OptiComm Ltd
ACN 117 414 776
Level 1, 22 Salmon St
Port Melbourne VIC 3207
www.opticomm.net.au

7th August 2020

ASIC REGISTRATION OF SCHEME BOOKLET

OptiComm Ltd (ASX: OPC) (**OptiComm**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the explanatory statement (the **Scheme Booklet**) in relation to the proposed acquisition of OptiComm by Uniti Group Limited by way of a scheme of arrangement (**Scheme**).

This follows the issuance of orders made by the Federal Court of Australia today approving despatch of the Scheme Booklet to OptiComm shareholders and the convening of a meeting of OptiComm shareholders to consider and vote on the Scheme (**Scheme Meeting**), which was announced by OptiComm earlier today.

Despatch of Scheme Booklet
The Scheme Booklet attached to this release sets out information OptiComm shareholders require to evaluate the Scheme. An electronic version of the Scheme Booklet will also be available for viewing and downloading online at OptiComm's website (https://investors.opticomm.net.au/investor-centre/).

OptiComm shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet, to make their election online, and to lodge their proxies for the Scheme Meeting online. OptiComm shareholders who have not made such an election will be mailed a copy of the Scheme Booklet, an election form and proxy form for the Scheme Meeting.

A copy of the Scheme Booklet is expected to be sent to OptiComm shareholders on or before 11 August 2020.

Independent Expert's Report
The Scheme Booklet includes an independent expert's report from Lonergan Edwards & Associates Limited (**Independent Expert**) which concludes that the Scheme is fair and reasonable and in the best interests of OptiComm shareholders, in the absence of a superior proposal.

Directors' recommendation
The directors of OptiComm unanimously recommend that OptiComm shareholders vote in favour of the Scheme in the absence of a superior proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OptiComm shareholders. Subject to those same qualifications, each director of OptiComm intends to vote all the OptiComm shares held or controlled by her or him in favour of the Scheme.

Further information
Once received, OptiComm encourages shareholders to read the Scheme Booklet in its entirety before making their election and deciding whether or not to vote in favour of the Scheme at the Scheme Meeting. OptiComm also encourages shareholders to note key events and indicative dates as set out in the Scheme Booklet.

This statement is authorised for lodgment by the Board.

Your faithfully

John Phillips
Chief Financial Officer & Company Secretary

For further information contact:

Investor Relations
Tel: +61 3 9024 9503; 0418 530 478
investors@opticomm.net.au

OptiComm Ltd

ACN 117 414 776

Scheme Booklet

In relation to a proposal from Uniti Group Limited (ACN 158 957 889) to acquire all of your OPC Shares by way of a scheme of arrangement.

THE OPTICOMM DIRECTORS UNANIMOUSLY RECOMMEND THAT OPC SHAREHOLDERS VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL[1]

This is an important document and requires your immediate attention. You should read this document in full before you decide whether or not to vote in favour of the Scheme. If you are in any doubt about what action you should take, please consult your legal, financial, or other professional advisers.

This Scheme Booklet has been sent to you because you are shown in the OptiComm Share Register as holding OPC Shares. If you have recently sold your OPC Shares, please disregard this Scheme Booklet.

This Scheme Booklet is dated 7 August 2020.

[1] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

Contents

Important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting. If you no longer hold any OPC Shares, please disregard this Scheme Booklet, as you will not be entitled to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by sub-Section 412(1) of the Corporations Act. This Scheme Booklet does not constitute or contain an offer to OPC Shareholders, or a solicitation of an offer from OPC Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Sub-Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under sub-Section 411(1) of the Corporations Act. Instead, OPC Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been lodged with and registered by ASIC for the purposes of sub-Section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with sub-Section 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with sub-Section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under sub-Section 411(1) of the Corporations Act

The fact that, under sub-Section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how OPC Shareholders should vote (on this matter, OPC Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure E.

In response to the global COVID-19 pandemic and government restrictions on physical gatherings, the Scheme Meeting will be held as a virtual meeting at 11:00am (AEST) on Thursday, 10 September 2020. There will be no physical meeting where OPC Shareholders and proxies can attend in person. A virtual Scheme Meeting has been authorised by the Court at the First Court Hearing.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any OPC Shareholder will be able to appear at the Second Court Hearing, expected to be held at 9.15am (AEST) on Friday, 18 September 2020. It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, that the hearing will be conducted by remote access technology, including via “Microsoft Teams” or telephone conferencing. An OPC Shareholder seeking to view the hearing should review the Federal Court list (available at https://www.fedcourt.gov.au/court-calendar/daily-courtlists/vic) for details of the hearing and how such hearing can be viewed. The Court’s list is usually available by 4.30pm the day before the hearing.

Any OPC Shareholder who wishes to oppose approval of the Scheme at the Second Court

Hearing may do so by filing with the Court and serving on OptiComm a notice of appearance in the prescribed form together with any affidavit that the OPC Shareholder proposes to rely on.

The address for service for OptiComm is c/- Talbot Sayer, Level 27, 123 Eagle St, Brisbane QLD 4000 (attention: Tim Sayer).

Defined terms

Capitalised terms used in this Scheme Booklet are defined in Section 12.1. Section 12.2 also sets out some rules of interpretation that apply to this Scheme Booklet. Please note that some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in Section 12.1.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and tax situation or particular needs of any OPC Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice.

The OptiComm Directors encourage you to seek independent financial and tax advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 10, and the views of the Independent Expert as set out in the Independent Expert's Report contained in Annexure A. If you are in doubt as to the course you should follow, you should consult your legal, financial, tax or other professional adviser.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of OptiComm, Uniti or the Combined Group are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties.

Those risks and uncertainties include factors and risks specific to OptiComm or Uniti and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Neither OptiComm nor Uniti, nor any of their respective affiliates, officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, OptiComm and Uniti, and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

OptiComm has prepared, is responsible for, and has consented to the inclusion in the Scheme Booklet of, the OptiComm Information. Neither Uniti nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Uniti has prepared, is responsible for, and has consented to the inclusion in the Scheme Booklet of, the Uniti Information. Neither OptiComm nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Lonergan Edwards has prepared the Independent Expert's Report (as set out in Annexure A) and takes responsibility for, and has consented to the inclusion in the Scheme Booklet of, that report. Neither OptiComm nor Uniti, nor any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report.

Grant Thornton has prepared the Investigating Accountant's Report (as set out in Annexure B) and takes responsibility for, and has consented to the inclusion in the Scheme Booklet of, that report. Neither OptiComm nor Uniti, nor any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report.

No consenting party has withdrawn their consent before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions. Persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. OptiComm disclaims all liability to persons who fail to comply with those restrictions.

This Scheme Booklet has been prepared in accordance with the laws of Australia and accordingly the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

A Scheme Shareholder whose address shown in the OptiComm Share Register on the Scheme Record Date as a place outside Australia (and its external territories) will be an Ineligible Foreign Shareholder.

OPC Shareholders who are resident outside of Australia and/or who are nominees, trustees or custodians for beneficial holders resident outside of Australia are encouraged to seek independent advice as to how they should proceed in respect of the Scheme, including specific taxation advice in relation to the Australian and overseas taxation implications of their participation in the Scheme.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Effect of rounding

A number of figures, amounts, percentages, estimates and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet. In particular, all entitlements to New UWL Shares will be rounded down to the nearest whole number of New UWL Shares in order to avoid fractions of New UWL Shares.

Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Melbourne, Victoria, Australia, unless otherwise indicated.

All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

External websites

Unless expressly stated otherwise, the content of the websites of OptiComm and Uniti do not form part of this Scheme Booklet and OPC Shareholders should not rely on any such content.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australia tax consequences of the Scheme, refer to Section 9. The tax treatment may vary depending on the nature and characteristics of OPC Shareholders and their specific circumstances. Accordingly, OPC Shareholders should seek professional tax advice in relation to their particular circumstances.

Privacy

OptiComm and its agents and representatives may collect personal information in the process of implementing the Scheme. The type of information that may be collected about you includes your name, contact details and information on your shareholding in OptiComm and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist OptiComm and Uniti to conduct the Scheme Meeting and implement the Scheme, including to issue the Scheme Consideration. Without this information, OptiComm may be hindered in its ability to issue this Scheme Booklet and implement the Scheme, including to issue the Scheme Consideration. Personal information of the type described above may be disclosed to the OptiComm Share Registry, members of the Uniti Group, the Uniti share registry (to enable it to issue the Scheme Consideration), third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of OptiComm, Government Agencies, and where disclosure is otherwise required or allowed by law. OPC Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

If you would like to obtain details of the information about you held by the OptiComm Share Registry in connection with OPC Shares, please contact the OptiComm Share Registry. OPC Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how OptiComm collects, uses and discloses personal information is contained in its privacy policy located at https://www.opticomm.net.au/corporate/policies/privacy.

Date of Scheme Booklet

This Scheme Booklet is dated Friday, 7 August 2020.

Timetable and key dates

Event	Date
First Court Hearing	9:30am on Friday, 7 August 2020
Date of this Scheme Booklet	Friday, 7 August 2020
Dispatch Scheme Booklet to OPC Shareholders	Tuesday, 11 August 2020
Election Date Latest time and date by which Election Forms must be received by the OptiComm Share Registry	5.00pm on Wednesday, 2 September 2020
Latest time and date for receipt of proxy forms for the Scheme Meeting	11.00am on Tuesday, 8 September 2020
Time and date for determining eligibility of OPC Shareholders to vote at the Scheme Meeting	7.00pm on Tuesday, 8 September 2020
Scheme Meeting	11:00am on Thursday, 10 September 2020
Second Court Date	9.30am on Friday, 18 September 2020
Effective Date Court order lodged with ASIC and announcement to the ASX OPC Shares are suspended from trading at the close of trading on the ASX	Monday, 21 September 2020
Commencement of trading of New UWL Shares on the ASX on a deferred settlement basis	Tuesday, 22 September 2020
Scheme Record Date Record Date for determining entitlements to the Scheme Consideration	7:00pm on Wednesday, 23 September 2020
Special Dividend Record Date All OPC Shareholders who hold OPC Shares on the Special Dividend Record Date will be entitled to receive the Special Dividend[2]	Monday, 28 September 2020

[2] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at the Special Dividend Payment Date. See section 10.5(a) for further information.

Event	Date
Implementation Date for the Scheme and issue of the Scheme Consideration **Special Dividend Payment Date**	Wednesday, 30 September 2020
Commencement of trading of New UWL Shares on the ASX on an ordinary settlement basis Delisting of OPC on the ASX	Thursday, 1 October 2020

All times and dates in the above timetable are references to the time and date in Melbourne, Victoria, Australia and all such times and dates are subject to change. OptiComm may vary any or all of these dates and times and will provide notice of any such variation via an announcement to the ASX.

Certain times and dates are conditional on the approval of the Scheme by OPC Shareholders and by the Court. Any changes will be announced by OptiComm to the ASX.

Letter from Chairman of OptiComm Ltd

7 August 2020

Dear Shareholder,

On behalf of the OptiComm Board, I am pleased to provide you with this Scheme Booklet, which outlines details you will need to consider in relation to the proposed acquisition of OptiComm Ltd (**OptiComm**) by Uniti Group Limited (**Uniti**).

On 15 June 2020, OptiComm and Uniti announced that they had entered into a Scheme Implementation Deed under which Uniti agreed to acquire 100% of the issued capital in OptiComm. The acquisition is to be conducted by scheme of arrangement and is subject to several conditions, including shareholder, Court and regulatory approvals, together with other customary conditions.

If the Scheme is approved and implemented, OPC Shareholders (other than Ineligible Foreign Shareholders) will have the opportunity to elect to receive Scheme Consideration of either:

- **All Cash Consideration Option**: $5.10 cash per OPC Share;
- **All Scrip Consideration Option**: 3.4228 UWL Shares for each OPC Share;
- **Mixed Consideration Option 1**: 75% Cash Consideration and 25% Scrip Consideration equating to $3.825 cash and 0.8557 UWL Shares for each OPC Share;
- **Mixed Consideration Option 2**: 50% Cash Consideration and 50% Scrip Consideration equating to $2.550 cash and 1.7114 UWL Shares for each OPC Share; or
- **Mixed Consideration Option 3**: 25% Cash Consideration and 75% Scrip Consideration equating to $1.275 cash and 2.5671 UWL Shares for each OPC Share,

subject to the Scaleback Mechanisms.[3]

The OptiComm Board has determined to pay the Special Dividend of $0.10 per OPC Share, conditional on the Scheme being approved and becoming Effective.[4&5] The Special Dividend is intended be paid on the Special Dividend Payment Date to OPC Shareholders who hold OPC Shares on the Special Dividend Record Date. OPC Shareholders who are entitled to the Special Dividend may be entitled to a franking credit of up to approximately $0.043 per OPC Share. Whether you will be able to realise the full benefit of franking credits attached to any Special Dividend will depend on your tax status and specific circumstances. OPC Shareholders should seek independent taxation advice in respect of this matter and refer to Section 9 of this Scheme Booklet.

---

[3] Allocation will be subject to scaleback (if necessary) on a pro rata basis to ensure that, for all of the OPC Shares to be acquired by Uniti under the Scheme, the maximum cash required to be payable as Scheme Consideration by Uniti is ~$406.75m (being the Aggregate Cash Consideration) and the maximum shares to be issued by Uniti is ~83.996m (being the Aggregate Scrip Consideration). See Section 2.1(b) for further details.

[4] Under the Scheme Implementation Deed, OptiComm is permitted to pay the Special Dividend prior to implementation. This is an exception to the general prohibition under the Scheme Implementation Deed on OptiComm paying any dividend or other distribution prior to implementation.

[5] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at the Special Dividend Payment Date. See section 10.5(a) for further information.

OPC Shareholders (other than Ineligible Foreign Shareholders) can make an Election by visiting the Election Portal (https://investors.opticomm.net.au/investor-centre/) and making an Election in accordance with the terms and conditions stated in the Election Portal or by completing the Election Form that accompanies this Scheme Booklet in accordance with the instructions set out on the Election Form so that it is received by the OptiComm Share Registry by no later than the Election Date (5.00 pm (AEST) on Wednesday, 2 September 2020).

OPC Shareholders (other than Ineligible Foreign Shareholders) who did not make a valid Election, whose Election was not received by the OptiComm Share Registry by the Election Date, or who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election) will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).

Ineligible Foreign Shareholders may not make an Election and will receive their Scheme Consideration in the form of the All Cash Consideration Option and will not be subject to the Scaleback Mechanisms.

OptiComm intends to make an ASX announcement regarding the outcome of the Elections and the relevant implications on the Scaleback Mechanisms prior to the Scheme Meeting. The announcement is currently expected to be made on Thursday, 3 September 2020. The purpose of the ASX announcement is to inform OPC Shareholders ahead of the Scheme Meeting of the possible scaleback in Cash Consideration and Scrip Consideration that may occur. Since the buying and selling of OPC Shares will continue up to the Scheme Record Date, the outcome of Elections in that announcement will be indicative only and the final outcome of the Elections will not be known until the Scheme Record Date, which is currently expected to be Wednesday, 23 September 2020.

Based on Uniti's closing share price of $1.54 on 12 June 2020, the aggregate of the Scheme Consideration and the Special Dividend represents the following total implied value and premium, for each Scheme Consideration alternative:

- **All Cash Consideration Option**: $5.20 per OPC Share representing a 12% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 18% premium to OptiComm's 60-day VWAP up to 12 June 2020;
- **All Scrip Consideration Option**: $5.37 per OPC Share representing a 15% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 22% premium to OptiComm's 60-day VWAP up to 12 June 2020;
- **Mixed Consideration Option 1**: $5.24 per OPC Share representing a 13% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 19% premium to OptiComm's 60-day VWAP up to 12 June 2020;
- **Mixed Consideration Option 2**: $5.29 per OPC Share representing a 13% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 20% premium to OptiComm's 60-day VWAP up to 12 June 2020; and
- **Mixed Consideration Option 3**: $5.33 per OPC Share representing a 14% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 21% premium to OptiComm's 60-day VWAP up to 12 June 2020.

The actual premium of the Consideration Options with a scrip component will depend on the UWL Share price. OPC Shareholders should note that the UWL Share price as at 6 August 2020, being the Last Practicable Date was $1.67.

Independent expert

The OptiComm Board has also commissioned an independent expert, Lonergan Edwards, to prepare the Independent Expert's Report in relation to the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of OPC Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the fully diluted value of OPC Shares at between $4.89 and $5.27.

A copy of the Independent Expert's Report is contained in Annexure A.

OptiComm Directors' recommendation

The OptiComm Board believes that the value and strategic opportunities offered by the Scheme reflect a compelling proposition for OPC Shareholders. In assessing the Scheme, the OptiComm Board considered the reasons to vote in favour or to not vote in favour of the Scheme, other key considerations and risks, and the potential alternatives available to OptiComm, including maintenance of the status quo.

An overview of these reasons is available in Section 4.

The OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Each OptiComm Director will vote, or procure the voting of, any OPC Shares owned or Controlled by them <u>in favour</u> of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

In relation to the recommendations of Allan Brackin, David Redfern, Paul Cross and Ken Ogden (**Escrowed Directors**), OPC Shareholders should have regard to the fact that, if the Scheme is approved at the Scheme Meeting, immediately prior to the Scheme becoming Effective, the Escrowed Directors will be released from their voluntary escrow agreements with OptiComm.[6]

OPC Shareholders should note that the Escrowed Directors will be entitled to vote at the Scheme Meeting in respect of the Released OPC Shares held by the Escrowed Directors and each Escrowed Director will be able to make an Election in respect of their Released OPC Shares. The Escrowed Directors will also be entitled to receive the Special Dividend for their Released OPC Shares.

The OPC Board, in the absence of the Escrowed Directors, resolved that, despite these arrangements (which will have no impact on the Scheme Consideration or the Special Dividend paid to other Scheme Shareholders), it is appropriate for the Escrowed Directors to make a recommendation in respect of the Scheme.

In addition, in relation to the recommendation of Paul Cross, OPC Shareholders should also have regard to the fact that, if the Scheme is approved at the Scheme Meeting, immediately prior to the Scheme becoming Effective, Mr Cross will become entitled to early vesting of 86,700 unvested OPC Performance Rights and 86,700 OPC Shares will be issued to him in respect of those OPC Performance Rights prior to the Scheme Record Date and the Special Dividend Record Date (**Performance Rights OPC Shares**).

OPC Shareholders should note that Mr Cross will not be entitled to vote in respect of Performance Rights OPC Shares at the Scheme Meeting but the Performance Rights OPC Shares will form part of the Scheme Shares. Mr Cross' Election will apply in relation to the Performance Rights OPC Shares and he will receive the Scheme Consideration under the Scheme for them. Mr Cross will also be entitled to receive the Special Dividend for the Performance Rights OPC Shares, provided they are held by him on the Special Dividend Record Date.

[6] The OptiComm Directors who held OPC Shares prior to listing on the ASX agreed to enter into voluntary escrow arrangements for their OPC Shares. See Section 11.1 for further details.

The OptiComm Board (excluding Mr Cross)[7] exercised its discretion to give effect to these arrangements in accordance with the terms of the OptiComm Incentive Plan. The Board considers that, despite these arrangements, (which will have no impact on the Scheme Consideration paid to Scheme Shareholders), it is appropriate for him to make a recommendation on the Scheme.

The OptiComm Board does not make any recommendation as to how OPC Shareholders (other than Ineligible Foreign Shareholders who may not do so) should elect to receive the Scheme Consideration.

Scheme Meeting

The Scheme can only be implemented if approved by OPC Shareholders at the Scheme Meeting to be held at 11:00am on Thursday, 10 September 2020. As such, your vote is important, and I strongly encourage you to carefully consider all of the information set out in this Scheme Booklet when deciding whether to vote in favour of the Scheme.

Again, your vote is important and I strongly encourage you to read this Scheme Booklet carefully and cast an informed vote on the Scheme either by personally participating in the virtual Scheme Meeting or by appointing a proxy, an attorney or, in the case of an OPC Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf. Sections 1.3 to 1.5 of this Scheme Booklet contain further information regarding the virtual Scheme Meeting and your vote.

You should take into consideration all of the information set out in this Scheme Booklet when deciding whether or not to vote in favour of the Scheme. Section 4.2 of this Scheme Booklet summarises the reasons identified by the OptiComm Board as to why you may not want to vote in favour of the Scheme, including risks associated with holding New UWL Shares.

If you have any questions or require further information in relation to this Scheme Booklet or the Scheme, you should call the Shareholder Information Line on 1800 635 323 (or from outside Australia, +61 1800 635 323), Monday to Friday between 8.30am and 5.30pm (AEST). If you are in any doubt as to what you should do, you should consult an independent, appropriately licenced and authorised financial, legal and/or tax adviser without delay.

On behalf of the OptiComm Board, I would like to take this opportunity to thank you for your ongoing support of OptiComm and I look forward to your participation in the Scheme Meeting.

Yours sincerely,

Allan Brackin
Chairman
OptiComm Ltd

[7] The exercise of discretion by the OptiComm Board was approved by the Non-Executive OptiComm Directors. Paul Cross did not vote on the resolution given his interest in the subject matter of the resolution.

Letter from Chairman of Uniti Group Limited

Dear OPC Shareholder,

The Uniti Board and management are pleased to present the compelling opportunity to acquire your OPC Shares. Subject to the Scaleback Mechanisms, you may elect to receive the value of the offered Scheme Consideration in cash and/or participate in the combination of Uniti and OptiComm, through the scrip element of the offered Scheme Consideration. We expect that the combined entity will be a growing, large-scale national private fibre company that will be eligible to be included in the S&P/ASX 200 index.

The combination of Uniti and OptiComm through the proposed Scheme is supported by the OptiComm Directors, who unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[8] The Independent Expert has also concluded that Uniti's acquisition of OptiComm is in the best interests of OPC Shareholders, in the absence of a Superior Proposal.

Uniti is an ASX listed company, recently included in the S&P/ASX300 index, providing telecommunications services to its customers through three distinct business units - Wholesale & Infrastructure (**W&I**), Specialty Services, and Consumer & Business Enablement. More information on each of these business units is provided in Section 7.3 of this Scheme Booklet. The W&I business owns and operates private fibre infrastructure on a national scale, with a primary focus on greenfield MDU developments, and operates in very similar markets to OptiComm.

OptiComm's network of private fibre connecting premises in Greenfield, Broadacre and other developments is highly complementary to Uniti's MDU footprint. A combination of the assets and capabilities of OptiComm and Uniti will strategically position the Combined Group as an effective challenger to NBN Co in the Australian private fibre market and provide the potential for long-term organic earnings growth for the Combined Group.

Further details of the benefits of the Combined Group to OPC Shareholders are provided in the reasons to vote in favour of the Scheme set out in Section 4 of this Scheme Booklet.

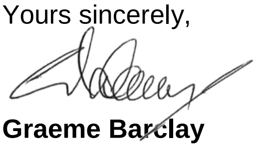
As an OPC Shareholder, your vote is important to ensure that the Scheme is implemented and the benefits of the Scheme can be realised by all OPC Shareholders.

[8] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd contained at the start of this Scheme Booklet.

This Scheme Booklet provides important information in relation to the Scheme and, on behalf of the Uniti Board, I encourage you to read it carefully and vote in favour of the Scheme at the Scheme Meeting to be held at 11:00am on Thursday, 10 September 2020.

As Chairman of the Uniti Board, I look forward to welcoming those of you who receive Scheme Consideration with a scrip component, as shareholders of Uniti on successful implementation of the Scheme.

Yours sincerely,



Graeme Barclay
Non-Executive Chairman

1. Actions for OPC Shareholders

1.1 Carefully read this Scheme Booklet

This Scheme Booklet contains information that is material to your decision whether or not to approve the Scheme by voting in favour of the Scheme Resolution. Accordingly, you should read this Scheme Booklet in its entirety, including the Independent Expert's Report, before making a decision on how to vote on the Scheme Resolution.

If you are in any doubt as to what you should do, you should also consult your legal, financial, tax or other professional adviser. Answers to some common questions are contained in Section 3 titled 'Frequently asked questions'.

If you have any additional questions about the Scheme or the Scheme Booklet, please contact the Shareholder Information Line on 1800 635 323 (or from outside Australia, +61 1800 635 323). The Shareholder Information Line is open Monday to Friday between 8.30am and 5.30pm (AEST).

A copy of the full Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website at www.asx.com.au and on OptiComm's website at www.opticomm.net.au or by calling the Shareholder Information Line.

1.2 Make an Election

OPC Shareholders (other than Ineligible Foreign Shareholders) can choose the Consideration Option they wish to receive by either:

- **Mailing the Election Form:** by completing the Election Form that accompanies this Scheme Booklet in accordance with the terms and conditions on the Election Form and returning it to the OptiComm Share Registry by either posting it in the reply paid envelope marked 'Election Form' accompanying this Scheme Booklet (only for use in Australia) or by mailing it as follows:

  OptiComm Ltd
  C/- Link Market Services Limited Locked Bag A14
  SYDNEY SOUTH NSW 1235 AUSTRALIA

- **Using the Election Portal:** by visiting the Election Portal (https://investors.opticomm.net.au/investor-centre/) and making an Election in accordance with the terms and conditions stated in the Election Portal.

Elections made using an Election Form or the Election Portal are only valid to the extent they are received by the OptiComm Share Registry by the Election Date (5.00pm (AEST) on Wednesday, 2 September 2020).

OPC Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election; or
- whose Election is not received by the OptiComm Share Registry by the Election Date; or
- who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election),

will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).

Further details on the Election mechanism is set out in Section 2.2. Please note that the Consideration Options are subject to the Scaleback Mechanisms that are set out in further detail in Section 2.1.

1.3 Vote on the Scheme Resolution

In response to the global COVID-19 pandemic and government restrictions on physical gatherings and the Treasurer's determination[9], the Scheme Meeting will be held as a virtual meeting as follows:

Location:	https://agmlive.link/OPC20
Date:	Thursday, 10 September 2020
Time:	11:00am

Each OPC Shareholder who is registered on the OptiComm Share Register as the holder of an OPC Share at 7:00pm (AEST) on Tuesday, 8 September 2020 may vote at the Scheme Meeting online, by proxy, by attorney or, in the case of a corporation, by corporate representative (subject to restrictions on voting rights set out in the Notice of Scheme Meeting) and will have one vote for each OPC Share they hold.

YOUR VOTE IS IMPORTANT

Voting is not compulsory. However, the OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[10]

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of OPC Shareholders, in the absence of a Superior Proposal.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure E.

The fact that the Court has ordered the Scheme Meeting to be convened and has approved this Scheme Booklet required to accompany the Notice of Scheme Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet, or has any view as to the merits of the Scheme or as to how OPC Shareholders should vote. On these matters, OPC Shareholders must reach their own decision.

In order to proceed, the Scheme Resolution must be passed by the requisite majority of OPC Shareholders present and voting at the virtual Scheme Meeting (or by proxy, attorney or, in the case of corporate OPC Shareholders, corporate representative) being:

- a majority in number (more than 50%) of OPC Shareholders; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by OPC Shareholders.

The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

[9] See paragraph 5 of *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020*, which modifies the relevant provisions of the Corporations Act to expressly permit shareholder meetings to be held electronically without persons being physically present in the same place.

[10] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

1.4 How to vote

(a) Voting in person

OPC Shareholders wishing to vote, or their attorneys or in the case of an OPC Shareholder or proxy which is a corporation, corporate representatives, can participate in the virtual Scheme Meeting by logging in online at https://agmlive.link/OPC20.

OPC Shareholders, their attorneys or in the case of OPC Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the virtual Scheme Meeting should log in online 15 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register and to obtain a voting card.

(b) Voting by proxy

OPC Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form which accompanies this Scheme Booklet or lodge their proxy online. A person appointed as a proxy may be an individual or a body corporate.

Proxies participating in the virtual Scheme Meeting will receive an email from the OptiComm Share Registry prior to the Scheme Meeting containing details of their proxy number which they will need to use for the online registration process. Proxies are asked to log in online 15 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register and to obtain a voting card.

To be valid, your Proxy Form(s) must be received by the OptiComm Share Registry by 11:00am (AEST) on Tuesday, 8 September 2020. For further information on proxy voting, refer to the detailed instructions contained on the Proxy Form.

You can appoint a proxy by:

- lodging your appointment online at www.linkmarketservices.com.au;
- mailing the Proxy Form to the OptiComm Share Registry at Link Market Services, Locked Bag A14, Sydney South, New South Wales 1235, Australia;
- faxing the accompanying Proxy Form to the OptiComm Share Registry on +61 2 9287 0309; or
- mailing the Proxy Form to OptiComm's registered office.

For additional proxy forms, contact Link on 1300 554 474 (or from outside Australia, +61 1300 554 474).

Note, if you have appointed a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the OptiComm Share Registry of the revocation of your proxy appointment before the commencement of the meeting.

(c) Voting by attorney

If voting by attorney, the power of attorney appointing the attorney must be duly signed and specify the name of the OPC Shareholder and the attorney and specify the meeting at which the appointment may be used.

The power of attorney must be returned in the same manner, and by the same time, as outlined for the Proxy Form.

(d) **Voting by a corporate representative**

A corporate shareholder, or body corporate appointed as a proxy, may appoint an individual as its representative to attend the Scheme Meeting and vote on its behalf. Corporate shareholders or proxies who appoint a representative must provide the representative with a properly executed notice of appointment, which the representative must provide to the OptiComm Share Registry for the purpose of registration.

A form for corporate representative appointment may be obtained from the OptiComm Share Registry at www.linkmarketservices.com.au (see the "Resources", "Forms" Section under the "Holding Management" heading) or from Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000. The completed appointment form should be lodged with the OptiComm Share Registry (at the address, email or facsimile number provided in Section 1.4(b) of this Scheme Booklet) by 11:00am (AEST) on Tuesday, 8 September 2020.

1.5 Guide to participating in the virtual Scheme Meeting

In order to watch and participate in the virtual Scheme Meeting, please follow the steps outlined in the Virtual Scheme Meeting Online Guide contained in Annexure F of this Scheme Booklet.

A summary of the virtual Scheme Meeting process as set out in Annexure F is as follows:

- **Step 1**: Open your web browser and go to https://agmlive.link/OPC20 and select the relevant meeting.
- **Step 2**: Login to the portal using your full name, email address, and company name (if applicable). Please read and accept the terms and conditions before clicking on the blue 'Register and Watch Scheme Meeting' button. Once you have logged in you will see the presentation slides that will be addressed during the Scheme Meeting on the right.
- **Navigating**: At the bottom of the webpage under the webcast and presentation there will be three boxes with the following titles:
  - **Get a voting card**: To register to vote - click on the 'Get a voting card' box at the top of the webpage or below the videos and follow the prompts.
  - **Ask a question**: OPC Shareholders will only be able to ask a question after they have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage and follow the prompts.
  - **Downloads**: You will be able to download the Notice of Meeting or the Scheme Booklet by following the prompts.

All OPC Shareholders who attend the Scheme Meeting will be entitled to ask questions regardless of whether they have submitted a proxy.

2. Consideration Options and Election mechanism

2.1 Consideration Options

(a) Overview

OPC Shareholders (other than Ineligible Foreign Shareholders) can make an Election to receive the Scheme Consideration in respect of the OPC Shares held by them on the Scheme Record Date, in the form of one of the five alternatives (subject to the Scaleback Mechanisms):

- **All Cash Consideration Option**: $5.10 cash per OPC Share;
- **All Scrip Consideration Option**: 3.4228 UWL Shares for each OPC Share;
- **Mixed Consideration Option 1:** 75% Cash Consideration and 25% Scrip Consideration, equating to $3.825 cash and 0.8557 UWL Shares for each OPC Share;
- **Mixed Consideration Option 2:** 50% Cash Consideration and 50% Scrip Consideration equating to $2.550 cash and 1.7114 UWL Shares for each OPC Share; and
- **Mixed Consideration Option 3:** 25% Cash Consideration and 75% Scrip Consideration equating to $1.275 cash and 2.5671 UWL Shares for each OPC Share.

OPC Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election; or
- whose Election is not received by the OptiComm Share Registry by the Election Date; or
- who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election),

will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).

(b) Scaleback Mechanisms

OPC Shareholders should note that either the Cash Scaleback Mechanism or the Scrip Scaleback Mechanism will apply.

Cash Scaleback Mechanism

Uniti has offered to make a maximum amount of $406,751,755.80 in cash (**Aggregate Cash Consideration**) available to pay OPC Shareholders who make an Election to receive a Consideration Option with a cash component (or who receive cash due to the Scaleback Mechanisms).

If the Aggregate Elected Cash Consideration exceeds the Aggregate Cash Consideration less the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders, the Cash Scaleback Mechanisms will apply and the amount of cash an OPC Shareholder (other than an Ineligible Foreign Shareholder) will receive will be scaled back on a pro-rata basis.

Scrip Scaleback Mechanism

Uniti has offered to make a maximum amount of 83,996,233 New UWL Shares (**Aggregate Scrip Consideration**) available to issue to OPC Shareholders who make an Election to receive a Consideration Option with a scrip component (or who receive scrip due to the Scaleback Mechanisms).

If the Aggregate Elected Scrip Consideration exceeds the Aggregate Scrip Consideration, the Scrip Scaleback Mechanism will apply and the amount of scrip an OPC Shareholder will receive will be scaled back on a pro-rata basis.

(c) **Table showing workings of the Cash Scaleback Mechanism**

Table 1 below illustrates how the Cash Scaleback Mechanism will work when the Aggregate Elected Cash Consideration plus the Cash Consideration payable to Ineligible Foreign Shareholders exceeds the Aggregate Cash Consideration. As outlined below, the extent of the scaleback depends on the Aggregate Elected Cash Consideration and the Cash Consideration payable to Ineligible Foreign Shareholders.

Table 1

Table showing scaleback when Cash Consideration payable exceeds ~$407 million (Aggregate Cash Consideration)								
Percentage by which Aggregate Elected Cash Consideration plus Cash Consideration payable to Ineligible Foreign Shareholders exceeds Aggregate Cash Consideration	0% no scaleback (Aggregate Elected Cash Consideration plus Cash Consideration payable to Ineligible Foreign shareholders is exactly equal to the Aggregate Cash Consideration)		10% Cash over-election		20% Cash over-election		30.77% Cash over-election (Maximum Cash Scaleback)	
Election	Cash	Scrip	Cash	Scrip	Cash	Scrip	Cash	Scrip
All Cash	100%	0%	90.91%	9.09%	83.33%	16.67%	76.47%	23.53%
Mixed Consideration 1	75%	25%	68.18%	31.82%	62.50%	37.50%	-	-
Mixed Consideration 2	50%	50%	45.45%	54.55%	41.67%	58.33%	-	-
Mixed Consideration 3	25%	75%	22.73%	77.27%	20.83%	79.17%	-	-
All Scrip (no scaleback under Cash Scaleback Mechanism)	$0	100%	$0	100%	$0	100%	-	-

Note: This table assumes 3,000,000 shares are held by Ineligible Foreign Shareholders. The number of shares held by Ineligible Foreign Shareholders may change prior to the Scheme Record Date which would alter the above percentages other than those relating to no scaleback.

(d) **Table showing workings of the Scrip Scaleback Mechanism**

Table 2 below illustrates how the Scrip Scaleback Mechanism will work when the Aggregate Elected Scrip Consideration exceeds the Aggregate Scrip Consideration. As outlined below, the extent of the scaleback depends on the Aggregate Elected Scrip Consideration.

Table 2

Table showing scaleback when Aggregate Elected Scrip Consideration exceeds~84 million UWL shares (Aggregate Scrip Consideration)										
Percentage by which Aggregate Elected Scrip Consideration exceeds Aggregate Scrip Consideration	no scaleback (Aggregate Elected Scrip Consideration is exactly equal to the Aggregate Scrip Consideration)		100% Scrip over-election		150% Scrip over-election		200% Scrip over-election		316.21% Scrip over-election (max scaleback)	
Election	Cash	Scrip	Cash	Scrip	Cash	Scrip	Cash	Scrip	Cash	Scrip
All Cash (no scaleback under Scrip Scaleback Mechanism)	100%	0%	100%	0%	100%	0%	100%	0%	-	-
Mixed Consideration 1	75%	25%	87.5%	12.5%	90%	10%	91.67%	8.33%	-	-
Mixed Consideration 2	50%	50%	75%	25%	80%	20%	83.33%	16.67%	-	-
Mixed Consideration 3	25%	75%	62.5%	37.5%	70%	30%	75.00%	25.00%	-	-
All Scrip	0%	100%	50%	50%	60%	40%	66.67%	33.33%	75.83%	24.17%

Note: This table assumes 3,000,000 shares are held by Ineligible Foreign Shareholders. The number of shares held by Ineligible Foreign Shareholders may change prior to the Scheme Record Date which would alter the above percentages other than those relating to no scaleback.

2.2 Election mechanism

(a) General

OPC Shareholders (other than Ineligible Foreign Shareholders) who hold OPC Shares on or prior to the Election Date can make an Election to receive their Scheme Consideration in the form of one of the five Consideration Options.

(b) How to make an Election

OPC Shareholders (other than Ineligible Foreign Shareholders) can choose the Consideration Option they wish to receive by either:

- **Mailing the Election Form:** by completing the Election Form that accompanies this Scheme Booklet in accordance with the terms and conditions on the Election Form and returning it to the OptiComm Share Registry by either posting it in the reply paid envelope marked 'Election Form' accompanying this Scheme Booklet (only for use in Australia) or by mailing it as follows:

  OptiComm Ltd
  C/- Link Market Services Limited Locked Bag A14
  SYDNEY SOUTH NSW 1235 AUSTRALIA

- **Using the Election Portal:** by visiting the Election Portal (https://investors.opticomm.net.au/investor-centre/) and making an Election in accordance with the terms and conditions stated in the Election Portal.

Elections made using an Election Form or the Election Portal are only valid to the extent they are received by the OptiComm Share Registry by the Election Date (5.00pm (AEST) on Wednesday, 2 September 2020).

OPC Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election; or
- whose Election is not received by the OptiComm Share Registry by the Election Date; or
- who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election),

will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).

(c) How to change an Election

You can change an Election by either:

- **Lodging a written request with a new Election Form**: by lodging a signed, written request to withdraw your previous Election which must be accompanied with a new Election Form if the Election is to be replaced with a new Election; or
- **Using the Election Portal**: by visiting the Election Portal (https://investors.opticomm.net.au/investor-centre/) and following the relevant instructions,

provided that any request to change an Election in accordance with the options above is received by the OptiComm Share Registry by the Election Date

You can obtain information on an acceptable form of written request and a new Election Form by contacting the Shareholder Information Line on 1800 635 323 (or from outside Australia, +61 1800 635 323) on Business Days between 8.30am and 5.30pm (AEST).

If an OPC Shareholder (other than an Ineligible Foreign Shareholder) makes a valid Election using an Election Form and also makes a valid Election online through the Election Portal, the Election made online through the Election Portal will be taken to be the Election made by that OPC Shareholder, even if the Election Form is received by the OptiComm Share Registry after the Election made online through the Election Portal.

If an OPC Shareholder (other than an Ineligible Foreign Shareholder) has made a valid Election using an Election Form and has not made a valid Election online through the Election Portal, the Election made using the Election Form will be taken to be the Election made by that OPC Shareholder.

(d) Trustee or nominee holdings

An OPC Shareholder who OptiComm accepts as holding one or more parcels of OPC Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections in relation to each of those parcels of OPC Shares to reflect the instructions of the beneficial owners of the relevant OPC Shares.

In order to make separate Elections, the trustee or nominee must notify OptiComm and establish sufficient distinct holdings in the OptiComm Share Register to carry out their underlying client's instructions regarding an Election. The trustee or nominee may then make an Election in respect of some but not all of its distinct holdings in accordance with client instructions. An Election made in respect of one such parcel will not be taken to extend to the other parcels.

Separate holdings must be established prior to the Election Date in order to make separate Elections for the Consideration Option to apply in relation to each relevant holding. The trustee or nominee should then lodge a separate Election Form for each separate holding by the Election Date. Trustees and nominees can obtain additional copies of the Election Form by contacting Shareholder Information Line on 1800 635 323 (or from outside Australia, +61 1800 635 323) on Business Days between 8.30am and 5.30pm (AEST).

Trustees or nominees who would like further information on how to make separate Elections in relation to parcels of OPC Shares that they hold should contact the Shareholder Information Line on the above number.

Other than if you hold parcels of OPC Shares as trustee or nominee for multiple beneficial owners, you may only make one Election in relation to your holding of OPC Shares.

(e) Election results

OptiComm intends to make an ASX announcement regarding the outcome of the Elections and the relevant implications on the Scaleback Mechanisms prior to the Scheme Meeting. The announcement is currently expected to be made on Thursday, 3 September 2020. The purpose of the ASX announcement is to inform OPC Shareholders ahead of the Scheme Meeting of the possible scaleback in Cash Consideration and Scrip Consideration that may occur.

Since the buying and selling of OPC Shares will continue up to the Scheme Record Date, the outcome of Elections in that announcement will be indicative only and the final outcome of the Elections will not be known until the Scheme Record Date, which is currently expected to be Wednesday, 23 September 2020.

(f) Fractional entitlements and rounding

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to:

- a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent; and/or
- a fraction of a New UWL Share, the fractional entitlement will be rounded down to the nearest whole number of New UWL Shares.

(g) **Foreign Shareholders**

Ineligible Foreign Shareholders may not make an Election. Please refer to Section 5.8 of this Scheme Booklet for further details on how the Scheme affects Ineligible Foreign Scheme Shareholders.

3. Frequently asked questions

Question	Response	Reference
What is a scheme of arrangement?	A scheme of arrangement is a statutory arrangement facilitated by Part 5.1 of the Corporations Act between a company and its shareholders Schemes are commonly used to effect the acquisition of shares in a target company. Schemes must be approved by: • a majority in number (more than 50%) of shareholders; and • at least 75% of the total number of votes cast on the scheme resolution by shareholders, present and voting at the relevant scheme meeting (or by proxy, attorney or corporate representative)[11] and the Court in order to become binding on the target company's shareholders.	Section 5
What is the Scheme I am being asked to consider?	OPC Shareholders are being asked to consider the proposed scheme of arrangement under which it is proposed that Uniti will acquire 100% of the share capital of OptiComm, in return for which each Scheme Shareholder will receive the Scheme Consideration. The Scheme requires approval by the Requisite Majority of OPC Shareholders at the Scheme Meeting, approval by the Court at the Second Court Hearing, and lodgement of a copy of the Court orders with ASIC, in order to become Effective. A copy of the Scheme is contained in Annexure C.	Section 5.1
What is the Scheme Implementation Deed and is it binding on me?	The Scheme Implementation Deed contains various undertakings by OptiComm and Uniti to pursue and progress the Scheme. The key terms of the Scheme Implementation Deed are summarised in Section 5.13. The Scheme Implementation Deed is binding on OptiComm only and not on OPC Shareholders. The Scheme will only become binding on OPC Shareholders if and when the Scheme becomes Effective, which will only occur if the Scheme is approved by the Requisite Majority of OPC Shareholders at the Scheme Meeting, approved by the Court at the Second Court Hearing and a copy of the Court orders are lodged with ASIC.	Section 5.13

[11] The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

Question	Response	Reference
What should I do?	The OptiComm Directors unanimously recommend that OPC Shareholders vote favour of the Scheme, in the absence of a Superior Proposal.[12] OPC Shareholders should read this Scheme Booklet carefully and in its entirety. OPC Shareholders may also choose to consult independent legal, investment, tax or other professional advisers in relation to any of the information contained in this Scheme Booklet. Based on this Scheme Booklet and any independent advice you may receive, you should determine how you wish to vote on the Scheme. You are not obliged to follow the recommendation of the OptiComm Directors or accept the conclusion of the Independent Expert. You are able to vote by attending the virtual Scheme Meeting, or by appointing a proxy, attorney or, in the case of corporate OPC Shareholders, a corporate representative, to vote on your behalf. Please refer to Section 1.4 and Annexure E for further information on how to vote on the Scheme.	Section 1.4 and Annexure E
Who is Uniti?	Uniti is the company that is offering the Scheme Consideration for your OPC Shares. Uniti is an ASX listed diversified provider of telecommunications services, with 'three pillars' of strategic growth: Wholesale & Infrastructure; Specialty Services; and Consumer & Business Enablement.	Section 7
What are Uniti's intentions for OptiComm?	If the Scheme is implemented, Uniti will acquire and hold all of the OPC Shares on issue and, accordingly, OptiComm will become a wholly owned subsidiary of Uniti. Section 8.5 sets out the present intentions of Uniti with respect to OptiComm if the Scheme is implemented.	Section 8.5
Who is entitled to participate in the Scheme?	Persons who hold OPC Shares on the Scheme Record Date will participate in the Scheme.	Section 5.1
Will I have to pay brokerage fees?	No brokerage fees will be payable on the transfer of OPC Shares to Uniti under the Scheme.	Section 4.1(l)

[12] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

Question	Response	Reference
Scheme process		
What do the OptiComm Directors recommend?	The OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[13] Each OptiComm Director also will vote any OPC Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal. In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet. Sections 11.1 and 11.2 contain further information in relation to the interests of OptiComm Directors.	Sections 4.1(a) and 5.6 and Letter from Chairman of OptiComm Ltd
What is the Independent Expert's opinion	The OptiComm Directors have engaged Lonergan Edwards & Associates Limited to provide an Independent Expert's Report on the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of OPC Shareholders, in the absence of a Superior Proposal.	Section 5.7, and the Independent Expert's Report is set out in full in Annexure A
What alternatives did the OptiComm Board consider?	The OptiComm Directors are of the view that the Scheme provides OPC Shareholders with a strong value outcome compared to the other currently available alternatives including maintenance of the status quo. Having regard to the reasons to vote in favour or not vote in favour of the Scheme, other key considerations, and risks as set out in Section 10, and the opportunity for both OptiComm and OPC Shareholders to realise the future growth of OptiComm and its various businesses, the OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[14]	Section 5.7
Why you may consider voting in favour of the Scheme	The OptiComm Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. [15] In addition to this recommendation, reasons why you should consider voting in favour of the Scheme include:	Section 4.1

[13] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.
[14] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.
[15] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

Question	Response	Reference
	• The Independent Expert has concluded that the Scheme is in the best interests of OPC Shareholders, in the absence of a Superior Proposal. • Since the announcement of the Scheme, no Superior Proposal has emerged. • In the absence of a Superior Proposal, OptiComm's share price may fall in the near-term if the Scheme is not implemented. • The Scheme Consideration offered represents a premium over the recent trading price of OPC Shares. • The Scheme Consideration represents an attractive intrinsic value for OPC Shareholders. • The Consideration Options provide flexibility and choice for OPC Shareholders. • The All Cash Consideration Option and the cash components of the Mixed Consideration Options provides OPC Shareholders with certainty of value and the opportunity to realise their investment for cash. • OPC Shareholders will benefit from the Special Dividend if the Scheme becomes Effective.[16] • For those who receive a Consideration Option with a scrip component: ○ the Scheme will create a growing, large-scale Australian national fibre challenger company; and ○ the Combined Group will have increased financial scale and a strengthened combined balance sheet; and • No brokerage or stamp duty will be payable by you for the transfer of your OPC Shares under the Scheme. Further detail is provided in Section 4.1.	

[16] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at the Special Dividend Payment Date. See section 10.5(a) for further information.

Question	Response	Reference
Why you may consider voting against the Scheme	Reasons why you might consider voting against the Scheme include: • You may disagree with the OptiComm Directors' unanimous recommendation[17] or the Independent Expert's conclusion and believe that the Scheme is not in your best interests. • You may believe that there is potential for a Superior Proposal to be made in the foreseeable future. • You may wish to confine your investment and exposure to a business with OptiComm's specific characteristics. • You may consider that there are risks associated with the integration of OptiComm and Uniti which could exceed the benefits of the Scheme. • The future value of UWL Shares after the Scheme is implemented is uncertain. • The tax consequences of the Scheme may not suit your current financial circumstances. • You may be concerned about specific risks associated with Uniti's business. Further detail is provided in Section 4.2.	Section 4.2
Scheme Consideration		
What will I receive if the Scheme is implemented?	If the Scheme is implemented and you are: • a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who provided a valid Election to the OptiComm Share Registry by the Election Date, you will receive your elected Consideration Option subject to the Scaleback Mechanisms; • a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who did not provide a valid Election, you will receive the Mixed Consideration Option 1 subject to the Scaleback Mechanisms; or • an Ineligible Foreign Shareholder, you will receive the All Cash Consideration Option. If the Scheme is implemented, all Scheme Shareholders will also receive the Special Dividend. [18]	Sections 2.1, 5.2, 5.3, 5.8 and 5.9
How do the Scaleback Mechanisms work?	Uniti has offered to make the Aggregate Cash Consideration available to pay Ineligible Foreign Shareholders and OPC Shareholders who make an Election to receive a Consideration	Section 2.1(b)

[17] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.
[18] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at the Special Dividend Payment Date. See section 10.5(a) for further information.

Question	Response	Reference
	Option with a cash component (or who receive cash due to the application of a Scaleback Mechanism). Uniti has offered to make the Aggregate Scrip Consideration available to be issued to OPC Shareholders who make an Election to receive a Consideration Option with a scrip component (or who receive scrip due to the application of a Scaleback Mechanism). Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive all cash, all scrip or a proportion of cash and scrip based on the Consideration Option which they elected, unless: • the Aggregate Elected Cash Consideration exceeds the Aggregate Cash Consideration less the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders; or • the Aggregate Elected Scrip Consideration exceeds the Aggregate Scrip Consideration, in which case the relevant Scaleback Mechanism will apply and the amount of cash or scrip an OPC Shareholder will receive will be scaled back on a pro-rata basis. Refer to the tables in Sections 2.1(c) and 2.1(d) for examples of how the Scaleback Mechanisms work. Opticomm intends to make an ASX announcement regarding the outcome of the Elections and the relevant implications on the Scaleback Mechanisms prior to the Scheme Meeting. The announcement is currently expected to be made on Thursday, 3 September 2020. The purpose of the ASX announcement is to inform OPC Shareholders ahead of the Scheme Meeting of the possible scaleback in Cash Consideration and Scrip Consideration that may occur. Since the buying and selling of OPC Shares will continue up to the Scheme Record Date, the outcome of Elections in that announcement will be indicative only and the final outcome of the Elections will not be known until the Scheme Record Date, which is currently expected to be Wednesday, 23 September 2020.	
How do I make an Election to receive a Consideration Option?	OPC Shareholders (other than Ineligible Foreign Shareholders) can choose the Consideration Option they wish to receive by completing and returning the Election Form that accompanies this Scheme Booklet in accordance with the instructions set out on the Election Form or through the Election Portal so that it is received by the OptiComm Share Registry by no later than the Election Date (5.00pm (AEST) on Wednesday, 2 September 2020). OPC Shareholders (other than Ineligible Foreign Shareholders): • who do not make a valid Election; or • whose Election is not received by the OptiComm Share Registry by the Election Date; or • who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election), will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).	Sections 1.2 and 2.2

Question	Response	Reference
Does an Election for a Consideration Option apply to additional OPC Shares that I subsequently acquire?	Yes. The Election you make will apply to all OPC Shares that you hold as at the Scheme Record Date. If you acquire additional OPC Shares after you receive this Scheme Booklet and you hold these OPC Shares on the Scheme Record Date, any Election you make will apply to those additional OPC Shares you have acquired. Similarly, if you have sold any OPC Shares, the Election will only apply to those OPC Shares you hold as at the Scheme Record Date.	Section 2.2(b)
If I hold OPC Shares as trustee or nominee for multiple beneficial owners, can I make separate Elections?	Yes, so long as the Elections relate to the entire underlying beneficial holding. In order to make separate Elections, you must notify OptiComm and establish sufficient distinct holdings in the OptiComm Share Register to carry out their underlying client's instructions regarding an Election. Further information on how trustees or nominees can make separate Elections in relation to parcels of OPC Shares that they hold is set out in Section 2.2(d). Other than if you hold parcels of OPC Shares as trustee or nominee for multiple beneficial owners, you may only make one Election in relation to your holding of OPC Shares.	Section 2.2(d)
What if I do not make an Election?	OPC Shareholders (other than Ineligible Foreign Shareholders) who do not make a valid Election, or whose Election is not received by the OptiComm Share Registry by the Election Date, will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).	Section 2.2(b)
How will I know the result of Elections made?	Opticomm intends to make an ASX announcement regarding the outcome of the Elections and the relevant implications on the Scaleback Mechanisms prior to the Scheme Meeting. Since the buying and selling of OPC Shares will continue up to the Scheme Record Date, the outcome of Elections in that announcement will be indicative only and the final outcome of the Elections will not be known until the Scheme Record Date, which is currently expected to be Wednesday, 23 September 2020.	Section 2.2(e)
I am a foreign OPC Shareholder. Does that make me an Ineligible Foreign Shareholder?	An OPC Shareholder whose address shown in the OptiComm Share Register at 7.00pm on the Scheme Record Date is a place outside Australia and its external territories will be classified as an Ineligible Foreign Shareholder.	Sections 5.8 and 12.1
How will Ineligible Foreign Shareholders be treated under the Scheme?	If you are an Ineligible Foreign Shareholder and you make an Election to receive a Consideration Option with a scrip component, your Election will be invalid and have no effect, and you will receive the All Cash Consideration for all your OPC Shares if the Scheme is implemented and will not be subject to the Scaleback Mechanisms.	Section 5.8

Question	Response	Reference
Can I choose to keep my OPC Shares?	No. If the Scheme becomes Effective and is implemented, Uniti will acquire 100% of the OPC Shares on issue (including yours) and you will receive the Scheme Consideration. Provided that the Scheme Resolution is passed by the Requisite Majority of OPC Shareholders at the Scheme Meeting, the Scheme is approved by the Court at the Second Court Hearing and the Scheme becomes Effective and is implemented, this will occur even if you did not vote on the Scheme or if you voted against the Scheme Resolution.	Section 5.9
Can I sell my OPC Shares?	Yes, you can sell your OPC Shares on the ASX at any time before the close of trading on the Effective Date. Trading in OPC Shares will be suspended from official quotation on the ASX from the close of trading on the Effective Date. You will not be able to sell your OPC Shares on the ASX after this time. If you sell your OPC Shares on the ASX prior to the Effective Date: • you will not receive the Scheme Consideration; • you will not receive the Special Dividend; • you may be required to pay brokerage on the sale of your OPC Shares; and • there may be different tax consequences for you compared with those consequences that would apply if you disposed of your OPC Shares under the Scheme.	N/A
When will I receive the Scheme Consideration?	The cash component of the Scheme Consideration will be paid on the Implementation Date and the scrip component of the Scheme Consideration (being New UWL Shares) will be issued on the Implementation Date.	Section 5.9
When can I start trading my New UWL Shares on the ASX?	Trading on the ASX of New UWL Shares to be issued as part of the Scheme Consideration is expected to commence on a deferred settlement basis on Tuesday, 22 September 2020. It is the responsibility of each holder of New UWL Shares to confirm their holding before trading in New UWL Shares. Trading on the ASX of New UWL Shares on a normal settlement basis is expected to commence on Thursday, 1 October 2020. Scheme Shareholders who sell New UWL Shares before they receive their holding statements or confirm their holdings of New UWL Shares do so at their own risk. Neither OptiComm nor Uniti takes any responsibility for such trading.	Section 5.11
What happens if I am issued an unmarketable parcel of New UWL shares as part of the Scheme Consideration?	If you receive an unmarketable parcel of New UWL Shares as part of your Scheme Consideration (which is a parcel of New UWL Shares worth less than $500), Uniti will be entitled to exercise its rights under its constitution to dispose of your shares (and remit to you the proceeds) subject to providing you with not less than 42 days' notice and subject to your election not to participate in such sale. Further detail in respect of the relevant provision in Uniti's constitution is set out in Section 7.8(e).	Section 7.8(e)

Question	Response	Reference
Can I subscribe for additional New UWL Shares under the Scheme?	No. There is no option for OPC Shareholders to elect to receive or to subscribe for additional New UWL Shares under the Scheme. OPC Shareholders can purchase additional UWL Shares through normal trading on the ASX.	N/A
Special Dividend		
What is the Special Dividend?	The OptiComm Board has determined to pay the fully franked Special Dividend of $0.10 per OPC Share, conditional on the Scheme becoming Effective.[19]	Section 5.3
Will I receive the Special Dividend if the Scheme does not proceed?	No. If the Scheme does not become Effective, OptiComm will not pay the Special Dividend.	Sections 5.3 and 5.12
How will I receive the Special Dividend?	The Special Dividend will be paid to each OPC Shareholder who holds OPC Shares at the Special Dividend Record Date by: • direct credit to the nominated bank account of the OPC Shareholder as noted on the OptiComm Share Register on the Special Dividend Record Date; or • where an account has not been provided, by dispatching a cheque by mail to the OPC Shareholder's Registered Address as at the Special Dividend Record Date.	Section 5.9
The Scheme Meeting		
What is the Scheme Meeting?	The Scheme Meeting is a meeting of OPC Shareholders to consider the Scheme. The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure E.	Sections 1.3 and 5.4, and Annexure E
Who can vote at this meeting?	OPC Shareholders who are registered on the OptiComm Share Register at 7:00pm on Tuesday, 8 September 2020 will be entitled to vote at the Scheme Meeting.	Section 1.3

[19] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at Special Dividend Payment Date. See section 10.5(a) for further information.

Question	Response	Reference
When and where will the meeting be held?	The Scheme Meeting is scheduled to be held at 11:00am (AEST) on Thursday, 10 September 2020. In response to the global COVID-19 pandemic and government restrictions on physical gatherings, the Scheme Meeting will be held as a virtual meeting. OPC Shareholders wishing to vote, or their proxies or attorneys or in the case of an OPC Shareholder or proxy which is a corporation, corporate representatives, can participate in the virtual Scheme Meeting by logging in online at https://agmlive.link/OPC20. Note, if you have appointed a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the OptiComm Share Registry of the revocation of your proxy appointment before the commencement of the meeting. There will be no physical meeting where OPC Shareholders, or their proxies, attorneys or corporate representatives can attend in person.	Section 1.3
How can I vote if I cannot participate in the virtual Scheme Meeting?	If you would like to vote but cannot participate in the virtual Scheme Meeting, you can vote by: • submitting your proxy online at www.linkmarketservices.com.au and following the instructions in the enclosed Proxy Form. You will require the information on your Proxy Form to lodge your Proxy Form through the website; • by mailing a completed Proxy Form to the OptiComm Share Registry at Link Market Services Limited Locked Bag A14, Sydney South NSW 1235; • appointing an attorney to participate in the virtual Scheme Meeting and vote on your behalf; or • appointing a corporate representative if that option is applicable to you to participate in the virtual Scheme Meeting and vote on your behalf.	Sections 1.3-1.5 and Annexure E and Annexure F
What vote is required to approve the Scheme?	For the Scheme to proceed, the Scheme Resolution must be approved by the requisite majority of OPC Shareholders present and voting at the Scheme Meeting (online or by proxy, attorney or, in the case of corporate OPC Shareholders, corporate representative), which is: • a majority in number (more than 50%) of OPC Shareholders; and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by OPC Shareholders. The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.	Sections 1.3 and 5.5
How will voting at the Scheme Meetings be conducted?	Voting at the Scheme Meeting will be conducted by way of a poll. Every OPC Shareholder who is present in person online or by proxy, corporate representative or attorney at the Scheme Meeting will have one vote for each OPC Share held by them.	Annexure E

Question	Response	Reference
What if I do not vote at the Scheme meeting or do not vote in favour of the Scheme Resolution?	If you do not vote or vote against the Scheme Resolution, but the Scheme Resolution is approved by the Requisite Majority of OPC Shareholders, then, subject to the other Conditions Precedent to the Scheme being satisfied or waived, and Court approval, and the Court order being lodged with ASIC, the Scheme will become Effective and binding on all OPC Shareholders, including those who did not vote or voted against the Scheme Resolution. This will see all OPC Shares (regardless of how their owner voted) exchanged for each OPC Shareholder's Scheme Consideration.	Section 4.3(a)
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at www.asx.com.au. Even if the Scheme Resolution is passed by the Requisite Majority of OPC Shareholders at the Scheme Meeting, the Scheme will not become Effective unless and until it is approved by the Court at the Second Court Hearing and the Court order is lodged with ASIC.	Section 5.4
Tax Implications of the Scheme		
What are the Australian tax implications of the Scheme for OPC Shareholders?	A summary of the general Australian income tax, stamp duty and GST consequences for OPC Shareholders who participate in the Scheme and receive the Special Dividend is set out in Section 9. Each OPC Shareholder's tax position will depend on their particular circumstances. OPC Shareholders are urged to consult their own professional tax advisers as to the specific tax consequences to them of the Scheme, including the applicability and effect of income tax and other tax laws in their particular circumstances.	Section 9.
Am I entitled to scrip-for-scrip Capital Gains Tax rollover relief?	Australian resident OPC Shareholders who would otherwise make a capital gain on the disposal of their OPC Shares under the Scheme should be eligible to choose scrip-for-scrip roll-over relief, but only to the extent they receive Scrip Consideration. The scrip for scrip rollover cannot be applied in relation to the Cash Consideration component. The tax consequences of the Scheme will differ for each OPC Shareholder and OPC Shareholders should consult their own professional tax advisers to seek advice that considers their individual circumstances.	Section 9.2(c)

Question	Response	Reference
Further questions		
Are there any conditions that need to be satisfied before the Scheme can proceed?	As at the date of this Scheme Booklet, the outstanding Conditions Precedent which must be satisfied or waived (as applicable) before the Scheme can become Effective include: • OPC Shareholder Approval of the Scheme at the Scheme Meeting; • Court approval of the Scheme; • there being no action by any court or Government Agency which restrains, prohibits, or otherwise materially adversely impacts upon, the Scheme; • there being no Uniti Prescribed Occurrence, Uniti Regulated Event, or Uniti Material Adverse Change; • there being no OptiComm Prescribed Occurrence, OptiComm Regulated Event, or OptiComm Material Adverse Change; • the Uniti Warranties and OptiComm Warranties remaining true and correct in all material respects; and • the Scheme Implementation Deed and Deed Poll remaining in force as at the Delivery Time on the Second Court Date. Further details regarding the Conditions Precedent are available at Section 4.14(a).	Section 5.13(a)
When will the Scheme become Effective?	Subject to the satisfaction or (if permitted) waiver of the Conditions Precedent, the Scheme will become Effective on the date which the Court order approving the Scheme is lodged with ASIC (this is the **Effective Date**). This is expected to occur on Monday, 21 September 2020.	Section 5.5
What happens if the Scheme does not become Effective?	If the Scheme does not become Effective and is not implemented: • you will not receive the Scheme Consideration; • you will not receive the Special Dividend; • you will retain your OPC Shares; and • OptiComm will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX.	Section 5.12
What happens if a Competing Proposal is proposed?	Since OptiComm and Uniti entered the Scheme Implementation Deed on Sunday, 14 June 2020 through to the date of this Scheme Booklet, no Competing Proposal has emerged. However, if a Competing Proposal is proposed to the OptiComm Board prior to the Second Court Date, the OptiComm Board will carefully consider the proposal and determine whether it is a Superior Proposal. Under the Scheme Implementation Deed, OptiComm must notify Uniti of any Competing Proposal and its terms.	Section 5.13
Under what circumstances is	Under the Scheme Implementation Deed, OptiComm must pay Uniti a break fee of $5.4 million if certain specified circumstances occur, including:	Section 5.13(c)

Question	Response	Reference
a break fee payable?	• any OptiComm Director withdrawing or adversely revising their recommendation or voting intention that OPC Shareholders should vote in favour of the Scheme Resolution; • the announcement or making of a Competing Proposal by a third party prior to the date of the Scheme Meeting which then completes within 12 months of announcement; and • Uniti terminating the Scheme Implementation Deed due to: a material breach of the Scheme Implementation Deed by OptiComm; a breach of an OptiComm Warranty by OptiComm that results in an OptiComm Material Adverse Change; an OptiComm Prescribed Occurrence occurring; an OptiComm Regulated Event occurring; or an OptiComm Material Adverse Change occurring which arises directly as a result of OptiComm's action or inaction. Under the Scheme Implementation Deed, Uniti must pay OptiComm a break fee of $5.4 million if certain specified circumstances occur, including OptiComm terminating the Scheme Implementation Deed due to: • a material breach of the Scheme Implementation Deed by Uniti, • a breach of a Uniti Warranty that results in a Uniti Material Adverse Change; • a Uniti Prescribed Occurrence or a Uniti Regulated Event occurring; • Uniti holding a members' meeting in connection with the Scheme and the resolutions are not approved; or • a Uniti Material Adverse Change occurring arising directly as a result of Uniti's action or inaction. No break fee is payable if the Scheme does not proceed solely as a result of the Requisite Majority of OPC Shareholders failing to approve the Scheme at the Scheme Meeting. See Section 5.13(c) for a more detailed explanation of the circumstances in which a break fee is payable.	
Who can I contact if I have further questions in relation to this Scheme Booklet or the Scheme?	If you have any further questions about this Scheme Booklet or the Scheme, you should: • seek independent legal, financial, tax or other professional advice; and • contact the Shareholder Information Line on 1800 635 323 (or from outside Australia, +61 1800 635 323), Monday to Friday between 8.30am to 5.30pm (AEST). OptiComm is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Information disclosed to the ASX by OptiComm is available on the ASX's website at www.asx.com.au or on OptiComm's website at www.opticomm.net.au.	Section 1.1

Question	Response	Reference
How do I oppose the approval of the Scheme if OPC Shareholders pass the Scheme Resolution?	If OPC Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to oppose the approval of the Scheme at the Second Court Hearing, you should file with the Court and serve on OptiComm a notice of appearance in the prescribed form together with any affidavit that you wish to rely on, attend the hearing, and indicate your opposition to the Scheme. The address for service for OptiComm is c/- Talbot Sayer, Level 27, 123 Eagle St, Brisbane QLD 4000 (attention: Tim Sayer).	Section 5.5

4. Reasons for voting for and against the Scheme

The OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[20]

In making this recommendation, the OptiComm Directors have considered the information contained in:

- Section 4.1, 'Reasons to vote in favour of the Scheme';
- Section 4.2, 'Reasons not to vote in favour of the Scheme'; and
- Section 4.3, 'Other key considerations in relation to voting on the Scheme'.

