S. Tax Code	the U.S. Internal Revenue Code of 1986, as amended from time to time
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
UK – EU Trade and Cooperation Agreement	has the meaning given in the section entitled "Risk Factors" on pages 13 to 38 of this document

uncertificated or in uncertificated form	a share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Order, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States of America, United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
Valuation Opinion	the opinion provided by BDO LLP in relation to the valuation of Aqua Comms, as reproduced in Section B of Part 3 of this document
VAT	value added tax
W&I Policy	the Company's warranty and indemnity insurance policy with American International Group UK Limited relating to the Ordinary Share SPA
Wider Triple Point Group	together, the Triple Point Group, and all partners and employees of each member of the Triple Point Group

PART 14

TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

1. INTRODUCTION

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to J.P. Morgan Cazenove to subscribe for Ordinary Shares under the Initial Placing or any Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 J.P. Morgan Cazenove (or in relation to the Placing Programme, such other broker(s) or financial adviser(s) as may be appointed from time to time, and references to Akur and/or J.P. Morgan Cazenove in this Part 14 shall be construed accordingly) may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter ("**Placing Letter**"). The terms set out in these terms and conditions will, where applicable, be deemed to be incorporated into that Placing Letter.

2. AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

- 2.1 The Initial Placing and/or Subsequent Placings are conditional on, amongst other things:
 - 2.1.1 in respect of the Initial Placing only, Initial Admission occurring and becoming effective by 8.00 a.m. on or prior to 31 March 2021 (or such later time and/or date, not being later than 30 June 2021, as agreed by the Company, the Investment Manager, Akur (or in relation to the Placing Programme, such other financial adviser(s) as may be appointed from time to time, and references to Akur shall be construed accordingly) and J.P. Morgan Cazenove);
 - 2.1.2 in respect of a Subsequent Placing only, Admission of the Ordinary Shares issued pursuant to the relevant Subsequent Placing occurring and becoming effective by 8.00 a.m. on or prior to the date agreed by the Company, the Investment Manager, Akur and J.P. Morgan Cazenove in respect of that Subsequent Placing, not being later than 7 March 2022;
 - 2.1.3 in the case of the Initial Placing, the Minimum Gross Proceeds (being £250 million) (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree) being raised;
 - 2.1.4 in the case of a Subsequent Placing, the Placing Programme Price being agreed between the Company, the Investment Manager, Akur and J.P. Morgan Cazenove;
 - 2.1.5 in the case of a Subsequent Placing, a supplementary prospectus being published if required by applicable laws; and
 - 2.1.6 the Placing Agreement becoming otherwise unconditional in all respects in respect of the Initial Placing or the relevant Subsequent Placing, as applicable and, not having been terminated on or before the date of Initial Admission or (in the case of a Subsequent Placing) the relevant Admission.
- 2.2 On J.P. Morgan Cazenove confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a Shareholder of the Company and agrees to subscribe for those Ordinary Shares allocated to it by J.P. Morgan Cazenove at the Issue Price or applicable Placing Programme Price (as the case may be).
- 2.3 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.
- 2.4 Applications under the Initial Placing and any Subsequent Placing must be for a minimum subscription amount of £1,000.

- 2.5 Any commitment to acquire Ordinary Shares under the Initial Placing and/or any Subsequent Placing agreed orally with J.P. Morgan Cazenove, as agent for the Company, will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and J.P. Morgan Cazenove, to subscribe for the number of Ordinary Shares allocated to it on the terms and subject to the conditions set out in this Part 14 and the contract note or oral or email placing confirmation as applicable (for the purpose of this Part 14, the “Contract Note” or the “Placing Confirmation”) and in accordance with the Articles. Except with the consent of J.P. Morgan Cazenove, such oral commitment will not be capable of variation or revocation after the time at which it is made.
- 2.6 Each Placee’s allocation of Ordinary Shares under the Initial Placing and/or any Subsequent Placing will be evidenced by a Contract Note confirming: (i) the number of Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) settlement instructions to pay J.P. Morgan Cazenove, as agent for the Company. The provisions as set out in this Part 14 will be deemed to be incorporated into that Contract Note.
- 2.7 If the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree) are not raised, the Initial Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee’s risk.

3. PAYMENT FOR ORDINARY SHARES

- 3.1 Each Placee undertakes to pay in full the Issue Price or Placing Programme Price (as the case may be) for the Ordinary Shares issued to the Placee in the manner and by the time directed by J.P. Morgan Cazenove. In the event of any failure by any Placee to pay as so directed and/or by the time required by J.P. Morgan Cazenove, the relevant Placee’s application for Ordinary Shares may, at the discretion of J.P. Morgan Cazenove, either be accepted or rejected and, in the former case, paragraph 3.2 below shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant Issue Price or Placing Programme Price (as the case may be) for the Ordinary Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and J.P. Morgan Cazenove elects to accept that Placee’s application, J.P. Morgan Cazenove may sell all or any of the Ordinary Shares allocated to the Placee on such Placee’s behalf and retain from the proceeds an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Ordinary Shares on such Placee’s behalf. The relevant Placee agrees to indemnify J.P. Morgan Cazenove and its respective affiliates on demand in respect of any liability for tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant Ordinary Shares to the extent that J.P. Morgan Cazenove has failed to sell such Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of taxes or other charges aforementioned, is equal to or exceeds the Issue Price or Placing Programme Price (as the case may be).
- 3.3 Settlement of transactions in the Ordinary Shares following Initial Admission will take place in CREST but J.P. Morgan Cazenove reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee’s jurisdiction.

4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and for any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s))

be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, Akur, J.P. Morgan Cazenove and the Registrar that:

- 4.1 in agreeing to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Ordinary Shares issued pursuant to any Subsequent Placing and not on any other information given, or representation or statement made at any time by any person concerning the Company, the Ordinary Shares, the Initial Placing or any Subsequent Placing, including without limitation, the Key Information Document. It agrees that none of the Company, the Investment Manager, Akur, J.P. Morgan Cazenove or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. To the fullest extent permitted by law, it irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, Akur, J.P. Morgan Cazenove or the Registrar or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or Subsequent Placing;
- 4.3 it has carefully read and understands this document (and any supplementary prospectus issued by the Company) in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part 14 and, as applicable, in the Contract Note or Placing Confirmation and the Articles as in force at the date of Initial Admission or the date of Admission in relation to the Subsequent Placing (as the case may be);
- 4.4 the price payable per Ordinary Share is payable to J.P. Morgan Cazenove on behalf of the Company in accordance with the terms of these terms and conditions and in the Contract Note or Placing Confirmation;
- 4.5 it has the funds available to pay for in full the Ordinary Shares for which it has agreed to subscribe and it will pay the total subscription amount in accordance with the terms set out in these terms and conditions and as set out in the Contract Note or Placing Confirmation on the due time and date;
- 4.6 it has not relied on J.P. Morgan Cazenove, Akur or any person affiliated with J.P. Morgan Cazenove or Akur in connection with any investigation of the accuracy of any information contained in this document;
- 4.7 it acknowledges that the content of this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Ordinary Shares issued pursuant to any Subsequent Placing is exclusively the responsibility of the Company and the Directors, the Investment Manager and (where applicable) Aqua Comms, apart from the responsibilities and liabilities (if any) which may be imposed by FSMA or any regulatory regimes established thereunder, none of J.P. Morgan Cazenove and Akur nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or such supplementary prospectus or any information published by or on behalf of the Company (including the Key Information Document) and will not be liable for any decision by a Placee to participate in the Initial Placing or any Subsequent Placing based on any information, representation or statement contained in this document, such supplementary prospectus or otherwise;
- 4.8 it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Ordinary Shares issued pursuant to any Subsequent

Placing and, if given or made, any information or representation must not be relied upon as having been authorised by Akur, J.P. Morgan Cazenove, the Company or the Investment Manager;

- 4.9 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.10 its commitment to acquire Ordinary Shares under the Initial Placing and/or any Subsequent Placing will be agreed orally or in writing (which shall include by email) with J.P. Morgan Cazenove as agent for the Company and that a Contract Note or Placing Confirmation will be issued by J.P. Morgan Cazenove as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and J.P. Morgan Cazenove to subscribe for the number of Ordinary Shares allocated to it and comprising its Placing Commitment at the Issue Price or the applicable Placing Programme Price (as the case may be) on the terms and conditions set out in this Part 14 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Initial Admission or the relevant Admission (as the case may be). Except with the consent of J.P. Morgan Cazenove such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- 4.11 its allocation of Ordinary Shares under the Initial Placing or any Subsequent Placing will be evidenced by a Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) the settlement instructions to pay J.P. Morgan Cazenove as agent for the Company. The terms of this Part 14 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.12 settlement of transactions in the Ordinary Shares following Initial Admission or any Admission (as the case may be) will take place in CREST but J.P. Morgan Cazenove reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.13 it accepts that none of the Ordinary Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, the United States, Australia, Canada, the Republic of South Africa or Japan (each a "**Restricted Jurisdiction**"). Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.14 if it is within the United Kingdom, it is (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**Order**") or is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations and (b) a qualified investor (as such term is defined in Article 2(e) of the UK Prospectus Regulation);
- 4.15 if it is resident in the United Kingdom, it is: (a) a qualified investor within the meaning of Article 2(e) of the UK Prospectus Regulation; and (b) a person to whom the Ordinary Shares may lawfully be marketed to under the UK AIFM Legislation;
- 4.16 if it is a resident in the EEA, it is, (a) a qualified investor within the meaning of article 2(e) of the EU Prospectus Regulation; and (b) a person to whom the Ordinary Shares may lawfully be marketed to under the AIFM Directive or under the applicable implementing legislation (if any) of the relevant EEA member state;

- 4.17 if it is a professional investor (as such term is given meaning in the AIFM Directive) resident, domiciled in, or with a registered office in the EEA, it confirms that the Ordinary Shares have only been promoted, offered, placed or otherwise marketed to it (as such term is given meaning in the AIFM Directive), and the subscription will be made from, (a) a jurisdiction outside the EEA; (b) a member state of the EEA that has not transposed the AIFM Directive as at the date of the Placee's commitment to subscribe is made; or (c) a member state of the EEA in respect of which the Investment Manager has confirmed that it has made the relevant notifications or applications under the national private placement regime of that member state and is lawfully able to market the Ordinary Shares into that member state;
- 4.18 in the case of any Ordinary Shares acquired by a Placee as a financial intermediary as that term is used in Article 5(1) of the EU Prospectus Regulation, or within the United Kingdom as that term is used in the UK Prospectus Regulation: (a) the Ordinary Shares acquired by it in the Initial Placing or the relevant Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any member state of the EEA or the United Kingdom other than qualified investors, as that term is defined in the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable), or in circumstances in which the prior consent of J.P. Morgan Cazenove has been given to the offer or resale; or (b) where Ordinary Shares have been acquired by it on behalf of persons in the United Kingdom other than qualified investors, the offer of those Ordinary Shares to it is not treated under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) as having been made to such persons;
- 4.19 it: (i) is entitled to subscribe for the Ordinary Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.20 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing (for the purposes of this Part 14, each a **"Placing Document"**) constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Initial Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation, promotion, arrangement or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.21 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- 4.22 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Ordinary Shares under the Initial Placing or relevant Subsequent Placing (as the case may be);
- 4.23 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Ordinary Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and acknowledges and agrees that no Placing Document is being issued by J.P. Morgan Cazenove or Akur in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved a financial promotion by an authorised person;
- 4.24 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Ordinary Shares in, from or otherwise involving, the United Kingdom;

- 4.25 it is aware of the provisions of the UK Criminal Justice Act 1993 regarding insider dealing, the Market Abuse Regulation, the Financial Services (Jersey) Law 1998 relating to insider dealing, market manipulation and misleading information, the UK Proceeds of Crime Act 2002 and the Proceeds of Crime (Jersey) Law 1999 and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- 4.26 unless it is otherwise expressly agreed with the Company and J.P. Morgan Cazenove in the terms of any particular placing, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other Placing Document to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.27 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5 below;
- 4.28 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares or possession of this document (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.29 it acknowledges that none of J.P. Morgan Cazenove or Akur nor any of their respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or any Subsequent Placing or providing any advice in relation to the Initial Placing or any Subsequent Placing and participation in the Initial Placing or any relevant Subsequent Placing is on the basis that it is not and will not be a client of J.P. Morgan Cazenove or Akur and that none of J.P. Morgan Cazenove or Akur has any duties or responsibilities to it for providing the protections afforded to their respective clients or for providing advice in relation to the Initial Placing or any Subsequent Placing (as applicable) nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;
- 4.30 that, save in the event of fraud on the part of J.P. Morgan Cazenove or Akur, none of J.P. Morgan Cazenove, Akur and their ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of Akur's or J.P. Morgan Cazenove's respective roles as financial adviser, sole bookrunner or global co-ordinator (as the case may be) or otherwise in connection with the Initial Placing or any Subsequent Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.31 it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or relevant Subsequent Placing (as applicable) in the form provided by the Company and/or J.P. Morgan Cazenove. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- 4.32 it irrevocably appoints any Director and any director of J.P. Morgan Cazenove to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Initial Placing or any Subsequent Placing (as applicable), in the event of its own failure to do so;
- 4.33 it accepts that if the Initial Placing or relevant Subsequent Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied as regards the relevant placing or the Ordinary Shares for which valid applications are received and accepted are not admitted to trading on the Specialist Fund Segment of the Main Market for any reason whatsoever, then none of J.P. Morgan Cazenove, Akur or the Company and the Investment Manager, nor persons

- controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.34 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under all Money Laundering Legislation, in particular (but without limitation): (i) the Money Laundering Regulations 2017 in force in the United Kingdom; (ii) the UK Money Laundering Directive and the EU Money Laundering Directive; and (iii) the Proceeds of Crime Act 2002;
- 4.35 if it is acting as a “distributor” (for the purposes of MiFID II Product Governance Requirements (as applicable both: (i) in the EEA and; (ii) as implemented into UK law by UK statutory instruments and by virtue of the EUWA)):
- 4.35.1 it acknowledges that the Target Market Assessment undertaken by the Investment Manager, Akur and J.P. Morgan Cazenove does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II (as applicable both: (i) in the EEA and; (ii) as implemented into UK law by UK statutory instruments and by virtue of the EUWA)); or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and each distributor is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares and determining appropriate distribution channels;
- 4.35.2 notwithstanding any Target Market Assessment undertaken by the Investment Manager, Akur and J.P. Morgan Cazenove, it confirms that, other than where it is providing an execution-only service to investors, it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Ordinary Shares and that it has considered the compatibility of the risk/reward profile of such Ordinary Shares with the end target market; and
- 4.35.3 it acknowledges that the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- 4.36 J.P. Morgan Cazenove, Akur and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.37 the representations, undertakings and warranties contained in these terms and conditions and, as applicable, in the Contract Note, Placing Confirmation and/or the Placing Letter (if any) are irrevocable. It acknowledges that J.P. Morgan Cazenove, Akur, the Company and the Investment Manager and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of Ordinary Shares are no longer accurate, it shall promptly notify J.P. Morgan Cazenove, Akur and the Company;
- 4.38 where it or any person acting on behalf of it is dealing with J.P. Morgan Cazenove, any money held in an account with J.P. Morgan Cazenove on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require J.P. Morgan Cazenove to segregate such money, as that money will be held by J.P. Morgan Cazenove under a banking relationship and not as trustee;
- 4.39 any of its clients, whether or not identified to J.P. Morgan Cazenove, will remain its sole responsibility and will not become clients of J.P. Morgan Cazenove for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

- 4.40 it accepts that the allocation of Ordinary Shares shall be determined by J.P. Morgan Cazenove and Akur (in consultation with the Company and the Investment Manager) and that they may scale down the Initial Placing or any Subsequent Placing commitments for this purpose on such basis as they may determine (which may not be the same for each Placee);
- 4.41 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Initial Placing or relevant Subsequent Placing (as applicable);
- 4.42 it authorises J.P. Morgan Cazenove to deduct from the total amount subscribed under the Initial Placing or relevant Subsequent Placing (as applicable) the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Ordinary Shares allocated under the Initial Placing or relevant Subsequent Placing;
- 4.43 the commitment to subscribe for Ordinary Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing and/or any Subsequent Placing;
- 4.44 it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;
- 4.45 in the event that a supplementary prospectus is required to be produced pursuant to Article 23 of the UK Prospectus Regulation and in the event that it chooses to exercise any right of withdrawal pursuant to Article 23 of the UK Prospectus Regulation, such Placee will immediately re-subscribe for the Ordinary Shares previously comprising its Placing commitment; and
- 4.46 in connection with its participation in the Initial Placing and/or a Subsequent Placing it has observed all relevant legislation and regulations.

5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS

Unless it is otherwise expressly agreed with the Company and J.P. Morgan Cazenove, by participating in the Initial Placing or the relevant Subsequent Placing (as applicable), each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, Akur, J.P. Morgan Cazenove and the Registrar that:

- 5.1 it is not a U.S. Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;
- 5.2 it acknowledges that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- 5.3 it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- 5.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a "plan" as defined in section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to section 4975 of the U.S. Tax Code; or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plans" by reason of ERISA or the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA (the "**Plan Assets**");

Regulation”), or otherwise (including certain insurance company general accounts) for the purposes of section 4.6 of ERISA or section 4975 of the U.S. Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- 5.5 that if any Ordinary Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“DIGITAL 9 INFRASTRUCTURE PLC (THE “**COMPANY**”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING “PLAN ASSETS” WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR THE PLAN ASSETS REGULATION;”

- 5.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which: (a) will not require the Company to register under the U.S. Investment Company Act; and (b) will not result in the assets of the Company constituting “plan assets” within the meaning of ERISA or the Plan Assets Regulation;
- 5.7 it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person’s status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that the holding of Ordinary Shares by such person will not violate or require registration under the U.S. securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;
- 5.9 it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, Akur, J.P. Morgan Cazenove or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Initial Placing and/or any Subsequent Placing (as the case may be);

- 5.10 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to or within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 5.11 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
- 5.12 it acknowledges that: (i) the Ordinary Shares have not been and will not be registered under the Securities Act and are being offered only in “offshore transactions” to non-U.S. Persons as defined in and pursuant to Regulation S and that it is purchasing the Ordinary Shares outside the United States in compliance with such regulations; (ii) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act; and the Ordinary Shares may only be transferred in circumstances which will not result in the Company being required to register under the Investment Company Act; and (iii) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Ordinary Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the Specialist Fund Segment of the Main Market) or in transactions that are exempt from registration under the Securities Act and do not require the Company to register under the Investment Company Act.

The Company, the Investment Manager, Akur, J.P. Morgan Cazenove and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company, Akur and J.P. Morgan Cazenove.

6. SUPPLY OF INFORMATION

If J.P. Morgan Cazenove, Akur, the Registrar or the Company or any of their agents request any information about a Placee’s agreement to subscribe for Ordinary Shares under the Initial Placing and/or Subsequent Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

7. MONEY LAUNDERING

Each Placee acknowledges and agrees that:

- 7.1 in connection with its participation in the Initial Placing and/or the relevant Subsequent Placing (as the case may be) it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing (“**Money Laundering Legislation**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations and the UK Money Laundering Directive in force in the United Kingdom; or (ii) subject to the EU Money Laundering Directive; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the UK Money Laundering Directive and the EU Money Laundering Directive;
- 7.2 due to anti-money laundering requirements, J.P. Morgan Cazenove, the Company Administrator, the Company Secretary, Hanway, the Registrar and the Company and/or their agents may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, J.P. Morgan Cazenove, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify J.P. Morgan Cazenove, the Company and/or their agents against any liability,

loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis.

8. DATA PROTECTION

- 8.1 Each Placee acknowledges that it has been informed that, pursuant to applicable data protection legislation (including the UK version of the EU GDPR (2016/679) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (the “**UK GDPR**”), the General Data Protection Regulation (EU) 2016/679 (the “**EU GDPR**”) the Data Protection (Jersey) Law 2018 (the “**DP Jersey Law**”) and regulatory requirements in Jersey, the United Kingdom and/or the EEA (the “**DP Legislation**”) the Company and/or the Registrar will following Initial Admission or Admission (as the case may be), hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding ten years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company’s privacy notice (the “**Purposes**”) which is available for consultation on the Company’s website at www.d9infrastructure.com (the “**Privacy Notice**”) which include to:
- 8.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the Placee’s holding of Ordinary Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
 - 8.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - 8.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
 - 8.1.4 process its personal data for the Registrar’s internal administration.
- 8.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
- 8.2.1 third parties located either within, or outside of Jersey, the United Kingdom or the EEA, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
 - 8.2.2 its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of Jersey, the United Kingdom and the EEA.
- 8.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company’s Privacy Notice.
- 8.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the Placee hereby represents and warrants to the Company, the Registrar and the Company Administrator, the Company Secretary and Hanway that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company’s Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the Placee has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).
- 8.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms of the Company’s Privacy Notice.

- 8.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:
- 8.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing; and
 - 8.6.2 the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 8.7 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Initial Placing and or the relevant Subsequent Placing (as the case may be):
- 8.7.1 comply with all applicable DP Legislation;
 - 8.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
 - 8.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - 8.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

9. TERMINATION RIGHTS UNDER THE PLACING AGREEMENT

- 9.1 Akur and J.P. Morgan Cazenove may, following such consultation with the Company and the Investment Manager as is practicable in the circumstances (if they are entitled to invoke any of the termination rights in the Placing Agreement) terminate the Placing Agreement prior to Initial Admission, in respect of the Issue, and any Subsequent Admission in respect of the Placing Programme by giving notice in writing to the Company and the Investment Manager in accordance with the terms of the Placing Agreement.
- 9.2 By participating in the Placing, each Placee agrees with Akur and J.P. Morgan Cazenove that the exercise by them of any right of termination or other discretion under the Placing Agreement shall be within their absolute discretion and that Akur and J.P. Morgan Cazenove need not make any reference to the Placee in this regard and that, to the fullest extent permitted by law, Akur and J.P. Morgan Cazenove shall not have any liability whatsoever to the Placee in connection with any such exercise.

10. MISCELLANEOUS

- 10.1 The rights and remedies of the Company, the Investment Manager, Akur, J.P. Morgan Cazenove and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing and/or any Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

- 10.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or the relevant Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Initial Placing or relevant Subsequent Placing (as the case may be) and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of J.P. Morgan Cazenove, Akur, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 10.4 In the case of a joint agreement to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 10.5 Akur, J.P. Morgan Cazenove and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Initial Placing and each Subsequent Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 8.1.1 of Part 10 of this document.

PART 15

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

In the case of a joint application, references to you in these terms and conditions of application are to each of you and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form for the Offer for Subscription.

The Offer for Subscription is only being made in the United Kingdom. If you are outside of the United Kingdom see paragraph 9 of this Part 15.

1. INTRODUCTION

Ordinary Shares are available under the Offer for Subscription at a price of £1.00 per Ordinary Share.

Applications must be made on the Application Form attached at the end of this document or otherwise published by the Company.

2. EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000.00 and thereafter in multiples of £100.00 or such lesser amount as the Company may determine (at its discretion). Multiple applications will be accepted.

3. OFFER TO ACQUIRE ORDINARY SHARES

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- 3.1 offer to subscribe for such number of Ordinary Shares at £1.00 per Ordinary Share as may be purchased by the subscription amount specified in the box in section 1 on your Application Form (being a minimum of £1,000 and thereafter in multiples of £1.00; or such smaller number for which such application is accepted) on the terms, and subject to the conditions, set out in this document, including these Terms and Conditions of Application and the Articles;
- 3.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Initial Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus prior to Initial Admission) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to the Receiving Agent of your Application Form;
- 3.3 undertake to pay the subscription amount specified in the box in section 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company, Akur and J.P. Morgan Cazenove against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to

some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were received at your risk or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest and after deducting any applicable bank charges);

- 3.4 agree, that where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (a "**CREST Account**"), (i) the Receiving Agent may in its absolute discretion amend the Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the Application Form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent, the Company, Akur or J.P. Morgan Cazenove may authorise your financial adviser or whoever he or she may direct to send a document of title for, or credit your CREST Account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- 3.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 3.4 above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 3.4 above (and any monies returnable to you) may be retained by the Receiving Agent:
- (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the warranties contained in paragraph 7 below or any other suspected breach of these Terms and Conditions of Application; or
 - (c) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and the UK Money Laundering Directive and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- 3.6 agree, on the request of the Receiving Agent to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 3.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received, at your risk and without interest of any proceeds of the payment accompanying the application or direct to the bank account of the bank or building society on which the relevant cheque or banker's draft was drawn;
- 3.8 agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism, or any sanctioned individual or entity;
- 3.9 undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form together with full identity documents for the person so signing;
- 3.10 undertake to pay interest at the rate described in paragraph 4 below if the remittance accompanying your Application Form is not honoured on first presentation;

- 3.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed the relevant payment method box in section 1 on your Application Form, but subject to paragraph 3.4 above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable without payment of interest (at your risk) either as a cheque by first class post to the address completed in section 2 on the Application Form or return funds direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn;
- 3.12 confirm that you have read and complied with paragraph 9 below;
- 3.13 agree that all subscription cheques and payments will be processed through a bank account in the name of "**CIS PLC re: DIGITAL 9 OFS a/c**" opened by the Receiving Agent;
- 3.14 agree that your Application Form is addressed to the Company and the Receiving Agent;
- 3.15 agree that if a fractional entitlement to an Ordinary Share arises on your application, the number of Ordinary Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit;
- 3.16 acknowledge that the offer to the public of Ordinary Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for Ordinary Shares);
- 3.17 agree that any application may be rejected in whole or in part at the sole discretion of the Company;
- 3.18 agree that in the event of any failure by any applicant to pay as so directed by the Receiving Agent, the relevant applicant shall be deemed hereby to have appointed the Investment Manager or any nominee thereof to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment shall not have been made as directed by the Investment Manager and to have agreed to indemnify on demand the Investment Manager in respect of any liability for stamp duty and/or stamp duty reserve arising in respect of any such sale or sales; and
- 3.19 acknowledge that the Company's Key Information Document can be provided to you in paper or by means of a website, but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the Key Information Document via the Company's website at www.d9infrastructure.com, or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you.

4. ACCEPTANCE OF YOUR OFFER

The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the FCA via a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by the Company in consultation with Akur, J.P. Morgan Cazenove and the Investment Manager. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application.

All payments must be in Sterling and paid by electronic bank transfer, cheque or bankers' draft or delivery versus payment in accordance with this paragraph 4. Fractions of Ordinary Shares will not be issued.

The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11:00 a.m. on 25 March 2021.

Should you wish to apply for Ordinary Shares by delivery versus payment method ("**DVP**"), you will need to match your instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11:00 a.m. on 30 March 2021, allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the settlement date, following the CREST matching criteria set out in the Application Form.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum.

Except as otherwise provided in this paragraph 4, payments may be made by cheque or banker's draft drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, must be made payable to "**CIS PLC re: DIGITAL 9 OFS plc**" opened by the Receiving Agent. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 25 March 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to Computershare Investor Services PLC's Participant Account 3RA43, by no later than 11.00 a.m. on 30 March 2021, allowing for the delivery and acceptance of the Ordinary Shares to be made against payment of the Issue Price per Ordinary Share, following the CREST matching criteria set out in the Application Form.

5. CONDITIONS

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) Initial Admission occurring by 8.00 a.m. (London time) on 31 March 2021 or such later time or date as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree (being not later than 8.00 a.m. on 30 June 2021);
- (b) the Placing Agreement becoming otherwise unconditional (save as to Initial Admission) and not being terminated in accordance with its terms at any time before Initial Admission; and

- (c) the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur and J.P. Morgan Cazenove may agree) being raised.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

6. RETURN OF APPLICATION MONIES

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest (at the applicants' risk) either by first class post as a cheque to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

7. WARRANTIES

By completing an Application Form, you:

- 7.1 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor, a notary or a bank;
- 7.2 warrant, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Akur, J.P. Morgan Cazenove or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the United Kingdom in connection with the Offer for Subscription in respect of your application;
- 7.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document and any supplementary prospectus published prior to Initial Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or such supplementary prospectus or any part thereof shall have any liability for any such other information or representation, including the Key Information Document;
- 7.4 agree that, having had the opportunity to read this document and the Key Information Document relating to the Ordinary Shares each in its entirety, you shall be deemed to have had notice of all information and representations contained in this document and any supplementary prospectus published by the Company prior to Initial Admission and the Key Information Document relating to the Ordinary Shares;
- 7.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Akur, J.P. Morgan Cazenove or the Receiving Agent;
- 7.6 warrant that you are not under the age of 18 on the date of your application;
- 7.7 agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned

application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;

- 7.8 confirm that you have reviewed the restrictions contained in paragraph 9 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- 7.9 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 7.10 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription (including any non-contractual obligations arising under or in connection therewith) shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 7.11 irrevocably authorise the Company, the Investment Manager, Akur, J.P. Morgan Cazenove or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Investment Manager and/or Akur and/or J.P. Morgan Cazenove and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 7.12 agree to provide the Company with any information which it, Akur and/or J.P. Morgan Cazenove or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- 7.13 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the Investment Manager, Akur and/or J.P. Morgan Cazenove or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 7.14 represent and warrant to the Company that; (i) you are not a U.S. Person, are not located within the United States and are not acquiring the Ordinary Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act; (v) you have not subscribed for Ordinary Shares as a result of any "directed selling efforts" in the United States within the meaning of Regulation S under the Securities Act; (vi) if it is a pension fund or investment company, its acquisition of the Ordinary Shares is in full compliance with applicable laws and regulations; (vii) Ordinary Shares subscribed pursuant to the Issue may be allotted if the offer conditions are satisfied; and (viii) it will (or will procure that its nominee will), if applicable, make notification to the Company of the interest in its shares in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules as they apply to the Company;
- 7.15 represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, you will do so only (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a

person outside the United States and not known by the transferor to be a U.S. Person or acting for the account or benefit of a U.S. Person, by pre-arrangement or otherwise, and in compliance with applicable local laws and regulations; or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- 7.16 agree that Akur, J.P. Morgan Cazenove and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- 7.17 agree that the exercise by Akur and/or J.P. Morgan Cazenove of any right of termination or other right or discretion under the Placing Agreement shall be within the absolute discretion of each of Akur and J.P. Morgan Cazenove, and that neither need make any reference to you and that neither shall have any liability to you whatsoever in connection with any such exercise or decision not to exercise. You will have no rights against any person under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended);
- 7.18 warrant that you are: (i) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the Ordinary Shares; (ii) fully understand the risks associated with such investment; and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- 7.19 warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;
- 7.20 warrant that the information contained in the Application Form is true and accurate;
- 7.21 confirm that if you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Issue, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statement therein misleading;
- 7.22 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date; and
- 7.23 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a "plan" as defined in section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to section 4975 of the U.S. Tax Code; or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plans" by reason of ERISA or the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA (the "Plan Assets Regulation"), or otherwise (including certain insurance company general accounts) for the purposes of section 4.6 of ERISA or section 4975 of the U.S. Tax Code. In addition, if an investor is a governmental, church, non U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law.

8. MONEY LAUNDERING

You agree that, in order to ensure compliance with the Money Laundering Regulations, the UK Money Laundering Directive, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you (the “holder(s)”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- the owner(s) and/or controller(s) (the “payor”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Any delay or failure to provide the necessary evidence of identity may result in your application being rejected or delays in crediting CREST accounts or the despatch of documents.

Without prejudice to the generality of this paragraph 8, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the Sterling equivalent). If you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp.

If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person’s passport or driving licence certified by a solicitor and an original or certified copy of the following no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees’ risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the Money Laundering Regulations a person making an application for Ordinary Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the applicant that the Money Laundering Regulations will not be breached by the application of such remittance.

The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s). Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or the Sterling equivalent).

9. NON-UNITED KINGDOM INVESTORS

The Offer for Subscription is only being made in the United Kingdom. If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Ordinary Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for Ordinary Shares you will, unless the Company and the

Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the U.S. or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Ordinary Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, Japan, Australia or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a holder having an address other than in the United Kingdom.

Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any U.S. Person or in or into the United States), Australia, Canada, Japan or the Republic of South Africa or their respective territories of possessions or any other jurisdictions where to do so would or might contravene local securities laws or regulations.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

10. DATA PROTECTION

10.1 Each applicant acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (“**GDPR**”), the UK version of the GDPR, which is part of UK law by virtue of the EUWA, as amended and supplemented from time to time, the Data Protection (Jersey) Law 2018 and regulatory requirements in Jersey and the United Kingdom (the “**DP Legislation**”) the Company and/or the Registrar will following Initial Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company’s privacy notice (the “**Purposes**”) which is available for consultation on the Company’s website at www.d9infrastructure.com/privacy (the “**Privacy Notice**”) which include to:

- 10.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the applicant’s holding of Ordinary Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
- 10.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
- 10.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
- 10.1.4 process its personal data for the Registrar’s internal administration.

10.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:

- 10.2.1 third parties located either within, or outside of the United Kingdom or the EEA, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
- 10.2.2 its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of the United Kingdom and the EEA.

10.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company’s Privacy Notice.

10.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the applicant hereby

represents and warrants to the Company, the Registrar and the Company Administrator, the Company Secretary and Hanway that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the applicant has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

- 10.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company's Privacy Notice.
- 10.6 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:
 - 10.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares under the Offer for Subscription; and
 - 10.6.2 the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 10.7 Where the applicant acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:
 - 10.7.1 comply with all applicable DP Legislation;
 - 10.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
 - 10.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - 10.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

11. MISCELLANEOUS

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.

The rights and remedies of the Company, the Investment Manager, Akur, J.P. Morgan Cazenove and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 25 March 2021. In that event, the new closing time and/or date will be notified to applicants via an RIS.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in the document.

PART 16

AQUA COMMS HISTORICAL FINANCIAL INFORMATION

This Part 16 contains historical financial information of Aqua Comms. The Company will own the entire issued share capital of Aqua Comms following First Completion (except to the extent that the Company does not acquire on First Completion all of the ordinary shares in Aqua Comms owned by Aqua Ventures or the ordinary shares in Aqua Comms owned by Nomura, in accordance with the provisions of the Ordinary Share SPA). This document contains historical financial information on Aqua Comms due to the size of the Aqua Comms investment relative to the size of the Company (assuming the Company raises gross proceeds of £400 million on Initial Issue).

This document does not contain any historical financial information on the Company, as the Company was incorporated on 8 January 2020 and has no financial history. The Company will not commence activity until it has obtained funding through the Initial Issue.

Aqua Comms will not provide financial support to the issue of the securities of the Company. The Aqua Comms historical financial information is provided below on the basis that Aqua Comms will form the initial assets of the Company following First Completion.

The historical financial information in relation to Aqua Comms contained in this Part 16 comprises:

- Audited financial information for the 12 months ended 31 December 2017
- Audited financial information for the 12 months ended 31 December 2018
- Audited financial information for the 12 months ended 31 December 2019
- Unaudited (and unreviewed) financial information for the 12 months ended 31 December 2020

Financial information for the 12 months ended 31 December 2020

Investors should be aware that the Aqua Comms financial information for the 12 months ended 31 December 2020 set out in this Part 16 of this prospectus is unaudited and has not been reviewed. Preparations for the audit of this financial information have commenced, and audited financial statements for the 12 months ended 31 December 2020 are expected to be published by 30 April 2021.

Profit Estimate

The unaudited financial information for the year to 31 December 2020 is deemed to be a profit estimate in respect of Aqua Comms. This financial information has been prepared on the basis of the Aqua Comms management accounts, comprising economic transactions which have already occurred, rather than any assumptions regarding such information. The Aqua Comms Directors do not anticipate that the Aqua Comms financial results for the year ended 31 December 2020 will be subject to any material adjustments as a result of their audit and, therefore, expect that the statutory financial information to be published in due course will confirm the information set out in this Part 16 of this prospectus.

The Aqua Comms Directors have confirmed that the financial information for the year ended 31 December 2020 has been compiled and prepared on a basis that is both:

- (a) comparable with the historical financial information; and
- (b) consistent with Aqua Comms' accounting policies.

Aqua Comms Designated Activity Company
Annual Report and Consolidated Financial Statements
For the Financial Year Ended 31 December 2017

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DIRECTORS AND OTHER INFORMATION

Directors

Andrew Martzloff
Alan Clarke
Christopher Bake
Donal Murphy
Peter Yu
Paul Hong
Thorsten Johnsen

Solicitors

Byrne Wallace
88 Harcourt Street
Dublin 2

Secretary and Registered Office

Kevin Foley
51 - 54 Pearse Street
Dublin 2

Banks

Bank of Ireland
PO Box 2386
Dublin 1

Registered Number: 557774

Bank of Ireland
College Green
Dublin 2

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2017.

Directors' responsibilities for financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Irish company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position as at the end of the financial year and of the profit or loss for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company and group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the group and company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records

The measures taken by the directors to secure compliance with the group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 51-54 Pearse Street, Dublin 2.

Principal activities and business review

Aqua Comms Designated Activity Company owns and operates a group of companies that house a number of subsea fibre optic telecommunication network with associated cable landing stations in Ireland, the United Kingdom and the United States.

The results for the year are set out in the statement of comprehensive income.

The directors remain confident in the long term profitability of the group.

The directors consider the financial position of the group as indicated on the consolidated statement of financial position on page 10, and the financial position of the company on page 11, to be satisfactory.

DIRECTORS' REPORT - continued

Future development

The company has joined a consortium with Facebook, Google and Optibulk to build a new submarine cable from New Jersey to Blabjerg, Denmark, branching into Ireland. The company is also looking to increase utilisation of its existing cables.

Principal risks and uncertainties

Market risk

The company operates primarily on the North Atlantic, one of the most competitive markets in the world. Over the past decade it has been characterised by oversupply and falling prices. Currently there are 14 transatlantic crossings. Additional systems, or spare capacity on 10G level caused by upgrades could depress pricing further. The group has sought to address this risk by ensuring operating costs are the lowest in the market, maximising return from sales.

Interest rate management

Under the group's interest rate management policy, interest rates on borrowings are denominated primarily in US Dollars and are at a fixed rate. In addition, fixing is undertaken for longer periods when interest rates are statistically low.

Financial risk management

In funding its operations the group uses a mixture of long term and short term loan facilities. The group's ability to sell large prepaid contracts reduces its dependency on external funding. The directors consider the group well-funded therefore mitigating financial risk.

Credit risk

The group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The majority of trade receivables are from Blue Chip customers. Exposure is limited as services are disconnected for non-payment billing monthly in advance.

Liquidity risk

The group actively maintains a mixture of long term and short term debt finance that is designed to ensure sufficient availability of funds for operations and planned expansions.

Commodity price risk

The group has minimal exposure to commodity price risk as a result of its operations. The cost of managing exposure to commodity price risk exceeds any potential benefit. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Interest rate risk

The group has exposure to interest rate risk as there are interest bearing liabilities which are not offset by interest bearing assets.

Dividends

The directors do not recommend the payment of a dividend.

Events after the reporting period

Details of events after the reporting date are set out in note 21 of the financial statements.

Research and development

The group has not engaged in qualifying research and development activities during the current year.

Ultimate parent company

Details of the parent company are set out in note 19 of the financial statements.

Accounting policies

The financial statements are prepared under the requirements of International Financial Reporting Standards (IFRS). The principal accounting policies are set out in note 2 to the accounts.

DIRECTORS' REPORT - continued

Directors and directors' shareholdings

The names of the persons who were directors at any time during the period ended 31 December 2017 are set out below. Unless indicated otherwise, they served as directors for the entire period under review.

Andrew Martzloff
Alan Clarke
Peter Yu
Paul Hong
Donal Murphy
Christopher Bake
Thorsten Johnsen

At 31 December 2017, the directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in paragraph 329 of the Companies Act 2014 except as set out below.

Christopher Bake, through other interests, has a 54% interest in the shares of the company.
Peter Yu, and Paul Hong through other interests, have a 28% interest in the shares of the company.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to revenue over the life of the IRU.

The group has cash on hand of US\$8.8 million at 31 December 2017 (2016: \$29.3m). In December 2017 an IRU sale was agreed with significant buyer for a long term right of usage on AEC. Following the sale the Directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' compliance statement

The directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the company's compliance with its "relevant obligations". "Relevant obligations", in the context of the company, are the company's obligations under:

- (a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- (b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
- (c) tax law.

Pursuant to Section 225(2)(b) of the Act, the directors confirm that:

- (i) a compliance policy statement has been drawn up by the company in accordance with Section 225(3)(a) of the Act setting out the company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the company with its relevant obligations;
- (ii) appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the company's relevant obligations, have been put in place; and
- (iii) a review has been conducted, during the financial year, of the arrangements and structures referred to in paragraph (ii).

Audit committee

Aqua Comms Designated Activity Company is a privately owned company and the directors have deemed it necessary to have an Audit Committee. The Audit Committee includes three directors with the relevant qualification and experience coupled with the time to report back to the board on the financial statements.

Independent auditors

DIRECTORS' REPORT - continued

The auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

Two handwritten signatures in black ink. The first signature is a cursive 'M. Syrett' and the second is a more stylized signature, possibly 'V. Jones'.

26 July 2018



Independent auditors' report to the members of Aqua Comms Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Aqua Comms Designated Activity Company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2017 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2017;
 - the Consolidated Statement of Comprehensive Income for the year then ended;
 - the Consolidated Statement of Cash Flows and Company Statement of Cash Flows for the year then ended;
 - the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's or the company's ability to continue as a going concern.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities for Financial Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1c66-458b-9b8f-a98202de9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
 - In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
 - The Company Statement of Financial Position is in agreement with the accounting records.
-

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in cursive script, appearing to read 'Damian Byrne'.

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
26 July 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2017

	Notes	2017 \$'000	2016 \$'000
Continuing operations			
Revenue	3	15,504	11,823
Cost of sales		<u>(7,443)</u>	<u>(9,327)</u>
Gross profit		8,061	2,496
Other income	6	1,052	-
Administrative expenses		<u>(16,226)</u>	<u>(20,205)</u>
Operating loss	7	(7,113)	(17,709)
Finance costs	9	<u>(26,009)</u>	<u>(15,124)</u>
Loss on ordinary activities before taxation		(33,122)	(32,833)
Taxation expense	10	<u>(54)</u>	<u>(2)</u>
Loss for the period		<u>(33,176)</u>	<u>(32,835)</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	<u>232,226</u>	<u>241,687</u>
Current assets			
Cash and cash equivalents	18b	8,787	29,266
Trade and other receivables	13	<u>81,217</u>	<u>27,950</u>
Total current assets		<u>90,004</u>	<u>57,216</u>
Total assets		<u>322,230</u>	<u>298,903</u>
Liabilities			
Non-current liabilities			
Trade and other payables	14	149,718	116,639
Borrowings	15	<u>89,934</u>	<u>87,005</u>
Derivative financial instruments	16	<u>24,000</u>	<u>24,000</u>
		<u>263,652</u>	<u>227,644</u>
Current liabilities			
Trade and other payables	14	25,352	11,353
Borrowings	15	<u>40,494</u>	<u>33,812</u>
		<u>65,846</u>	<u>45,165</u>
Total liabilities		<u>329,498</u>	<u>272,809</u>
Equity			
Equity share capital	17	549	549
Share premium		53,095	53,095
Retained earnings		(71,328)	(38,152)
Other reserves		3,208	3,394
Merger reserve		<u>7,208</u>	<u>7,208</u>
Total equity		<u>(7,268)</u>	<u>26,094</u>
Total liabilities and equity		<u>322,230</u>	<u>298,903</u>

The accompanying notes form an integral part of the financial statements.

On behalf of the board





26 July 2018

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	823	823
Current assets			
Cash and cash equivalents		-	-
Amounts owed by subsidiary undertakings	13	152,111	127,822
Total current assets		152,111	127,822
Total assets		152,934	128,645
Liabilities			
Non-current liabilities			
Borrowings	15	89,934	55,924
Derivative financial instruments	16	24,000	24,000
		113,934	79,924
Current liabilities			
Trade and other payables	14	222	1
		222	1
Total liabilities		114,156	79,925
Equity			
Equity share capital	17	549	549
Share premium		53,095	53,095
Retained earnings		(14,866)	(4,924)
Total equity		38,778	48,720
Total liabilities and equity		152,934	128,645



On behalf of the board



26 July 2018

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2017

	Notes	2017 \$'000	2016 \$'000
Cashflow from operating activities			
Cash generated in operations	18(a)	(14,941)	92,372
Tax paid		(54)	(2)
Net cash (used in)/generated from in operating activities		<u>(14,995)</u>	<u>92,370</u>
Cashflow from investing activities			
Purchase of property, plant and equipment		(1,324)	(103,416)
Net cash used in investing activities		<u>(1,324)</u>	<u>(103,416)</u>
Cashflow from financing activities			
Proceeds from preference shares		-	75,000
Repayment of borrowings		(27,160)	(70,000)
Proceeds from shareholder loan		23,000	-
Net cash (used in)/generated from financing activities		<u>(4,160)</u>	<u>5,000</u>
Net movement in cash and cash equivalents		<u>(20,479)</u>	<u>(6,046)</u>
Cash and cash equivalents at beginning of year	18(b)	<u>29,266</u>	<u>35,312</u>
Cash and cash equivalents at end of year	18(b)	<u>8,787</u>	<u>29,266</u>

The accompanying notes form an integral part of the financial statements.



