

**Rural Broadband Solutions Plc  
(‘RBBS’ or the ‘Company’)  
Infrastructure funding complete and name change to Global Connectivity plc**

Rural Broadband Solutions Plc (AQSE: RBBS), a provider of high speed broadband to rural areas of Great Britain, announces a proposed investment from Tiger Infrastructure Partners Fund III LP (“Tiger”) into its two operating subsidiaries and a change of name to Global Connectivity plc.

**Highlights:**

- Tiger agrees to invest up to £75 million in Rural Broadband Solutions Holdings Limited (“RBSHL”), a newly formed company, and will thereby own 85% of the common equity of RBSHL. RBBS will transfer the shares it owns in Secure Web Services Ltd (“SWSL”) and Cadence Networks Ltd (“CNL”) to RBSHL (the “Reorganisation”) and in return will receive £825,000 in cash over three years (as partial repayment of a shareholder loan made by RBBS to SWS) and, for a minimal investment, 15% of the common equity of RBSHL.
- Tiger has committed an initial investment of £16 million during its first year of majority ownership.
- The RBBS ownership of RBSHL is not subject to dilution unless and until Tiger reaches its £75 million capital contribution to RBSHL.
- A Management Incentive Plan will be created for the benefit of management to enable it to participate in the upside of RBSHL.
- RBBS will be entitled to representation on the board of RBSHL.
- The transaction is subject *inter alia* to approval by 50.1% of RBBS shareholders at an extraordinary general meeting scheduled for 24 October 2022. Shareholders exceeding 52% have signed irrevocable undertakings to approve the transaction.

**Keith Harris, Executive Chairman of RBBS, commented:** “We have been seeking infrastructure funding in support of our wider growth strategy. It was critical for us to identify a financial and strategic partner who shared our vision to deploy full fibre to our communities. In Tiger, we are delighted to say we have found a like-minded investor whose expertise and capital will assist in fulfilling this ambition. Together, we are well-positioned to assist communities in Shropshire and Wales solve their immediate and growing requirement for reliable, gigabit-capable connectivity.”

A circular to shareholders (the “Circular”), including a notice of the extraordinary general meeting and proposed action to be taken by Shareholders will be posted today.

The Circular is available on the Company’s website:  
<https://www.ruralbroadbandsolutions.com/about/documents/> and parts of the Circular have been reproduced below.

**Proposed Investment**

In my statement to shareholders in December 2021, I wrote that, since our initial public offering in October 2020, we had invested the proceeds thereof and those of a subsequent secondary equity offering in December 2021, to build the foundations for a larger and stronger operating entity. I discussed in that statement the opportunities your board identified as a result of the continuing trend towards fast connectivity in even the most remote areas of the UK becoming an increasingly essential utility. In November 2021, the All-Party Parliamentary Group on the Rural Powerhouse warned that

“Rural Britain is not a museum” and is being “held back” by, among other things, “slow” broadband connectivity. Your company is one of those seeking to deliver high speed broadband to rural areas.

The investment we have made in our dark fibre ring and backhaul capability, provided by the December 2021 acquisition of Cadence, gave RBBS a foundation upon which to build its own national data network and provide connectivity to a wide range of rural towns and villages. We have also invested in an experienced and enlarged executive management and board capability to provide the expertise to facilitate a step change in customer numbers. The fund raising in December 2021 helped RBBS in achieving its strategic objective of becoming a major presence in the provision of broadband services to rural areas in the UK. The acquisition of Cadence has allowed us to create our own national network to enable us to build our own fibre network.

Whilst implementing our growth strategy, it became clear that the rural broadband market was likely to develop more quickly and to a larger extent than anticipated when we embarked on this enterprise. In discussions with Analysys Mason, an experienced specialist consultancy in the field of digital infrastructure planning, it became apparent that the strategy on which we had embarked would require a further considerable deployment of capital. It was equally apparent that there was an ever increasing demand within the UK for nationwide fast and reliable broadband. At this stage, the vision was clear, but the opportunity was immediate.