4.1 Reasons to vote in favour of the Scheme

This Section 4.1 summarises the reasons why the OptiComm Directors believe the Scheme is in the best interests of the OPC Shareholders and have determined to unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[21]

This Section 4.1 should be read in conjunction with Sections 4.2, and 4.3 and the other information contained in this Scheme Booklet, including the Independent Expert's Report.

(a) Unanimous Board Recommendation

The OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

In relation to the recommendations of Escrowed Directors**,** OPC Shareholders should have regard to the fact that, if the Scheme is approved at the Scheme Meeting, the Escrowed Directors will be released from their voluntary escrow agreements with OptiComm.[22]

OPC Shareholders should note that the Escrowed Directors will be entitled to vote in respect of the Released OPC Shares held by the Escrowed Directors at the Scheme Meeting, each Escrowed Director will be able to make an Election in respect of their Released OPC Shares and the Released OPC Shares will from part of the Scheme Shares. The Escrowed Directors will also be entitled to receive the Special Dividend for their Released OPC Shares.

The OPC Board, in the absence of the Escrowed Directors, resolved that, despite these arrangements (which will have no impact on the Scheme Consideration or the Special Dividend paid to other Scheme Shareholders), it is appropriate for the Escrowed Directors to make a recommendation in respect of the Scheme.

---

[20] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

[21] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

[22] The OptiComm Directors who held OPC Shares prior to listing on the ASX agreed to enter into voluntary escrow arrangements for their OPC Shares. See Section 11.1 for further details.

In addition, in relation to the recommendation of Paul Cross, OPC Shareholders should also have regard to the fact that, if the Scheme is approved at the Scheme Meeting, immediately prior to the Scheme becoming Effective, Mr Cross will become entitled to early vesting of 86,700 unvested OPC Performance Rights and 86,700 OPC Shares will be issued to him in respect of those OPC Performance Rights prior to the Scheme Record Date and the Special Dividend Record Date.

OPC Shareholders should note that Mr Cross will not be entitled to vote in respect of Performance Rights OPC Shares at the Scheme Meeting but the Performance Rights OPC Shares will form part of the Scheme Shares. Mr Cross' Election will apply in relation to the Performance Rights OPC Shares and he will receive the Scheme Consideration under the Scheme for them. Mr Cross will also be entitled to receive the Special Dividend for the Performance Rights OPC Shares, provided that they are held by him on the Special Dividend Record Date.

The OptiComm Board (excluding Mr Cross)[23] exercised its discretion to give effect to these arrangements in accordance with the terms of the OptiComm Incentive Plan. The Board considers that, despite these arrangements, (which will have no impact on the Scheme Consideration paid to Scheme Shareholders), it is appropriate for him to make a recommendation on the Scheme.

The OptiComm Board does not make any recommendation as to how OPC Shareholders (other than Ineligible Foreign Shareholders who may not do so) should elect to receive the Scheme Consideration.

(b) **The Independent Expert has concluded that the Scheme is in the best interests of OPC Shareholders, in the absence of a Superior Proposal**

The Independent Expert regards the Scheme to be fair to OPC Shareholders and reasonable. The Independent Expert has assessed the value of the equity of OptiComm to lie in the range of $510 million to $550 million, which equates to an assessed value per OPC Share of between $4.89 to $5.27. The Independent Expert implies a value of the New UWL Shares to be received by an OPC Shareholders as part of the Scheme Consideration, to be in the range of $1.45 to $1.65 per share. Please refer to Annexure A of this Scheme Booklet which contains the Independent Expert Report and further details of the Independent Expert's assessment.

(c) **Since the announcement of the Scheme, no Superior Proposal has emerged**

Since the announcement of the Scheme, no Superior Proposal has emerged and the OptiComm Directors are not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Deed prohibits OptiComm from soliciting and responding to a Competing Proposal, other than in certain circumstances, and requires OptiComm to notify Uniti of any Competing Proposal and its terms. OptiComm will notify OPC Shareholders if a Superior Proposal is received before the Second Court Date.

(d) **In the absence of a Superior Proposal, OptiComm's share price may fall in the near-term if the Scheme is not implemented**

Prior to the announcement of the Scheme, the closing price of OPC Shares was $5.02 per share on Friday, 12 June 2020. On the Last Practicable Date, the closing price of OPC Shares was $5.21.

In the absence of a Superior Proposal, if the Scheme is not implemented, there is a risk that the price of OPC Shares may fall in the near term.

[23] The exercise of discretion by the OptiComm Board was approved by the Non-Executive OptiComm Directors. Paul Cross did not vote on the resolution given his interest in the subject matter of the resolution.

(e) The Scheme Consideration offered represents a premium over the recent trading price of OPC Shares

Based on Uniti's closing share price of $1.54 on 12 June 2020, the aggregate of the Scheme Consideration and the Special Dividend represents the following total implied value and premium, for each Scheme Consideration alternative:

- **All Cash Consideration Option**: $5.20 per OPC Share representing a 12% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 18% premium to OptiComm's 60-day VWAP up to 12 June 2020;
- **All Scrip Consideration Option**: $5.37 per OPC Share representing a 15% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 22% premium to OptiComm's 60-day VWAP up to 12 June 2020;
- **Mixed Consideration Option 1**: $5.24 per OPC Share representing a 13% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 19% premium to OptiComm's 60-day VWAP up to 12 June 2020;
- **Mixed Consideration Option 2**: $5.29 per OPC Share representing a 13% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 20% premium to OptiComm's 60-day VWAP up to 12 June 2020; and
- **Mixed Consideration Option 3**: $5.33 per OPC Share representing a 14% premium to OptiComm's 30-day VWAP up to 12 June 2020 and a 21% premium to OptiComm's 60-day VWAP up to 12 June 2020.

(f) The Scheme Consideration represents an attractive intrinsic value for OPC Shareholders

The valuation of OptiComm (calculated by reference to a total implied value of $5.20 per OPC Share of the All Cash Consideration Option plus the Special Dividend) represents an attractive acquisition value of 13.6 x EV/EBITDA and 23.5 x P/E based on OptiComm's FY20 pro-forma normalised unaudited results.

The total value of $5.20 per OPC Share of the All Cash Consideration Option plus the Special Dividend exceeds the highest closing share price of OPC Shares prior to the announcement of the Scheme Implementation Deed of $5.11 on 1 June 2020 since listing on the ASX.

(g) The Consideration Options provide flexibility and choice for OPC Shareholders

The Consideration Options provide flexibility and choice for OPC Shareholders to (subject to the Scaleback Mechanisms):

- receive all their Scheme Consideration in cash;
- receive all their Scheme Consideration in New UWL Shares; or
- receive all their Scheme Consideration in a mix of cash and New UWL Shares.

(h) The All Cash Consideration Option and the cash components of the Mixed Consideration Options provides OPC Shareholders with certainty of value and the opportunity to realise their investment for cash

OPC Shareholders who receive a Consideration Option with a cash component will receive the benefit of immediate liquidity for their OPC Shares for which they receive cash.

(i) **OPC Shareholders will benefit from the Special Dividend**[24]

Those OPC Shareholders who are able to realise the full benefit of franking credits will receive an additional $0.043 value per OPC Share from the Special Dividend. The Special Dividend would be paid on the Special Dividend Payment Date to OPC Shareholders who hold OPC Shares on the Special Dividend Record Date.

(j) **For those who receive a Consideration Option with a scrip component, the Scheme will create a growing, large-scale Australian national fibre challenger company**

The Scheme combines two highly complementary businesses in OptiComm and Uniti to create a growing, large-scale national full-service private fibre challenger company. Uniti is a diversified provider of telecommunications services, with 'three pillars' of strategic growth: Wholesale & Infrastructure; Specialty Services; and Consumer & Business Enablement. OptiComm is a licenced carrier and wholesale network infrastructure operator, which designs, builds, operates and maintains fixed-line access, fibre-based, telecommunications networks servicing new residential, commercial and retail developments within Australia. Each company holds resources which, when combined, drive efficiencies and economies of scale and scope which are larger than if they were to operate as separate businesses.

(k) **For those who receive a Consideration Option with a scrip component, the Combined Group will have increased financial scale, network scale and market relevance**

If the Scheme is implemented, the Combined Group is expected to benefit from increased financial scale, network scale and market relevance which will enable the Combined Group to better compete with the larger providers delivering high quality, broadband connectivity in the Greenfield market.

(l) **No brokerage or stamp duty will be payable by you for the transfer of your OPC Shares under the Scheme**

You will not incur any brokerage or stamp duty on the transfer of your OPC Shares to Uniti under the Scheme. It is possible that such charges may be incurred if you transfer your OPC Shares other than under the Scheme.

4.2 Reasons to not vote in favour of the Scheme

The OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[25]

Notwithstanding this recommendation and this conclusion, OPC Shareholders should read and consider the following reasons not to vote in favour of the Scheme when determining how to exercise their vote at the Scheme Meeting.

---

[24] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at the Special Dividend Payment Date. See section 10.5(a) for further information.

[25] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

(a) You may disagree with the OptiComm Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests

Notwithstanding the unanimous recommendation of the OptiComm Directors and the conclusion of the Independent Expert, you may believe or receive advice that the Scheme is not in your best interests.

OPC Shareholders are not obliged to follow the recommendation of the OptiComm Board nor to agree with the Independent Expert's conclusion.

(b) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future

Since OptiComm and Uniti entered into the Scheme Implementation Deed on 14 June 2020 through to the date of this Scheme Booklet, no Competing Proposal has emerged. However, OPC Shareholders may consider that a Superior Proposal with better long-term prospects for the OptiComm businesses could emerge in the foreseeable future. The Scheme becoming Effective and being implemented will mean that existing OPC Shareholders will not receive the benefit of any such Superior Proposal.

The Scheme Implementation Deed prohibits OptiComm from soliciting and responding to a Competing Proposal, other than in certain circumstances, and requires OptiComm to notify Uniti of any Competing Proposal and its terms. OptiComm will notify OPC Shareholders if a Superior Proposal is received before the Second Court Date.

(c) You may wish to confine your investment and exposure to a business with OptiComm's specific characteristics

OPC Shareholders may wish to keep their OPC Shares and preserve their investment in a publicly listed company with the specific characteristics of OptiComm. Notwithstanding the views expressed by the Independent Expert and the OptiComm Directors that the combination of OptiComm and Uniti presents synergistic benefits, the asset composition and exposure, earnings mix and risk profile of the two companies on a standalone basis are different. Sections 6 and 7 set out further detail on the standalone businesses of OptiComm and Uniti respectively.

Implementation of the Scheme may represent a disadvantage if you do not want to change your investment profile. OPC Shareholders should read this Scheme Booklet carefully to understand the implications of the Scheme and should seek investment, legal or other professional advice in relation to their own circumstances. Further information about the Combined Group can be found at Section 8.

(d) You may consider that there are risks associated with the integration of OptiComm and Uniti which could exceed the benefits of the Scheme

As detailed in Section 8, there is potential for the Combined Group to realise meaningful synergies and operational efficiencies following implementation, with these synergies and efficiencies expected to take time to be fully realised across the Combined Group. OPC Shareholders may believe that the integration of OptiComm and Uniti will be more complicated, may take more time or may require costs which are not anticipated.

Further detail on the risks associated with the integration of OptiComm and Uniti can be found in Section 10.

(e) The future value of UWL Shares after the Scheme is implemented is uncertain

If the Scheme becomes Effective and is implemented, some OPC Shareholders will receive New UWL Shares depending on the Consideration Option Election they have made and whether the Cash Scaleback Mechanism applies. At this point, the trading value of New UWL Shares will depend upon the price at which UWL Shares are trading on the ASX. This price may rise or fall depending on market conditions and the financial and operational performance of the Combined Group.

Accordingly, the value of the New UWL Shares received as Scheme Consideration may either rise or decline following implementation of the Scheme. There is no guarantee as to the future value of the Scheme Consideration to be received by some OPC Shareholders in the form of New UWL Shares if the Scheme becomes Effective and is implemented.

(f) **The tax consequences of the Scheme may not suit your current financial circumstances**

Implementation of the Scheme may trigger different or adverse tax consequences for certain OPC Shareholders. The tax treatment may vary depending on the nature and characteristics of each OPC Shareholder and their specific circumstances. The tax consequences of the Scheme may not suit an individual OPC Shareholder's financial position. OPC Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

OPC Shareholders should read the tax implications of the Scheme outlined in Section 9. Section 9 is general in nature and OPC Shareholders should consult with their professional tax adviser regarding their particular circumstances.

(g) **You may be concerned about specific risks associated with Uniti's business**

You should read Section 7, which summarises the business operations and strategy of Uniti, to understand what additional businesses and assets you will be exposed to if you become a New UWL Shareholder on implementation of the Scheme.

Additionally, there are a number of risks specific to the Combined Group, which are described in further detail in Section 10.2 and which may affect the value of New UWL Shares.

OPC Shareholders should consider these risks before deciding whether to vote in favour of the Scheme.

4.3 Other key considerations in relation to voting on the Scheme

OPC Shareholders should also take into account the following additional considerations in determining how to exercise their vote at the Scheme Meeting.

(a) **The Scheme may be implemented even if you vote against the Scheme or do not vote at all**

If the Scheme is approved by the Requisite Majority of OPC Shareholders and the Court and all of the other Conditions Precedent to the Scheme are either satisfied or waived (as applicable), and the Scheme becomes Effective, the Scheme will bind all OPC Shareholders. This will include those who did not vote on the Scheme Resolution and those who voted against it, meaning that all OPC Shareholders (other than Ineligible Foreign Shareholders):

- who made a valid Election, will receive the Scheme Consideration in accordance with their Election (subject to the Scaleback Mechanisms); or
- who did not make a valid Election, whose Election was not received by the OptiComm Share Registry by the Election Date, or who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election) will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms),

and Ineligible Foreign Shareholder will receive their Scheme Consideration in the form of the All Cash Consideration Option and will not be subject to the Scaleback Mechanisms.

(b) **Implications for OptiComm and OPC Shareholders if the Scheme is not implemented**

If any Conditions Precedent, including OPC Shareholder approval and Court approval, are not satisfied or waived (as applicable) prior to the End Date, the Scheme will not proceed.

If the Scheme does not proceed, OPC Shareholders will not receive the Scheme Consideration and will retain their OPC Shares. Additionally, the advantages of the Scheme described in Section 4.1 will not be realised and the potential disadvantages of the Scheme described in Section 4.2 will not arise.

If the Scheme is not implemented, OptiComm will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX.

OptiComm has incurred costs in respect of the Scheme prior to the date of this Scheme Booklet, including in relation to the conduct of negotiations with Uniti, retention of advisers, provision of information to Uniti, obtaining regulatory review of the Scheme, engagement of the Independent Expert and Investigating Accountant, and preparation of this Scheme Booklet. If the Scheme is not implemented, OptiComm expects to pay an aggregate of approximately $800,000 in external transaction costs in connection with the Scheme.

(c) Conditionality of the Scheme

Implementation of the Scheme is subject to the satisfaction or waiver (as applicable) of a number of Conditions Precedent.

The Conditions Precedent are set out in full in clause 3 of the Scheme Implementation Deed and clause 3 of the Scheme, copies of which is available on the ASX website at www.asx.com.au and on OptiComm's website at www.opticomm.net.au.

As at the date of this Scheme Booklet, the implementation of the Scheme is still subject to a number of Conditions Precedent, which are summarised in Section 5.13.

If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date, the Scheme will not become Effective and OPC Shareholders will not receive the Scheme Consideration or the Special Dividend.

(d) Break fees

Under the Scheme Implementation Deed:

- OptiComm has agreed to pay Uniti a break fee of $5.4 million if conditions outlined under 'Break fee' in Section 5.13 are satisfied; and
- Uniti has agreed to pay OptiComm a break fee of $5.4 million if conditions outlined under 'Break fee' in Section 5.13 are satisfied.

No break fees are payable if the Scheme does not proceed solely because of the Requisite Majority of OPC Shareholders failing to approve the Scheme at the Scheme Meeting.

See Section 5.13 for a more detailed explanation of the circumstances in which a break fee is payable.

(e) Deemed warranties by Scheme Shareholders about their Shares

Under the terms of the Scheme, each Scheme Shareholder is deemed to have warranted to OptiComm and Uniti that:

- as at the Implementation Date, all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) are free from all mortgages, charges, security interests, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to sell and to transfer their Scheme Shares to Uniti together with any rights attaching to those Scheme Shares; and
- except as otherwise provided in the Scheme Implementation Deed, they have no right to be issued any OPC Shares, or any other OptiComm securities.

Scheme Shareholders should be aware that, to the extent that these warranties are untrue (including where their Scheme Shares are not transferred under the Scheme free of third party interests), they may be liable to compensate Uniti for any damage caused to Uniti as a result of such warranties being untrue.

5. Overview of the Scheme

5.1 Background to the Scheme

On 15 June 2020, OptiComm announced that it had entered into the Scheme Implementation Deed with Uniti, under which it is proposed that Uniti will acquire all of the OPC Shares on issue by way of the Scheme.

The Scheme is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire another company.

If the Scheme is approved by OPC Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and Conditions Precedent are satisfied or (if permitted) waived and the Scheme becomes Effective and is implemented, OptiComm will become a wholly owned subsidiary of Uniti and will be delisted from the ASX. If the Scheme is approved and becomes Effective and you hold OPC Shares on the Scheme Record Date, you will be bound by the Scheme irrespective of whether you voted in favour of it at a Scheme Meeting.

If the Scheme is not approved, the Scheme will not proceed, you will not be bound by it, and OptiComm will continue as a company listed on the ASX.

5.2 Scheme Consideration

(a) Scheme Consideration

OPC Shareholder, (other than Ineligible Foreign Shareholders) can make an Election to receive the Scheme Consideration in respect of the OPC Shares held by them on the Scheme Record Date, in the form of one of the five alternatives (subject to the Scaleback Mechanisms):

- **All Cash Consideration Option**: $5.10 cash per OPC Share;
- **All Scrip Consideration Option**: 3.4228 UWL Shares for each OPC Share;
- **Mixed Consideration Option 1**: 75% Cash Consideration and 25% Scrip Consideration equating to $3.825 cash and 0.8557 UWL Shares for each OPC Share;
- **Mixed Consideration Option 2**: 50% Cash Consideration and 50% Scrip Consideration equating to $2.550 cash and 1.7114 UWL Shares for each OPC Share; or
- **Mixed Consideration Option 3**: 25% Cash Consideration and 75% Scrip Consideration equating to $1.275 cash and 2.5671 UWL Shares for each OPC Share.

OPC Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election; or
- whose Election is not received by the OptiComm Share Registry by the Election Date; or
- who receive OPC Shares after the Election Date (and did not previously hold OPC Shares and make a valid Election),

will receive their Scheme Consideration in the form of Mixed Consideration Option 1 (subject to the Scaleback Mechanisms).

Ineligible Foreign Shareholders may not make an Election will receive their Scheme Consideration in the form of the All Cash Consideration Option and will not be subject to the Scaleback Mechanisms. See Section 5.8 for further information.

(b) **Cash Scaleback Mechanism**

If you have made a valid Election for a Consideration Option that has a cash component or you have not make a valid Election (and will be deemed to have elected Mixed Consideration Option 1) and the Aggregate Elected Cash Consideration exceeds the Aggregate Cash Consideration less the total Cash Consideration payable to Ineligible Foreign Shareholders, the cash component of your Consideration Option will be scaled back on a pro-rata basis and the scaled back portion of the cash component of your Consideration Option will instead be satisfied in New UWL Shares.

If cash scaleback is required, the percentage of Cash Consideration for each OPC Share you hold will be calculated in accordance with the following formula:

A = B x C/D

where:

A = the percentage of Cash Consideration that you will receive for each of your OPC Shares

B = if:

- you have made an All Cash Consideration Election, 100%;
- you have made a Mixed Consideration Option 1 Election, or you did not make a valid Election, 75%;
- you have made a Mixed Consideration Option 2 Election, 50%; or
- you have made a Mixed Consideration Option 3 Election, 25%;

C = Aggregate Cash Consideration less the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders; and

D = Aggregate Elected Cash Consideration,

and the percentage of Scrip Consideration you will receive for each Scheme Share you hold will be equal to:

- 100%; less
- the percentage calculated in accordance with the preceding formula.

(c) **Scrip Scaleback Mechanism**

If a you have made a valid Election for a Consideration Option that has a Scrip Consideration component, or you have not made a valid Election (and will be deemed to have elected Mixed Consideration Option 1) and the Aggregate Elected Scrip Consideration exceeds the Aggregate Scrip Consideration, the scrip component of your Consideration Option will be scaled back on a pro-rata basis and the scaled back portion of the scrip component of your Consideration Option will instead be satisfied with cash.

If scrip scaleback is required, the percentage of Scrip Consideration for each OPC Share you hold will be calculated in accordance with the following formula:

A = B x C/D

where:

A = the percentage of Scrip Consideration that you will receive for each of your OPC Shares

B = if:

- you have made an All Scrip Consideration Election, 100%;

- you have made a Mixed Consideration Option 1 Election, or you did not make a valid Election, 25%;
- you have made a Mixed Consideration Option 2 Election, 50%; or
- you have made a Mixed Consideration Option 3 Election, 75%;

C = Aggregate Scrip Consideration; and

D = Aggregate Elected Scrip Consideration,

and the percentage of Cash Consideration you will receive for each Scheme Share you hold will be equal to:

- 100%; less
- the percentage calculated in accordance with the preceding formula.

(d) **Fractional entitlements**

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to:

- a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent; and/or
- a fraction of a New UWL Share, the fractional entitlement will be rounded down to the nearest whole number of New UWL Shares.

5.3 Special Dividend

The OptiComm Board has determined to pay a special dividend of $0.10 per OPC Share (**Special Dividend**), conditional on the Scheme being approved and becoming Effective.[26&27] The Special Dividend is intended to be paid on the Special Dividend Payment Date to OPC Shareholders who hold OPC Shares on the Special Dividend Record Date. OPC Shareholders who are entitled to the Special Dividend may be entitled to a franking credit of up to approximately $0.043 per OPC Share. Whether you will be able to realise the full benefit of franking credits attached to any Special Dividend will depend on your tax status and specific circumstances. OPC Shareholders should seek independent taxation advice in respect of this matter and refer to Section 9 of this Scheme Booklet.

5.4 Scheme Meeting

On Friday, 7 August 2020, the Court ordered that OptiComm convene the Scheme Meeting in accordance with the Notice of Scheme Meeting and appointed Allan Brackin to chair the meeting. The Court order does not constitute an endorsement of, or any other expression of opinion on, the Scheme or this Scheme Booklet.

---

[26] Under the Scheme Implementation Deed, OptiComm is permitted to pay the Special Dividend prior to implementation. This is an exception to the general prohibition under the Scheme Implementation Deed on OptiComm paying any dividend or other distribution prior to implementation.

[27] Payment of the Special Dividend is conditional on OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend, as at the Special Dividend Payment Date. See Section 10.5(a) for further information.

The purpose of the Scheme Meeting is for OPC Shareholders to consider whether to approve the Scheme. OPC Shareholders who are registered on the OptiComm Share Register at 7.00pm (AEST) on Tuesday, 8 September 2020 are entitled to vote at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll. Instructions on how to attend and vote at the Scheme Meeting (in person online or by proxy, attorney or corporate representative) are set out in Sections 1.3- 1.5 and in the Notice of Scheme Meeting in Annexure E.

The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at www.asx.com.au.

5.5 Approvals required from OPC Shareholders and the Court

The Scheme can only become Effective if it is approved by:

- the Requisite Majorities of OPC Shareholders at the Scheme Meeting; and
- the Court on the Second Court Date.

The **Requisite Majorities** for the Scheme Resolution are set out in section 411(4)(a)(ii) of the Corporations Act, and they are:

- a majority in number (more than 50%) of OPC Shareholders present and voting at the Scheme Meeting (either in person online, or by proxy, representative or attorney); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by OPC Shareholders (either in person online, or by proxy, representative or attorney).

However, the Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

The Scheme Resolution will be voted on by way of poll.

If the Scheme is approved by the Requisite Majorities of OPC Shareholders and all conditions to the Scheme (other than approval of the Court) have been satisfied or waived, OptiComm will apply to the Court for orders approving the Scheme.

The Corporations Act and the relevant Court rules provide a procedure for OPC Shareholders to oppose the approval of the Scheme by the Court. Any OPC Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on OptiComm a notice of appearance in the prescribed form together with any affidavit that the OPC Shareholder proposes to rely on. The address for service for OptiComm is c/- Talbot Sayer, Level 27, 123 Eagle St, Brisbane QLD 4000 (attention: Tim Sayer).

The date for the Second Court Hearing is currently scheduled to be Friday, 18 September 2020. Any change to this date will be announced through the ASX and notified on OptiComm's website.

5.6 Recommendation of OptiComm Directors

The OptiComm Directors unanimously recommend that OPC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.[28]

[28] In respect of the recommendations of the Escrowed Directors, OPC Shareholders should have regard to the fact that, if the Scheme is implemented, the Escrowed Directors will receive benefits as further detailed in the Letter from Chairman of OptiComm Ltd at the start of this Scheme Booklet.

Each OptiComm Director will vote, or procure the voting of, any OPC Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting to be held on Wednesday, 10 September 2020, in the absence of a Superior Proposal.

In considering whether to vote in favour of the Scheme, OptiComm Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report and the Investigating Accountant's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers on the effect of the Scheme becoming Effective and being implemented.

Each OptiComm Director's Relevant Interests are disclosed in Section 11.2 of this Scheme Booklet.

5.7 Independent Expert's conclusion

OptiComm Directors engaged Lonergan Edwards as Independent Expert to consider whether the Scheme is in the best interest of OPC Shareholders. The Independent Expert has concluded that the Scheme is in the best interests of the OPC Shareholders, in the absence of a Superior Proposal. The Independent Expert's Report is contained in Annexure A.

5.8 Ineligible Foreign Shareholders

If you are an Ineligible Foreign Shareholder and you make the Election to receive a Consideration Option with a scrip component, your Election will be invalid and have no effect, and you will receive the All Cash Consideration Option for all your OPC Shares if the Scheme becomes Effective and is implemented.

5.9 Implementation of the Scheme

If the Scheme becomes Effective, Uniti will acquire all of the OPC Shares and will provide Scheme Shareholders with the Scheme Consideration on the Implementation Date, currently expected to be Wednesday, 30 September 2020.

For the purposes of paying the cash component of Scheme Consideration, Uniti will deposit in cleared funds, by no later than the Business Day before the Implementation Date, the Aggregate Cash Consideration into a trust account operated by OptiComm to be held on trust for the Scheme Shareholders.

On the Implementation Date, in consideration for the transfer of each OPC Share to Uniti**:**

- Uniti will issue to each Scheme Shareholder such number of New UWL Shares as that Scheme Shareholder is entitled to as Scheme Consideration (if any);
- Uniti will procure the entry in the Uniti Register of the name and address of each Scheme Shareholder who received New UWL Shares as Scheme Consideration in respect of the New UWL Shares issued to them; and
- each Scheme Shareholder who is entitled to any cash as Scheme Consideration will be paid in cash in Australian currency by:
    - o making a deposit into the nominated bank account of the relevant Scheme Shareholder recorded on the OptiComm Share Register as at the Scheme Record Date. If you have not previously notified the OptiComm Share Registry of your nominated bank account or would like to change your existing nominated bank account, you should contact the OptiComm Share Registry on 1300 554 474 prior to the Record Date; or

  - if a Scheme Shareholder does not have a nominated bank account on the OptiComm Share Register as at the Scheme Record Date, sending an Australian dollar cheque for any such amount by prepaid post to their address recorded in the OptiComm Share Register as at the Scheme Record Date.

If the whereabouts of a Scheme Shareholder are unknown as at the Scheme Record Date, the cash component of the Scheme Consideration may be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed moneys.

Holding statements, or confirmation for CHESS holdings, detailing the issue of New UWL Shares will be despatched to OPC Shareholders on the Implementation Date.

5.10 Deemed warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is deemed to have warranted to OptiComm and Uniti that:

- as at the Implementation Date, all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) are free from all mortgages, charges, security interests, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to sell and to transfer their Scheme Shares to Uniti together with any rights attaching to those Scheme Shares; and
- except as otherwise provided in the Scheme Implementation Deed, they have no right to be issued any OPC Shares, or any other OptiComm securities.

Scheme Shareholders should be aware that, to the extent that these warranties are untrue (including where their Scheme Shares are not transferred under the Scheme free of third party interests), they may be liable to compensate Uniti for any damage caused to Uniti as a result of such warranties being untrue.

5.11 Commencement of trading of New UWL Shares

Uniti will seek confirmation from ASX that, as from the Business Day after the Effective Date (or such other date as ASX requires), the New UWL Shares issued as Scheme Consideration will be quoted on the ASX. New UWL Shares are expected to trade on a deferred settlement basis from the commencement of trading on this date.

It is the responsibility of each New UWL Shareholder to confirm their holding before trading in New UWL Shares to avoid the risk of selling shares that they do not own. Holders of New UWL Shares who sell their shares before they receive their holding statement or confirm their uncertificated holdings of New UWL Shares (as applicable) do so at their own risk.

Trading on the ASX of New UWL Shares on a normal settlement basis is expected to commence on the Business Day after the Implementation Date.

5.12 Consequences if the Scheme does not proceed

If the Scheme is not approved at the Scheme Meeting or all of the Conditions Precedent are not satisfied or waived, the Scheme will not proceed, and:

- OptiComm will continue to operate as an independent entity listed on the ASX;
- OPC Shareholders will continue to hold their OPC Shares and share in any benefits and risks of OptiComm's ongoing business;
- OPC Shareholders will not receive the Scheme Consideration; and
- OPC Shareholders will not receive the Special Dividend.

Depending on the reasons why the Scheme does not proceed, OptiComm may be liable to pay a break fee of $5.4 million to Uniti or Uniti may be liable to pay a break fee of $5.4 million to OptiComm. See Section 5.13 for further information on the break fees.

The OptiComm Directors have confidence in OptiComm's future as an independent entity and its ability to maintain earnings and growth. It is difficult to predict the effect on the OPC Share price if the Scheme does not proceed but in the absence of a Superior Proposal, there is a risk that the price of OPC Shares may fall in the near term.

Despite the confidence of the OptiComm Directors in the future of OptiComm as an independent entity, the OptiComm Directors consider that the Scheme is in the best interests of OPC Shareholders, in the absence of a Superior Proposal.

5.13 Scheme Implementation Deed

The Scheme Implementation Deed sets out the rights and obligations of OptiComm and Uniti in connection with the Scheme. A copy of the Scheme Implementation Deed is available on the ASX website and OptiComm's website. The key terms of the Scheme Implementation Deed are summarised below.

(a) Conditions Precedent

The Scheme is subject to a number of conditions under its terms and terms of the Scheme Implementation Date, some of which have already been satisfied. The conditions which have not yet been satisfied are:

- the following conditions in clause 3.1 of the Scheme Implementation Deed (other than the condition in clause 3.1(c) of the Scheme Implementation Deed relating to Court approval of this Scheme) which must be either satisfied or waived in accordance with the terms of the Scheme Implementation Deed by the Delivery Time on the Second Court Date:
    - **OPC Shareholder approval**: the Scheme is approved by OPC Shareholders at the Scheme Meeting by the majorities required under Section 411(4)(a)(ii) of the Corporations Act;
    - **No restraints**: by the Delivery Time on the Second Court Date, there is not in effect any temporary or final order, decision or decree issued by any court of competent jurisdiction or Government Agency which restrains, prohibits, or otherwise materially adversely impacts upon, the Scheme;
    - **Court approval**: the Scheme is approved by the Court in accordance with Section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under Section 411(6) of the Corporations Act as are acceptable to OptiComm and Uniti (each acting reasonably);
    - **No Uniti Prescribed Occurrence**: no Uniti Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date;
    - **No Uniti Regulated Event**: no Uniti Regulated Event occurs between (and including) the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date;
    - **No Uniti Material Adverse Change**: no Uniti Material Adverse Change occurs between the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date;
    - **Uniti Warranties**: the Uniti Warranties being true and correct in all material respects on the date of the Scheme Implementation Deed and at the Delivery Time on the Second Court Date;

- **No OptiComm Prescribed Occurrence**: no OptiComm Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date;
- **No OptiComm Regulated Event**: no OptiComm Regulated Event occurs between (and including) the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date;
- **No OptiComm Material Adverse Change**: no OptiComm Material Adverse Change occurs between the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date; and
- **OptiComm Warranties**: the OptiComm Warranties being true and correct in all material respects on the date of the Scheme Implementation Deed and at the Delivery Time on the Second Court Date.

- neither the Scheme Implementation Deed nor the Deed Poll is terminated in accordance with its terms by the Delivery Time on the Second Court Date;
- the Scheme is approved by the Court at the Second Court Hearing under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to OptiComm and Uniti (each acting reasonably);
- such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to OptiComm and Uniti are satisfied (each acting reasonably); and
- the order of the Court made under section 411(4)(b) of the Corporations Act approving this Scheme comes into effect pursuant to section 411(10) of the Corporations Act on or before the End Date.

If the conditions are not fully satisfied or waived then the Scheme will not proceed.

See the Scheme Implementation Deed and the Glossary in Section 12.1 for the meanings of the defined terms in this Section 5.13.

(b) **Exclusivity Provisions**

OptiComm has agreed to exclusivity provisions in the Scheme Implementation Deed, as summarised below:

- **No-shop**: OptiComm must not solicit, invite, initiate or encourage any Competing Proposal (being a proposal that, if completed, would mean a person may (among other things) acquire voting power in more than 20% of OPC Shares, acquire a material part of OptiComm's business or assets, acquire control of OptiComm or otherwise acquire or merge with OptiComm) or any enquiries, proposals, discussions or negotiations with any third party in relation to (or that could reasonably be expected to lead to) a Competing Proposal;
- **No-talk**: OptiComm must not negotiate or participate in discussions with any person or communicate an intention to do these things in relation to (or that could reasonably be expected to lead to) a Competing Proposal even if that Competing Proposal was not solicited, encouraged or initiated by OptiComm. This no-talk restriction does not apply the OptiComm Board determines, in good faith, and after consulting with OptiComm's financial and legal advisers and receiving external legal advice, that not taking action with respect to the Competing Proposal would constitute a breach of the directors' fiduciary or statutory duties (**Fiduciary Out**);
- **No due diligence**: OptiComm must not, solicit, initiate, facilitate or permit any third party to undertake due diligence in respect of OptiComm, or make available to any third party any non-public information relating to OptiComm, in connection with the third party developing

or finalising a Competing Proposal. This no due diligence restriction is subject to the Fiduciary Out;

- **Notification of approaches**: OptiComm must notify Uniti of any approach made by a third party in relation to an actual or potential Competing Proposal and any request made by any third party for any information relating to OptiComm that the OptiComm Board reasonably suspects may be in connection with that third party developing or finalising a Competing Proposal. Such notice must be accompanied by all material details of the relevant event including the identity of the third party, subject to the Fiduciary Out, and the material terms and conditions of the Competing Proposal;

- **Uniti's right to respond to a Competing Proposal**: If OptiComm notifies Uniti of an approach made by a third party in relation to a Competing Proposal as set out above, Uniti will have the right but not the obligation at any time during the period of three Business Days after receiving the notification, to provide a proposal that is not less favourable to OPC Shareholders or is superior to the Competing Proposal (**Counter Proposal**). The OptiComm Directors must consider the Counter Proposal and if it is no less favourable or more favourable to OPC Shareholders as a whole than the Competing Proposal, OptiComm and Uniti must use their best endeavours to amend the Scheme Implementation Deed to reflect the terms of, and implement, the Counter Proposal.

See clause 11 of the Scheme Implementation Deed for full details of the exclusivity provisions.

(c) **Break fees**

OptiComm has agreed to pay Uniti a break fee of $5.4 million if:

- **Change in recommendation**: during the Exclusivity Period, any OptiComm Director withdraws, adversely revises or makes a public statement inconsistent with their recommendation or voting intention that OPC Shareholders should vote in favour of the Scheme Resolution unless:
  - the Independent Expert concludes that the Scheme is not in the best interests of OPC Shareholders;
  - an OptiComm Director has withdrawn a recommendation because of a requirement of the Court or Government Agency; or
  - OptiComm terminates the Scheme Implementation Deed under clause 13.1(a), 13.2(b) or clause 13.2(c) of the Scheme Implementation Deed and has given the appropriate termination notice to Uniti.

- **Competing Proposal**: a Competing Proposal is announced prior to the date of the Scheme Meeting and, within 12 months of the Competing Proposal being announced, any third party:
  - completes the Competing Proposal; or
  - acquires a Relevant Interest in more than 50% of the OPC Shares under a transaction that is or has become wholly unconditional or otherwise comes to Control OptiComm or acquires substantially all of the assets of OptiComm; or

- **Uniti terminates the Scheme Implementation Deed**: Uniti terminates the Scheme Implementation Deed because:
  - OptiComm materially breaches the Scheme Implementation Deed, Opticomm materially breaches an OptiComm Warranty and such breach results in an OptiComm Material Adverse Change, an OptiComm Prescribed Occurrence occurs or an OptiComm Regulated Event Occurs (and in each case, OptiComm fails to remedy such breach within the required period); or

- an OptiComm Material Adverse Change occurs which arose directly as a result of an action or inaction of OptiComm.

Uniti has agreed to pay OptiComm a break fee of $5.4 million if OptiComm terminates the Scheme Implementation Deed because:

- Uniti materially breaches the Scheme Implementation Deed, Uniti materially breaches a Uniti Warranty and such breach results in a Uniti Material Adverse Change, a Uniti Prescribed Occurrence occurs or a Uniti Regulated Event Occurs (and in each case, Uniti fails to remedy such breach within the required period);
- Uniti holds a meeting of its members in connection with any aspect of the Scheme and any of the relevant resolutions voted on by the members at the meeting are not approved (and Uniti fails to remedy such breach within the required period); or
- a Uniti Material Adverse Change occurs which arose directly as a result of an action or inaction of Uniti.

(d) **Termination**

Either party may terminate the Scheme Implementation Deed if:

- the other party is in material breach of any of its obligations under the deed (other than a breach of a representation or warranty) and the party in breach has not remedied the breach within five Business Days of being notified of the breach;
- the Court or another Government Agency prevents the Scheme from being implemented;
- the Conditions Precedent in the Scheme Implementation Deed are not capable of being satisfied;
- the Court refuses to make orders directing OptiComm to convene the Scheme Meeting or approving the Scheme; or
- if the Effective Date for the Scheme has not occurred or will not occur by the End Date.

OptiComm may terminate the Scheme Implementation Deed if:

- a majority of the OptiComm Directors change or withdraw their recommendation as required by the Court or Government Agency or as the result of a Superior Proposal emerging or the Independent Expert changes, qualifies or publicly withdraws its conclusion that the Scheme is in the best interests of OPC Shareholders before the Delivery Time on the Second Court Date;
- a Uniti Material Adverse Change occurs;
- Uniti materially breaches the Scheme Implementation Deed, Uniti materially breaches a Uniti Warranty and such breach results in a Uniti Material Adverse Change, a Uniti Prescribed Occurrence occurs or a Uniti Regulated Event occurs (and in each case, Uniti fails to remedy such breach within the required period); or
- Uniti holds a meeting of its members in connection with any aspect of the Scheme and any of the relevant resolutions voted on by the members at the meeting are not approved (and Uniti fails to remedy such breach within the required period).

Uniti may terminate the Scheme Implementation Deed if:

- an OptiComm Director (other than an OptiComm Director who has withdrawn a recommendation because of a requirement of the Court or Government Agency) withdraws, revises or makes any public statement inconsistent with his or her recommendation or voting intention or supports any Competing Proposal;

- a Competing Proposal is announced or made and publicly recommended, supported or endorsed by a majority of the OptiComm Board;
- an OptiComm Material Adverse Change occurs; or
- OptiComm materially breaches the Scheme Implementation Deed, Opticomm materially breaches an OptiComm Warranty and such breach results in an OptiComm Material Adverse Change, an OptiComm Prescribed Occurrence occurs or an OptiComm Regulated Event occurs (and in each case, OptiComm fails to remedy such breach within the required period).

(e) Deed Poll

On 4 August 2020, Uniti executed the Deed Poll under which Uniti has effectively agreed to (among other things) provide the Scheme Consideration to each Scheme Shareholder, subject to the Scheme becoming Effective.

A copy of the Deed Poll is attached as Annexure D to this Scheme Booklet.

5.14 OPC Performance Rights

(a) OPC Performance Rights on issue

As detailed in OptiComm's prospectus dated 15 July 2019, OptiComm operates a long term incentive plan under which OPC Performance Rights are granted to senior executives to ensure alignment between the performance of eligible executives to the long-term overall performance of OptiComm (the **OptiComm Incentive Plan**). As at the date of this Scheme Booklet, OptiComm has 220,336 OPC Performance Rights on issue.

As set out in Section 11.2, none of the Non-Executive OptiComm Directors hold any OPC Performance Rights.

Each OPC Performance Right confers on its holder the entitlement to acquire one OPC Share upon satisfaction of the vesting conditions, as determined by the OptiComm Board at the end of the relevant performance period. No amount is payable by the holder of the OPC Performance Right upon vesting

OptiComm does not have any options over any OPC Shares on issue as at the date of this Scheme Booklet.

(b) Intended treatment of OPC Performance Rights in connection with the Scheme

Under the terms of the Scheme Implementation Deed, OptiComm must put in place arrangements so that 220,336 OPC Shares will be issued in respect of the OPC Performance Rights on or before the Effective Date.

Under the terms of the OptiComm Incentive Plan, the OptiComm Board has discretion to determine the treatment of any unvested OPC Performance Rights and the timing of such treatment. Consistent with the terms of the OptiComm Incentive Plan, the OptiComm Board (excluding Paul Cross) has exercised its discretion and determined that all of the OPC Performance Rights will, subject to the Scheme becoming Effective, vest and OPC Shares will be issued in respect of those OPC Performance Rights prior to the Scheme Record Date and the Special Dividend Record Date.

The OptiComm Board (excluding Paul Cross) made this determination having regard to a range of factors, including the contribution by management to the overall performance of OptiComm, which the OptiComm Board believes has been a key factor in making OptiComm attractive to an acquirer such as Uniti at the Scheme Consideration offered.

The Election that each holder of OPC Performance Rights makes in respect of the OPC Shares they hold will apply in relation to the OPC Shares they receive on conversion of their OPC Performance Rights. Those OPC Shares issued on conversion will be acquired by Uniti under the Scheme on the Implementation Date and the holders of those OPC Shares on both the Scheme

Record Date and the Special Dividend Record Date will be entitled to receive Scheme Consideration and the Special Dividend in respect of those OPC Shares.

6. Overview of OptiComm

OptiComm is a licenced carrier and wholesale network infrastructure operator that designs, builds, operates and maintains fixed-line access, fibre-based, telecommunications networks servicing new residential, commercial and retail developments within Australia. OptiComm is listed on the ASX, with its shares quoted under the code 'OPC'.

6.1 Corporate History

OptiComm operations first commenced in 2005 and OptiComm has held a carrier licence issued under the Telecommunications Act since 21 September 2007. OptiComm's initial projects in 2007 and 2008 in Queensland, South Australia and New South Wales saw it become one of Australia's early leaders in the deployment of Fibre-to-the-Premises networks.

In 2009, NBN Tasmania Limited, a subsidiary of NBN Co, engaged OptiComm to assist in the design and build of the 'active' component of the Stage One rollout of the Australian government initiative to upgrade Australia's broadband infrastructure to a high-speed broadband network (**Australian National Broadband Network**) in Tasmania for the initial launch towns of Smithton, Scottsdale and Midway Point.

Today, OptiComm is a licensed carrier and wholesale network infrastructure operator, who designs, builds, operates and maintains fixed-line access, fibre based telecommunications networks servicing new residential, commercial and retail developments within Australia. OptiComm has capability to operate throughout Australia and currently operates in Victoria, New South Wales, Queensland, Western Australia, South Australia and the Australian Capital Territory and has over 80 employees, with offices in Melbourne, Sydney, Brisbane and Perth.

OptiComm was admitted to the official list of ASX on 21 August 2019 and its shares commenced official quotation and trading on 22 August 2019 at a price of $2.00 per share.

6.2 Business Model

(a) Overview

OptiComm's business is the design, installation, operation, and maintenance of fibre-based open access wholesale telecommunication 'last mile' network infrastructure for new residential Broadacre and Multi Dwelling Units developments and commercial precincts and buildings. The 'last mile' network is the final section of the infrastructure network running throughout the development connecting end user premises to an exchange point.

OptiComm is engaged by property developers during the planning phase of new estate developments to design the network infrastructure. The network infrastructure is installed as the estate is developed, with network configuration and testing occurring prior to dwellings within the estates being constructed and connected to the network. In most cases, OptiComm owns that part of the network that it installs once practically complete.

Following installation and connection, OptiComm offers wholesale access services to Retail Service Providers who provide telecommunication services to customers who are residents and businesses in dwellings within the estates connected to OptiComm's network (the 'end user'). Retail Service Providers purchase network access and capacity from OptiComm to service their customers based on usage requirements. OptiComm acquires capacity from selected wholesale providers to service the Retail Service Provider capacity requirements. OptiComm, utilising its engineering and technical support teams, provides ongoing support, maintenance and general network management services to the Retail Service Providers on these networks, including those networks that OptiComm manages but does not own.

Ownership of the fibre-based network (which is the case in the majority of OptiComm's network) generates recurring revenue streams as new dwellings are passed, connected, and then serviced by the network. In the limited cases where OptiComm does not own the network, OptiComm is declared the 'nominated carrier' for that network and receives the wholesale revenue. As a nominated carrier, OptiComm accepts regulatory carrier-related responsibilities for the relevant network unit on behalf of the network owner, including the holding of a carrier licence.

As at 30 June 2020, OptiComm has installed fibre network infrastructure to over 124,000 lots in over 290 estates and buildings across Australia. Of these Lots Passed, over 89,000 dwellings built on the lots have been connected to OptiComm networks with over 73,000 of these dwellings receiving active internet and telephone services provided by a Retail Service Provider.

In some circumstances, OptiComm provides, as an addition to its core telecommunications infrastructure, additional revenue earning services to clients, including integrated building administration support networks (referred to as **Integrated Communication Networks**) that support building operations such as building management systems, Wi-Fi, security and other services within mixed use developments.

(b) Revenue streams

OptiComm generates revenue from three principal sources.

Source	Description
Network revenue	Recurring revenue generated from providing wholesale network access to Retail Service Providers who access OptiComm's networks to provide services to their residential and commercial end users. This revenue is paid in the form of a monthly wholesale access charge calculated for each Retail Service Provider and is based on the number of services provided and the amount of bandwidth capacity used by that Retail Service Provider's customers. Network revenue also includes one-off provisioning fees at the time an end user first connects with their Retail Service Provider and may also include on-going maintenance revenue from product support contracts included within OptiComm's Integrated Communication Network deployments.
Construction revenue	OptiComm receives revenue from developers for the installation of the network infrastructure in the developer's estate. This non-refundable contribution is received progressively over the course of the network's construction. OptiComm also receives revenue from the deployment of Integrated Communication Networks.
Connection revenue	OptiComm receives a one-off connection fee when premises first connect to OptiComm's network.

Set out below is the mix of revenue over the financial years ended 30 June 2019 and 30 June 2020.

Revenue	Normalised Pro Forma	Normalised Pro Forma
	Historical	Unaudited[29]
A$000	FY19	FY20
Network	32,742	44,703
Construction	23,027	24,049
Connections	4,624	4,288
Total	**60,392**	**73,040**

6.3 Constructed networks and connections

(a) Overview

OptiComm's developer customers include some of Australia's largest and best-known real estate developers. OptiComm's target markets are typically:

- Broadacre developments on the outer fringes of the major metropolitan cities;
- Broadacre developments in growth corridors that are aligned to major regional centres;
- lifestyle villages (retirement communities);
- Multi Dwelling Unit developments with greater than 200 lots; and
- 'In fill' developments where lot numbers are greater than 100.

OptiComm does not currently deploy its network to pre-existing premises (**Brownfields**). OptiComm utilises Fibre-to-the-Premises technology in the vast majority of its network. Less than 3% of OptiComm's existing network utilises legacy copper-based Fibre-to-the-Building and Hybrid Fibre Coax-based technologies. These are predominantly networks built prior to 2011 or were acquired.

(b) Constructed networks

As of 30 June 2020, OptiComm has over 124,000 Lots Passed in over 290 estates and buildings across Australia with over 89,000 Connected Premises built on these lots (from which OptiComm received a one off connection fee) and over 73,000 of these Connected Premises classified as Active Premises with active internet, telephone or smart home services being provided by a Retail Service Provider (in respect of which OptiComm receives monthly recurring access and capacity fees).

[29] OptiComm will release its 2020 Annual Report (including its audited financial statements in respect of the year ended 30 June 2020) by 30 September 2020.

6.4 OptiComm Board and Senior Management

(a) Board

Name	Role
Allan Brackin	Chairman and Non-Executive Director
Paul Cross	Chief Executive Officer and Managing Director
David Redfern	Non-Executive Director
Kenneth Ogden	Non-Executive Director
Greg Adcock	Non-Executive Director
Jennifer Douglas	Non-Executive Director

(b) Management

Name	Role
Paul Cross	Chief Executive Officer and Managing Director
John Phillips	Chief Financial Officer and Company Secretary
Geoff Aldridge	Chief Customer Officer
Stephen Davies	Chief Technology Officer
Ben Liew	Chief Networks Officer
Cassandra Eastham	Head of Human Resources
Martin Stockley	Integration Specialist

6.5 Capital structure

As at the date of this Scheme Booklet, the capital structure of OptiComm is as set out below:

(a) 104,074,986 OPC Shares; and

(b) 220,336 OPC Performance Rights.

All OPC Performance Rights were issued under the OptiComm Incentive Plan. Details regarding the treatment of OPC Performance Rights if the Scheme proceeds are set out in Section 5.14 of this Scheme Booklet.

Refer to Section 11.2 of this Scheme Booklet for details of the OPC Shares and OPC Performance Rights held by or on behalf of OptiComm Directors.

6.6 Share Price History

The closing price of OPC Shares on the ASX on 12 June 2020, being the last trading day prior to the announcement of the Scheme, was $5.02.

The closing price of OPC Shares on the ASX on the Last Practicable Date was $5.21. During the three months ending on the Last Practicable Date:

(a) the highest recorded daily closing price for OPC Shares on the ASX was $5.36 on 25 June 2020; and

(b) the lowest recorded daily closing price for OPC Shares on the ASX was $4.46 on 7 May 2020.

Figure 1 shows the OPC Share price performance since its listing in August 2019 to the Last Practicable Date:

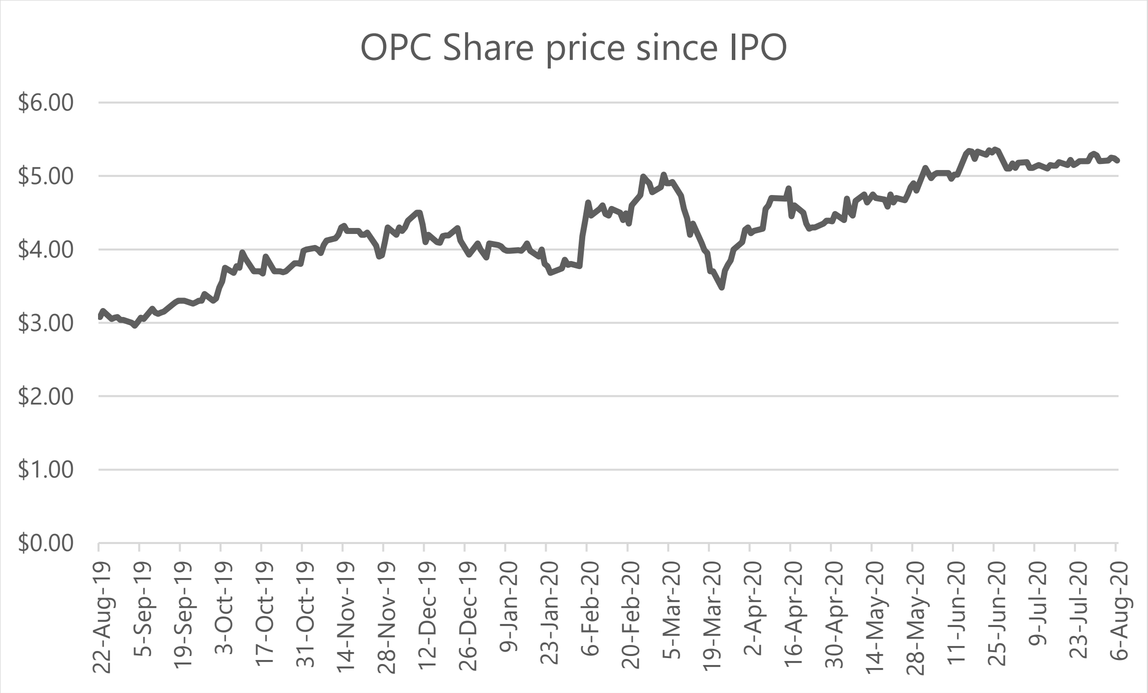


Figure 1: OptiComm share price history

6.7 Substantial OPC Shareholders

As of the date of this booklet, the substantial OPC Shareholders who have notified their interests to the ASX are as below.

Name	Holding	Percentage
Opnet Pty Ltd as trustee for the Opnet Trust, Diamantina Superannuation Pty Ltd as trustee for David Redfern Superannuation Fund and David Redfern	25,586,087	24.58%
Asoon Holdings Pty Ltd as trustee for Cross Family Trust and Paul Cross	9,283,798	8.92%

6.8 Historical financial information

(a) Historical Financial Information

This Section 6.8 contains the following historical financial information of OptiComm:

- historical consolidated statutory and normalised pro forma income statements for the years ended 30 June 2019 and 30 June 2020 (**OptiComm Historical Income Statements**);

- historical consolidated statement of financial position as at 30 June 2019 and 30 June 2020 (**OptiComm Historical Statement of Financial Position**); and
- historical consolidated statements of statutory and pro forma cash flows for the years ended 30 June 2019 and 30 June 2020 (**OptiComm Historical Statements of Cash Flows**),

(together, the **OptiComm Historical Financial Information**).

This Section should be read in conjunction with the rest of this Scheme Booklet, including information on the risk factors set out in Section 10 including the risks associated with the Scheme, as set out in Section 10.2.

In addition the following financial information is provided:

- reconciliation of statutory historical consolidated income statements for the years ended 30 June 2019 and 30 June 2020 to the pro forma statements for the same periods (**OptiComm Historical Income Statements**); and
- reconciliation of statutory historical consolidated statements of cash flows for the years ended 30 June 2019 and 30 June 2020 to the pro forma statements for the same periods (**OptiComm Historical Statements of Cash Flows**).

(b) Basis of preparation

The OptiComm Historical Financial Information presented in this Section 6.8 has been extracted from OptiComm's consolidated financial statements for the years ended 30 June 2019 and 30 June 2020. The consolidated financial statements of OptiComm for the financial year ended 30 June 2019 was audited by BDO in accordance with Australian Auditing Standards and on which BDO provided an unqualified audit opinion. The consolidated financial statements of OptiComm for the financial year ended 30 June 2020 are not audited.

The OptiComm Historical Financial Information for the financial year ended 30 June 2019 and 30 June 2020 are general-purpose financial statements, which have been prepared in accordance with AAS and interpretations adopted by the AASB and the Corporations Act.

The OptiComm Historical Financial Information presented in this Section 6.8 has been presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The OptiComm Historical Financial Information presented in this Section 6.8 should therefore be read in conjunction with the financial statements for the respective periods, including the description of the accounting policies and the notes to those financials statements, all of which are available at https://investors.opticomm.net.au/investor-centre/ or the ASX website at www.asx.com.au.

The OptiComm Historical Financial Information is presented in Australian dollars, which is OptiComm's functional currency. A number of figures, amounts, percentages, prices, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables and commentary may not add due to rounding.

Changes to accounting standards

OptiComm adopted two new accounting standards as outlined below which have been reflected in OptiComm's consolidated financial statements for the financial year ended 30 June 2019:

- AASB 9 Financial instruments – applicable from annual reporting periods commencing 1 July 2018. AASB 9 sets out the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments and impairment of financial assets. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. The adoption of AASB 9 has had no material impact on OptiComm's financial statements and classification and measurement of OptiComm's financial liability.

- AASB 15 Revenue from contracts with customers – applicable from annual reporting periods commencing 1 July 2018. The adoption of AASB 15 had a material impact on the developer's contributions revenue (Preferred developer relationships).

OptiComm adopted a new accounting standard as outlined below which has been reflected in OptiComm's consolidated financial statements for the financial year ended 30 June 2020:

- AASB 16 Leases – This standard introduces a single, on-balance sheet, lease accounting model for leases. Contracts that provide OptiComm with a right to control the use of an identified asset are accounted for in the consolidated statement of financial position. The right to use the asset is recognised as a right-of-use asset and the contracted amounts payable over the lease term are accounted for as a lease liability.

OptiComm has included pro forma adjustments to the Historical Financial Information to reflect the impact as if AASB16 was applied on a consistent basis throughout the historical period. The impact of the adoption of AASB 16 for the financial year ended 30 June 2019 was immaterial. Refer to Section 6.8(f) for further details on pro forma adjustments made to the financial information.

Explanation of certain non-IFRS financial measures

OptiComm utilises certain measures for assessing the financial performance and position of its business, which are not recognised under AAS or IFRS. Such measures are referred to as 'non-IFRS financial measures' pursuant to Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC.

Non-IFRS financial measures are not a substitute for measures calculated in accordance with Australian Accounting Standards, but rather are intended to provide further information for recipients. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall OptiComm business. As there is no utilisation measure of non-IFRS information, recipients should take care in comparing non-IFRS information between companies as the method of calculation may not be the same.

The principal non-IFRS financial measures referred to in this Section 6 are as follows:

- EBIT: Earnings before interest and tax; and
- EBITDA: Earnings before interest, tax, depreciation and amortisation.