 26 July 2018

COMPANY STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Cashflow from operating activities			
Cash generated in operations	18(a)	(23,000)	(75,000)
Tax paid		-	-
Net cash generated in operating activities		<u>(23,000)</u>	<u>(75,000)</u>
Cashflow from investing activities			
Net cash used in investing activities		-	-
Cashflow from financing activities			
Proceeds from preference shares		-	75,000
Proceeds from shareholder loan		23,000	-
Net cash generated from financing activities		<u>23,000</u>	<u>75,000</u>
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2017

	Equity share capital	Merger reserve	Share premium	Other reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	549	7,208	53,095	2,522	(5,317)	58,057
Cumulative translation reserve	-	-	-	(191)	-	(191)
Foreign exchange resulting for change in functional currency	-	-	-	1,063	-	1,063
Total transactions recognised directly in equity	-	-	-	872	-	872
Loss for the period	-	-	-	-	(32,835)	(32,835)
Balance at 31 December 2016	549	7,208	53,095	3,394	(38,152)	26,094
Balance at 1 January 2017	549	7,208	53,095	3,394	(38,152)	26,094
Cumulative translation reserve	-	-	-	(186)	-	(186)
Total transactions recognised directly in equity	-	-	-	(186)	-	(186)
Loss for the period	-	-	-	-	(33,176)	(33,176)
Balance at 31 December 2017	549	7,208	53,095	3,208	(71,328)	(7,268)

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2017

	Equity share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total equity \$'00
Balance at 1 January 2016	549	53,095	-	53,644
Loss for the year	-	-	(4,924)	(4,924)
Balance at 31 December 2016	549	53,095	(4,924)	48,720
Balance at 1 January 2017	549	53,095	(4,924)	48,720
Loss for the year	-	-	(9,942)	(9,942)
Balance at 31 December 2017	549	53,095	(14,866)	38,778

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The company is a limited liability company incorporated and domiciled in Ireland. The address of its registered office during the year was 26 Fitzwilliam Street Upper, Dublin 2. The registered address changed to 51-54 Pearse St, Dublin 1 on 1 February 2018.

2 Summary of significant accounting policies

These financial statements have been prepared on a basis consistent with the accounting policies set out below.

Statement of compliance

The requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union are used for the purpose of preparing the financial statements for the period ended 31 December 2017.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The Directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The Directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to revenue over the life of the IRU.

The group has cash on hand of US\$8.8 million at 31 December 2017 (2016: \$29.2m). In December 2017 an IRU sale was agreed with a large customer for a long term right of usage on AEC. Following the sale the Directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

(b) Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of the company, Aqua Comms Designated Activity Company, and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of the company.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

(ii) *Acquisitions*

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

The current holding company was incorporated on 18 February 2015. On 18 March 2015 it acquired 100% of the issued share capital of Sea Fibre Networks Limited and America Europe Connect Limited from its parent company in a share for share exchange. This group reconstruction had been accounted for using predecessor accounting principles since the new shareholders of the Company at that date were the same as the former shareholders and the rights of each shareholder, relative to the others, were unchanged. No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. Predecessor accounting leads to differences on consolidation as there is a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences were included in equity as a merger reserve.

(iii) *Disposals*

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposals are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

(c) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(e) Taxation

The group is managed and controlled in the Republic of Ireland and, consequently the company is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

(i) Subsequent expenditure

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the Statement of Comprehensive Income as an expense is incurred.

(ii) Depreciation

Depreciation is provided on property, plant and equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset class	31 December 2017 Estimated economic life (years)
Information technology	3
Plant and machinery	8
Cable	20

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(g) Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. The estimated amount of interest incurred directly attributable to constructing qualifying assets that take a substantial period of time to get ready for their intended use is capitalised based on the weighted average interest rate on outstanding borrowings.

Included within the assets in the course of construction are direct and indirect labour costs, materials and directly attributable overheads.

(h) Investments

Investments in subsidiaries included in the company balance sheet are shown at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the subsidiary's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the subsidiary's fair value less costs to sell and value in use. Investments that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

(i) Impairment

Assets that are subject to amortisation and depreciation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of the provision required are recognised in the Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the Statement of Comprehensive Income.

(k) Employee benefits

The group facilitates access to a group pension scheme and makes contributions on behalf of employees up to pre-specified amounts on an employee matching basis, at pre-approved levels of basic salary.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(k) Employee benefits - continued

Long term incentive arrangements

Where the group has committed to long term incentive arrangements, resulting long term employment benefits are accounted for in a similar manner to post-employment benefits. The group accounts for obligations relating to long term incentive bonus plans for executive directors, key management and other employees at the present value of the incentive bonus plan obligation at the reporting date. The service cost relating to such plans is allocated over each of the years which service under the plan is rendered by the individual to meet the conditions under each of the individual vesting periods.

For the cash settled share based scheme that is currently in place, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Redeemable preference shares are classified as liabilities.

(m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group accounts for Indefeasible right of use ("IRU") contracts in the following manner:

- (i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.
- (ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition (net of issue costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months at the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as issue costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(p) Capitalisation of Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Government grants

Grants including research and development tax credits from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions attaching to them.

Government grants including research and development tax credits are deducted in arriving at the carrying amount of the related asset. The grants and tax credits are then effectively amortised from the point at which the related asset is ready for use on a straight line basis over its useful life.

(r) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

(s) Compound financial instruments

Compound financial instruments issued by the group comprise preference shares that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

3 Segmental information

In line with the requirements of IFRS 8 "Operating Segments", the group has identified its chief operating decision maker (CODM) as the Board of the Company. The Board reviews the group's internal reporting in order to assess the performance of the group and allocate resources. The Board considers the business from a product perspective and reviews working capital and overall statement of financial position performance on a group-wide basis. Consequently, the Board determined there to be only one segment.

The Board assesses the performance of the segment based primarily on measures of revenues, adjusted EBITDA and profit before tax.

The group's turnover is attributable to its principal activity. The directors have not provided an analysis of turnover by geographical territory as they believe that this would be prejudicial to the interests of the group.

The whole of the turnover and profit before taxation for continuing activities relate to the same principal activity.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimates

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Property, plant and equipment

Property, plant and equipment represents a substantial portion of the group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the financial statements for further details.

(i) Estimation of useful life - Cable

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the income statement. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of cable infrastructure is assumed not to exceed the duration of related IRUs unless there is a reasonable expectation of renewal or an alternative future use for the asset.

(ii) Capitalisation of costs

Capitalisation is made within property, plant and equipment according to the nature of the expenditure. Only those directly attributable labour costs (employee benefits) that relate to the time spent by employees on constructing or acquiring the specific asset are capitalised. The directors regularly review these costs capitalised to ensure appropriately capitalised.

5 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market rate risk, credit risk and liquidity risk. Responsibility for managing these risks rests with the directors of Aqua Comms Designated Activity Company, its parent company. It is, and has been throughout the period under review, the group's policy not to trade in financial instruments.

The group conducts its business primarily in Ireland and Europe, however most of the material contracts and funds/borrowing is United States Dollars, therefore, operating and investing cash flows are substantially denominated in USD. A limited level of foreign exchange risk arises in relation to foreign currency denominated loan exchange settlements with international counter parties.

Credit risk

Credit risks are mainly related to counterparty risks associated with trade and other debtors, prepayments and amounts owed by related companies.

The group's trade debtors comprise of a small number of companies in various industries, mainly in Ireland, Europe and the United States. The utilisation of credit limits is regularly monitored. Sales to customers are settled primarily by electronic fund transfer or in cash.

The group is exposed to credit risk relating to its cash and cash equivalents. The group places its cash with highly rated financial institutions.

Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements. This objective is met by monitoring and controlling potential cash flows and maintaining an appropriate buffer of readily realisable assets and standby credit lines.

5 Financial risk management - continued

NOTES TO THE FINANCIAL STATEMENTS - continued

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year	Between one and two years	Between two and five years	After five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2016					
Borrowings (note 15)	33,812	30,144	937	55,924	120,817
Trade and other payables (note 14)	2,221	-	-	-	2,221
At 31 December 2016	<u>36,033</u>	<u>30,144</u>	<u>937</u>	<u>55,924</u>	<u>123,038</u>
2017					
Borrowings (note 15)	40,494	-	-	89,934	130,428
Trade and other payables (note 14)	13,648	-	-	-	13,648
At 31 December 2017	<u>54,142</u>	<u>-</u>	<u>-</u>	<u>89,934</u>	<u>144,076</u>

Market risk*Foreign exchange risk*

The company and group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

6 Other Income	2017 \$'000	2016 \$'000
Forgiveness and release of loans	1,052	-
Total other income	<u>1,052</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Expense by nature	2017 \$'000	2016 \$'000
Staff costs:		
Wages and salaries	1,993	2,318
Social welfare costs	259	205
Pension costs – defined contribution plans	106	116
Net staff costs included in operating costs	2,358	2,639
Other operating costs:		
Amounts paid and payable to telecommunications operators	3,958	4,163
Operating and maintenance costs	3,453	4,606
Rental and utilities expense	313	102
Consulting and contractors expense	2,437	2,003
Depreciation	10,840	7,487
Selling and marketing costs	143	282
Travel and subsistence costs	349	807
Foreign exchange (gains)/losses	(540)	(159)
Arrangement fees	-	6,760
Other expenses	358	842
Total operating costs	23,669	29,532
Analysed as:		
Cost of sales	7,443	9,327
Administrative expenses	16,226	20,205
Operating costs	23,669	29,532
Operating loss is stated after charging/(crediting):		
Depreciation	10,840	7,487
Auditors' remuneration	76	78
Auditors' remuneration – non audit services	21	20
Other gains - foreign exchange	(540)	(159)
8 Staff costs	2017 \$'000	2016 \$'000
(i) Employees		
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	1,993	2,318
Social security costs	259	205
Pension costs	106	116
	2,258	2,639
	2017 Number	2016 Number
The average monthly number of employees, during the year were as follows:		
Employees	10	6

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs - continued	2017	2016
	\$'000	\$'000
(ii) Directors		
Emoluments	94	490
Compensation for loss of office	-	378
Benefits under long term schemes	-	-
Contributions to retirement benefit schemes:		
- Defined contribution	-	51
	<u>94</u>	<u>919</u>

9 Finance costs	2017	2016
	\$'000	\$'000

Net interest payable comprises the following amounts:

Finance costs:		
Dividend on redeemable preference shares	9,722	4,924
Interest on shareholders loans	1,288	-
Interest payable on bank loans and other debt	14,999	10,200
	<u>26,009</u>	<u>15,124</u>

10 Income tax expense	2017	2016
	\$'000	\$'000

(a) Recognised in the income statement:**Current tax expense:**

Current tax for the period	54	2
Deferred tax liability	-	-
Current tax charge for the period	<u>54</u>	<u>2</u>

(b) Reconciliation of effective tax rate:

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows:

	2017	2016
	\$'000	\$'000
Loss on ordinary activities before tax	(33,122)	(32,835)
Tax calculated at Irish tax rates	(4,140)	(4,104)
<i>Effects of:</i>		
Tax losses carried forward	3,340	3,297
Expenses not deductible for taxation	800	807
Income tax deducted	54	2
Other permanent items	-	-
Current tax charge for the period	<u>54</u>	<u>2</u>

The group has accumulated tax losses available for offset against any future profits arising. The deferred tax asset arising on these losses is US\$13.6m (2016: US\$10.3m), however, this asset has not been recognised in these financial statements as the directors do not consider that sufficient taxable profits will arise in the next financial year such that these losses will be utilised.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Property, plant and equipment	Cable asset \$'000	Lighting equipment \$'000	Information technology \$'000	Total \$'000
Cost				
At 1 January 2016	147,188	-	16	147,204
Additions	94,640	8,736	40	103,416
Foreign exchange	(268)	-	-	(268)
Disposals	-	-	-	-
At 31 December 2016	<u>241,560</u>	<u>8,736</u>	<u>56</u>	<u>250,352</u>
At 1 January 2017	241,560	8,736	56	250,352
Additions	1,156	164	4	1,324
Foreign exchange	-	-	-	-
Disposals	-	-	-	-
At 31 December 2017	<u>242,716</u>	<u>8,900</u>	<u>60</u>	<u>251,676</u>
Accumulated depreciation				
At 1 January 2016	1,234	-	2	1,236
Charge for the period	6,562	916	9	7,487
Foreign exchange	(58)	-	-	(58)
Disposals	-	-	-	-
At 31 December 2016	<u>7,738</u>	<u>916</u>	<u>11</u>	<u>8,665</u>
At 1 January 2017	7,738	916	11	8,665
Charge for the period	9,758	1,016	11	10,784
Disposals	-	-	-	-
At 31 December 2017	<u>17,496</u>	<u>1,932</u>	<u>22</u>	<u>19,450</u>
Net book amount				
At 31 December 2016	<u>233,822</u>	<u>7,820</u>	<u>45</u>	<u>241,687</u>
At 31 December 2017	<u>225,220</u>	<u>6,968</u>	<u>38</u>	<u>232,226</u>

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Borrowing costs, which includes interest and fees, directly attributable to the construction of the asset, included in above amounted to \$8.6m (2016: \$9.8m).

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment in subsidiaries - company	Cost of investment \$'000	Total \$'000
At 1 January 2016	823	823
Additions during the year	-	-
At 31 December 2016	823	823
At 1 January 2017	823	823
Additions during the year	-	-
At 31 December 2017	823	823

The principal subsidiaries of the company at 31 December 2017 were as follows:

Name	Nature of business	Shares in Issue	% holding	Registered office
Aqua Comms Management Limited	Management company	1 ordinary share at €1.00	100%	51-54 Pearse Street, Dublin 2
Sea Fibre Networks Limited	Trading company	122,993 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect Limited	Trading company	100 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect Licences Limited	Licence company	100 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
Aqua Comms Connect Limited	Intermediate holding company	123,094 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect UK Limited	Management company	1 ordinary shares at £1.00	100%	Account 1684 601 International House, 223 Regent Street, London, England
America Europe Connect US Inc	Management company	100 issued shares at \$1.00	100%	3500 South Depont, Highware, Dover Delaware 19901 Kent, United States
AEC 2 Limited	Trading company	100 issued shares at \$1.00	100%	51-54 Pearse Street, Dublin 2

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Trade and other receivables	2017 \$'000	2016 \$'000
Group		
Amounts falling due within one year:		
Trade receivables	52,403	4,046
VAT refundable	-	159
RCT receivable	-	924
Prepayments and other receivables	28,814	22,821
	<u>81,217</u>	<u>27,950</u>

Company

Amounts falling due within one year:

Amounts owed by group companies	<u>152,111</u>	<u>127,822</u>
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The fair values of trade and other receivables approximate to their carrying amounts.

The amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

14 Trade and other payables	2017 \$'000	2016 \$'000
Group		
Amounts falling due within one year:		
Trade payables	2,718	1,370
Deferred Income	11,705	9,132
PAYE / PRSI	87	76
VAT Payable	9,866	78
Accruals and other liabilities	1,177	697
	<u>25,353</u>	<u>11,353</u>

Amounts falling due greater than one year:

Deferred Income	<u>149,718</u>	<u>116,639</u>
	<u>149,718</u>	<u>116,639</u>

Company

Amounts falling due over one year

Amounts owed to subsidiary undertakings	<u>221</u>	<u>-</u>
	<u>222</u>	<u>1</u>

The amounts payable to group undertakings are unsecured, interest free and repayable on demand.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings	2017 \$'000	2016 \$'000
Group		
Non-current liabilities		
Bank loans	-	30,144
Other loans	24,288	937
Redeemable preference shares	65,646	55,924
Borrowings		
Current liabilities		
Bank Loans	40,494	33,812
Total borrowings	<u>130,428</u>	<u>120,817</u>

Maturity of financial borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below:

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Total \$'000
Shareholder loans	-	-	-	24,288	24,288
Redeemable preference shares	-	-	65,646	-	65,646
Bank loans	40,494	-	-	-	40,494
At 31 December 2017	<u>40,494</u>	<u>-</u>	<u>65,646</u>	<u>24,288</u>	<u>130,428</u>
Redeemable preference shares	-	-	55,924	-	55,924
Bank loans	33,812	30,144	937	-	64,893
At 31 December 2016	<u>33,812</u>	<u>30,144</u>	<u>56,861</u>	<u>-</u>	<u>120,817</u>

2017 2016

The effective senior debt interest rates at the balance sheet date were as follows:

Effective senior debt interest	<u>25%</u>	<u>25%</u>
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Loans from group undertakings are detailed in note 18.

Nomura International PLC hold 3 charges over the group's assets as security over its borrowings and Edge Network Services Limited hold 3 charges over the group's assets as security over its revenue agreements with the group.

Borrowing costs, which includes interest and fees, directly attributable to the construction of the asset, amounted to \$nil (2016: \$2.8m) has been capitalised.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings - continued	2017	2016
	\$'000	\$'000
Company		
Non-current liabilities		
Redeemable preference shares	65,646	55,924
Other loans	24,288	-
Borrowings		
Current liabilities		
Bank loans	-	-
Total borrowings	89,934	55,924

Maturity of financial borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below:

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Total \$'000
Redeemable preference shares	-	-	55,924	-	55,924
At 31 December 2016	-	-	55,924	-	55,924
	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Total \$'000
Shareholder loan	-	-	-	24,288	24,288
Redeemable preference shares	-	-	65,646	-	65,646
At 31 December 2017	-	-	65,646	24,288	89,934

16 Derivatives	2017	2016
	\$'000	\$'000
Group and company		
Liabilities at fair value through income statement:		
Derivative financial instruments	24,000	24,000

The above derivative is the fair value of the conversion right attached to the Series A Preferred Shares.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Equity share capital	\$'000
Authorised	
1,000,100,000 ordinary shares of \$0.001 each	<u>1,000,100</u>
Issued and paid	
548,604,102 ordinary shares of \$0.001 each	<u>549</u>

The total authorised number of ordinary shares is 1,000,100,000 shares with a par value of \$0.001 per share. All issued shares are fully paid.

Warrants

The group's senior lenders Nomura International Plc and Black Forest Funding (Ireland) Dac "the warrant holders", hold the right to exercise an option to acquire 5.0% (2016: 5.2%) of the fully diluted ordinary share capital of the group's holding company Aqua Comms Designated Activity Company for a consideration of \$0.001 per warrant share. These warrants have met the definition of an equity instrument and the premium is credited directly to equity. At inception of the contract, the entity records the premium received in exchange for the obligation to deliver a fixed amount of its own shares for a fixed price.

Preference shares

The company has issued 374,730,197 Series A preference shares. The preference shares are classified as liabilities in the balance sheet. Each Series A Preferred share shall be convertible at the option of the holder at any time after the date of issue of such Series A Preferred Share into fully paid Ordinary Shares.

Each preference share shall accrete a cumulative preferential dividend, measured since the later of: (i) the date of issuance of such preferred share and (ii) the last declared and paid dividend on such preferred share, calculated daily and at the annual rate of 9%. The company shall, if the preferred dividend is declared by the board, pay the preferred dividend to the person registered as the holder. Each preferred dividend shall, if declared, be paid in the form of newly issued Series B preferred shares.

Each preferred dividend shall be deemed to accrete from day to day: (i) whether or not such preferred dividend has been declared by the Board; and (ii) after as well as before the commencement of a winding-up, and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital.

18 (a) Cash used in operations	2017	2016
	\$'000	\$'000
Loss before tax	(33,176)	(32,833)
Addback:		
- Depreciation	10,840	7,487
- Finance costs	13,768	15,124
- Foreign exchange	(185)	(3,456)
Changes in working capital:		
- Trade and other payables	47,079	123,365
- Trade and other receivables	(53,267)	(17,315)
Net cash generated by operations	<u>(14,941)</u>	<u>92,372</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 (a) Cash used in operations - continued	2017	2016
	\$	\$
Cash used in operations - Company		
Loss before tax	(9,942)	(4,924)
Addback:		
- Finance costs	11,010	4,924
Changes in working capital:		
- Trade and other payables	220	1
- Trade and other receivables	(24,288)	(75,001)
Net cash generated by operations	<u>(23,000)</u>	<u>(75,000)</u>
(b) Cash and cash equivalents - group		
Cash and cash equivalents	<u>8,787</u>	<u>29,265</u>

The book value of cash and cash equivalents approximates their fair value. The effective interest rate on short term deposit was nil.

19 Ultimate parent company

The group regards Aqua Ventures International FZE, a company incorporated in the United Arab Emirates, as its ultimate parent company.

20 Related party transactions

(a) Loan between related parties

Consultancy services were received from Vanir Capital for consulting fees for Thor Johnsen for \$174,189, including reimbursable expenses of \$11,330. This was on normal commercial terms and conditions.

Consultancy services were received from Cartesian for secondment fees for \$193,050, including reimbursable expenses of \$43,050. This was on normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Related party transactions - continued

(b) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2017 \$'000	2016 \$'000
Short term employee benefits	919	489
Compensation for loss of office	-	378
Post-employment pension benefits	20	51
	<u>939</u>	<u>918</u>

No amounts included within short-term employee benefits above has been capitalised.

(c) Management incentive plan

There is a long term incentive plan, cash settled, in place that commenced in April 2016 that is intended to promote the business objectives of the Aqua Comms Group in affecting, motivating and retaining senior management personnel.

The management incentive plan ("MIP") commenced in the year ended 31 December 2017 for certain directors and senior executives in the group, a plan that incentivises the participants to deliver maximum returns to shareholders.

The group has recognised a charge of \$Nil in its income statement for the year ended 31 December 2017 in respect of its obligations on the basis of an assessment carried out by the directors which determined that there is no incremental gain from the date the plan was introduced to 31 December 2017. The fair value of the liability for cash-settled transactions will be re-measured at each reporting date and at the date of settlement.

21 Events after the reporting period

There have been no subsequent events that impact on the 2017 financial statements up to the date of this report.

22 Standards, amendments and interpretations effective in 2018

This appendix details (a) new standards and amendments effective for the first time for periods beginning on or after 1 January 2017 and (b) forthcoming requirements - that is, new standards and amendments issued and not effective for periods starting on 1 January 2017 but will be effective for later periods.

New standards and amendments

There are a number of new standards and other changes to IFRS which became effective in 2017, however, they either did not have an effect on the Financial Statements or they are not currently relevant for the company.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2017 that have had a material impact on the company.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Standards, amendments and interpretations effective in 2018 - continued

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and have not been adopted early.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016. The company has not adopted these standards early in preparing these Financial Statements. Among those which may be applicable to the company are:

Revenue recognition

IFRS 15, 'Revenue from Contracts with Customers', replaces IAS 18, 'Revenue' and IAS 11, 'Construction Contracts and related interpretations'. IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It specifies how and when revenue should be recognised as well as requiring enhanced disclosures. Revenue is recognised when an identified performance obligation has been met and the customer can direct the use of and obtain substantially all the remaining benefits from a good or service as a result of obtaining control of that good or service. IFRS 15, which has been endorsed by the EU is effective for annual periods beginning on or after 1 January 2018, the company will apply IFRS 15 from its effective date. The adoption of IFRS 15 is not expected to have a material impact on the company.

Financial instruments

IFRS 9, 'Financial Instruments', is the standard which will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. It has been completed in a number of phases with the final version issued by the IASB in July 2014. The standard includes requirements for recognition, measurement, impairment and derecognition of financial instruments, and general hedge accounting. IFRS 9, which has been endorsed by the EU, is effective for annual periods beginning on or after 1 January 2019, the company will apply IFRS 9 from its effective date. The adoption of IFRS 9 is not expected to have a material impact on the company.

