

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

The board of Zegona has resolved on 18 October 2018 to increase its investment in Euskaltel S.A. (“**Euskaltel**”) through a partial voluntary tender offer in cash to acquire up to an additional maximum of 14.9% of the outstanding shares of Euskaltel at a price of €7.75 per share (the “**Intended Offer**”). Zegona currently owns 15% of the outstanding shares of Euskaltel and would, if the Intended Offer is accepted in full, reach a maximum stake of 29.9%, representing 29.94% of the total voting rights of Euskaltel, excluding the 234,648 shares which are held as treasury shares by Euskaltel according to the notice of October 5, 2018 with regards to transactions made pursuant to Euskaltel’s liquidity agreement (*contrato de liquidez*).

In order to pay the price of the Offer, Zegona must execute a placing to raise up to £225,000,000 (256,500,000 euros according to the exchange rate as of 18 October, 2018) on a non pre-emptive basis (the “**Placing**”) that has been fully underwritten by Barclays Bank PLC by virtue of a standby underwriting agreement signed on 19 October 2018.

Zegona’s share capital stands at GBP 1,262,194.49, represented by 126,219,449 ordinary shares of a single class, with a par value of 0.01 pounds sterling each, fully subscribed and paid up. Zegona’s shares are listed on the standard listing segment of the Official List of the London Stock Exchange and admitted to trading on the London Stock Exchange’s Main Market. Zegona’s main asset is its 15% stake in Euskaltel.

The amount obtained in the Placing will provide funds to pay the Offer (up to 206.305 million euros for a price of 7.75 euros per share) and, the outstanding amount, to cover transaction expenses and for general corporate purposes. The Placing is conditional on approval from Zegona shareholders and would be subject to the filing of a prospectus with the Financial Conduct Authority. The board of Zegona, on the same meeting, has also resolved to convene a extraordinary general meeting of its shareholders to approve the Placing and initiate the procedure to publish, before the general shareholders meeting of Zegona is held and in order for the transaction to be executed during the fourth quarter of 2018, a prospectus in relation to the Placing. Such shareholders meeting will also grant all necessary powers of attorney.

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Upon the approval by Zegona's shareholders of the Placing and taking into account it has been underwritten by Barclays Bank PLC, Zegona will file the corresponding request for authorization for the Offer in the terms of article 17 of Royal Decree 1066/2007, of 27 July, on the regime of tender offers (the "**Royal Decree on Tender Offers**") over a maximum of 26,620,000 shares representing 14.9% of the share capital of Euskaltel will be submitted to the CNMV at the abovementioned price.

Henceforth, this relevant fact does not qualify as a prior announcement of the Offer to the purposes of article 16.1 of the Royal Decree on Tender Offers.

If Zegona's general shareholders meeting does not approve the Placing, the Offer will not be executed in the abovementioned terms until the necessary funds are obtained.

In order to establish the 7.75 euro per share Price at which the partial Intended Offer would be launched, it has been assumed that Euskaltel will not make any distribution of dividends, reserves, premiums or any other equivalent form of distribution, return of capital or payment to or against equity (or related items) before completion of the Intended Offer.

Given that the Intended Offer would be partial, in the event that the total number of securities included in the acceptances exceeds the maximum limit of the Intended Offer, the rules of distribution and pro rata (*distribución y prorrateo*) described in article 38 of the Royal Decree on Tender Offers would be applied.

Additional information contained in the communication Zegona has published in the United Kingdom is hereby attached.

19 October 2018

Zegona Communications plc
P.p.
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