(c) **Consolidated income statement**

	FY19		FY20	
	Historical		Unaudited	
A$000	Pro Forma	Statutory	Pro Forma	Statutory
Network	33,062	33,062	44,703	44,703
Construction	24,656	24,656	24,049	24,049
Connections	4,540	4,540	4,288	4,288
Sales revenue	**62,259**	**62,259**	**73,040**	**73,040**
Purchases and changes in inventories of goods sold	11,328	11,328	15,333	15,333
Employee benefits expense	12,573	12,286	13,707	13,450
Rent, outgoings and occupancy	572	745	655	655
Other expenses	3,682	4,081	3,557	6,037
EBITDA	**34,104**	**33,819**	**39,789**	**37,566**

	FY19		FY20	
	Historical		Unaudited	
A$000	Pro Forma	Statutory	Pro Forma	Statutory
Pro forma EBITDA (% of sales revenue)	*55%*	*54%*	*54%*	*51%*
Depreciation and amortisation	(5,028)	(4,878)	(6,364)	(6,364)
Pro forma EBIT	**29,076**	**28,941**	**33,425**	**31,202**
Pro forma EBIT (% of sales revenue)	47%	46%	46%	43%
Finance costs	(238)	(214)	(475)	(475)
NPBT	**28,838**	**28,727**	**32,950**	**30,727**
Pro forma NPBT (% of sales revenue)	46%	46%	45%	42%
Income tax expense	(8,647)	(8,614)	(9,885)	(9,218)
NPAT	**20,191**	**20,113**	**23,065**	**21,509**
Pro forma NPAT (% of sales revenue)	32%	32%	32%	29%

Commentary on unaudited Consolidation Income Statement for the financial year ended 30 June 2020

On 15 July 2019, OptiComm released a prospectus for initial public offer of approximately $21.18m shares (by way of new equity issue and existing shareholder sell down) at an offer price of $2 per share. OptiComm was listed on the Australian Securities Exchange on 21 August 2019.

OptiComm normalised pro forma EBITDA grew by 17% during the year driven by an increase in network revenue of over 35% which was largely from an increase in active services of just under 13,000 over the course of the year and an increase in the average wholesale revenue charge.

(d) **Consolidated statement of financial position**

A$000	**FY19 Historical**	**FY20 Unaudited**
Assets		
Current assets		
Cash and cash equivalents	9,655	20,883
Trade and other receivables	9,892	10,156
Inventories	1,462	858
Other assets	538	607
Total Current Assets	**21,546**	**32,504**
Non-current assets		
Property, plant and equipment	73,734	92,077
Intangible assets	358	948
Deferred tax asset	6,460	7,042
Other Assets	62	17
Total Non-Current Assets	**80,614**	**100,084**
Total assets	**102,160**	**132,588**
Liabilities		

A$000	FY19 Historical	FY20 Unaudited
Current liabilities		
Trade and other Payables	8,276	11,772
Contract Liabilities	7,766	6,259
Borrowings	6	514
Current tax liabilities	3,192	1,329
Provisions	1,657	2,440
Total Current Liabilities	**20,897**	**22,314**
Non-current liabilities		
Borrowings		1,338
Deferred Tax Liability	5,129	4,670
Provisions	16,568	17,082
Total Non-Current Liabilities	**21,697**	**23,090**
Total liabilities	**42,594**	**45,404**
Net Assets	**59,566**	**87,184**
Equity		
Share capital	8,606	21,973
Reserves	-	271
Retained earnings	50,960	64,940
Total Equity	**59,566**	**87,184**

(e) **Consolidated statement of cash flows**

	FY19		FY20	
	Historical		Unaudited[30]	
A$000	Pro Forma	Statutory	Pro Forma	Statutory
Cash Flows From Operating Activities				
Receipts from customers	67,806	67,806	79,036	79,036
Payments to suppliers and employees	(32,135)	(32,574)	(38,680)	(41,319)
Interest Received	136	136	189	189
Income tax paid	(7,518)	(7,518)	(11,787)	(11,787)
Net cash provided by/(used in) operating activities	**28,289**	**27,850**	**28,758**	**26,119**
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(17,898)	(17,898)	(19,529)	(19,529)
Payments for intangibles (software)	(472)	(472)	(689)	(689)
Net cash (used in)/provided by investing activities	**(18,370)**	**(18,370)**	**(20,218)**	**(20,218)**
Cash Flows From Financing Activities				
Proceeds from calls on partly paid shares	476	476	13,367	13,367
Repayment of lease liability	(13)	(13)	(547)	(547)
Payment of dividends on ordinary shares	(11,996)	(11,996)	(7,493)	(7,493)
Net cash provided by financing activities	**(11,533)**	**(11,533)**	**5,327**	**5,327**
Net increase/(decrease) in cash held	**(1,614)**	**(2,053)**	**13,868**	**11,228**
Cash and cash equivalents at the beginning of financial year	10,835	11,708	9,222	9,655
Cash and cash equivalents at the end of financial year	**9,222**	**9,655**	**23,090**	**20,883**

[30] OptiComm will release its 2020 Annual Report (including its audited financial statements in respect of the year ended 30 June 2020) by 30 September 2020.

(f) **Reconciliation of pro forma income statements to statutory income statements**

A$000	FY19	FY20
Statutory NPAT	**20,113**	**21,509**
Operating expense adjustments		
Listing costs	800	1,202
ASX and Registry costs	(162)	
Insurance	(150)	
Directors fees	(90)	
Employee Incentive adjustments	(287)	(257)
M&A costs		1,278
Leasing	23	
Interest adjustments		
Leasing interest	(23)	
Tax adjustments		
Income Tax	(33)	(667)
Pro forma NPAT	**20,191**	**23,065**

(g) **Reconciliation of pro forma cash flow statements to statutory cash flow statements**

A$000	FY19	FY20
Statutory net cash flows	**(2,053)**	**11,228**
Pro forma adjustments:		
Operating expense adjustments		
Listing costs	800	2,364
ASX and Registry costs	(162)	
Insurance	(150)	
Directors Fees	(90)	
Employee Incentive Adjustment	41	(96)
M&A costs		372
Pro forma net cash flows	**(1,614)**	**13,868**

6.9 Forecast information and outlook

OptiComm has given careful consideration as to whether forecast financial information for OptiComm on a standalone basis can and should be included in this Scheme Booklet. In particular, OptiComm has considered whether there is a reasonable basis for the preparation and disclosure in the Scheme Booklet of reliable and useful forecast financial statements. OptiComm has concluded that forecast financial statements for OptiComm cannot be provided in this Scheme Booklet as OptiComm does not have a reasonable basis for such forecasts as required by applicable law and practice, and that inclusion of such forecasts could be potentially misleading. The OptiComm Directors have also concluded that, if the Scheme is implemented, the performance of the Combined Group in any period will reflect a number of factors that cannot be predicted with the level of confidence required for the inclusion of forecast information in this Scheme Booklet.

(a) COVID-19 pandemic

The COVID-19 pandemic has not had any material impact on the FY20 results. In relation to network wholesale revenue, increased network traffic has generated a higher wholesale charge which has been mostly returned to RSP's by way of a rebate (similar to the arrangements in place for the NBN Co). In relation to construction in this period, it was largely committed and construction activity has therefore remained relatively stable.

The COVID-19 pandemic continues to evolve and OptiComm considers it reasonably likely that its business will be affected in other ways in the future. The growth and performance of OptiComm will be influenced by the overall housing market and general economic conditions in Australia, which are, by their nature, cyclical and subject to change. In particular, a severe and prolonged market disruption, such as may be caused by the COVID-19 pandemic and its impact on the Australian economy, immigration levels and new housing developments may result in cancellation or deferral of housing projects that may adversely affect OptiComm's financial performance.

Another potential impact is that if developers delay or extend construction timelines, experience financial difficulties or there is a slowdown in new lot connections. This risk is partly mitigated due to the fact recurring revenue makes up the largest component of OptiComm's revenue, although if construction and connections were to significantly slow down, this would impact the growth of recurring revenue via less new activations. There is also a risk that some of the operations of OptiComm may be interrupted by government enforced restrictions (such as lockdowns) or other COVID related health concerns.

In light of the challenging macroeconomic conditions and resultant market uncertainty caused by COVID-19, it is difficult to predict with certainty the impact of COVID-19 on OptiComm's business or future financial or other performance. As such, actual events and their impacts on OptiComm's business and performance may be significantly different to those expressed in this Section.

6.10 Material changes in OptiComm's financial position

To the knowledge of the OptiComm Directors, the financial position of OptiComm as at the Last Practicable Date has not materially changed since the year ended 30 June 2019, other than:

- as outlined in the 30 June 2020 unaudited results, the full particulars of which are set out above in Sections 6.8(c), 6.8(d), 6.8(e), 6.8(f) and 6.8(g);
- as a result of the accumulation of profits in the ordinary course of trading since 30 June 2020;
- as a result of generally known market conditions; and
- as disclosed elsewhere in this Scheme Booklet or otherwise disclosed to the ASX by OptiComm.

6.11 OptiComm Directors' intentions for the business of OptiComm

The Corporations Regulations require a statement by the OptiComm Directors of their intentions regarding OptiComm's business and employees. If the Scheme is implemented, unless Uniti requests otherwise, the existing OptiComm Directors will resign, and the OptiComm Board will be reconstituted in accordance with the instructions of Uniti.

Accordingly, it is not possible for the OptiComm Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- the continuation of the business of OptiComm or how OptiComm's existing business will be conducted;
- any major changes, if any, to be made to the business of OptiComm; or
- any future employment of the present employees of OptiComm.

If the Scheme is implemented, Uniti will own and control all of OptiComm's securities. The OptiComm Directors have been advised that the intentions of Uniti with respect to these matters are set out in Section 8.5 and subject to the qualifications set out in Section 8.5(a).

If the Scheme is not implemented, the OptiComm Directors intend to continue to operate OptiComm in the ordinary course of the business.

6.12 Publicly available information

OptiComm is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. These obligations require OptiComm to notify the ASX of information about specified matters and events as they arise for the purpose of the ASX making that information available to participants in the market. Specifically, as a company listed on the ASX, OptiComm is subject to Listing Rules, which require (subject to some exceptions) continuous disclosure of any information that OptiComm has that a reasonable person would expect to have a material effect on the price or value of OPC Shares.

ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by OptiComm is available on ASX's website at www.asx.com.au.

In addition, OptiComm is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by OptiComm may be obtained from ASIC.

OptiComm's Shareholders may obtain a copy of OptiComm's 2019 Annual Report (including its audited financial statements in respect of the year ended 30 June 2019) from ASX's website at www.asx.com.au or from OptiComm's website at www.investors.opticomm.net.au.

OptiComm's announcements to ASX after the lodgement with ASX of its HY20 Financial Report to the Last Practicable Date are listed in the table below.

Date	Announcement
21 April 2020	Ceasing to be a substantial holder – AFL Communications Pty Ltd.
28 April 2020	Presentation to Goldman Sachs Emerging Leaders Conference.
12 June 2020	S&P DJI Announces June 2020 Quarterly Rebalance.
15 June 2020	Scheme of arrangement, and Uniti's announcement of the acquisition of OptiComm and Equity Raise.

OptiComm will release its 2020 Annual Report (including its audited financial statements in respect of the year ended 30 June 2020) by 30 September 2020 which will be available from www.asx.com.au or from OptiComm's website at www.investors.opticomm.net.au.

7. Overview of Uniti

This Section 7 has been prepared by, and is the responsibility of, Uniti. This Section 7 contains information relating to Uniti and outlines how Uniti is funding the Scheme Consideration.

Uniti is a diversified provider of telecommunications services, with ‘three pillars’ of strategic growth: Wholesale & Infrastructure; Specialty Services; and Consumer & Business Enablement.

Uniti listed on the ASX in February 2019 (ASX:UWL) with a stated strategy of becoming a leading provider of niche telecommunications services, via both organic growth and inorganic growth through acquisitions of businesses. Uniti has brought together an experienced board of directors and executive team to organically build the business and also to support the identification, execution, integration and growth of the sizeable pool of acquisition opportunities across the 'three pillars' of strategic growth.

Uniti’s shares were issued at $0.25 when it listed on the ASX in February 2019 with a market capitalisation of approximately $33 million. Uniti’s market capitalisation was approximately $865,697,381 at the Last Practicable Date.

7.1 Corporate history

Uniti was initially known as Uniti Wireless Limited, a fledgling fixed wireless broadband business constructing wireless broadband infrastructure on licensed high sites and utilising primarily unlicensed spectrum to service consumers in Adelaide and Melbourne with high speed broadband, often in competition with NBN Co.

In late 2018, Uniti appointed an experienced board of directors and Chief Executive Officer to lead listing of the company on the ASX, with the following goals:

- to recapitalise the balance sheet to provide sufficient cash to execute a turnaround of the business to restore shareholder value;
- to create an expanded strategy and business plan (beyond just a wireless broadband network owner / operator) for the company to provide substantial returns to its investors into the future; and
- to embark upon acquisitive growth to assist delivery of the expanded strategy and business plan.

7.2 Corporate timeline and key events

Date	Event
2012	Uniti is incorporated in 2012 as Uniti Wireless Pty Ltd.
February 2019	Uniti acquired Fuzenet Pty Ltd and listed on the ASX as Uniti Wireless Limited at an initial offer price of $0.25 per issued share representing a market capitalisation of approximately $33 million at the initial offer price.
June 2019	Uniti acquired FDX Holdings Pty Ltd (Fone Dynamics) and Call Dynamics Pty Ltd enabling the creation of the Specialty Services BU providing premium voice services using 13,1300,1800 numbers and SMS services via a ‘software as a service’ platform.
September 2019	Uniti acquired LBNCo, a private fibre network owner and operator providing broadband and ancillary services on FTTP networks enabling the creation of the W&I BU. At that time, LBNCo had acquired or was in the process of acquiring Capital Fibre Networks Pty Ltd, certain assets from Pivit Pty Ltd and Clublinks Pty Ltd, each of which conducted identical operations to

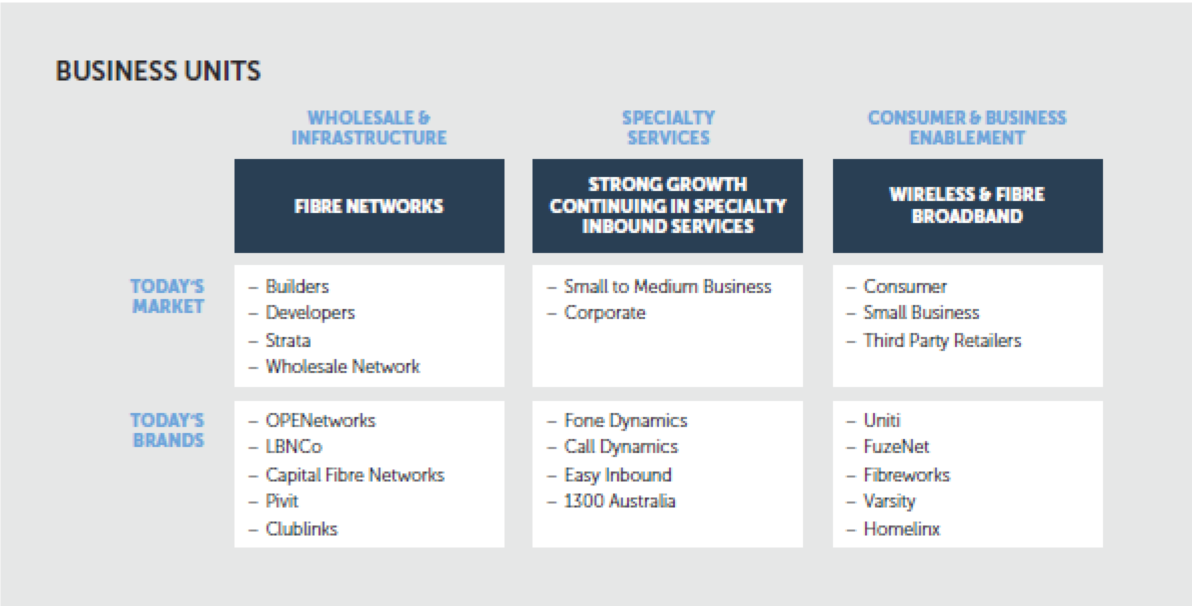
Date	Event
	LBNCo, expanding the W&I BU. The original Uniti fixed wireless business and Fuzenet enablement business were integrated to form the Consumer and Business Enablement (CBE) BU. Uniti changed its name to Uniti Group Limited to more accurately reflect the diversified business it had become.
October 2019	Uniti acquired OPENetworks Pty Ltd, an identical business to LBNCo, further expanding the W&I BU.
December 2019	Uniti acquired 1300 Australia Pty Ltd, a wholesaler and retailer of phonewords using 13,1300,1800 number combinations, further expanding the Specialty Services BU.
June 2020	Uniti was admitted to the S&P/ASX 300 index. Uniti and OptiComm entered into the Scheme Implementation Deed under which Uniti will acquire 100% of the OPC Shares via the Scheme.

Each of the businesses acquired by Uniti was earnings accretive and integrated into the Uniti Group, within the relevant pillar of strategic growth. Cost and operating efficiencies were also delivered at or above the level anticipated for each acquisition.

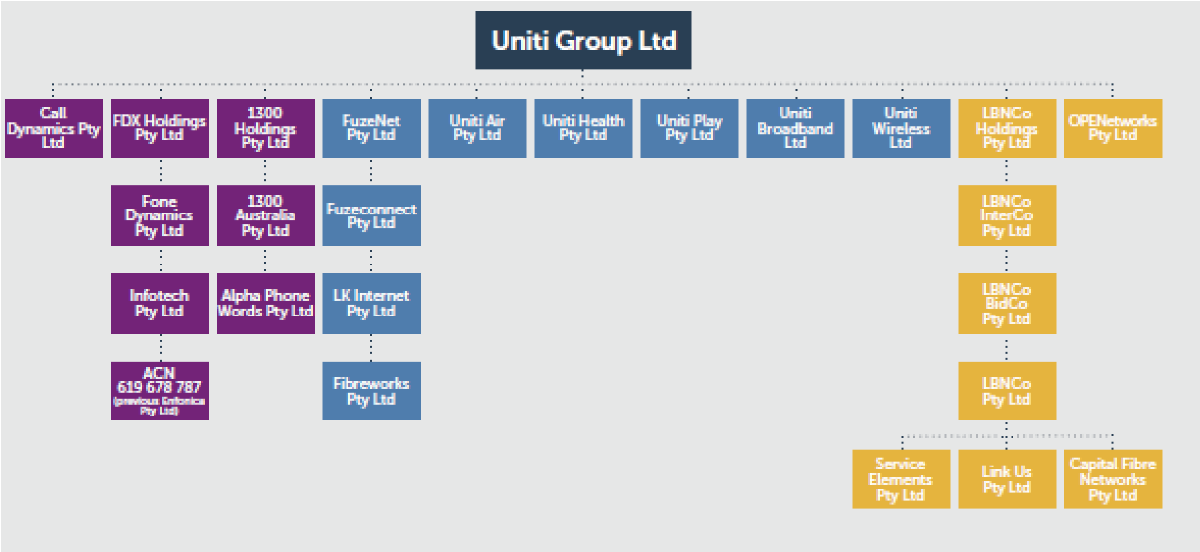
7.3 Business Model

(a) Overview and Corporate Structure

Uniti operates three distinct Business Units (**BU**), each aligned to a pillar of strategic growth and led by a separate Chief Executive and leadership team. The BU's are independent, functionally separated businesses and each has a distinct business plan including financial targets. Each BU is supported by a shared services function (Corporate Services) for commonly applied functions including governance and financial and risk management. Uniti's Managing Director & Chief Executive Officer, Executive Director, Chief Operating Officer and Chief Financial Officer are included within the Corporate Services team.



The wholly owned Subsidiaries of Uniti involved in the operation of the business of the Uniti Group are set out in the structure chart below.



(b) **Wholesale & Infrastructure (W&I)**

Uniti's W&I BU, similar to OptiComm, is engaged in the design, installation, operation, and maintenance of fibre-based open access wholesale telecommunication 'last mile' network infrastructure operating mainly in the Greenfields, Broadacre and MDU new housing market.

The W&I BU carries out the following revenue-generating business activities:

- The construction of FTTP telecommunications networks capable of delivering super-fast broadband (greater than 25Mbps), voice services, pay and free to air TV services and other media, security, monitoring and ancillary services capable of being carried on FTTP networks. Revenues generated from this activity are one-off and project based.

- The wholesale sale of broadband and voice services on the FTTP networks owned by W&I to RSPs who on-sell those services to end users who are primarily consumers in residential premises and to a lesser extent small and medium sized businesses. This revenue is recurring in nature as services are connected to the network by RSPs. Wholesale supply is on equivalent price and non-price terms to more than 30 RSPs who provide and manage the supply of the broadband and voice services on its FTTP networks.

- The construction and supply of ICN and devices that are carried over the FTTP networks and deliver a number of applications and services useful in managing security, access, monitoring and communicating in environments often termed smart buildings or communities as well as delivery of various media services.

W&I primarily owns the network that is constructed and installed on behalf of third parties. Ownership of the network generates recurring revenue streams as end user services are connected to the network by RSPs.

As a result of the acquisitions undertaken in 2019, W&I has achieved operating scale in the construction and operation of FTTP telecommunications networks in this market.

As of 30 June 2020, W&I has built to 519 developments across Australia with approximately 98,000 Connected Premises built on these lots and over 40,000 of these Connected Premises classified as Active Premises with active internet, telephone, media or smart services being provided by an RSP (in respect of which W&I receives monthly recurring access and capacity fees).

W&I has a contracted pipeline of new developments in different stages of construction with approximately 40,000 lots forecast to have fibre infrastructure installed in the next two to three years (should those developments proceed to full completion). Not all of these developments may proceed to full completion, noting that they may be varied or delayed at the developer's discretion.

W&I's business strategy includes capitalising on these opportunities and expanding network construction and operation beyond the Greenfields residential development market into adjacent markets such as retirement living, lifestyle communities and commercial and industrial precincts. W&I is also well positioned to be the smart building/smart city enabler in this market following recent success in providing converged services over the FTTP networks being deployed. This market continues to evolve and open up new opportunities for private networks to be constructed and operated on a wholesale basis.

(c) **Specialty Services (SS)**

SS provides premium voice services over 13, 1300, 1800 calling services with a value-added software as a service data analytics and call tracking application, as well as leasing phonewords on these numbers. SS has a total inventory of approximately 11,000 phonewords available for lease, of which more than 4,000 are currently leased to customers on an annuity basis. The phonewords have infrastructure-like characteristics, are highly cash generative and produce high earnings margins.

Uniti's SS strategy is to increase market share, mainly in the enterprise and corporate markets, through delivering a combination of an expanded suite of products and services, and competitive pricing. This strategy is complemented by a modern self-service platform and value-added features, ensuring better utilisation of existing infrastructure, and the introduction of carriage services across the phoneword customer base.

(d) **Consumer & Business Enablement (CBE)**

Uniti identified the opportunity for organic growth in enabling third parties to operate in the RSP market reselling the various FTTP networks being constructed in Australia. CBE is ideally positioned, through its investment in digital customer acquisition and enhancing the customer experience through its own on-shore call centre operations, to provide these enablement services to smaller RSPs, thereby removing the barriers to entry for those players, and for non-telco operators wanting to offer their customers access to broadband as part of their suite of products. CBE has a focus on private fibre networks and also operates as a reseller of NBN Co for customer retention purposes only. CBE is an RSP to OptiComm and resells services on the OptiComm network.

In addition, CBE also operates and maintains the Uniti Wireless broadband network infrastructure and provides wireless broadband services to retail end-users on a vertically integrated basis across its wireless infrastructure.

7.4 Uniti's Growth Strategy

Uniti has a clear strategy built around its three pillar focus and has significant growth ambitions, which it plans to achieve through a combination of strong organic growth and an aggressive acquisition strategy.

(a) **Organic Growth**

Organic revenue and profit growth is evident in the individual BU financial results and therefore Uniti's group financial results, since its listing. For example, in H2 FY20 Uniti achieved greater than 25% increase in underlying EBITDA compared to the pro forma EBITDA for H1 FY20 without any benefit from an acquisition in H2 FY20.

This strong organic growth is attributable to a number of factors including:

- investing in identified market segments within the telecommunications industry where competition is not intense, the products and services are in demand and growth and returns are high. This has created three BU's with a natural organic growth capability.
- acquiring businesses within each BU which are an ideal fit aligning with the business activities undertaken within each BU. This results in immediate benefits through cost efficiencies.

- the acquisition of businesses ideally suited within a BU with similar or naturally associated products resulting in better organic revenue growth than pre acquisition from the increased scale and market presence.
- the focus on three BU's with these characteristics contributes to enhanced products, customer service, innovation and a more efficient go to market to contribute to organic growth.

(b) **Acquisition Growth**

In addition to the successful execution of the organic growth plans for increasing market share in each market that Uniti participates in, is the continued acquisition of businesses ideally positioned to become part of one of the three strategic pillars and the consequent effective integration of the acquisitions within the respective BU. Uniti has implemented a policy to integrate within each BU but not across the BUs, other than in respect of the support functions delivered by Corporate Services on an integrated basis across all BUs.

All acquisitions made over the last 12 months have already been fully integrated within each BU, meaning identified cost efficiencies and revenue synergies have been realised quickly to provide the organic growth achieved to date.

Uniti's continuation of pursuing an acquisition strategy to complement organic growth in each of its BUs is deliberate, focussed squarely on rewarding UWL Shareholders and designed to achieve the following objectives:

- build capability (people, process, platforms);
- add sustainable, expandable earnings to the business;
- add diversity to revenues and earnings; and
- add scale, and consequently deliver operating efficiencies.

Each of Uniti's acquisitions to date has not only satisfied the above objectives, but has also met the following criteria which are systematically applied to any contemplated acquisition:

- align with Uniti's stated strategy and fit within one of its pillars for strategic growth;
- provide products with high profit margins and be highly cash generative to deliver UWL Shareholders continual incremental earnings per share (net of dilution) growth;
- ability to quickly grow organically, without requiring fixing;
- provide high cash generation to ensure certainty of cash payback and accretive returns to UWL Shareholders; and
- fairly priced.

As at the date of this Scheme Booklet, Uniti is not party to any other binding agreements or arrangements in relation to mergers, acquisitions or disposals (other than this Scheme).

7.5 Uniti Board and Senior Management

Uniti is led by a team of experienced and passionate directors and executives, all of whom joined Uniti Group over the past two years, coming together with a common goal to build a successful company and deliver exceptional returns to investors.

The members of the executive team have built strong reputations as leaders in the telecommunications industry, both in start-up organisations and multinational corporations.

(a) **Board of Directors**

Name	Role
Graeme Barclay	Chairman and Non-Executive Director
Michael Simmons	Managing Director and Chief Executive Officer
Kathy Gramp	Non-Executive Director
John Lindsay	Non-Executive Director
Vaughan Bowen	Executive Director

(b) **Senior Management**

Name	Role
Michael Simmons	Managing Director and Chief Executive Officer
Darryl Inns	Chief Financial Officer
Ashe-lee Jegathesan	Chief Operating Officer
Stephen Picton	Chief Executive, Wholesale & Infrastructure
Jordan Grives	Chief Executive, Specialty Services
Kurt Magner	Chief Executive, Consumer & Business Enablement

(c) **Corporate Governance**

The Uniti Board is responsible for the corporate governance of Uniti.

A summary of Uniti's approach to corporate governance is provided below. Full details are available on Uniti's website at https://unitigrouplimited.com.

Uniti Board and Management	The Uniti Board is ultimately accountable for the performance of the Uniti and provides leadership and sets the strategy and financial objectives of Uniti. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Uniti Board relate to those that have a fundamental impact on Uniti, such as material acquisitions and takeovers, dividends and share buy-backs, material profits upgrades and downgrades, and significant closures. The Uniti Board sets objectives, goals and strategic direction along with a policy framework and delegated authority limits within which management then works. Management is responsible for implementing the Uniti Board strategy, day-to-day operations, and ensuring that all material risks and performance issues are brought to the Uniti Board's attention. Management must operate within the risk and authorisation parameters set by the Uniti Board. The Uniti Board has adopted a Board Charter setting out the roles and responsibilities of the Uniti Board, as well as the membership and operation of the Uniti Board.
Ethical and responsible decision making	The Uniti Board has adopted a Code of Conduct which establishes a clear set of values that emphasise a culture of strong corporate governance, sound business practices and ethical conduct. The Code of Conduct applies to all Uniti Directors, officers, employees, contractors and other persons that act on behalf of Uniti.
Safeguard integrity in financial reporting **Reporting and Risk**	The Uniti Board has established an Audit and Risk Committee which identifies issues relevant to the integrity of Uniti's financial reporting and risk profile and reports to the Uniti Board in relation to:

	• the implementation and maintenance of appropriate policies and procedures in relation to risk management and auditing; • financial reporting, internal control structure and internal and external audit functions; and • establishing a sound system of risk oversight and management and internal controls. The Audit and Risk Committee is responsible for identifying and managing key risks within the business, although ultimate responsibility for risk oversight and risk management rests with the Uniti Board. The Audit and Risk Committee is required to establish and implement processes to capture and identify any issues or weaknesses in the risk management, internal control mechanisms and financial reporting of Uniti. Uniti management also monitors and manages risks in the ordinary course of business to ensure that these risks are addressed continuously. Key operational and financial risks are presented to and reviewed by the Uniti Board at each Uniti Board meeting.
Market disclosure and shareholder communications	Uniti has adopted a Disclosure and Communications Policy to ensure that it complies with the continuous disclosure regime under the Listing Rules and the Corporations Act. The policy describes the circumstances in which price sensitive information must be disclosed to the market, requires all employees to be responsible for complying with Uniti's disclosure obligations and establishes a process for releasing information to the market. Uniti communicates with its shareholders via its website, half year and annual reports, market announcements and media disclosures. Uniti also encourages shareholder participation at general meetings.
Directors' fees and executive remuneration	The Uniti Board has established a Nomination and Remuneration Committee which is responsible for determining the composition of the Board, and for determining and reviewing compensation arrangements for Uniti Directors, the Chief Executive Officer and executive team. No senior executive is involved directly in deciding their own remuneration. In order to retain a high quality Uniti Board and executive team, Uniti Directors and senior executives are remunerated fairly and appropriately with reference to relevant employment market conditions. The Uniti Board links the nature and amount of executive directors' and officers' remuneration to Uniti's financial and operational performance.
Other Policies	Uniti has also adopted: • a Diversity Policy to assist in meeting its aim to embed a strong diversity framework within its systems and culture so that its ability to benefit from the value of diversity is maximised as Uniti continues to expand; and • a Trading Policy in relation to the buying and selling of any Uniti securities that are able to be traded on a financial market.

7.6 Capital Structure

(a) Uniti Securities

As at the date of this Scheme Booklet, Uniti's issued securities are as follows:

Security	Number on Issue
UWL Shares	518,381,665 (including 1,668,786 voluntary escrowed shares and 24,643,028 unquoted ASX escrow shares)
UWL Options	17,544,544

(b) UWL Option Plan

An employee share option plan was established by Uniti and approved by UWL Shareholders at a general meeting, whereby Uniti may, at the discretion of the Uniti Board, grant options in respect of UWL Shares to its employees.

Each UWL Option converts into one Uniti Share on exercise. No amounts are paid or payable by the recipient of the UWL Option in respect of the option grant, although an exercise price is set at the date the options are granted. UWL Options carry neither rights to dividends nor voting rights. UWL Options may be exercised at any time from the date of vesting to the date of their expiry.

The table below summarises the UWL Options currently outstanding as at the date of this Scheme Booklet.

Expiry Date	Exercise Price	Number
30 June 2022	$0.25 $1.35	3,272,786 669,868
31 December 2022	$0.25 $1.35	819,410 178,632
31 March 2023	$1.35	71,940
30 June 2023	$0.30 $0.31 $1.35	2,863,080 648,153 580,551
10 September 2023	$1.35	660,000
18 October 2023	$1.62	200,000
31 March 2024	$0.71 $1.35	330,000 71,940
26 April 2024	$1.38	80,000
30 June 2024	$0.38 $1.35	3,589,013 580,551
10 September 2024	$1.50	660,000
18 October 2024	$1.77	200,000
31 March 2025	$0.86 $1.35	590,000 128,620
26 April 2025	$1.53	80,000
10 September 2025	$1.65	930,000
18 October 2025	$1.92	250,000
26 April 2026	$1.68	90,000

(c) **Employee Equity Issue**

In recognition of the first anniversary of Uniti's listing on the ASX, all employees (other than board members and the Company Secretary) who were permanent employees of the Uniti Group on 13 February 2020, received a grant of 624 UWL Shares (approximately $1,000 in value). The Company Secretary received a grant of 604 UWL Shares. These shares are subject to a trading restriction for a period of 2 years from the date of grant, unless the employee ceases to be an employee of Uniti.

(d) **Share Price History**

UWL Shares are listed on the ASX under the code "UWL".

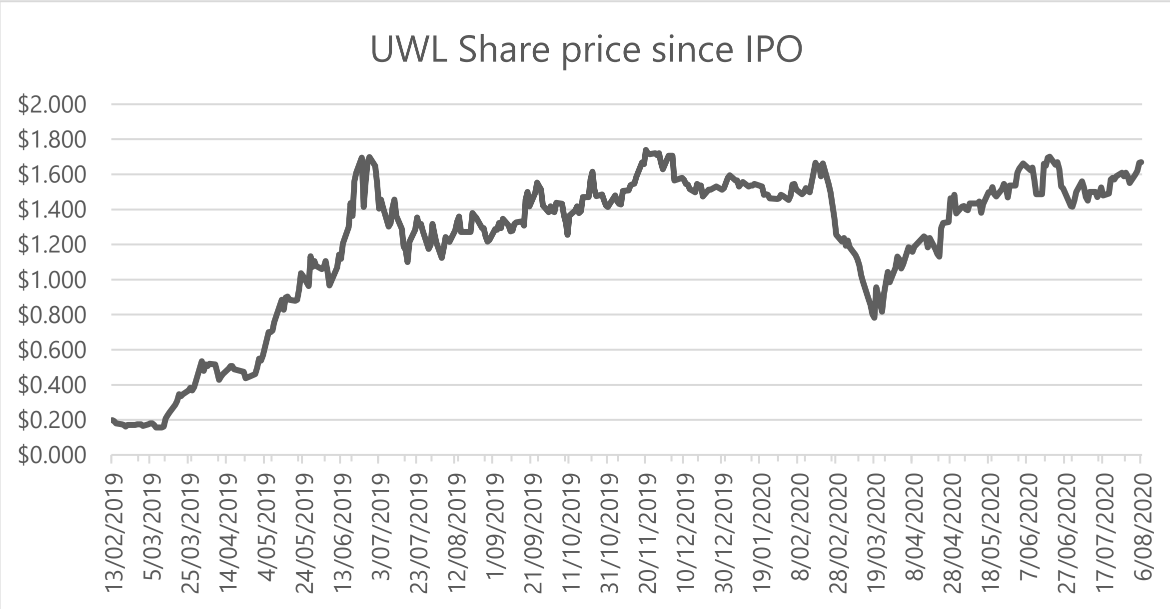
The closing price of UWL Shares on the ASX on 12 June 2020, being the last Trading Day prior to announcement of the Scheme was $1.54.

The closing price of UWL Shares on the ASX on 6 August 2020, being the Last Practicable Date, was $1.67.

During the three months ended 6 August 2020:

- the highest recorded daily closing price for UWL Shares on the ASX was $1.72 on 5 June 2020; and
- the lowest recorded daily closing price for UWL Shares on the ASX was $1.415 on 1 July 2020.

The chart below shows Uniti's Share price performance over the period from 13 February 2019 to 6 August 2020.



(e) **Dividend Policy**

As at the date of this Scheme Booklet, Uniti does not have a formal dividend policy. Historically, the Uniti Board has elected to reinvest the profits of Uniti into its various businesses to support growth initiatives.

(f) **Substantial Uniti Shareholders**

As of the date of this Scheme Booklet, the substantial UWL Shareholders who have notified their interests to the ASX are as below.

Name	Holding	Percentage
Washington H. Soul Pattinson and Company Limited (WHSP)	24,906,745	5.05%
Tribeca Investment Partners Pty Ltd	25,917,195	5.005%

(g) **Uniti Directors' Interests in Uniti securities**

As at the date of this Scheme Booklet, the interests of the Uniti Directors in Uniti securities are set out in the table below:

Director	UWL Shares	UWL Options
Graeme Barclay	4,630,496	2,994,121
John Lindsay	466,052	1,122,796
Kathy Gramp	458,037	1,122,796
Vaughan Bowen	10,678,505	2,994,124
Michael Simmons	5,535,424	2,994,121

(h) **Uniti Directors' Interests in OPC Shares**

As at the date of this Scheme Booklet, no Uniti Director has a Relevant Interest in any OPC Shares.

7.7 Funding of the Scheme Consideration

This Section 7.7 outlines how Uniti intends to fund the Scheme Consideration. The Scheme is not subject to any financing condition precedent.

(a) **Cash Consideration**

The Aggregate Cash Consideration of approximately $406.75 million will be funded from:

- the proceeds of Uniti's $270 million fully underwritten capital raising from retail and institutional investors announced on 15 June 2020; and
- Uniti's new $150 million syndicated debt facility with $75 million borrowing from Westpac Banking Corporation and $75 million borrowing from Commonwealth Bank of Australia. The debt facility is for a three year term.

(b) **Scrip Consideration**

Uniti will issue 83,996,223 New UWL Shares, with an implied value of approximately $125 million, based upon on an issue price of $1.49 per share, as Scrip Consideration to provide the remainder of the Scheme Consideration.

The $1.49 value is determined by the theoretical ex rights price (TERP) calculated using $1.54 as the last closing share price of UWL Shares prior to announcement of the Scheme Implementation Deed and Uniti's fully underwritten equity capital raising announced on 15 June 2020.

The number of New UWL Shares comprising the Scrip Consideration was determined by dividing $5.10 (the value of the Cash Consideration) by the issue price of $1.49 for the New UWL Shares.

(c) Conclusion

On the basis of the arrangements described above, Uniti believes that it will be able to satisfy its obligations to provide the Scheme Consideration as and when it is due under the terms of the Scheme and considers that it has reasonable grounds for that belief.

7.8 Rights and Liabilities Attaching to New UWL Shares

The New UWL Shares will be issued as fully paid ordinary shares and will rank equally with all issued ordinary shares of Uniti from the date of their allotment, including the right to participate in any dividends.

(a) General meetings

Each holder of UWL Shares is entitled to receive notice of and to attend and vote at all meetings of members of Uniti. They are entitled to be present and vote at meetings in person, or by proxy, attorney or authorised representative.

UWL Shareholders are also entitled to call a general meeting in accordance with the Corporations Act.

(b) Voting

Each Uniti Share confers the right to vote at general meetings. On a show of hands, each Uniti Shareholder has one vote. On a poll, each Uniti Shareholder has one vote for each fully paid Uniti Share held by the Uniti Shareholder and a fraction of a vote proportional to the amount paid on each partly paid share.

(c) Dividends

UWL Shareholders are entitled to receive dividends declared in respect of UWL Shares in proportion to the number of UWL Shares they hold.

The Uniti Board retains the discretion to determine whether or not a dividend will be declared and the amount of any dividend payment, subject to the satisfaction of section 254T of the Corporations Act.

(d) Issue and Transfer of UWL Shares

The Uniti Board may from time to time issue UWL Shares.

A Uniti Shareholder may transfer all or any of the UWL Shares held by them to a third party, subject to formal requirements.

The Uniti Board may refuse to register a transfer of UWL Shares in any circumstances permitted by the Listing Rules.

The Uniti Board must refuse to register a transfer during an applicable escrow period (except as permitted by the Listing Rules or the ASX) or in circumstances where it is required to do so by the Listing Rules.

(e) Non-marketable parcels

As permitted by the Listing Rules, the Uniti constitution confers the power on Uniti to dispose of non-marketable parcels of UWL Shares.

Uniti must not sell a non-marketable parcel unless it has given 42 days' written notice to the Uniti Shareholder of its intention to sell the UWL Shares.

The Uniti Shareholder may ask Uniti to exempt their UWL Shares, in which case Uniti will not sell the parcel. If Uniti does sell the UWL Shares, the proceeds of the sale are remitted to the Uniti Shareholder.

(f) **Winding-up**

Each Uniti Share confers on its holder the right to participate equally in the distribution of the assets of Uniti in a winding up, subject only to any amounts unpaid on the Uniti Share.

If Uniti is wound up, the liquidator may, with the sanction of a special resolution, divide among the UWL Shareholders in kind all or any of Uniti's assets and for that purpose determine how the liquidator will carry out the division between the UWL Shareholders.

The liquidator may also vest all or any of Uniti's assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.

(g) **Variation**

The rights and liabilities attached to the UWL Shares may, unless their terms of issue state otherwise, only be varied or cancelled:

- with the written consent of holders of such shares with at least 75% of the votes in the class; or
- with the sanction of a special resolution passed at a meeting of the class of holders holding shares in the class.

The rights and liabilities attaching to UWL Shares (including New UWL Shares) are governed by the Corporations Act and Uniti's constitution. A copy of Uniti's constitution is available on Uniti's website at www.unitigrouplimited.com and UWL Shareholders may request a copy from Uniti on 03 9034 7897 or by email at companysecretary@unitigrouplimited.com

7.9 Interests in OPC Shares and Benefits

(a) **OPC Shares and other securities on issue**

Details of OptiComm's issued securities are set out in Section 6.5.

(b) **Uniti's interests in OPC Shares and voting power in OptiComm**

Neither Uniti nor any of its associates has:

- a Relevant Interest in any OPC Shares; or
- voting power in OptiComm,

as at the date of this Scheme Booklet.

(c) **Dealings in OPC Shares in the previous four months**

During the four months before the date of this Scheme Booklet, other than pursuant to the Scheme Implementation Deed, Scheme or Deed Poll, neither Uniti nor any of its associates has provided, or agreed to provide, consideration for OPC Shares under any transaction or agreement.

(d) **Benefits given during the previous four months**

During the four months before the date of this Scheme Booklet, neither Uniti nor any of its associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an associate to vote in favour of the Scheme or dispose of OPC Shares, where the benefit was not offered to all OPC Shareholders.

(e) **Benefits to OptiComm Directors**

Neither Uniti nor its associates will be making any payment or giving any benefit to any current officers of OptiComm as compensation for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

7.10 Uniti Historical Financial Information

(a) Historical Financial Information

This Section 7.10 contains the following historical financial information of Uniti:

- historical consolidated statutory income statements for the years ended 30 June 2019 and 30 June 2020 (**Uniti Historical Income Statements**);
- historical consolidated statutory statement of financial position as at 30 June 2019 and 30 June 2020 (**Uniti Historical Statement of Financial Position**); and
- historical consolidated statutory statements of cash flows for the years ended 30 June 2019 and 30 June 2020 (**Uniti Historical Statements of Cash Flows**),

(together, the **Uniti Historical Financial Information**).

In addition, the following financial information is provided:

- reconciliation of historical consolidated statutory income statements for the years ended 30 June 2019 and 30 June 2020 to the pro forma statements for the same periods (**Uniti Historical Proforma Income Statements**). The Uniti Historical Proforma Income Statements represent an adjusted FY19 and FY20 assuming Uniti acquisitions undertaken within those years were effective from 1 July 2018.

(b) Basis of preparation

The Uniti Historical Financial Information presented has been extracted from Uniti's consolidated financial statements for the years ended 30 June 2019 and 30 June 2020. Uniti's consolidated financial statements for the financial year ended 30 June 2019 was audited by HLB Mann Judd in accordance with Australian Auditing Standards and HLB Mann Judd provided an unqualified audit opinion. The consolidated financial statements of Uniti for the financial year ended 30 June 2020 are unaudited.

The Uniti Historical Financial Information are general-purpose financial statements, which have been prepared in accordance with AAS and interpretations adopted by the AASB and the Corporations Act.

The Uniti Historical Financial Information has been presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The Uniti Historical Financial Information should therefore be read in conjunction with the financial statements for the respective periods, including the description of the accounting policies and the notes to those financials statements, all of which are available at https://unitigrouplimited.com or the ASX website at www.asx.com.au.

The Uniti Historical Financial Information is presented in Australian dollars, which is Uniti's functional currency. A number of figures, amounts, percentages, prices, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables and commentary may not add due to rounding.

Changes to accounting standards

Uniti adopted AASB 15 Revenue from Contracts with Customers and AASB 16 Leases with effect from 1 July 2016. Since then, for the financial year ended 30 June 2019, Uniti adopted the following new accounting standard:

- AASB 9 Financial instruments – applicable from annual reporting periods commencing 1 July 2018. AASB 9 sets out the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments and impairment of financial assets. AASB 9 replaces AASB 139 Financial Instruments: Recognition and

Measurement. The adoption of AASB 9 has had no material impact on Uniti's financial statements and classification and measurement of Uniti's financial liability.

Explanation of certain non-IFRS financial measures

Uniti utilises certain measures for assessing the financial performance and position of its business, which are not recognised under AAS or IFRS. Such measures are referred to as 'non-IFRS financial measures' pursuant to Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC.

Non-IFRS financial measures are not a substitute for measures calculated in accordance with AAS, but rather are intended to provide further information for recipients. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall Uniti business. As there is no utilisation measure of non-IFRS information, recipients should take care in comparing non-IFRS information between companies as the method of calculation may not be the same.

The principal non-IFRS financial measures referred to in this Section 7.10 are as follows:

- EBIT: Earnings before interest and tax; and
- EBITDA: Earnings before interest, tax, depreciation and amortisation.

A$000	Historical		Unaudited	
	FY19		FY20	
	Proforma	Statutory	Proforma	Statutory
Revenue	**62,684**	**14,336**	**70,577**	**58,588**
Network and Hardware expense	(14,271)	(6,619)	(15,225)	(14,193)
Employee benefits expense	(19,668)	(5,986)	(17,866)	(12,706)
Other expenses	(11,317)	(2,615)	(7,279)	(5,178)
EBITDA (underlying)	**17,428**	**(884)**	**30,207**	**26,511**
Acquisition & restructure costs	-	(1,304)	-	(5,894)
Share based expenses	-	(3,311)	-	(4,581)
EBITDA (reported)	**17,428**	**(5,499)**	**30,207**	**16,036**
Depreciation and amortisation	(14,666)	(5,753)	(9,170)	(6,853)
Provision for impairment	(2,033)	(1,407)	-	-
EBIT	729	(12,659)	21,037	9,183
Finance costs	(1,897)	(872)	(1,320)	(594)
NPBT	(1,168)	(13,531)	19,717	8,589
Income tax expense	(2,534)	-	5,737	7,381
NPAT	**(3,702)**	**(13,531)**	**25,454**	**15,970**

Commentary on Uniti Income Statement (unaudited) for the financial year ended 30 June 2020

The statutory profit for the consolidated entity after providing for income tax amounted to $15.97m.

The statutory profit includes significant once off items including costs associated with the acquisitions of LBNCo, OPENetworks Pty Ltd and 1300 Australia Pty Ltd, as well as costs associated with the OptiComm acquisition, which is the subject of the proposed Scheme. In addition, it also includes $4.6m of share based expenses for share based incentives issued during FY19 and FY20, as well as certain restructuring costs associated with integration of the historical acquisitions.

For the financial year ended 30 June 2020, Uniti recorded an Income Tax Benefit of $7.4m representing the recognition of income tax losses incurred by Uniti in prior periods and movement in the deferred tax assets and liabilities on the acquired companies joining the tax consolidated group. The transition to significant profits before tax in the year has meant that the realisation of accumulated losses being recouped against current and future taxable income is more certain, requiring the recording of the future income tax benefit for these losses. During FY20, the Uniti Group recorded a taxable income, utilising $7.5m (tax affected: $2.3m) of the prior period and transferred in losses. As at 30 June 2020, the balance of the available losses is $8.1m (tax affected: $2.4m), which will be utilised in future periods in accordance with their available fraction. The residual tax income is a result of movements across deferred tax asset and liabilities.

The EBITDA (underlying) after adjustment for the significant once off items for the year was $26.5m, compared to negative $0.9m for the prior corresponding period.

In the second half of the year the Uniti Group significantly outperformed the first half as a result of the acquisitions that were undertaken in the first half of the year, with full earnings contribution from all of those acquisitions. After adjusting for the significant once off items the EBITDA in the second half of the year was $19.3m (first half: $7.2m).

In the first half of the year Uniti undertook an additional two capital raisings, to fund the LBNCo and 1300 Australia Pty Ltd acquisitions. In the second half, an additional capital raise has been undertaken to fund the Opticomm acquisition. Total cash of $189.2m, representing operational cash and the institutional placement funds (excluding the retail placement which closed in July 2020) as at 30 June 2020 is now being held in cash reserves.

Commentary on Uniti Historical Income Statement for the financial year ended 30 June 2019

The statutory loss for the consolidated entity after providing for income tax amounted to $13.5m.

This loss includes significant once off items (from actions and transactions undertaken in the second half of FY19) such as costs incurred in listing Uniti on the ASX, the acquisition of Fuzenet Pty Ltd, Fone Dynamics Pty Ltd and Call Dynamics Pty Ltd and partial impairment of fixed wireless assets (non-cash). It also includes approximately $3m of share-based expenses relating to shares and options issued during the year and certain restructuring costs associated with the rationalisation of existing operations and integration of the acquisitions.

The EBITDA (underlying) after adjusting for the significant once off items for FY19 was negative $0.9m.

In the second half of FY19 Uniti undertook two capital raisings, initially on listing on the ASX in February 2019 raising $13.2m (before costs) and a share placement of $15.0m (before costs) in June 2019. These funds have supported the acquisitions and transactions undertaken in the second half of FY19 and resulted in the Uniti Group holding significant cash reserves of approximately $19.1m and limited debt (approximately $2.5m) at 30 June 2019.

A$000	**Historical**	**Unaudited**
	FY19	FY20

	Revenue	EBITDA	Revenue	EBITDA
Proforma (normalised)	**62,684**	**17,428**	**70,577**	**30,207**
FY19 acquisitions: FuzeNet Pty Ltd / Call Dynamics Pty Ltd / Fone Dynamics Pty Ltd	(15,162)	(33)	-	-
FY20 acquisitions: LBNCo / OPENetworks Pty Ltd / 1300 Australia Pty Ltd	(42,082)	(18,280)	(14,329)	(3,696)
Elimination/Normalisation adjustments	8,896	(4,614)	2,340	(10,475)
Reported	**14,336**	**(5,499)**	**58,588**	**16,036**

Commentary on Uniti Proforma Income Statement for the financial year ended 30 June 2020, adjusted for acquisitions

Uniti acquired FuzeNet Pty Ltd on 11 February 2019 (with economic control being 1 February 2019), Call Dynamics Pty Ltd on 1 June 2019, Fone Dynamics Pty Ltd on 1 June 2019, LBNCo on 1 October 2019, OPENetworks Pty Ltd on 1 November 2019 and 1300 Australia Pty Ltd on 16 December 2019 (with economic control being 1 December 2019). In order to illustrate the full year impact of these acquisitions, Uniti has presented an unaudited pro forma historical consolidated income statement for FY19 and FY20 adjusted as if the acquisitions were effective from 1 July 2018.

Elimination adjustments have been assumed in line with the proforma assumptions and relate primarily to FuzeNet Pty Ltd and LBNCo.

Normalisation adjustments relate to the acquisition and restructure costs, and the share based expenses, to normalise the proforma results.

(c) **Uniti consolidated statement of financial position**

A$000	Statutory As at 30 June 2019	Unaudited As at 30 June 2020
Assets		
Current assets		
Cash and cash equivalents	19,131	189,150
Trade and other receivables	1,507	6,398
Inventories	275	959
Other assets	1,432	3,078
Total Current Assets	**22,345**	**199,585**
Non-current assets		
Property, plant and equipment	3,589	45,836
Intangible assets	20,920	206,594
Right of Use Assets	4,464	3,044
Deferred Tax assets	-	128
Total Non-Current Assets	**28,973**	**255,602**
Total assets	**51,318**	**455,187**

A$000	Statutory As at 30 June 2019	Unaudited As at 30 June 2020
Liabilities		
Current liabilities		
Trade and other Payables	4,668	14,268
Contract Liabilities	472	2,269
Borrowings & Lease Liabilities	1,826	1,357
Employee Provisions	379	1,260
Provision for Income Tax	-	1,782
Contingent Consideration	6,546	4,439
Total Current Liabilities	**13,891**	**25,375**
Non-current liabilities		
Trade and other payables	1,500	-
Contract Liabilities	26	1,411
Borrowings & Lease Liabilities	7,514	3,854
Provisions	33	93
Contingent Consideration	2,484	2,711
Total Non-Current Liabilities	**11,557**	**8,069**
Total liabilities	**25,448**	**33,444**
Net Assets	**25,870**	**421,743**
Equity		
Share capital	46,691	421,965
Reserves	1,283	5,912
Retained earnings	(22,104)	(6,134)
Total Equity	**25,870**	**421,743**

(d) **Uniti consolidated statement of cash flows**

A$000	Historical	Unaudited
	FY19	FY20
Cash Flows From Operating Activities		
Receipts from customers	15,033	63,352
Payments to suppliers and employees	(15,926)	(41,717)
Interest Received	41	324
Other revenue	1,500	-
Finance costs paid	(394)	(561)
Income tax (paid) / refunded	-	246
Net cash provided by/(used in) operating activities	**254**	**21,644**
Cash Flows From Investing Activities		
Payment for purchase of business, net of cash acquired	(9,607)	(165,027)
Payment to suppliers for business acquisitions	(904)	(2,728)
Payment for property, plant and equipment	(1,816)	(8,743)
Payment for intangible assets	(134)	-
Proceeds from disposal of property, plant and equipment	-	38
Net cash (used in)/provided by investing activities	**(12,461)**	**(176,460)**
Cash Flows From Financing Activities		
Proceeds from issue of shares	28,181	337,211
Proceeds from borrowings	3,000	-
Proceeds from issue of convertible notes	2,938	-
Share issue transaction costs	(1,589)	(8,912)
Repayment of borrowings	(2,039)	(3,464)
Net cash provided by financing activities	**30,491**	**324,835**
Net increase/(decrease) in cash held	18,284	170,019
Cash and cash equivalents at the beginning of financial year	**847**	**19,131**
Cash and cash equivalents at the end of financial year	**19,131**	**189,150**

7.11 Material Changes in Uniti's Financial Position

To the knowledge of Uniti Directors, there have been no material changes to the financial position of Uniti since the financial report for the half year ending 31 December 2020, as updated through Uniti's last Appendix 4C for the quarter ending 30 June 2020 and statement to market in its announcement relating to the acquisition of OptiComm through this proposed Scheme on 15 June 2020, other than:

- as outlined in the 30 June 2020 unaudited results, the full particulars of which are set out above in Section 7.10;
- as publicly disclosed on Uniti's ASX profile located on the ASX's website at www.asx.com.au or in this Scheme Booklet;

- as a result of the accumulation of profits in the ordinary course of trading since 30 June 2020; and
- as a result of generally known market conditions.

7.12 Publicly Available Information

As an ASX listed company and a disclosing entity under the Corporations Act, Uniti is subject to regular reporting and disclosure obligations. Among other things, these obligations require Uniti to announce price sensitive information to the ASX as soon as Uniti becomes aware of information, subject to some exceptions.

ASIC also maintains a record of documents lodged with it by Uniti, and these may be obtained from, or inspected at, any office of ASIC.

Pursuant to the Corporations Act, Uniti is required to prepare and lodge with ASIC and the ASX annual financial reports and half-yearly financial reports. OPC Shareholders have a right to obtain copies of any of these documents and they can be obtained (free of charge) by contacting Uniti on 03 9034 7897 or by email at companysecretary@unitigrouplimited.com.au.

Uniti's continuous disclosure notices to the ASX after the lodgement with the ASX of its most recent annual financial report and before the lodgement for registration of this Scheme Booklet by ASIC are available from the ASX's website at www.asx.com.au. OPC Shareholders have a right to obtain copies of any of these documents and they can be obtained (free of charge) by contacting Uniti on 03 9034 7897 or by email at companysecretary@unitigrouplimited.com.au.

Further announcements concerning Uniti will continue to be made available on the ASX's website at www.asx.com.au after the date of this Scheme Booklet.

Information about Uniti is also available on Uniti's website at www.unitigrouplimited.com.

7.13 No other material information known to Uniti

Except as disclosed elsewhere in this Scheme Booklet, so far as Uniti is aware, there is no other information that is:

- material to the making of a decision by an OPC Shareholder whether or not to vote in favour of the Scheme; and
- known to Uniti, at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to OPC Shareholders.

8. Overview of the Combined Group

8.1 Introduction

The Uniti Information contained in Sections 8.2 to 8.6 has been prepared by Uniti and is the responsibility of Uniti (except to the extent that the Uniti Information is based on information about OPC for which OPC takes responsibility).

OptiComm and OptiComm's Directors and officers do not assume any responsibility for the accuracy or completeness of this information (except to the extent that the Uniti Information is based on information about OptiComm).

The Combined Group financial information in Section 8.7 has been prepared by OptiComm and Uniti and is the responsibility of OptiComm and Uniti.

8.2 Overview of the Combined Group

The combination of Uniti and OptiComm combines OptiComm's network of Connected Premises and Greenfield construction capabilities with Uniti's Greenfield fibre network to create a growing, larger scale national private fibre company.

The Scheme will accelerate Uniti's growth in private infrastructure, through the joining of complementary high quality networks and enabling the expansion of the Combined Group's entry into adjacent markets. The combination of Uniti and OptiComm also delivers a level of potential future organic earnings growth via an already contracted combined pipeline, as well as cost efficiencies and revenue synergy possibilities.

The Combined Group will be one of the largest wholesale broadband providers in Australia after NBN Co, Telstra, TPG, Optus and Vocus. This increased financial scale, network scale and market relevance will enable the Combined Group to better compete with the larger providers delivering high quality, broadband connectivity in the Greenfield market.

8.3 Overview of Potential Synergies

(a) Business Combination Synergies

The combination of Uniti and OptiComm is expected to generate synergies and operational efficiencies. The realisable efficiencies are estimated to be approximately $10 million per annum, which are expected to begin being realised during FY21, and be achievable within 12 months of implementation of the Scheme.

These synergies are expected through both network and non-network cost savings, including:

- **Network synergies:** savings from network optimisation and consolidation leveraging the Combined Group's existing assets, eliminating duplication of assets and network supply and backhaul costs, and enhanced buying power from increased scale; and
- **Non-network synergies:** savings from eliminating duplicated costs across Uniti and OptiComm, rationalisation of facilities and premises and other selling, general and administrative cost benefits.

The one-time costs associated with achieving the above-mentioned cost synergies sufficiently has not yet been able to be estimated.

(b) Potential Additional Benefits

The additional benefits for the Combined Group include:

- increased market competitiveness through the enhanced scale of the Combined Group, a leaner cost structure and an ability to adopt flexible commercial models;

- ability to capture significant increased market share in the Greenfield FTTP construction market which is currently dominated by NBN Co with >80% recent market share;
- acceleration of both Uniti and OptiComm plans to expand into adjacent FTTP build markets including retirement living, lifestyle communities, commercial and industrial precincts;
- scale and resources to be a challenger to the dominant fibre players in Australia including NBN Co, Telstra, Optus, TPG and Vocus, particularly in Brownfields opportunities and consumer markets;
- greater ability to expand product capability, in particular converged products to be delivered over an expanded footprint of FTTP networks including smart building/smarty city services; and
- leveraging the Combined Group's technology capability to products and services that extend beyond the FTTP network of the Combined Group.

Uniti has delivered at least the expected level of earnings accretion and operational benefits from each of the acquisitions it has undertaken to date through a clearly defined plan and focussed approach to integration.

However, there is a risk that the expected synergies from the combination of OptiComm and Uniti may not be realised at all or not realised to their full extent, or that they may be realised over a longer period of time than anticipated. Further detail regarding these risks is set out in Section 10.2(c).

8.4 COVID-19

The COVID-19 pandemic continues to evolve and may have effects on the operations and results of the Combined Group. The growth and performance of the Combined Group will be influenced by the overall housing market and general economic conditions in Australia which are, by their nature, cyclical and subject to change. In particular, a severe and prolonged market disruption, such as may be caused by the COVID-19 pandemic and its impact on the Australian economy, immigration levels and new housing developments may result in cancellation or deferral of housing projects, which may adversely affect Combined Group’s financial performance.

Another potential impact is that developers may delay or extend construction timelines, or there may be a slowdown in new lot and apartment connections. In addition, operations of the Combined Group may be adversely impacted by any Government directives or COVID impacts on the group’s workforce (such as through full or partial lockdown).

In light of the challenging macroeconomic conditions and resultant market uncertainty caused by the COVID-19 pandemic, it is difficult to predict with certainty the impacts of COVID-19 on the Combined Group’s business or future financial or other performance. As such, actual events and their impacts on the Combined Group’s business and performance may be significantly different to those expressed in this Section.

8.5 Uniti’s intentions following implementation of the Scheme

(a) Introduction

If the Scheme is implemented, Uniti will acquire and hold all of the OPC Shares on issue and, accordingly, OptiComm will become a wholly owned subsidiary of Uniti. This Section 8.5 sets out the intentions of Uniti with respect to OptiComm if the Scheme is implemented.

The statements of intention made in this Section 8.5 are statements of present intention only. These intentions are based on the facts and information concerning OptiComm (including certain Non-Public Information made available by OptiComm to Uniti prior to the entry into the Scheme Implementation Deed) and the general business environment that was known to Uniti at the time of preparation of this Scheme Booklet.

Uniti does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions.

Final decisions on these matters will only be made by Uniti after it has conducted a detailed review of OptiComm's business after implementation of the Scheme and Uniti's intentions may change as new information becomes available or as circumstances change.

(b) **General review**

If the Scheme is implemented, Uniti intends to work with OptiComm's management team to optimise the prospects and operating performance of the business of the Combined Group, including new potential growth opportunities.

In order to achieve these outcomes, Uniti intends to undertake a detailed review of OptiComm's operations covering strategic, financial and commercial operating matters. Final decisions about the future operating plan and management organisation for OptiComm will be made following the completion of such review and based on the facts and circumstances at the relevant time.

Subject to the findings of this post Scheme implementation review referred to above, Uniti's current intention is to continue the current strategic direction of OptiComm.

(c) **Operations of the Combined Group**

It is the current intention of OptiComm and Uniti that the Combined Group will continue to pursue the revenue growth opportunities identified individually albeit with the benefits of greater scale and resources to be a more effective competitor.