Leases

IFRS 16, 'Leases' issued in January 2016 by the IASB replaces IAS 17 'Leases and related interpretations'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions. For lessors, IFRS 16 substantially carried forward the accounting requirement in IAS 17. IFRS 16, which has been endorsed by the EU, is effective for annual periods beginning on or after 1 January 2019 and the company will apply IFRS 16 from its effective date. The company is currently assessing the impact of IFRS 16.

Other new standards, amendments and interpretations, which have been currently issued, are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the company.

23 Company only income statement

In accordance with section 304 of the 2014 Companies Act, the company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The company's loss for the financial year is US\$9,942,000 (2016: loss of US\$4,924,000).

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Commitments

Operating lease


The Group lease offices under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. Lease rental in respect of the office, amounting to US\$0.07m (2016: US\$0.07m) is included in the income statement.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 \$'000	2016 \$'000
Within 1 year	246	50
Within 2 to 5 years	985	-
	<u>1,231</u>	<u>50</u>

25 Approval of financial statements

The financial statements were approved by the directors on


26 July 2018

Aqua Comms Designated Activity Company
Annual Report and Consolidated Financial Statements
Financial Year Ended 31 December 2018

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DIRECTORS AND OTHER INFORMATION

Directors

Andrew Martzloff (retired 31 December 2018)
Alan Clarke
Christopher Bake (retired 31 December 2018)
Donal Murphy
Peter Yu
Paul Hong
Thorsten Johnsen

Solicitors

Byrne Wallace
88 Harcourt Street
Dublin 2

Phillip Lee
7/8 Wilton Terrace
Dublin 2

Secretary and Registered Office

Kevin Foley
51 - 54 Pearse Street
Dublin 2

Banks

Bank of Ireland
PO Box 2386
Dublin 1

Registered Number: 657774

Bank of Ireland
College Green
Dublin 2

City National Bank
400 Park Avenue 7th Floor
New York, NY 10022

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

Directors' responsibilities for financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Irish company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position as at the end of the financial year and of the profit or loss for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company and group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the group and company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records

The measures taken by the directors to secure compliance with the group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 51-54 Pearse Street, Dublin 2.

Principal activities and business review

Aqua Comms Designated Activity Company owns and operates a group of companies that house a subsea fibre optic telecommunications network with associated cable landing stations in Ireland, the United Kingdom and the United States.

The results for the year are set out in the statement of comprehensive income.

The directors remain confident in the long term profitability of the group.

The directors consider the financial position of the group as indicated on the consolidated statement of financial position on page 10, and the financial position of the company on page 11, to be satisfactory.

DIRECTORS' REPORT - continued

Future development

The company continued to work with its consortium partners Facebook, Google and Optibulk to complete a new submarine cable from the US to Denmark, branching to Ireland. The company also continues to exploit its existing cables.

Principal risks and uncertainties

Market risk

The company operates primarily on the North Atlantic, one of the most competitive markets in the world. Over the past decade it has been characterised by oversupply and falling prices. Currently there are 14 transatlantic crossings. Additional systems, or spare capacity on 10G level caused by upgrades could depress pricing further. The group has sought to address this risk by ensuring operating costs are the lowest in the market, maximising return from sales. It has also sought to develop a partnership sales model with complementary terrestrial networks, driving sales onto the Aqua Comms network.

Interest rate management

Under the group's interest rate management policy, interest rates on borrowings are denominated primarily in US Dollars and are at a fixed rate. In addition, fixing is undertaken for longer periods when interest rates are statistically low.

Financial risk management

In funding its operations the group uses a mixture of long term and short term loan facilities. The group's ability to sell large prepaid contracts reduces its dependency on external funding. The directors consider the group well-funded therefore mitigating financial risk.

Credit risk

The group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The majority of trade receivables are from Blue Chip customers. Exposure is limited as services are disconnected for non-payment billing monthly in advance.

Liquidity risk

The group actively maintains a mixture of long term and short term debt finance that is designed to ensure sufficient availability of funds for operations and planned expansions.

Commodity price risk

The group has minimal exposure to commodity price risk as a result of its operations. The cost of managing exposure to commodity price risk exceeds any potential benefit. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Interest rate risk

The group has exposure to interest rate risk as there are interest bearing liabilities which are not offset by interest bearing assets.

Dividends

The directors do not recommend the payment of a dividend.

Events after the reporting period

Details of events after the reporting date are set out in note 21 of the financial statements.

Research and development

The group has not engaged in qualifying research and development activities during the current year.

Ultimate parent company

Details of the parent company are set out in note 19 of the financial statements.

Accounting policies

The financial statements are prepared under the requirements of International Financial Reporting Standards (IFRS). The principal accounting policies are set out in note 2 to the financial statements.

DIRECTORS' REPORT - continued

Directors and directors' shareholdings

The names of the persons who were directors at any time during the period ended 31 December 2018 are set out below. Unless indicated otherwise, they served as directors for the entire period under review.

Andrew Martzloff (resigned 31 December 2018)
Alan Clarke
Peter Yu
Paul Hong
Donal Murphy
Christopher Bake (resigned 31 December 2018)
Thorsten Johnsen

At 31 December 2018, the directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in paragraph 329 of the Companies Act 2014 except as set out below.

Christopher Bake, through other interests, has a 52% interest in the shares of the company.

Peter Yu, through other interests, has a 29% interest in the shares of the company.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the loss recorded in the year and prior year and equity deficit position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to revenue over the life of the IRU.

The group has cash on hand of US\$4.5 million at 31 December 2018 (2017: \$8.8 million). During 2018, the group generated positive cashflow from operations. The Directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

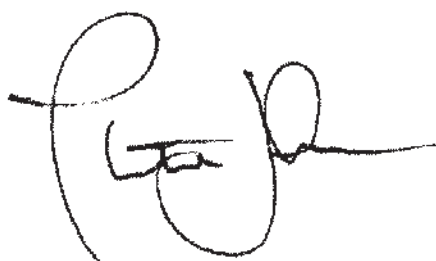
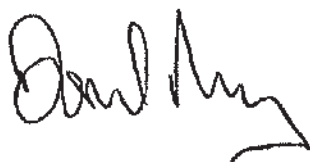
Audit committee

Aqua Comms Designated Activity Company is a privately owned company and the directors have deemed it necessary to have an Audit Committee. The Audit Committee includes three directors with the relevant qualification and experience coupled with the time to report back to the board on the financial statements and on other items of financial significance.

Independent auditors

The auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board





Independent auditors' report to the members of Aqua Comms Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Aqua Comms Designated Activity Company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2018 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated and Company Statement of Financial Position as at 31 December 2018;
 - the Consolidated Statement of Comprehensive Income for the year then ended;
 - the Consolidated and Company Statement of Cash Flows for the year then ended;
 - the Consolidated and Company Statement of Changes in Equity for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's or the company's ability to continue as a going concern.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities for Financial Statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
 - In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
 - The Company Statement of Financial Position is in agreement with the accounting records.
-

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, reading 'Damian Byrne'.

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
14 May 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2018

	Notes	2018 \$'000	2017 \$'000
Continuing operations			
Revenue	3	21,641	15,504
Cost of sales		<u>(8,289)</u>	<u>(7,443)</u>
Gross profit		13,352	8,061
Other income	6	2,647	1,052
Administrative expenses		<u>(17,297)</u>	<u>(16,226)</u>
Operating loss	7	(1,298)	(7,113)
Finance costs	9	<u>(18,218)</u>	<u>(26,009)</u>
Loss on ordinary activities before taxation		(19,516)	(33,122)
Taxation expense	10	<u>(9)</u>	<u>(54)</u>
Loss for the period		<u>(19,525)</u>	<u>(33,176)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	226,385	232,226
Current assets			
Cash and cash equivalents	18b	4,530	8,787
Trade and other receivables	13	27,087	81,217
Total current assets		31,617	90,004
Total assets		258,002	322,230
Liabilities			
Non-current liabilities			
Trade and other payables	14	140,894	149,718
Borrowings	15	105,204	89,934
Derivative financial instruments	16	24,000	24,000
		270,198	263,652
Current liabilities			
Trade and other payables	14	14,626	25,352
Borrowings	15	-	40,494
		14,626	65,846
Total liabilities		284,824	329,498
Equity			
Equity share capital	17	549	549
Share premium		53,095	53,095
Retained earnings		(87,673)	(68,120)
Merger reserve		7,208	7,208
Total equity		(26,822)	(7,268)
Total liabilities and equity		258,002	322,230

The accompanying notes form an integral part of the financial statements.

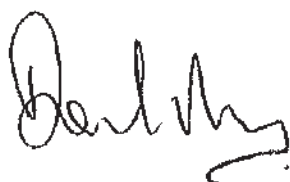
On behalf of the board




COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	<u>823</u>	<u>823</u>
Current assets			
Cash and cash equivalents		-	-
Amounts owed by subsidiary undertakings	13	<u>156,878</u>	<u>152,111</u>
Total current assets		<u>156,878</u>	<u>152,111</u>
Total assets		<u>157,701</u>	<u>152,934</u>
Liabilities			
Non-current liabilities			
Borrowings	15	105,204	89,934
Derivative financial instruments	16	<u>24,000</u>	<u>24,000</u>
		<u>129,204</u>	<u>113,934</u>
Current liabilities			
Trade and other payables	14	<u>971</u>	<u>222</u>
		<u>971</u>	<u>222</u>
Total liabilities		<u>130,176</u>	<u>114,156</u>
Equity			
Equity share capital	17	549	549
Share premium		53,095	53,095
Retained earnings		<u>(26,118)</u>	<u>(14,866)</u>
Total equity		<u>27,526</u>	<u>38,778</u>
Total liabilities and equity		<u>157,701</u>	<u>152,934</u>

On behalf of the board




CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2018

	Notes	2018 \$'000	2017 \$'000
Cashflow from operating activities			
Cash generated in operations	18(a)	44,211	(14,941)
Tax paid		(9)	(54)
Net cash (used in)/generated from in operating activities		<u>44,201</u>	<u>(14,995)</u>
Cashflow from investing activities			
Purchase of property, plant and equipment		(5,017)	(1,324)
Net cash used in investing activities		<u>(5,017)</u>	<u>(1,324)</u>
Cashflow from financing activities			
Repayment of borrowings		(43,441)	(27,160)
Proceeds from shareholder loan		-	23,000
Net cash (used in)/generated from financing activities		<u>(43,441)</u>	<u>(4,160)</u>
Net movement in cash and cash equivalents		<u>(4,257)</u>	<u>(20,479)</u>
Cash and cash equivalents at beginning of year	18(b)	<u>8,787</u>	<u>29,266</u>
Cash and cash equivalents at end of year	18(b)	<u>4,530</u>	<u>8,787</u>

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
Cashflow from operating activities			
Cash generated in operations	18(a)	-	(23,000)
Tax paid		-	-
Net cash generated in operating activities		<u>-</u>	<u>(23,000)</u>
Cashflow from investing activities			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cashflow from financing activities			
Proceeds from preference shares		-	-
Proceeds from shareholder loan		-	23,000
Net cash generated from financing activities		<u>-</u>	<u>23,000</u>
Net movement in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of period		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of period		<u>-</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2018

	Equity share capital \$'000	Merger reserve \$'000	Share premium \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2017	549	7,208	53,095	(34,758)	26,094
Cumulative translation reserve	-	-	-	(186)	(186)
Total transactions recognised directly in equity	-	-	-	(186)	(186)
Loss for the period	-	-	-	(33,176)	(33,176)
Balance at 31 December 2017	<u>549</u>	<u>7,208</u>	<u>53,095</u>	<u>(68,120)</u>	<u>(7,268)</u>
Balance at 1 January 2018	549	7,208	53,096	(68,120)	(7,268)
Cumulative translation reserve	-	-	-	(28)	(28)
Total transactions recognised directly in equity	-	-	-	(28)	(28)
Loss for the period	-	-	-	(19,525)	(19,525)
Balance at 31 December 2018	<u>549</u>	<u>7,208</u>	<u>53,095</u>	<u>(87,673)</u>	<u>(26,822)</u>

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2018

	Equity share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total equity \$'00
Balance at 1 January 2017	549	53,095	(4,924)	48,720
Loss for the year	-	-	(9,942)	(9,942)
Balance at 31 December 2017	549	53,095	(14,866)	38,778
Balance at 1 January 2018	549	53,095	(14,866)	38,778
Loss for the year	-	-	(11,252)	(11,252)
Balance at 31 December 2018	549	53,095	(26,118)	(27,526)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The company is a Designated Activity Company incorporated and domiciled in Ireland. The registered address is 51-54 Pearse St, Dublin 1.

2 Summary of significant accounting policies

These financial statements have been prepared on a basis consistent with the accounting policies set out below.

Statement of compliance

The requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union are used for the purpose of preparing the financial statements for the period ended 31 December 2018.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention except for derivatives and uncertain financial instrument measurement at fair value. A summary of the more important accounting policies is set out below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The Directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the equity deficit position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The Directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to revenue over the life of the iRU.

The group has cash on hand of US\$4.5 million at 31 December 2018 (2017: US\$8.8 million). The Group is now in a cash generative position. The Directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

(b) Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of the company, Aqua Comms Designated Activity Company, and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of the company.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

(ii) Acquisitions

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

The current holding company was incorporated on 18 February 2015. On 18 March 2015 it acquired 100% of the issued share capital of Sea Fibre Networks Limited and America Europe Connect Limited from its parent company in a share for share exchange. This group reconstruction had been accounted for using predecessor accounting principles since the new shareholders of the Company at that date were the same as the former shareholders and the rights of each shareholder, relative to the others, were unchanged. No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. Predecessor accounting leads to differences on consolidation as there is a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences were included in equity as a merger reserve.

(iii) Disposals

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposals are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(e) Taxation

The group is managed and controlled in the Republic of Ireland and, consequently the company is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

(i) Subsequent expenditure

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the Statement of Comprehensive Income as an expense is incurred.

(ii) Depreciation

Depreciation is provided on property, plant and equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset class	31 December 2018 Estimated economic life (years)
Information technology	3
Plant and machinery	8
Cable	25

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(g) Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. The estimated amount of interest incurred directly attributable to constructing qualifying assets that take a substantial period of time to get ready for their intended use is capitalised based on the weighted average interest rate on outstanding borrowings.

Included within the assets in the course of construction are direct and indirect labour costs, materials and directly attributable overheads.

(h) Investments

Investments in subsidiaries included in the company balance sheet are shown at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the subsidiary's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the subsidiary's fair value less costs to sell and value in use. Investments that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

(i) Impairment

Assets that are subject to amortisation and depreciation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of the provision required are recognised in the Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the Statement of Comprehensive Income.

(k) Employee benefits

The group facilitates access to a group pension scheme and makes contributions on behalf of employees up to pre-specified amounts on an employee matching basis, at pre-approved levels of basic salary.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(k) Employee benefits - continued

Long term incentive arrangements

Where the group has committed to long term incentive arrangements, resulting long term employment benefits are accounted for in a similar manner to post-employment benefits. The group accounts for obligations relating to long term incentive bonus plans for key management and other employees at the present value of the incentive bonus plan obligation at the reporting date. The service cost relating to such plans is allocated over each of the years which service under the plan is rendered by the individual to meet the conditions under each of the individual vesting periods.

For the cash settled share based scheme that is currently in place, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Redeemable preference shares are classified as liabilities.

(m) Revenue recognition

The Company generates revenues primarily from telecommunications services, which includes both revenue from contracts with customers and lease revenues. Lease revenue services include dark fiber. All other services are considered revenue from contracts with customers.

Revenue is recognised when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Lease revenue represents an arrangement where the customer has the right to use an identified asset for a specified term and such revenue is recognised over the term the customer is given exclusive access to the asset.

The Company may accept a lower consideration than the amount promised per the contract for certain revenue transactions and certain customers may receive cash-based incentives or credits, which are accounted for as variable consideration when estimating the amount of revenue to recognise. The Company believes that there will not be significant changes to estimates of variable consideration.

The majority of our contracts with customers have a single performance obligation - telecommunication services. Fees charged for ongoing services are generally fixed in price and billed on a recurring monthly basis (one month in advance) for a specified term. Fees may also be based on specific usage of the related services, or usage above a fixed threshold, which are billed monthly in arrears.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition (net of issue costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months at the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as issue costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(o) Borrowings - continued

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(p) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Government grants

Grants including research and development tax credits from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions attaching to them.

Government grants including research and development tax credits are deducted in arriving at the carrying amount of the related asset. The grants and tax credits are then effectively amortised from the point at which the related asset is ready for use on a straight line basis over its useful life.

(r) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

(s) Compound financial instruments

Compound financial instruments issued by the group comprise preference shares that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

3 Segmental information

In line with the requirements of IFRS 8 "Operating Segments", the group has identified its chief operating decision maker (CODM) as the Board of the Company. The Board reviews the group's internal reporting in order to assess the performance of the group and allocate resources. The Board considers the business from a product perspective and reviews working capital and overall statement of financial position performance on a group-wide basis. Consequently, the Board determined there to be only one segment.

The Board assesses the performance of the segment based primarily on measures of revenues, adjusted EBITDA and profit before tax.

The group's turnover is attributable to its principal activity. The directors have not provided an analysis of turnover by geographical territory as they believe that this would be prejudicial to the interests of the group.

The whole of the turnover and profit before taxation for continuing activities relate to the same principal activity.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimates

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Property, plant and equipment

Property, plant and equipment represents a substantial portion of the group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the financial statements for further details.

(i) Estimation of useful life - Cable

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the income statement. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of cable infrastructure is assumed not to exceed the duration of related IRUs unless there is a reasonable expectation of renewal or an alternative future use for the asset.

5 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market rate risk, credit risk and liquidity risk. Responsibility for managing these risks rests with the directors of Aqua Comms Designated Activity Company, the parent company. It is, and has been throughout the period under review, the group's policy not to trade in financial instruments.

The group conducts its business primarily in the United States and Europe, however most of the material contracts and funds/borrowing is United States Dollars, therefore, operating and investing cash flows are substantially denominated in USD. A limited level of foreign exchange risk arises in relation to foreign currency denominated settlements with international counter parties.

Credit risk

Credit risks are mainly related to counterparty risks associated with trade and other debtors, prepayments and amounts owed by related companies.

The group's trade debtors comprise of a small number of companies in various industries, mainly in Ireland, Europe and the United States. The utilisation of credit limits is regularly monitored. Sales to customers are settled primarily by electronic fund transfer or in cash.

The group is exposed to credit risk relating to its cash and cash equivalents. The group places its cash with highly rated financial institutions.

Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements. This objective is met by monitoring and controlling potential cash flows and maintaining an appropriate buffer of readily realisable assets and standby credit lines.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Financial risk management - continued

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year	Between one and two years	Between two and five years	After five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Borrowings (note 15)	40,494	-	-	89,934	130,428
Trade and other payables (note 14)	25,353	-	-	149,718	175,071
At 31 December 2017	<u>65,846</u>	<u>-</u>	<u>-</u>	<u>239,652</u>	<u>305,499</u>
2018					
Borrowings (note 15)	-	-	28,140	77,064	105,204
Trade and other payables (note 14)	14,626	-	-	140,994	155,620
At 31 December 2018	<u>14,626</u>	<u>-</u>	<u>28,140</u>	<u>218,058</u>	<u>260,824</u>

Market risk*Foreign exchange risk*

The company and group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

6 Other Income	2018	2017
	\$'000	\$'000
Other miscellaneous income	1,922	-
Refund of sales taxes previously expensed	725	-
Forgiveness and release of loans	-	1,052
Total other income	<u>2,647</u>	<u>1,052</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Expense by nature	2018	2017
	\$'000	\$'000
Staff costs:		
Wages and salaries	2,859	1,993
Social welfare costs	331	259
Pension costs - defined contribution plans	86	106
Net staff costs included in operating costs	3,276	2,358
Other operating costs:		
Amounts paid and payable to telecommunications operators	5,522	3,958
Operating and maintenance costs	2,696	3,453
Rental and utilities expense	291	313
Consulting and contractors expense	1,591	2,437
Depreciation	10,858	10,840
Selling and marketing costs	208	143
Travel and subsistence costs	354	349
Foreign exchange (gains)/losses	595	(540)
Other expenses	195	358
Total operating costs	25,586	23,669
Analysed as:		
Cost of sales	8,289	7,443
Administrative expenses	17,297	16,226
Operating costs	25,586	23,669
Operating loss is stated after charging/(crediting):		
Depreciation	10,973	10,840
Auditors' remuneration	54	76
Auditors' remuneration – non audit services	26	21
Other (gains)/losses - foreign exchange	595	(540)
8 Staff costs	2018	2017
	\$'000	\$'000
(i) Employees		
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	2,859	1,993
Social security costs	331	259
Pension costs	86	106
	3,276	2,358
	2018	2017
	Number	Number
The average monthly number of employees, during the year were as follows:		
Employees	14	10

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs - continued	2018	2017
	\$'000	\$'000
(ii) Directors		
Emoluments	99	94
Benefits under long term schemes		-
Contributions to retirement benefit schemes:		
- Defined contribution	-	-
	<u>99</u>	<u>94</u>

9 Finance costs	2018	2017
	\$'000	\$'000

Net interest payable comprises the following amounts:

Finance costs:		
Dividend on redeemable preference shares	11,418	9,722
Interest on shareholders loans	3,852	1,288
Interest payable on bank loans and other debt	2,948	14,999
	<u>18,218</u>	<u>26,009</u>

10 Income tax expense	2018	2017
	\$'000	\$'000

(a) Recognised in the income statement:

Current tax expense:		
Current tax for the period	9	54
Deferred tax liability	-	-
Current tax charge for the period	<u>9</u>	<u>54</u>

(b) Reconciliation of effective tax rate:

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows:

	2018	2017
	\$'000	\$'000
Loss on ordinary activities before tax	(19,516)	(33,122)
Tax calculated at Irish tax rates	(2,440)	(4,140)
Effects of:		
Tax losses carried forward	1,640	3,340
Expenses not deductible for taxation	800	800
Income tax deducted	9	54
Other permanent items	-	-
Current tax charge for the period	<u>9</u>	<u>54</u>

The group has accumulated tax losses available for offset against any future profits arising. The deferred tax asset arising on these losses is US\$15.2m (2017: US\$13.6m), however, this asset has not been recognised in these financial statements as the directors do not consider that sufficient taxable profits will arise in the next financial year such that these losses will be utilised.

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NOTES TO THE FINANCIAL STATEMENTS - continued

11 Property, plant and equipment - continued

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Borrowing costs, which includes interest and fees, directly attributable to the construction of the asset, included above amounted to \$8.6m (2017: \$8.6m).

