

**TRADUCCIÓN SOLO A EFECTOS INFORMATIVOS/TRANSLATION FOR INFORMATION  
PURPOSES ONLY**

***Zegona Communications PLC***

Pursuant to article 228 of the Restated Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October and article 17 of Regulation (EU) 596/2014 of 16 April 2014 on Market Abuse (Market Abuse Regulation), Zegona Communications PLC ("**Zegona**") hereby submits the following

**RELEVANT FACT**

On October 18, 2018, Zegona's Board of Directors adopted the decision to increase its stake in Euskaltel, S.A. ("**Euskaltel**") up to a maximum of an additional 14.9%, for which a voluntary partial cash offer would be launched at a price of 7.75 euros per share (the "**Offer**"), the payment of which would be made by means of a capital increase of up to 225 million pounds sterling (the "**Placing**"). All the foregoing was communicated by means of relevant facts dated 19 and 29 October and 30 November 2018.

Given the unexpected deterioration in equity market conditions in the intervening period, the terms that are available to fund the Offer under the terms originally announced are not acceptable to Zegona shareholders such that the required 75% of the Zegona shareholders present or represented at the general shareholders' meeting to approve the Placing would vote in favour of the Placing (as required under Zegona's Articles of Association).

Therefore, the Board of Directors of Zegona, in its meeting of 20 December 2018, has agreed to cancel its intention to increase its stake in Euskaltel up to a maximum of 14.9% by means of a partial voluntary public offer.

Zegona's strategy with respect to Euskaltel continues to focus on increasing its participation and using its increased influence to work constructively with the Euskaltel board of directors and management. Zegona will therefore seek to increase its ownership of Euskaltel through market purchases in the Spanish stock market, in an amount which does not require Zegona to launch a tender offer over 100% of the shares of Euskaltel.

Also, Zegona has agreed terms for a shareholder relationship which would imply a concerted action with Talomon Capital Ltd., which is a significant shareholder of both Zegona and Euskaltel (the "**Shareholders' Agreement**"). Talomon currently holds between 1% and 2% of Euskaltel and, under the terms agreed for the Shareholders' Agreement, it would have an ownership entitlement of up to 2.4% of Euskaltel.

Zegona intends to raise new equity for these proposed market purchases via a non pre-emptive institutional placing in order to acquire Euskaltel shares in the market, for

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which it has received indications for investment from both existing and new equity investors. In addition, Zegona is considering the terms and conditions of two flexible debt financing facilities for a total amount of up to 30 million including an agreement with Virgin Group of up to 10 million pounds which could be used to increase Zegona's investment in Euskaltel.

Zegona intends to call its shareholders meeting and publish the prospectus for its equity placing in January 2019.

21 December 2018

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Zegona Communications PLC  
P.p.  
Robert Samuelson