Both Uniti and OptiComm have identified similar opportunities for organic revenue growth within the Greenfields FTTP and adjacent markets as well as new product opportunities and the Combined Group will look to leverage the benefits of the combination for greater returns to shareholders.

OptiComm and Uniti do not have any specific intention to make significant changes to the current OptiComm and Uniti businesses and each expects that the Combined Group will continue to review all opportunities that may optimise capital deployment decisions, operating returns and other opportunities to improve the business of the Combined Group and maximise value for all UWL Shareholders.

While OptiComm and Uniti have no current intention to make any significant changes to any parts of either OptiComm or Uniti's businesses, there are obvious instances where a compelling logic exists to integrate existing operations or processes where there is duplication to either realise savings or enhance service and capability including in relation to:

- office locations;
- administrative and support functions;
- network Operations Centre;
- data centre services;
- intra capital and inter capital backhaul services;
- project management;
- customer acquisition and management;
- field force functionality and location;
- core network deployment; and
- edge networks and technology supply services

Through the integration of these operations and processes, OPC and Uniti expect to achieve increased efficiency and synergy benefits over time.

(d) Board and Management of the Combined Group

It is intended that the composition of Uniti's Board will remain unchanged. The Combined Group will continue to be led by Uniti's current senior executive team consisting of the Managing Director & Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

The members of the senior management responsible for BU leadership for the Combined Group will be determined following implementation of the Scheme.

(e) Employees

The Combined Group will conduct a review of its operations and whilst the operations of both businesses are not expected to change materially, final decisions regarding the structure of the Combined Group and its employees and other human resource requirements will be made as part of the post Scheme implementation integration process and review.

(f) Delisting from ASX

If the Scheme is implemented, it is intended that quotation of OPC Shares on the ASX will be terminated and OptiComm will be removed from the official list of ASX on or around the Business Day immediately following the Implementation Date. It is also intended that Uniti will apply to convert OptiComm from a public to a proprietary company at that time.

(g) Changes to OptiComm's constitution

Uniti intends to replace OptiComm's constitution with a constitution appropriate for a proprietary company limited by shares (consistent with the intention expressed in Section 8.5(f) to convert OptiComm into a proprietary company limited by shares following implementation of the Scheme).

(h) Office Locations

If the Scheme is implemented, it is the intention of Uniti that the Combined Group will continue to operate from offices throughout Australia where either Uniti or OptiComm operate prior to implementation of the Scheme.

(i) Dividend Policy of the Combined Group

If the Scheme is implemented, the Uniti Board will determine the dividend policy of the Combined Group having regard to its strategy, the growth opportunities in the market, its profits, its financial position and an assessment of the capital required to grow its businesses.

8.6 Share Capital and Other Securities of the Combined Group

(a) Share capital

If the Scheme is implemented Uniti will issue approximately 84 million New UWL Shares to Scheme Shareholders.

As a result of the Scheme, the number of UWL Shares on issue will increase from approximately 518.4 million (being the number on issue as at the date of this Scheme Booklet) to approximately 602.4 million, as illustrated below:

Combined Group share capital	Number	% of Combined Group
Uniti		
UWL Shares outstanding	518,381,665	86%

Combined Group share capital	Number	% of Combined Group
OPC		
New UWL Shares to be issued to OPC Shareholders	83,996,233	14%
Total UWL Shares	602,337,898	100%

Upon implementation of the Scheme, OPC Shareholders are expected to own approximately 14% of the Combined Group with UWL Shareholders owning the remaining approximately 86% of the Combined Group.[31]

It is expected that the free float of the Combined Group will be approximately 100%, which is sufficient for the Combined Group to be included in key indices including the S&P/ASX 200.

(b) **UWL Options**

The number of UWL Options that are on issue (being 17,544,544 as at the date of this Scheme Booklet) will not be affected by the implementation of the Scheme and will remain on foot.

8.7 Combined Group Pro Forma Historical Financial Information

(a) **Overview of Historical Financial Profile of the Combined Group**

This Section 8.7 contains the following pro forma financial information in respect of the Combined Group:

- unaudited pro forma historical consolidated income statement of the Combined Group (**Combined Group Unaudited Pro Forma Historical Consolidated Income Statement**);
- unaudited pro forma historical consolidated statement of cash flows of the Combined Group (**Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows**), and
- unaudited pro forma historical consolidated statement of financial position of the Combined Group (**Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position**),

(together, the **Combined Group Unaudited Pro Forma Historical Consolidated Financial Information**).

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information should be read together with the:

- basis of preparation as set out in Section 8.7(b);
- risk factors set out in Section 10;

[31] Based on OPC Share and Uniti Shares on issue as at the date of this Scheme Booklet and projected OPC Shares on issue immediately prior to implementation of the Scheme.

- historical financial information of OPC and UWL as set out in Sections 6 and 7 respectively; and
- other information contained in this Scheme Booklet.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

Grant Thornton Corporate Finance Pty Ltd has been appointed as the Investigating Accountant to prepare an Independent Limited Assurance Report in respect of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information, a copy of which is included in Annexure B.

(b) Basis of Preparation

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information set out in Section 8.7 has been prepared for illustrative purposes to provide OPC Shareholders with an indication of the financial performance, financial position and cash flow of the Combined Group as if the Scheme had been implemented prior to 1 July 2019 in respect of the financial performance and cash flow, and prior to 30 June 2020 in respect of the financial position. The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information does not reflect the actual performance, financial position or cash flow of the Combined Group at the time of Implementation. It has been prepared for illustrative purposes only for this Scheme Booklet.

The Combined Group Pro Forma Historical Financial Information presented in this Section 8.7 comprises;

- OPC Unaudited Pro forma and Statutory Historical Consolidated Financial Information as at, and for the 12 months ended, 30 June 2020 (presented in Section 6.8);
- UWL Unaudited Pro Forma and Statutory Historical Consolidated Financial Information as at, and for the 12 months ended, 30 June 2020 (presented in Section 7.10); and
- Pro forma adjustments described in Section 8.7(d) (**Pro Forma Adjustments**).

The Combined Group Unaudited Pro forma Historical Consolidated Financial Information for the year ended 30 June 2020 is based on OPC's unaudited pro forma and statutory historical consolidated financial information for FY2020 and UWL's unaudited pro forma and statutory historical consolidated financial information for FY2020.

The OPC Unaudited Pro Forma Historical Consolidated Financial Information presented in Section 6.8 has been derived from the unaudited consolidated financial statements of OPC for the financial year ended 30 June 2020. The unaudited consolidated financial statements of OPC for the financial year ended 30 June 2020 have been prepared in accordance with the recognition and measurement principles of AAS (including the Australian Accounting Interpretations), issued by the AASB which are consistent with IFRS and Interpretations issued by the International Accounting Standards Board.

The UWL Unaudited Pro Forma Historical Consolidated Financial Information presented in Section 7.10 has been derived from the unaudited consolidated financial statements of UWL for the financial year ended 30 June 2020. The unaudited consolidated financial statements of OPC for the financial year ended 30 June 2020 have been prepared in accordance with the recognition and measurement principles of AAS (including the Australian Accounting Interpretations), issued by the AASB which are consistent with IFRS and interpretations issued by the International Accounting Standards Board.

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in AAS, other than it is presented on a pro forma basis as if implementation of the Scheme had already occurred. The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information is presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

- **Basis of pro forma consolidation**

  From an accounting perspective UWL will gain control over OPC and therefore, under AASB 3 Business Combinations (**AASB 3**), the Combined Group will be required to recognise the identifiable net assets of OPC at fair value within the Combined Group's financial statements. Any excess between the fair value of the consideration paid and the fair value of the identifiable net assets of OPC will be recognised as goodwill.

  Under AASB 3, the Combined Group will have 12 months from the date of UWL gaining control over OPC to undertake a purchase price allocation exercise to determine the fair value of goodwill and identifiable assets (including intangible assets) and liabilities related to the acquisition of OPC. As at the date of this Scheme Booklet, it is not possible to reliably determine the fair values of the acquired assets and liabilities of OPC. For the purposes of preparing the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information, the Scheme Consideration (assumed as $407 million cash consideration and $125 million share consideration) less OPC's unaudited net assets at 30 June 2020 (after the payment of the Special Dividend to OPC Shareholders amounting to $10.4 million) has been reflected as a single Pro Forma Adjustment to the "intangible assets" line. Subsequent to Implementation, the actual determination of the fair values of goodwill, and identifiable assets and liabilities acquired, may differ to those values presented in the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position.

  As the purchase price allocation exercise has not been finalised, additional amortisation in relation to identified finite life intangible assets may arise, which has not been reflected in the Combined Group Unaudited Pro Forma Historical Consolidated Income Statement. The quantum of any additional amortisation will depend on the incremental fair value allocated and the useful lives ascribed to the identifiable intangible assets as part of the final purchase price allocation exercise.

  For the purpose of preparing the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position, it has been assumed that there will be no resetting of the Combined Group's tax cost bases following the acquisition. However, it is likely that the allocable cost amount calculation will result in a deferred tax position which is different to the position presented in the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position. Any resulting adjustment to deferred tax assets and liabilities will have an equal but opposite impact on the amount of goodwill recognised in the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position.

- **Items not reflected in the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information**

  As detailed above, the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information is provided for illustrative purposes only.

  The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information presented in this Section 8.7 does not purport to reflect the likely actual or prospective reported financial performance, financial position or cash flows of the Combined Group.

  It is likely that the actual financial performance, financial position and cash flows of the Combined Group in future periods will differ from the Combined Group Pro Forma Unaudited Historical Consolidated Financial Information presented in this Section 8.7. The factors which may impact the actual financial performance, financial position or cash flows of the Combined Group include but are not limited to:

  - trading of OPC and UWL after 30 June 2020, which is not reflected in the OPC Pro Forma Unaudited Historical Consolidated Financial Information or the UWL Pro Forma Unaudited Historical Consolidated Financial Information;

  - the risk factors set out in Section 10, including any financial impact of COVID-19;

- the ultimate timing of implementation of the Scheme;
- finalisation of the acquisition accounting, including determining appropriate purchase price allocation, including the fair value of all assets and liabilities acquired in accordance with the relevant accounting standards;
- finalisation of the resetting of the tax cost bases of OPC following implementation of the Scheme, including the recognition of the associated deferred tax assets and liabilities, in accordance with the relevant accounting standards;
- the ultimate timing and realisation of synergies and business improvements (and associated costs) arising from the combination of OPC and UWL; and
- current and future changes to accounting standards (see Section below).

- **Changes to Accounting Standards**

  Three new accounting standards have recently been implemented by OPC and UWL as follows:

  - AASB 15 Revenue from Contracts with Customers (AASB 15), was early adopted by UWL with effect from 1 July 2016 and by OPC from 1 July 2018;
  - AASB 9 Financial Instruments (AASB 9), effective for UWL and OPC from 1 July 2018; and
  - AASB 16 Leases (AASB 16), was early adopted by UWL with effect from 1 July 2016 and OPC from 1 July 2019.

  Accordingly, the OPC and UWL Unaudited Pro Forma Historical Consolidated Financial Information, upon which the Combined Group Pro Forma Historical Consolidated Financial Information is based, have been consistently prepared subsequent to the adoption of AASB 15, AASB 9 and AASB 16.

(c) **Combined Group Pro Forma Historical Consolidated Income Statement**

The Combined Group Unaudited Pro Forma Historical Consolidated Income Statement is presented the table below.

$'000	OPC Pro forma Unaudited FY2020	UWL Pro Forma Unaudited FY2020	Combined Group Pro Forma Unaudited FY2020
Revenue	73,040	70,577	143,617
Network and hardware expenses	(15,333)	(15,225)	(30,558)
Employee benefits expense	(13,707)	(17,866)	(31,573)
Other expenses	(4,211)	(7,279)	(11,490)
EBITDA	**39,789**	**30,207**	**69,996**
Depreciation & amortisation	(6,364)	(9,170)	(15,534)
Results from operating activities	**33,425**	**21,037**	**54,462**
Net financing costs	(475)	(1,320)	(1,795)
Profit before income tax	**32,950**	**19,717**	**52,667**
Income tax expense	(9,885)	5,737	(4,148)
Net profit/(loss) after tax	**23,065**	**25,454**	**48,519**

Note: Source: OPC and UWL Pro Forma Historical Income Statements set out in Sections 6.8 and 7.10 respectively

(d) **Items Not Reflected in the Combined Group Pro Forma Historical Consolidated Income Statement**

The Combined Group Unaudited Pro Forma Historical Consolidated Income Statement has not been adjusted to reflect:

- the trading of OPC or UWL after 30 June 2020;
- the ultimate timing and realisation of any potential synergies or business improvements (and associated costs) arising from the combination of OPC and UWL;
- transaction costs incurred by UWL and OPC in relation to the Scheme incurred after 30 June 2020;
- additional depreciation and amortisation relating to identified tangible and intangible assets which may arise as a result of implementation of the Scheme and the finalisation of the purchase price allocation exercise; and
- any potential tax impact which may arise as a result of implementation of the Scheme including finalisation of resetting of tax cost bases of assets, and the finalisation of the accounting for the acquisition.

(e) **Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position**

The Combined Group Unaudited Statutory and Pro Forma Historical Consolidated Statement of Financial Position is presented in the table below.

			Pro Forma Adjustments					
			A	B	C	D	E	
$'000	OPC Statutory Unaudited As at 30 June 2020	UWL Statutory Unaudited As at 30 June 2020	Retail Entitlement Offer	Transaction costs	New debt Facility(net of costs)	OPC dividend	Acquisition accounting	Combined Group Pro Forma As at 30 June 2020
Cash and cash equivalents	20,883	189,150	118,122	(2,774)	147,079	(10,430)	(406,752)	55,278
Trade and other receivables	10,156	6,398	-	-	-	-	-	16,554
Inventories	858	959	-	-	-	-	-	1,817
Other assets	607	3,078	-	-	-	-	-	3,685
Total current assets	**32,504**	**199,585**	**118,122**	**(2,774)**	**147,079**	**(10,430)**	**(406,752)**	**77,334**
Property, plant and equipment	92,077	48,880	-	-	-	-	-	140,957
Deferred tax assets	7,042	128	-	-	-	-	-	7,170
Intangible assets	948	206,594	-	-	-	-	455,152	662,694
Other non-current assets	17	-	-	-	-	-	-	17
Total non-current assets	**100,084**	**255,602**	**-**	**-**	**-**	**-**	**455,152**	**810,838**
Total assets	**132,588**	**455,187**	**118,122**	**(2,774)**	**147,079**	**(10,430)**	**48,400**	**888,172**
Trade and other payables	11,772	14,268	-	-	-	-	-	26,040
Contract liabilities	6,259	2,269	-	-	-	-	-	8,528
Borrowings	514	1,357	-	-	147,079	-	-	148,950
Provisions	2,440	1,260	-	-	-	-	-	3,700
Contingent consideration	-	4,439	-	-	-	-	-	4,439
Current tax liabilities	1,329	1,782	-	-	-	-	-	3,111
Total current liabilities	**22,314**	**25,375**	**-**	**-**	**147,079**	**-**	**-**	**194,768**
Contract liabilities	-	1,411	-	-	-	-	-	1,411
Borrowings	1,338	3,854	-	-	-	-	-	5,192
Provisions	17,082	93	-	-	-	-	-	17,175
Deferred tax liabilities	4,670	-	-	-	-	-	-	4,670
Contingent consideration	-	2,711	-	-	-	-	-	2,711
Total non-current liabilities	**23,090**	**8,069**	**-**	**-**	**-**	**-**	**-**	**31,159**
Total liabilities	**45,404**	**33,444**	**-**	**-**	**147,079**	**-**	**-**	**225,927**
Net assets	**87,184**	**421,743**	**118,122**	**(2,774)**	**-**	**(10,430)**	**-**	**662,245**
Issued capital	21,973	421,965	118,122	(2,774)	-	-	103,181	662,467
Reserves	271	5,912	-	-	-	-	(271)	5,912
Retained earnings/(accumulated losses)	64,940	(6,134)	-	-	-	(10,430)	(54,510)	(6,134)
Total equity	**87,184**	**421,743**	**118,122**	**(2,774)**	**-**	**(10,430)**	**48,400**	**662,245**

Note: Source: OPC and UWL Statutory unaudited consolidated statements of financial position set out in Sections 6.8 and 7.10 respectively.

(f) **Pro Forma Adjustments – Combined Group Unaudited Pro Forma Consolidated Historical Statement of Financial Position**

- Adjustment (A): Receipt of cash consideration of $118.1 million from the Retail Entitlement Offer in July 2020 representing the issue of 84,372,830 Shares;
- Adjustment (B): Costs associated with the Retail Entitlement Offer amounting to $2.8 million;
- Adjustment (C); Establishment and receipt of funds from the new line of credit with Commonwealth Bank of Australia and Westpac Banking Corporation amounting to $150 million (net of transaction costs amounting to $2.9 million) see Section 8.7(j) for further details;

- Adjustment (D): Payment of a Special Dividend to OPC Shareholders amounting $10.4 million (as described in Section 5.3); and
- Adjustment (E); Effect the acquisition of OPC by UWL as described in Section 8.7(a) assumed as $407 million cash consideration and $125 million share consideration.

(g) **Items not reflected in the Combined Group Unaudited Pro Forma Historical Statement of Financial Position**

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position has not been adjusted to reflect:

- the trading of OPC or UWL after 30 June 2020;
- finalisation of the acquisition accounting, including determining appropriate purchase price allocation, including the fair value of all assets and liabilities acquired in accordance with the relevant accounting standards; and
- resetting of the tax cost bases of OPC following implementation of the Scheme, including recognition of the associated deferred tax assets and liabilities, in accordance with the relevant accounting standards.

(h) Combined Group unaudited Statutory and Pro Forma Historical Consolidated Statement of Cash Flows

The Combined Group Unaudited Statutory and Pro Forma Historical Consolidated Statement of Cash Flows is presented in the table below.

			Pro Forma Adjustments					
			A	B	C	D	E	
$'000	OPC Statutory Unaudited FY2020	UWL Statutory Unaudited FY2020	Retail Entitlement Offer	Transaction costs	New debt Facility and costs	OPC dividend	Acquisition accounting	Combined Group Pro Forma FY2020
Cash flows from operating activities								
Receipts from customers	79,036	63,352	-	-	-	-	-	142,388
Payments to suppliers and employees	(41,319)	(41,717)	-	-	-	-	-	(83,036)
Interest received	189	324	-	-	-	-	-	513
Finance costs paid	-	(561)	-	-	-	-	-	(561)
Income tax paid	(11,787)	246	-	-	-	-	-	(11,541)
Net cash from operating activities	**26,119**	**21,644**	**-**	**-**	**-**	**-**	**-**	**47,763**
Cash flows from investing activities								
Payment for purchase of business	-	(165,027)	-	-	-	-	(406,752)	(571,779)
Payments to suppliers for the business acquisitions	-	(2,728)	-	-	-	-	-	(2,728)
Proceeds from sale of plant and equipment	-	38	-	-	-	-	-	38
Purchase of property, plant and equipment	(19,529)	(8,743)	-	-	-	-	-	(28,272)
Payments for intangibles	(689)	-	-	-	-	-	-	(689)
Net cash from investing activities	**(20,218)**	**(176,460)**	**-**	**-**	**-**	**-**	**(406,752)**	**(603,430)**
Cash flows from financing activities								
Proceeds from issue of shares	-	337,211	118,122	-	-	-	-	455,333
Proceeds from calls on partly paid shares	13,367	-	-	-	-	-	-	13,367
Transaction costs relating to issue of shares	-	(8,912)	-	(2,774)	(2,921)	-	-	(14,607)
Proceeds from borrowings	-	-	-	-	150,000	-	-	150,000
Repayment of borrowings	-	(2,460)	-	-	-	-	-	(2,460)
Repayment of lease liability	(547)	(1,004)	-	-	-	-	-	(1,551)

Payment of dividends on ordinary shares	**(7,493)**	**-**	**-**	**-**	**-**	**(10,430)**	**-**	**(17,923)**
Net cash from financing activities	**5,327**	**324,835**	**118,122**	**(2,774)**	**147,079**	**(10,430)**	**-**	**582,159**
Net cash flows	**11,228**	**170,019**	**118,122**	**(2,774)**	**147,079**	**(10,430)**	**(406,752)**	**26,492**
Opening cash and cash equivalents	9,655	19,131						28,786
Closing cash and cash equivalents	**20,883**	**189,150**						**55,278**

Note: Source: OPC and UWL Statutory unaudited consolidated statements of cash flow set out in Sections 6.8 and 7.10 respectively

The Pro Forma Adjustments referred to above are described in Section 8.7(f)

(i) **Items Not Reflected in the Combined Group Pro Forma Historical Consolidated Statement of Cash Flows**

The Combined Group Unaudited Pro Forma Historical Statement of Cash Flows has not been adjusted to reflect:

- the operating cash flows of OPC or UWL after 30 June 2020;
- transaction costs incurred by OPC and UWL in relation to the Scheme incurred after 30 June 2020;
- the cash outflows relating to the payment of future dividends following implementation of the Scheme; and
- any potential tax impact which may arise as a result of implementation of the Scheme and the finalisation of the accounting for the acquisition.

(j) **Debt Facilities and Cash**

Uniti has entered into a commitment letter for a new $150 million syndicated debt facility with $75 million borrowings from Westpac Banking Corporation and $75 million borrowings from Commonwealth Bank of Australia to fund the Scheme Consideration. The facility is in the form of a line of credit for $150 million. In addition, Uniti has entered a contingent facility of $5 million for bank guarantees. The facilities have a 3 year term with no debt amortisation requirements.

9. Tax Implications

9.1 Introduction

The following is a general description of the Australian tax consequences of the Scheme (assuming it is implemented) for OPC Shareholders. It does not constitute tax advice and should not be relied upon as such.

The description is based upon the Australian tax law and administrative practice in effect at the date of this Scheme Booklet. It is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of an OPC Shareholder. OPC Shareholders are advised to seek their own independent professional tax advice in relation to their own particular circumstances.

The comments set out below are relevant only to those OPC Shareholders who hold their OPC Shares on capital account. The description does not address the Australian tax consequences for OPC Shareholders who:

- hold their OPC Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- acquired their OPC Shares pursuant to an employee share, option or rights plan;
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their OPC Shares; or
- are non-residents of Australia who hold their OPC Shares in carrying on a business at or through a permanent establishment in Australia.

OPC Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law. These comments relate to Australian tax law only.

This tax summary is based on Australian tax law and relevant regulations, rulings or judicial or administrative interpretations of such tax laws as at the date of this Scheme Booklet.

9.2 Australian resident shareholders

If the Scheme is implemented, Uniti will acquire all of the OPC Shares from OPC Shareholders who hold OPC Shares on the Scheme Record Date and those OPC Shareholders will receive the Scheme Consideration.

As discussed in more detail below, the disposal of their OPC Shares to Uniti under the Scheme will give rise to a capital gains tax (**CGT**) event for OPC Shareholders. Subject to the comments in Section 9.2(c), an Australian tax resident OPC Shareholder who would otherwise make a capital gain on the disposal of their OPC Shares under the Scheme should be eligible to choose to apply scrip for scrip roll-over relief (in relation to that part of any such capital gain attributable to the Scrip Consideration).

(a) Capital Gains Tax

The disposal of OPC Shares by OPC Shareholders to Uniti under the Scheme will constitute a CGT event A1 (for Australian CGT purposes).

The time of the CGT event will be when the OPC Shareholders transfer their OPC Shares to Uniti under the Scheme (i.e. the Implementation Date).

(b) Calculation of capital gain or capital loss (apart from scrip for scrip roll-over relief)

Prima facie, OPC Shareholders will make:

- a capital gain to the extent that their capital proceeds from the disposal of their OPC Shares are more than the cost base of those OPC Shares; or
- a capital loss to the extent that the capital proceeds are less than the reduced cost base of those OPC Shares.

Subject to choosing to apply scrip for scrip roll-over relief (discussed below), an OPC Shareholder who makes a capital gain or loss on the disposal of their OPC Shares will be required to include that capital gain or loss in the calculation of their net capital gain (if any) for the income year.

Any net capital gain should be included in their assessable income, and is subject to income tax. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfying the specific loss rules, if the OPC Shareholder is a company).

Cost base of OPC Shares

The cost base of the OPC Shares of an OPC Shareholder will generally include the amount paid, and the market value of any property given, to acquire the OPC Shares, plus certain incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty (if any)) that are not otherwise deductible to the OPC Shareholder. The reduced cost base of the OPC Shares of an OPC Shareholder will be similarly determined.

Capital proceeds

The capital proceeds for the disposal of the OPC Shares of an OPC Shareholder will be the Scheme Consideration. That is, the capital proceeds should equal the sum of any Cash Consideration received, and the market value of any Scrip Consideration (i.e. New UWL Shares) received under the Scheme.

The Special Dividend paid to OPC Shareholders should not be treated as capital proceeds for the disposal of OPC Shares under the Scheme.

For CGT purposes, the market value of the New UWL Shares will not be known until after implementation of the Scheme. It will be made available to OPC Shareholders on the OptiComm website following implementation of the Scheme.

CGT discount

Individuals, complying superannuation entities or trustees that have held their OPC Shares for at least 12 months may be entitled to benefit from the CGT discount to reduce the amount of the capital gain (after application of capital losses) from the disposal of their OPC Shares by:

- 50% in the case of individuals and trusts (for trustees, the ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the beneficiaries); or
- 33⅓% for complying superannuation entities.

The CGT discount will not be available to an OPC Shareholder that is a company.

(c) Choosing scrip for scrip roll-over relief

OPC Shareholders who make a capital gain on disposal of their OPC Shares under the Scheme may choose to apply scrip for scrip roll-over relief to the extent they receive Scrip Consideration.

If scrip for scrip roll-over relief is available and chosen by an OPC Shareholder, the capital gain that is attributable to the receipt of New UWL Shares will be disregarded. Any part of the capital gain that is attributable to the receipt of Cash Consideration will not be eligible for roll-over relief and therefore should not be disregarded. Uniti will not make a choice under Section 124-795(4) of the ITAA 1997 to deny scrip for scrip roll-over relief.

OPC Shareholders must make a choice to apply scrip for scrip roll-over relief by the time they lodge their income tax return for the income year in which the Implementation Date occurs. The choice to apply scrip for scrip roll-over is evidenced by the way in which the OPC Shareholder prepares their income tax return (i.e. the OPC Shareholder will be required to disclose on their tax return that they have applied the scrip for scrip roll-over relief, and exclude the disregarded capital gain from assessable income). There is no need to lodge a separate notice with the ATO.

Roll-over is not available to an OPC Shareholder if a capital loss arises on the disposal of their OPC Shares under the Scheme.

Where an OPC Shareholder has chosen scrip for scrip roll-over relief, the first element of the cost base of the New UWL Shares received as Scheme Consideration should be equal to the proportion of the cost base of their original OPC Shares that were exchanged for Scrip Consideration.

Where an OPC Shareholder has chosen scrip for scrip roll-over relief, the New UWL Shares will be taken to be acquired at the time their OPC Shares were originally acquired, for the purpose of any subsequent disposal of the New UWL Shares and the application of the CGT discount.

The benefit of choosing scrip for scrip roll-over relief will depend upon the individual circumstances of each OPC Shareholder.

(d) Where scrip for scrip roll-over relief is not chosen or available

Where scrip for scrip roll-over relief is not chosen or is not available in relation to an OPC Shareholder's disposal of OPC Shares under the Scheme (i.e. inter alia, to the extent that Cash Consideration is received):

- the capital gain or capital loss from the disposal of the OPC Shareholder's OPC Shares will be taken into account in calculating the OPC Shareholder's net capital gain for the income year in which the Implementation Date occurs; and
- the first element of the cost base of each New UWL Share (i.e. the Scheme Consideration) received should be an amount equal to the market value of the OPC Share given in respect of acquiring the New UWL Share, determined on the Implementation Date.

The acquisition date of the New UWL Share will be the Implementation Date. This date will be relevant for any future application of the CGT discount with respect to CGT events occurring in respect of the New UWL Share.

(e) Implications of holding New UWL Shares

As a consequence of participating in the Scheme, an OPC Shareholder will cease to be a shareholder of OptiComm and will become a shareholder of Uniti.

Dividends (and any attached franking credits) received by an Australian tax resident shareholder of Uniti would generally be required to be included in the assessable income of such a shareholder.

(f) Tax consequences of the Special Dividends

OPC Shareholders who are Australian tax residents and who receive the Special Dividend[32] must include the amount of the Special Dividend received in their assessable income. It is expected that the Special Dividend will be fully franked.

If the requirements outlined below are met, the OPC Shareholders who receive the Special Dividends will be:

- required to include the amount of the attached franking credits in their assessable income; and
- entitled to a tax offset equal to the amount of the franking credits attached to the Special Dividends.

The relevant requirements are that:

- the OPC Shareholder must be a 'qualified person' in relation to the Special Dividends; and
- certain franking integrity measures do not apply.

In order for an OPC Shareholder to be a 'qualified person' in respect of the Special Dividends, they must hold their OPC Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period. The prescribed period is expected to be from 8 August 2020 to 23 September 2020 (inclusive).

The franking integrity measures are designed to, among other things; discourage trading in and streaming of franking credits.

If you are an individual or complying superannuation fund and your tax liability for the income year is less than the amount of the franking credits attached to the Special Dividends, you may be entitled to a refund for the excess franking credits.

This does not extend to companies (however any excess franking credits of a company may be converted to tax losses and carried forward to offset taxable income in future years, subject to satisfying the company loss utilisation tests).

9.3 Non-resident shareholders

(a) Capital Gains Tax

For OPC Shareholders who are not Australian tax residents (including Ineligible Foreign Shareholders), the disposal of their OPC Shares should have no CGT consequences if the OPC Shares are not "taxable Australian property".

The OPC Shares will only be "taxable Australian property" for non-resident OPC Shareholders who:

- hold their OPC Shares in carrying on a business at or through a permanent establishment in Australia; or
- are individuals who made an Election to disregard a CGT event, capital gain or capital loss in respect of their OPC Shares when they ceased to be an Australian tax resident.

---

[32] Assuming the Scheme becomes Effective and OptiComm continues to satisfy the applicable Corporations Act requirements for payment of a dividend. As at the date of this Scheme Booklet, OptiComm satisfies the applicable Corporations Act requirements. See section 10.5(a) for further information.

For OPC Shareholders who are not Australian tax residents, no component of the OPC Shares should be taxable Australian property as their underlying value is not principally derived from Australian real property.

(b) Tax consequences of the Special Dividends

OPC Shareholders who are not residents of Australia should not be subject to income tax in Australia in respect of the Special Dividend, provided they do not hold the OPC Shares through an Australian permanent establishment. As the Special Dividend is expected to be fully franked, such OPC Shareholders should be free of any Australian dividend withholding tax obligations.

9.4 Stamp duty

No stamp duty should be payable by OPC Shareholders in relation to the disposal of their OPC Shares to Uniti under the Scheme.

9.5 Goods and services tax

OPC Shareholders should not be liable to GST in respect of a disposal of their OPC Shares.

OPC Shareholders may be charged GST on costs that relate to the Scheme (such as adviser fees relating to their participation in the Scheme). OPC Shareholders may be entitled to input tax credits for such costs, but should seek independent professional tax advice in relation to their individual circumstances.

10. Risk Factors

10.1 Introduction

This Section describes certain key risks associated with the Scheme. You should carefully consider the risk factors in this Section, as well as the other information contained throughout the Scheme Booklet before voting on the Scheme. This Section 10 outlines:

- specific risks relating to the Scheme and the creation of the Combined Group;
- operational risks relating to the Combined Group;
- general risks relating to the Combined Group;
- risks in relation to the Special Dividend; and
- risks if the Scheme does not proceed.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. This Section 10 does not attempt to set out every risk that may be associated with an investment in OptiComm, Uniti or the Combined Group now or in the future. The occurrence or consequences of some of the risks described in this Section 10 may be partially or completely outside the control of OptiComm, Uniti or the Combined Group.

10.2 Specific risks relating to the Scheme and the creation of the Combined Group

(a) Implied value of Scrip Consideration

Under the terms of the Scheme, OPC Shareholders (other than Ineligible Foreign Shareholders) may elect to receive Scrip Consideration, or may receive a portion of Scrip Consideration depending on the Elections made (or not made) by other OPC Shareholders (other than Ineligible Foreign Shareholders). If an OPC Shareholder receives Scrip Consideration, the value that such OPC Shareholder may realise on the sale of the New UWL Shares issued as the Scrip Consideration will depend on the price at which New UWL Shares trade on the ASX after the Implementation Date.

Some OPC Shareholders may not wish to continue to hold the New UWL Shares received under the Scheme and may sell them on the ASX soon after the Implementation Date. There is a risk that such sales may drive down the price of UWL Shares in the short term.

In any event, there is no guarantee regarding the market price of UWL Shares before the Scheme Meeting or after the Implementation Date. Future market prices may be either above or below current or historical market prices. Information about the current trading prices of UWL Shares may be obtained from asx.com.au.

(b) Conditions Precedent

The implementation is subject to a number of Conditions Precedent, which are summarised at Section 5.13(a). The Scheme will not proceed to the Second Court Date unless the Conditions Precedent are satisfied or waived (as applicable). Given that there are Conditions Precedent which are yet to be satisfied, there is a risk that the Second Court Date will be delayed, which will in turn delay the Implementation Date.

The Scheme will not proceed if the Conditions Precedent are not satisfied or waived (as applicable) before the End Date.

The status of the Conditions Precedent as at the date of this Scheme Booklet are set out in Section 5.13(a). A failure to satisfy any of the Conditions Precedent, or a delay in satisfying the Conditions Precedent and implementing the Scheme, may adversely affect the price of OPC Shares or UWL Shares.

(c) Integration risk and realisation of synergies

There is a risk that the Combined Group's success and profitability could be adversely affected if OptiComm's business is not integrated effectively with Uniti's business. The integration of OptiComm and Uniti into the Combined Group may encounter unexpected challenges or issues.

There is a risk that integration could take longer or cost more than anticipated, including as a result of the COVID-19 pandemic and applicable physical separation requirements, or that the expected benefits and synergies of the combination of OptiComm and Uniti may be less than expected. Any failure to achieve expected synergies may impact on the financial performance and position of the Combined Group and the future price of UWL Shares. Potential factors that may influence a successful integration include:

- disruption to the ongoing operations of both businesses;
- higher than anticipated integration costs;
- unforeseen costs relating to integration of infrastructure, IT platforms, network capabilities, management information systems and financial and accounting systems of both businesses;
- unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the combination of OptiComm and Uniti; and
- unforeseen costs or disruption as a result of the transition of OptiComm into a wholly-owned subsidiary of Uniti.

(d) Court Approval

The Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

(e) Contract Risk

Some contracts to which OptiComm is a party may contain 'change of control' provisions (or equivalent) that could be triggered by implementation of the Scheme (including by entry into the Scheme Implementation Deed), allowing the counterparty to renegotiate or terminate the contract. If a counterparty to any such contract were to terminate or seek to renegotiate the contract this may have an adverse effect on the Combined Group, depending on the relevant contract.

(f) Risk of trading during deferred settlement trading period

OPC Shareholders will not necessarily know the exact number of New UWL Shares that they will receive as Scheme Consideration (if applicable) until a number of days after those shares can be traded on the ASX on a deferred settlement basis.

OPC Shareholders who trade New UWL Shares on a deferred settlement basis without knowing the number of New UWL Shares they will receive as Scheme Consideration may risk adverse financial consequences if they purport to sell more New UWL Shares than they receive under the Scheme.

Scheme Shareholders who sell New UWL Shares before they receive their holding statements or confirm their holdings of New UWL Shares do so at their own risk. Neither OptiComm nor Uniti take any responsibility for such trading.

(g) Change in risk and investment profile

After implementation of the Scheme, eligible Scheme Shareholders who currently hold OPC Shares will be exposed to certain additional risks relating to the Combined Group.

While the operations of OptiComm and Uniti are similar in a number of ways, there will be differences between the size, capital structure, infrastructure, business offerings and clients of the Combined Group and OptiComm currently which may give rise to a different investment risk profile.

(h) Acquisition accounting risk

In accounting for the implementation in the pro forma Combined Group Unaudited Pro Forma Historical Consolidated Financial Information, Uniti has used the 30 June 2020 reviewed financial statements of Uniti and OptiComm. A fair value assessment of OptiComm's Statement of Financial Position has not been performed for the purposes of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information. Uniti will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of OptiComm post-implementation of the Scheme, which may give rise to different values to those used for the purposes of the pro forma financial information set out in this Scheme Booklet. Such a scenario could result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation, impairment and other amortisation charges in Uniti’s income statement (and a respective increase or decrease in net profit after tax), and may have an adverse impact on the reported financial performance of the Combined Group.

It is normal practice that this exercise is undertaken following completion of an acquisition and it will be completed once more detailed knowledge, allowing a fair value assessment of all assets, liabilities and contingent liabilities of OptiComm, has become available to Uniti.

(i) Tax consequences for Scheme Shareholders

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. Scheme Shareholders should seek their own professional advice regarding the individual tax consequences of the Scheme.

Further information on the tax consequences of the Scheme is set out in Section 9.

10.3 Operational risks relating to the Combined Group

The following risks are relevant to each of OptiComm and Uniti as standalone entities, unless otherwise identified. Accordingly, they will also be relevant to the Combined Group after Implementation of the Scheme.

(a) Competitive industry

Uniti operates primarily in suburban and metropolitan markets where customers have a choice of a number of alternative suppliers of broadband internet and data connectivity. Examples of alternative suppliers include the resellers of NBN Co and the mobile operators currently delivering 4G cellular services and 5G cellular services in these markets. Uniti’s ability to attract and retain customers will be affected by alternative service and price offerings by competitors in the markets in which Uniti operates. For example, Uniti would be adversely impacted if NBN Co reduced its wholesale prices for retailers and those price reductions flowed through to retail prices.

Uniti and OptiComm also operate in a growing market of private fibre construction and operation. There is a relatively low barrier to entry for new players to this market, and this could result in other players entering this market. NBN Co is the main operator in this market with the largest market share. Increased competition may affect the Combined Group’s ability to maintain and grow its market share, as well as impact the growth in the Combined Group’s recurring revenue streams from active users connected to the Combined Group’s network.

(b) **Future changes to NBN Co technology solutions or regulatory frameworks**

The fixed wireless market opportunity exists primarily because it offers a competitive service to that provided to certain Fibre to the Node customers on NBN Co. If there was a change to NBN Co's technology solutions or strategies that made the NBN Co more competitive, this could have a materially adverse impact on Uniti's ability to attract and/or retain sufficient customers, generate sufficient revenues and profitability to provide a return to investors.

The current regulatory framework governing the rollout of the Australian National Broadband Network supports non-government enterprise organisations such as OptiComm and Uniti delivering fibre-based network infrastructure to Australian premises. Both OptiComm and Uniti offer developers an alternative solution to NBN Co in the residential Broadacre and Multi Dwelling Unit sectors. Some of Uniti's and OptiComm's market share and future growth opportunities may be eroded to the extent regulatory frameworks currently imposed on NBN Co are amended.

See further information in Section 10.3(j) regarding upcoming regulatory changes.

(c) **Acquisition strategy may not be successful**

Uniti intends to selectively pursue acquisitions to complement its organic growth. However, the Combined Group may not be able to identify suitable acquisition candidates at acceptable prices or complete and integrate acquisitions successfully.

Even if successfully executed and integrated, there can be no guarantee of continued successful performance of those acquisitions. To the extent that the Combined Group's acquisition strategy is unsuccessful, its financial performance could be adversely impacted.

(d) **Loss of carrier licences**

OptiComm and Uniti each have one or more carrier licences under the Telecommunications Act. These licences are essential for OptiComm and Uniti to operate as carriers of telecommunications infrastructure. If one or more of those licences were to be cancelled (depending on which licences they were) it could severely restrict the ability of OptiComm and Uniti to operate and could result in OptiComm and/or Uniti breaching a number of its contractual obligations.

Circumstances in which a carrier licence may be cancelled include where the licence holder fails to pay the annual carrier licence fee imposed by the *Telecommunications (Carrier Licence Charges) Act 1997* (if required) or the industry levy as imposed by the *Telecommunications (Industry Levy) Act 2012* (if required), becomes a disqualified body corporate within the meaning of the Telecommunications Act, or ceases to be a constitutional corporation.

OptiComm and Uniti each review their carrier licence compliance obligations on a regular basis.

(e) **Network performance**

As a telecommunications business, the Combined Group will be potentially vulnerable to a number of problems relating to technological, network and software infrastructure performance. In the event that any of these platforms or the network are damaged, faulty or subject to weather damage, hacking or malicious interventions, the Combined Group's financial performance may be impacted.

(f) **Impact of changing technology on the Combined Group's competitive position**

Both OptiComm and Uniti's businesses are heavily dependent on information communication technology, third party hardware and software technologies for the delivery of its various services, across large geographic distance, and they have each invested significantly in technology to maximise the efficiency of their operations. These technologies are required to continually perform to expected standards, without disruption or cessation.

If the performance of these technologies decreased, there may be an impact on reputation, ability to deliver services and customer retention and growth. Wireless technology changes are rapid, and failure to invest or upgrade to new technologies to remain competitive may lead to a loss of opportunities for the Combined Group, which may materially affect future business operations and the financial performance of the Combined Group.

(g) Damage and interruption to network and technical infrastructure

Each of OptiComm and Uniti's businesses are exposed to the risk of interruptions to its operations, as it relies on its own and third party infrastructure technology to provide high quality services to customers. Failures across the Combined Group's network or a relevant third party network, caused by human error, accidental damage, power loss, weather conditions, natural disasters including bush fires, cyber-attacks, physical or electronic breaches, or vandalism, could cause significant disruption to the Combined Group's business, resulting in financial loss or increased customer attrition.

In particular, the Combined Group will operate across a large geographical area and access to parts of that area may be difficult or restricted following natural disasters such as bush fires. This not only exacerbates the possibility of these risks beyond the Combined Group's control but also raises the cost of, or reduces the efficiency with which, any repairs or maintenance are conducted.

Disruption to the Combined Group's services could also result in business interruption, monetary losses, and possible legal liability. As above, cessation of the Combined Group's services could have negative financial implications for the business and the Combined Group may be subject to liability for accidents, outages or system failure or data corruption that may not be possible or desirable to insure against, or in amounts that exceed the policy limits.

(h) Key personnel

The success and growth strategy for Uniti depends on its ability to attract and retain key management and operating personnel. Both Uniti and OptiComm have qualified and experienced management teams. The loss of any key members of these teams, or Uniti's inability to attract the requisite personnel with suitable experience, could have an adverse effect on Uniti or OptiComm and the performance of the Combined Group. There is no assurance as to the continued availability of any such key personnel.

Following Implementation, there are likely to be a number of changes to the senior management team within the Combined Group. It may take time to recruit key staff and additional managers and could lead to a period of instability, which may influence the short-term performance of the businesses of the Combined Group and execution of the planned strategies.

(i) Reputation

Brands are key assets of both Uniti and OptiComm. Successful maintenance of the reputation and value associated with these brand names will be critical to the Combined Group's businesses and its strategy for the future.

It is possible that, if the Scheme is implemented, the strategies described in this Scheme Booklet may not be achieved, resulting in the erosion of the reputation or value associated with the brand names that, in turn, could have an adverse effect on the performance and operations of the Combined Group.

Other events, including a material non-compliance with regulations, or licence terms or a breach of or failure in information and technology systems or networks, could have an adverse impact on the Combined Group's reputation and the value of its brands and increase expenditure due to additional security costs and / or potential claims for compensatory damages.

(j) Regulatory matters

The Combined Group will operate in a highly regulated environment, with strong penalties for non-compliance, including undertakings or the imposition of substantial civil and criminal penalties. Possible changes to existing regulation may impose substantial risks to both OptiComm and Uniti's respective businesses and increased compliance costs. Neither OptiComm nor Uniti is able to predict the nature or impact of future policies and any such changes are beyond both parties' control, which could impose a range of risks upon the Combined Group going forward.

On 14 May 2020, legislation enacting the *Regional Broadband Scheme* was passed by the Australian Government, and received royal assent on 25 May 2020. The *Regional Broadband Scheme* establishes an ongoing funding arrangement for NBN Co's fixed wireless and satellite infrastructure deployed to regional Australia to commence from 1 January 2021. As a result of the legislation coming into effect, all carriers, including NBN Co and all other non-NBN Co-operators, are required to pay a monthly levy of $7.10 per 'chargeable premises', being premises connected to the carrier's network receiving active fixed-line superfast broadband services, subject to an initial five year charge concession period exempting the first 55,000 greenfield residential and small business chargeable premises on each carrier's network.

The Combined Group will pay a higher levy than OptiComm and Uniti as separate entities because the five year 55,000 chargeable premises discount will be available only once to the Combined Group. The Combined Group will accordingly commence paying this levy in relation to its 'Active Premises' in excess of the concession threshold with the first levy payments expected in Calendar Year 2021.

Moreover, the Australian Government's Telecommunications in New Developments (**TIND**) policy is currently subject to review. The proposed variations to the TIND policy could negatively impact the Combined Group by allowing NBN Co to:

- no longer require ministerial approval to overbuild the FTTP operator networks using its significant market power/scale, low cost of capital and funding capability; and
- alter the amount NBN Co requires developers to pay for the installation of networks into new developments impacting on the Combined Group's ability to be competitive.

Further, the Statutory Infrastructure Provider (**SIP**) regime will impose additional regulatory scrutiny on the Combined Group in areas where it is the SIP. This includes ministerial discretion to set mandatory service and technology standards.

The key risks to the Combined Group's business because of unexpected regulatory policies, outcomes or decisions, will be:

- increased regulation by regulators empowered to regulate the telecommunications sector, including the ACCC and ACMA, and the possibility, in certain circumstances, of large fines being imposed for contraventions of relevant laws;
- changes to data security regulation;
- imposition of new or modified carrier licence conditions;
- an increase in compliance costs and delays in having to seek additional, or variations to, government approvals – this is particularly pertinent given the importance of the Combined Group being able to obtain maintain, renew and obtain licences to conduct its business; and
- changes to regulations or government policies governing the telecommunications sector.

More generally, the Combined Group will operate under the terms of various statutory licences and face ongoing changes in regulation, law and policy. Significant adverse changes, for example as to spectrum pricing or availability, could impact the Combined Group's profitability.

Changes imposed by a regulator such as ACMA to the Combined Group's apparatus licences or spectrum licences could result in the Combined Group having to acquire new or additional spectrum to maintain business continuity, requiring additional capital and/or operating expenditure.

(k) Impact of "Country of origin" issues relating to network equipment on the Combined Group's competitive position

Like other fibre and fixed wireless operators, the Combined Group utilises components sourced from international third parties in the construction of its network, and the edge equipment that it utilises to enable delivery of telecommunication bandwidth.

Recent changes in the security stance from the Australian Government in relation to equipment and components sourced from some countries means that Combined Group may need to replace some of the hardware components in its network earlier than anticipated and before the usual replacement / upgrade path to address concerns in market as well as potential new regulatory requirements. This could result in an increase in capital expenditure over a period.

(l) **Design, construction, and development risk**

Any delays or unexpected costs associated with the design, construction, and development of any of the Combined Group's fibre optic telecommunications infrastructure or any changes in funding arrangements with developers may harm Combined Group's growth prospects, future operating results and financial conditions.

Delays or unexpected costs can be dictated by external factors such as decisions by developers to vary, delay or cancel developments or industry price increases affecting components, labour or other aspects of the design, construction and development stages.

Whilst this risk is largely outside the Combined Group's control, OptiComm and Uniti actively manage this risk, and the Combined Group will actively manage this risk, by having regular contact with their developer clients giving them visibility over the timing and completion of projected developments and keeping appraised of market conditions.

Please refer to COVID-19 risk (as discussed in Section 10.4(c)) for further details on the potential impact of the COVID-19 pandemic.

(m) **Litigation and claims**

In the course of its operations, the Combined Group may be involved in disputes, including through industry complaints schemes, litigation and investigations, whether by regulatory bodies or other third parties. Litigation, disputes and investigations may be with or without merit. The costs of defending and resolving such claims and proceedings can be substantial, even with respect to claims that have no merit. A risk exists that material or costly disputes, litigation or investigations could affect the financial performance of the Combined Group and the price or value of UWL Shares. There is also a risk that the Combined Group's reputation may suffer due to the profile of, and public scrutiny surrounding, any regulatory investigation, litigation or dispute, regardless of the outcome.

(n) **Access to Capital**

The Combined Group will rely on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be materially adversely affected by volatility in financial markets, either globally or affecting a particular geographic region, industry or economic sector, or by a downgrade in its credit rating. For these or other reasons, financing may be unavailable or the cost of financing may be significantly increased. Such inability to obtain, or increase to the costs of obtaining, financing could materially adversely affect the Combined Group's operations or financial performance.

(o) **Servicing existing debt**

The Combined Group's ability to service its debt depends upon its financial position, financial performance and cash flows which to some extent are subject to general economic, financial, regulatory and other factors beyond the control of the Combined Group. A risk is that if the Combined Group is unable to generate sufficient cash flow to meet specific debt repayment obligations, it may face additional financial penalties, higher interest rates or difficulty obtaining further funding in the future.

(p) **Ability to refinance debt or access debt and equity capital markets**

The Combined Group is subject to the risk that it may not be able to refinance its bank facilities when they fall due or that the terms (including in relation to pricing) on refinancing will be less favourable than the existing terms. If there is a deterioration in the level of debt market liquidity, this may prevent the Combined Group from being able to refinance some or all of its debt.

In addition, the Combined Group may in the future require additional debt or equity capital in order to fund growth strategies, in particular for acquisition opportunities that may arise from time to time. There is a risk that the Combined Group may be unable to access debt or equity funding from the capital markets on favourable terms, or at all.

(q) Insurance

Both OptiComm and Uniti seek to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sector. However, some liabilities could exceed policy limits or certain risks could be excluded. The Combined Group may also decide not to insure against certain risks due to various commercial considerations. Any future increase in the cost of such insurance policies or the inability to purchase adequate policy limits and coverage could adversely affect the Combined Group's business, financial condition and operational results.

(r) Inability to pay dividends or make distributions

The payment of dividends (if any) by Uniti will be determined by the Uniti Board from time to time at its discretion, and will be dependent upon factors set out in section 8.5(i) including the profitability and cash flow of the Combined Group's business at the relevant time.

(s) Equity dilution

Uniti may undertake offerings of equities in the future. Factors including the increase in the number of fully paid shares issued, the ability of an individual shareholder to participate in the equity offer, the issue price and the possibility of selling such equities may have an adverse effect on the financial position or voting power of any individual shareholder.

10.4 General risks relating to the Combined Group

(a) Securities market fluctuations

There are various risks associated with investing in any form of business and with investing in listed entities generally. As with any entity listed on the ASX, the value of UWL Shares is influenced by a variety of factors, including macroeconomic factors and broader social occurrences which are beyond Uniti's ability to control or predict. The events relating to the COVID-19 pandemic have recently resulted in significant market falls and volatility including in the prices of securities trading on the ASX. The value of UWL Shares following implementation of the Scheme will depend upon general share market and economic conditions, which are uncertain and subject to fluctuation, as well as the specific performance of the Combined Group. There is no guarantee of profitability, dividends, return of capital, or the price at which UWL Shares will trade on the ASX. The past performance of UWL Shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value.

(b) General economic conditions

The financial performance of the Combined Group and the value of the UWL Shares may fluctuate due to various factors, including movements in the Australian and international capital markets, recommendations by brokers and analysts, interest rates, exchange rates, inflation, Australian and international economic conditions, change in international economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities, global health pandemics, acts of terrorism, investor perceptions and various other factors which may affect the Combined Group's financial position and earnings. In the future, these factors may affect the Combined Group and may cause the price of UWL Shares to fluctuate and trade below current prices.

In light of recent global macroeconomic events, including the impact of COVID-19, Australia may experience an economic recession or downturn of uncertain severity and duration which could impact the development and construction of new housing projects and the Combined Group's ability to attract and retain customers, to invest sufficiently to develop, adopt and integrate the latest technologies into existing infrastructure, and to secure and maintain third party suppliers for IT and network infrastructure over whom the Combined Group may have no direct operational or financial control. These economic disruptions may adversely impact the Combined Group's earnings and assets, as well as the value of the UWL Shares.

(c) COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have significant impact on capital markets and share prices.

The Combined Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. Many of the operational and general risks relating to the Combined Group highlighted in this section are likely to be heightened due to the impacts of the COVID-19 pandemic. To date, COVID-19 has affected, amongst other things, economic conditions, employment markets, equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions.

In addition, the COVID-19 global pandemic may specifically impact the operations of the Combined Group, including any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/or delay in the construction of dwellings under these new agreements, resulting in delays in the realisation of revenue from these contracts. There is also a risk that the operations of the Combined Group may be interrupted by government enforced restrictions (such as lockdowns) or other COVID related health concerns.

If the Scheme is not implemented, the OptiComm Board intends to continue to operate OptiComm in the ordinary course of business. This will include taking appropriate steps to mitigate the effects of COVID-19 on OptiComm's business having regard to the prevailing economic conditions and circumstances. At the current time this includes OptiComm working closely with its developer clients so it can monitor the impact of COVID-19 on the progress of existing developments and planned new developments. It also involves identifying potential opportunities which may arise as a result of government stimulus initiatives and any increase in connections and network activity resulting from segments of the workforce being required to work from home.

If the Scheme is implemented the Combined Group will monitor the impact of the COVID-19 pandemic, and government actions to address it, on the Combined Group's business and take appropriate steps to mitigate these impacts as the situation requires.

(d) Tax

A change to the current tax regime may affect OptiComm, Uniti or the Combined Group, and Scheme Shareholders.

Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns. Personal tax liabilities are the responsibility of each individual Scheme Shareholder. OptiComm, Uniti and the Combined Group are not responsible for tax or penalties incurred by Scheme Shareholders.

(e) Change in accounting or financial reporting standards

AAS are set by the AASB and are outside the control of OptiComm, Uniti or the Combined Group. Changes to accounting standards issued by the AASB could materially adversely affect the financial performance and position reported in the financial statements of OptiComm, Uniti or the Combined Group.

(f) Force majeure events

Events may occur within or outside Australia that could impact upon the global or Australian economy, the operations of the Combined Group and the price of the UWL Shares. These events include but are not limited to acts of terrorism, a global health pandemic such as the current COVID-19 pandemic, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Combined Group's services and its ability to conduct business. The Combined Group has only a limited ability to insure against some of these risks.

(g) **Other**

There are a range of other general risks, which may impact on Combined Group's business or the UWL Shares, which include but are not limited to:

- industrial action impacting the business directly or indirectly;
- litigation disputes brought by third parties, including but not limited to customers, suppliers, business partners, employees and government bodies; and
- government regulation and policies generally (in addition to taxation and those regulations and policies noted above).

(h) **Additional risks and uncertainties**

Additional risks and uncertainties not currently known to OptiComm or Uniti may also have a materially adverse effect on OptiComm, Uniti or the Combined Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting OptiComm, Uniti or the Combined Group.

10.5 Risks in relation to the Special Dividend

(a) **Payment of the Special Dividend**

The OptiComm Board has determined to pay the Special Dividend immediately prior to implementation of the Scheme, conditional on:

- the Scheme being approved and becoming Effective; and
- OptiComm's continued satisfaction of the applicable Corporations Act requirements for payment of the Special Dividend, as at the Special Dividend Payment Date.

Under the Corporations Act, certain requirements must be met in order for a company to pay a dividend (for example, the company must satisfy the balance sheet test in the Corporations Act and must have profits or retained earnings available for payment of the dividend). OptiComm currently has the funds available within the OptiComm Group to pay the Special Dividend, and currently comfortably satisfies the applicable Corporations Act requirements for payment of the Special Dividend. However, in order to pay the Special Dividend, OptiComm will need to continue to satisfy those Corporations Act requirements for payment of the Special Dividend, as at the Special Dividend Payment Date.

OptiComm has no reason to believe that those Corporations Act requirements for payment of the Special Dividend will not continue to be satisfied as at the Special Dividend Payment Date. If for any reason those requirements cease to be satisfied prior to the Scheme Meeting, OptiComm would approach the Court for directions in relation to appropriate supplementary disclosure and timing of the Scheme Meeting. If those requirements ceased to be satisfied after the Scheme Meeting and before the Special Dividend Payment Date, OptiComm would likewise approach the Court for directions in relation to the Scheme, ahead of implementation of the Scheme.

(b) **Special Dividend dependent on outcome of Scheme**

If the Scheme does not become Effective, OPC Shareholders will not receive the Special Dividend nor any franking credits attached to such dividend.

(c) Ability to receive the benefit of the franking credits attached to the Special Dividend

As noted above, the OptiComm Board has determined to pay the fully franked Special Dividend, subject to certain conditions. If the Special Dividend is paid, OPC Shareholders who are able to realise the full benefit of the franking credits attached to the Special Dividend may be entitled to a franking credit of up to approximately $0.043 per OPC Share. Whether a particular OPC Shareholder will be able to realise the full benefit of franking credits attached to any Special Dividend will depend on their tax status and specific circumstances. OPC Shareholders should seek independent taxation advice in respect of this matter and refer to Section 9 of this Scheme Booklet.

10.6 Risks if the Scheme does not proceed

If the Scheme does not proceed and no other acceptable proposal is received, OptiComm will continue on a standalone basis and OPC Shareholders will retain their OPC Shares. In these circumstances there is a risk that OPC Shares may trade below their current market price.

OPC Shareholders will also remain exposed to the normal risks inherent in the OptiComm Business if the Scheme and the acquisition of OptiComm by Uniti does not proceed.

If the Scheme is not implemented, OptiComm expects to pay an aggregate of approximately $800,000 in external transaction costs in connection with the Scheme. These transaction costs are primarily payable to OptiComm financial, legal, tax and accounting advisors, the Independent Expert and OptiComm Share Registry. In addition, under the Scheme Implementation Deed, OptiComm is required to pay a break fee of $5.4 million to Uniti if the Scheme does not proceed in certain circumstances. See Section 5.13(c) for further information on the break fee.

11. Additional information

11.1 Escrow arrangements

(a) Voluntary escrow arrangements

As outlined in the Letter from the Chairman, the Escrowed Directors agreed to enter into voluntary escrow arrangements for their OPC Shares prior to OptiComm listing on the ASX.

A number of OptiComm's senior management (**Escrowed Managers**) also entered into voluntary escrow arrangements for their OPC Shares prior to OptiComm listing on the ASX. Details of the OPC Shares that are subject to voluntary escrow arrangements are as follows:

Holder	Released OPC Shares	% of total OPC Shares	Escrow period
Escrowed Directors	44,130,235	42.31%	24 months (until 21 August 2021)
Escrowed Managers	5,281,514	5.06%	24 months (until 21 August 2021)

(b) Intended treatment of Escrow Shares in connection with the Scheme

OPC Shareholders should note that the Escrowed Directors and Escrowed Managers will be entitled to vote at the Scheme Meeting in respect of the Released OPC Shares held by the Escrowed Directors and Escrowed Managers and each Escrowed Director and Escrowed Manager will be able to make an Election in respect of their Released OPC Shares. The Escrowed Directors and Escrowed Managers will also be entitled to receive the Special Dividend for their Released OPC Shares.

The OPC Board, in the absence of the Escrowed Directors, resolved that, despite these arrangements (which will have no impact on the Scheme Consideration or the Special Dividend paid to other Scheme Shareholders), it is appropriate for the Escrowed Directors to make a recommendation in respect of the Scheme.

11.2 Interests of OptiComm Directors

(a) Securities in OptiComm held by, or on behalf of, OptiComm Directors

Except as set out in this Section:

- there are no marketable securities of OptiComm owned by or on behalf of OptiComm Directors as at the date of this Scheme Booklet;
- no OptiComm Director owns, or has any interest in, marketable securities of Uniti or any other member of the Uniti Group; and
- there has been no dealing by any of the OptiComm Directors in any marketable securities of OptiComm or Uniti or any other member of the Uniti Group in the 4 months preceding the Last Practicable Date.

(b) Interests of OptiComm Directors in marketable securities of OptiComm

The following table shows the marketable securities of OptiComm owned by, or on behalf of, each OptiComm Director, or in which they have a Relevant Interest, as at the Last Practicable Date:

OptiComm Director	Number of OPC Shares	Number of OPC Performance Rights
Allan Brackin	1,760,521	Nil
Paul Cross	9,283,798	86,700

OptiComm Director	Number of OPC Shares	Number of OPC Performance Rights
David Redfern	25,586,087	Nil
Kenneth Ogden	3,521,069	Nil
Greg Adcock	25,000	Nil
Jennifer Douglas	25,000	Nil

All OptiComm Directors who hold OPC Shares intend to vote in favour of the Scheme, in each case in respect of all OPC Shares held or Controlled by them in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OPC Shareholders.

(c) **Dealings of OptiComm Directors in OptiComm securities**

No OptiComm Director acquired or disposed of a Relevant Interest in any OptiComm securities in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

(d) **Interests of OptiComm Directors in Marketable Securities of Uniti**

No marketable securities of Uniti are held or controlled by OptiComm Directors and no such persons are otherwise entitled to such securities as at the date of this Scheme Booklet.

11.3 Interests of Uniti in OPC Shares

(a) **Interests of Uniti in marketable securities of OptiComm**

As at the date of this Scheme Booklet, Uniti does not hold a Relevant Interest in any OPC Shares.

(b) **Dealings of Uniti Directors in OptiComm securities**

No Uniti Director acquired or disposed of a Relevant Interest in any OPC Shares in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

(c) **Interests of Uniti Directors in Marketable Securities of OptiComm**

No marketable securities of OptiComm are held or controlled by Uniti Directors and no such persons are otherwise entitled to such securities as at the date of this Scheme Booklet.

11.4 Benefits and agreements

(a) **Payments in connection with retirement from office**

Other than as disclosed in this Scheme Booklet there is no payment or other benefit that is proposed to be made or given to any OptiComm Director or secretary or executive officer of OptiComm (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in OptiComm or any of its Related Bodies Corporate.