12 Investment in subsidiaries - company	Cost of investment \$'000	Total \$'000
At 1 January 2017	823	823
Additions during the year	-	-
At 31 December 2017	<u>823</u>	<u>823</u>
At 1 January 2018	823	823
Additions during the year	-	-
At 31 December 2018	<u>823</u>	<u>823</u>

The principal subsidiaries of the company at 31 December 2018 were as follows:

Name	Nature of business	Shares in issue	% holding	Registered office
Aqua Comms Management Limited	Management company	100 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
Sea Fibre Networks Limited	Trading company	122,993 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect Limited	Trading company	100 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
America Europe Connect Licences Limited	Licence company	100 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
Aqua Comms Connect Limited	Intermediate holding company	123,094 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
America Europe Connect UK Limited	Management company	1 ordinary shares at £1.00	100%	40 Bloomsbury Way, Lower Ground Floor, London, WC1A 2SE England
America Europe Connect US Inc	Management company	100 issued shares at \$1.00	100%	3500 South Deport, Highware, Dover Delaware 19901 Kent, United States

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment in subsidiaries - company - continued

Name	Nature of business	Shares in issue	% holding	Registered office
America Europe Connect 2 Limited	Trading company	100 issued shares at \$1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect 2 Denmark ApS	Trading company	50,000 shares of 1DKK		c/o Bech-Bruun Langeline Alle 35 Copenhagen
America Europe Connect 2 USA, Inc.	Trading company	10,000 issued shares of \$0.01 each		251 Little Falls Drive Wilmington, Delaware, 19808, USA

Guarantees

There is a guarantee for liabilities of Aqua Comms Designated Activity Company as permitted by section 357 of the Companies Act 2014 on the basis that it has satisfied those conditions as laid out in section 357(a) to 357(h).

The subsidiary undertakings included in these consolidated financial statements has availed of the exemption from filing its individual financial statements with the Registrar of Companies as permitted by Section 357 of the Companies Act 2014 on the basis that it has satisfied the conditions as laid out in section 357(a) to 357(h).

13 Trade and other receivables	2018	2017
	\$'000	\$'000

Group

Amounts falling due within one year:

Trade receivables	2,009	52,403
Prepayments and other receivables	25,078	28,814
	<u>27,087</u>	<u>81,217</u>

Company

Amounts falling due within one year:

Amounts owed by group companies	<u>156,878</u>	<u>152,111</u>
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The fair values of trade and other receivables approximate to their carrying amounts.

The amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Trade and other payables	2018 \$'000	2017 \$'000
Group		
Amounts falling due within one year:		
Trade payables	1,661	2,718
Deferred Income	10,360	11,705
PAYE/PRSI	58	87
VAT Payable	28	9,666
Accruals and other liabilities	2,519	1,177
	<u>14,626</u>	<u>25,353</u>
Amounts falling due greater than one year:		
Deferred Income	140,994	149,718
	<u>140,994</u>	<u>149,718</u>
	2018 \$'000	2017 \$'000
Company		
Amounts falling due over one year	-	1
Amounts owed to subsidiary undertakings	971	221
	<u>971</u>	<u>222</u>

The amounts payable to group undertakings are unsecured, interest free and repayable on demand.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

15 Borrowings	2018 \$'000	2017 \$'000
Group		
Non-current liabilities		
Bank loans	-	-
Other loans	28,140	24,288
Redeemable preference shares	77,064	65,646
Borrowings		
Current liabilities		
Bank Loans	-	40,494
Total borrowings	<u>105,204</u>	<u>130,428</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings – continued

Maturity of financial borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below:

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Total \$'000
Shareholder loans	-	-	-	28,140	28,140
Redeemable preference shares	-	-	-	77,064	77,064
Bank loans	-	-	-	-	-
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,204</u>	<u>105,204</u>
Shareholder loans	-	-	-	24,288	24,288
Redeemable preference shares	-	-	-	65,646	65,646
Bank loans	40,494	-	-	-	40,494
At 31 December 2017	<u>40,494</u>	<u>-</u>	<u>-</u>	<u>89,934</u>	<u>130,428</u>
				2018	2017

The effective senior debt interest rates at the balance sheet date were as follows:

Effective senior debt interest	<u>15%</u>	<u>25%</u>
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Loans from group undertakings are detailed in note 18.

Edge Network Services Limited hold 3 charges over the group's assets as security over its revenue agreements with the group.

	2018 \$'000	2017 \$'000
Company		
Non-current liabilities		
Redeemable preference shares	77,064	65,646
Other loans	28,140	24,288
Borrowings		
Current liabilities		
Bank loans	-	-
Total borrowings	<u>105,204</u>	<u>89,934</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings – continued

Maturity of financial borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below:

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Total \$'000
Bank loans	40,494	-	-	-	40,494
Shareholder loan	-	-	-	24,288	24,288
Redeemable preference shares	-	-	-	65,646	65,646
At 31 December 2017	<u>40,494</u>	<u>-</u>	<u>-</u>	<u>89,934</u>	<u>130,428</u>

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Total \$'000
Shareholder loan	-	-	-	28,140	28,140
Redeemable preference shares	-	-	-	77,064	77,064
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,204</u>	<u>105,204</u>

16 Derivatives

2018	2017
\$'000	\$'000

Group and company

Liabilities at fair value through income statement:

Derivative financial instruments	<u>24,000</u>	<u>24,000</u>
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The above derivative is the fair value of the conversion right attached to the Series A Preferred Shares.

Based on a discounted cash flow valuation as at the balance sheet date the directors determined that the current valuation was appropriate.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Equity share capital	\$'000
Authorised	
1,000,100,000 ordinary shares of \$0.001 each	<u>1,000,100</u>
Issued and paid	
548,604,102 ordinary shares of \$0.001 each	<u>549</u>

The total authorised number of ordinary shares is 1,000,100,000 shares with a par value of \$0.001 per share. All issued shares are fully paid.

Warrants

Nomura International Plc and Black Forest Funding (Ireland) DAC "the warrant holders", hold the right to exercise an option to acquire 4.8% (2017: 5.0%) of the fully diluted ordinary share capital of the group's holding company Aqua Comms Designated Activity Company for a consideration of \$0.001 per warrant share. These warrants have met the definition of an equity instrument and the premium is credited directly to equity. At inception of the contract, the entity records the premium received in exchange for the obligation to deliver a fixed amount of its own shares for a fixed price.

Preference shares

The company has issued 374,730,197 Series A preference shares. The preference shares are classified as liabilities in the balance sheet. Each Series A Preferred share shall be convertible at the option of the holder at any time after the date of issue of such Series A Preferred Share into fully paid Ordinary Shares.

Each preference share shall accrete a cumulative preferential dividend, measured since the later of: (i) the date of issuance of such preferred share and (ii) the last declared and paid dividend on such preferred share, calculated daily and at the annual rate of 9%. The company shall, if the preferred dividend is declared by the board, pay the preferred dividend to the person registered as the holder. Each preferred dividend shall, if declared, be paid in the form of newly issued Series B preferred shares.

Each preferred dividend shall be deemed to accrete from day to day: (i) whether or not such preferred dividend has been declared by the Board; and (ii) after as well as before the commencement of a winding-up, and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 (a) Cash used in operations	2018	2017
	\$'000	\$'000
Loss before tax	(19,516)	(33,176)
Addback:		
- Depreciation	10,858	10,840
- Finance costs	18,219	13,768
- Foreign exchange	(29)	(185)
Changes in working capital:		
- Trade and other payables	(19,451)	47,079
- Trade and other receivables	54,131	(53,267)
Net cash generated by operations	<u>44,211</u>	<u>(14,941)</u>
 Cash used in operations - Company		
Loss before tax	(11,701)	(9,942)
Addback:		
- Finance costs	15,271	11,010
Changes in working capital:		
- Trade and other payables	749	220
- Trade and other receivables	(4,319)	(24,288)
Net cash generated by operations	<u>-</u>	<u>(23,000)</u>
 (b) Cash and cash equivalents - group		
Cash and cash equivalents	<u>4,530</u>	<u>8,787</u>

The book value of cash and cash equivalents approximates their fair value. The effective interest rate on short term deposit was nil.

19 Ultimate parent company

The group regards Aqua Ventures International FZE, a company incorporated in the United Arab Emirates, as its ultimate parent company.

20 Related party transactions**(a) Loan between related parties**

Aqua Comms Management Limited, a subsidiary of Aqua Comms Designated Activity Company, is owed \$971,401 at the balance sheet date.

America Europe Connect 2 Ltd owed \$207,085 at the balance sheet date.

America Europe Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$28,399,257 at the balance sheet date.

Aqua Comms Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$128,271,296 at the balance sheet date.

Consultancy services were received from Thor Johnsen, a related party through Vanis Capital and AVI for \$176,000. These were on normal commercial terms and conditions.

Consultancy services were received from Cartesian Capital for \$164,345, including reimbursable expenses of \$14,345. This was on normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Related party transactions - continued

(b) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2018 \$'000	2017 \$'000
Short term employee benefits	996	919
Post-employment pension benefits	30	20
	<u>1,026</u>	<u>939</u>

No amounts included within short-term employee benefits above has been capitalised.

(c) Management incentive plan

There is a long term incentive plan, cash settled, in place that commenced in April 2016 that is intended to promote the business objectives of the Aqua Comms Group in affecting, motivating and retaining senior management personnel.

The group has recognised a charge of \$nil in its income statement for the year ended 31 December 2018 in respect of its obligations on the basis of an assessment carried out by the directors which determined that there is no incremental gain from the date the plan was introduced to 31 December 2018. The fair value of the liability for cash-settled transactions will be re-measured at each reporting date and at the date of settlement.

21 Events after the reporting period

There have been no subsequent events that impact on the 2018 financial statements up to the date of this report.

22 Standards, amendments and interpretations effective in 2018

This appendix details (a) new standards and amendments effective for the first time for periods beginning on or after 1 January 2018 and (b) forthcoming requirements - that is, new standards and amendments issued and not effective for periods starting on 1 January 2017 but will be effective for later periods.

New standards and amendments

There are a number of new standards and other changes to IFRS which became effective in 2018, however, they either did not have an effect on the Financial Statements or they are not currently relevant for the company.

IFRS 15, 'Revenue from contracts with customers' (effective date: financial year beginning 1 January 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Variable consideration is included in the transaction price if it is highly probable that there will be no significant reversal of the cumulative revenue recognized when the uncertainty is resolved. The standard replaces IAS 18 'Revenue' and related interpretations. The Group adopted IFRS 15 using the modified retrospective approach on 1 January 2018. The Group carried out a review of existing contractual arrangements and determined that there was no material impact for the Group's revenue streams. The adoption of IFRS 15, 'Revenue from contracts with customers' resulted in a change to the Group's accounting policy for revenue recognition which is outlined above.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Standards, amendments and interpretations effective in 2018 - continued

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2018 that have had a material impact on the company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and have not been adopted early.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017. The company has not adopted these standards early in preparing these Financial Statements. Among those which may be applicable to the company are:

Leases

IFRS 16, 'Leases' issued in January 2016 by the IASB replaces IAS 17 'Leases and related interpretations'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions. For lessors, IFRS 16 substantially carried forward the accounting requirement in IAS 17. IFRS 16, which has been endorsed by the EU, is effective for annual periods beginning on or after 1 January 2019 and the company will apply IFRS 16 from its effective date. The company is currently assessing the impact of IFRS 16.

The company has assessed IFRS 16 which brings most leases onto the balance sheet and eliminates the distinction between operating and finance leases. This change will affect the presentation of many aspects of the Group's accounts including operating profit, net debt and return on capital employed.

All leases except for leases with a duration of less than one year will be recognised on the balance sheet as lease liabilities, calculated as the present value of future lease payments, and will be included as part of net debt. The corresponding right of use asset will be an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments and the onerous lease provision.

The Group will implement IFRS 16 from 1 January 2019 by applying the modified retrospective approach meaning that the comparative figures in the financial statements for the year ended 31 December 2019 will not be restated to show the impact of IFRS 16.

The operating leases that will be recorded on the balance sheet for the first time, following implementation of IFRS 16, principally relating to office buildings and the backhaul network.

The Group has decided to reduce the complexity of implementation by availing of a number of practical expedients on transition on 1 January 2019. The Group is currently assessing the impact of IFRS 16 and is estimating what the value of right-of-use assets and the corresponding lease liability that will be brought onto the balance sheet at the transition date of 1 January 2019. The overall impact on the Income Statement of adopting IFRS 16 will be neutral over the life of a lease but will result in a higher charge in the earlier years following implementation and a lower charge in the later years. The overall effect on profit before tax is expected to be neutral after approximately four to five years, then becoming positive moving towards the end of the leases. It will not change overall cashflows or the economic effect of the leases to which the Group is a party.

Other new standards, amendments and interpretations, which have been currently issued, are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the company.

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Company only income statement

In accordance with section 304 of the 2014 Companies Act, the company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The company's loss for the financial year is US\$11,701,183 (2017: loss of US\$9,942,000).

24 Commitments

Operating lease

The Group lease offices under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. Lease rental in respect of the office, amounting to US\$0.03m (2017: US\$0.07m) is included in the income statement.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 \$'000	2017 \$'000
Within 1 year	246	246
Within 2 to 5 years	985	985
	<u>1,231</u>	<u>1,231</u>

25 Approval of financial statements

The financial statements were approved by the directors on 13th May 2019

Aqua Comms Designated Activity Company
Annual Report and Consolidated Financial Statements
Financial Year Ended 31 December 2019

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DIRECTORS AND OTHER INFORMATION

Directors

Alan Clarke
Donal Murphy
Peter Yu
Paul Hong
Thorsten Johnsen
Timothy Passingham
Edward McCormack

Solicitors

Byrne Wallace
88 Harcourt Street
Dublin 2

Philip Lee
7/8 Wilton Terrace
Dublin 2

Secretary and Registered Office

Kevin Foley
51 - 54 Pearse Street
Dublin 2

Registered Number: 557774

Banks

Bank of Ireland
College Green
Dublin 2

City National Bank
400 Park Avenue 7th Floor
New York, NY 10022

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2019.

Directors' responsibilities for financial statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Irish company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position as at the end of the financial year and of the profit or loss for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company and group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the group and company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records

The measures taken by the directors to secure compliance with the group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 51-54 Pearse Street, Dublin 2.

Principal activities and business review

Aqua Comms Designated Activity Company owns and operates a group of companies that house a subsea fibre optic telecommunications network with associated cable landing stations in Ireland, Denmark, the United Kingdom and the United States.

The results for the year are set out in the statement of comprehensive income.

The directors remain confident in the long term profitability of the group.

The directors consider the financial position of the group as indicated on the consolidated statement of financial position on page 10, and the financial position of the company on page 11, to be satisfactory.

Future development

The company plans to continue to develop new subsea cable networks and to exploit its existing cables. During 2020 it expects to activate AEC-2 (a trans-Atlantic system from the US to Denmark), CC-2 (Across the Irish Sea) and NSC (Across the North Sea). These cables will reduce the concentration risk of the business on AEC-1 and

transform the offering into a diverse resilient network. These additions have largely been funded through a combination of available cash and presales of capacity on the network.

The company is also adapting to the global pandemic and the company has introduced ways of varying how employees work so that they remain safe. In some instances, the company's employees are working remotely and shift patterns are actively monitored and will be in the future as the pandemic evolves.

Principal risks and uncertainties

Market risk

The company operates primarily on the North Atlantic, one of the most competitive markets in the world. Pricing has demonstrated a trend of continuing annual reductions over the past two decades. However recent data would indicate this fall is beginning to slow. The group has sought to address this risk by ensuring operating costs are the lowest in the market, maximising return from sales. It has also sought to develop a partnership sales model with complementary terrestrial networks, driving sales onto the Aqua Comms network.

Interest rate management

Under the group's interest rate management policy, interest rates on borrowings are denominated primarily in US Dollars and are at a fixed rate. In addition, fixing is undertaken for longer periods when interest rates are statistically low. Currently the group has no external debt and this risk is minimal.

Financial risk management

In funding its operations the group uses a mixture of debt equity and long term and term loan facilities. The group's ability to sell large prepaid contracts reduces its dependency on external funding. Currently there is no external funding being utilised. The directors consider the group well-funded therefore mitigating financial risk.

Credit risk

The group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The majority of trade receivables are from Blue Chip customers. Exposure is limited as services are disconnected for non-payment billing monthly in advance.

Liquidity risk

The group actively maintains a mixture of long term and short term debt finance that is designed to ensure sufficient availability of funds for operations and planned expansions. The impact of COVID-19 has been minimal since worldwide restrictions have been introduced. The groups customer base are all highly rated telecommunications providers and large internet companies, who have all seen an increase in business since the global pandemic began. The directors are satisfied there is no impact to liquidity as a result of the global pandemic.

Commodity price risk

The group has minimal exposure to commodity price risk as a result of its operations. The cost of managing exposure to commodity price risk exceeds any potential benefit. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Interest rate risk

The group has exposure to interest rate risk as there are interest bearing liabilities which are not offset by interest bearing assets.

Dividends

The directors do not recommend the payment of a dividend.

Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

During April 2020 warrants for ordinary shares held by Black Forest Funding (Ireland) DAC and Nomura International Plc were exercised. The combined issuance was equivalent to 4.7% on a diluted basis.

Subsequent to 31 December 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020, which is indicative of a condition that did not exist at the end of the reporting date. During this period and up to the date of this report, the company has continued business operations with limited disruption and has remained engaged in performing its principal activity. As the scale and duration of these

developments remain uncertain, it is difficult to quantify the financial impact of the evolving situation. The company does not expect a material adverse impact on its ability to continue as a going concern.

During April 2020 the company completed an internal restructure of operations. The existing assets were transferred along with the connected businesses to a series of asset companies located in each operating jurisdiction, and America Europe Connect Ltd was appointed as a group sales and distribution agent. There were no changes in company shareholdings and no disposals outside the group. This will not impact reported results during the period.

On the 27th of March 2020, the ultimate parent company Aqua Ventures FZE transferred its entire interest in Aqua Comms Designated Activity Company to Aqua Ventures Limited. There was no change in ultimate beneficial owner.

Research and development

The group has not engaged in qualifying research and development activities during the current year.

Ultimate parent company

Details of the parent company are set out in note 19 of the financial statements.

Accounting policies

The financial statements are prepared under the requirements of International Financial Reporting Standards (IFRS). The principal accounting policies are set out in note 2 to the accounts.

Directors and directors' shareholdings

The names of the persons who were directors at any time during the year ended 31 December 2019 are set out below. Unless indicated otherwise, they served as directors for the entire period under review.

Alan Clarke
Peter Yu
Paul Hong
Donal Murphy
Thorsten Johnsen
Timothy Passingham (appointed 27 February 2019)
Edward McCormack (appointed 27 February 2019)

At 31 December 2019, the directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in paragraph 329 of the Companies Act 2014 except as set out below.

Christopher Bake, through other interests, has a 52% interest in the shares of the company.

Peter Yu, through other interests, has a 29% interest in the shares of the company.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, and the loss recorded for the year, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to income over the life of the deferred income.

The directors having recently reviewed the five year strategic plan prepared by management and are satisfied that there is a demonstrable path to future profitability.

The directors have also considered the spread of a novel strain of coronavirus (COVID-19). As detailed in Note 21, it is not expected to have a material adverse impact on the Company's ability to continue as a going concern.

The group has cash on hand of \$14.6 million at 31 December 2019 (2018: \$4.5 million). The directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. It is expected that the company will pay down the existing Shareholder loan over the course of the five year planning horizon, and business will grow to position of profitability. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Audit committee

Aqua Comms Designated Activity Company is a privately owned company and the directors have deemed it necessary to have an Audit Committee. The Audit Committee includes three directors with the relevant qualification and experience coupled with the time to report back to the board on the financial statements.

Statement of Relevant Audit Information

For the purposes of Section 330 of the Companies Act 2014, each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

(a) so far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and

(b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Independent auditors

The auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

Director 1



Director 2



24th June 2020



Independent auditors' report to the members of Aqua Comms Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Aqua Comms Designated Activity Company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2019 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise:

- the Consolidated Statement of Financial Position as at 31 December 2019;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's or the company's ability to continue as a going concern.



Reporting on other information

The other information comprises all of the information in the Annual Report and Consolidated Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities for financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.



Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
24 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Continuing operations			
Revenue	3	28,669	21,641
Cost of sales		<u>(6,203)</u>	<u>(8,289)</u>
Gross profit		22,466	13,352
Other income	6	53	2,647
Administrative expenses		<u>(18,892)</u>	<u>(17,297)</u>
Operating Profit / (Loss)	7	3,627	(1,298)
Finance costs	9	(19,498)	(18,218)
Finance income	9	<u>9,668</u>	<u>-</u>
Loss on ordinary activities before taxation		(6,203)	(19,516)
Taxation income (expense)	10	<u>12</u>	<u>(9)</u>
Loss for the period		<u>(6,191)</u>	<u>(19,525)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

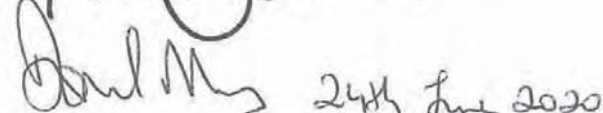
	Notes	2019 \$'000	2018 \$'000
Assets			
Non-current assets			
Property, plant and equipment	11a	229,681	226,385
Right-of-use assets	11b	19,563	-
Total non-current assets		<u>249,244</u>	<u>226,385</u>
Current assets			
Cash and cash equivalents	18b	14,606	4,530
Trade and other receivables	13	32,015	27,087
Total current assets		<u>46,621</u>	<u>31,617</u>
Total assets		<u>295,865</u>	<u>258,002</u>
Liabilities			
Non-current liabilities			
Trade and other payables	14	148,763	140,994
Borrowings	15	122,933	105,204
Lease liabilities	11b	18,503	-
Derivative financial instruments	16	14,332	24,000
		<u>304,531</u>	<u>270,198</u>
Current liabilities			
Trade and other payables	14	22,684	14,626
Lease liabilities	11b	1,660	-
		<u>24,344</u>	<u>14,626</u>
Total liabilities		<u>328,874</u>	<u>284,824</u>
Equity			
Equity share capital	17	549	549
Share premium		53,095	53,095
Accumulated losses		(93,861)	(87,673)
Merger reserve		7,208	7,208
Total equity		<u>(33,010)</u>	<u>(26,822)</u>
Total liabilities and equity		<u>295,865</u>	<u>258,002</u>

On behalf of the board

Director 1



Director 2



The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Non-current assets			
Investments in subsidiaries	12	823	823
Current assets			
Cash and cash equivalents		-	-
Amounts owed by subsidiary undertakings	13	161,360	156,878
Total current assets		161,360	156,878
Total assets		162,184	157,701
Liabilities			
Non-current liabilities			
Borrowings	15	122,933	105,204
Derivative financial instruments	16	14,332	24,000
		137,265	129,204
Current liabilities			
Trade and other payables	14	971	971
		971	971
Total liabilities		138,236	130,176
Equity			
Equity share capital	17	549	549
Share premium		53,095	53,095
Accumulated Losses		(29,696)	(26,118)
Total equity		23,948	27,526
Total liabilities and equity		162,184	157,701

On behalf of the board

Director 1

Director 2



24th June 2020

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Cashflow from operating activities			
Cash generated in operations	18(a)	27,357	44,211
Tax (paid)/refunded		12	(9)
Net cash generated from operating activities		<u>27,369</u>	<u>44,201</u>
Cashflow from investing activities			
Purchase of property, plant and equipment		(14,653)	(5,017)
Other investing activities		-	-
Net cash used in investing activities		<u>(14,653)</u>	<u>(5,017)</u>
Cashflow from financing activities			
Repayment of borrowings		-	(41,441)
Payment of leases		(2,639)	-
Net cash used in from financing activities		<u>-</u>	<u>(41,441)</u>
Net movement in cash and cash equivalents		<u>10,077</u>	<u>(4,257)</u>
Cash and cash equivalents at beginning of year	18(b)	<u>4,530</u>	<u>8,787</u>
Cash and cash equivalents at end of year	18(b)	<u>14,607</u>	<u>4,530</u>

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2019

	2019 \$'000	2018 \$'000
Cashflow from operating activities		
Cash generated in operations		-
Tax paid	-	-
Net cash generated in operating activities	-	-
Cashflow from investing activities		
Net cash used in investing activities	-	-
Cashflow from financing activities		
Net cash generated from financing activities	-	-
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2019

	Equity share capital \$'000	Merger reserve \$'000	Share premium \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 January 2018	549	7,208	53,095	(68,120)	(7,268)
Cumulative translation reserve	-	-	-	(28)	(28)
Total transactions recognised directly in equity	-	-	-	(28)	(28)
Loss for the period	-	-	-	(19,525)	(19,525)
Balance at 31 December 2018	549	7,208	53,095	(87,673)	(26,822)
Balance at 1 January 2019	549	7,208	53,095	(87,673)	(26,822)
Cumulative translation reserve	-	-	-	-	-
Total transactions recognised directly in equity	-	-	-	(27)	(27)
Loss for the period	-	-	-	(6,191)	(6,191)
Balance at 31 December 2019	549	7,208	53,095	(93,861)	(33,010)

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2019

	Equity share capital \$'000	Share premium \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 January 2018	549	53,095	(14,866)	38,778
Loss for the year	-	-	(11,252)	(11,252)
Balance at 31 December 2018	549	53,095	(26,118)	27,526
Balance at 1 January 2019	549	53,095	(26,118)	27,526
Loss for the year	-	-	(3,578)	(3,578)
Balance at 31 December 2019	549	53,095	(29,696)	23,948

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The company is a Designated Activity Company incorporated and domiciled in Ireland. The registered address is 51-54 Pearse St, Dublin 1.