The huge opportunity and bold vision underpinned our belief that we should seek to partner with an infrastructure fund with proven expertise, strong capital backing and a shared belief in our vision. As a consequence, we appointed Investec Bank plc as an infrastructure funding advisor. This resulted in us entering into discussions with Tiger and those discussions have now concluded successfully.

Tiger agrees to invest up to £75 million to fund the capex costs, working capital and operating losses during the ramp-up of our business. Their investment places RBSHL, the new holding company of SWS and Cadence, in a position to fund growth in the rural broadband market, both organically and by way of acquisitions, at an increased pace. Significantly, it also enables RBSHL, in due course, to raise external financial leverage at a lower cost of capital for the benefit of all stakeholders.

RBBS will retain a 15% equity stake in RBSHL. This ownership is not subject to dilution except in circumstances where the board of RBSHL agrees that further funding in excess of Tiger’s £75 million investment is required and RBBS does not elect to fund its relevant proportion. RBBS will also receive £825,000 in cash over the next 3 years (£275,000 per annum) by way of repayment of an intercompany loan from SWS which will enable RBBS to continue to operate as an investment vehicle with the capacity, in addition to its carried 15% investment in RBSHL, to seek opportunities in allied but non-competing business sectors.

## **Background on Tiger**

Tiger Infrastructure Partners is a leading middle market investor focused on providing transformational growth capital to enable the infrastructure of tomorrow. Tiger targets superior risk-adjusted returns for its investors by employing the firm’s value-add approach to growth investments across the digital infrastructure, energy transition and transportation sectors in North America and Europe, where significant tailwinds are driving demand for new infrastructure. For more information, visit [www.tigerinfrastructure.com](http://www.tigerinfrastructure.com).

## **Details of the Investment**

Pursuant to the Subscription Agreement and the Shareholders’ Agreement, Tiger has conditionally agreed to invest up to £75 million in aggregate into a new intermediate holding company RBSHL which, following the Reorganisation, will wholly own SWS and Cadence. Of this aggregate maximum investment of £75 million, £8 million will be invested at Completion with a further £8 million to be invested within the 12 month period following Completion (subject to no material adverse event having occurred with respect to the business of SWS or Cadence). As part of the Reorganisation, RBBS will transfer rights in the Rural Broadband Solutions name to RBSHL and will capitalise £1,028,470.33 of the intercompany loan owed to it by SWS with the balance of £825,000 being repaid over three years at the rate of £275,000 per annum.

The Subscription Agreement is conditional upon Shareholders passing the Resolutions at the EGM and upon the Reorganisation having been completed. Should either of these conditions not be satisfied, the Company will be liable to pay to Tiger a break fee in the sum of £900,000. Completion is expected to take place within 2 business days following the EGM.

Any funds invested by Tiger up to the £75 million will be advanced 70% by way of shareholder loan and 30% by way of subscription for A Shares. Tiger will upon Completion of the initial £8 million investment hold 85% of RBSHL's issued share capital with the balance of 15% being held by the Company in the form of B Shares. The shareholder loans to be advanced by Tiger will be unsecured and will carry interest at the rate of 12.5% per annum (the **SHL Rate**). If RBSHL cannot pay any interest on its due date, that interest will be rolled up and accrue additional interest at the SHL Rate. The shareholder loans shall be repayable in advance of any return of equity. Until Tiger has funded £75 million in full, the Company will not have any ongoing funding obligations to RBSHL with Tiger having the right to provide all funding up to that level (save for nominal sums payable by the Company for further issues of shares to the Company in order to maintain the Company's 15% shareholding). After Tiger has invested £75 million, the Company shall be entitled to participate in its pro rata amount in funding rounds on the same terms as Tiger.