(b) **No collateral benefits offered by Uniti in the last four months**

Other than as disclosed in this Scheme Booklet, during the four-month period before the date of this Scheme Booklet, neither Uniti, a Uniti Director or any associate of Uniti gave, or offered to give or agreed to give a benefit to another person which was likely to induce the other person or an associate of the other person to:

- vote in favour of the Scheme; or
- dispose of any OPC Shares

which benefit was not offered to all OPC Shareholders.

(c) **Agreements or arrangements connected with or conditional on the Scheme**

As noted in Section 11.2 above, Paul Cross, OptiComm Managing Director, holds 86,700 OPC Performance Rights. These will be subject to the regime described in Section 5.14.

John Phillips (Chief Financial Officer and Company Secretary) holds 45,516 OPC Performance Rights which subject to the regime described in Section 5.14. John Phillips will receive a bonus of $250,000 conditional on the Scheme becoming Effective.

Other than these, there are no agreements or arrangements made between any OptiComm Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as an OPC Shareholder.

(d) **Benefits under the Scheme**

Other than as set out set out in this Scheme Booklet, no OptiComm Director, secretary or executive officer of OptiComm (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Uniti which is conditional on, or is related to, the Scheme, other than in their capacity as an OPC Shareholder.

(e) **Interests of OptiComm Directors in Uniti contracts**

Other than as described in this Scheme Booklet, no OptiComm Director has an interest in any contract entered into by Uniti.

11.5 Creditors of OptiComm

The Scheme, if implemented, is not expected to materially prejudice OptiComm's ability to pay its creditors as it involves the acquisition of shares in OptiComm for consideration provided by a third party. No material new liability (other than transaction costs and payment of the Special Dividend) is expected to be incurred by OptiComm because of the implementation of the Scheme. OptiComm has paid and is paying all of its creditors within normal terms and is solvent and trading in an ordinary commercial manner.

11.6 Transaction costs

OptiComm will incur external transaction costs in connection with the Scheme. Certain of these costs are conditional on the Scheme proceeding, and if the Scheme is implemented these will effectively be borne by Uniti who will have acquired OptiComm from implementation.

If the Scheme is not implemented, OptiComm expects to pay an aggregate of approximately $800,000 in external transaction costs in connection with the Scheme. These transaction costs are primarily payable to OptiComm financial, legal, tax and accounting advisors, the Independent Expert, the Investigating Accountant and the OptiComm Share Registry.

These transaction costs do not include any Break Fee that may be payable by OptiComm (see section 5.13(c) for information on the circumstances in which a Break Fee may be payable by OptiComm).

11.7 Lodgement of Scheme Booklet

The Scheme Booklet was given to ASIC on Monday, 20 July 2020 in accordance with Section 411(2)(b) of the Corporations Act. ASIC takes no responsibility for the content of this Scheme Booklet.

11.8 Consents and Disclaimers

Uniti has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the Uniti Information attributed to it in this Scheme Booklet in the form and context in which such information is included in this Scheme Booklet. Uniti has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the aforementioned information, takes no responsibility for any other part of this Scheme Booklet other than the Uniti Information.

Link has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Link has not made any statement that is included in the Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Link has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Lonergan Edwards has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Expert's Report contained in Annexure A. Lonergan Edwards has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Expert's Report contained in Annexure A, takes no responsibility for any other part of this Scheme Booklet.

Grant Thornton has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Investigating Accountant's Report contained in Annexure B. Grant Thornton has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Investigating Accountant's Report contained in Annexure B, takes no responsibility for any other part of this Scheme Booklet.

Talbot Sayer has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Talbot Sayer has not made any statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Talbot Sayer has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

11.9 Foreign selling restrictions

Law may restrict the distribution of this Scheme Booklet outside of Australia and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. OptiComm disclaims all liabilities to such persons. OPC Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

11.10 No other material information known to OptiComm

Except as disclosed elsewhere in this Scheme Booklet, so far as the OptiComm Directors are aware, there is no other information that is:

- material to the making of a decision by an OPC Shareholder whether or not to vote in favour of the Scheme; and
- known to any OptiComm Director or any director of a Related Body Corporate of OptiComm at the date of lodging this Scheme Booklet with ASIC for registration.

11.11 Supplementary information

OptiComm will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- a material statement in this Scheme Booklet is materially false or misleading;
- a material omission from this Scheme Booklet;

- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, OptiComm may circulate and publish any supplementary document by:

- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document on OptiComm's website at www.OptiComm.net.au; or
- making an announcement to ASX,

as OptiComm, in its absolute discretion, considers appropriate.

12. Glossary and interpretation

12.1 Glossary

In this booklet:

Term	Definition
AAS	means the Accounting Standards in Australia.
AASB	means the Australian Accounting Standards Board.
ACCC	means the Australian Competition and Consumer Commission.
Accounting Standards	means: (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).
ACMA	means the Australian Communications and Media Authority.
Active Premises	is a term used by OptiComm to refer to lots that are Connected Premises and for which an active telecommunications, entertainment or other service is being provided by a Retail Service Provider.
Adviser	means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to OptiComm or Uniti.
Aggregate Cash Consideration	means $406,751,755.80.
Aggregate Elected Cash Consideration	means the aggregate value of cash elected by Scheme Shareholders under all valid Elections, plus the aggregate value of cash attributable to Scheme Shareholders who did not make a valid Election. However, this does not include the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders.
Aggregate Elected Scrip Consideration	means the aggregate number of New UWL Shares elected by Scheme Shareholders under all valid Elections, plus the aggregate number of New UWL Shares attributable to Scheme Shareholders who did not make a valid Election.
Aggregate Scrip Consideration	means 83,996,233 New UWL Shares.
All Cash Consideration Election	means an Election by an OPC Shareholder to receive All Cash Consideration.

Term	Definition
All Cash Consideration Option	means the option for the consideration for each Scheme Share held by a Scheme Shareholder to be satisfied solely by the Cash Consideration.
All Scrip Consideration Election	means an Election by an OPC Shareholder to receive the All Scrip Consideration Option.
All Scrip Consideration Option	means the option for the consideration for each Scheme Share held by a Scheme Shareholder to be satisfied solely by the Scrip Consideration.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning given in Section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act includes a reference to this Scheme Booklet and OptiComm was the designated body.
ASX	means ASX Limited or the securities market which it operates as the context requires.
ATO	means the Australian Taxation Office.
Australian National Broadband Network	has the meaning given in Section 6.1.
Authorised Person	has the meaning in the Scheme Implementation Deed.
BDO	means BDO Audit Pty Ltd.
Broadacre	means a type of development which covers large areas of land.
Brownfield	has the meaning in Section 6.3(a).
BU	has the meaning given in Section 7.3.
Business Day	means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne.
Cash Consideration	means $5.10 for each Scheme Share.
Cash Scaleback Mechanism	means the scaleback mechanism outlined in Section 5.2(b).
Combined Group	means the combination of the Uniti Group and the OptiComm Group, as comprised by Uniti and its Subsidiaries following implementation of the Scheme.
Combined Group Unaudited Pro Forma Historical Consolidated Financial Information	has the meaning given in Section 8.7(a).
Combined Group Unaudited Pro Forma Historical Consolidated Income Statement	has the meaning given in Section 8.7(a).

Term	Definition
Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows	has the meaning given in Section 8.7(a).
Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position	has the meaning given in Section 8.7(a).
Competing Proposal	has the meaning given in the Scheme Implementation Deed.
Conditions Precedent	means each of the conditions set out in clause 3.1 of the Scheme Implementation Deed and clause 3.1 of the Scheme.
Connected Premises	means a term used by OptiComm to refer to lots where a dwelling has been built on the property and the occupier has a connection to the network.
Consideration Options	means the: (a) All Cash Consideration Option; (b) Al Scrip Consideration Option; (c) Mixed Consideration Option 1; (d) Mixed Consideration Option 2; and (e) Mixed Consideration Option 3, and **Consideration Option** means any one of them.
Control	has the meaning given in Section 50AA of the Corporations Act.
Controlled	when used in the context of Shares Controlled by an OptiComm Director, means OPC Shares that an OptiComm Director Controls or which that OptiComm Director has a Relevant Interest in.
Corporations Act	means the Corporations Act 2001 (Cth).
Corporations Regulations	means the *Corporations Regulations 2001* (Cth).
Court	means the Federal Court of Australia.
Deed Poll	means the deed poll executed by Uniti under which Uniti covenants in favour of the Scheme Shareholders to perform the obligations attributed to Uniti under the Scheme.
Delivery Time	means in relation to the Second Court Date, two hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the court to approve the Scheme in accordance with Section 411(4)(b) of the Corporations Act.
EBIT	means earnings before interest and tax.

Term	Definition
EBITDA	means reported earnings before interest income or expense, depreciation and amortisation, impairment expense, and income tax expense.
Effective	means, when used in relation to the Scheme, the coming into effect, under sub-Section 411(10) of the Corporations Act, of the order of the Court made under sub-Section 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	means the date on which the Scheme becomes Effective.
Election	means the choice between (a) an All Cash Consideration Election; (b) an All Scrip Consideration Election; (c) a Mixed Consideration Option 1 Election; (d) a Mixed Consideration Option 2 Election; or (e) a Mixed Consideration Option 3 Election.
Election Date	means 5.00pm on Wednesday, 2 September 2020.
Election Form	means the form of election under which an OPC Shareholder is offered the opportunity to make an Election, sent to OPC Shareholders with this Scheme Booklet.
Election Portal	means the voting portal operated by the OptiComm Share Registry for the purposes of the Scheme at https://investors.opticomm.net.au/investor-centre/.
End Date	means the later of: (a) 15 December 2020; and (b) such other date and time agreed in writing between OptiComm and Uniti.
Escrow Shares	means the OPC Shares that are currently subject to voluntary escrow arrangements as set out in Section 11.1(a).
Escrowed Directors	has the meaning given in the Letter from Chairman of OptiComm Ltd.
Escrowed Managers	has the meaning given in Section 11.1(a).
Exclusivity Period	means the period commencing on 14 June 2020 and ending on the earliest of: (a) the End Date; (b) the Effective Date; and (c) the date the Scheme Implementation Deed is terminated in accordance with its terms.
First Court Date	means the first day on which an application is made to the Court for an order under sub-Section 411(1) convening the Scheme Meeting, as set out in the indicative timetable in Section 3.
First Court Hearing	means the Court hearing on the First Court Date.

Term	Definition
FTTP	means fibre to the premises.
FY19	means the financial year ended 30 June 2019.
FY20	means the financial year ended 30 June 2020.
FY21	means the financial year ended 30 June 2021.
Government Agency	means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.
Greenfield	means a type of development where new premises are built on previously undeveloped land, either Broadacre or infill.
IFRS	means the International Financial Reporting Standards.
Implementation Date	means Wednesday, 30 September 2020, or such other date as OptiComm and Uniti agree in writing.
Independent Expert or Lonergan Edwards	means Lonergan Edwards & Associates Limited.
Independent Expert's Report	means the report of the Independent Expert, as set out in Annexure A.
Ineligible Foreign Shareholder	means a Scheme Shareholder whose address shown in the OptiComm Share Register on the Scheme Record Date as a place outside Australia (and its external territories).
Integrated Communication Network	has the meaning in Section 6.2(a).
Investigating Accountant or Grant Thornton	means Grant Thornton Corporate Finance Pty Ltd.
Investigating Accountant's Report	means the report of the Investigating Accountant set out in Annexure B in relation to the Combined Group Pro Forma Historical Financial Information, as included in Section 8.7.
ITAA 1997	means the Income Tax Assessment Act 1997 (Cth).
Last Practicable Date	means Thursday, 6 August 2020, being the last practicable trading day prior to the date of this Scheme Booklet.
LBNCo	means LBNCo Holdings Pty Ltd.
Listing Rules	means the official listing rules of ASX.
Lots Passed	means a term used by OptiComm to refer to lots where the fibre optic infrastructure has been installed into the premises or in close proximity to, but is not yet connected to the network.

Term	Definition
Mixed Consideration Option 1	means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied by: (a) 75% of the Cash Consideration; plus (b) 25% of the Scrip Consideration.
Mixed Consideration Option 1 Election	means an Election by an OPC Shareholder to receive Mixed Consideration Option 1 for the Scheme Shares held by that OPC Shareholder.
Mixed Consideration Option 2	means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied by: (a) 50% of the Cash Consideration; plus (b) 50% of the Scrip Consideration.
Mixed Consideration Option 2 Election	means an Election by an OPC Shareholder to receive Mixed Consideration Option 2 for the Scheme Shares held by that OPC Shareholder.
Mixed Consideration Option 3	means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied by: (a) 25% of the Cash Consideration; plus (b) 75% of the Scrip Consideration.
Mixed Consideration Option 3 Election	means an Election by an OPC Shareholder to receive Mixed Consideration Option 3 for the Scheme Shares held by that OPC Shareholder.
Multi Dwelling Units or MDU	means a building with multiple apartments, living units or premises.
NBN	means the national broadband network constructed by NBN Co.
NBN Co	means NBN Co Limited ACN 136 533 741.
New UWL Shareholder	means a holder of New UWL Shares.
New UWL Shares	means UWL Shares to be issued under the Scheme as Scheme Consideration.
Non-Public Information	any non-public information in relation to the OptiComm Group.
Notice of Scheme Meeting	means the notice set out in Annexure E.
NPAT	means net profit after tax.
OPC Performance Rights	means the performance rights issued under the OptiComm Incentive Plan.
OPC Share	means a fully paid ordinary share in OptiComm.
OPC Shareholder	means each person who is registered as the holder of an OPC Share in the OptiComm Share Register from time to time.
OptiComm	means OptiComm Ltd ACN 117 414 776.

Term	Definition
OptiComm Board	means the board of OptiComm Directors or any committee of the board of OptiComm Directors constituted to consider the Transaction on behalf of OptiComm.
OptiComm Directors	means the directors of OptiComm, being, as at the date of this Scheme Booklet, the individuals listed in Section 11.2(b).
OptiComm Group	means OptiComm and each of its Subsidiaries, and a reference to an **OptiComm Group Member** or a **member of the OptiComm Group** is to OptiComm or any of its Subsidiaries.
OptiComm Incentive Plan	has the meaning given in Section 5.14(a).
OptiComm Information	means the information contained in this Scheme Booklet other than the Uniti Information, the Independent Expert's Report and the Investigating Accountant's Report.
OptiComm Material Adverse Change	has the meaning given in the Scheme Implementation Deed.
OptiComm Prescribed Occurrence	has the meaning given in the Scheme Implementation Deed.
OptiComm Regulated Event	has the meaning given in the Scheme Implementation Deed.
OptiComm Share Register	means the register of members of OptiComm maintained by or on behalf of OptiComm in accordance with Section 168(1) of the Corporations Act.
OptiComm Share Registry or Link	means Link Market Services Limited.
OptiComm Warranties	means the warranties set out in clause 9.3 of the Scheme Implementation Deed, as qualified by clause 9.4. of the Scheme Implementation Deed.
Performance Rights OPC Shares	has the meaning given in the Letter from Chairman of OptiComm Ltd.
Pro Forma Adjustments	has the meaning given in Section 8.7(b).
Proxy Form	means the proxy form for the Scheme Meeting, which accompanies this Scheme Booklet.
Registered Address	in relation to an OPC Shareholder, means the address of the OPC Shareholder as shown in the OptiComm Share Register.
Related Bodies Corporate	has the meaning given in Section 50 of the Corporations Act.
Released OPC Shares	means the OPC Shares released from voluntary escrow.
Relevant Interest	has the meaning given in Sections 608 and 609 of the Corporations Act.

Term	Definition
Requisite Majorities	has the meaning given in Section 5.5.
Retail Service Provider or RSP	means a third party provider of telecommunications, entertainment and other retail communication services to end users. Traditionally called an ISP (Internet Service Provider), but unlike ISP's, under Australian National Broadband Network regulation, Retail Service Providers do not own the telecommunications access network used to provide the service and must acquire wholesale access from the network operator.
Scaleback Mechanisms	means the Cash Scaleback Mechanism and the Scrip Scaleback Mechanism (as applicable).
Scheme	means the scheme of arrangement between OptiComm and the Scheme Shareholders as set out in Annexure C.
Scheme Booklet	means this scheme booklet in relation to a proposal from Uniti for the acquisition of OPC Shares.
Scheme Consideration	means depending on the Election and subject to the Scaleback Mechanisms and the terms of the Scheme: (a) All Cash Consideration; (b) All Scrip Consideration; (c) Mixed Consideration Option 1; (d) Mixed Consideration Option 2; or (e) Mixed Consideration Option 3.
Scheme Implementation Deed	means the Scheme Implementation Deed dated 14 June 2020 between Uniti and OptiComm relating to implementation of the Scheme, among other things, as announced to the ASX on 15 June 2020.
Scheme Meeting	means the meeting of OPC Shareholders to be convened by the Court under Section 411(1) of the Corporations Act in respect of the Scheme.
Scheme Record Date	means 7:00pm on Wednesday, 23 September 2020, or such other time and date as OptiComm and Uniti agree in writing.
Scheme Resolution	means the resolution to be put to the Scheme Meeting to approve the Scheme.
Scheme Share	means an OPC Share on issue at the Scheme Record Date.
Scheme Shareholder	means each person registered in the OptiComm Share Register as the holder of an OPC Share as at the Scheme Record Date.
Scrip Consideration	means 3.4228 of New UWL Shares for each Scheme Share.
Scrip Scaleback Mechanism	means the scaleback mechanism outlined in Section 5.2(c).
Second Court Date	means the first day on which an application made to the Court for an order under sub-Section 411(4)(b) of the Corporations Act

Term	Definition
	approving the Scheme is heard or scheduled to be heard, as set out in the indicative timetable in Section 3.
Second Court Hearing	means the Court hearing on the Second Court Date.
Shareholder Information Line	means 1800 635 323 (or from outside Australia, +61 1800 635 323).
Special Dividend	has the meaning given in Section 5.3.
Special Dividend Payment Date	means Wednesday, 30 September 2020 or such other date as OptiComm and Uniti agree in writing.
Special Dividend Record Date	means 7:00pm on Monday, 28 September 2020, or such other time and date as OptiComm and Uniti agree in writing.
Subsidiary	has the same meaning as in Section 46 of the Corporations Act. A reference to **Subsidiaries** has a corresponding meaning
Superior Proposal	means a bona fide Competing Proposal which the OptiComm Board determines, acting in good faith and in order to satisfy what the OptiComm Board reasonably considers to be its fiduciary or statutory duties, would, if completed substantially in accordance with its terms, be likely to result in a transaction more favourable to OPC Shareholders as a whole than the Transaction having regard to matters including, but not limited to, type of consideration offered, the actual or implied premium of the purchase price, conditionality, funding, certainty and timing.
Telecommunications Act	means the *Telecommunications Act 1997* (Cth).
Third Party	means a person other than OptiComm, Uniti and each of their Related Bodies Corporate and Associates.
Transaction	means the proposed acquisition by Uniti, in accordance with the terms and conditions of the Scheme Implementation Deed, of all of the OPC Shares through the implementation of the Scheme.
Uniti	means Uniti Group Limited ACN 158 957 889.
Uniti Board	means the Uniti board of directors or any committee of the board of directors of Uniti constituted to consider the Transaction on behalf of Uniti.
Uniti Directors	means the directors of Uniti, being, as at the date of this Scheme Booklet, the individuals listed in Section 7.5.
Uniti Group	means Uniti and its Subsidiaries.
Uniti Information	means the information regarding the Uniti Group and the Combined Group provided by Uniti to OptiComm for inclusion in this Scheme Booklet, being: (a) the letter from the Chairman of Uniti; (b) information contained in Section 7; and (c) the information contained in Sections 8.2 to 8.7.

Term	Definition
Uniti Material Adverse Change	has the meaning given in the Scheme Implementation Deed.
Uniti Prescribed Occurrence	has the meaning given in the Scheme Implementation Deed.
Uniti Register	means the register of members of Uniti maintained by or on behalf of Uniti in accordance with Section 168(1) of the Corporations Act.
Uniti Regulated Event	has the meaning given in the Scheme Implementation Deed.
Uniti Warranties	means the warranties set out in clause 9.1. of the Scheme Implementation Deed, as qualified by clause 9.2. of the Scheme Implementation Deed.
UWL Option	means an option to acquire a UWL Share.
UWL Share	means a fully paid ordinary share in Uniti.
UWL Shareholder	means each person who is registered in the Uniti Share Register as a holder of Uniti Shares.
VWAP	means the volume weighted average price.
W&I	means Wholesale and Infrastructure.

12.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act, unless inconsistent with the meaning given in Section 12.1;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;

(e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(f) a reference to a Section or annexure is a reference to a Section of or an annexure to this Scheme Booklet as relevant;

(g) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(h) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

(i) a reference to time is a reference to time in Melbourne, Australia;

(j) a reference to writing includes facsimile transmissions; and

(k) a reference to dollars, $, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

Annexure A

Independent Expert's Report

LONERGAN EDWARDS
& ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
www.lonerganedwards.com.au

The Directors
OptiComm Ltd
Level 1
22 Salmon Street
Port Melbourne VIC 3207

6 August 2020

Subject: Proposed acquisition of OptiComm Ltd

Dear Directors

Introduction

1 On 15 June 2020, OptiComm Ltd (OptiComm or the Company) announced that it and Uniti Group Limited (Uniti) had entered into a Scheme Implementation Deed (Agreement) under which Uniti would acquire all of the issued shares in OptiComm.

2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between OptiComm and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).

3 If the Scheme is approved and implemented, OptiComm shareholders will have flexibility as regards the scheme consideration they will receive for each OptiComm share they hold on the Scheme Record Date[1] (Scheme Consideration). OptiComm shareholders may elect to receive the Scheme Consideration as one of five alternatives[2]:

(a) $5.10 cash per OptiComm share (Cash Consideration)

(b) 3.4228 Uniti shares for each OptiComm share (Scrip Consideration)

(c) a combination of cash and Uniti shares for each OptiComm share, as follows:

(i) 75% Cash Consideration and 25% Scrip Consideration (Mixed Consideration Option 1) equating to $3.825 cash and 0.8557 Uniti shares for each OptiComm share

(ii) 50% Cash Consideration and 50% Scrip Consideration (Mixed Consideration Option 2) equating to $2.55 cash and 1.7114 Uniti shares for each OptiComm share

(iii) 25% Cash Consideration and 75% Scrip Consideration (Mixed Consideration Option 3) equating to $1.275 cash and 2.5671 Uniti shares for each OptiComm share.

1 The Scheme Record Date is presently expected to be 7:00pm on the second business day after the Scheme becomes effective.

2 OptiComm shareholders who do not make an election or who make an invalid election, will receive Mixed Consideration Option 1.

4 OptiComm has also declared a fully franked special dividend of $0.10 per OptiComm share (Special Dividend), conditional on the Scheme becoming effective.

5 The Scheme Consideration is subject to total cash consideration payable by Uniti of approximately $407 million (Aggregate Cash Consideration) and total Uniti scrip consideration of approximately 84 million Uniti shares (Aggregate Scrip Consideration). In the event that elections by OptiComm shareholders result in either of these limits being exceeded, the respective Scheme Consideration component will be subject to proportional scale back.

6 For the purpose of our report we have defined the aggregate of the Scheme Consideration and the Special Dividend as the Total Consideration. In our opinion, it is appropriate to include the Special Dividend in the definition of Total Consideration because the Special Dividend is conditional on the Scheme becoming effective.

OptiComm

7 OptiComm is a licensed carrier and wholesale network infrastructure operator which designs, builds, operates and maintains fixed line access, fibre based, telecommunications networks servicing new residential, commercial and retail developments within Australia. As at 30 June 2020, the Company had deployed its network infrastructure to some 124,000 lots across more than 290 estates throughout Australia with approximately 73,000 active connections from 89,000 connected premises. In addition, OptiComm has contractual obligations to construct fibre infrastructure at an additional 150,000 lots for new projects planned and in development.

Uniti

8 Uniti is a full-service telecommunications company that provides wireless internet, fixed fibre services and specialist telecommunications products to consumer and corporate customers throughout Australia. The company operates across three “pillars” or business units, comprising Wholesale & Infrastructure (W&I), Specialty Services and Consumer & Business Enablement (CBE). Uniti listed on the Australian Securities Exchange (ASX) in February 2019 with a strategy of becoming a leading provider of niche telecommunications services, via both organic growth and inorganic mergers and acquisitions.

Purpose of report

9 There is no regulatory requirement for an independent expert’s report (IER) to be prepared for OptiComm shareholders pursuant to the *Corporations Act 2001* (Cth) (Corporations Act) or the ASX Listing Rules. However, the Scheme is subject to a number of conditions precedent, including an independent expert concluding and continuing to conclude that the Scheme is in the best interests of OptiComm shareholders. In addition, the OptiComm Directors’ recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of OptiComm shareholders in the absence of a superior proposal.

10 Accordingly, the Directors of OptiComm have requested Lonergan Edwards & Associates Limited (LEA) to prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of OptiComm shareholders and the reasons for that

opinion[3]. LEA is independent of OptiComm and Uniti and has no other involvement or interest in the proposed Scheme.

Summary of opinion

11 In our opinion, the Scheme is fair and reasonable and in the best interests of OptiComm shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of OptiComm shares

12 Our assessed value of OptiComm shares on a 100% controlling interest basis (and prior to the payment of the Special Dividend) is set out below:

OptiComm – valuation summary	Paragraph	Low $m	High $m
Value of core business	227	490.0	530.0
Net cash	228	20.0	20.0
Equity value – controlling interest basis		510.0	550.0
Fully diluted shares on issue (million)	232	104.3	104.3
OptiComm value per share – controlling interest basis		$4.89	$5.27

13 For the reasons set out in Section VI we have adopted the discounted cash flow (DCF) methodology as our primary valuation approach. The key assumptions adopted in our DCF valuation are set out in Section VII.

Value of Scheme Consideration

14 As noted above, four of the five Scheme Consideration alternatives available to OptiComm shareholders include a Uniti share component. We have assessed the value of the Uniti shares offered as all or part consideration pursuant to the Scheme at between $1.45 and $1.65 per share. This range reflects the more recent trading range in Uniti shares (following the announcement of the Scheme), with the volume weighted average price (VWAP) of Uniti shares since the recommencement of trading on 16 June 2020 up to 5 August 2020 being $1.59 per share.

15 Accordingly, we have assessed the value of the Scheme Consideration to be received by OptiComm shareholders at the amounts set out below:

Value of Scheme Consideration per OptiComm share	Low $ per share	High $ per share
Cash Consideration	5.10	5.10
Scrip Consideration(1)	4.96	5.65
Mixed Consideration Option 1 (75% cash, 25% scrip)(2)	5.07	5.24
Mixed Consideration Option 2(50% cash, 50% scrip)(3)	5.03	5.37
Mixed Consideration Option 3 (25% cash, 75% scrip)(4)	5.00	5.51

3 Due to the nature of the Scheme, Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) also requires the expert to provide an opinion on whether the Scheme is fair and reasonable.

Note:
1 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share.
2 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 25% Scrip Consideration, plus $5.10 times 75% Cash Consideration.
3 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 50% Scrip Consideration, plus $5.10 times 50% Cash Consideration.
4 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 75% Scrip Consideration, plus $5.10 times 25% Cash Consideration.

16 OptiComm shareholders should note that the listed market price of Uniti shares is subject to daily fluctuation. The price at which Uniti shares may be sold may therefore be greater or less than our assessed realisable value of Uniti shares of $1.45 to $1.65 per share.

17 OptiComm shareholders should also note that any decision to hold Uniti shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Uniti shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. OptiComm shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

Value of Total Consideration

18 Based on the above we have assessed the value of the Total Consideration to be received by OptiComm shareholders pursuant to the Scheme (including the Special Dividend of $0.10 per OptiComm share) at the amounts below[4]:

Value of Total Consideration per OptiComm share	Low[(1)] $ per share	High[(1)] $ per share
Cash Consideration	5.20	5.20
Scrip Consideration	5.06	5.75
Mixed Consideration Option 1 (75% cash, 25% scrip)	5.17	5.34
Mixed Consideration Option 2 (50% cash, 50% scrip)	5.13	5.47
Mixed Consideration Option 3 (25% cash, 75% scrip)	5.10	5.61

Note:
1 The Total Consideration comprises the value of the Scheme Consideration (as assessed in Section VIII) plus the Special Dividend of $0.10 per OptiComm share.
2 For the purposes of the above table we have ignored the franking credits attached to the Special Dividend of approximately 4.29 cents per share. Some Australian resident shareholders may be able to obtain an additional benefit from these franking credits.

Fair and reasonable opinion

19 Pursuant to RG 111 the Scheme is "fair" if the value of the Scheme Consideration is equal to, or greater than, the value of the securities the subject of the Scheme.

20 As the value of the Scheme Consideration (and therefore the Total Consideration) to be received by OptiComm shareholders lies within and/or exceeds our assessed valuation range

4 For clarification, the Total Consideration includes both the Scheme Consideration and the Special Dividend.

for OptiComm shares on a 100% controlling interest basis, in our opinion, the Scheme is fair to OptiComm shareholders when assessed based on the guidelines set out in RG 111.

21 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is "reasonable" it must also be "in the best interests" of shareholders, in the absence of a superior proposal.

22 Consequently, in our opinion, the Scheme is also "reasonable" and "in the best interests" of OptiComm shareholders in the absence of a superior proposal.

Assessment of the Scheme

23 We summarise below the advantages and disadvantages of the Scheme for OptiComm shareholders.

Advantages

24 The Scheme Consideration (and therefore the Total Consideration) to be received by OptiComm shareholders is consistent with and/or exceeds our assessed value range of OptiComm shares on a 100% controlling interest basis (and is therefore fair and reasonable under RG 111).

25 The Scheme Consideration (and therefore the Total Consideration) represents a significant premium to the VWAP of $4.60 per OptiComm share in the period from 28 April 2020[5] up to the announcement of the Scheme[6].

Disadvantages

26 If the Scheme is implemented OptiComm shareholders will no longer hold a direct interest in OptiComm. In the event that future value is created by OptiComm as a result of ongoing operations over and above that reflected in our assessed valuation of the Company:

(a) those OptiComm shareholders who receive 100% Cash Consideration will therefore not participate in such future value

(b) those OptiComm shareholders who receive shares in Uniti as all or part consideration will only retain some limited exposure to such future value (but will also acquire an interest in the Uniti businesses).

27 However, as the Scheme Consideration (and therefore the Total Consideration) to be received by OptiComm shareholders is consistent with and/or exceeds our assessed value range of OptiComm shares, we consider that the present value of OptiComm's future potential is reflected in the Scheme Consideration.

---

5 On 28 April 2020 OptiComm provided a presentation to the ASX that included a number of statements regarding the outlook of the business for FY20 and the impacts of the 2019 novel coronavirus (COVID-19).

6 Notwithstanding that the implied premiums are lower than those observed from takeover transactions generally (which we consider reflects the nature of OptiComm's operations).

Conclusion

28 Given the above analysis, we consider the acquisition of OptiComm shares under the Scheme is fair and reasonable to, and in the best interests of, OptiComm shareholders in the absence of a superior proposal.

General

29 In preparing this report we have considered the interests of OptiComm shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

30 The impact of approving the Scheme on the tax position of OptiComm shareholders depends on the individual circumstances of each investor. OptiComm shareholders should read the Scheme Booklet in full and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.

31 The ultimate decision whether to approve the Scheme should be based on each OptiComm shareholder's assessment of their own circumstances. If OptiComm shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that OptiComm shareholders read the remainder of our report.

Yours faithfully

Craig Edwards Authorised Representative	Martin Holt Authorised Representative

Table of contents

Appendices

I Key terms of the Scheme

Terms

32 On 15 June 2020, OptiComm Ltd (OptiComm or the Company) announced that it and Uniti Group Limited (Uniti) had entered into a Scheme Implementation Deed (Agreement) under which Uniti would acquire all of the issued shares in OptiComm.

33 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between OptiComm and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised below).

34 If the Scheme is approved and implemented, OptiComm shareholders will have flexibility as regards the Scheme Consideration they will receive for each OptiComm share they hold on the Scheme Record Date[7]. OptiComm shareholders may elect to receive the Scheme Consideration as one of five alternatives[8]:

(a) $5.10 cash per OptiComm share (Cash Consideration)

(b) 3.4228 Uniti shares for each OptiComm share (Scrip Consideration)

(c) a combination of cash and Uniti shares for each OptiComm share, as follows:

- (i) 75% Cash Consideration and 25% Scrip Consideration (Mixed Consideration Option 1) equating to $3.825 cash and 0.8557 Uniti shares for each OptiComm share
- (ii) 50% Cash Consideration and 50% Scrip Consideration (Mixed Consideration Option 2) equating to $2.55 cash and 1.7114 Uniti shares for each OptiComm share
- (iii) 25% Cash Consideration and 75% Scrip Consideration (Mixed Consideration Option 3) equating to $1.275 cash and 2.5671 Uniti shares for each OptiComm share.

35 OptiComm has also declared a fully franked Special Dividend of $0.10 per OptiComm share, conditional on the Scheme becoming effective.

36 The Scheme Consideration is subject to total cash consideration payable by Uniti of approximately $407 million (Aggregate Cash Consideration) and total Uniti scrip consideration of approximately 84 million Uniti shares (Aggregate Scrip Consideration). In the event that elections by OptiComm shareholders result in either of these limits being exceeded, the respective Scheme Consideration component will be subject to proportional scale back.

---

7 The Scheme Record Date is presently expected to be 7:00pm on the second business day after the Scheme becomes effective.

8 OptiComm shareholders who do not make an election or who make an invalid election, will receive Mixed Consideration Option 1.

37 For the purpose of our report we have defined the aggregate of the Scheme Consideration and the Special Dividend as the Total Consideration. In our opinion, it is appropriate to include the Special Dividend in the definition of Total Consideration because the Special Dividend is conditional on the Scheme becoming effective.

Conditions

38 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between OptiComm and Uniti dated 14 June 2020:

(a) approval of the Scheme by OptiComm shareholders and the Court

(b) an independent expert confirming that the Scheme is in the best interests of OptiComm shareholders and not changing this opinion

(c) there being no "material adverse change", no "prescribed occurrences" and no "regulated events" (as defined in the Agreement) in relation to either Uniti or OptiComm

(d) there is not in effect any temporary or final order, decision or decree issued by any Court of competent jurisdiction or government agency which restrains, prohibits or otherwise materially impacts upon the Scheme; and

(e) warranties provided by Uniti and OptiComm being correct in all material aspects.

39 The conditions stated above are a summary only. Full details of the conditions precedent are contained in the Scheme Booklet.

40 OptiComm is also subject to the following customary restrictions:

(a) no current arrangement or discussions regarding a competing proposal

(b) no shop

(c) no talk

(d) no due diligence by another third party

(e) notification of a competing proposal and matching right.

41 In the case of certain competing proposals, OptiComm has the benefit of a fiduciary carve out to the "no talk" and "no due diligence" restrictions, and to the requirements to disclose the identity of another bidder in the notification of competing proposal and matching right restrictions.

42 OptiComm must also procure that its Directors (subject to Court or regulatory restrictions) recommend that OptiComm shareholders vote in favour of the Scheme and has warranted that its Directors intend to vote the shares they control in favour of the Scheme, subject to:

(a) no superior proposal emerging; and

(b) the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of OptiComm shareholders.

43 A break fee of $5.4 million is payable by OptiComm to Uniti and by Uniti to OptiComm in certain circumstances as specified in the Agreement.

44 Either party may terminate the Agreement in certain cases including if the other party materially breaches the Agreement, a Court or another government agency prohibits or refuses to permit the implementation of the Scheme, a condition to the Scheme being implemented is not capable of being satisfied, the Court refuses to make an order to approve the Scheme, the Scheme does not take effect on or before 15 December 2020 or a "material adverse change", "prescribed occurrence" or "regulated event" occurs in relation to the other party.

45 Uniti may terminate the Agreement if an OptiComm Director changes their recommendation of the Scheme or their intention to vote in approval of the Scheme (unless required to do so by a Court or another government agency) or recommends or supports a competing proposal.

46 OptiComm may terminate the Agreement if a majority of OptiComm Directors change their recommendation as permitted under the Agreement or Uniti fails to obtain any required approvals.

Resolution

47 OptiComm shareholders will be asked to vote on the Scheme in accordance with the Scheme resolution contained in the relevant Notice of Meeting accompanying the Scheme Booklet.

48 If the Scheme resolution is passed by the requisite majorities, OptiComm must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all OptiComm shareholders who hold OptiComm shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

49 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the Corporations Regulations prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.

50 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.

51 Uniti has no current shareholding in OptiComm and has no representation on the OptiComm Board. However, both a condition precedent to the Scheme and the OptiComm Directors' recommendation of the Scheme are subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of OptiComm shareholders. In addition, as the Scheme (if approved and implemented) will result in 100% of the securities in OptiComm being held by Uniti, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is "fair" and "reasonable" to the shareholders of OptiComm.

52 The Directors of OptiComm have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in OptiComm by Uniti under the Scheme is fair and reasonable and in the best interests of OptiComm shareholders and the reasons for that opinion.

53 This report has been prepared by LEA for the benefit of OptiComm shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Notice of Meeting and Scheme Booklet to be sent to OptiComm shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of OptiComm shareholders.

54 The ultimate decision whether to approve the Scheme should be based on each OptiComm shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

55 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.

56 RG 111 distinguishes "fair" from "reasonable" and considers:

(a) the Scheme to be "fair" if the value of the Scheme Consideration is equal to or greater than the value of the securities that are the subject of the Scheme. A comparison must be made assuming 100% ownership of the target company

(b) the Scheme to be "reasonable" if it is fair. The Scheme may also be "reasonable" if, despite not being "fair" but after considering other significant factors, the expert is of the opinion there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.

57 There is no legal definition of the expression "in the best interests". However, RG 111 states that a Scheme may be *"in the best interests of the members of the company"* if there are sufficient reasons for securityholders to vote in favour of the Scheme in the absence of a higher offer.

58 In our opinion, if the Scheme is "fair" and "reasonable" under RG 111 it must also be "in the best interests" of OptiComm shareholders.

59 Our report has therefore considered:

(a) the market value of 100% of the shares in OptiComm

(b) the value of the consideration offered by Uniti (under each of the Scheme Consideration alternatives)

(c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)

(d) the extent to which a control premium is being paid to OptiComm shareholders

(e) the extent to which OptiComm shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

(f) the listed market price of OptiComm shares, both prior to and subsequent to the announcement of the proposed Scheme

(g) the likely market price of OptiComm securities if the proposed Scheme is not approved

(h) the value of OptiComm to an alternative offeror and the likelihood of a higher alternative offer being made for OptiComm prior to the date of the Scheme meeting

(i) the advantages and disadvantages of the Scheme from the perspective of OptiComm shareholders

(j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

60 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

61 Our report is also based upon financial and other information provided by OptiComm and Uniti. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

62 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of OptiComm shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

63 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

64 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

65 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

66 In forming our opinion, we have also assumed that:

(a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects

(b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

III Profile of OptiComm

Overview

67 OptiComm is a licensed carrier and wholesale network infrastructure operator which designs, builds, operates and maintains fixed line access, fibre based, telecommunications networks servicing new residential, commercial and retail developments within Australia. As at 30 June 2020, the Company had deployed its network infrastructure to some 124,000 lots across more than 290 estates throughout Australia with approximately 73,000 active connections from 89,000 connected premises. In addition, OptiComm has contractual obligations to construct fibre infrastructure at an additional 150,000 lots for new projects planned and in development.

History

68 OptiComm first commenced operations in 2005, establishing its open access network infrastructure in 2006. On 21 September 2007, the Company was issued with a carrier licence under the *Telecommunications Act 1997* (Cth).

69 Throughout 2007 and 2008, OptiComm secured a number of initial projects throughout Queensland, South Australia and New South Wales which established the Company as one of Australia's early leaders in the deployment of fibre to the premises (FTTP) networks.

70 In 2009, OptiComm was engaged by NBN Tasmania Limited (a subsidiary of NBN Co Limited (NBN Co)) to assist with the design and build of the "active" component of the first stage rollout of the Australian National Broadband Network (NBN) in Tasmania.

71 Over the last 10 years, OptiComm has continued to construct and deploy its network infrastructure in residential, commercial and retail developments across Australia. On 22 August 2019, OptiComm listed on the ASX. Whilst the initial public offering price was $2.00 per share, OptiComm shares closed on their first day of trading on the ASX at $3.08.

Current operations

72 OptiComm operates from a Melbourne head office with offices also located in Sydney, Brisbane and Perth. It employs over 80 staff and has networks throughout Victoria, New South Wales, Queensland, South Australia, Western Australia and the Australian Capital Territory. The Company's business is the design, installation, operation and maintenance of fibre based open access wholesale telecommunications "last mile" network infrastructure for a range of greenfield[9] development types[10]. The Company's target market typically comprises:

(a) broadacre developments on the outer fringes of Australia's major metropolitan cities or in growth corridors that are aligned to major regional centres

(b) multi-dwelling unit developments with greater than 200 lots

(c) lifestyle villages (retirement communities); and

(d) "infill" developments with more than 100 lots.

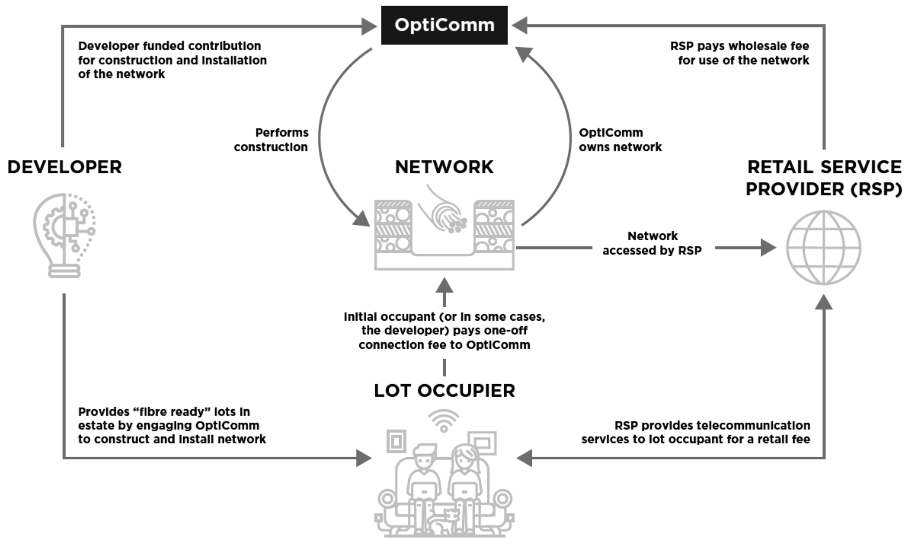
---

9 Relates to a type of development where new premises are built on previously undeveloped land, either broadacre or infill.

10 OptiComm does not currently deploy its network infrastructure to established premises (i.e. brownfields).

73 A diagrammatic overview of OptiComm’s operations is set out below

OptiComm – business model



74 OptiComm generates income from its network infrastructure through three primary revenue sources:

(a) **Construction** – property developers engage OptiComm to design and construct network infrastructure for a range of greenfield development types. OptiComm receives a cash contribution from the developers for the design and delivery of the network infrastructure priced on a per lot or unit basis, plus in some cases a contribution to “headworks” infrastructure. This non-refundable contribution is received progressively over the course of the network’s construction

(b) **Connection** – OptiComm receives a one-off connection fee when premises are first connected to OptiComm’s network

(c) **Network** – OptiComm receives recurring revenue from providing wholesale network access to retail service providers (RSP) who access OptiComm’s networks to provide services to their residential and commercial end users. The wholesale service fees levied on RSPs is a combination of:

(i) access fees – determined by the speed / volume plan which each end user customer has signed up for

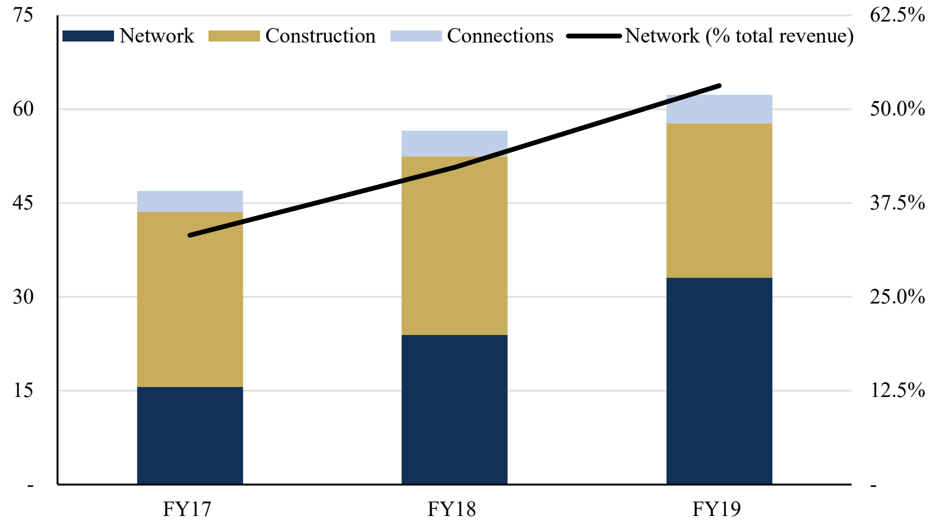
(ii) capacity fees – determined by the RSP, having regard to the bandwidth capacity it requires to service its customers.

Network revenue also includes one-off provisioning fees when an end user first connects with their RSP and may also include ongoing maintenance revenue from product support contracts included within OptiComm’s integrated communications network[11] deployments.

[11] An integrated communications network refers to a network installed within a multi-tenanted or commercial building that integrates communications and other services supplied within the building.

75 A summary of OptiComm's revenue (by revenue stream) for the three years to 30 June 2019 (FY19) is set out below:

OptiComm – revenue by source

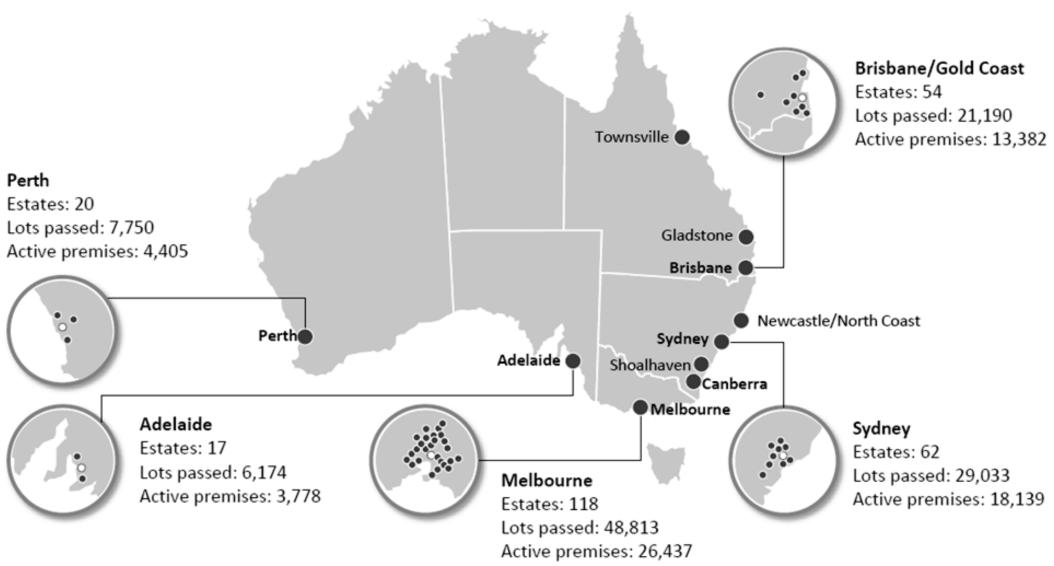


76 In FY19, Network revenue became OptiComm's largest revenue stream, accounting for 53.1% of company revenue. The level of Network revenue (which is recurring in nature) will continue to grow as a proportion of OptiComm's total revenue as the Company adds more Active Premises to its network.

Constructed networks and connections

77 The location of OptiComm's estates, including Lots Passed and Active Premises in its major locations as at 30 June 2020, is shown in the following chart:

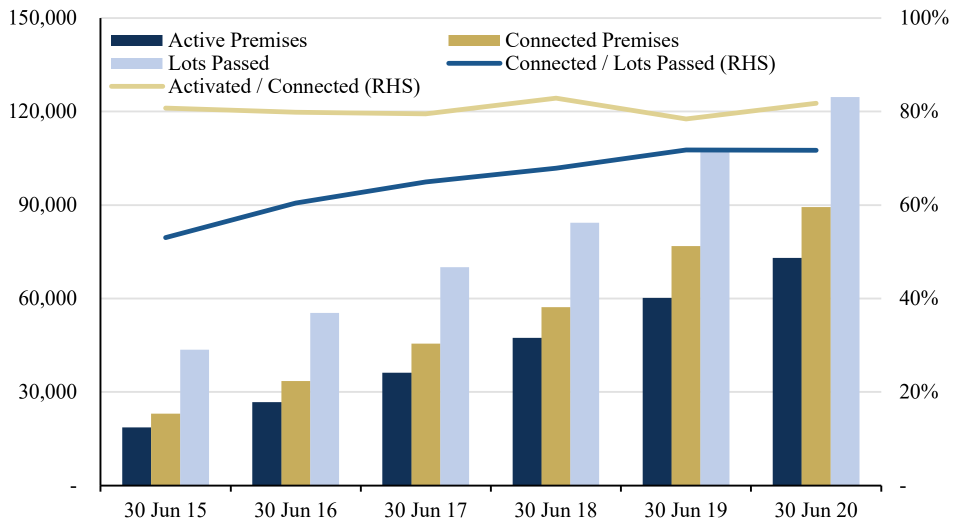
OptiComm – overview of the locations of OptiComm's constructed networks



78 "Lots Passed" refers to connections where OptiComm's infrastructure has been installed into the premises or in close proximity to, but is not yet connected to the network. As indicated above, OptiComm receives one-off cash contributions from developers for these connections which are typically priced on a per lot or unit basis. Once a dwelling has been built on the premises, OptiComm connects the dwelling to its network infrastructure and receives a one-off connection fee. At this stage, these connections are referred to as "Connected Premises". Connected Premises are subsequently converted to "Active Premises" once internet and telephone services (provided by an RSP) are activated by the end user. As stated above, OptiComm receives recurring revenue from its Active Premises in the form of monthly wholesale access charges which are levied on RSPs based on the type of service provided and the amount of bandwidth capacity used.

79 The diagram below sets out OptiComm's connections (by type) since 30 June 2015 (FY15):

OptiComm – Connections[(1)]



Note:
1 Approximately 5,000 of the Lots Passed in FY19 were taken over as part of a managed services contract, opposed to being constructed by OptiComm.

80 Over the five years to 30 June 2020, OptiComm's Lots Passed increased at an average of approximately 15,000 lots per annum, reflecting a compound annual growth rate (CAGR) of 22.4% per annum[12]. In comparison, over the same period, growth in OptiComm's Active Premises exceeded Lots Passed (CAGR of 31.4%), given the increasing proportion of Connected Premises relative to Lots Passed. This has largely been driven by the commencement of network infrastructure services for multi-dwelling unit developments in recent periods which typically (due to their nature[13]) have faster and higher connections per Lot Passed relative to broadacre developments. Due to, inter-alia, the existence of alternative technologies to fixed line fibre networks, which include fixed wireless and satellite services and mobile wireless solutions (such as 4G and 5G networks) not all Connected Premises are

12 Excludes approximately 5,000 Lots Passed in FY19 which were taken over as part of a managed services contract.

13 Multi-development unit connections require the construction of a single, multi-storey building whereas broadacre estates require the construction of multiple individual premises, which are generally constructed in different stages.

activated by end users. Over the period set out above, the number of Active Premises as a percentage of Connected Premises has been relatively consistent at around 80%.

81 OptiComm has contractual obligations to construct future networks to over 150,000 additional lots or units for a number of new projects in different stages of planning and development. Not all of these developments may proceed to full completion, noting that they may be varied or delayed at the developer's discretion. OptiComm also works with a number of various parties on an ongoing basis to assess future development plans so that the Company is in the best position possible to respond when developments are approved.

Developer concentration

82 OptiComm has one major developer client which accounted for approximately 16% of Construction billings in FY20. Two other developer clients represented approximately 6% and 5.5% of FY20 Construction billings respectively. No other developer client represented more than 5% of FY20 Construction billings.

Network overview

83 OptiComm primarily utilises FTTP technology for the majority of its networks, with a small proportion of the Company's existing networks utilising fibre to the basement (FTTB) and hybrid fibre coaxial (HFC) based technologies[14]. OptiComm's FTTP networks are an ethernet-based architecture that uses a gigabit passive optical network as the broadband access technology[15]. The network is comprised of four key domains including:

(a) **point of interconnect** – in each state capital in which OptiComm has networks (except Canberra), the Company operates up to two points of interconnect providing a central location for the housing of OptiComm's network core, where all RSPs who access the Company's network interconnect into the network to deliver services to their customers

(b) **inter exchange network** – OptiComm's inter exchange network (also referred to as "backhaul") is the fibre-based metropolitan transmission service used to link each of OptiComm's points of interconnect with the various broadband aggregation networks in each state. In most cases, OptiComm acquires backhaul from a number of third party wholesale providers after having certified their product is fit for purpose both in terms of commercial and technical compliance to OptiComm's needs

(c) **broadband aggregation networks** – the hub site or "super node" where a number of customer access networks are aggregated together to share resources such as backhaul. Broadband aggregation networks are designed for large service areas supporting up to 16 multi-services access nodes and are also the point where free-to-air television (TV) and pay TV signals are injected into the network along with other content sources

(d) **customer access networks** – the portion of the communications system that delivers the "last mile" fibre connectivity to each home or business within the area.

---

[14] These represent less than 4% of the technologies utilised by OptiComm and predominantly relate to networks built prior to 2011 or those which have been acquired.

[15] Gigabit passive optical network is a point-to-multipoint communications architecture in which passive optical splitters are used to enable a single optical fibre to carry multiple communications and entertainment services to multiple end user customers.

84 OptiComm's network infrastructure has been designed with sufficient headroom to support current and projected bandwidth requirements and the Company has the ability to upgrade the active electronics at each connection without the need to replace the fibre infrastructure. The passive fibre infrastructure typically has an operating life of at least 40 years and the oldest fibre infrastructure installed by OptiComm is 12 years.

Financial performance

85 For the purposes of our report, we have had regard to the normalised pro-forma historical financial performance of OptiComm, which is based on the audited and reviewed financial statements adjusted for the additional corporate costs which would have been incurred by OptiComm as a listed entity (excluding any merger and acquisition costs). These costs include:

(a) the estimated costs of employee incentive arrangements, including employee share schemes, performance rights plans and short term incentive plans; and

(b) ASX and share registry costs, directors and officers insurance, and additional directors' fees.

86 The pro-forma financial performance of OptiComm for the four years to FY20 is set out below:

OptiComm – statement of financial performance[1]	FY17 $m	FY18 $m	FY19 $m	FY20[2] $m
Network revenue	15.6	23.9	33.1	44.7
Construction and Connection revenue	31.4	32.7	29.2	26.8
Total revenue	46.9	56.5	62.3	71.5
Cost of sales	(13.9)	(14.1)	(11.5)	(15.3)
Employee costs	(8.8)	(10.1)	(13.1)	(13.7)
Other expenses	(3.4)	(3.4)	(3.6)	(2.7)
EBITDA[3]	20.8	28.9	34.1	39.8
Depreciation and amortisation	(3.7)	(4.4)	(5.0)	(6.4)
EBIT[3]	17.1	24.5	29.1	33.4
Net finance income / (costs)	0.0	(0.1)	(0.2)	(0.5)
Profit before tax	17.2	24.4	28.9	33.0
Tax expense	(5.2)	(7.4)	(8.7)	(9.9)
Profit after tax	12.0	17.0	20.2	23.1
Key statistics at period end				
ARPU[4] per month ($)	38.17	43.66	48.00	51.00
Lots Passed	70,019	84,317	106,972	124,000
Connected Premises	45,484	57,208	76,789	89,000
Active Premises	36,149	47,392	60,184	73,000
Key statistics during period				
Change in Connected Premises	12,001	11,724	19,581	18,000[5]
Change in Active Premises	9,404	11,243	12,792	13,000[5]
Average number of Active Premises during period[6]	31,447	41,771	53,788	66,592

Note:
1 Rounding differences exist.
2 FY20 results are preliminary unaudited results, and reflect the impact of Australian Accounting Standard AASB 16 – *Leases* (AASB 16) which was adopted from 1 July 2019.
3 Earnings before interest, tax, depreciation and amortisation (EBITDA). Earnings before interest and tax (EBIT).
4 Average revenue per user (ARPU) is a measure of the total recurring wholesale network access revenue divided by the number of subscribers.
5 Figures have been rounded to the nearest thousand.
6 Reflects the average of the opening and closing balances only.

87 In addition to the above, we set out below the key pro-forma financial measures by revenue source:

OptiComm – revenue and EBITDA by segment[1]

	FY17 $m	FY18 $m	FY19 $m	FY20[2] $m
Network revenue	15.6	23.9	33.1	44.7
Construction and Connection revenue	31.4	32.7	29.2	28.3
Total revenue	46.9	56.5	62.3	73.0
EBITDA				
Network operations	8.7	15.6	24.0	31.2
Construction and Connection contribution	1.0	0.8	(3.1)	(3.6)
Segment EBITDA	9.6	16.5	20.9	27.6
Network construction costs capitalised	11.9	13.4	13.8	13.1
Unallocated corporate costs (income)	(0.7)	(0.9)	(0.7)	(0.9)
Reported EBITDA	20.8	28.9	34.1	39.8
Network margin	*55.6%*	*65.5%*	*72.6%*	*69.8%*
Construction and connection margin	*3.1%*	*2.6%*	*(10.6%)*	*(12.7%)*
Segment EBITDA margin	*20.5%*	*29.1%*	*33.6%*	*37.8%*

Note:
1 Rounding differences exist.
2 FY20 results are preliminary unaudited results, and reflect the impact of AASB 16 which was adopted from 1 July 2019.

Historical results

88 As indicated above, OptiComm has two main sources of revenue:

(a) **Network revenue** – recurring revenue generated from providing wholesale network access to RSPs who access OptiComm's networks to provide services to their residential and commercial end users

(b) **Construction and Connection revenue** – one-off contributions and revenue from designing and building FTTP telecommunications networks in residential apartment buildings, broadacre estates and commercial premises, including connection of dwellings to the network.

Network revenue

89 Network revenue has grown to become OptiComm's largest revenue stream, accounting for approximately 53.1% of revenue in FY19, which reflects a combination of, inter-alia:

(a) an increase in the number of Active Premises as ongoing development projects (which relate to Lots Passed) have been completed and connected

(b) an increase in average ARPU from approximately $38 per month in FY17 to around $51 per month in FY20. The adoption of higher speed plans (which has recently accelerated due to the need to "work from home" as a result of COVID-19 restrictions) also resulted in higher ARPU in FY20.

90 Network EBITDA margins have also increased in each period from FY17 to FY20, which highlights the operating leverage of the Network business, given a high proportion of growth in revenues from increasing subscriber numbers is reported as EBITDA.

Construction and Connection revenue

91 Revenue for Construction and Connection services has been relatively stable over the period set out above, reflecting the broadly consistent number of new Lots Passed in each period. In FY19 and FY20, developer contributions for network installations and one-off connection fee income (as dwellings are connected to the network) have been offset by the costs of undertaking both activities[16]. Accordingly, EBITDA from such activities has been negative in these periods.

FY20 performance compared to prospectus forecast

92 In OptiComm's prospectus dated 15 July 2019, the Company forecast FY20 EBITDA of $38.7 million and normalised free cash flow[17] of $15.0 million. Based on the actual unaudited results for FY20 (shown above), OptiComm slightly exceeded its prospectus FY20 EBITDA forecast. However, normalised free cash flow for FY20 was slightly below prospectus forecast due to the timing of tax payments, higher than expected increase in lots in progress, additional corporate capital expenditure and different timing on lot completions than initially forecast.

Outlook

93 Recurring revenue from OptiComm's network infrastructure is expected to grow significantly in future years as the Company adds more Active Premises to its network. As noted above, as at 30 June 2020, OptiComm has contractual obligations to construct fibre infrastructure at an additional 150,000 lots for new projects in planning and development. This backlog represents over nine years of future network construction based on average construction levels of around 16,000 lots per annum, notwithstanding that not all of these developments will proceed, and some of these developments may be varied or delayed at the developer's discretion.

16 These costs include the direct expenses incurred in addition to sales expenses and an allocation of overhead costs.

17 Operating cash flow less capital expenditure.

Financial position

94 The financial position of OptiComm as at 31 December 2019 and 30 June 2020 is set out below:

OptiComm – statement of financial position[1]	31 Dec 19 $m	30 Jun 20[2] $m
Debtors and prepayments	10.0	10.8
Inventories	1.3	0.9
Creditors, accruals and provisions	(21.5)	(20.6)
Net working capital	(10.2)	(8.9)
Plant and equipment	83.4	90.3
Intangible assets (computer software)	0.8	0.9
Other assets (non-current)	0.1	-
Deferred tax assets (net)	2.4	6.0
Provisions (non-current)	(16.8)	(17.1)
Right of use assets (net)	0.1	1.8
Total funds employed	59.8	73.0
Cash and cash equivalents	19.8	20.9
Interest bearing liabilities (vehicle leases)	(0.1)	(0.2)
Net cash	19.7	20.7
Net assets attributable to OptiComm shareholders	79.4	93.7

Note:
1 Rounding differences exist.
2 Based on unaudited accounts.

Working capital

95 OptiComm's net working capital is negative (a not uncommon position in the telecommunications industry) and primarily reflects the reported level of creditors, accruals, contract liabilities and provisions.

Property, plant and equipment

96 The carrying value of OptiComm's property, plant and equipment is as follows:

OptiComm – property, plant and equipment	31 Dec 19 $m	30 Jun 20[1] $m
Network infrastructure	65.3	69.8
Network infrastructure under construction	14.5	16.2
Plant and equipment	3.4	3.9
Other property, plant and equipment	0.2	0.4
Property, plant and equipment	83.4	90.3

Note:
1 Based on unaudited management accounts.

97 Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment and primarily relates to OptiComm's network infrastructure. Costs incurred in

constructing network infrastructure are capitalised and depreciated over periods ranging from 4 to 40 years.