2 Summary of significant accounting policies

These financial statements have been prepared on a basis consistent with the accounting policies set out below.

Statement of compliance

The requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union are used for the purpose of preparing the financial statements for the year ended 31 December 2019.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and they have been prepared on the going concern basis of prep after considering the impact of COVID-19 as discussed below. A summary of the more important accounting policies is set out below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, as the directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to income over the life of the deferred revenue.

The directors having recently reviewed the five year strategic plan prepared by management and are satisfied that there is a demonstrable path to future profitability.

The directors have also considered the spread of a novel strain of coronavirus (COVID-19). As detailed in Note 21, it is not expected to have a material adverse impact on the company's ability to continue as a going concern.

The group has cash on hand of \$14.6 million at 31 December 2019 (2018: \$4.5 million). The directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. It is expected that the Company will pay down the existing Shareholder loan over the course of the five year planning horizon, and business will grow to position of profitability. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements..

b) Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of the company, Aqua Comms Designated Activity Company, and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of the company.

(i) Subsidiaries

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) *Acquisitions*

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

The current holding company was incorporated on 18 February 2015. On 18 March 2015 it acquired 100% of the issued share capital of Sea Fibre Networks Limited and America Europe Connect Limited from its parent company in a share for share exchange. This group reconstruction had been accounted for using predecessor accounting principles since the new shareholders of the company at that date were the same as the former shareholders and the rights of each shareholder, relative to the others, were unchanged. No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. Predecessor accounting leads to differences on consolidation as there is a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences were included in equity as a merger reserve.

(iii) *Disposals*

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposals are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

c) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash and bank overdrafts.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

e) Taxation

The group is managed and controlled in the Republic of Ireland and, consequently the company is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

f) Property, plant and equipment

Property, plant and equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

(i) Subsequent expenditure

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the Statement of Comprehensive Income as an expense is incurred.

(ii) Depreciation

Depreciation is provided on property, plant and equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset class	31 December 2019 Estimated economic life (years)
Computer Equipment	3
Furniture & Fittings	7
Lighting Equipment	8
Cable Landing Station Assets	8
Cable Assets	25

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the Statement of Comprehensive Income.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

Costs related to the construction of new Cables are recorded as assets under construction until such time as the cables are ready for use. Assets under construction are not depreciated.

g) Lease Liabilities

The group has entered into leases for backhaul and rack space across the company's network. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Prior to 2019, operating leases were classified as cost of sales. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the incremental borrowing rate. A recent third-party financing rate received was used to determine the incremental borrowing rate.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

NOTES TO THE FINANCIAL STATEMENTS - continued

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

h) Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. Where applicable when external funding is utilised to finance construction the estimated amount of interest incurred directly attributable to constructing qualifying assets that take a substantial period of time to get ready for their intended use is capitalised based on the weighted average interest rate on outstanding borrowings.

i) Investments

Investments in subsidiaries included in the company balance sheet are shown at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the subsidiary's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the subsidiary's fair value less costs to sell and value in use. Investments that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

j) Impairment

Assets that are subject to amortisation and depreciation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of the provision required are recognised in the Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the Statement of Comprehensive Income.

l) Employee benefits

The group facilitates access to a group pension scheme and makes contributions on behalf of employees up to pre-specified amounts on an employee matching basis, at pre-approved levels of basic salary.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Long term incentive arrangements

Where the group has committed to long term incentive arrangements, resulting long term employment benefits are accounted for in a similar manner to post-employment benefits. The group accounts for obligations relating to long term incentive bonus plans for key management and other employees at the present value of the incentive bonus plan obligation at the reporting date. The service cost relating to such plans is allocated over each of the years which service under the plan is rendered by the individual to meet the conditions under each of the individual vesting periods.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the cash settled share based scheme that is currently in place, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Redeemable preference shares are classified as liabilities.

n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group accounts for Indefeasible right of use ("IRU") contracts in the following manner:

- (i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.
- (ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

o) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

p) Provisions and contingent liabilities

Provisions are recognised where there is a present obligation, either legal or constructive, as a result of a past event, payment is probable, i.e. more likely than not; and the amount can be estimated reliably. There is a provision of \$540,000 for the repair of the AEC1 cable should it get cut or damaged. There is a legal obligation to provide for this under specific IRU contracts.

q) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition (net of issue costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months at the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as issue costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

r) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

s) Government grants

Grants including research and development tax credits from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions attaching to them.

Government grants including research and development tax credits are deducted in arriving at the carrying amount of the related asset. The grants and tax credits are then effectively amortised from the point at which the related asset is ready for use on a straight line basis over its useful life.

t) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

u) Compound financial instruments

Compound financial instruments issued by the group comprise preference shares that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

3 Segmental information

In line with the requirements of IFRS 8 “Operating Segments”, the group has identified its chief operating decision maker (CODM) as the Board of the company. The Board reviews the group’s internal reporting in order to assess the performance of the group and allocate resources. The Board considers the business from a product perspective and reviews working capital and overall statement of financial position performance on a group-wide basis. Consequently, the Board determined there to be only one segment.

The Board assesses the performance of the segment based primarily on measures of revenues, adjusted EBITDA and profit before tax.

The group’s turnover is attributable to its principal activity. The directors have not provided an analysis of turnover by geographical territory as they believe that this would be prejudicial to the interests of the group.

The whole of the turnover and profit before taxation for continuing activities relate to the same principal activity.

4 Critical accounting judgements and estimates

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There is a provision for the repair of the AEC1 cable should it get cut or damaged. The provision is determined from professional judgement based on multiple variables in the industry.

Property, plant and equipment

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

Property, plant and equipment represents a substantial portion of the group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the financial statements for further details.

(i) *Estimation of useful life - Cable*

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the income statement. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of cable infrastructure is assumed not to exceed the duration of related IRUs unless there is a reasonable expectation of renewal or an alternative future use for the asset.

(ii) *Capitalisation of costs*

Capitalisation is made within property, plant and equipment according to the nature of the expenditure. Only those directly attributable labour costs (employee benefits) that relate to the time spent by employees on constructing or acquiring the specific asset are capitalised. The directors regularly review these costs capitalised to ensure appropriately capitalised.

Right of Use Assets

Lease payments on right of use assets are discounted using the incremental borrowing rate. A recent third-party financing rate received was used to determine the incremental borrowing rate.

5 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market rate risk, credit risk and liquidity risk. Responsibility for managing these risks rests with the directors of Aqua Comms Designated Activity Company, the parent company. It is, and has been throughout the period under review, the group's policy not to trade in financial instruments.

The group conducts its business primarily in the United States and Europe, however most of the material contracts and funds/borrowing is United States Dollars, therefore, operating and investing cash flows are substantially denominated in USD. A limited level of foreign exchange risk arises in relation to foreign currency denominated settlements with international counter parties.

Credit risk

Credit risks are mainly related to counterparty risks associated with trade and other debtors, prepayments and amounts owed by related companies.

The group's trade debtors comprise of a small number of companies in various industries, mainly in Ireland, Europe and the United States. The utilisation of credit limits is regularly monitored. Sales to customers are settled primarily by electronic fund transfer or in cash.

The group is exposed to credit risk relating to its cash and cash equivalents. The group places its cash with highly rated financial institutions.

Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements. This objective is met by monitoring and controlling potential cash flows and maintaining an appropriate buffer of readily realisable assets and standby credit lines.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Financial risk management - continued

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year \$'000	Between one and two years \$'000	Between two and five years \$'000	After five years \$'000	Total \$'000
2018					
Borrowings (note 15)	-	-	77,064	28,140	105,204
Trade and other payables (note 14)	14,625	10,370	35,443	95,181	155,619
At 31 December 2018	14,625	10,370	112,507	123,321	260,823
2019					
Borrowings (note 15)	-	90,328	-	32,605	122,933
Trade and other payables (note 14)	24,344	11,755	46,900	108,611	191,610
At 31 December 2019	24,344	102,083	46,900	142,216	314,543

Market risk*Foreign exchange risk*

The company and group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Other income	2019 \$'000	2018 \$'000
Other miscellaneous income	18	1,922
Refund of US State taxes previously expensed	35	725
Total other income	<u>53</u>	<u>2,647</u>
7 Operating profit / (loss)	2019 \$'000	2018 \$'000
Staff costs:		
Wages and salaries	3,311	2,859
Social welfare costs	375	331
Pension costs - defined contribution plans	107	86
Net staff costs included in operating costs	<u>3,793</u>	<u>3,276</u>
Other operating costs:		
Amounts paid and payable to telecommunications operators	3,625	5,522
Operating and maintenance costs	2,469	2,696
Rental and utilities expense	(134)	291
Consulting and contractors' expense	950	1,476
Depreciation	12,846	10,973
Selling and marketing costs	155	208
Travel and subsistence costs	330	354
Foreign exchange losses	145	595
Other expenses	916	195
Total operating costs	<u>25,095</u>	<u>25,586</u>
Analysed as:		
Cost of sales	6,203	8,289
Administrative expenses	18,892	17,297
Operating costs	<u>25,095</u>	<u>25,586</u>
Operating profit / (loss) is stated after charging:		
Depreciation	12,846	10,973
Auditors' remuneration	72	54
Auditors' remuneration – non audit services	139	28
Other (gains)/losses - foreign exchange	<u>145</u>	<u>595</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs	2019 \$'000	2018 \$'000
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(i) Employees

Staff costs, including directors' remuneration, were as follows:

Wages and salaries	3,311	2,859
Social security costs	375	331
Pension costs	107	86
	<u>3,793</u>	<u>3,276</u>

2019 Number	2018 Number
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The average monthly number of employees, during the year were as follows:

Employees	<u>14</u>	<u>14</u>
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2019 \$'000	2018 \$'000
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(ii) Directors

Emoluments	125	99
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Contributions to retirement benefit schemes:

- Defined contribution	-	-
	<u>125</u>	<u>99</u>

9 Finance costs	2019 \$'000	2018 \$'000
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Net interest payable comprises the following amounts:

Finance costs:

Dividend on redeemable preference shares	13,264	11,418
Interest on shareholders loans	4,465	3,852
Interest on leases	1,770	2,948
	<u>19,499</u>	<u>18,218</u>

Finance income

The finance income is attributable to the movement from the fair value measurement of the derivative.
See note 16 below.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Income tax (income) / expense	2019 \$'000	2018 \$'000
(a) Recognised in the income statement:		
Current tax expense:		
Current tax for the period	(12)	9
Deferred tax liability	-	-
Current tax charge for the period	<u>(12)</u>	<u>9</u>
(b) Reconciliation of effective tax rate:		
The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows:		
	2019 \$'000	2018 \$'000
Loss on ordinary activities before tax	(6,203)	(19,516)
Tax calculated at Irish tax rates at 12.5% (2018: 12.5%)	(775)	(2,440)
<i>Effects of:</i>		
Expenses not deductible for taxation	2,713	4,356
Net impact depreciation & capital allowances	(1,938)	(1,916)
Corporation Tax paid/(refunded) other jurisdictions	(12)	9
Irish Corporation Tax paid/(refunded)	-	-
Other permanent items	-	-
Current tax charge for the period	<u>(12)</u>	<u>9</u>

The group has accumulated tax losses available for offset against any future profits arising. The deferred tax asset arising on these losses would be US\$17.1m (2018: US\$15.4m), however, this asset has not been recognised in these financial statements as the directors do not consider that sufficient taxable profits will arise in the next financial year such that these losses will be utilised.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 (a) Property, plant and equipment		CLS Asset	Furniture and fittings	Cable assets	Lighting equipment	Computer Equipment	Assets under construction	Spare Cable Asset	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost									
At 1 January 2018		-	-	242,716	8,900	60	-	-	251,676
Additions		796	140	-	551	7	3,958	-	5,450
Foreign exchange		-	-	(436)	-	-	-	-	(436)
Disposals		-	-	-	-	-	-	-	-
At 31 December 2018		796	140	242,281	9,451	67	3,958	-	256,693
At 1 January 2019		796	140	242,281	9,451	67	3,958	-	256,693
Additions		364	59	-	1,222	27	12,052	930	14,654
Foreign exchange		-	-	(183)	-	-	-	-	(183)
Disposals		-	-	-	-	(3)	-	-	(3)
At 31 December 2019		1,160	199	242,098	10,674	92	16,010	930	271,162
Accumulated depreciation									
At 1 January 2018		-	-	17,496	1,932	22	-	-	19,450
Charge for the period		33	11	9,662	1,133	19	-	-	10,858
Disposals		-	-	-	-	-	-	-	-
At 31 December 2018		33	11	27,398	2,825	41	-	-	30,308
At 1 January 2019		33	11	27,398	2,825	41	-	-	30,308
Charge for the period		138	19	9,678	1,311	26	-	-	11,173
Disposals		-	-	-	-	-	-	-	-
At 31 December 2019		171	31	37,067	4,136	67	-	-	41,481
Net book amount									
At 31 December 2018		763	128	214,883	6,627	26	3,958	-	226,385
At 31 December 2019		989	168	205,022	6,537	25	16,010	930	229,681

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 (a) Property, plant and equipment - continued

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Borrowing costs, which includes interest and fees, directly attributable to the construction of the asset, included in above amounted to \$8.6m (2018: \$8.6m).

11 (b) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2019 \$'000	1 January 2019 \$'000
Right-of-use assets	19,563	21,207
Lease liabilities		
Current	1,660	492
Non-Current	18,503	20,335

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2019 \$'000	2018 \$'000
Depreciation charge of right-of-use assets	1,621	-
Interest expense (included in finance cost)	1,770	-

The total cash outflow for leases in 2019 was \$2,638,493.

12 Investment in subsidiary - company

	Cost of investment \$'000	Total \$'000
At 1 January 2018	823	823
Additions during the year	-	-
At 31 December 2018	<u>823</u>	<u>823</u>
At 1 January 2019	823	823
Additions during the year	-	-
At 31 December 2019	<u>823</u>	<u>823</u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment in subsidiaries - company - continued

The principal subsidiaries of the company at 31 December 2019 were as follows:

Name	Nature of business	Shares in issue	% holding	Registered office
Aqua Comms Management Limited	Management company	100 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
Sea Fibre Networks Limited	Trading company	122,993 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect Limited	Trading company	100 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
America Europe Connect Licences Limited	Licence company	100 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
Aqua Comms Connect Limited	Intermediate holding company	123,094 ordinary shares at \$1.144	100%	51-54 Pearse Street, Dublin 2
America Europe Connect UK Limited	Management company	1 ordinary shares at £1.00	100%	85 Great Portland Street, London, England, W1W 7LT
America Europe Connect US Inc	Management company	100 issued shares at \$1.00	100%	3500 South Depont, Highware, Dover, Delaware 19901 Kent, United States
America Europe Connect 2 Limited	Trading company	100 issued shares at \$1.00	100%	51-54 Pearse Street, Dublin 2
America Europe Connect 2 Denmark ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen
America Europe Connect 2 USA, Inc.	Trading company	10,000 issued shares of \$0.01 each	100%	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Aqua Comms (UK) Ltd	Trading company	100 ordinary shares at £1.00	100%	Ground Floor, One George Yard, London, United Kingdom, EC3V 9DF
Aqua Comms Management (UK) Ltd	Management company	100 ordinary shares at £1.00	100%	40 Bloomsbury Way, Lower Ground Floor, London, WC1A 2SE England

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

Aqua Comms (IOM) Ltd	Trading company	100 ordinary shares at \$1.00	100%	c/o PCS Limited, Ground Floor, Murdoch Chambers, South Quay, Douglas, Isle of Man, IM1 5AS
Aqua Comms (Denmark) ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen
Celtix Connect Ltd	Trading company	100,000 ordinary shares at €1.00	100%	51-54 Pearse Street, Dublin 2
Aqua Comms (Ireland) Ltd	Trading company	2 Issued shares of \$1.00 50,000 shares of 1DKK	100%	51-54 Pearse Street, Dublin 2
North Sea Connect Denmark ApS	Trading company		100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Trade and other receivables	2019 \$'000	2018 \$'000
---------------------------------------	----------------	----------------

Group

Amounts falling due within one year:

Trade receivables	6,614	2,009
Prepayments and other receivables	25,401	25,078
	<u>32,015</u>	<u>27,087</u>

Company

Amounts falling due within one year:

Amounts owed by group companies	<u>161,360</u>	<u>156,878</u>
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The fair values of trade and other receivables approximate to their carrying amounts.

The amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

14 Trade and other payables	2019 \$'000	2018 \$'000
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Group

Amounts falling due within one year:

Trade payables	1,042	1,661
Deferred Income	18,451	10,360
PAYE/PRSI	63	58
VAT Payable	304	28
Accruals and other liabilities	2,823	2,519
	<u>22,683</u>	<u>14,626</u>

Amounts falling due greater than one year:

Deferred Income	148,763	140,994
	<u>148,763</u>	<u>140,994</u>

Company

Amounts falling due over one year

Amounts owed to subsidiary undertakings	-	-
	<u>971</u>	<u>971</u>
	971	971

The amounts payable to group undertakings are unsecured, interest free and repayable on demand.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings	2019 \$'000	2018 \$'000
Group		
Non-current liabilities		
Shareholder Loan	32,605	28,140
Redeemable preference shares	90,328	77,064
Borrowings		
Current liabilities		
Bank loans	-	-
Total borrowings	<u>122,933</u>	<u>105,204</u>

	Within one year	Between one and two years	Between two and five years	After five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Maturity of financial borrowings					
The maturity profile of the carrying amount of the group's borrowings is set out below:					
Shareholder loan	-	-	-	32,605	32,605
Redeemable preference shares	-	90,328	-	-	90,328
Bank loans	-	-	-	-	-
At 31 December 2019		90,328	-	32,605	122,933
Shareholder loan	-	-	-	28,140	28,140
Redeemable preference shares	-	-	77,064	-	77,064
Bank loans	-	-	-	-	-
At 31 December 2018	-	-	77,064	28,140	105,204

The maturity profile of the carrying amount of the group's borrowings is set out below:

Shareholder loan	-	-	-	32,605	32,605
Redeemable preference shares	-	90,328	-	-	90,328
Bank loans	-	-	-	-	-
At 31 December 2019		90,328	-	32,605	122,933
Shareholder loan	-	-	-	28,140	28,140
Redeemable preference shares	-	-	77,064	-	77,064
Bank loans	-	-	-	-	-
At 31 December 2018	-	-	77,064	28,140	105,204

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings - continued

2019
%

2018
%

Maturity of financial borrowings - continued

The effective senior debt interest rates at the balance sheet date were as follows:

Effective senior debt interest	15.86	15.86
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Loans from group undertakings are detailed in note 18.

Edge Network Services Limited hold 3 charges over the group's assets as security over its revenue agreements with the group.

2019
\$'000

2018
\$'000

Company
Non-current liabilities

Redeemable preference shares	90,328	77,064
Shareholder loan	32,605	28,140

Borrowings
Current liabilities

Bank loans	-	-
Total borrowings	122,933	105,204

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings - continued

Maturity of financial borrowings

The maturity profile of the carrying amount of the company's borrowings is set out below:

Shareholder loan	-	-	-	-	-	32,605	32,605
Redeemable preference shares	-	-	90,328	-	-	90,328	90,328
At 31 December 2019	-	-	90,328	-	-	32,065	122,933
Shareholder loan	-	-	-	-	-	28,140	28,140
Redeemable preference shares	-	-	-	-	77,064	-	77,064
Bank loans	-	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	77,064	28,140	105,204

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Derivatives	2019 \$'000	2018 \$'000
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Group and company

Liabilities at fair value through income statement:

Derivative financial instruments	14,332	24,000
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The above derivative is the fair value of the conversion right attached to the Series A Preferred Shares at each reporting date. Based on a Black Scholes Option valuation the directors determined that the current valuation was appropriate.

17 Equity share capital

2019

€'000

Authorised

2,000,100,000 ordinary shares of €0.001 each, 1,000,000,000 Series A Preference Shares €0.001 each, and 1,000,000,000 Series B Preference shares €0.001 each.

4,000,100

Issued and paid

548,604,102 ordinary shares of €0.001 each

549

The total authorised number of ordinary shares is 2,000,100,000 shares with a par value of €0.001 per share. All issued shares are fully paid.