Pursuant to the Subscription Agreement, the Company has given certain warranties to Tiger and has also given Tiger a tax indemnity on the terms set out in the Tax Deed. Both the Subscription Agreement and the Tax Deed contain limitations on the Company's liability customary for a transaction of this nature. In addition, Tiger has also taken out warranty and indemnity insurance which provides cover for claims under large majority of the warranties or Tax Deed save for excluded or partially excluded claims and means that the Company's liability for any covered claims is capped at £1. The Company will be liable for claims under certain uncovered warranties and certain uncovered parts of the Tax Deed if claims exceed £1 million.

The Shareholders' Agreement will be entered into on Completion in order to regulate the ongoing relationship between the Company and Tiger as shareholders of RBSHL. As majority shareholder and funder, Tiger will have control of RBSHL at both board and shareholder level subject to certain minority shareholder protections for the Company. The Company shall have the right to receive certain information in relation to the continuing business and to appoint a director to the Board of RBSHL, the first such director to be Keith Harris. The Shareholders' Agreement includes restrictive covenants which prevent the Company from competing with RBSHL and its subsidiaries and from soliciting employees, customers and suppliers.

Chris New and Simon Hersh have committed to increase their time commitments to RBSHL and its subsidiaries (and to reduce their time commitment to the Company).

In order to incentivise the senior management team of RBSHL, it is intended soon after Completion for RBSHL to adopt the MIP. Under the terms of the MIP, members of the senior management team (which may include Keith Harris, Christopher New, Simon Hersh, Adam Gent and Rod Lawrence) may receive an increasing share of the proceeds of any future sale of RBSHL up to a maximum of 20%. The allocation of the MIP has not yet been decided. The Independent Directors consider the proposed terms of the MIP to be fair and reasonable in the context of the transaction as whole. The exact terms of the MIP, including vesting hurdles, will be approved by the non-executive directors' of RBSHL after completion of the transaction.

Certain members of the senior management team have entered into the Management Warranty Deed containing market standard warranties from the senior management team in favour of Tiger in relation to matters such as the business plan and due diligence reports.

### **Irrevocable undertakings**

Irrevocable undertakings to vote in favour of the Resolutions have been received by the Company in respect of, in aggregate, 189,977,472 Ordinary Shares, representing approximately 52 per cent of the Company's current issued share capital. This includes the following directors and their related parties:

|                    | <i>No. of<br/>Ordinary<br/>Shares</i> | <i>% of<br/>Current<br/>issued<br/>share capital</i> |
|--------------------|---------------------------------------|--|
| <i>Director</i>    |                                       |  |
| Keith Harris       | 34,126,667                            | 9.43%  |
| Keith Harris' wife | 2,000,000                             | 0.55%  |
| Christopher Stone  | 13,000,000                            | 3.59%  |
| <b>Total</b>       | <b>49,126,667</b>                     | <b>13.57%</b>  |

## **Recommendation**

Shareholder approval is being sought, in accordance with the AQSE Growth Market rules, because completion of Subscription Agreement will result in RBBS's holding in RBSHL (and therefore ultimately in Cadence and SWS) being reduced from 100% to 15%, resulting in a fundamental change in the Company's circumstances.

The Directors consider the Investment to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the EGM.

Certain Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of, in aggregate, 189,977,472 Ordinary Shares, representing approximately 52.49 per cent. of the current issued ordinary share capital of the Company.

**—ENDS—**

### **For more information, contact:**

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### **About Rural Broadband Solutions Plc**

Rural Broadband Solutions Plc is a broadband service provider for deep rural communities in the UK. RBBS uses using leading-edge technologies such as Fixed Wireless and Fibre with a choice of packages and connections from 30Mbps to 900Mbps to provide high-speed broadband services comparable to cities to rural communities. All its connections support VoIP (Voice over Internet Protocol) phone services for home and business. RBBS, through the acquisition of SWS Broadband in 2020, and Cadence Networks Ltd in December 2021, has been building its broadband network in Shropshire and Wales by using Fixed Wireless Access (FWA). RBBS has also been deploying Fibre to the Premises (FTTP) where this is economically viable based on expected take-up rates or with the support of the Gigabit Broadband Voucher Scheme.