Share capital and performance

98 As at 14 July 2020, OptiComm had 104.1 million fully paid ordinary shares on issue. In addition, the Company had 0.2 million performance rights which had been issued to key executives as part of the OptiComm Long Term Incentive Plan.

99 Pursuant to the terms of the Scheme, 0.2 million performance rights on issue will vest at the discretion of OptiComm's Board and will be converted into ordinary shares prior to the effective date of the Scheme.

Significant shareholders

100 As at 14 July 2020 there were two significant shareholders in OptiComm, detailed as follows:

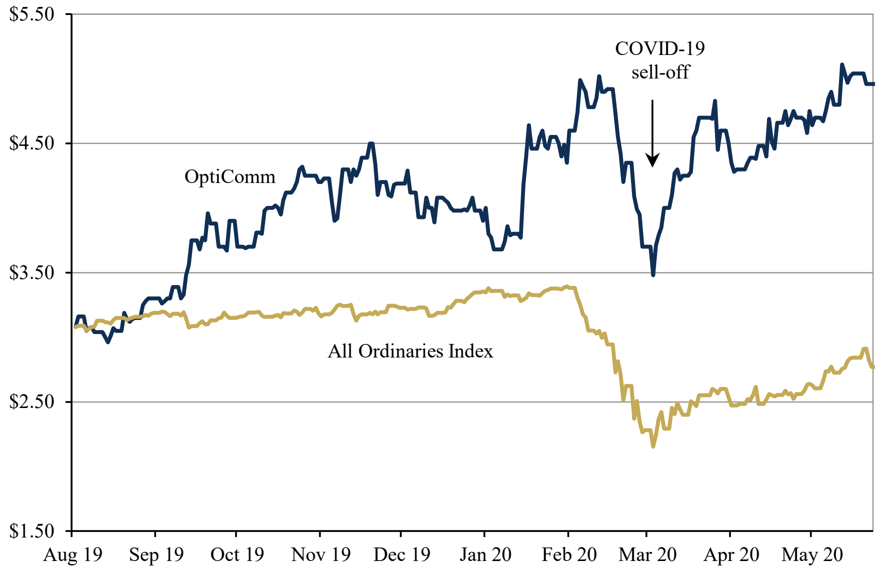
OptiComm – substantial shareholders

Shareholder	Shares held (million)	% interest
Opnet Pty Ltd	25.6	24.6
Asoon Holdings Pty Ltd	9.3	8.9

Share price performance

101 The following chart illustrates the movement in the share price of OptiComm from 22 August 2019 to 12 June 2020[18]:

OptiComm – share price history(1)
22 August 2019 to 12 June 2020



Note:
1 Based on closing prices. The All Ordinaries Index has been rebased to OptiComm's closing price on its day of listing on the ASX (i.e. 22 August 2019), being $3.08.
Source: Bloomberg.

18 Being the date OptiComm listed on the ASX up to the last trading day prior to the announcement of the Scheme.

102 Since listing on the ASX, OptiComm has significantly outperformed the All Ordinaries Index. In addition, we note that the relative outperformance of OptiComm shares subsequent to the COVID-19 sell-off (which commenced in February 2020 to mid-March 2020, and then partially rebounded) indicates that market participants consider that the impact of COVID-19 on OptiComm will be significantly less than the market overall. This largely reflects that telecommunications services such as fixed line internet services provided by OptiComm have become embedded in the way people live and work in the modern world and also that these services have become more important as more people work from home due to COVID-19 related restrictions.

Liquidity in OptiComm shares

103 The liquidity in OptiComm shares based on trading since listing on the ASX to 12 June 2020 is set out below[19]:

OptiComm – liquidity in shares(1)

Period	Start date	End date	No. of shares traded 000	WANOS(2) outstanding 000	Implied level of liquidity Period(3) %	Annual(4) %
1 month	13 May 20	12 Jun 20	1,430	104,075	1.4	16.5
3 months	13 Mar 20	12 Jun 20	7,020	104,075	6.7	27.0
6 months	13 Dec 19	12 Jun 20	16,824	104,075	16.2	32.3
From listing	22 Aug 19	12 Jun 20	34,258	104,075	32.9	40.9

Note:
1 Excludes the 11.7 million shares sold on market by AFL Telecommunications Australia Pty Ltd on 15 April 2020.
2 Weighted average number of shares outstanding (WANOS) during relevant period.
3 Number of shares traded during the period divided by WANOS.
4 Implied annualised figure based upon implied level of liquidity for the period.

104 OptiComm shares are relatively liquid, particularly given the significant proportion of shares associated with pre-listing shareholders which are subject to voluntary escrow arrangements ranging from six months[20] to two years.

19 Being the last day prior to the announcement of the Scheme.
20 The shares subject to the six months voluntary escrow period commenced trading on the ASX on 22 February 2020.

IV Profile of Uniti

Overview

105 Uniti is a telecommunications company that provides wireless internet, fixed fibre services and specialist telecommunications products to consumer and corporate customers throughout Australia. The company operates across three "pillars" or business units, comprising Wholesale & Infrastructure (W&I), Specialty Services and Consumer & Business Enablement (CBE).

History

106 Uniti was incorporated in June 2012 and raised seed capital in September 2013 to deliver fixed wireless broadband connections as an alternative to the NBN and as a replacement for asymmetric digital subscriber line (ADSL) networks. The company's network was launched in June 2014 in Adelaide and its first customers were connected the following month.

107 As the company grew, further capital was raised from early stage and cornerstone investors which enabled Uniti to accelerate growth in the Adelaide market, commence expansion into the Melbourne market and to invest in marketing to drive increased awareness of its service offering.

108 On 26 November 2018, Uniti executed a share sale and purchase agreement to acquire FuzeNet Pty Ltd (FuzeNet) for $10.7 million. FuzeNet was incorporated in 2007 and operates as an RSP. It provides high-speed broadband services to consumers and businesses across non-NBN fibre networks utilising the fibre infrastructure of alternate providers to the NBN such as LBNCo Pty Ltd (LBNCo)[21], OptiComm and OPENetworks Pty Ltd (OPENetworks).

109 Uniti completed the acquisition of FuzeNet on 11 February 2019, and listed on the ASX on 13 February 2019. Since listing on the ASX, Uniti has grown both organically and through the acquisition of a number of complementary businesses. A summary of those acquisitions with consideration greater than $10 million[22] is set out below:

---

21 FuzeNet's primary network supplier.

22 During June 2019, Uniti also completed three acquisitions of smaller companies, including Fone Dynamics Pty Ltd for maximum consideration of $8.4 million, Call Dynamics Pty Ltd for total consideration of $2.0 million and Pivit Pty Ltd's fibre customer base for approximately $0.5 million.

Uniti – key acquisitions		
Date[1]	**Acquisition[2]**	**Business overview**
19 Aug 19	LBNCo ($100 million)	A builder and wholesale operator of private fibre networks, predominantly comprised of FTTP high speed data services to multi-dwelling units and broadacre residential estates. At the time of the acquisition, LBNCo had an extensive fibre infrastructure footprint to over 65,000 premises located across 418 multi-dwelling units and broadacre estates and was contracted to connect a further 22,000 premises over the following 18 to 24 months
11 Oct 19	OPENetworks ($27.5 million)	Established builder and wholesale operator of private fibre networks primarily comprising FTTP high speed data services to multi-dwelling units. At the time of the acquisition, OPENetworks had some 6,000 active wholesale connections with a further 11,000 premises contracted to be connected
3 Dec 19	1300 Australia Pty Ltd ($78 million)	The market leader in phone words, holding the largest Australian inventory of phone words, with approximately 4,500 phone words and priority numbers ("1300", "1800" and "13") licensed to businesses and a further 7,000 phone words and priority numbers available to be licensed

Note:
1 Date of acquisition announcement.
2 Acquisition value is based on the initial ASX announcement consideration.

110 The above acquisitions have increased the company's size, diversification and level of recurring revenue, noting in particular that:

(a) the purchase of LBNCo provided Uniti with a high growth, high margin annuity earnings stream. As existing regulations stipulated that operators could not own a FTTP network and sell retail services on that network, Uniti concurrently divested relevant FuzeNet customer contracts which were delivered on LBNCo's network

(b) the acquisition of OPENetworks was highly complementary to the LBNCo business, which combined two private FTTP operators in Australia

(c) the addition of 1300 Australia Pty Ltd increased Uniti's level of diversification and was also expected to be complementary to Uniti's existing voice services, call tracking and SMS businesses.

Current operations

111 Uniti provides wireless internet, fixed fibre services and specialist telecommunications products to residents and businesses across Australia. The company operates its wireless internet network throughout Adelaide and Melbourne, and through acquisition has successfully expanded its fixed fibre network services to all major capital cities in Australia. Uniti's operations are organised into three business segments, summarised as follows:

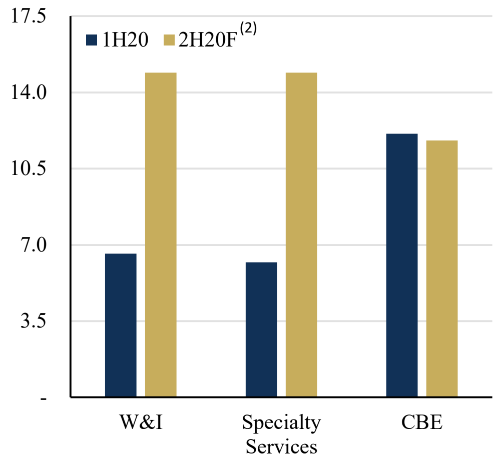
Uniti – business units

	WHOLESALE & INFRASTRUCTURE	SPECIALTY SERVICES	CONSUMER & BUSINESS ENABLEMENT
	Fibre Networks	Strong Growth Continuing in Specialty Inbound Services	Wireless & Fibre Broadband
TODAYS MARKET	• Builders • Developers • Strata • Wholesale Access Networks	• Small to Medium Business • Corporate	• Consumer • Small Business • Third party Retailers
TODAYS BRANDS	LBNCo, Pivit, Clublinks, CapitalFibre, OPENetworks	FoneDynamics, 1300AUSTRALIA, easyinbound, calldynamics	UNITI, FUZENET

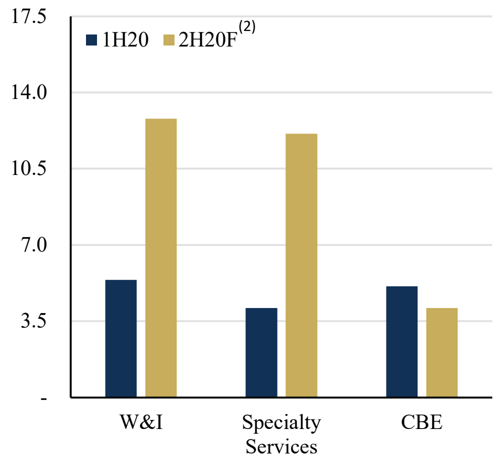
112 The charts below show Uniti's actual revenue and gross profit for 1H20 and forecast 2H20 by business unit:

Uniti – revenue and gross profit by business unit

Revenue $m[(1)]



Gross profit ($m)



Note:
1 Prior to inter-segment eliminations which relate to charges from W&I to CBE for resale of services on the W&I network.
2 2H20 forecast per Uniti's 1H20 results presentation released on 24 February 2020.

113 As indicated above, due to the material contributions from the acquisitions of LBNCo and OPENetworks (W&I) and 1300 Australia Pty Ltd (Speciality Services), which were completed during 1H20, revenue and gross profit for W&I and Speciality Services are expected to increase significantly in 2H20.

Wholesale & Infrastructure (W&I)

114 Uniti's W&I division was established in 2019 following the completion of the LBNCo and OPENetworks acquisitions. The division owns and operates wholesale fibre network infrastructure which provides an alternative solution to the NBN, connecting residential, business and enterprise customers premises (via RSPs) to high speed broadband services. As

at 30 June 2020, Uniti's W&I division had approximately 98,150[23] connections with 39,500 active premises. In addition, the business has 40,000 premises contracted to be connected, of which around half are currently under construction.

Specialty Services

115 The Specialty Services division operates under a number of Uniti owned brands that provide a range of speciality inbound telecommunications services to small to medium business and corporate customers:

Uniti – Specialty Services

Consumer & Business Enablement (CB&E)

116 Uniti's CB&E division delivers broadband services to residential, business and enterprise customers. The division primarily operates under the Uniti and FuzeNet brands and the respective services offered by each are as follows:

(a) **Uniti** – delivers fast, fixed wireless broadband connections to customers as a replacement for ADSL internet and an alternative to the NBN Co and also resells a number of fixed fibre networks in Australia including NBN Co. The business uses point-to-point and point-to-multipoint fixed wireless connections and does not rely on fixed line infrastructure to operate or reach its customers. Uniti's wireless services are provided in suburban and metropolitan Adelaide and across suburban areas of Melbourne

(b) **FuzeNet** – provides high speed broadband services as an RSP to consumers primarily across non-NBN fibre networks with specialist expertise across broadacre developments, commercial developments and multi-dwelling units. FuzeNet resells and enables the resale of non-NBN Co fibre infrastructure from wholesale network infrastructure operators including OptiComm, LBNCo and OPENetworks. The enablement service is available to small telecommunication service providers and other

23 Includes certain legacy HFC sites with competitive infrastructure.

non-telecommunication service providers who seek to provide their customers with access to fibre broadband services.

Financial performance

117 For the purposes of our report, we have had regard to the pro-forma historical financial performance of Uniti for the period FY19 to FY20 which is based on Uniti's audited financial statements for FY19 and unaudited financial statements for FY20 adjusted to allow for:

(a) full year contributions from the acquisitions of FuzeNet, Fone Dynamics Pty Ltd, Call Dynamics Pty Ltd, LBNCo, OPENetworks and 1300 Australia Pty Ltd which were completed throughout FY19 and FY20 (i.e. assuming these acquisitions occurred on 1 July 2018)

(b) the exclusion of share based payments, acquisition and restructure costs.

118 Based on the above, the pro-forma financial performance of Uniti for the two years ended FY20 is set out below:

Uniti – statement of financial performance[(1)]

	Pro-forma	
	FY19 $m	**FY20 $m**
Revenue	62.7	70.6
Network and hardware expense	(14.3)	(15.2)
Employee benefits expense	(19.7)	(17.9)
Other expenses	(11.3)	(7.3)
Underlying EBITDA	17.4	30.2
Depreciation and amortisation	(14.7)	(9.2)
Impairment charges	(2.0)	-
EBIT	0.7	21.0
Finance costs	(1.9)	(1.3)
Net profit before tax	(1.2)	19.7
Income tax expense	(2.5)	5.7
Net profit after tax	(3.7)	25.5
EBITDA margin	*27.8%*	*42.8%*

Note:
1 Rounding differences exist.

Historical results

119 As indicated above, Uniti completed the acquisition of a number of businesses during FY19 and FY20 (some of which were loss making at the time of acquisition). Following the completion of a number of these acquisitions, Uniti management have driven additional revenue growth and have realised a number of cost synergies. Accordingly, the historical pro-forma financial performance above is not representative of ongoing earnings as the revenue and cost synergies achieved post completion are only partially reflected in these results. In this regard, we note that Uniti's financial result in the six months ended 30 June 2020

(EBITDA before significant items was $19.3 million) was materially above the pro-forma result in the six months to 31 December 2019 (pro-forma EBITDA was $10.9 million).

Financial position

120 The financial position of Uniti as at 31 December 2019 and 30 June 2020 is set out below:

Uniti – statement of financial position[1]	31 Dec 19 $m	30 Jun 20 $m
Debtors and prepayments	7.8	9.5
Inventories	1.3	1.0
Creditors, accruals and provisions	(14.5)	(19.6)
Net working capital	(5.5)	(9.1)
Plant and equipment	41.6	45.8
Intangible assets / goodwill	206.7	206.6
Net deferred tax assets / (liabilities)	(2.6)	0.1
Other non-current liabilities	(1.5)	(1.5)
Net right of use assets / (liabilities)	(2.6)	(2.2)
Total funds employed	236.0	239.7
Cash and cash equivalents	33.6	189.2
Interest bearing liabilities	(2.1)	-
Deferred consideration	(7.8)	(7.2)
Net cash / (borrowings)	23.7	182.0
Net assets attributable to Uniti shareholders	259.7	421.7

Note:
1 Rounding differences exist.

Working capital

121 Uniti's net working capital is negative (a not uncommon position in the telecommunications industry) and primarily reflects the reported level of creditors, accruals and provisions.

Property, plant and equipment

122 The carrying value of Uniti's property, plant and equipment is as follows:

Uniti – property, plant and equipment	31 Dec 19 $m	30 Jun 20 $m
Network infrastructure	41.3	44.8
Plant and equipment	0.2	0.9
Leasehold improvements	0.1	0.1
Property, plant and equipment	41.6	45.8

123 Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. The majority of Uniti's property, plant and equipment relates to network infrastructure which was acquired from LBNCo and OPENetworks on 1 October 2019 and

1 November 2019 respectively. Costs incurred in constructing network infrastructure are capitalised and depreciated over periods ranging from 5 to 40 years.

Intangible assets

124 The carrying value of Uniti's intangible assets is set out below:

Uniti – intangible assets	31 Dec 19 $m	30 Jun 20 $m
Goodwill	176.8	176.0
Customer contracts	23.9	23.7
Brands	4.5	4.5
Software	1.0	1.2
Other intangibles	0.4	1.2
Total intangible assets	206.7	206.6

Note:
1 Rounding differences exist.

125 The majority of Uniti's intangible assets relate to goodwill from acquisitions. The significant increase in intangible assets over 1H20 reflects the acquisitions of LBNCo, OPENetworks and 1300 Australia Pty Ltd which were completed during this period.

Net cash / (debt)

126 As at 31 December 2019 and 30 June 2020, Uniti had net cash of $23.7 million and $182.0 million respectively:

Uniti – net cash / (debt)	31 Dec 19 $m	30 Jun 20 $m
Cash and cash equivalents	33.6	189.2
Interest bearing liabilities	(2.1)	-
Deferred consideration	(7.8)	(7.2)
Net cash / (debt)	23.7	182.0

127 The significant increase in cash as at 30 June 2020 reflects the completion of the institutional component (some $152 million) of the 1 for 1.68 fully underwritten pro-rata accelerated non-renounceable entitlement offer (Entitlement Offer) announced on 15 June 2020[24].

128 Deferred consideration relates to outstanding payments associated with the acquisitions of Fone Dynamics Pty Ltd and Call Dynamics Pty Ltd, as well as an acquisition (Capital Fibre Networks Pty Ltd[25]) which was undertaken by LBNCo prior to Uniti's acquisition of LBNCo. Uniti has allowed for the total deferred acquisition consideration for these acquisitions given that it expects each of the acquired entities to meet the required performance criteria.

24 The retail component of the Entitlement Offer which raised a further $118 million was not completed until 9 July 2020.

25 The acquisition of LBNCo included an assumed $5.4 million in deferred consideration for the acquisition of Capital Fibre Networks Pty Ltd.

Share capital and performance

129 On 15 June 2020, Uniti announced a 1 for 1.68 fully underwritten pro-rata accelerated non-renounceable entitlement offer (Entitlement Offer) to raise gross proceeds of approximately $270 million. This capital raising is to be used to partially fund the cash consideration for OptiComm under the Scheme.

130 Following completion of the Entitlement Offer, Uniti had approximately 517.8 million shares on issue. In addition, the company has 18.1 million options on issue with various dates and exercise prices. Approximately 90% of total options (i.e. vested and unvested) are currently "in the money".

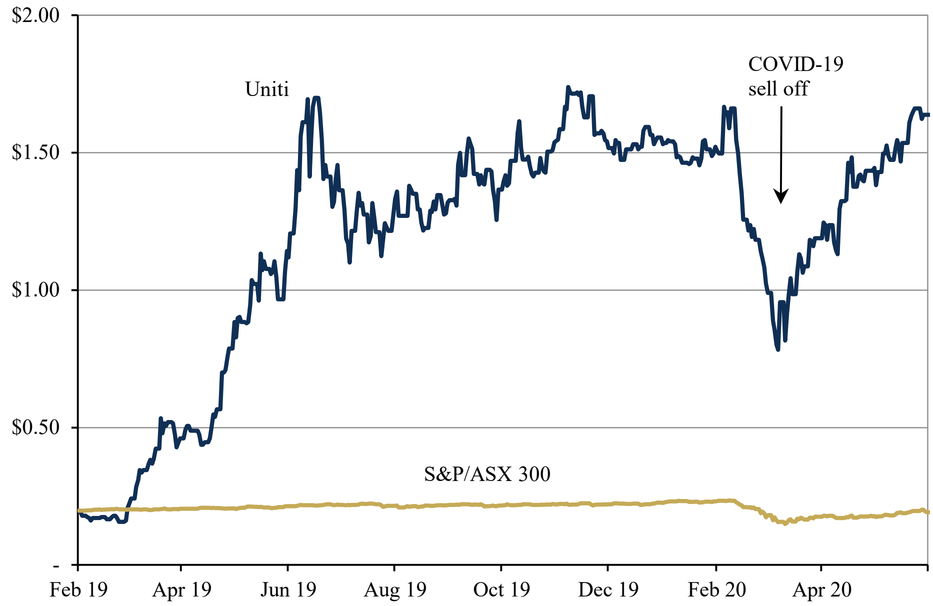
Significant shareholders

131 As at 13 July 2020 (i.e. post completion of the Entitlement Offer), there were no significant shareholders in Uniti.

Share price performance

132 The following chart illustrates the movement in the share price of Uniti since its ASX listing on 13 February 2019 to 12 June 2020[26]:

Uniti – share price history[1]
13 February 2019 to 12 June 2020



Note:
1 Based on closing prices. The S&P/ASX300 Index has been rebased to Uniti's closing price on its day of listing on the ASX (i.e. 13 February 2019), being A$0.20.
Source: Bloomberg.

133 Since listing on the ASX, Uniti has significantly outperformed the S&P/ASX 300 Index. In addition, we note that the relative outperformance of Uniti shares subsequent to the COVID-19 sell-off (which commenced in February 2020 to mid-March 2020, and then partially rebounded) indicates that market participants consider that the impact of COVID-19

26 Being the last trading day prior to the announcement of the Scheme.

on Uniti will be significantly less than the market overall. This largely reflects that telecommunications services provided by Uniti have become embedded in the way people live and work in the modern world and also that these services have become more important as more people work from home due to COVID-19 related restrictions.

Liquidity in Uniti shares

134 The liquidity in Uniti shares based on trading on the ASX over the 12 month period prior to 12 June 2020[27] is set out below:

Uniti – liquidity in shares						
			No of shares	WANOS(1)	Implied level of liquidity	
			traded	outstanding	Period(2)	Annual(3)
Period	Start date	End date	000	000	%	%
1 month	13 May 20	12 Jun 20	23,891	323,994	7.4	88.5
3 months	13 Mar 20	12 Jun 20	86,408	323,870	26.7	106.7
6 months	13 Dec 19	12 Jun 20	159,391	323,049	49.3	98.7
1 year	13 Jun 19	12 Jun 20	296,918	262,143	113.3	113.3

Note:
1 WANOS during relevant period.
2 Number of shares traded during the period divided by WANOS.
3 Implied annualised figure based upon implied level of liquidity for the period.

135 In each of the periods above, total share turnover (on an annualised basis) has generally been around 100% of the total number of shares issued in Uniti, indicating a high level of market liquidity.

27 Being the last trading day prior to the announcement of the Scheme.

V Industry overview

Overview

136 OptiComm's business is the design, installation, operation and maintenance of fibre based open access wholesale telecommunication "last mile" network infrastructure for new residential and multi-dwelling unit developments and commercial precincts and buildings. The Company operates within the fixed line broadband segment of the Australian telecommunications industry and focuses primarily on greenfield developments for multi-unit developments and broadacre residential estates generally located on the outer fringes of Australia's major metropolitan cities.

137 OptiComm retains ownership of most of its network infrastructure and generates recurring revenue by providing wholesale fixed line fibre network access to RSPs who on-sell retail telecommunications, entertainment and other services to end customers, primarily individuals and households. Accordingly, OptiComm is directly affected by changes in end consumer preferences for broadband speed, data limits and new telecommunications technologies and is indirectly exposed to conditions in the Australian construction and housing market (which impacts the ability of the Company to grow its network infrastructure).

Australian telecommunications market

138 Since deregulation of the telecommunications industry in the early 1990s, the sector has evolved from a single vertically integrated fixed line voice service provider (Telstra), to a variety of service providers offering retail and/or wholesale voice and internet services delivered over owned or rented fixed line and wireless networks. This has resulted in a telecommunications industry with high levels of competition, improved consumer choice and generally lower prices (in real terms).

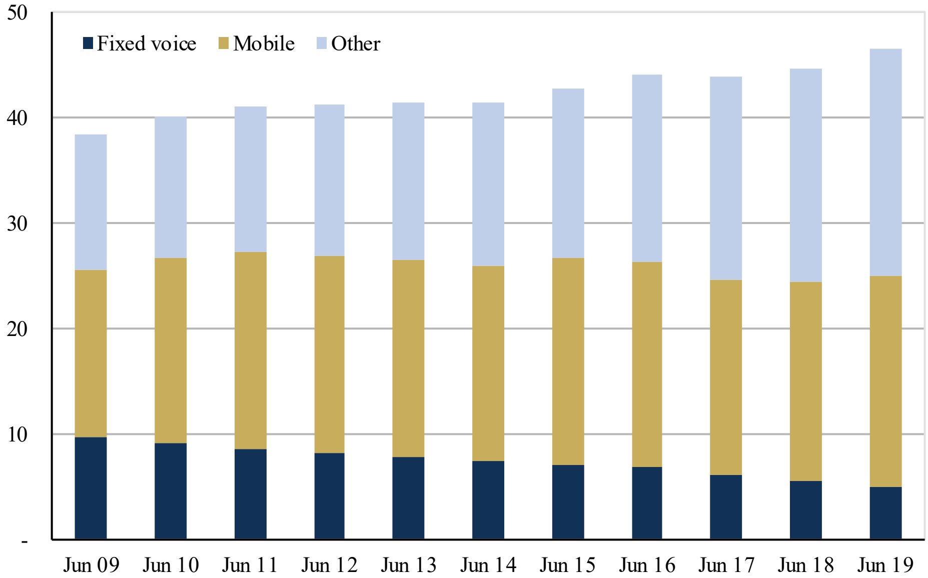
139 Growth in the Australian telecommunications industry has averaged 2% per annum over the 10 years to FY19. Over this period, the continued decline in fixed voice services (which have declined by 6.4% on average per annum) has been offset by growth in mobile (growth of 2.4% per annum) and other telecommunications services, which includes fixed line broadband services[28] (growth of 5.4% per annum)[29].

---

28 Other telecommunications services also includes data and internet protocol (IP) access, business services and applications, cloud computing and other telecommunications services.

29 BuddeComm (2019) *Australia Telecoms, Mobile and Broadband Statistics and Analyses*.

Australian telecommunications market by service
$bn (year to 30 June)



Source: BuddeComm (2019) *Australia Telecoms, Mobile and Broadband Statistics and Analyses*.

140 Telecommunications industry turnover has grown at a CAGR of 2.4% in the five years to FY19, with fixed voice turnover declining 7.6% over this period, mobile revenue growing by 1.6%, and other telecommunications services revenue growing by 6.8%[30]. This compares with total industry growth of 1.6% in the preceding five years, with fixed voice declining 5.2% and mobile and other telecommunications services revenue growing by 3.1% and 4.0% respectively[30].

Market structure and segments

141 Telecommunications services are typically segmented by the type of end user, which ranges from individuals with single mobile phone or phone / internet requirements, to the larger corporate or government segments that typically cover a large number of users. The key telecommunication services for each customer segment are set out below:

30 BuddeComm (2019) *Australia Telecoms, Mobile and Broadband Statistics and Analyses*.

Telecommunications consumer segments	
Segment	**Key services**
Individuals and households	• Fixed and wireless broadband internet • Direct home phone lines • Mobile phones and other devices
Small to medium enterprises	• High-speed data connections (dark fibre, ethernet and internet protocol virtual private networks (IP-VPN)) • Mobile phones and other devices • Corporate phone services (voice over IP (VoIP) and private automatic branch exchange (PABX)) • Data centre storage and services • Internet connectivity services
Corporate and government	• Internet connectivity services • Mobile phones and other devices • High-speed data connections (dark fibre, ethernet and IP-VPN) • Corporate phone services (VoIP and PABX) • Data centre storage and services
Wholesale	• Local access infrastructure • High-speed data connections (dark fibre and ethernet) • Internet connectivity • Mobile virtual network operator services

142 The fixed line segment of the telecommunications industry has recently undergone a structural shift from Telstra's copper network to NBN Co and other next-generation fibre networks. This has brought about higher internet speeds for some users and fixed voice services delivered using IP rather than the public switched telephone network (PSTN). As a result, NBN Co has replaced Telstra as the industry's primary wholesale provider for residential fixed line services Australia wide, with smaller network providers targeting specific markets.

Key industry trends

143 Today, people expect high-speed and uninterrupted connectivity, whether at home or on the move. As a result, telecommunications networks are increasingly being viewed as an essential utility, with fast data speeds and seamless connectivity underpinning productivity and economic growth. The increasing importance of telecommunications in an online world is being driven by the emergence and proliferation of over the top (OTT)[31] communications and content services, the IoT[32], cloud services (which are reliant on data centre services), e-commerce, and essential services such as online banking and access to online government services (which are increasingly moving online).

144 OTT services run over-the-top of access, core and aggregation network services to provide a variety of applications and data intensive content services. They include communication apps, video on demand services, TV catch up services and social media platforms. While consumers will generally form a relationship with one telecommunications service provider

31 OTT is a term used to refer to content providers that distribute streaming media as a standalone product directly to viewers over the internet, bypassing telecommunications, multi-channel TV and broadcast TV platforms that traditionally act as a controller or distributor of such content.

32 The Internet-of-Things, being the connection of devices such as appliances and vehicles via embedded electronics enabling connection, collection and exchange of data.

(or one service provider for a fixed line service and another for a mobile service) they will often use multiple OTT service providers. The proliferation of subscription and non-subscription OTT service providers in recent years has provided consumers with unprecedented choice, whilst OTT online streaming services such as Netflix and Stan have redefined the way individuals view and consume media content.

Fixed line internet services

145 Increased connectivity has changed the way Australians and Australian businesses interact both personally and professionally. Broadband internet access has now become ingrained as an essential utility rather than a discretionary service, with users heavily reliant on the internet to carry out everyday activities and access basic services. Internet services in Australia are provided through fixed line or wireless networks.

146 The acceptance and growth of wireless internet services has been driven by a number of factors, including more competitive prices, availability, mobility and improving internet speeds and data allowances.

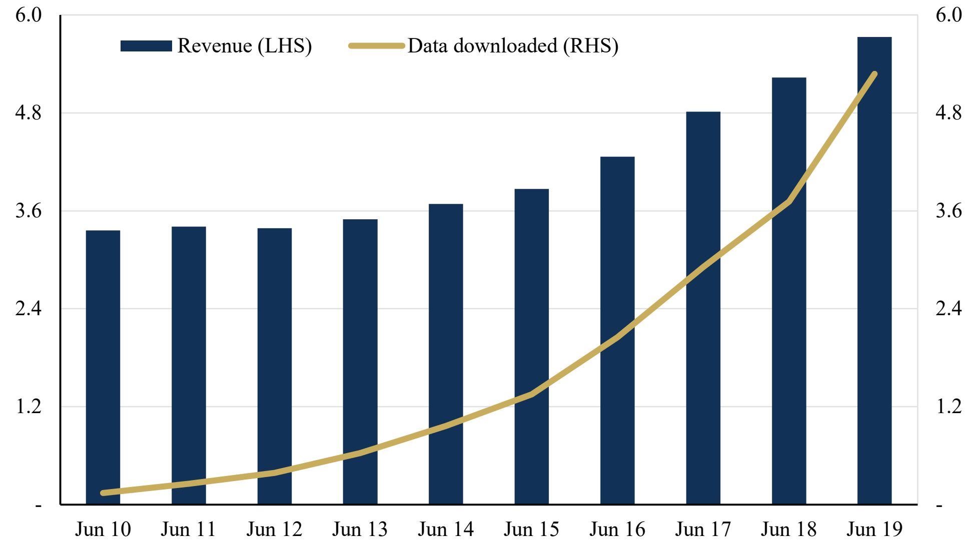
147 Due to ease of access and a generally cheaper price, digital subscriber line (DSL) was previously the most popular fixed line service. However, as the migration to the NBN continues (the rollout for which is now substantially complete), the proportion of fibre connections[33] has increased substantially.

148 Fixed line internet turnover has experienced strong growth in the past five years, increasing at a CAGR of 9.2% over five years to FY19[34], predominantly driven by the increased migration of consumers from DSL to higher priced NBN Co plans. Higher data consumption by fixed line users has also contributed to revenue growth, with the total volume of data consumed by fixed broadband subscribers increasing at a CAGR of 40.5% over the same five year period, as shown below:

33 In a bid to reduce the time and cost of installation, NBN Co has installed a mixture of FTTP, fibre to the node (FTTN) and fibre to the curb (FTTC) technologies.

34 Source: IBISWorld (2020) *Internet Services Providers in Australia*.

Fixed line internet revenue
$bn revenue and millions of terabytes[1] (year to 30 June)



Note:
1 Includes total data downloaded for the three months preceding the end of each reported period.
Source: IBISWorld (2020) *Internet Services Providers in Australia*, Australian Bureau of Statistics (ABS), 8153.0, Australian Competition and Consumer Commission (ACCC) Internet Activity Record Keeping Report (RKR).

149 The NBN Co's requirement to derive a return on assets of 3.2% per annum has resulted in higher wholesale and connectivity virtual circuit (CVC) charges to RSPs. Whilst this has compressed margins for RSPs it has effectively determined the wholesale price and resulted in increased revenue for infrastructure providers.

150 A report by Telsyte[35] estimated that the average Australian household owned around 17 internet connected devices in 2018 and that this number was expected to increase to 37 by 2023. As at May 2019, approximately 50% of Australian adults connected to the internet using a smart device (a device other than a mobile phone, computer, or laptop), with the most common device being the smart TV.

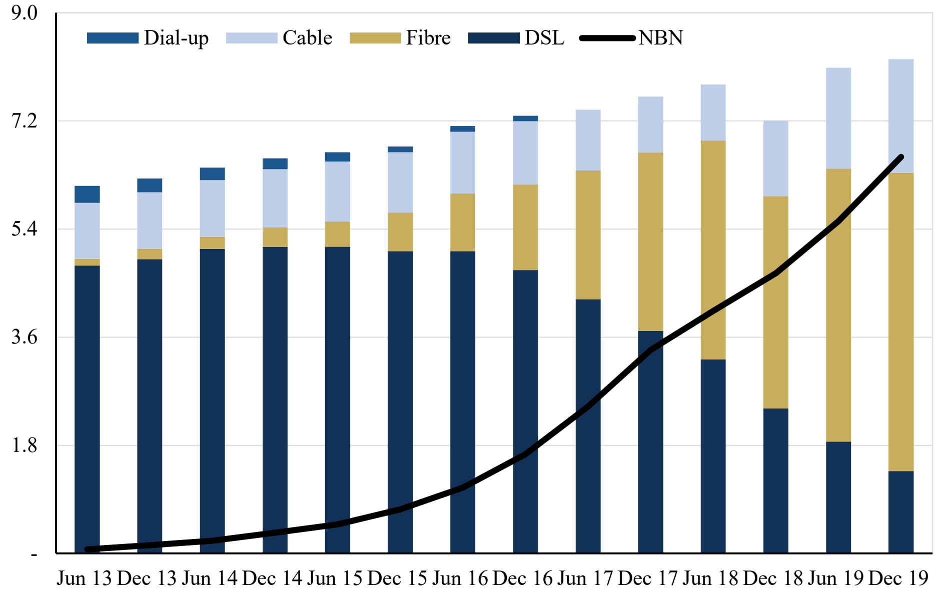
151 As at 31 December 2019, there were 7.7 million fixed line and 4.8 million mobile internet subscribers in Australia[36]. The number of fixed line broadband connections in Australia for the seven years to 31 December 2019, incorporating both the type of connection and number of connections to the NBN, is shown in the chart below[37].

35 Telsyte is a technology analyst firm.

36 *ACCC Internet Activity Record Keeping Report,* December 2019.

37 The NBN Co data extends to 31 December 2019, and at this date there were 6.4 million premises activated (with 10.5 million premises ready to connect). The latest ABS data is to 30 June 2018, and data for the subsequent periods is reported by the ACCC's Internet Activity RKR.

Fixed line internet subscribers
Millions (half year to 30 June and 31 December)[1]



Note:
1 NBN includes 0.4 million wireless and satellite activated connections as at 31 December 2019.
Source: ABS, 8153.0, ACCC Internet Activity RKR, NBN Co. Given the change in data providers and methodology, the information from December 2018 and thereafter is not directly comparable to the previous periods.

National Broadband Network

152 On 7 April 2009, the Federal Labor Government announced the creation of a wholesale-only, open-access communications network aimed at delivering high-speed broadband and telephony services across Australia. The Government formed NBN Co to carry out the project and to provide services to wholesale customers, without directly servicing the end user. Originally, the plan was to build a 100 megabits per second (Mbps) FTTP network to cover 93% of the population, with the remaining 7% covered by satellite and wireless technology. However, a strategic review initiated by the newly elected Federal Coalition Government in late 2013 introduced a more cost efficient proposal, incorporating a mix of technologies, a summary of which is included in the table below (which also shows the expected progression of the NBN Co rollout, which is substantially complete[38]):

NBN rollout corporate plan (ready to connect premises)[1]

As at Technology	30 Jun 19 m	30 Jun 20 m	30 Jun 21 m	30 Jun 22 m	30 Jun 23 m
FTTP[2]	1.9	1.9	2.0	2.1	2.2
FTTN[3]	4.3	4.7	4.7	4.7	4.7
FTTC	0.7	1.3	1.4	1.4	1.4
HFC	2.0	2.5	2.5	2.5	2.5
Fixed wireless	0.7	0.6	0.6	0.6	0.6
Satellite	0.4	0.4	0.4	0.4	0.4
Total Australia	10.0	11.4	11.6	11.7	11.8

38 As of 20 February 2020 there were 10.8 million ready to connect premises, with 6.7 million premises activated.

Note:
1 Rounding differences exist.
2 The installation of optical fibre directly to individual buildings and businesses to provide high-speed internet access.
3 The installation of optical fibre to a junction box (i.e. a node) in a neighbourhood, a distribution point near the premises or the basement of the building to serve customers within a certain radius.
Source: *NBN Corporate Plan 2020-2023*.

Key competitors

153 NBN Co is the primary wholesale provider for fixed line services, representing approximately 74% of the fixed line services in operation in Australia[39]. There are also a number of other operators that compete with NBN Co and supply wholesale services, a summary of which is provided in the table below[40]:

Wholesale providers			
Technology	**Network operators**	**Wholesale services**	**RSPs / approximate number of RSPs**
Legacy copper	Telstra	ULLS(1), LSS(2), Wholesale ADSL	Telstra, Optus, TPG Group, Vocus Group
Legacy HFC	Telstra Optus	na na	Telstra (sold to NBN Co) Optus (sold to NBN Co)
NBN	NBN Co	NBN access services	Telstra, Optus, TPG Group, Vocus Group and some 190 additional RSPs
Non-NBN fibre	OptiComm	Wholesale access services	42 RSPs (primarily smaller RSPs)
	OPENetworks(3)		25 RSPs (primarily smaller RSPs)
	Fiber Corp		3 RSPs (primarily smaller RSPs)
	RedTrain		7 RSPs (primarily smaller RSPs)
	LBNCo(3)		29 RSPs (primarily smaller RSPs)
	TPG		TPG

Note:
1 Unconditioned Local Loop Service (ULLS).
2 Line Sharing Service (LSS).
3 OPENetworks and LBNCo were acquired by Uniti in Octobert 2019 and September 2019 respectively.
na – not available.
Source: ACCC (2018) *Communications Market Study Report* and network operators' websites.

Regulation and reform

154 Since the creation of NBN Co, the Federal Government has amended legislation and introduced new measures to address the structure and competition in the Australian telecommunications market. This includes policies that directly relate to infrastructure development and the provision of wholesale fixed broadband services, including:

(a) the introduction of a legislated framework in late 2010 to address the infrastructure advantage held by Telstra, which at the time was both the owner and operator of

39 *ACCC Internet Activity Record Keeping Report,* December 2019.
40 As at the time of publication of the ACCC's Communications Market Report, which was released in April 2018.

Australia's largest fixed line network[41]. The framework introduced structural separation into the industry, mandating that for all high speed wholesale networks[42] developed after 1 January 2011, infrastructure ownership was required to be separated from the provision of retail telecommunication services to end consumers

(b) the release of the Adequately Served Policy in April 2012, requiring all new housing developments established after September 2011 to provide the necessary infrastructure to provide fibre broadband prior to sale[43]. This was followed by the release of the Telecommunications Infrastructure in New Developments (TIND) Policy in March 2015. The TIND Policy allowed property developers to choose among competing companies (such as OptiComm) to provide telecommunications infrastructure for development sites, with NBN Co as a provider of last resort for developments with over 100 lots and Telstra for less than 100 lots.

155 The Government subsequently announced two rounds of consultation for the TIND Policy, following concerns raised by NBN Co that it was unable to remain competitive under the original policy due to the inability to set its own prices and the requirement to impose upfront charges on RSPs and developers for infrastructure deployment and service connection. The latest consultation, announced in April 2020, has proposed, inter-alia, the following key changes:

(a) changing the required upfront charges levied by the NBN Co to price caps, rather than set amounts, allowing NBN Co to charge developers and RSPs prices below the cap

(b) removing special rules that previously restricted NBN Co from overbuilding another network with its own, where it was commercially viable to do so.

156 If the above changes are implemented, it is likely that NBN Co will become more competitive in the market for new developments as the changes would remove the commercial advantage currently held by alternative network providers for new developments. This would increase competition in the new development market segment and may result in a reduction of fees charged by network providers.

157 In October 2019, the ACCC announced an inquiry into NBN Co's wholesale pricing for residential broadband, to investigate whether prices for its entry level broadband product were too high, resulting in unfair outcomes for consumers forced to transition from lower cost ADSL plans, despite having no want or need for higher speed internet[44]. The ACCC received submissions from a number of RSPs before releasing a position paper in April 2020, which put the inquiry on hold to allow stakeholders to focus on responding to the COVID-19 pandemic. Whilst at the date of this report the ACCC has yet to officially announce its position, the general view contained in the submissions provided is that wholesale prices do

---

41 Minister for Broadband, Communications and the Digital Economy *Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2010.*

42 Networks that are able to provide a download speed of more than 25 Mbps.

43 Under the policy that had been previously applied in new developments, networks needed to be FTTP, able to support voice, comply with Parts 7 and 8 of the *Telecommunications Act 1997* (Cth), be upgradeable over time, and operate on a "provider of last resort" basis.

44 The inquiry focuses on basic speed products offering 12 Mbps to determine whether NBN Co's current wholesaling pricing allows RSPs to provide retail plans at prices similar to ADSL plans.

not allow RSPs to sell an entry level broadband product for NBN broadband that is commercially viable.

158 In January 2020, in response to industry concerns, NBN Co announced two major changes:

(a) NBN Co revised its approach to providing dark fibre infrastructure to enterprise and government customers, proposing to utilise existing third-party dark fibre instead of building its own infrastructure at specific locations[45]. This would promote more efficient use of infrastructure by preventing over-building and allowing infrastructure operators with spare capacity to provide connectivity to NBN Co at these locations; and

(b) NBN Co announced it would cease negotiating contracts directly with enterprise customers and would re-establish itself as a wholesale-only broadband provider. Previously, NBN Co had engaged with enterprise customers to build connectivity prior to those customers engaging an RSP. RSPs will now own all contractual relationships with enterprise customers, whilst NBN Co will continue to engage with customers to understand their infrastructure requirements and to stimulate demand for NBN Co wholesale services.

159 In February 2020, the Federal Government announced the Regional Broadband Scheme[46] for residential and business users of non-NBN fixed line services, due to take effect in January 2021[47]. Under the Regional Broadband Scheme, wholesale fixed line network owners (including OptiComm) will be charged a $7.10 monthly fee (indexed on an annual basis) for each household and business customer which is not using the NBN (NBN tax), the proceeds of which will be used to fund future costs of commercially unviable portions of the NBN (and reduce NBN Co's reliance on the Federal Budget). However, the charge also contradicts a key recommendation provided in the Productivity Commission's 2017 Telecommunications Universal Service Obligation report, which recommended that such services should be funded through general government revenue, rather than an industry levy.

160 The Federal Government passed the Telecommunications Reform Package in May 2020, which aims to clarify and improve prior legislation surrounding structural separation, wholesale-only network requirements and the Regional Broadband Scheme. Key changes to legislation include:

(a) the amendment of structural separation rules to allow network providers to run separate wholesale and retail businesses on a functionally separate basis, subject to approval from the ACCC

(b) the introduction of clear legal obligations for Statutory Infrastructure Providers (SIP) to ensure access to high-speed internet is available for all Australian premises. NBN Co remains the default SIP, however other network operators can be designated SIPs for areas where the operator has already built or is contracted to build its network in a development

45 NBN Co released an industry consultation paper on the procurement of dark fibre infrastructure, proposing to either expand its request for proposal process to the industry, or establishing an industry-wide reverse auction for fibre providers to bid to supply NBN Co with dark fibre.

46 Passed in May 2020 as part of the Telecommunications Reform Package.

47 Under the Telecommunications (Regional Broadband Scheme) Charge Bill 2019.

(c) clarification of the reporting and record keeping requirements for network carriers subject to the Regional Broadband Scheme.

Local access infrastructure (fixed and mobile)

161 Local access infrastructure refers to the immediate connection between end users and the carrier's network. This is commonly known as "last mile" or "first mile" infrastructure and includes the following:

(a) the twisted copper phone lines that carry PSTN[48] (traditional phone) and DSL (broadband internet) services. In Australia, the copper wire network was owned by Telstra but was sold to NBN Co in 2014. However, the legacy DSL network will eventually be switched off as the NBN is rolled out

(b) the HFC cable to the nearest optical node which allows two-way, high-speed broadband content (video, voice and data) to be delivered to the end user using a combination of fibre and coaxial cable. The HFC networks previously owned by Telstra and Optus have been acquired by NBN Co

(c) optical fibre networks to the nearest fibre node, cabinet or directly to the premises. In Australia this is provided by NBN Co which carries broadband internet and phone services

(d) fixed wireless connection that transmits data using radio signals instead of cables. Data is transmitted by radio signals rather than copper cable or optical fibre, making line of sight from point-to-point essential. NBN Co also has a fixed wireless platform that utilises cellular technology to transmit signals to and from a small antenna fixed outside a home or business. By the end of the rollout, NBN Co is set to provide its fixed wireless services to approximately 8% of Australia's population (primarily in rural and regional areas)

(e) mobile networks for customers who do not have a fixed or wireless connection.

Outlook

162 Growth in revenue for fixed line RSPs, a reasonable proxy for wholesale network operator revenue growth, is forecast to increase at a CAGR of 3.6% over the five years to FY25[49]. This growth is in line with that for the broader telecommunications industry and is driven by:

(a) increased data volumes. The level of data downloaded in Australia has doubled on average every two and a half years over the last 10 years. Whilst this growth may slow, the trend is underpinned by:

(i) the continued and increasing use of OTT communications such as streaming services, catch up television, esports and online gaming

(ii) the rise of IoT devices such as appliances, industrial equipment and meters, and security surveillance systems

---

48 PSTN is the traditional analogue phone system, commonly used in businesses around Australia. PSTN runs on copper pair cables into a building which can be used for phone lines, fax lines, EFTPOS lines and internet access.

49 Source: IBISWorld (2020) *Internet Services Providers in Australia*.

(iii) continued technological innovation and increases in the function of online applications, for example augmented reality, 3D applications for shopping etc.

(iv) the rising acceptance of work from home arrangements across more industries, which is expected to continue to some degree above pre-COVID-19 levels following the lifting of restrictions[50]

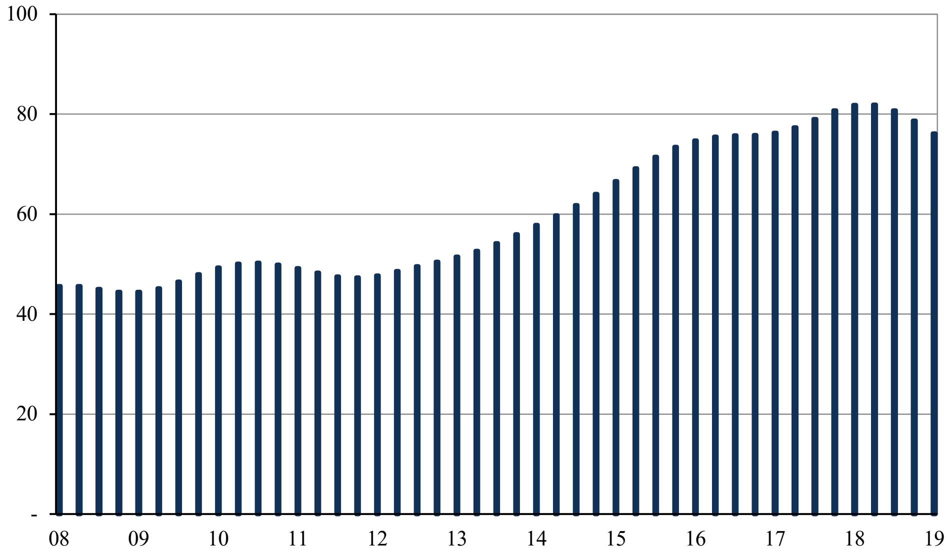
(b) greater data requirements from the corporate sector and data intensive businesses with small to medium enterprises following their larger counterparts and increasingly moving to cloud based applications and services.

Residential building industry

163 The value of turnover for the Australian residential building industry was $76 billion in the year to 31 December 2019, having grown at a CAGR of 5.5% over the last 10 years.

Value of residential building construction

A$bn (rolling quarters)



Source: ABS, 8752.0, Building Activity report.

164 The residential housing market is cyclical in nature and experiences peaks and troughs that are driven by a number of external factors, including house prices, population growth, employment growth, government policy, credit availability and interest rates.

165 The new residential housing market in Australia broadly comprises two main building types:

(a) single dwelling units – refers to any detached building and includes residential houses, granny flats and other detached dwellings such as caretakers' residences; and

(b) multi-dwelling units – refers to a building other than a house that is primarily used for residential purposes and includes apartments, attached townhouses, duplexes and semi-detached houses.

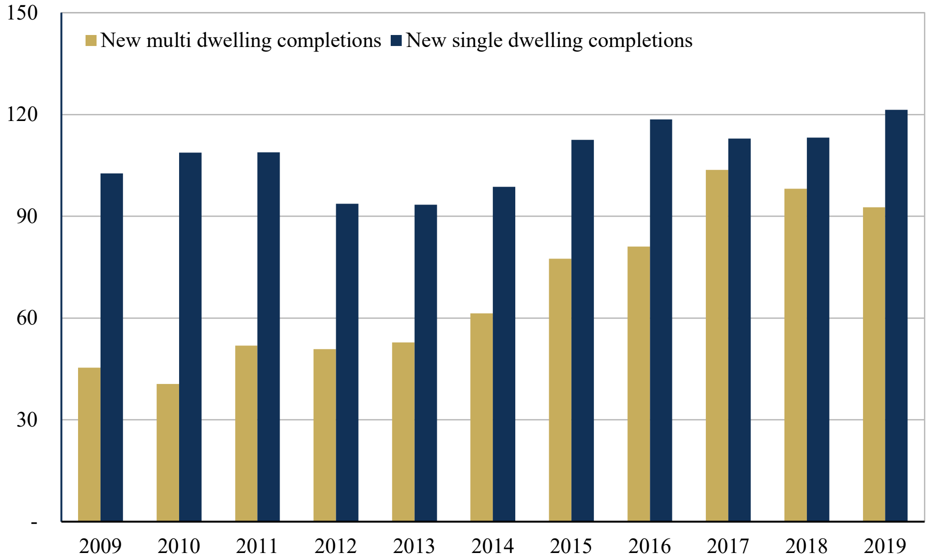
50 In March 2020, due to lockdown restrictions and to keep up with the increased demand for data from Australian households, NBN Co provided an additional 40% bandwidth to RSPs at no additional cost.

166 New residential construction includes both the replacement of existing buildings, known as brownfield projects, and new developments that take place at sites that have not previously been used for housing, referred to as greenfield projects. Broadacre developments are a type of greenfield project that typically include multiple single dwelling houses within the same estate on a large parcel of land, which in most cases has limited or no existing infrastructure services[51].

167 Growth in completions for new single dwelling and multi-dwelling units increased at CAGRs of 4.2% and 8.6% respectively for the five years to 2019, as illustrated in the chart below:

New dwelling completions

Thousands

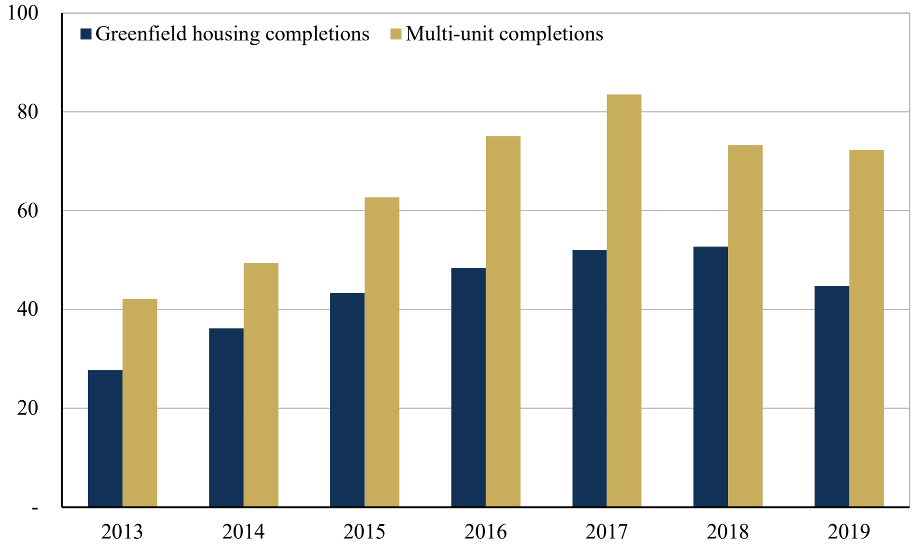


Source: ABS, 8752.0 Building Activity report.

168 Whilst the number of completions for single dwellings in 2019 has exceeded its 2016 peak, the number of completions for multi-dwelling units has reduced by around 10% since reaching its highest level in 2017. As shown below, completions for single dwelling and multi-dwelling units in greenfield release areas and urban infill locations across the major Australian capital cities and fringes peaked in 2017 and 2018 respectively and have both since declined by around 14% to 2019.

51 OptiComm primarily provides telecommunications infrastructure for broadacre developers, as well as new multi-dwelling unit buildings.

Greenfield housing and multi-unit completions – Australian capital cities
Thousands[(1)]



Note:
1 New multi-dwelling completions data includes projects completed in urban infill locations across major capital cities in Australia only.
Source: Urban Development Institute of Australia *State of the Land 2020* report.

169 There are a number of factors that have contributed to the decline in completions of greenfield release areas and urban infill locations over the two years to 2019, including:

(a) political uncertainty surrounding the 2019 Federal Government election and proposed reforms to negative gearing, which placed downward pressure on new house prices and housing demand

(b) the tightening of credit availability by banks, particularly during 2018 and early 2019 whilst the Financial Services Royal Commission was underway; and

(c) a reduction in net overseas immigration (i.e. arrivals less departures) during FY18 and FY19 (which decreased by 9.6% and 2.6% respectively), given migrants are a key target demographic for broadacre developments

(d) the imposition of a 50% cap on the sale of new apartments in a development to foreign purchasers on all New Dwelling Exemption Certificates issued by the Foreign Investment Review Board in respect of which applications were made from 9 May 2017.

170 In July 2019, the Australian Prudential Regulation Authority eased its lending restrictions by lifting its stress testing rules, which previously required banks to assess the serviceability of residential home loans at a 7% interest rate. This increased credit availability and borrowing capacity for customers and, when combined with a number of interest rate reductions, contributed to an upswing in sentiment towards the housing sector in the second half of 2019.

171 More recently, the residential housing sector has been impacted by the COVID-19 pandemic, including, inter-alia, restrictions on international travel and immigration, increasing unemployment and falling income levels:

(a) the Federal Government has stated that net overseas immigration is expected to fall by 30% and 85% in FY20 and FY21 respectively. Given population based housing demand is largely driven by growth in net immigration, this may result in an oversupply of dwellings in some states

(b) in May 2020 the unemployment rate was 7.1%, which compares to 6.4% reported in April 2020 and 5.2% reported a year earlier. However, actual unemployment levels are likely to be significantly higher than that reported, given government support in the form of the JobKeeper payment scheme in place at the time of the May 2020 unemployment release

(c) the mortgage market index reported by CoreLogic[52] showed a decrease of 2.8% in national mortgage activity for the month to 14 June 2020. This index monitors mortgage activity across a number of finance industry platforms, has historically been a leading indicator for loan commitments and is strongly correlated to ABS housing finance data.

172 Given the above, demand for new housing in Australia may be subdued in the short to medium term. However, as a result of the COVID-19 pandemic the Federal Government has recently announced a support package to stimulate residential building activity called HomeBuilder, which provides eligible owner occupiers with a grant of $25,000 to build a new home where the contract is signed between 4 June 2020 and 31 December 2020 and construction commences within three months of the contract date. Given the $750,000 cap on the cost of new builds (including land and house), new broadacre developments are likely to be key beneficiaries of HomeBuilder. However, it is difficult to determine at this early stage if this will be sufficient to offset the negative impact of the other effects of the COVID-19 pandemic summarised above (e.g. high unemployment / unavailability of credit etc.).

52 Source: CoreLogic *Property Market Indicator Summary*, dated 14 June 2020.

VI Valuation methodology

Valuation approaches

173 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the DCF methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

174 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

175 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future "maintainable" earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.

176 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, earnings before interest, tax and amortisation, EBIT, or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

177 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no

longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

Methods used to value OptiComm

Reported EBITDA and free cash flow

178 We set out below a reconciliation of OptiComm's reported EBITDA to free cash flow (being operating cash flow less capital expenditure):

OptiComm – reported EBITDA and free cash flow	FY17 Pro-forma $m	FY18 Pro-forma $m	FY19 Pro-forma $m	FY20 Pro-forma $m
EBITDA from Network operations	8.7	15.6	24.0	31.2
Construction and connection contribution[1]	1.0	0.8	(3.1)	(3.6)
Segment EBITDA[1]	9.6	16.5	20.9	27.65
Network construction costs capitalised	11.9	13.4	13.8	13.1
Unallocated corporate costs	(0.7)	(0.9)	(0.7)	(0.9)
Reported EBITDA	**20.8**	**28.9**	**34.1**	**39.8**
Less network construction costs[4]	(13.8)	(15.3)	(16.8)	(17.5)
Other capital expenditure	(0.2)	(0.2)	(1.9)	(2.7)
Movement in working capital	3.3	0.2	0.4	0.4
Non-cash items[2]	2.7	0.9	1.2	0.4
Free cash flow (before tax)[3]	**12.9**	**14.5**	**17.0**	**20.4**
Tax paid	(8.5)	(9.0)	(7.5)	(11.8)
Free cash flow (after tax)[3]	**4.4**	**5.5**	**9.5**	**8.6**

Note:

1 Before the capitalisation of network construction costs.
2 Represents the impact of AASB 15 – *Revenue from Contracts with Customers* and AASB 16, and share based payments which do not have a cash flow impact.
3 Free cash flow is cash flow from operations less capital expenditure.
4 Includes movement in network construction work in progress.

179 As indicated above, the capitalisation of network construction costs results in reported EBITDA being significantly higher than free cash flow (before tax). As developer contributions are offset by network construction costs and related overheads, reported EBITDA (which adds back network construction costs) is not an appropriate proxy for the future cash flows generated by the business. Accordingly, in our opinion, it is inappropriate to capitalise reported EBITDA when valuing OptiComm.

DCF is preferred methodology

180 The future economic benefits (i.e. future cash flows) arising from the network construction spend are primarily the recurring network revenue received from RSPs for network access in the form of monthly wholesale access and capacity charges (net of associated operating costs). As a result, the segment EBITDA (net of unallocated corporate costs) is a better proxy for the cash flows of the business than reported EBITDA. However, as recurring network revenue is expected to grow significantly in future years (as utilisation of the existing network

increases and OptiComm expands the network due to its large contracted pipeline), we consider the DCF valuation approach to be the most appropriate valuation methodology as it allows this earnings and cash flow growth to be explicitly modelled.

Valuation cross-checks

181 We note that Uniti completed the acquisitions of LBNCo and OPENetworks in September 2019 and October 2019 respectively. These acquisitions combined two participants in the private fibre networks market. Given the similarity of their business models to OptiComm, we have therefore also considered the valuation benchmarks implied by these transactions.

182 As OptiComm shares are listed on the ASX we have also considered whether the pre-bid share price is an appropriate reference point upon which to derive the value of OptiComm shares on a 100% controlling interest basis.

Methods used to value Scheme Consideration

183 As noted in Section I, four of the five Scheme Consideration alternatives available to OptiComm shareholders include a Uniti share component. For the purpose of assessing the value of the Uniti shares offered as consideration we have had primary regard to the recent listed market prices of Uniti shares. This is principally because the listed market prices of Uniti shares are likely to represent a reasonable proxy for the amount that OptiComm shareholders could expect to realise if they sold any Uniti shares received as consideration either immediately or in the short term.

184 In addition, we have also had regard to, inter-alia, Uniti’s recent capital raising (to partly fund the Cash Consideration under the Scheme), and broker estimates of the likely value of Uniti shares subsequent to implementation of the Scheme.

VII Valuation of 100% of OptiComm

Methodology

185 As set out in Section VI, the DCF approach is the most appropriate valuation methodology to assess the value of shares in OptiComm.