Warrants

Nomura International Plc and Black Forest Funding (Ireland) DAC "the warrant holders", hold the right to exercise an option to acquire 4.7% (2018: 4.8%) of the fully diluted ordinary share capital of the group's holding company Aqua Comms Designated Activity Company for a consideration of €0.001 per warrant share. These warrants have met the definition of an equity instrument and the premium is credited directly to equity. At inception of the contract, the entity records the premium received in exchange for the obligation to deliver a fixed amount of its own shares for a fixed price. In April 2020, subsequent to year end both Nomura International Plc and Black Forest Funding (Ireland) DAC elected to exercise their rights and convert the warrants to ordinary shares in the company.

Preference shares

The company has issued 374,730,197 Series A preference shares. The preference shares are classified as liabilities at the balance sheet. Each Series A Preferred share shall be convertible at the option of the holder at any time after the date of issue of such Series A Preferred Share into fully paid Ordinary Shares.

Each preference share shall accrete a cumulative preferential dividend, measured since the later of: (i) the date of issuance of such preferred share and (ii) the last declared and paid dividend on such preferred share, calculated daily and at the annual rate of 9%. The company shall, if the preferred dividend is declared by the board, pay the preferred dividend to the person registered as the holder. Each preferred dividend shall, if declared, be paid in the form of newly issued Series B preferred shares.

Each preferred dividend shall be deemed to accrete from day to day: (i) whether or not such preferred dividend has been declared by the Board; and (ii) after as well as before the commencement of a winding-up, and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 (a) Cash generated by operations	2019 \$'000	2018 \$'000
Loss before tax	(6,203)	(19,516)
Addback:		
- Depreciation	12,846	10,858
- Finance costs	9,830	18,219
- Foreign exchange	(15)	(29)
Changes in working capital:		
- Trade and other payables	15,827	(19,451)
- Trade and other receivables	(4,928)	54,131
Net cash generated by operations	<u>27,357</u>	<u>44,211</u>
Cash generated by operations - Company		
Loss before tax	(3,578)	(11,701)
Addback:		
- Finance costs	8,061	15,271
Changes in working capital:		
- Trade and other payables	-	749
- Trade and other receivables	(4,483)	(4,319)
Net cash generated by operations	<u>-</u>	<u>-</u>
(b) Cash and cash equivalents - group		
Cash and cash equivalents	<u>14,607</u>	<u>4,530</u>

The book value of cash and cash equivalents approximates their fair value. The effective interest rate on short term deposit was nil.

19 Ultimate parent company

The group regards Aqua Ventures Ltd, a company incorporated in the Channel Islands, as its ultimate parent company.

20 Related party transactions
(a) Loan between related parties

Aqua Comms Management Limited, a subsidiary of Aqua Comms Designated Activity Company, is owed \$971,401 at the balance sheet date.

America Europe Connect 2 Ltd owed \$225,154 at the balance sheet date.

America Europe Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$32,863,716 at the balance sheet date.

Aqua Comms Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$128,271,296 at the balance sheet date.

Consultancy services were received from Aqua Ventures Limited for \$150,000. These were on normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS - continued

(b) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2019 \$'000	2018 \$'000
Short term employee benefits	1,508	996
Post-employment pension benefits	45	30
	<u>1,553</u>	<u>1,026</u>

No amounts included within short-term employee benefits above has been capitalised.

(c) Staff incentive plan

There is a cash settled long term incentive plan in place that commenced during April 2016 that is intended to promote the business objectives of the Aqua Comms Group in affecting, motivating and retaining senior management personnel.

The group has recognised a charge of \$nil in its income statement for the year ended 31 December 2019 in respect of its obligations on the basis of an assessment carried out by the directors which determined that there is no incremental gain from the date the plan was introduced to 31 December 2019. The fair value of the liability for cash-settled transactions will be re-measured at each reporting date and at the date of settlement.

21 Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

During April 2020 warrants for ordinary shares held by Black Forest Funding (Ireland) DAC and Nomura International Plc were exercised. The combined issuance was equivalent to 4.7% on a diluted basis.

Subsequent to 31 December 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020, which is indicative of a condition that did not exist at the end of the reporting date. During this period and up to the date of this report, the Company has continued business operations with limited disruption and has remained engaged in performing its principal activity. As the scale and duration of these developments remain uncertain, it is difficult to quantify the financial impact of the evolving situation. The Company does not expect a material adverse impact on its ability to continue as a going concern.

During April 2020 the company completed an internal restructure of operations. The existing assets were transferred along with the connected businesses to a series of asset companies located in each operating jurisdiction, and America Europe Connect Ltd was appointed as a group sales and distribution agent. There were no changes in company shareholdings and no disposals outside the group. This will not impact reported results during the period.

On the 27th of March 2020, the ultimate parent company Aqua Ventures FZE transferred its entire interest in Aqua Comms DAC to Aqua Ventures Limited. There was no change in ultimate beneficial owner.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Standards, amendments and interpretations effective in 2019**New standards, amendments and interpretations effective for the financial year beginning 1 January 2019.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017. The company has not adopted these standards early in preparing these Financial Statements.

This note explains the impact of the adoption of IFRS 16 Leases on the group's financial statements.

The group has adopted IFRS 16 *Leases* retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 11b. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 9%.

Other new standards, amendments and interpretations, which have been currently issued, are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the company.

23 Company only income statement

In accordance with section 304 of the 2014 Companies Act, the company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The company's loss for the financial year is US\$3,578,176 (2018: loss of US\$11,701,183).

24 Commitments**Operating lease**

The Group lease offices under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. Lease rental in respect of the office, amounting to US\$0m (2018: US\$0.05m) is included in the income statement. This is due to the adoption of IFRS16 – Leases. The future costs are now capitalised to the balance sheet.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 \$'000	2018 \$'000
Within 1 year	-	549
Within 2 to 5 years	-	2,746
Greater than 5 years	-	1,632
	<u>-</u>	<u>4,927</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Measurement of lease liabilities	2019 \$'000
Operating lease commitments disclosed as at 31 December 2018	4,927
Discounted using the incremental borrowing rate of at the date of initial application	3,331
Add: finance lease liabilities recognised as at 31 December 2018	-
Less: short term leases not recognised as a liability	-
Less: low value leases not recognised as a liability	-
Add/(less): contracts reassessed as lease contracts	14,496
Add/(less): adjustments as a result of a difference in treatment of extension and termination option	-
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-
Lease liability recognised as at 1 January 2019	20,827
Of which are:	
Current lease liabilities	492
Non-current lease liabilities	20,335
	20,827

25 Approval of financial statements

The directors approved the financial statements on 24 June 2020.

Aqua Comms Designated Activity Company

Aqua Comms Designated Activity Company

Unaudited Consolidated Financial Statements

Financial Year Ended 31 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Continuing operations			
Revenue from contracts with customers	3	30,198	28,669
Cost of sales of goods		(7,010)	(6,203)
Gross profit		23,187	22,466
Administrative expenses		(17,886)	(18,892)
Net impairment losses on financial and contract assets		-	-
Other income	6	277	53
Other gains/(losses) – net		-	-
Operating profit	7	5,578	3,627
Finance income	9	7,807	9,668
Finance costs	9	(21,839)	(19,498)
Finance costs – net		(14,032)	(9,830)
Profit / (Loss) before income tax		(8,454)	(6,203)
Income tax rebate / (expense)	10	(8)	12
Profit / (Loss) from continuing operations		(8,462)	(6,191)
Profit / (Loss) from discontinued operations		-	-
Profit / (Loss) for the period		(8,462)	(6,191)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Profit for the period		(8,462)	(6,191)
Other comprehensive income			
Changes in the fair value of debt instruments at fair value through other comprehensive income		-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		-	-
Exchange differences on translation of foreign operations		-	-
Gains on cash flow hedges		-	-
Costs of hedging		-	-
Hedging gains reclassified to profit or loss		-	-
Gains on net investment hedge		-	-
Income tax relating to these items		-	-
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of land and buildings		-	-
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		-	-
Remeasurements of post-employment benefit obligations		-	-
Income tax relating to these items		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(8,462)	(6,191)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
Non-current assets			
Property, plant and equipment	11(a)	241,450	229,681
Right-of-use assets	11(b)	17,057	19,563
Investment in sublease	11(b)	2,104	-
Total non-current assets		260,611	249,244
Current assets			
Cash and cash equivalents	18(b)	21,578	14,606
Trade and other receivables	13	27,788	32,015
Total current assets		49,366	46,621
Total assets		309,977	295,865
Non-current liabilities			
Trade and other payables	14	158,790	148,763
Borrowings	15	27,022	122,933
Lease liabilities	11b	19,140	18,503
Derivative financial instruments	16	6,525	14,332
		211,477	304,531
Current liabilities			
Trade and other payables	14	32,728	22,684
Borrowings	15	106,073	-
Lease Liabilities	11b	1,087	1,660
		139,889	24,344
Total liabilities	5	351,365	328,874
Equity			
Equity share capital	17	604	549
Share premium		53,095	53,095
Accumulated losses		(102,295)	(93,861)
Merger reserve		7,208	7,208
Total equity		(41,388)	(33,010)
Total liabilities and equity		309,977	295,865

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
Non-current assets			
Investments in subsidiaries	12	<u>823</u>	<u>823</u>
Current assets			
Cash and cash equivalents		62	-
Amounts owed by subsidiary undertakings	13	155,604	156,878
Total current assets		<u>155,666</u>	<u>156,878</u>
Total assets		<u>156,489</u>	<u>162,184</u>
Liabilities			
Non-current liabilities			
Borrowings	15	133,095	105,204
Derivative financial instruments	16	6,525	14,332
		<u>139,620</u>	<u>137,265</u>
Current liabilities			
Amounts owed to group undertakings	14	971	971
		<u>971</u>	<u>971</u>
Total liabilities		<u>140,591</u>	<u>138,236</u>
Equity			
Equity share capital	17	604	549
Share premium		53,095	53,095
Accumulated Losses		<u>(37,801)</u>	<u>(29,696)</u>
Total equity		<u>15,898</u>	<u>23,948</u>
Total liabilities and equity		<u>156,489</u>	<u>162,184</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Cash generated from operations	18(a)	39,990	27,357
Interest received		0	-
Interest paid		(10,000)	(6,203)
Income taxes refunds / (paid)		31	12
Net cash inflow from operating activities		30,021	27,369
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		-	-
Payments for property, plant and equipment		(21,332)	(14,653)
Payments for investment property		-	-
Payments for financial assets at fair value through other comprehensive income		-	-
Payments for financial assets at amortised cost		-	-
Loans to related parties		-	-
Proceeds from sale of business segment		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of financial assets at fair value through other comprehensive income		-	-
Repayment of loans by related parties		-	-
Dividends from joint ventures and associates		-	-
Other dividends		-	-
Interest received on financial assets held as investments		-	-
Net cash (outflow) from investing activities		(21,332)	(14,653)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		55	-
Proceeds from calls on shares and calls in arrears		-	-
Proceeds from borrowings		-	-
Payments for shares bought back		-	-
Acquisition of treasury shares		-	-
Share issue and buy-back transaction costs		-	-
Repayment of borrowings		-	-
Principal elements of lease payments		(1,773)	(2,639)
Transactions with non-controlling interests		-	-
Dividends paid to company's shareholders		-	-
Dividends paid to non-controlling interests in subsidiaries		-	-
Net cash (outflow) from financing activities		(1,718)	(2,639)
Net increase in cash and cash equivalents		6,971	10,077
Cash and cash equivalents at the beginning of the period		14,607	4,530
Cash and cash equivalents at end of year	18(b)	21,578	14,607

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Cash generated from operations		7	-
Interest received		10,000	-
Interest paid		(10,000)	-
Income taxes paid		-	-
Net cash inflow from operating activities		7	-
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		55	-
Principal elements of lease payments		-	-
Proceeds from sale of business segment		-	-
Transactions with non-controlling interests		-	-
Dividends paid to company's shareholders		-	-
Net cash (outflow) from financing activities		55	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		62	-
Cash and cash equivalents at end of year		62	-

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2020

	Equity share capital \$'000	Merger reserve \$'000	Share premium \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 January 2019	549	7,208	53,095	(87,673)	(26,821)
Total transactions recognised directly in equity	-	-	-	-	-
Loss for the period	-	-	-	(6,191)	(6,191)
Balance at 31 December 2019	549	7,208	53,095	(93,861)	(33,010)
Balance at 1 January 2020	549	7,208	53,095	(93,861)	(33,010)
Total transactions recognised directly in equity	55	-	-	28	83
Loss for the period	-	-	-	(8,462)	(8,462)
Balance at 31 December 2020	604	7,208	53,095	(102,295)	(41,388)

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2020

	Equity share capital \$'000	Share premium \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 January 2019	549	53,095	(26,118)	27,526
Loss for the year	-	-	(3,578)	(3,578)
Balance at 31 December 2019	549	53,095	(29,696)	23,948
Balance at 1 January 2020	549	53,095	(29,696)	23,948
Total transactions recognised directly in equity	55			55
Loss for the year	-	-	(8,106)	(8,106)
Balance at 31 December 2020	604	53,095	(37,801)	15,898

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The company is a Designated Activity Company incorporated and domiciled in Ireland. The registered address is The Exchange Building, Foster Place, Dublin 2, Ireland.

2 Summary of significant accounting policies

These financial statements have been prepared on a basis consistent with the accounting policies set out below.

Statement of compliance

The requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union are used for the purpose of preparing the financial statements for the year ended 31 December 2020.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and they have been prepared on the going concern basis of prep after considering the impact of COVID-19 as discussed below. A summary of the more important accounting policies is set out below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, as the directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to income over the life of the relevant contracts.

The directors having recently reviewed the five year strategic plan prepared by management and are satisfied that there is a demonstrable path to future profitability.

The directors have also considered the spread of a novel strain of coronavirus (COVID-19). As detailed in Note 21, it is not expected to have a material adverse impact on the company's ability to continue as a going concern.

The group has cash on hand of \$21.5 million at 31 December 2020 (2019: \$14.6 million). The directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. It is expected that the Company will pay down the existing Shareholder loan over the course of the five year planning horizon, and business will grow to position of profitability. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

b) Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of the company, Aqua Comms Designated Activity Company, and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of the company.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) *Acquisitions*

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

The current holding company was incorporated on 18 February 2015. On 18 March 2015 it acquired 100% of the issued share capital of Sea Fibre Networks Limited and America Europe Connect Limited from its parent company in a share for share exchange. This group reconstruction had been accounted for using predecessor accounting principles since the new shareholders of the company at that date were the same as the former shareholders and the rights of each shareholder, relative to the others, were unchanged. No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. Predecessor accounting leads to differences on consolidation as there is a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences were included in equity as a merger reserve.

(iii) *Disposals*

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposals are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

c) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash and bank overdrafts.

e) Taxation

The group is managed and controlled in the Republic of Ireland and, consequently the company is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

f) Property, plant and equipment

Property, plant and equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

(i) Subsequent expenditure

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the Statement of Comprehensive Income as an expense is incurred.

(ii) Depreciation

Depreciation is provided on property, plant and equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset class	31 December 2020 Estimated economic life (years)
Computer Equipment	3
Furniture & Fittings	7
Lighting Equipment	8
Cable Landing Station Assets	8
Cable Assets	25

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

f) Property, plant and equipment – continued

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the Statement of Comprehensive Income.

Costs related to the construction of new Cables are recorded as assets under construction until such time as the cables are ready for use. Assets under construction are not depreciated.

g) Lease Liabilities

The group has entered into leases for backhaul and rack space across the company's network. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Prior to 2019, operating leases were classified as cost of sales. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the incremental borrowing rate. A recent third-party financing rate received was used to determine the incremental borrowing rate.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

g) Lease Liabilities - continued

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

h) Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. Where applicable when external funding is utilised to finance construction the estimated amount of interest incurred directly attributable to constructing qualifying assets that take a substantial period of time to get ready for their intended use is capitalised based on the weighted average interest rate on outstanding borrowings.

i) Investments

Investments in subsidiaries included in the company balance sheet are shown at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the subsidiary's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the subsidiary's fair value less costs to sell and value in use. Investments that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

j) Impairment

Assets that are subject to amortisation and depreciation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of the provision required are recognised in the Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the Statement of Comprehensive Income.

l) Employee benefits

The group facilitates access to a group pension scheme and makes contributions on behalf of employees up to pre-specified amounts on an employee matching basis, at pre-approved levels of basic salary.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

g) Employee benefits – continued

Long term incentive arrangements

Where the group has committed to long term incentive arrangements, resulting long term employment benefits are accounted for in a similar manner to post-employment benefits. The group accounts for obligations relating to long term incentive bonus plans for key management and other employees at the present value of the incentive bonus plan obligation at the reporting date. The service cost relating to such plans is allocated over each of the years which service under the plan is rendered by the individual to meet the conditions under each of the individual vesting periods.

For the cash settled share based scheme that is currently in place, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Redeemable preference shares are classified as liabilities.

i) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group accounts for Indefeasible right of use ("IRU") contracts in the following manner:

- (i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.
- (ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

j) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

k) Provisions and contingent liabilities

Provisions are recognised where there is a present obligation, either legal or constructive, as a result of a past event, payment is probable, (i.e. more likely than not); and the amount can be estimated reliably. The group currently provides for the contingency of a cable repair. This amounts to \$720,000 (\$540,000 FY 2019).

l) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition (net of issue costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months at the balance sheet date.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

l) Borrowings - continued

Fees paid on the establishment of loan facilities are recognised as issue costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

m) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

n) Government grants

Grants including research and development tax credits from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions attaching to them.

Government grants including research and development tax credits are deducted in arriving at the carrying amount of the related asset. The grants and tax credits are then effectively amortised from the point at which the related asset is ready for use on a straight line basis over its useful life.

o) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

p) Compound financial instruments

Compound financial instruments issued by the group comprise preference shares that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

3 Segmental information

In line with the requirements of IFRS 8 “Operating Segments”, the group has identified its chief operating decision maker (CODM) as the Board of the company. The Board reviews the group’s internal reporting in order to assess the performance of the group and allocate resources. The Board considers the business from a product perspective and reviews working capital and overall statement of financial position performance on a group-wide basis. Consequently, the Board determined there to be only one segment.

The Board assesses the performance of the segment based primarily on measures of revenues, adjusted EBITDA and profit before tax.

The group’s turnover is attributable to its principal activity. The directors have not provided an analysis of turnover by geographical territory as they believe that this would be prejudicial to the interests of the group.

The whole of the turnover and profit before taxation for continuing activities relate to the same principal activity.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimates

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Property, plant and equipment

Property, plant and equipment represents a substantial portion of the group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the financial statements for further details.

(i) Estimation of useful life - Cable

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the income statement. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of cable infrastructure is assumed not to exceed the duration of related IRUs unless there is a reasonable expectation of renewal or an alternative future use for the asset.

(ii) Capitalisation of costs

Capitalisation is made within property, plant and equipment according to the nature of the expenditure. Only those directly attributable labour costs (employee benefits) that relate to the time spent by employees on constructing or acquiring the specific asset are capitalised. The directors regularly review these costs capitalised to ensure appropriately capitalised.

Right of Use Assets

Lease payments on right of use assets are discounted using the incremental borrowing rate. A recent third-party financing rate received was used to determine the incremental borrowing rate.

Provisions

There is a provision for cable repair across the network should there be an interruption to the marine segments. The provision is determined from professional judgement based on multiple variables in the industry.

5 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market rate risk, credit risk and liquidity risk. Responsibility for managing these risks rests with the directors of Aqua Comms Designated Activity Company, the parent company. It is, and has been throughout the period under review, the group's policy not to trade in financial instruments.

The group conducts its business primarily in the United States and Europe, however most of the material contracts and funds/borrowing is United States Dollars, therefore, operating and investing cash flows are substantially denominated in USD. A limited level of foreign exchange risk arises in relation to foreign currency denominated settlements with international counter parties.

Credit risk

Credit risks are mainly related to counterparty risks associated with trade and other debtors, prepayments and amounts owed by related companies.

The group's trade debtors comprise of a small number of companies in various industries, mainly in Ireland, Europe and the United States. The utilisation of credit limits is regularly monitored. Sales to customers are settled primarily by electronic fund transfer or in cash.

The group is exposed to credit risk relating to its cash and cash equivalents. The group places its cash with highly rated financial institutions.

Liquidity risk

The accompanying notes form an integral part of the financial statements.