186 Under the DCF methodology the value of the OptiComm business (on a cash and debt free basis) is equal to the NPV of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

187 Our DCF valuation is based on free cash flow projections derived by LEA having regard to, inter-alia, OptiComm management budgets and forecasts and related discussions with OptiComm management.

188 Whilst LEA believes the assumptions underlying the cash flow projections adopted for valuation purposes are reasonable and appropriate, it should be noted in respect of these projections that:

(a) the major assumptions underlying the projections were formulated in the context of current economic, financial and other conditions, including the potential impact of COVID-19 on the business

(b) the projections and the underlying assumptions have not been reviewed by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions

(c) future profits and cash flows are inherently uncertain

(d) by their nature, the projections do not take into account the operational flexibility available to management to react to changes in the market conditions in which OptiComm operates

(e) the achievability of the projections is not warranted or guaranteed by OptiComm or LEA, as they are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of OptiComm and its management; and

(f) actual results may be significantly more or less favourable.

189 Free cash flow represents the operating cash flows on an un-geared basis (i.e. before interest) less taxation payments[53], capital expenditure and working capital requirements. The free cash flow on an ungeared basis is adopted to enable the value of the business to be determined irrespective of the level of debt funding employed.

190 We have adopted a valuation date of 30 June 2020. The free cash flow projections cover the period to 30 June 2028 (Forecast Period), together with the estimated capital value of the business at the end of that period.

---

53 Also calculated on an ungeared basis.

191 As the detailed cash flow projections are commercially sensitive, they have not been set out in our report. However, we set out below information on the major assumptions underlying the free cash flow projections.

Key assumptions

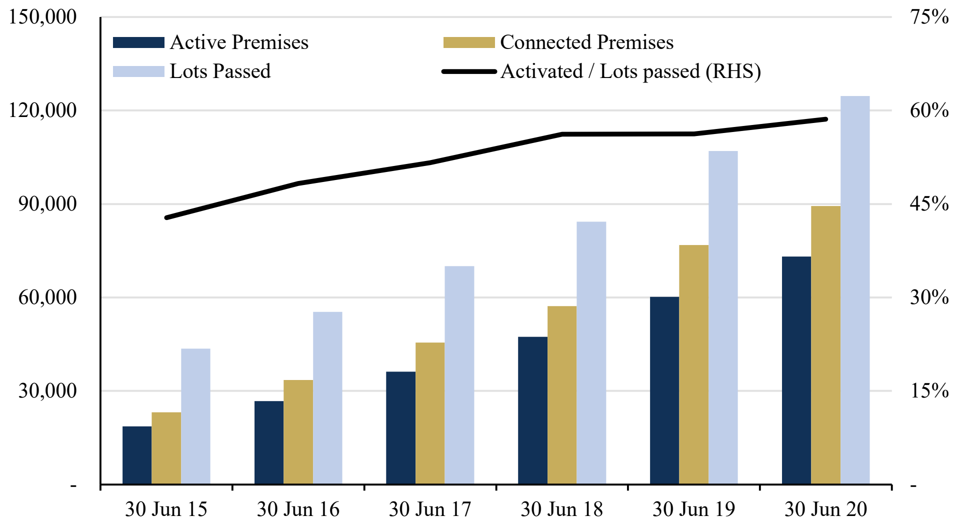
Growth in Active Premises on existing network[54]

192 As at 30 June 2020, OptiComm had deployed its network infrastructure to over 124,000 lots across more than 290 estates throughout Australia and had over 73,000 active connections from over 89,000 Connected Premises.

193 The future economic benefits (i.e. future cash flows) arising from the network construction spend are primarily the recurring network revenue received from RSPs for network access in the form of monthly wholesale access and capacity charges (net of associated operating costs). This recurring network revenue arises from active connections only. Accordingly, the growth in active connections is a key driver of OptiComm's future financial performance.

194 As indicated above, as at 30 June 2020 active connections on the existing network were approximately 59% of total Lots Passed. As shown below, the proportion of active connections as a percentage of total Lots Passed has been steadily increasing over recent years:

OptiComm – Lots Passed, Connected Premises and Active Premises



195 Our Base Case DCF assumptions assume that the number of active connections on the existing network will increase to approximately 104,000 premises by 30 June 2024, which is maintained over the remainder of the Forecast Period. This represents an increase of some 31,000 active connections, and results in the number of active connections on the existing network increasing to approximately 84% of the total Lots Passed as at 30 June 2020.

54 The existing network refers to the fibre optic infrastructure installed into or in close proximity to the 124,000 Lots Passed as at 30 June 2020.

196 It should be noted that the proportion of Lots Passed that become active connections is not expected to reach 100% over the Forecast Period. This is because:

(a) there is usually a significant time-lag (particularly in broadacre subdivisions) between the installation of the fibre network and the sale of the lots, construction of a dwelling and connection of the dwelling to the network

(b) some dwellings will be vacant (e.g. available to rent), or be occupied as short term rentals without active connections

(c) some dwellings (particularly those in metropolitan areas) will not require OptiComm's fibre networks due to the availability of alternative technologies such as 4G and 5G wireless networks.

Growth in Lots Passed

197 In addition to the greater utilisation of OptiComm's existing network as that network matures, future earnings growth is also forecast to arise from OptiComm's contractual agreements with developers for the construction of future networks to over 150,000 additional lots.

198 Whilst the exact timing of these new developments / networks is uncertain, OptiComm management expect that this future network construction will occur over an 8 to 10 year period. This implies additional Lots Passed (on average) of between 15,000 and 18,750 per annum. In comparison, the additional Lots Passed each year from FY16 to FY20 is shown below:

Total Lots Passed (000s)(1)	FY15	FY16	FY17	FY18	FY19	FY20
Total Lots Passed at year end	44	55	70	84	102(2)	120(2)
Change in Lots Passed	n/a	12	15	14	18(2)	18

Note:
1 Rounding differences exist.
2 Excludes approximately 5,000 Lots Passed in FY19 which were taken over as part of a managed services contract.

199 Our Base Case DCF calculations assume that additional Lots Passed are 16,500 per annum over the Forecast Period. This is broadly consistent with the average annual increase in Lots Passed over the three years to FY20 period of approximately 16,540[55], noting that the change in Lots Passed has generally been increasing.

200 Our Base Case forecasts therefore assume that there are 132,000 additional Lots Passed over the eight year Forecast Period.

201 Our sensitivity analysis (set out below in paragraph 226), highlights the sensitivity of our valuation range to changes in the annual number of Lots Passed. Due to the economic impact of the COVID-19 pandemic it is likely that Australia will experience a housing market downturn (at least in the short term), which may result in the cancellation or deferral of

55 This average excludes approximately 5,000 Lots Passed in FY19 which were taken over as part of a managed services contract.

housing projects. This is expected to have a negative impact on OptiComm in FY21 and FY22 once existing work in progress lots are completed, but may be partially offset by the HomeBuilder Federal Government support package. That said, we note that the housing market is cyclical in nature and experiences peaks and troughs and that any shortage of dwellings constructed in the short term may be deferred to later periods (as opposed to cancelled altogether).

Active Premises on future networks

202 Of the assumed 132,000 additional Lots Passed over the eight year Forecast Period, our Base Case forecasts assume that this results in approximately 58,000 additional Active Premises by 30 June 2028, representing approximately 44% of the total additional Lots Passed. While we note that this is significantly lower than our assumed proportion of active connections on OptiComm's existing network (refer paragraph 195), we consider this reasonable noting that:

(a) our assumed level of active connections reflects a staged installation of the additional 132,000 lots over an eight year period

(b) as stated above in paragraph 196, there is usually a significant time-lag between the installation of a fibre network (i.e. Lots Passed) and utilisation (as measured by the number of Active Premises). Accordingly, the proportion of active connections for a growing network will be lower than for a maturing existing network, due to the fact that as existing connections become active, new connections (which are yet to become active) have also been added to the network

(c) as at 30 June 2020, the number of active connections on OptiComm's existing network was approximately 59% of the total Lots Passed. This level of utilisation has been achieved over some 13 years since the Company secured its first projects in 2007. In this regard we note that as at 30 June 2015 (i.e. some eight years since the Company secured its first project) the number of active connections was only 46% of the total Lots Passed.

203 Our Base Case forecasts therefore reflect a significant increase in the number of Active Premises connected to OptiComm's network as shown below:

Projected change in Active Premises over cash flow period (Base Case scenario)(1)

	000s
Number of Active Premises as at 30 June 2020	73
Projected increase in Active Premises due to:	
Greater utilisation of existing network	31
Growth from new Lots Passed	58
Projected number of Active Premises as at 30 June 2028	163
Projected increase in number of Active Premises	122%

Note:
1 Rounding differences exist.

Average revenue per active connection

204 As set out in Section VI, the value of OptiComm is principally driven by the recurring network revenue received from RSPs for network access in the form of monthly wholesale access and capacity charges.

205 To ensure that residents in developments with OptiComm installed fibre networks are not disadvantaged relative to the NBN Co, OptiComm's wholesale access and capacity fees are consistent with those charged by NBN Co.

206 These wholesale charges are a combination of:

(a) access fees – determined by the speed / volume plan which each end user customer has signed up to

(b) capacity fees – determined by the RSP having regard to the bandwidth capacity it determines it needs to service its customers in each state and territory.

207 As set out in Section III, OptiComm's ARPU increased from around $38 per month in FY17 to approximately $51 per month in FY20[56]. The adoption of higher speed plans (which has recently accelerated due to the need to "work from home" as a result of COVID-19 restrictions) resulted in higher ARPU in FY20.

208 In addition, we have been advised that OptiComm recently issued a revised pricing schedule in line with NBN Co's recent updated price schedule, which will translate to ARPU of around $50 per month commencing in FY21.

209 However, in October 2019 the ACCC announced an inquiry into NBN Co's wholesale pricing for residential broadband. The inquiry was to investigate (amongst other matters) whether prices for NBN Co's entry level broadband product were too high, resulting in unfair outcomes for consumers forced to transition from lower cost ADSL plans, despite having no want or need for higher speed internet.

210 The ACCC received submissions from a number of RSPs before releasing a position paper in April 2020, which put the inquiry on hold to allow stakeholders to focus on responding to the COVID-19 pandemic. Whilst the ACCC is yet to officially announce its position, the general view of the submissions provided was that current wholesale prices do not allow RSPs to sell an entry level broadband product for NBN broadband that is commercially viable.

211 There is therefore likely to be ongoing pressure (and potentially regulatory action) on NBN Co to lower (at least) wholesale prices for entry level broadband access. Whilst we understand that only around 11% of OptiComm's wholesale revenues are related to users on entry level broadband plans, in our view there is also likely to be pressure on NBN Co to lower wholesale prices more generally.

212 Accordingly, whilst we have adopted a wholesale charge equivalent to an ARPU of $50 per month per active user in our Base Case scenario, we consider that there is downside risk

[56] Net of any rebates introduced in March 2020 to June 2020 to provide relief to RSPs due to the impact of the COVID-19 pandemic.

associated with such an assumption in the short to medium term (the impact of which is evident from our sensitivity analysis set out in paragraph 226).

Network gross margins

213 Our Base Case valuation of OptiComm reflects a network gross margin (as a percentage of revenue) of approximately 81%. This compares with its actual (annual) gross margin of between 77% and 85% of revenue over the five years ended 30 June 2020, and is broadly consistent with the actual network gross margin achieved in FY20.

214 Having regard to the historical gross margins and ARPU achieved we have varied the Base Case gross margin in our sensitivity analysis depending on the level of ARPU assumed. In summary, higher gross margins are expected to be achieved at higher ARPU and lower gross margins are expected at lower ARPU (all other variables held constant).

Network operating costs

215 Network operating costs not included in gross margins (which principally reflect employee related costs) are projected to increase at around 3% per annum. This is higher than expected inflation of around 1.5% per annum, and reflects the increased scale of the business over the Forecast Period (as the number of total Lots Passed is forecast to grow strongly)[57].

Regional Broadband Scheme / NBN tax

216 In February 2020, the Federal Government announced the Regional Broadband Scheme[58] for residential and business users of non-NBN fixed line services, due to take effect in January 2021[59]. Under the Regional Broadband Scheme, wholesale fixed line network owners (including OptiComm) will be charged a $7.10 monthly fee (indexed on an annual basis) for each household and business customer which is not using the NBN (NBN tax). We have therefore allowed for this Regional Broadband Scheme charge in our cash flows from 1 January 2021 (noting that OptiComm will receive an exemption from the NBN tax for its first 55,000 monthly users for a five year period).

Contribution from Construction and Connection activities

217 OptiComm's Construction and Connection operations incurred losses in FY20 of approximately $3.6 million (excluding network construction costs capitalised). For valuation purposes we have assumed that similar losses will be incurred in future. That is, we have assumed that the capital (construction) costs and operating costs (including sales expenses and an allocation of overhead costs) of the Construction and Connection activities will exceed developer contributions and connection revenues.

218 In our view, this assumption is appropriate as competition in the market for new development network rollouts may intensify given the Federal Government proposal in April 2020 to make changes to its TIND Policy, which will give NBN Co flexibility to set its own prices (subject to a cap) for new developments and increase competition. However, we note that OptiComm has a large pipeline of contracted networks to be built and a small number of "whole of business" agreements with major developers.

57 Allowance has also been made for unallocated corporate costs consistent with those incurred in FY20.

58 Passed in May 2020 as part of the Telecommunications Reform Package.

59 Under the Telecommunications (Regional Broadband Scheme) Charge Bill 2019.

Capital expenditure

219 Excluding construction costs associated with installing the fibre networks (which are allowed for in the Construction segment result), capital expenditure is forecast to increase from around $1.8 million in FY21 to $3.8 million per annum over the Forecast Period. This reflects the increasing size of the network over the Forecast Period, and the need to invest in the network (e.g. duplicate backhaul to provide redundancy and minimise network outages).

Depreciation and taxation

220 Depreciation has been estimated on a diminishing value basis using the tax depreciation rates adopted by OptiComm. Company tax has been allowed for based on the level of projected taxable income at the corporate tax rate of 30%.

Discount rate

221 A post-tax discount rate of 7.0% per annum has been applied for the reasons set out in Appendix C. This discount rate has been applied to determine the present value of the future cash flows in the Forecast Period and the present value of the terminal value at the end of the Forecast Period.

222 However, in the long term there is a greater risk of a market shift towards wireless broadband services due to technology advances (such as 5G) which could result in higher churn in the long term. We have reflected this longer term technological risk by applying a higher post-tax discount rate of 7.5% per annum in our terminal value calculation.

Terminal value

223 A terminal value growth rate of 2% has been adopted at the end of the Forecast Period (FY28) reflecting, inter-alia, real growth over and above inflation of around 0.5% per annum. The application of this terminal value growth rate and the discount rate implies a free cash flow multiple (on a controlling interest basis) of 18.2 times (which we consider reasonable relative to the then established nature of OptiComm's market position and service offering).

Valuation and sensitivity analysis

224 The Base Case assumptions set out above reflect the Base Case assumptions adopted in the financial model. There are inherent qualifications that apply to cash flow projections on which DCF valuations are based. In addition, the cost of capital can vary between industry participants based on factors such as differing perceptions / acceptance of risk and willingness to assume debt funding obligations.

225 It is important therefore not to credit the output of DCF models with a precision it does not warrant. It follows that any DCF valuation process should consider a range of scenarios, having regard to the respective key valuation drivers of the business being valued.

226 In assessing our valuation range we have therefore considered the sensitivity of value to changes in the key assumptions, as shown below:

OptiComm DCF valuation – sensitivity analysis			
Variable	**Base Case assumption**	**Sensitivity %**	**Value range $m**
Growth in future Lots Passed	16,500	+/- 10	490 – 522
ARPU ($ per user per month)	50	$48 – $52	465 – 548
Discount rate (%)	7.0	6.75 – 7.25	483 – 532
Terminal growth rate (%)	2.0	1.75 – 2.25	490 – 524
Capital expenditure ($m)	1.8 – 3.8	+/- 10	500 – 512

227 Having regard to the above, we have assessed the DCF value of OptiComm's business (on a cash and debt free basis) at between $490 million and $530 million.

Net cash

228 As at 30 June 2020, OptiComm had net cash of approximately $20.0 million (net of approximately $0.2 million in finance lease liabilities). As our valuation has been undertaken on a cum-dividend basis we have not deducted the payment of the proposed Special Dividend of $0.10 per OptiComm share (which is contingent amongst other factors on shareholder approval of the Scheme).

Other assets / (liabilities)

229 We are not aware of any other assets which are surplus to the operations of OptiComm, nor any other liabilities which should be deducted from our assessed business value.

Share capital outstanding

230 OptiComm has some 104.1 million fully paid ordinary shares on issue. In addition, the Company has 0.2 million performance rights which have been issued to key executives as part of the OptiComm Long Term Incentive Plan.

231 Pursuant to the terms of the Scheme, we understand that the Board will allow these performance rights to vest. Consequently, the performance rights will be converted into ordinary shares prior to the effective date of the Scheme.

232 Accordingly, for valuation purposes we have adopted 104.3 million fully diluted shares on issue.

Valuation summary

233 Given the above, we have assessed the value of 100% of the equity in OptiComm on a controlling interest basis (and prior to the payment of the proposed Special Dividend of $0.10 per OptiComm share), as follows:

OptiComm – valuation summary			
	Paragraph	**Low $m**	**High $m**
Value of core business	227	490.0	530.0
Net cash	228	20.0	20.0
Equity value – controlling interest basis		510.0	550.0
Fully diluted shares on issue (million)	232	104.3	104.3
OptiComm value per share – controlling interest basis ($)		4.89	5.27

Cross-check to transactions

234 We have cross-checked our assessed value of OptiComm's business (on a cash and debt free basis) to the acquisition of LBNCo and OPENetworks completed by Uniti in September 2019 and October 2019 respectively, noting that these acquisitions combined significant participants in the private fibre networks market (behind OptiComm). In respect of these transactions, we note that:

(a) LBNCo is an established builder and wholesale operator of private fibre networks, predominantly comprised of FTTP high speed data services to multi-dwelling units and broadacre residential estates

(b) OPENetworks is also an established builder and wholesale operator of private fibre networks primarily comprising FTTP high speed data services to multi-dwelling units.

235 The table below sets out the key transaction metrics for LBNCo and OPENetworks relative to our assessed value range of OptiComm's business:

Key transaction metrics

				OptiComm	
		LBNCo	**OPENetworks**	**Low**	**High**
Enterprise value (EV)	$m	100.0	27.5	490.0	530.0
Lots Passed	#	65,000	9,500	124,000	124,000
Active Premises	#	21,424	6,000	73,000	73,000
Active Premises / Lots Passed	%	33.0	63.2	58.9	58.9
EV / Lots Passed	$m	**4,668**	**4,583**	**6,712**	**7,260**
Contracted network	#	22,000	11,000	150,000	150,000
Contracted network / Lots Passed	#	**33.8**	**115.8**	**121.0**	**121.0**
Historical network revenue(1)	$m	15.3	3.4	41.2	41.2
Forecast network revenue(1)	$m	17.3	4.1	46.2(2)	46.2(2)
EV / historical network revenue	times	**6.5**	**8.1**	**11.9**	**12.9**
EV / forecast network revenue	times	**5.8**	**6.8**	**10.6**	**11.5**
Forecast FCF(3)	$m	3.6	2.4	16.0(2)	16.0(2)
Forecast FCF / Active Premises	$	168	398	219	219
EV / FCF	times	**27.8**	**11.5**	**30.6**	**33.1**

Note:
1 Recurring revenue. Excludes provisioning and ICN revenue.
2 OptiComm forecasts per LEA free cash flow (FCF) projections in FY21.
3 Represents operating cash flow less capital expenditure.

236 Whilst the comparability of the above transaction metrics will be influenced by a range of factors making direct comparisons difficult (e.g. maturity of existing network and expected network growth etc.), the transaction metrics for OptiComm implied by our valuation exceed the metrics paid for LBNCo and OPENetworks. We consider these higher OptiComm metrics to be reasonable when taking into account the following:

(a) OptiComm is significantly larger than LBNCo and OPENetworks. In this regard we note that smaller unlisted companies generally trade on lower multiples and metrics than larger listed companies

(b) As at our valuation date, OptiComm had a substantial contracted network of approximately 150,000 lots, which represented over 120% of its existing Lots Passed

(c) OptiComm is the second largest (behind NBN Co) builder and wholesale operator of fibre networks in the broadacre housing market and has a number of longstanding relationships with property developers

(d) whilst OPENetworks is significantly smaller than LBNCo, the business transacted at a broadly comparable price per active premises as LBNCo. This likely reflects, inter-alia, its larger (relative) contracted network and higher forecast FCF per active premises.

237 Accordingly, based on the above transaction evidence, we consider our assessed value range of OptiComm to be reasonable.

Cross-check to pre-announcement share trading range

238 We have also cross-checked our assessed value of the equity in OptiComm against the recent share market trading in OptiComm shares prior to the announcement of the Scheme[60], adjusted for a premium for control. A summary of the relevant share trading is set out below:

OptiComm – share trading

Period	Low $	High $	Close $	VWAP $	Value traded $m
1 month to 12 June 2020	4.50	5.27	5.02	4.80	6.9
28 April 2020 to 12 June 2020	4.29	5.27	5.02	4.60	16.7
3 months to 12 June 2020[(1)]	3.00	5.27	5.02	4.39	30.8

Note:

1 Excludes the 11.7 million shares sold on market by AFL Telecommunications Australia Pty Ltd on 15 April 2020 at a price of $4.40 per share.

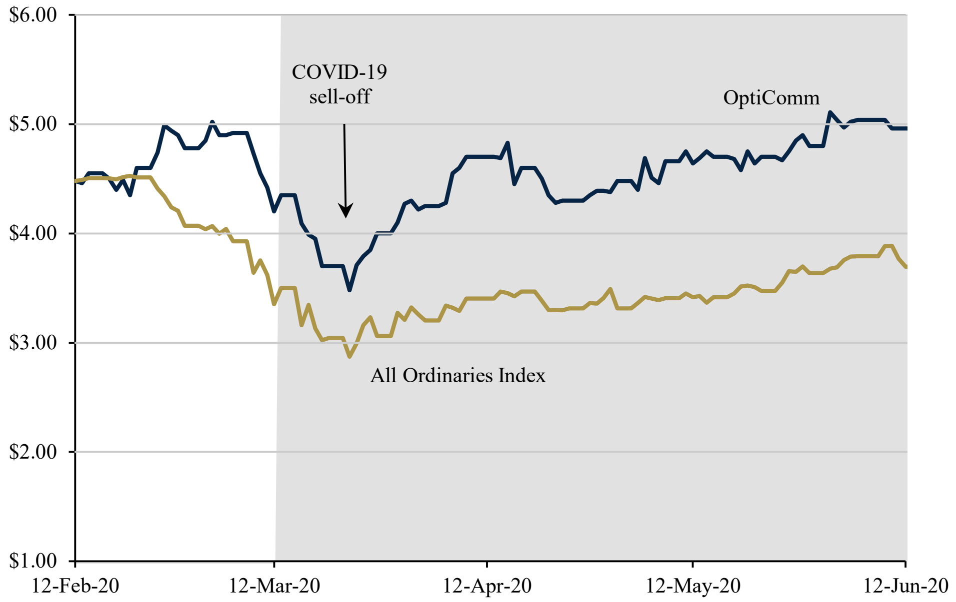
239 As indicated above, OptiComm shares are reasonably liquid, with over $16.7 million and $30.8 million of shares traded in the 1.5 and 3 month periods to 12 June 2020. Given this level of share trading, we consider the price at which OptiComm shares have traded over the abovementioned periods to be an appropriate reference point for the pre-announcement portfolio value of OptiComm shares.

240 In respect of the share trading periods above, we note that

(a) in the three months period to 12 June 2020, trading in OptiComm shares exhibited significant volatility, reflecting inter-alia, the initial uncertainty associated with the size of the economic impact from COVID-19 and the timing of any subsequent recovery:

60 The Scheme was announced prior to the market opening on 15 June 2020.

OptiComm – share trading[1]



Note:
1 The three month period to 12 June 2020 is represented by the shaded grey area.

Over the three months to 12 June 2020, OptiComm shares traded at an intraday low of $3.00 on 23 March 2020, but subsequently recovered to prices around / marginally exceeding those exhibited prior to the COVID-19 sell-off. Similarly, the All Ordinaries Index traded at its intraday low on 23 March 2020 and has partially recovered since, albeit it is still trading below the level achieved prior to the COVID-19 sell-off in mid-February 2020

(b) on 28 April 2020, OptiComm provided a presentation to the ASX that included a number of statements regarding the outlook of the business for FY20 and the impacts of COVID-19. Subsequent to this announcement, OptiComm shares have traded in a much narrower range between $4.29 and $5.27, which in part reflects the improved visibility on the impact from COVID-19.

241 In addition to the above, we note that prior to the announcement of the Scheme, the following large parcels of OptiComm shares were exchanged:

(a) on 25 February 2020, a number of OptiComm's pre-listing shareholders sold a combined total of 3.4 million shares at $4.55 following the expiry of the six month voluntary escrow period since OptiComm listed on the ASX

(b) on 15 April 2020, AFL Telecommunications Australia Pty Ltd disposed of its 11.7 million shares in OptiComm on-market for total consideration of $51.6 million, reflecting a VWAP of $4.40 per share.

242 Having regard to the above, for the purpose of our report, we have adopted a trading range of between $4.40 and $4.60 per share as reasonably representative of trading in OptiComm shares prior to the announcement of the Scheme.

243 Our DCF valuation range of $4.89 to $5.27 per share therefore implies the following premiums to this trading range:

Implied premium to trading range	Low $m	High $m
LEA assessed value per OptiComm share	4.89	5.27
OptiComm listed market price pre Scheme – low	4.40	4.40
Implied premium	11.1%	19.9%
LEA assessed value per OptiComm share	4.89	5.27
OptiComm listed market price pre Scheme – high	4.60	4.60
Implied premium	6.3%	14.6%

244 Empirical evidence from research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)[61].

245 One of the key reasons why bidders pay a control premium to acquire a company is the existence of synergies from business combinations. In the circumstances of OptiComm we note that:

(a) whilst OptiComm generates reliable recurring income from its network infrastructure, this income is largely determined by the wholesale access and capacity charges set by NBN Co. As a result the ability to significantly enhance earnings and related cash flow through acquiring control is less relevant

(b) in our experience, infrastructure assets do not generally attract the same level of control premiums as indicated by the empirical evidence on takeover premiums. This is because their listed market values often already reflect the present value of their future (annuity style) income stream, and the ability of the acquirer to generate long term synergies is more limited due to the nature of the assets (the returns on which are often subject to regulatory oversight)

(c) the majority of OptiComm's expenses relate to network / construction costs, and the level of public company costs are relatively low. Accordingly, a financial buyer (such as a private equity group) is unlikely to be able to generate significant cost synergies.

246 Given the above, in our opinion, any control premium paid for OptiComm shares is therefore likely to be lower than the average premiums implied by empirical evidence. Accordingly, we consider the premium over the recent trading range of OptiComm shares implied by our assessed value of OptiComm which ranges from 6.3% to 19.9% to be not unreasonable.

61 LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2018. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

247 Further, in our opinion, in determining a value for OptiComm shares more reliance should be placed on our DCF values (which reflect, inter-alia, the benefit of discussions with OptiComm management regarding the financial performance and outlook for the business), rather than the listed market prices of OptiComm shares, which we note have been volatile over recent months.

VIII Valuation of the Scheme Consideration

Approach

248 As set out in Section I, if OptiComm shareholders approve the Scheme and all conditions are satisfied, then OptiComm shareholders who elect to receive the Cash Consideration will receive $5.10 cash for each OptiComm share held (subject to the operation of the scale back provision).

249 OptiComm shareholders who elect to receive the Scheme Consideration based on one of the other four alternatives will receive shares in Uniti as part or total consideration, dependent on the alternative selected (again, subject to the operation of the scale back provision).

250 As stated in Section VI it is customary in transactions where scrip is offered as part or total consideration to rely upon the listed market price of the bidder's shares[62] (in this case Uniti) as the reference point for estimating the realisable value of the consideration offered. This is principally because:

(a) the listed market prices of Uniti shares are likely to represent a reasonable proxy for the amount that OptiComm shareholders could expect to realise if they sold any Uniti shares received as consideration either immediately or in the short term

(b) any decision to continue to hold Uniti shares beyond the immediate to short term is a separate investment decision which should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. It is also not possible to accurately predict future share price movements

(c) whilst there may be a future opportunity for OptiComm shareholders to share in a control premium in the event Uniti was acquired, this is not a scenario that we consider likely in the short term.

251 Accordingly, in our opinion, the recent market prices of Uniti shares are the appropriate reference point for estimating the value of the Scheme Consideration alternatives that comprise shares in Uniti as part or all of the consideration offered. In doing so, we have also considered the depth of the market for those securities and the volatility of the share price.

252 We have also cross-checked the reasonableness of our assessed value of Uniti shares being offered as consideration by comparison with broker estimates of the likely value of Uniti shares subsequent to implementation of the Scheme.

---

62 Provided there is sufficient market liquidity in the bidder's shares.

Recent share prices

Recent share trading history (pre and post announcement of Scheme)

253 The historical share prices for Uniti are set out in Section IV. More recent trading in Uniti shares prior to the announcement of the Scheme is shown below:

Uniti – share price history (pre announcement) Time periods up to and including 12 Jun 20	Low $	High $	VWAP $	Number traded (m)	Value traded $m
1 month	1.42	1.76	1.60	23.9	38.3
3 months	0.78	1.76	1.27	86.4	110.1
6 months	0.78	1.85	1.37	159.4	218.2

Source: Bloomberg.

254 We note that in December 2019 Uniti issued new shares at a price of $1.62 per share raising around $105 million in connection with the acquisition of 1300 Australia Pty Ltd. Uniti shares were trading around this issue price in February 2020, before the decline in share prices generally associated with the onset of the COVID-19 outbreak.

255 For the purpose of assessing the value of the Uniti shares offered as consideration we believe more regard should be given to the price of Uniti shares since the Scheme was announced on 15 June 2020. This is because we consider the Uniti share prices subsequent to 15 June 2020 to be more representative of the share price assuming the Scheme is approved than the prices before that date[63].

256 The following table sets out the prices at which Uniti shares have traded in the period subsequent to the announcement of the Scheme up to 5 August 2020:

Uniti – share price history (post announcement of Scheme) Time periods	Low $	High $	VWAP $	Number traded (m)	Value traded $m
16 June 2020[(1)] to 5 August 2020	1.41	1.78	1.59	159.8	253.7
10 trading days to 5 August 2020	1.51	1.70	1.60	38.7	61.9

Note:
1 Being the first day of trading subsequent to the announcement of the Scheme, following completion of the institutional component of the equity raise.
Source: Bloomberg.

257 In relation to the above, we also note that Uniti undertook a significant equity raising to partly fund the Cash Consideration component of the Scheme Consideration. The equity raising was concurrent with the announcement of the Scheme and comprised a fully underwritten non-renounceable Entitlement Offer at $1.40 per share. Approximately 192.9 million new shares

63 The last trading day prior to the announcement of the Scheme was 12 June 2020. On 15 June 2020, Uniti shares were placed in a trading halt associated with the equity raising to partly fund the Cash Consideration. Trading in Uniti shares recommenced on 16 June 2020.

were issued (equivalent to 59.5% of the issued capital of Uniti prior to the transaction), raising $270 million. Concurrent with the announcement of the Scheme and associated Entitlement Offer, Uniti also advised an upgrade in FY20 earnings guidance.

258 As noted above, subsequent to the recommencement of trading in Uniti shares on 16 June 2020, shares in Uniti have consistently traded above the Entitlement Offer price of $1.40 per share. Whilst there has been a high degree of market liquidity, we note that there has also been significant volatility in the prices at which shares have traded, ranging from $1.41 to $1.78 per share. The VWAP over the period has been $1.59 per share.

Share trading restrictions and liquidity

259 We are not aware of any significant shareholding restrictions on trading in Uniti which would prevent sufficient trading (on a day-to-day basis) to produce an unbiased share price.

260 Furthermore, the volume and value of shares traded in Uniti in the above periods indicates a high level of share market liquidity.

Information disclosures

261 Uniti has a market capitalisation of around $761 million[64] and is researched and analysed by three share broking firms.

262 Significant information in relation to the operations of Uniti has been disclosed in its financial reports and ASX announcements. Further, Uniti has an obligation under the ASX Listing Rules (subject to certain exemptions) to notify the ASX immediately of any information that it becomes aware of concerning Uniti which a reasonable person would expect to have a material effect on the price or value of Uniti shares.

Number of Uniti shares to be issued as consideration

263 Subsequent to completion of the fully underwritten Entitlement Offer Uniti had approximately 517.8 million ordinary shares on issue[65].

264 The number of shares to be issued by Uniti as all or part consideration under the Scheme will be dependent on the Scheme Consideration elections of OptiComm shareholders, subject to the respective scale back provisions. When considering the enlarged capital base of Uniti in the table below we have assumed the maximum scrip scenario, as follows:

Scheme Consideration as a % of existing and enlarged capital base

		Maximum Scrip Consideration million
Number of Uniti shares post Entitlement Offer[(1)]		517.8
Maximum number of shares to be issued pursuant to acceptance of the Scrip Consideration[(2)]	(A)	84.0
Total shares outstanding in Uniti post Scheme[(1)]	(B)	601.8
OptiComm shareholders' interest[(3)] in Uniti post transaction	(A) / (B)	14%

64 As at 14 July 2020.

65 In addition Uniti has approximately 18.1 million options on issue.

Note:
1 Ignoring options on issue.
2 Being the maximum scrip scenario.
3 Representing the collective interest of OptiComm shareholders.

265 As noted above, based on the assumed maximum scrip scenario, the number of shares to be issued by Uniti as all or part consideration under the Scheme will therefore represent approximately 14.0% of the enlarged capital base of Uniti.

266 Given the number of new Uniti shares to be issued under the Scheme, if a large number of OptiComm shareholders elect not to retain the shares in Uniti received as consideration there may be an oversupply of Uniti shares, which may have an adverse impact on the Uniti share price in the short term.

267 However, given the availability of the Cash Consideration under the Scheme (subject to the scale back provision) this risk is arguably mitigated, as OptiComm shareholders seeking to realise their investment pursuant to the proposed transaction could do so (at least in part) by acceptance of the Cash Consideration (or one of the Mixed Consideration Option alternatives).

Dilution and synergies

268 To the extent that the Scheme Consideration reflects that Uniti is paying a control premium (above the OptiComm listed market price) for the agreed acquisition of OptiComm, there will be a dilution effect on the value of Uniti shares subsequent to a successful conclusion of the Scheme. This is because the listed market price of Uniti shares will reflect a portfolio rather than a controlling interest in the enlarged group. In the absence of synergies this dilution could potentially result in a fall in the share price of the acquiring party (in this case Uniti).

269 In the current circumstances however the identified synergies from a combination of the business operations of Uniti and OptiComm are expected to be significantly value accretive. In the presentation to the ASX dated 15 June 2020 in respect of the transaction, Uniti stated that:

"Shareholders are expected to benefit from significant value creation from this transformational transaction and from the combined scale and capabilities of a more diverse telecommunications infrastructure company with a large pipeline of long term growth opportunities."

270 This view was endorsed in the subsequent ASX announcement on 16 June 2020 on completion of the institutional component of the Entitlement Offer, when Uniti stated:

"The acquisition of OptiComm is highly complementary and shareholders are expected to benefit from significant value creation from the growth opportunities the combined business is expected to have access to in the private fibre market."

271 Further information on the synergies expected to be generated by Uniti from an acquisition of OptiComm is set out in the Scheme Booklet.

272 Given the size of expected synergies relative to the standalone earnings of OptiComm, in our opinion, it is reasonable to conclude that the value of expected synergies would exceed the dilutionary effect discussed above.

Conclusion

273 In summary, in assessing the value of the Uniti shares offered as all or part consideration under the Scheme we have had regard to:

(a) the recent trading range of Uniti shares

(b) the price at which shares were recently issued by Uniti pursuant to the equity capital raising announced concurrent with the Scheme[66]

(c) the number of shares to be issued by Uniti under the Scheme compared to the enlarged number of Uniti shares on issue post completion of the Scheme

(d) the likely level of on-market trading in Uniti shares subsequent to implementation of the Scheme, having regard to factors including:

(i) any potential oversupply of Uniti shares from those shareholders in OptiComm not wishing to retain the Uniti shares received as part consideration

(ii) the dilution effect implicit in any control premium effectively being paid by Uniti

(iii) the identified synergies from a combination of the business operations of Uniti and OptiComm, which are expected to be significantly value accretive

(e) recent stock market conditions

(f) broker estimates of the likely value of Uniti shares subsequent to implementation of the Scheme.

274 Based on the above we have assessed the value of the Uniti shares offered as all or part consideration pursuant to the Scheme at between $1.45 and $1.65 per share. This range reflects the more recent trading range in Uniti shares (following the announcement of the Scheme), with the VWAP of Uniti shares since the recommencement of trading on 16 June 2020 up to 5 August 2020 being $1.59 per share.

275 In comparison we note that the three brokers who provide coverage on Uniti all have a share price target for Uniti subsequent to implementation of the Scheme above $2.00 per share.

Assessed value of Scheme Consideration

276 We have therefore assessed the value of the Scheme Consideration to be received by OptiComm shareholders pursuant to the Scheme at the respective amounts below[67]:

66 This equity capital raising assisted Uniti in meeting its Cash Consideration obligations pursuant to the Scheme.

67 For clarification, the Total Consideration which includes the Special Dividend and the Scheme Consideration is dealt with in Section IX of our report.

Value of Scheme Consideration per OptiComm share	Low $ per share	High $ per share
Cash Consideration	5.10	5.10
Scrip Consideration(1)	4.96	5.65
Mixed Consideration Option 1 (75% cash, 25% scrip)(2)	5.07	5.24
Mixed Consideration Option 2 (50% cash, 50% scrip)(3)	5.03	5.37
Mixed Consideration Option 3 (25% cash, 75% scrip)(4)	5.00	5.51

Note:
1 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share.
2 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 25% Scrip Consideration, plus $5.10 times 75% Cash Consideration.
3 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 50% Scrip Consideration, plus $5.10 times 50% Cash Consideration.
4 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 75% Scrip Consideration, plus $5.10 times 25% Cash Consideration.

Other considerations

277 OptiComm shareholders should note that the listed market price of Uniti shares is subject to daily fluctuation. The price at which Uniti shares may be sold may therefore be greater or less than our assessed realisable value of Uniti shares of $1.45 to $1.65 per share.

278 OptiComm shareholders should also note that any decision to hold Uniti shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Uniti shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions.

IX Evaluation of the Scheme

Summary of opinion

279 In our opinion, the Scheme is fair and reasonable and in the best interests of OptiComm shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of OptiComm shares

280 As set out in Section VII we have assessed the value of OptiComm at between $4.89 and $5.27 per share. This value has been assessed on a cum-dividend basis, which means it has been determined prior to paying the proposed Special Dividend of $0.10 per share.

Value of Scheme Consideration

281 Under the terms of the Scheme, OptiComm shareholders will have flexibility as regards the Scheme Consideration they will receive for each OptiComm share they hold on the Scheme Record Date[68]. OptiComm shareholders may elect to receive the Scheme Consideration as one of five alternatives. We have assessed the value of each of these alternatives in Section VIII, which is summarised below:

Value of Scheme Consideration per OptiComm share

	Low $ per share	High $ per share
Cash Consideration	5.10	5.10
Scrip Consideration(1)	4.96	5.65
Mixed Consideration Option 1 (75% cash, 25% scrip)(2)	5.07	5.24
Mixed Consideration Option 2 (50% cash, 50% scrip)(3)	5.03	5.37
Mixed Consideration Option 3 (25% cash, 75% scrip)(4)	5.00	5.51

Note:
1 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share.
2 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 25% Scrip Consideration, plus $5.10 times 75% Cash Consideration.
3 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 50% Scrip Consideration, plus $5.10 times 50% Cash Consideration.
4 Being $1.45 to $1.65 times exchange ratio of 3.4228 Uniti shares for each OptiComm share times 75% Scrip Consideration, plus $5.10 times 25% Cash Consideration.

Value of Total Consideration

282 As noted in Section I, OptiComm has also declared a fully franked Special Dividend of $0.10 per OptiComm share, conditional on the Scheme becoming effective.

283 For the purpose of our report we have defined the aggregate of the Scheme Consideration and the Special Dividend as the Total Consideration. In our opinion, it is appropriate to include the Special Dividend in the definition of Total Consideration because the Special Dividend is conditional on the Scheme becoming effective.

68 The Scheme Record Date is presently expected to be 7:00pm on the second business day after the Scheme becomes effective.

284 We have therefore assessed the value of the Total Consideration to be received by OptiComm shareholders pursuant to the Scheme at the amounts below[69]:

Value of Total Consideration per OptiComm share	Low(1) $ per share	High(1) $ per share
Cash Consideration	5.20	5.20
Scrip Consideration	5.06	5.75
Mixed Consideration Option 1 (75% cash, 25% scrip)	5.17	5.34
Mixed Consideration Option 2 (50% cash, 50% scrip)	5.13	5.47
Mixed Consideration Option 3 (25% cash, 75% scrip)	5.10	5.61

Note:
1 The Total Consideration comprises the value of the Scheme Consideration (as assessed in Section VIII) plus the Special Dividend of $0.10 per OptiComm share.

Fair and reasonable opinion

285 Pursuant to RG 111, the Scheme is "fair" if the value of the Scheme Consideration is equal to, or greater than, the value of the securities the subject of the scheme.

286 As the value of the Scheme Consideration (and therefore the Total Consideration) to be received by OptiComm shareholders lies within and/or exceeds our assessed valuation range for OptiComm shares on a 100% controlling interest basis, in our opinion, the Scheme is fair to OptiComm shareholders when assessed based on the guidelines set out in RG 111.

287 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is "reasonable" it must also be "in the best interests" of shareholders, in the absence of a superior proposal.

288 Consequently, in our opinion, the Scheme is also "reasonable" and "in the best interests" of OptiComm shareholders in the absence of a superior proposal.

Assessment of reasonableness

289 In assessing whether the Scheme is reasonable LEA has also considered:

(a) the extent to which a control premium is being paid to OptiComm shareholders

(b) the extent to which OptiComm shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

(c) the listed market price of OptiComm shares, both prior to and subsequent to the announcement of the proposed Scheme

(d) the likely market price of OptiComm securities if the proposed Scheme is not approved

(e) the value of OptiComm to an alternative offeror and the likelihood of a higher alternative offer being made for OptiComm prior to the date of the Scheme meeting

(f) the advantages and disadvantages of the Scheme from the perspective of OptiComm shareholders

69 For clarification, the Total Consideration includes both the Scheme Consideration and the Special Dividend.

(g) other qualitative and strategic issues associated with the Scheme.

290 These issues are discussed in detail below.

Extent to which a control premium is being paid

291 Empirical evidence indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium reflects the fact that:

(a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder

(b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds

(c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company

(d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

292 In considering the control premium implied by the Scheme we have had regard to both the Scheme Consideration and the Total Consideration, as pursuant to the Scheme OptiComm shareholders will receive both the Scheme Consideration and the Special Dividend. For implied premium calculation purposes we have adopted the mid-point of :

(a) \$5.31 per share for our assessed valuation range for the Scheme Consideration[70]

(b) \$5.41 per share for our assessed valuation range of the Total Consideration[71].

293 We have calculated the premium implied by the Scheme Consideration and Total Consideration by reference to the market prices of OptiComm shares (as traded on the ASX) for periods up to and including 12 June 2020 (being the last trading day prior to the announcement of the Scheme with Uniti).

294 The implied offer premium relative to OptiComm share prices up to 12 June 2020 is shown below:

[70] The low and high range assessed values of the Scheme Consideration reflect the Scrip Consideration option for the Scheme Consideration

[71] The low and high range assessed values of the Total Consideration reflect the Scrip Consideration option for the Scheme Consideration.

Implied offer premium relative to recent share prices[1]			
		Implied control premium based on	
	OptiComm share price $	Scheme Consideration %	Total Consideration %
Closing share price on 12 June 2020[2]	5.02	5.8	7.8
1 month VWAP to 12 June 2020	4.80	10.6	12.7
3 months VWAP to 12 June 2020	4.39	21.0	23.2

Note:
1 Rounding differences may exist.
2 Being the closing price on the last day of trading prior to the announcement of the Scheme.

295 The implied offer premiums above are below the average takeover premium of 30% to 35% observed from empirical evidence. In this regard, as set out in Section VII (paragraph 246), in the circumstances of OptiComm we have formed the view that any control premium paid for OptiComm shares is likely to be lower than the average premiums implied by empirical evidence.

Extent to which OptiComm shareholders are being paid a share of synergies

296 In an ASX investor presentation dated 15 June 2020, Uniti has stated that:

(a) it expects the acquisition of OptiComm to be immediately earnings per share accretive on a FY20 pro-forma basis before synergy benefits

(b) it expects to achieve $10 million of annual (run-rate) synergies within the first 12 months following implementation of the Scheme[72]

(c) it expects the acquisition of OptiComm to be earnings per share accretive by approximately 23% on a FY20 pro-forma basis after taking into account the full year impact of expected synergy benefits.

297 For the reasons set out in Section VI, we do not consider that reported earnings is the appropriate basis upon which to assess the value of either company. However, as OptiComm shareholders that elect to receive shares in Uniti as consideration will only have a collective interest in Uniti of approximately 14% if the Scheme is implemented, we note that the majority of the synergy benefits will accrue to Uniti shareholders subsequent to the transaction[73].

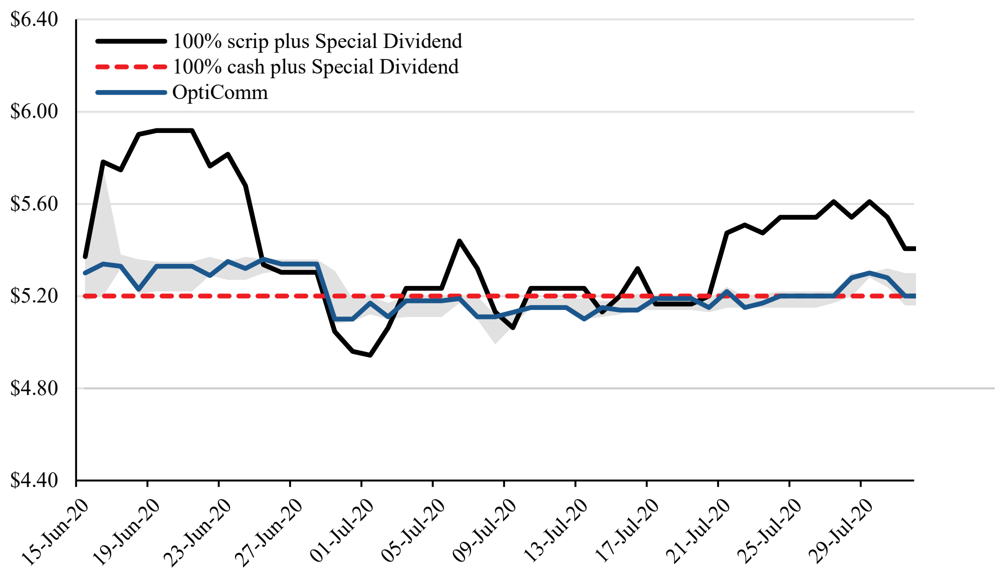
72 These synergies are expected to be derived from the rationalisation of combined public company costs, shared services, and both network and non-network efficiencies.

73 It is the nature of acquisition synergies that they are easier to identify than implement. The inherent risks associated with realisation of the synergies rests with the purchaser. Accordingly, whilst the specific negotiations of a transaction determine the sharing thereof, it is generally the case that the majority of the identified synergy benefits rests with the purchaser.

Recent share prices subsequent to the announcement of the Scheme

298 Shareholders should note that OptiComm shares have traded on the ASX in the range of \$4.99 to \$5.76 per share in the period since the Scheme was announced up to 5 August 2020. Whilst the upper end of this range exceeds the value of the cash alternative plus the Special Dividend (i.e. \$5.20 per OptiComm share), the listed market price of OptiComm shares during this period has generally been below the implied value of the 100% scrip alternative (based on the Uniti share price on the same day) plus the Special Dividend[74], as shown below:

OptiComm share trading post announcement(1)



Note:
1 OptiComm's intraday high and low trading range is represented by the grey shaded area.

299 In our view, the above graph suggests that, in the absence of a superior proposal, the consensus market view is that the Scheme is likely to be successful.

Likely price of OptiComm shares if the Scheme is not approved

300 If the Scheme is not implemented we expect that, at least in the short term, OptiComm shares will trade at a significant discount to our valuation and the Total Consideration due to the difference between the value of OptiComm shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that, since 28 April 2020 (when OptiComm provided a presentation to the ASX that included a number of statements regarding the outlook of the business for FY20 and the impacts of COVID-19) up to 12 June 2020 (being the last trading day prior to the announcement of the Scheme) the VWAP of OptiComm shares was \$4.60 per share.

74 As stated in Sections I and VIII, both the Cash Consideration and the Scrip Consideration are subject to potential scale back.

301 If the Scheme is not implemented those OptiComm shareholders who wish to sell their OptiComm shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Likelihood of a superior proposal

302 We have been advised by the Directors of OptiComm that:

(a) the Scheme reflects the outcome of negotiations between OptiComm and Uniti, and no formal sale process in respect of OptiComm was undertaken prior to entering into the Agreement with Uniti

(b) no formal alternative offers have been received subsequent to the announcement of the Scheme on 15 June 2020.

303 At this stage, it therefore appears that a superior offer from another party is unlikely. However, there remains an opportunity for any third parties contemplating an acquisition of OptiComm to table a proposal before the OptiComm Board.

Assessment of the Scheme

304 We summarise below the advantages and disadvantages of the Scheme for OptiComm shareholders.

Advantages

305 The Scheme Consideration (and therefore the Total Consideration) to be received by OptiComm shareholders is consistent with and/or exceeds our assessed value range of OptiComm shares on a 100% controlling interest basis (and is therefore fair and reasonable under RG 111).

306 The Scheme Consideration (and therefore the Total Consideration) represents a significant premium to the VWAP of $4.60 per OptiComm share in the period from 28 April 2020[75] up to the announcement of the Scheme[76].

Disadvantages

307 If the Scheme is implemented OptiComm shareholders will no longer hold a direct interest in OptiComm. In the event that future value is created by OptiComm as a result of ongoing operations over and above that reflected in our assessed valuation of the Company:

(a) those OptiComm shareholders who receive 100% Cash Consideration will therefore not participate in such future value

(b) those OptiComm shareholders who receive shares in Uniti as consideration will retain some limited exposure to such future value (but will also acquire an interest in the Uniti businesses).

---

75 On 28 April 2020 OptiComm provided a presentation to the ASX that included a number of statements regarding the outlook of the business for FY20 and the impacts of COVID-19.

76 Notwithstanding that the implied premiums are lower than those observed from takeover transactions generally (which we consider reflects the nature of OptiComm's operations).

308 However, as the Scheme Consideration (and therefore the Total Consideration) to be received by OptiComm shareholders is consistent with and/or exceeds our assessed value range of OptiComm shares, we consider that the present value of OptiComm's future potential is reflected in the Scheme Consideration.

Conclusion

309 Given the above analysis, we consider the acquisition of OptiComm shares under the Scheme is fair and reasonable to, and in the best interests of, OptiComm shareholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and IERs in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to OptiComm shareholders in connection with the Scheme.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian financial services licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $150,000 plus GST.

9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.

2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 26 years and 34 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Directors of OptiComm to accompany the Scheme Booklet to be sent to OptiComm shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of OptiComm shareholders.

Interests

4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

6 As a condition of LEA's agreement to prepare this report, OptiComm agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of OptiComm which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

Appendix C

Assessment of appropriate discount rate

1 The determination of the discount rate or cost of capital for an asset requires identification and consideration of the factors that affect the returns and risks of that asset, together with the application of widely accepted methodologies for determining the returns demanded by the debt and equity providers of the capital employed in the asset.

2 The discount rate applied to the projected cash flows from an asset represents the financial return that will be demanded before an investor would be prepared to acquire (or invest in) the asset.

3 Businesses are normally funded by a mix of debt and equity. The weighted average cost of capital (WACC) is a widely used and accepted basis to calculate the "representative" rate of returns required by debt and equity investors. The required rate of return for equity is frequently evaluated using the capital asset pricing model (CAPM) and the required rate of return for debt funding is determined having regard to various factors such as current borrowing costs and prevailing credit ratings. The cost of equity and the cost of debt are weighted by the respective proportions of equity and debt funding to arrive at the WACC.

4 Consequently, we set out below an explanation of:

(a) the WACC and its elements (including the CAPM, its application in determining the cost of equity, the cost of debt and debt equity mix)

(b) our assessment of the appropriate parameters to be used in determining the discount rate to apply for OptiComm.

Weighted average cost of capital

5 The generally accepted WACC formula is the post-tax WACC, without adjustment for imputation[77] as shown below:

WACC formula

$$WACC = R_e\frac{E}{V} + R_d(1-t)\frac{D}{V}$$

where:

R_e = expected equity investment return or cost of equity in nominal terms
R_d = interest rate on debt (pre-tax)
t = corporate tax rate
E = market value of equity
D = market value of debt
V = market value of debt plus equity

---

[77] Given free capital flows between developed countries and the small size of the Australian stock market (as a percentage of global markets), the cost of capital of listed companies (other than perhaps regulated infrastructure assets) should be assessed in a global context ignoring Australian imputation. This is the approach generally adopted by independent experts.

Appendix C

CAPM and the cost of equity

6 The CAPM stems from the theory that a prudent investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. The CAPM assumes that there is a positive relationship between risk and return. That is, rational investors are risk adverse and demand higher returns for accepting higher levels of risk.

7 The CAPM is based on the concept of non-diversifiable risk and calculates the cost of equity as follows:

Cost of equity calculation

$$R_e = R_f + \beta_e\left[E(R_m) - R_f\right]$$

where:

R_e	=	expected equity investment return or cost of equity in nominal terms
R_f	=	risk-free rate of return
$E(R_m)$	=	expected market return
$E(R_m) - R_f$	=	market risk premium (MRP)
β_e	=	equity beta

8 The individual components of the CAPM are discussed below.

Risk-free rate

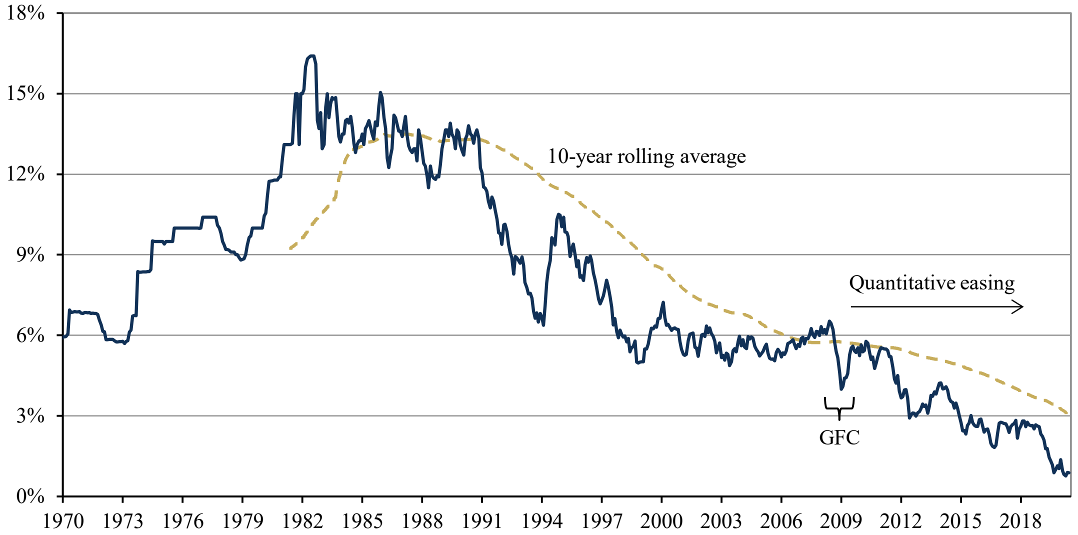
9 The risk-free rate is the theoretical rate of return on an investment with no risk of financial loss (provided the investment is held to maturity). It represents the return that an investor would expect to receive from a "completely" risk-free investment over a given period of time.

10 The risk-free rate is normally approximated by reference to a long-term government bond with a maturity equivalent to the timeframe over which the returns from the assets being valued are expected to be received. Typically in the Australian context, the yields on long-term Commonwealth Government Bonds (CGBs) are used as a proxy for the long-term risk-free rate.

11 However, when assessing the appropriate long-term risk-free rate for the purposes of calculating the cost of equity capital it should be noted that the yields currently prevailing on long-term CGBs are well below historical levels (as shown in the chart below):

Appendix C

Australian government bond yield – nominal 10-year bonds
Monthly data, January 1970 to June 2020



Note: 20-year CGBs and 30-year CGBs were only issued in November 2013 and October 2016, respectively.
Source: Bloomberg.

12 In our view, the risk-free rate and the MRP should be assessed in conjunction with each other. This is because, inter-alia, the historical MRP is based on the prevailing risk-free rate at the time and that rate varies. Accordingly, the application of current (very low) CGB yields and the long-term average MRP is inappropriate in the context of determining long-term required equity rates of return (discount rates).

13 To address this issue, two approaches are generally adopted:

(a) **Method 1** – calculate WACC using the current CGB yield and an implied MRP that is higher than that derived from the long-term average of historical excess returns (i.e. the rate of return over and above the risk-free rate estimated by CGB yields[78])

(b) **Method 2** – calculate WACC using a "normalised" risk-free rate based on historical averages and an MRP that is based on the observed long-term average of historical excess returns.

14 Method 1 recognises the fact that current abnormally low interest rates coincide with heightened economic uncertainties[79] and/or increased investor risk aversion. However, this

[78] Given the very long-term nature of the measurement, the impact of quantitative easing and other post-global financial crisis (GFC) type government stimulus measures is significantly "averaged" out.

[79] This is particularly the case in Australia at the present time given that Australia's economic growth is linked with China's growth as it has been the engine of growth for Australia and the world during the post-GFC period. As the expectation of economic growth in China tapers off and the associated mining boom in Australia ceases, there are uncertainties as to what will drive domestic growth in Australia going forward. The ongoing uncertainty in regard to the Australian economy and the global economy, and highly expansionary monetary policy adopted in other developed economies, has contributed to both the Reserve Bank of Australia (RBA) maintaining the cash rate at record lows and the observed low CGB yields.

approach is difficult to apply in practice because it is difficult to reliably measure short-term changes in the ex-ante MRP.

15 We have therefore adopted the second approach, and have adopted a long-term risk-free rate in Australia of 3.0% per annum.

16 Our adopted risk-free rate is higher than the yield on the 31-year CGB (maturing 21 May 2041) of approximately 1.6% as at 25 June 2020[80]. However, this is consistent with current market practice, which is to apply a normalised risk-free rate having regard to a mix of historical averages and current spot rates (as evidenced by the table in paragraph 30 below).

17 We also note that corporate Australia has generally been reluctant to lower required rates of return notwithstanding the reduction in CGB yields. For example:

(a) Wesfarmers CFO Anthony Gianotti stated in November 2019 that *"it was reluctant to 'bank in' historically low interest rates into its long-term investment view"*[81]

(b) Woodside Petroleum finance chief Sherry Duhe stated in November 2019 that "*it was too soon to start rethinking hurdle rates"*[82]

(c) in October 2019, AGL Energy CFO Damien Nicks stated that AGL's hurdle rates had not changed as a result of the recent reduction in government bond yields[83]

(d) in October 2019, Lendlease Chairman Michael Ulmer said *"the company's weighted average cost of capital was driven by equity and debt returns, and hadn't changed in any way that 'is significantly changing the ball game'"*[84].

18 Whilst regulatory bodies in Australia generally favour the use of current CGB yields for the risk-free rate (rather than longer term averages or adjusted risk-free rates), it should be noted that these regulatory bodies are not assessing the appropriate risk-free rate in the context of the long-term rate of return required by debt and equity investors (but rather the risk-free rate likely to prevail over a relatively short five-year period, which is then subject to change depending on market conditions at that time). As a result, the risk-free rates adopted by regulatory authorities in Australia are therefore not necessarily the appropriate risk-free rates to adopt when determining the appropriate discount rate for a business.

Market risk premium

19 The MRP represents the additional return above the risk-free rate that investors require in order to invest in a well-diversified portfolio of equity securities (i.e. the equity market as a whole). Strictly speaking, the MRP is equal to the expected return from holding shares over and above the return from holding risk-free government securities. Since expected returns are

80 The longest term CGB currently on issue. (Source: Australian Financial Review (AFR).)

81 Source: The Australian (8 November 2019) *Changing hurdle rates is 'a danger'*.

82 Ibid.

83 Source: AFR (30 October 2019) *CEOs blame investors, banks for high hurdle rates*.

84 Ibid.

generally not observable, a common method of estimating the MRP is to average realised (ex-post) returns over a long period.

20 In assessing the MRP, it is necessary to recognise that the MRP is a forward-looking concept. It is an expectation, which cannot be directly observed and needs to be estimated. We have also had regard to the MRP adopted by Australian Regulators, as discussed below.

MRP – historic excess returns

21 Various academic studies put the historical MRP of the Australian equity market in a wide range from 5% to 7% depending on the historical period chosen, whether the MRP is measured relative to bills or bonds, and whether an arithmetic or geometric mean is used. However, the risk-free rate of return that was used to derive the MRP in those studies was, on average, significantly above both current levels and the 3.0% risk-free rate adopted above. Because realised rates of return, especially for shares, are highly volatile over short periods, short-term average realised rates of return are unlikely to be a reliable estimate of the expected rate of return or MRP. Consequently the MRP should be measured over a long period of time. It should also be noted that the standard error of the estimate of the mean for longer periods is typically lower than the standard error of the mean where a shorter period is used. This supports more reliance being placed on the average MRP calculated over the longer term. However, some authors have raised concerns regarding the poor quality of the data available for periods prior to 1958.

22 A study of the MRP in Australia by Brailsford et al. analysed data for the period from 1883 to 2005 (inclusive), and this was later updated for the period 1883 to 2010[85].