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements. This objective is met by monitoring and controlling potential cash flows and maintaining an appropriate buffer of readily realisable assets and standby credit lines.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Financial risk management - continued

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year	Between one and two years	Between two and five years	After five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
Borrowings (note 15)	-	90,328	-	32,605	122,933
Trade and other payables (note 14)	24,344	11,755	46,900	108,611	191,610
Derivative financial instruments	-	14,332	-	-	14,332
At 31 December 2019	24,333	116,415	46,900	142,216	328,874
2020					
Borrowings (note 15)	106,073	-	-	27,022	133,095
Trade and other payables (note 14)	33,815	13,438	40,758	123,733	211,744
Derivative financial instruments	6,525	-	-	-	6,525
At 31 December 2020	146,413	13,438	40,758	150,756	351,365

Market risk*Foreign exchange risk*

The company and group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Other income	2020	2019
	\$'000	\$'000
Other miscellaneous income	-	18
Refund of US State taxes previously expensed	-	35
Gain on disposal of office lease	277	
Total other income	<u>277</u>	<u>53</u>
7 Operating profit / (loss)	2020	2019
	\$'000	\$'000
Staff costs:		
Wages and salaries	3,549	3,311
Social welfare costs	408	375
Pension costs - defined contribution plans	118	107
Net staff costs included in operating costs	<u>4,075</u>	<u>3,793</u>
Other operating costs:		
Amounts paid and payable to telecommunications operators	3,574	3,625
Operating and maintenance costs	3,125	2,469
Rental and utilities expense	(65)	(134)
Consulting and contractors' expense	1,178	950
Depreciation	12,982	12,846
Selling and marketing costs	132	155
Travel and subsistence costs	114	330
Foreign exchange losses	(345)	145
Other expenses	126	916
Total operating costs	<u>24,896</u>	<u>25,095</u>
Analysed as:		
Cost of sales	7,010	6,203
Administrative expenses	17,886	18,892
Operating costs	<u>24,896</u>	<u>25,095</u>
Operating profit / (loss) is stated after charging:		
Depreciation	12,982	12,846
Auditors' remuneration	128	72
Auditors' remuneration – non audit services	86	139
Other (gains)/losses - foreign exchange	<u>(345)</u>	<u>145</u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs	2020	2019
	\$'000	\$'000

(i) Employees

Staff costs, including directors' remuneration, were as follows:

Wages and salaries	3,549	3,311
Social security costs	408	375
Pension costs	118	107
	4,075	3,793

2020	2019
Number	Number

The average monthly number of employees, during the year were as follows:

Employees	19	14
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2020	2019
\$'000	\$'000

(ii) Directors

Emoluments	137	125
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Contributions to retirement benefit schemes:

- Defined contribution	-	-
	137	125

9 Finance costs	2020	2019
	\$'000	\$'000

Net interest payable comprises the following amounts:

Finance costs:

Dividend on redeemable preference shares	15,745	13,264
Interest on shareholders loans	4,417	4,465
Interest on leases	1,677	1,770
	21,839	19,499

Finance income

The finance income is attributable to the movement from the fair value measurement of the derivative.
See note 16 below.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Income tax (income) / expense	2020 \$'000	2019 \$'000
(a) Recognised in the income statement:		
Current tax expense:		
Current tax for the period	8	(12)
Deferred tax liability	-	-
Current tax charge for the period	<u>8</u>	<u>(12)</u>
(b) Reconciliation of effective tax rate:		
The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows:		
	2020 \$'000	2019 \$'000
Loss on ordinary activities before tax	(8,454)	(6,203)
Tax calculated at Irish tax rates at 12.5% (2019: 12.5%)	(1,057)	(775)
<i>Effects of:</i>		
Expenses not deductible for taxation	2,744	2,713
Net impact depreciation & capital allowances	(1,687)	(1,938)
Corporation Tax paid/(refunded) other jurisdictions	8	(12)
Irish Corporation Tax paid/(refunded)	-	-
Other permanent items	-	-
Current tax charge for the period	<u>8</u>	<u>(12)</u>

The group has accumulated tax losses available for offset against any future profits arising. The deferred tax asset arising on these losses would be calculated on cumulative losses of US\$150.4m (2019: US\$135.9M), however, no deferred tax asset has been recognised in these financial statements as the directors do not consider that sufficient taxable profits will arise in the next financial year such that these losses will be utilised.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

11 (a) Property, plant and equipment

Non-current	CLS Asset \$'000	CLS Equipment \$'000	Land \$'000	Submarine Cable \$'000	Spare Cable \$'000	Lighting Equipment \$'000	Computer Equipment \$'000	Furniture, Fittings & Equipment \$'000	Assets under Construction \$'000	Total \$'000
At 1 January 2019										
Cost or fair value	796	-	-	242,281	-	9,451	67	140	3,958	256,693
Accumulated depreciation	(33)	-	-	(27,398)	-	(2,825)	(41)	(11)	-	(30,308)
Net book amount	763	-	-	214,883	-	6,626	26	129	3,958	226,385
Year ended 31 December 2019										
Opening net book amount	763	-	-	214,883	-	6,626	26	129	3,958	226,385
Exchange differences				(183)	-	-				(183)
Additions	364			-	930	1,222	27	59	12,052	14,654
Depreciation charge	(138)			(9,678)	-	(1,311)	(26)	(19)	-	(11,173)
Closing net book value	989	-	-	205,022	930	6,537	25	168	16,010	229,681
Year ended 31 December 2020										
Opening net book amount	989	-	-	205,022	930	6,537	25	168	16,010	229,681
Transfers	1,556	965	40	(2,561)	-	-	-	-	-	-
Exchange differences	-	-	-	(87)	-	-	-	-	-	(87)
Additions	132	110	14	19,458	-	2,441	84	60	1,087	23,386
Disposals	-	-	-	-	-	-	-	(125)	-	(125)
Depreciation charge	(129)	(119)	-	(9,750)	-	(1,352)	(41)	(14)	-	(11,405)
Closing net book amount	2,548	956	54	212,081	930	7,626	68	90	17,097	241,450
At 31 December 2020										
Cost or fair value *	2,641	1,075	54	225,673	930	8,644	176	91	17,097	256,380
Accumulated depreciation	(93)	(118)	-	(13,592)	-	(1,018)	(108)	(1)	-	(14,930)
Net book amount	2,548	956	54	212,081	930	7,626	68	90	17,097	241,450

* As part of an internal restructure in April 2020, assets were transferred from AECL and SFN to new asset companies. The transfer was done at net book value, which was deemed to approximate the fair market value at the time. This resulted in a reduction in carrying value at cost and accumulated depreciation. Net book amounts were unaffected.

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued

11 (a) Property, plant and equipment - continued

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Borrowing costs, which includes interest and fees, directly attributable to the construction of the asset, included in above amounted to \$8.6m (2019: \$8.6m).

11 (b) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Right-of-use assets	17,057	19,563
Investment in Sublease	2,104	-
Lease liabilities		
Current	1,087	1,660
Non-Current	19,140	18,503

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Depreciation charge of right-of-use assets	1,577	1,621
Interest expense (included in finance costs)	1,677	1,770
The total cash outflow for leases	1,773	2,638

12 Investment in subsidiary - company

	Cost of investment \$'000	Total \$'000
At 1 January 2019	823	823
Additions during the year	-	-
At 31 December 2019	823	823
At 1 January 2020	823	823
Additions during the year	-	-
At 31 December 2020	823	823

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment in subsidiaries - company - continued

The principal subsidiaries of the company at 31 December 2020 were as follows:

Name	Nature of business	Shares in issue	% holding	Registered office
Aqua Comms Management Limited	Management company	100 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Sea Fibre Networks Limited	Trading company	122,993 ordinary shares at €1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
America Europe Connect Limited	Trading company	100 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Aqua Comms Services Limited	Trading company	100 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Aqua Comms Connect Limited	Intermediate holding company	123,094 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
America Europe Connect UK Limited	Management company	1 ordinary shares at £1.00	100%	85 Great Portland Street, London, England, W1W 7LT
America Europe Connect US Inc	Management company	100 issued shares at \$1.00	100%	3500 South Dupont Highway, Dover, Delaware 19901 Kent, United States
America Europe Connect 2 Limited	Trading company	100 issued shares at \$1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
America Europe Connect 2 Denmark ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen
America Europe Connect 2 USA, Inc.	Trading company	10,000 issued shares of \$0.01 each	100%	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Aqua Comms (UK) Ltd	Trading company	100 ordinary shares at £1.00	100%	Ground Floor, One George Yard, London, United Kingdom, EC3V 9DF
Aqua Comms Management (UK) Ltd	Management company	100 ordinary shares at £1.00	100%	40 Bloomsbury Way, Lower Ground Floor, London, WC1A 2SE England

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- continued

13 Investment in subsidiaries company -
continued

Aqua Comms (IOM) Ltd	Trading company	100 ordinary shares at \$1.00	100%	c/o PCS Limited, Ground Floor, Murdoch Chambers, South Quay, Douglas, Isle of Man, IM1 5AS
Aqua Comms (Denmark) ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen
Celtix Connect Ltd	Trading company	100,000 ordinary shares at €1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Aqua Comms (Ireland) Ltd	Trading company	2 Issued shares of \$1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
North Sea Connect Denmark ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen

NOTES TO THE FINANCIAL STATEMENTS – continued

13 Trade and other receivables	2020	2019
Group	\$'000	\$'000

Amounts falling due within one year:

Trade receivables	4,284	6,614
Prepayments and other receivables	23,504	25,401
	27,788	32,015

Company

Amounts falling due within one year:

Amounts owed by group companies	155,603	161,360
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The fair values of trade and other receivables approximate to their carrying amounts. The amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

14 Trade and other payables	2020	2019
Group	\$'000	\$'000

Amounts falling due within one year:

Trade payables	2,901	1,042
Deferred income	18,314	18,451
PAYE/PRSI	74	63
Sales Tax Payable	671	304
Accruals & other liabilities	10,768	2,823
Lease liabilities	1,086	1,660
	33,814	24,343

Amounts falling due greater than one year:

Deferred income	158,790	148,763
Lease liabilities	19,140	18,504
	177,930	167,266

Total trade & other payables	211,744	191,610
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Company

Amounts falling due over one year	-	-
Amounts owed to subsidiary undertakings	971	971
	971	971

The Company amounts payable to group undertakings are trading balances. They are unsecured interest free and repayable on demand. Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings	2020 %	2019 %
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Maturity of financial borrowings - continued

The effective senior debt interest rates at the balance sheet date were as follows:

Effective senior debt interest	15.86	15.86
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Loans from group undertakings are detailed in note 18.

Edge Network Services Limited hold 3 charges over the group's assets as security over its revenue agreements with the group.

	2020 \$'000	2019 \$'000
Company		
Non-current liabilities		
Redeemable preference shares	106,073	90,328
Shareholder loan	27,022	32,605
Borrowings		
Current liabilities		
Bank loans	-	-
Total borrowings	133,095	122,933

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings – continued

Maturity of financial borrowings 2020

The maturity profile of the carrying amount of the company's borrowings is set out below:

	Within one year \$'000	Between one and two years \$'000	Between two and five years \$'000	After five years \$'000	Total \$'000
Shareholder loan	-	-	-	27,022	27,022
Redeemable preference shares	106,073	-	-	-	106,073
Bank loans	-	-	-	-	-
At 31 December 2020	106,073	-	-	27,022	133,095

Maturity of financial borrowings 2019

The maturity profile of the carrying amount of the company's borrowings is set out below

Shareholder loan	-	-	-	32,605	32,605
Redeemable preference shares	-	90,328	-	-	90,328
Bank loans	-	-	-	-	-
At 31 December 2019	-	90,328	-	32,605	122,933

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Derivatives	2020	2019
	\$'000	\$'000

Group and company

Liabilities at fair value through income statement:

Derivative financial instruments	6,525	14,332
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The above derivative is the fair value of the conversion rights attached to the Series A Preferred Shares at each reporting date. Based on a Black Scholes Option valuation the directors determined that the current valuation was appropriate.

17 Equity share capital	2020
	\$'000

Authorised

1,000,100,000 ordinary shares of €0.001 each	1,000,100
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Issued and paid

599,566,912 ordinary shares of €0.001 each	604
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The total authorised number of ordinary shares is 1,000,100,000 shares with a par value of €0.001 per share. All issued shares are fully paid.

Warrants

Linked to the original AEC project financing, Nomura International Plc and Black Forest Funding (Ireland) DAC "the warrant holders", held the right to exercise an option to acquire 4.7% (2018: 4.8%) of the fully diluted ordinary share capital of the group's holding company Aqua Comms Designated Activity Company for a consideration of €0.001 per warrant share. In April 2020, both Nomura International Plc and Black Forest Funding (Ireland) DAC elected to exercise their rights and convert the warrants to ordinary shares in the company.

Preference shares

The company has issued 374,730,197 Series A preference shares. The preference shares are classified as liabilities at the balance sheet date. Each Series A Preferred share shall be convertible at the option of the holder at any time after the date of issue of such Series A Preferred Share into fully paid Ordinary Shares.

Each preference share shall accrete a cumulative preferential dividend, measured since the later of: (i) the date of issuance of such preferred share and (ii) the last declared and paid dividend on such preferred share, calculated daily and at the annual rate of 9%. The company shall, if the preferred dividend is declared by the board, pay the preferred dividend to the person registered as the holder. Each preferred dividend shall, if declared, be paid in the form of newly issued Series B preferred shares.

Each preferred dividend shall be deemed to accrete from day to day: (i) whether or not such preferred dividend has been declared by the Board; and (ii) after as well as before the commencement of a winding-up, and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 (a) Cash generated by operations – group

	Notes	2020 US\$'000	2019 US\$'000
Profit before Income Tax:			
Continuing Operations		(8,462)	(6,203)
Discontinued Operations		-	-
Profit before Income Tax Including Discontinued:		(8,462)	(6,203)
Adjustments for:			
Depreciation and amortisation		12,982	12,846
Impairment of goodwill		-	-
Non-cash employee benefits expense – share-based payments		-	-
Net (gain)/loss on sale of non-current assets		(49)	-
Gain on disposal of engineering division		-	-
Fair value adjustment to investment property		-	-
Fair value adjustment to derivatives		(7,807)	(9,668)
Fair value (gains)/losses on non-current financial assets at fair value through profit or loss		-	-
Share of profits of associates and joint ventures		-	-
Gain on derecognition of contingent consideration payable		-	-
Gain on remeasurement of contingent consideration receivable		-	-
Dividend income and interest classified as investing cash flows		-	-
Finance costs – net		21,839	19,498
Net exchange differences		268	(15)
Change in operating assets and liabilities:			
(Increase) in trade receivables		2,330	(4,605)
Decrease/(increase) in contract assets		905	(323)
(Increase) in inventories		-	-
Decrease/(increase) in financial assets at fair value through profit or loss		-	-
Decrease in other operating assets		993	-
Increase/(decrease) in trade creditors		145	(596)
Increase in contract liabilities		9,890	15,860
Increase in other operating liabilities		5,534	704
Increase in other provisions		1,422	(141)
Cash generated from operations		39,990	27,357

The accompanying notes form an integral part of the financial statements.

18 (b) Cash and cash equivalents - group

Cash and cash equivalents	21,578	14,607
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The book value of cash and cash equivalents approximates their fair value. The effective interest rate on short term deposit was nil.

19 Ultimate parent company

The group regards Aqua Ventures Ltd, a company incorporated in the Channel Islands, as its ultimate parent company. The highest level of consolidated accounts is Aqua Comms Designated Activity Company.

20 Related party transactions

(a) Loan between related parties – Company Statement

Aqua Comms Management Limited, a subsidiary of Aqua Comms Designated Activity Company, is owed \$971,401 at the balance sheet date.

America Europe Connect 2 Ltd owed \$36,037 at the balance sheet date.

America Europe Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$27,280,975 at the balance sheet date.

Aqua Comms Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$128,271,296 at the balance sheet date.

Celtix Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$14,685 at the balance sheet date.

Consultancy services were received from Aqua Ventures Limited for \$134,074. These were on normal commercial terms and conditions.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

(b) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2020 \$'000	2019 \$'000
Short term employee benefits	1,521	1,508
Post-employment pension benefits	82	45
	<u>1,603</u>	<u>1,553</u>

No amounts included within short-term employee benefits above has been capitalised.

(c) Staff incentive plan

There is a cash settled long term incentive plan in place that commenced during April 2016 that is intended to promote the business objectives of the Aqua Comms Group in affecting, motivating and retaining senior management personnel.

The group has recognised a charge of \$nil in its income statement for the year ended 31 December 2020 in respect of its obligations on the basis of an assessment carried out by the directors which determined that there is no incremental gain from the date the plan was introduced to 31 December 2020. The fair value of the liability for cash-settled transactions will be re-measured at each reporting date and at the date of settlement.

21 Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2020 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

22 Standards, amendments and interpretations effective in 2020**New standards, amendments and interpretations effective for the financial year beginning 1 January 2020.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020. The company has not adopted these standards early in preparing these Financial Statements.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020.

IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions

The accompanying notes form an integral part of the financial statements.

(liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters. Effective January 1, 2011. The amendments are effective for annual periods beginning on or after January 1, 2020.

The final version of IFRS 9 "Financial Instruments" issued in July 2014 is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. Effective January 1, 2011. The amendments are effective for annual periods beginning on or after January 1, 2020.

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The group has adopted IFRS 16 *Leases* retrospectively from 1 January 2019. The new accounting policies are disclosed in note 11b. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 9%.

Other new standards, amendments and interpretations, which have been currently issued, are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the company.

23 Company only income statement

In accordance with section 304 of the 2014 Companies Act, the company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The company's loss for the financial year is US\$8,105,761 (2019: loss of US\$3,578,176).

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Commitments

The group has not entered into any additional commitments requiring disclosure beyond what is already disclosed in the relevant notes to the accounts.

The accompanying notes form an integral part of the financial statements.

APPENDIX 1

APPLICATION FORM

For official use only

Application form for the Offer for Subscription

DIGITAL 9 INFRASTRUCTURE PLC

Important: before completing this form, you should read the prospectus issued by the Company dated 8 March 2021 (the “**Prospectus**”) and the Terms and Conditions of Application under the Offer for Subscription, set out in Part 15 of the Prospectus, and the accompanying notes to this form.

Forms should be returned by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH (or by email to OFSPaymentQueries@Computershare.co.uk (only if paying via bank transfer or settling via DVP in CREST)).

To: Digital 9 Infrastructure plc

1. Application

I/We the person(s) detailed in section 2 below offer to subscribe for the amount shown in the box in section 1 subject to the Terms and Conditions set out in Part 15 of the Prospectus and subject to the Articles of the Company.

In the box in this section 1 write in figures, the aggregate value, at the Issue Price (being £1.00 per Ordinary Share), of the Ordinary Shares that you wish to apply for – a minimum of £1,000.00 and thereafter in multiples of £100.00.

Payment Method (Tick appropriate box)

Cheque/Banker's draft

☐

Bank transfer

☐

CREST Settlement (DvP)

☐

2. Details of Holder(s) in whose name(s) Ordinary Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name

Address (in full)

Designation (if any)

Date of Birth

Mr, Mrs, Miss or Title

Forenames (in full)

Surname

Date of Birth

Mr, Mrs, Miss or Title

Forenames (in full)

Surname

Date of Birth

Mr, Mrs, Miss or Title

Forenames (in full)

Surname

Date of Birth

3. CREST details

(Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2).

CREST Participant ID:

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CREST Member Account ID:

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4. Signature(s) – all holders must sign.

By completing box 4 below, you are deemed to have read the Prospectus and agreed to the terms and conditions contained in part 15 of the Prospectus and to have given the warranties, representations and undertakings set out therein.

Execution by individuals:

First Applicant Signature		Date	
Second Applicant Signature		Date	
Third Applicant Signature		Date	
Fourth Applicant Signature		Date	

Execution by a company:

Executed by (Name of company):		Date	
Name of Director:		Signature	
Name of Director/ Secretary:		Signature	
If you are affixing a company seal, please mark a cross here:		Affix Company Seal here:	

5. Settlement details

(a) Cheque/Banker's Draft

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, attach to this form your cheque or banker's draft for the exact amount shown in the box in section 1. Cheques or bankers' drafts must be made payable to "**CIS PLC re: DIGITAL 9 OFS a/c**". Cheques and bankers' drafts must be in Sterling and drawn on an account at a branch of a bank or building society in the United Kingdom and must bear the appropriate sort code in the top right hand corner. You should tick the relevant payment method box in section 1.

(b) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 25 March 2021. Applicants wishing to make a CHAPs payment should contact Computershare Investor Services PLC stating "DIGITAL 9 OFS 2021" by email at OFSpaymentqueries@computershare.co.uk for full bank details or telephone the shareholder helpline on 0370 707 4040 or on +44 370 707 4040 (if calling from outside the UK) for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted below and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Sort Code:	Account name:
Account Number:	Contact name at branch and telephone number

Evidence of the source of funds may also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to OFSpaymentqueries@computershare.co.uk. Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

Please Note – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) CREST Settlement

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary

Shares to be made against payment of the Issue Price per Ordinary Share using the CREST matching criteria set out below:

Trade date:	26 March 2021
Settlement date:	31 March 2021
Company:	DIGITAL 9 INFRASTRUCTURE PLC
Security description:	Ordinary Shares
SEDOL:	BMDKH43
ISIN:	JE00BMDKH437
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to Computershare's Participant Account 3RA43 by no later than 11.00 a.m. on 30 March 2021.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by 11.00 a.m. on 25 March 2021. You should tick the relevant payment method box in section 1.

Note: Computershare Investor Services PLC will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant. No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.

6. Anti-money Laundering

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that Computershare itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst Computershare may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or the Sterling equivalent).

Computershare will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-Money Laundering Checks appear as an enquiry/soft search on the applicant's credit report. The report may contain a note saying "Identity Check to comply with Anti Money Laundering Regulations".

Computershare reserves the right to request any further additional information it deems necessary to confirm the identity, address, source of funds and wealth of all parties, and further it reserves the right to decline an application for any individual or business where it considers that the information available is unsuitable or unreliable.

If at any time the Company has reasonable grounds for suspecting that the funds contributed to the Company may represent the proceeds of crime, it reserves the right to refuse to issue Ordinary Shares or pay income or dividends on Ordinary Shares to the applicant or investor until sufficient information has been supplied to satisfy the Receiving Agent's anti-money laundering requirements. To the extent that the applicant or, where relevant, the beneficial owner has been identified as a politically exposed

person or an associate of a politically exposed person, the Receiving Agent may request additional information. These requirements apply both at the time of investment and on an ongoing basis.

7. Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. If no details are provided this may delay obtaining the additional information required and may result in your application being rejected or revoked.

E-mail address	
Telephone No	

8. Queries

If you have any queries on how to complete this form or if you wish to confirm your final allotment of shares, please call the Computershare help line on 0370 707 4040. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide any financial, legal or tax advice.

Notes on how to complete the Offer for Subscription Application Form

Applications should be returned to be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 8AE (or by email to OFSPaymentQueries@Computershare.co.uk (only if paying via bank transfer or settling via DVP in CREST)) no later than 11.00 a.m. on 25 March 2021.

Helpline: If you have a query concerning the completion of this Application Form, please telephone Computershare on 0370 707 4040. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(1) Application

Fill in (in figures) in the box in section 1 the aggregate value in Sterling of the Ordinary Shares you wish to subscribe for at the Issue Price (being £1.00 per Ordinary Share). The value must be a minimum of £1,000.00 and thereafter in multiples of £100.00.

Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

(2) Payment method

Mark in the relevant box in section 1 to confirm your payment method, i.e. cheque/banker's draft, bank transfer or settlement via CREST.

(3) Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 4.

(4) **CREST**

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 2, enter in section 3 the details of that CREST account. Where it is requested that Ordinary Shares be deposited into a CREST account, please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued, unless settling by DvP in CREST.

(5) **Signature**

All holders named in section 2 must sign section 4 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated, and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

(6) **Settlement details**

(a) **Cheque/Banker's draft**

All payments by cheque or banker's draft must accompany your application and be for the exact amount in Sterling inserted in the box in section 1 of the Application Form. Your cheque or banker's draft must be made payable to "**CIS PLC re: DIGITAL 9 OFS a/c**", in respect of an application and crossed "**A/C Payee Only**". Applications accompanied by a post-dated cheque will not be accepted.

Cheques or bankers' drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.

Third party cheques may not be accepted, with the exception of building society cheques or bankers' drafts where the building society or bank has inserted on the back of the cheque the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(b) **Bank transfer**

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 25 March 2021. Applicants wishing to make a CHAPs payment should contact Computershare Investor Services PLC stating "DIGITAL 9 OFS 2021" by email at OFSpaymentqueries@computershare.co.uk for full bank details or telephone the shareholder helpline on 0370 707 4040 or on +44 370 707 4040 (if calling from outside the UK) for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted in section 5(b) of the Application Form and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds may also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to OFSpaymentqueries@computershare.co.uk. Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

Please Note – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) CREST settlement

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Initial Admission (being the settlement date). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's Receiving Agent, Computershare Investor Services PLC, will require from you to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with Computershare, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system of Computershare in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Computershare nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment ("**DvP**") instructions into the CREST system in accordance with your application. The input returned by Computershare of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the settlement date.

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 11.00 a.m. on 30 March 2021 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by Computershare.

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance

of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	26 March 2021
Settlement date:	31 March 2021
Company:	DIGITAL 9 INFRASTRUCTURE PLC
Security description:	Ordinary Shares
SEDOL:	BMDKH43
ISIN:	JE00BMDKH437
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to Computershare's Participant Account 3RA43 by no later than 11.00 a.m. on 30 March 2021.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by 11.00 a.m. on 25 March 2021. You should tick the relevant payment method box in section 1.

Note: Computershare will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant.

No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.