23 In October 2015, the ACCC released their final decision regarding the prices that other operators pay to use Telstra's copper network to provide telecommunication services to consumers. In this final decision the ACCC adopted an MRP of 6.0%[86], having regard to empirical evidence on long-term average of historical excess returns published by Brailsford et al. and updated by the Australian Energy Regulator (AER), as well as survey evidence by market practitioners. The AER has since updated the data to the end of 2018 as shown below:

Australia's MRP – historical excess returns

Sampling period	Years	Arithmetic average %	Geometric average %
1883 – 2018	136	6.2	4.9
1937 – 2018	82	5.9	4.1
1958 – 2018	61	6.4	4.1
1980 – 2018	39	6.2	4.1
1988 – 2018	31	5.8	4.3

Source: AER (2019) *Rate of return: annual update*.

24 The AER provides both arithmetic and geometric averages and comments that,

85 Brailsford et al. (2012) *The historical equity risk premium in Australia: post-GFC and 128 years of data.*

86 ACCC (2015) *Public inquiry into final access determinations for fixed line services - Final Decision* pages 75-76.

"… we give more weight to the arithmetic average than the geometric, but use the geometric average to highlight when high returns over certain periods may be driven primarily by high volatility and to set a floor when viewing the range of potential results … …We consider using both together is more likely to lead to an unbiased estimate of the MRP than exclusive use of either method"[87].

25 A new set of Australian dividend yield data was released in 2019 by the RBA. The RBA data covers the period 1917 to 1979. When combined with data from Datastream for the period 1980-2019 the average MRP based on the RBA's data is around 4.0% based on the geometric mean and around 5.0% based on the arithmetic mean[88].

26 The returns calculated by the AER and the RBA do not include the impact of franking credits, which were introduced in Australia in July 1987. Bishop et al. (2018) have published MRP data for Australia including the impact of franking credits, as shown below:

Australia's MRP – historical excess returns

Sampling period	Years	Excluding franking credits %	Including franking credits %
1883 – 2017	135	6.5	6.9
1938 – 2017	80	5.7	6.2
1958 – 2017	60	6.0	6.9
1978 – 2017	40	6.6	7.8
1998 – 2017	20	5.4	6.7

Source: Bishop et al. (2018) *Market risk premium: Australian evidence*. Table 8.

27 Bishop et al. (2018) provide only the arithmetic average which, in their view, is more appropriate when considering expectations formed on historical data because it weights the inputs equally.

MRP – Survey data

28 Survey estimates explore investor expectations about the MRP. They achieve this by directly asking investors and market practitioners what their expectations are and/or what they apply in practice. The AER in its 2018 *Rate of return instrument – Explanatory statement*, reviewed evidence from relevant surveys. We have updated their results for two more recent surveys. The mean and median MRP across the more recent surveys is supportive of an MRP of 6.5% as indicated in the table below:

87 Source: AER (2018) *Rate of return instrument – Explanatory statement* page 250.

88 Source: RBA (2019) *A history of Australian equities* (Research Discussion Paper 2019-04).

Appendix C

Australia's MRP – survey results				
Survey: Author and publication date	**Survey date**	**Number of responses**	**Mean %**	**Median %**
Fernandez et al. (2013)	May–Jun 12	73	5.9	6.0
KPMG (2013)(1)	na	19	na	6.0
Fernandez et al. (2013)	May–Jun 13	17	6.8	5.8
Asher and Hickling (2013)	Sep 13	46	4.8	5.0
Fernandez et al. (2014)	May–Jun 14	93	5.9	6.0
Asher and Hickling (2015)	Dec 14	27	4.4	4.6
Fernandez et al. (2015)	Mar–Apr 15	40	6.0	5.1
KPMG (2015)(2)	na	27	na	6.0
Asher and Carruthers (2016)	Dec 15	29	4.9	na
Fernandez et al. (2016)	Apr 16	87	6.0	6.0
Carruthers (2017)	Nov 16	24	5.3	na
Fernandez et al. (2017)	Mar–Apr 17	26	7.3	7.6
KPMG (2017)	na	45	na	6.0
Fernandez et al. (2018)	Mar–Apr 18	74	6.6	7.1
KPMG (2018)	Jul–Sep 18	56	5.5	6.0 to < 6.5
Fernandez et al. (2019)	Feb–Mar 19	54	6.5	6.1
KPMG (2020)	Oct 19	59	5.9	na
Fernandez et al. (2020)	Feb–Mar 20	37	7.9	6.2

Note:
1 The survey had 23 participants, however only 19 specified the MRP they used.
2 The survey had 29 participants, however it appears that only 27 specified the MRP they used.
na – not available.
Source: AER (December 2018) *Rate of return instrument – Explanatory statement page 271*; Fernandez (2019) *Market risk premium and risk-free rate used for 69 countries in 2019*; KPMG (2018) *Valuation practices survey 2018*; KPMG (2020) *Valuation practices survey 2019*; Fernandez (2020) *Market risk premium and risk-free rate used for 81 countries in 2020*.

29 Having regard to all of the above, we have adopted a long-term MRP of 6.5%.

Total market return

30 Our risk-free rate and MRP implies a required total market rate of return of 9.5% per annum (being a risk-free rate of 3.0% plus an MRP of 6.5%). Given that the risk-free rate and MRP should be assessed in conjunction with each other, we set out below a summary of the required total market returns adopted by investment banks, stockbrokers and large corporate valuation companies:

Risk-free rate and MRP – Australia				
Company	Report date	Risk-free rate %	MRP %	Total equity return %
BDO	Apr 20	1.5	6.0	7.5
Bell Potter	May 20	2.0	6.0	8.0
Citi	May 20	2.0	7.5	9.5
Credit Suisse	May 20	3.0	6.0	9.0
Goldman Sachs	May 20	3.5	6.0	9.5
Grant Thornton	Mar 20	3.0	5.5	8.5
JP Morgan	Apr 20	3.5	6.0	9.5
KPMG	Apr 20	3.1	6.0	9.1
Macquarie	May 20	2.3	5.0	7.3
Morgan Stanley	May 20	5.5	5.5	10.5
Morgans	May 20	3.0	6.0	9.0

Source: Selected independent expert reports and stockbroker analyst reports.

31 As indicated above:

(a) the majority of investment banks, stockbrokers and large corporate valuation companies apply a risk-free rate for valuation purposes that exceeds the current long term CGB yield

(b) the required total market return implied by the variables adopted by the investment banks, stockbrokers and large corporate valuation companies is broadly consistent with our own assessment (albeit our own view is toward the high end of the range adopted by other valuers).

32 Whilst, prima-facie, recent lower interest rates globally have lowered the total equity return required by investors, based on our experience, such investors have not reduced their required rates of return by the full extent of the fall in risk-free rates. Accordingly, in our opinion, it is appropriate to adopt an MRP of 6.5% (toward the upper end of the empirical studies) when used in conjunction with our risk-free rate of 3.0% per annum.

33 Given the above, we consider that the risk-free rate and MRP adopted by us is reasonable and appropriate in the context of long-term required returns / discount rate assessments.

Equity beta

Description

34 Beta is a measure of the expected volatility of the return on an investment relative to the market as a whole. The CAPM assumes that beta is the only reason expected returns on an asset differ from the expected return on the market as a whole. A beta greater than 1.0 suggests that an investment's returns are expected to be more volatile and risky than average (and accordingly a higher return than the market is required), whereas a beta less than 1.0 suggests that future returns will be less volatile and risky.

35 Similar to MRPs, expected equity betas are not observable. Historical betas are usually estimated and used as a reference to determine the appropriate forward-looking betas. In addition, factors such as betas of comparable companies and relevant industry sectors and a qualitative assessment of the systematic risks of the subject business are also considered. The determination of the appropriate beta to apply is, therefore, ultimately a matter of judgement.

36 In determining the appropriate equity beta for OptiComm we have considered:

(a) the key business risks faced by OptiComm

(b) the beta estimates for OptiComm and other listed companies operating in the communications infrastructure sector; and

(c) industry betas for the communications infrastructure and infrastructure sectors.

Business risks

37 We set out below a summary of some of the key business risks faced by OptiComm.

Substitution risk

38 As the fixed line network infrastructure available within OptiComm connected estates is owned by OptiComm, OptiComm is not impacted by churn between RSPs as end users seek better or cheaper providers for their fixed broadband services.

39 However, a market shift towards wireless broadband services due to technology advances (such as 5G) could result in higher churn in the long term. We have reflected this increased technological risk in the long term by applying a higher discount rate in our terminal value calculation (as discussed in paragraph 66).

Future growth

40 As stated in Section III, OptiComm's earnings growth is expected to arise from the greater utilisation of its existing network as the network matures[89], and OptiComm's contractual agreements with developers for the construction of future networks to over 150,000 additional lots. Whilst the exact timing of these new developments / networks is uncertain (which has been allowed for in our sensitivity analyses), these factors underpin our cash flow forecasts and reduce risk.

41 Further, OptiComm has been successful in securing "whole of business" agreements with major developers which result in OptiComm being the preferred or exclusive provider to these organisations for a number of years. However, one major developer client represented some 16% of OptiComm's construction billings in FY20.

Regulatory pricing risks

42 As OptiComm offers developers an alternative solution to NBN Co, some of OptiComm's revenue, earnings and market share may be eroded to the extent regulatory frameworks currently imposed on NBN Co are amended. This may result in changes to the amounts and manner in which NBN Co charges developers for network deployment and/or changes to the

[89] As at 30 June 2020 Active Premises on the network represent approximately 59% of total Lots Passed.

one-off connection and recurring wholesale access fees currently charged by NBN Co to RSPs accessing its networks.

43 Some of these changes may have a corresponding impact on the prices OptiComm is able to charge its developers for network deployment and/or one-off connection and recurring wholesale access fees charged by OptiComm to RSPs accessing its networks. Due to the recurring nature of the network revenue stream for OptiComm, any fall in the NBN wholesale access charge would have a significant adverse impact on OptiComm as OptiComm's charges for network access are consistent with those charged by the NBN. However, as this risk (which is discussed in Section VII) has been allowed for in our sensitivity analyses, it should not therefore also be a factor when considering an appropriate discount rate.

Housing market conditions

44 The growth and performance of OptiComm is influenced by the overall housing market and general economic conditions in Australia. A downturn in the Australian housing market may result in cancellation or deferral of housing projects which may adversely impact OptiComm's financial performance as it would reduce construction revenue and slow down expansion of the fibre network (with resulting impacts on network revenue and profitability). However, in the short to medium term, revenue and earnings growth is expected to primarily arise from the greater utilisation of the existing network.

Competition

45 NBN Co is the most significant competitor to OptiComm in the Australian greenfield broadacre market segment. The majority of greenfield broadacre development occurs in the urban fringe where there is often little to no existing high capacity fibre optic infrastructure available. Scale is therefore needed to provide an economic return to establish and utilise the backhaul infrastructure investment.

46 In the Multi-Dwelling Unit market segment there is increased competition among network infrastructure operators, primarily due to the location of multi-dwelling units in existing urban areas where there is more readily available existing backhaul infrastructure.

47 In addition, in April 2020 the Government announced proposed changes to its TIND Policy, which will give NBN Co flexibility to set its own prices (subject to a cap) for new developments and increase competition in the market for new development network rollouts. However, as noted above, OptiComm has a large pipeline of contracted networks to be built and a number of "whole of business" agreements with major developers.

Summary of business risks

48 In summary, after considering all of the above factors, in our opinion, the level of systematic risk associated with OptiComm's operations in Australia is lower than the level of systematic risk of the market as a whole. This implies that a beta of less than 1.0 is appropriate.

Betas of similar companies

49 In order to assess the appropriate equity beta for OptiComm, we have also had regard to the equity betas of listed companies which own and operate communications infrastructure as

well as relevant sector betas, as shown below. No reliable beta estimate is available for OptiComm as the Company has only been listed since August 2019:

Beta estimates

	Market cap[(1)] $m	Beta[(2)]	R squared	Gearing[(3)]
Listed companies:				
American Tower	162,576	0.26	0.05	17%
Crown Castle	100,508	0.37	0.11	23%
SBA Communications	47,128	0.23	0.03	24%
CenturyLink	16,258	1.05	0.23	75%
Zayo Group	12,137	0.64	0.12	41%
Chorus	3,185	0.44	0.09	51%
Uniti Group Inc	2,487	0.93	0.05	74%
Superloop	388	1.32	0.19	8%
Average		0.65	0.11	39%
Sector betas:				
Dow Jones Brookfield Communications Infrastructure Index		0.35	0.11	n/a
Dow Jones Brookfield Global Infrastructure Index USD		0.70	0.59	n/a
FTSE Developed Core Infrastructure 100% Hedged to USD Index		0.58	0.55	n/a

Note:
1 Market capitalisation as at 18 June 2020 (except Zayo Group which is based on acquisition price).
2 Beta estimates as at 18 June 2020 (except Zayo Group which is as at 29 February 2020).
3 Net debt divided by enterprise value.
n/a – not applicable.

50 The above betas vary widely which reflects differences in size, leverage, stage of development and operational risks. None of the other listed companies are directly comparable to OptiComm, and nearly all of the listed companies are significantly larger than OptiComm.

51 Further, it should be noted that the R squared values (which measure the reliability of the beta estimate) for the listed companies and the Dow Jones Brookfield Communications Infrastructure Index are very low, and are therefore of limited reliability.

52 Accordingly, in our opinion, more reliance should be placed on the beta estimates for the Dow Jones Brookfield Global Infrastructure Index and FTSE Developed Core Infrastructure Index.

53 It should also be noted that as the equity beta is a function of both business risk and financial risk (being the level of financial leverage or gearing), the above equity betas are levered betas and theoretically would need to be adjusted to reflect the different levels of gearing. However, this adjustment is subject to considerable estimation error. For example, gearing ratios are normally calculated at a point in time and therefore may not reflect the target or optimal capital structures of comparable companies in the long run. In addition, gearing ratios typically change over time. Further, the practice of adjusting equity betas for the difference in financial leverage also gives a misleading impression that the process provides precise comparable beta estimates.

54 Nevertheless, we have considered the following in determining the appropriate equity betas for OptiComm:

(a) the difference in gearing levels of the listed companies ; and

(b) the current gearing level of OptiComm and the long-term gearing levels that we consider appropriate.

Conclusion

55 Having regard to the above, and in particular the reliability of beta estimates, the long-term beta estimates of the relevant sector in which the companies operate and the relative volatility of the OptiComm business, we have adopted an equity beta of 0.60 to 0.65 for OptiComm.

Gearing

56 The gearing level adopted should represent the level of debt that the asset can reasonably sustain and is not necessarily equivalent to the gearing level of the entity owning the asset. The factors that affect the "optimum" level of gearing will differ between assets. Generally, the major issues to address in determining this optimum level will include:

(a) the variability in earnings stream

(b) working capital requirements

(c) the level of investment in tangible assets

(d) the nature and risk profile of the tangible assets.

57 In general, the lower the expected volatility of cash flows (i.e. risk), the higher the debt levels which can be supported (and vice versa). Furthermore, as the equity beta is a function of both business risk and financial risk (being the level of financial leverage or gearing), it is important to consider the gearing ratios of other listed companies with similar operations (as set out in the table above).

58 However, we note that:

(a) OptiComm has not utilised any significant debt in its capital structure since listing, and had net cash of some $19 million as at 31 May 2020

(b) the pro-forma gearing of Uniti (if the Scheme is implemented) is expected to be around 11% (being net debt of $112 million divided by an enterprise value of around $1,012 million)[90].

59 Accordingly we have adopted a gearing ratio of between nil and 10% debt to enterprise value for the purposes of our discount rate estimate.

---

[90] Source: Investor presentation from Uniti titled "Acquisition of OptiComm and Equity Raising", dated 15 June 2020.

Cost of debt

60 A long cost of debt of 5% per annum has been adopted. This reflects a borrowing margin of around 2% above the long term risk-free rate adopted. Given the low level of gearing assumed, we note that the discount rate is not materially sensitive to the cost of debt rate adopted.

Calculation of nominal WACC

61 Based on the above variables, the discount rate for OptiComm is as follows:

OptiComm – WACC				
	No debt		10% debt	
Parameters	Low %	High %	Low %	High %
Beta	0.60	0.65	0.60	0.65
MRP	6.5	6.5	6.5	6.5
Risk-free rate	3.0	3.0	3.0	3.0
Cost of equity	6.9	7.2	6.9	7.2
Cost of pre-tax debt (%)	n/a	n/a	5.0	5.0
Tax rate	n/a	n/a	30.0	30.0
Cost of post-tax debt	n/a	n/a	3.5	3.5
Gearing	Nil	Nil	10.0	10.0
After tax nominal WACC	6.9	7.2	6.6	6.9

Impact of COVID-19

62 The COVID-19 pandemic has had a significant adverse impact on business and equity values in the broader market. In particular:

(a) the S&P/ASX 200 Index (which reached a record high on 20 February 2020) declined by 36.5% between 20 February 2020 and 23 March 2020[91], and then partially rebounded. As at 31 July 2020 the net effect is that the S&P/ASX 200 Index is some 17.2% below its high on 20 February 2020

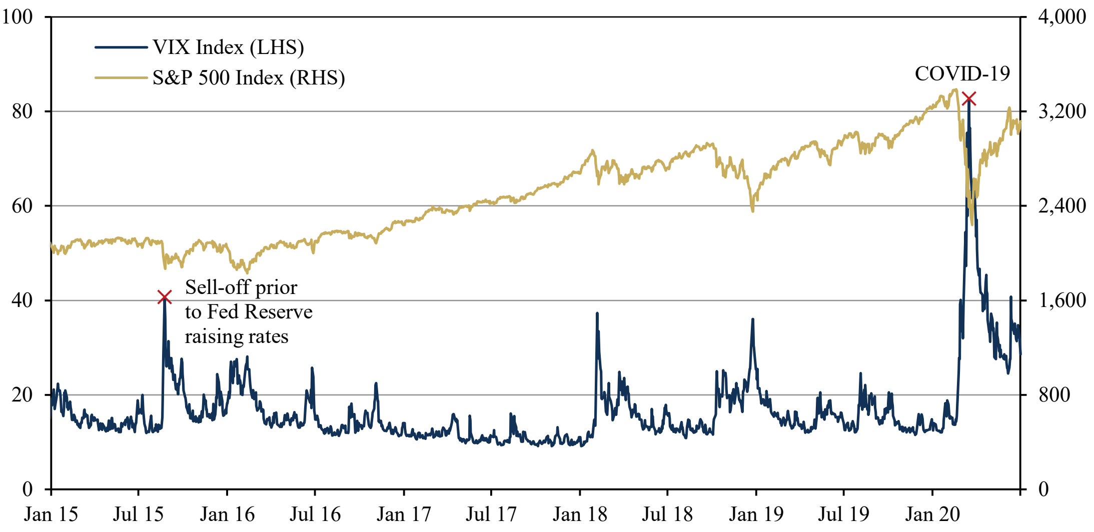
(b) in response to the impact of COVID-19 and related social distancing / lock-down measures on the economy, the RBA lowered interest rates by 0.25% per annum on both 4 March 2020 and 20 March 2020 to a record low of 0.25% per annum

(c) credit risk margins spiked during March 2020, and currently remain at elevated levels for most borrowers (offsetting the significant reduction in interest rates)

91 Following increasing global cases of COVID-19, the World Health Organisation labelled the outbreak as a pandemic on 11 March 2020. As governments around the world put in place social distancing and lock-down measures in an effort to contain the virus, global markets were declining rapidly.

(d) the VIX index in the United States of America (which is a measure of the market's expectation of 30-day forward-looking volatility) surged in March 2020, and also remains at elevated levels as shown below:

VIX Index
1 January 2015 to 30 June 2020



(e) those companies with high or excessive debt levels and/or large capital expenditure commitments have also been more negatively impacted than those with minimal or conservative debt levels and low capital expenditure commitments.

63 The significant equity market volatility reflects, inter-alia, the inherent uncertainty associated with the size of the economic impact of COVID-19, changing expectations about the size and duration of quantitative easing and other government initiatives and the timing of any subsequent recovery. Some market participants believe a relatively quick "V" shaped recovery is likely, others believe the recovery is likely to be more of a "U" shape and some consider that consumer confidence will take a long time to recover and that the downturn will be more prolonged.

64 Importantly, the impact of COVID-19 on value has varied materially across industries, with businesses adversely impacted by the social distancing / lock-down restrictions (such as travel related businesses) most affected. However, given the increase in the VIX Index (which remains at elevated levels) it is reasonable to assume that required rates of return have increased.

65 Whilst world equity markets have recovered strongly from the lows reached in March 2020, in our view, the uncertainty associated the cash flow impact and duration of COVID-19 justifies the adoption of a discount rate at the upper end of our assessed range.

66 Accordingly, for the purposes of our calculations we have adopted a base case discount rate of 7.0% per annum. This discount rate has been applied to determine the present value of the

future cash flows in the Forecast Period and the present value of the terminal value at the end of the Forecast Period.

67 However, as noted above, in the long term there is an increased risk of a market shift towards wireless broadband services due to technology advances (such as 5G) which could result in higher churn in the long term. We have reflected this increased technological risk in the long term by applying a higher discount rate of 7.5% per annum in our terminal value calculation.

Appendix D

Glossary

Abbreviation	Definition
1H20	Six months to 31 December 2019
AASB 16	Australian Accounting Standard 16 – *Leases*
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
Active Premises	Connected Premises become Active Premises once services are activated by the end user
ADSL	Asymmetrical digital subscriber line
AER	Australian Energy Regulator
AFCA	Australian Financial Complaints Authority
AFR	Australian Financial Review
Aggregate Cash Consideration	A total of $407 million cash consideration payable by Uniti
Aggregate Scrip Consideration	A total of approximately 84 million shares in Uniti
Agreement	Scheme Implementation Deed dated 14 June 2020
ARPU	Average revenue per user
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Backhaul	OptiComm's inter exchange network
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
Cash Consideration	$5.10 cash per OptiComm share
CBE	Consumer & Business Enablement business unit of Uniti
CGB	Commonwealth Government bonds
Connected Premises	Newly constructed dwellings that have been connected to OptiComm's network
Connection	OptiComm's connection business unit
Construction	OptiComm's construction business unit
Corporations Act	*Corporations Act 2001 (Cth)*
COVID-19	2019 novel coronavirus
CVC	Connectivity virtual circuit
DCF	Discounted cash flow
DSL	Digital subscriber line
EBITDA	Earnings before interest, tax, depreciation and amortisation
Entitlement Offer	1 for 1.68 fully underwritten pro-rata accelerated non-renounceable entitlement offer announced by Uniti on 15 June 2020
EV	Enterprise value
FCF	Free cash flow
Forecast Period	The period to 30 June 2028
FSG	Financial Services Guide
FTTB	Fibre to the basement
FTTC	Fibre to the curb
FTTN	Fibre to the node
FTTP	Fibre to the premises
FuzeNet	FuzeNet Pty Ltd
FY	Financial year
GFC	Global financial crisis
HFC	Hybrid fibre coaxial
IER	Independent expert's report
IoT	Internet of Things

Appendix D

Abbreviation	Definition
IP	Internet protocol
IP-VPN	Internet protocol virtual private network
LBNCo	LBNCo Pty Ltd
LEA	Lonergan Edwards & Associates Limited
Lots Passed	Connections where OptiComm's infrastructure has been installed but is not yet connected to the network
LSS	Line Sharing Service
Mbps	Megabits per second
Mixed Consideration Option 1	75% Cash Consideration and 25% Scrip Consideration equating to $3.825 cash and 0.8557 Unit shares for each OptiComm share
Mixed Consideration Option 2	50% Cash Consideration and 50% Scrip Consideration equating to $2.55 cash and 1.7114 Uniti shares for each OptiComm share
Mixed Consideration Option 3	25% Cash Consideration and 75% Scrip Consideration equating to $1.275 cash and 2.5671 Uniti shares for each OptiComm share
MRP	Market risk premium
NBN	National Broadband Network
NBN Co	NBN Co Limited
NBN tax	A $7.10 monthly fee (indexed on an annual basis) charged to wholesale fixed line network owners for each household and business customer which is not using the NBN
Network	OptiComm's network business unit
NPV	Net present value
OPENetworks	OPENetworks Pty Ltd
OptiComm/ the Company	OptiComm Ltd
OTT	Over the top
PABX	Private automatic branch exchange
PSTN	Public switched telephone network
RBA	Reserve Bank of Australia
RG 111	ASIC Regulatory Guide 111 – *Content of expert reports*
RKR	Record Keeping Report
RSP	Retail service provider
Scheme	Scheme of arrangement between OptiComm and its shareholders to implement the Agreement
Scheme Consideration	One of five alternatives available to OptiComm shareholders if the Scheme is implemented
Scrip Consideration	3.4228 Uniti shares per OptiComm share
SIP	Statutory Infrastructure Provider
Special Dividend	Fully franked special dividend of up to $0.10 per OptiComm share
Specialty Services	Speciality Services business unit of Uniti
TIND	Telecommunications Infrastructure in New Developments
Total Consideration	The Scheme Consideration and the Special Dividend
TV	Television
ULLS	Unconditioned Local Loop Service
Uniti	Uniti Group LImited
VoIP	Voice over internet protocol
VWAP	Volume weighted average price
W&I	Wholesale & Infrastructure business unit of Uniti
WACC	Weighted average cost of capital
WANOS	Weighted average number of shares outstanding

Annexure B

Investigating Accountant's Report

GrantThornton
An instinct for growth™

The Board of Directors
Opticomm Limited
Level 1
22 Salmon Street
PORT MELBOURNE, VIC 3207

The Board of Directors
Uniti Group Limited
Level 1
44 Currie Street
ADELAIDE, SA 5000

Grant Thornton Corporate Finance Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

4 August 2020

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

INTRODUCTION

Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") has been engaged by Opticomm Limited ("OPC") and Uniti Group Limited ("UWL") to prepare this report for inclusion in the scheme booklet to be dated 7 August 2020 (the "Scheme Booklet") to be issued by OPC, in respect of the proposed acquisition (the "Transaction") by UWL (together the "Combined Group").

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Expressions defined in the Scheme Booklet have the same meaning in this report, unless otherwise specified.

SCOPE

You have requested Grant Thornton Corporate Finance to perform a limited assurance engagement in relation to the unaudited pro forma historical consolidated financial information described below and disclosed in the Scheme Booklet:

The unaudited pro forma historical consolidated financial information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

Combined Group Unaudited Pro Forma Historical Consolidated Financial Information

The unaudited pro forma historical consolidated financial information of the Combined Group included in the Scheme Booklet has been derived from the unaudited historical consolidated financial information of OPC and UWL, after adjusting for the effects of the pro forma adjustments described in Section 8.7 of the Scheme Booklet. The unaudited pro forma historical consolidated financial information of the Combined Group consists of:

- the Combined Group unaudited pro forma historical consolidated statement of comprehensive income for the year ended 30 June 2020 (FY2020); based on OPC's unaudited pro forma historical consolidated statement of comprehensive income for FY2020 and UWL's unaudited historical pro forma consolidated statement of comprehensive income based on UWL's unaudited pro forma historical consolidated statement of comprehensive income for FY2020 (the "Combined Group Unaudited Pro Forma Historical Consolidated Income Statement" as set out in Section 8.7(c) of the Scheme Booklet).

- the Combined Group unaudited pro forma historical consolidated statement of cash flows for FY2020 based on OPC's unaudited historical consolidated statement of cash flows for FY2020 and UWL's unaudited historical consolidated statement of cash flows for FY2020; (the "Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows" as set out in Section 8.7(h) of the Scheme Booklet); and

- the Combined Group unaudited pro forma historical consolidated statement of financial position at 30 June 2020 based on OPC's unaudited historical consolidated statement of financial position at 30 June 2020 and UWL's unaudited historical consolidated statement of financial position at 30 June 2020; (the "Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position" as set out in Section 8.7(e) of the Scheme Booklet).

(together the "Combined Group Unaudited Pro Forma Historical Consolidated Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 8.7(b) of the Scheme Booklet. Due to its nature, the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information does not represent the Combined Group's actual or prospective financial position, financial performance, and/or cash flows.

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been compiled by OPC and UWL for illustrative purposes to provide an indication of the financial performance (income statement and cash flows) and financial position of the Combined Group as if the Scheme had been implemented prior to 1 July 2019 in respect of the financial performance, and prior to 30 June 2020 in respect of the financial position.

DIRECTORS' RESPONSIBILITY

The Directors of OPC are responsible for the preparation and presentation of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information including the selection and determination of the pro forma adjustments and/ or adjustments, and for properly compiling the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information on the basis stated in Section 8.7(b) of the Scheme Booklet.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion about whether the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information is prepared, in all material respects by OPC and UWL in accordance with the sated basis of preparation.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances.

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Unaudited Pro Forma Historical Consolidated Financial Information of OPC and UWL for FY2020;
- enquiry of the Directors, management in relation to the Unaudited Pro Forma Historical Consolidated Financial Information of OPC and UWL for FY2020;
- analytical procedures applied to the Unaudited Pro Forma Historical Consolidated Financial Information;
- a review of the consistency of the application of the stated basis of preparation as described in the Scheme Booklet used in the preparation of the Unaudited Pro Forma Historical Consolidated Financial Information;

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We have assumed, and relied on representations from OPC and UWL, that all material information concerning the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

CONCLUSIONS

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information comprising the:

- Combined Group Unaudited Pro Forma Historical Consolidated Income Statement as set out in Section 8.7(c) of the Scheme Booklet;
- Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows as set out in Section 8.7(h) of the Scheme Booklet; and
- Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position as set out in Section 8.7€ of the Scheme Booklet

is not presented fairly, in all material aspects, in accordance with the stated basis of preparation described in Section 8.7(b) of the Scheme Booklet.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 8.7 of the Scheme Booklet, which describes the purpose of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information, being for inclusion in the Scheme Booklet. As a result, this Independent Limited Assurance Report may not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance Pty Limited has consented to the inclusion of this Independent Limited Assurance Report in the Scheme Booklet in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance Pty Limited is limited to the inclusion of this report in the Scheme Booklet. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Scheme Booklet.

Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any interest in the outcome of the proposed Scheme, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

Neil Cooke

Partner

An instinct for growth™

Grant Thornton Corporate Finance Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Appendix A (Financial Services Guide)

This Financial Services Guide is dated 4 August 2020.

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987 and Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Opticomm Limited ("OPC") and Uniti Group Limited ("UWL") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to a scheme of arrangement (the "Scheme"). This report is included in the Scheme Booklet dated 7 August 2020 (the "Scheme Booklet"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

4 General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services License to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive a fee of $40,000 (plus GST), which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the Report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of OCP and UWL in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with OCP or UWL (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme.

Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the Report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000

Annexure C

Scheme

Lander & Rogers
Lawyers

Scheme of Arrangement

OPTICOMM LTD

Each person registered as a holder of fully paid ordinary shares in Target as at the Scheme Record Date

Melbourne

Level 12
600 Bourke Street
Melbourne VIC 3000
Australia

GPO Box 1842
Melbourne VIC 3001
Australia

DX 370
Melbourne VIC

T +61 3 **9269 9000**
F +61 3 9269 9001

www.landers.com.au
ABN 58 207 240 529

LR: 2084479

Scheme of Arrangement

made under section 411 of the *Corporations Act 2001* (Cth)

PARTIES

OptiComm Ltd ACN 117 414 776 of Level 1, 22 Salmon Street, Port Melbourne VIC 3207 (**Target**)

and

Each person registered as a holder of fully paid ordinary shares in Target as at the Scheme Record Date (**Scheme Shareholders**)

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Scheme the following words and phrases have the following meanings unless the context indicates otherwise:

Aggregate Cash Consideration means:

(a) in clause 5.6, $406,751,755.80; and

(b) in all other clauses, the aggregate value of the Scheme Consideration payable to Scheme Shareholders in cash under the Scheme.

Aggregate Elected Cash Consideration means:

(a) the aggregate value of cash elected by Scheme Shareholders under all valid Elections; plus

(b) the aggregate value of cash attributable to Scheme Shareholders who did not make a valid Election,

but does not include the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders.

Aggregate Elected Scrip Consideration means:

(a) the aggregate number of Bidder Shares elected by Scheme Shareholders under all valid Elections; plus

(b) the aggregate number of Bidder Shares attributable to Scheme Shareholders who did not make a valid Election.

Aggregate Scrip Consideration means:

(a) in clause 5.7, 83,996,233 Bidder Shares; and

(b) in all other clauses, the aggregate number of Bidder Shares to be issued to Scheme Shareholders as Scheme Consideration under the Scheme.

All Cash Consideration means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied solely by the Cash Consideration.

All Cash Consideration Election means an election by a Target Shareholder to receive All Cash Consideration.

All Scrip Consideration means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied solely by the Scrip Consideration.

All Scrip Consideration Election means an election by a Target Shareholder to receive All Scrip Consideration.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, if the context requires, the financial market operated by it.

Bidder means Uniti Group Limited (ACN 158 957 889).

Bidder Option means an option to acquire a Bidder Share.

Bidder Share means a fully paid ordinary share in the capital of Bidder.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne, Victoria.

Cash Consideration means $5.10 for each Scheme Share.

Cash Scaleback Mechanism means the scaleback mechanism set out in clause 5.6.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited and ASX Clear Pty Limited.

CHESS Holding has the meaning given in the Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia (Victorian registry) or any other court of competent jurisdiction under the Corporations Act as Target and Bidder may agree in writing.

Delivery Time means, in relation to the Second Court Date, 2 hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act.

Deed Poll means the deed poll under which Bidder covenants in favour of Scheme Shareholders to provide the Scheme Consideration in accordance with the terms of this Scheme.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date, with respect to the Scheme, means the date on which the Scheme becomes Effective.

Election means:

(a) an All Cash Consideration Election;

(b) an All Scrip Consideration Election;

(c) a Mixed Consideration Option 1 Election;

(d) a Mixed Consideration Option 2 Election; or

(e) a Mixed Consideration Option 3 Election.

Election Date means:

(a) 5.00pm on the date which is six Business Days prior to the date of the Scheme Meeting; or

(b) such other date before the Scheme Meeting agreed in writing between Bidder and Target.

Election Form means an election form issued by or on behalf of Target for the purposes of a Target Shareholder making an Election and in a form agreed to by Target and Bidder.

Election Portal means the voting portal operated by the Target Share Registry for the purposes of the Scheme.

End Date means the later of:

(a) 15 December 2020; and

(b) such other date and time agreed in writing between Bidder and Target.

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Target (acting reasonably).

Implementation Date means, with respect to the Scheme, the fifth Business Day, or such other Business Day as Bidder and Target agree, following the Scheme Record Date for the Scheme.

Ineligible Foreign Shareholders means a Scheme Shareholder whose address shown in the Target Share Register at 7.00pm on the Scheme Record Date is a place outside Australia and its external territories.

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

Listing Rules means the official listing rules of ASX as amended from time to time.

Mixed Consideration Option 1 means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied by:

(a) 75% of the Cash Consideration; plus

(b) 25% of the Scrip Consideration.

Mixed Consideration Option 1 Election means an election by a Target Shareholder to receive Mixed Consideration Option 1 for the Scheme Shares held by that Target Shareholder.

Mixed Consideration Option 2 means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied by:

(a) 50% of the Cash Consideration; plus

(b) 50% of the Scrip Consideration.

Mixed Consideration Option 2 Election means an election by a Target Shareholder to receive Mixed Consideration Option 2 for the Scheme Shares held by that Target Shareholder.

Mixed Consideration Option 3 means the consideration for each Scheme Share held by a Scheme Shareholder is satisfied by:

(a) 25% of the Cash Consideration; plus

(b) 75% of the Scrip Consideration.

Mixed Consideration Option 3 Election means an election by a Target Shareholder to receive Mixed Consideration Option 3 for the Scheme Shares held by that Target Shareholder.

Registered Address means, in relation to a Target Shareholder, the address shown in the Target Share Register as at the Scheme Record Date.

Scaleback Mechanisms means:

(a) the Cash Scaleback Mechanism; and

(b) the Scrip Scaleback Mechanism.

Scheme means this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Bidder and Target.

Scheme Booklet means the explanatory booklet prepared by Target in respect of the Transaction in accordance with the terms of the Scheme Implementation Deed and despatched to Target Shareholders.

Scheme Consideration means, depending on the Election and subject to the Scaleback Mechanisms and the terms of the Scheme:

(a) All Cash Consideration;

(b) All Scrip Consideration;

(c) Mixed Consideration Option 1;

(d) Mixed Consideration Option 2; or

(e) Mixed Consideration Option 3.

Scheme Implementation Deed means the scheme implementation deed dated 14 June 2020 between Bidder and Target relating to (among other things) the implementation of the Scheme.

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means, in respect of the Scheme, 7.00pm on the second Business Day (or such other Business Day as Bidder and Target agree in writing) following the Effective Date.

Scheme Share means a Target Share on issue as at the Scheme Record Date.

Scheme Shareholder means each person registered in the Target Share Register as the holder of one or more Scheme Shares as at the Scheme Record Date.

Scheme Transfer means one or more proper instruments of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.

Scrip Consideration means 3.4228 Bidder Shares for each Scheme Share.

Scrip Scaleback Mechanism means the scaleback mechanism set out in clause 5.7.

Second Court Date means:

(a) the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme was heard or scheduled to be heard; or

(b) if the application was adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application was heard or scheduled to be heard.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Settlement Rules means the official operating rules of ASX Settlement Pty Ltd.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Target Incentive Plan means Target's long term incentive plan adopted on 15 July 2019.

Target Performance Right means a right to be issued a Target Share under the Target Incentive Plan.

Target Share means a fully paid ordinary share in the capital of Target.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Share Registry means Link Market Services Limited.

Target Shareholder means each person who is registered in the Target Share Register as a holder of Target Shares.

Transaction has the meaning given in the Scheme Implementation Deed.

Trust Account means an Australian dollar denominated trust account which:

(a) attracts interest at a commercial rate; and

(b) is operated by Target, or by the Target Share Registry on behalf of Target, as trustee for the Scheme Shareholders.

Unclaimed Money Act means the *Unclaimed Money Act 2008* (Vic).

1.2 Interpretation

In the Scheme, the following rules of interpretation apply unless the contrary intention appears:

(a) a term or expression starting with a capital letter:

   (i) which is defined in clause 1.1 has the meaning given to it in clause 1.1; and

   (ii) which is defined in the Corporations Act, but is not defined in the clause 1.1, has the meaning given to it in the Corporations Act;

(b) headings are for convenience only and do not affect the interpretation of the Scheme;

(c) the singular includes the plural and vice versa;

(d) words that are gender neutral or gender specific include each gender;

(e) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;

(f) the words "include", "including" and similar expressions are not words of limitation and do not limit what else might be included;

(g) a reference to:

   (i) a person includes a natural person, estate of a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);

   (ii) a thing (including a chose in action or other right) includes a part of that thing;

(iii) a party includes its agents, successors and permitted assigns;

(iv) a document includes all amendments or supplements to that document;

(v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or a party, schedule or attachment to, this Scheme (as applicable);

(vi) this deed includes all schedules and attachments to it;

(vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a Listing Rule and is a reference to that law as amended, consolidated or replaced;

(viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation made under it;

(ix) an agreement, other than the Scheme, includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing;

(x) a monetary amount is in Australian dollars; and

(xi) time is to Melbourne, Australia time;

(h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and

(i) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of the Scheme or any part of it.

2. PRELIMINARY MATTERS

2.1 Target

(a) Target is an Australian public company limited by shares.

(b) Target is admitted to the official list of ASX and Target Shares are officially quoted for trading on ASX.

(c) As at 17 July 2020, Target had the following securities on issue:

(i) 104,074,986 Target Shares; and

(ii) 220,336 Target Performance Rights.

2.2 Bidder

(a) Bidder is an Australian public company limited by shares.

(b) Bidder is admitted to the official list of ASX and Bidder Shares are officially quoted for trading on ASX.

(c) As at 17 July 2020, Bidder had the following securities on issue:

(i) 517,826,105 Bidder Shares; and

(ii) 18,100,104 Bidder Options.

2.3 Scheme Implementation Deed

Bidder and Target have entered into the Scheme Implementation Deed in respect of (among other things) the implementation of this Scheme.

2.4 Deed Poll

(a) The Scheme attributes actions to Bidder but does not itself impose any obligations on it to perform those actions.

(b) By executing the Deed Poll, Bidder has agreed to perform:

(i) the actions attributed to it under the Scheme; and

(ii) its obligations under the Deed Poll, including the provision of the Scheme Consideration in accordance with the terms of the Scheme.

3. CONDITIONS

3.1 Conditions precedent

This Scheme is conditional on and will not become Effective until and unless the following conditions precedent are satisfied:

(a) all the conditions in clause 3.1 of the Scheme Implementation Deed (other than the condition in clause 3.1(c) of the Scheme Implementation Deed relating to Court approval of this Scheme) are satisfied or waived in accordance with the terms of the Scheme Implementation Deed by the Delivery Time on the Second Court Date;

(b) neither the Scheme Implementation Deed nor the Deed Poll is terminated in accordance with its terms by the Delivery Time on the Second Court Date;

(c) the Scheme is approved by the Court at the Second Court Hearing under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Target and Bidder (each acting reasonably);

(d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Target and Bidder are satisfied (each acting reasonably); and

(e) the order of the Court made under section 411(4)(b) of the Corporations Act approving the Scheme comes into effect pursuant to section 411(10) of the Corporations Act on or before the End Date.

3.2 Conditions precedent and operation of clauses 4.2 and 5

The satisfaction of each condition of clause 3.1 of the Scheme is a condition precedent to the operation of clause 4.3 and clause 5 of the Scheme.

3.3 Joint Certificate

(a) Target and Bidder will provide a joint certificate to the Court at the Second Court Hearing confirming whether or not the conditions precedent in clause 3.1(a) and clause 3.1(b) have been satisfied or waived as at the Delivery Time on the Second Court Date in accordance with the terms of the Scheme Implementation Deed.

(b) Unless the Court requires otherwise, the joint certificate given by Target and Bidder constitutes conclusive evidence that the conditions precedent in clause 3.1(a) and clause 3.1(b) have been satisfied or waived as at the Delivery Time on the Second Court Date in accordance with the terms of the Scheme Implementation Deed.

3.4 Termination and End Date

Without limiting any rights under the Scheme Implementation Deed, if:

(a) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms before the Scheme becomes Effective; or

(b) the Effective Date has not occurred on or before the End Date,

then the Scheme will lapse and each of Bidder and Target are released from any further obligation to take steps to implement the Scheme.

4. IMPLEMENTATION OF THIS SCHEME

4.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e)) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the order made by the Court under section 411(4)(b) of the Corporations Act approving this Scheme before:

(a) 5:00pm on the Business Day following the day on which such office copy is received by Target; or

(b) such later date agreed in writing between Bidder and Target.

4.2 Consequences of the Scheme becoming Effective

If this Scheme becomes Effective:

(a) it will override the constitution of the Target to the extent of any inconsistency;

(b) Bidder must provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll;

(c) subject to the provision of the Scheme Consideration as contemplated by clause 4.2(b), all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Bidder; and

(d) Target will enter the name of the Bidder in the Target Share Register in respect of all the Scheme Shares.

4.3 Transfer of Scheme Shares

Subject to the Scheme becoming Effective, the following will occur in the order set out below:

(a) on or before the Implementation Date, Bidder confirming in writing to Target that:

(i) the Cash Consideration has been provided in accordance with clause 5.10; and

(ii) the Scrip Consideration has been provided in accordance with clause 5.12;

(b) on the Implementation Date, payment by Target of the Cash Consideration in the manner contemplated by clause 5.10(c); and

(c) subject to the matters in clause 4.3(a) and clause 4.3(b) being satisfied, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Scheme Shareholder (other than acts performed by Target as attorney and agent for Scheme Shareholders under clause 8 of the Scheme) by:

(i) Target delivering to Bidder a duly completed and executed Scheme Transfer, executed on behalf of the Scheme Shareholders by Target as their attorney and agent; and

(ii) Bidder duly executing the Scheme Transfer and delivering the executed and, if necessary, stamped Scheme Transfer to Target for registration; and

(iii) immediately following receipt of the duly executed Scheme Transfer in accordance with clause 4.3(c)(ii), Target entering, or procuring the entry of, the name of Bidder in the Target Share Register in respect of all of the Scheme Shares.

5. SCHEME CONSIDERATION

5.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, on the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clauses 5.2 to 5.16 and the Deed Poll.

5.2 Election mechanism

(a) Each Target Shareholder (other than Ineligible Foreign Shareholders) will be entitled to make an Election either:

(i) online through the Election Portal; or

(ii) using an Election Form.

(b) Target must ensure that the Scheme Booklet:

   (i) specifies that Target Shareholders (other than Ineligible Foreign Shareholders) may make an Election online through the Election Portal or using an Election Form; and

   (ii) is accompanied with an Election Form when it is provided to Target Shareholders in hardcopy.

(c) All Elections take effect in accordance with the Scheme to the extent any Target Shareholder who makes a valid Election qualifies as a Scheme Shareholder.

(d) Subject to clause 5.2(h), for an Election made online through the Election Portal to be valid:

   (i) it must be made in accordance with the terms and conditions stated in the Election Portal; and

   (ii) must be correctly completed through the Election Portal by the Election Date.

(e) Subject to clause 5.2(h), for an Election made using an Election Form to be valid:

   (i) it must be made in accordance with the terms and conditions stated on the Election Form; and

   (ii) the Election Form must be correctly and legibly completed and returned to the address specified on the Election Form by the Election Date.

(f) Subject to clause 5.2(h), a valid Election will apply to all of the Target Shares of the Target Shareholder as at the Scheme Record Date;

(g) Once made, an Election may be withdrawn, or withdrawn and replaced by a new Election:

   (i) online through the Election Portal; or

   (ii) by notice in writing to the address specified on the Election Form (and such notice must be accompanied with a new Election Form if the Election is to be replaced with a new Election),

   by the Election Date; and

(h) In the manner considered appropriate by Bidder and Target (acting reasonably), a Target Shareholder (other than an Ineligible Foreign Shareholder) who holds one or more parcels of Target Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections in relation to each of those parcels of Target Shares (subject to providing to Bidder and Target any substantiating information they reasonably require), and if it does so will be treated as a separate Target Shareholder in respect of each such parcel in respect of which a separate Election is made (and in respect of any balance of its holding), provided that if, at the Election Date, it holds fewer Target Shares than it held at the time it made the Election, then, unless it has at the time of any sale of Target Shares notified

Target or the Target Share Registry whether the Target Shares sold relate to any such separate Election (and if so, which separate Election the Target Shares sold relate to), it:

(i) will be treated as not having made a valid Election in respect of any of its Target Shares; or

(ii) will be treated in any other manner that the parties agree is fair to the Target Shareholder in all the circumstances acting reasonably.

(i) If a Target Shareholder (other than an Ineligible Foreign Shareholder) makes a valid Election using an Election Form and also makes a valid Election online through the Election Portal, the Election made online through the Election Portal will be taken to be the Election made by that Target Shareholder, even if the Election Form is received by the Target Share Registry after the Election made online through the Election Portal.

(j) If a Target Shareholder (other than an Ineligible Foreign Shareholder) has made a valid Election using an Election Form and has not made a valid Election online through the Election Portal, the Election made using the Election Form will be taken to be the Election made by that Target Shareholder.

(k) Target must ensure that, to the extent reasonably practicable, persons who acquire Target Shares after the date of the dispatch of the Scheme Booklet and until the Election Date are sent an Election Form upon those persons requesting one from Target.

(l) In order to facilitate the satisfaction of the Scheme Consideration, Target must provide to Bidder, details of any valid Elections made by Target Shareholders, on the third Business Day after the Election Date, and details of any valid Elections made by Scheme Shareholders on the Business Day after the Scheme Record Date, including:

(i) the name and address of each Target Shareholder who has made a valid Election; and

(ii) the number of Bidder Shares that Bidder must issue to those Target Shareholders to meet its obligations under the Scheme in accordance with that Target Shareholder's Election, subject to the Scaleback Mechanisms.

(m) The parties agree that the Election Portal and Election Form will, as applicable, include terms and conditions reflecting clauses 5.2(c) to 5.2(j) and reflecting the following terms and conditions:

(i) Ineligible Foreign Shareholders may not make an Election and that any purported Election by such persons will not be valid and will be of no effect and clause 5.5 will apply to such persons;

(ii) if a Target Shareholder, who is not an Ineligible Foreign Shareholder, does not make a valid Election, clause 5.4 will apply to that person;

(iii) Target Shareholders who receive any Bidder Shares as Scheme Consideration agree to become members of Bidder from the Implementation Date and become bound by the Bidder Constitution pursuant to the Scheme;

(iv) Target Shareholders who receive any Bidder Shares as Scheme Consideration will have such Bidder Shares issued having the same holding name and address and other details as the holding of the relevant Scheme Shares; and

(v) such other terms and conditions as Bidder reasonably requires to be stated on the Election Portal and/or the Election Form.

5.3 Scheme Consideration if valid Election made

Subject to the Scaleback Mechanisms, if a Target Shareholder makes a valid Election that Target Shareholder will be entitled to receive the Scheme Consideration as nominated by their Election.

5.4 Scheme Consideration if valid Election not made

Subject to the Scaleback Mechanisms, if a Target Shareholder (not being an Ineligible Foreign Shareholder) does not make a valid Election, that Target Shareholder will be entitled to receive the Mixed Consideration Option 1.

5.5 Scheme Consideration for Ineligible Foreign Shareholders

(a) If a Target Shareholder is an Ineligible Foreign Shareholder that Target Shareholder will be entitled to receive the All Cash Consideration Option.

(b) Bidder has no obligation to provide, and will not provide under the Scheme, any Bidder Shares as Scheme Consideration to Ineligible Foreign Shareholders regardless of any purported Election made by the Ineligible Foreign Shareholders.

5.6 Cash Scaleback Mechanism

If:

(a) a Scheme Shareholder has made a valid Election on or before the Election Date or clause 5.4 applies in relation to a Scheme Shareholder; and

(b) the Aggregate Elected Cash Consideration exceeds the Aggregate Cash Consideration less the aggregate Cash Consideration payable to Ineligible Foreign Shareholders;

then, the Scheme Shareholder is entitled to receive the following as Scheme Consideration:

(c) such percentage of Cash Consideration for each of their Scheme Shares as is calculated in accordance with the following formula:

$$A = B \times \frac{C}{D}$$

where:

A = the percentage of Cash Consideration that will be received by the Scheme Shareholder for each of their Scheme Shares;

B = if:

(a) the Scheme Shareholder has made an All Cash Consideration, Election, 100%;

(b) the Scheme Shareholder has made a Mixed Consideration Option 1 Election, or clause 5.4 applies in relation to the Scheme Shareholder, 75%;

(c) the Scheme Shareholder has made a Mixed Consideration Option 2 Election, 50%; or

(d) the Scheme Shareholder has made a Mixed Consideration Option 3 Election, 25%;

C = Aggregate Cash Consideration less the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders; and

D = Aggregate Elected Cash Consideration; *plus*

(d) such percentage of Scrip Consideration for each Scheme Share they hold equal to:

(i) 100%; *less*

(ii) the percentage calculated in accordance with clause 5.6(c).

5.7 Scrip Scaleback Mechanism

If:

(a) a Scheme Shareholder has made a valid Election on or before the Election Date or clause 5.4 applies in relation to a Scheme Shareholder; and

(b) the Aggregate Elected Scrip Consideration exceeds the Aggregate Scrip Consideration;

then, the Scheme Shareholder is entitled to receive the following as Scheme Consideration:

(c) such percentage of Scrip Consideration for each of their Scheme Shares as is calculated in accordance with the following formula:

$$A = B \times \frac{C}{D}$$

where:

A = the percentage of Scrip Consideration that will be received by the Scheme Shareholder for each of their Scheme Shares;

B = if:

(a) the Scheme Shareholder has made an All Scrip Consideration Election, 100%;

(b) the Scheme Shareholder has made a Mixed Consideration Option 1 Election, or clause 5.4 applies in relation to the Scheme Shareholder, 25%;

(c) the Scheme Shareholder has made a Mixed Consideration Option 2 Election, 50%; or

(d) the Scheme Shareholder has made a Mixed Consideration Option 3 Election, 75%;

C = Aggregate Scrip Consideration; and

D = Aggregate Elected Scrip Consideration; *plus*

(d) such percentage of Cash Consideration for each Scheme Share they hold equal to:

(i) 100%; *less*

(ii) the percentage calculated in accordance with clause 5.7(c).

5.8 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to:

(a) a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent; and/or

(b) a fraction of a Bidder Share, the fractional entitlement will be rounded down to the nearest whole number of Bidder Shares.

5.9 Bidder Shares

(a) Bidder undertakes in favour of Target (in its own right and on behalf of each Target Shareholder) that on and from their issue, the Bidder Shares issued as Scrip Consideration will:

(i) rank equally in all respects with all other Bidder Shares in the same class; and

(ii) be fully paid, duly and validly issued in accordance with all applicable laws and free from any Encumbrance.

(b) Subject to the Scheme becoming Effective, Bidder must use all reasonable endeavours to ensure that the Bidder Shares to be issued as Scrip Consideration are, from the Business Day following the Effective Date (or such later date as ASX requires), quoted for trading on ASX initially on a deferred settlement basis and thereafter on an ordinary settlement basis as required by the Listing Rules.

5.10 Provision of Aggregate Cash Consideration

(a) Unless otherwise agreed between Bidder and Target, Target must notify Bidder of the details of the Trust Account no later than 5 Business Days before the Implementation Date.

(b) The obligation of Bidder to provide the Aggregate Cash Consideration under the Scheme and the Deed Poll will be satisfied by Bidder, no later than the Business Day before the Implementation Date, depositing (or procuring the deposit), in Immediately Available Funds, the Aggregate Cash Consideration into the Trust Account (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be credited to Bidder's account), such amount to be held by Target on trust for the purpose of paying the Cash Consideration to Scheme Shareholders who are entitled to receive it pursuant to clause 5.10(c).

(c) On the Implementation Date, and subject to receipt of the Aggregate Cash Consideration from Bidder in accordance with clause 5.10(b), and subject to clauses 5.15 and 5.16, Target must pay (or procure payment) from the Trust Account to each Scheme Shareholder, an amount equal to the applicable amount of Cash Consideration that the Scheme Shareholder is entitled to under clause 5.2 to clause 5.8 for each Scheme Share held by that Scheme Shareholder.

(d) Target's obligation under clause 5.10(c) will be satisfied by Target:

(i) where a Scheme Shareholder has, before the Scheme Record Date, made an election in accordance with the requirements of the Target Share Registry to receive dividend payments from Target by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or

(ii) whether or not a Scheme Shareholder has made an election referred to in clause 5.10(d)(i), dispatching, or procuring the dispatch of, a cheque in Australian currency for the relevant amount to the Scheme Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with clause 5.13).

(e) In the event that:

(i) a Scheme Shareholder does not have a Registered Address and no account has been notified in accordance with clause 5.10(d)(i) or a deposit into such an account is rejected or refunded; or

(ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.11(a),

Target as the trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Target (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act. For the avoidance of doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act.

(f) Until such time as an amount referred to in clause 5.10(e) is dealt with in accordance with the Unclaimed Money Act, Target must hold the amount on trust for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Bidder.

(g) An amount credited to the Separate Account or Trust Account (as applicable) in accordance with clause 5.10(e) is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account (as applicable). Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

(h) To the extent that there is a surplus in the amount held by Target as the trustee for the Scheme Shareholders in the Trust Account after the process in clauses 5.10(e) to 5.10(g) has completed, that surplus may be paid by Target as the trustee for the Scheme Shareholders to Bidder following the satisfaction of Target's obligations as the trustee for the Scheme Shareholders under this clause 5.10.

5.11 Cancellation and re-issue of cheques

(a) Target may cancel a cheque issued under this clause 5 if the cheque:

(i) is returned to Target; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target or the Target Share Registry (which request may not be made until the date which is 5 Business Days after the Implementation Date), a cheque that was previously cancelled under clause 5.11(a) must be reissued.

5.12 Provision of Aggregate Scrip Consideration

(a) Subject to clauses 5.15 and 5.16, Bidder must, before no later than 12:00 noon (or such later time as Bidder and Target may agree in writing) on the Implementation Date, procure that the name of each Scheme Shareholder entitled to be issued Bidder Shares under this Scheme is entered in Bidder's register of shareholders (as maintained by Bidder or its agent) as the holder of those Bidder Shares with the same holding name and address and other details as the holding of the relevant Target Shares.

(b) On the Implementation Date, Bidder must send or procure the sending of a share certificate or holding statement (or equivalent document) to the Registered Address of each Scheme Shareholder to whom Bidder Shares are issued under this Scheme, reflecting the issue of such Bidder Shares.

5.13 Joint holders

In the case of Scheme Shares held in joint names:

(a) any Bidder Shares to be issued as Scheme Consideration are to be registered in the names of the joint holders;

(b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Target Share Register as at the Scheme Record Date; and

(c) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Target Share Register as at the Scheme Record Date.

5.14 Unclaimed monies

(a) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the Unclaimed Money Act).

(b) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Bidder.

5.15 Orders of a court or Government Agency or law restricting payment

If written notice is given to Target (or the Target Share Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency, or Target is aware of any law, that:

(a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Target or Bidder in accordance with this clause 5, then Target or Bidder (as applicable) will be entitled to pay or issue that consideration (or procure that it is paid or issued), in accordance with that order, direction or law; or

(b) prevents Target from providing consideration to a particular Scheme Shareholder in accordance with this clause 5.15(b), Target or Bidder will be entitled to (as applicable):

 (i) retain an amount, in Australian dollars, equal to the amount of the consideration that Scheme Shareholder would be entitled to in the form of Cash Consideration; and/or

 (ii) not to issue (or direct Bidder not to issue), or to issue to a trustee or nominee, such number of Bidder Shares, equal to the amount of the consideration that Scheme Shareholder would be entitled to in the form of Scrip Consideration,

until such time as payment in accordance with this clause 5 is permitted by that order, direction or law.

5.16 Foreign resident capital gains withholding

(a) If Bidder determines that it must pay an amount to the Commissioner of Taxation (**Commissioner**) under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (**TAA**) with respect to the acquisition of the Scheme Shares from a Scheme Shareholder, Bidder will, for any such Scheme Shareholder:

 (i) determine the amount to be paid to the Commissioner (**Payment Amount**);

(ii) remit the Payment Amount to the Commissioner within the time required under the TAA; and

(iii) pay an amount equal to the Scheme Consideration less the Payment Amount to the Scheme Shareholder.

(b) Bidder will, for the purposes of the Scheme Implementation Deed, the Scheme and the Deed Poll, be deemed to have satisfied its obligations to pay the Scheme Consideration to a Scheme Shareholder if the amount paid to the Scheme Shareholder is the amount of the Scheme Consideration that would have otherwise been payable to the Scheme Shareholder pursuant to the Scheme, less the Payment Amount for that Scheme Shareholder.

6. DEALINGS IN TARGET SHARES

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Target Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Target Shares at or before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at or before the Scheme Record Date at the place where the Target Share Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after the Scheme Record Date, or received at or before the Scheme Record Date but not in registrable or actionable form.

6.2 Target Share Register

(a) Target must register registrable transfer or transmission applications of Target Shares received in accordance with clause 6.1(b) at or before the Scheme Record Date, or as soon as reasonably practicable after receipt with effect as at the Scheme Record Date, provided that nothing in this clause 6.2(a) requires Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (as defined in the operating rules of ASX).

(b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target will be entitled to disregard any such disposal, purported disposal or agreement.

(c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Target Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been provided to the Scheme Shareholders in accordance with the Scheme. The

Target Share Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for Target Shares, other than statements of holding in favour of Bidder or its successors in title, will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Target Share Register, other than entries in respect of Bidder or its successors in title, will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

(e) As soon as possible after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Target Shares for each Scheme Shareholder as shown in the Target Share Register as at the Scheme Record Date are available to Bidder in the form Bidder reasonably requires.

7. QUOTATION OF TARGET SHARES

(a) Target will apply to ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date.

(b) Target will apply:

(i) for termination of the official quotation of Target Shares on the ASX; and

(ii) to have itself removed from the official list of ASX,

in each case with effect on and from the close of trading on the trading day immediately following, or shortly after, the Implementation Date.

(c) Target must use its best endeavours to ensure that such termination of official quotation and removal from the official list of ASX does not occur before the Implementation Date.

8. GENERAL SCHEME PROVISIONS

8.1 Consent to amendments to this Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions:

(a) Target may by its counsel, consent on behalf of all persons concerned, to those alterations or conditions to which Bidder has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Target has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

(i) agrees to the transfer of their Scheme Shares to Bidder together with all rights and entitlements attaching to those shares in accordance with the Scheme;

(ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from the Scheme;

(iii) who holds their Target Shares in a CHESS Holding agrees to the conversion of those Target Shares to an Issuer Sponsored Holding and irrevocably authorises Target to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion

(iv) agrees:

(A) that after the transfer of the Scheme Shares to Bidder, any share certificate relating to the Scheme Shares will not constitute evidence of title to those Scheme Shares; and

(B) at the direction of Bidder, to destroy any share certificates relating to the Scheme Shares; and

(v) acknowledges that the Scheme binds Target and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting).

(b) Each Target Shareholder who is issued Bidder Shares under this Scheme agrees to:

(i) become a shareholder of Bidder; and

(ii) be bound by the terms of the constitution of Bidder.

(c) Each Scheme Shareholder is taken to have warranted to Target and Bidder on the Implementation Date, and appointed and authorised Target as its attorney and agent to warrant to Bidder on the Implementation Date, that:

(i) all their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under this Scheme will, at the time of the transfer of them to Bidder, be fully paid and free from all:

(A) mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Properties Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise; and

(B) restrictions on transfer of any kind; and

(ii) they have full power and capacity to transfer their Scheme Shares to Bidder together with any rights attaching to those Scheme Shares; and

(iii) except as otherwise provided for or contemplated in the Scheme Implementation Deed, they have no existing right to be issued any Target Shares, or any other Target securities.

(d) Target undertakes that it will provide the warranties in clause 8.2(c) to Bidder as agent and attorney for each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme will, at the time of transfer of them to Bidder, vest in Bidder free from all:

(i) mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Properties Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise; and

(ii) restrictions on transfer of any kind.

(b) Upon the provision of the Scheme Consideration to each Scheme Shareholder in accordance with clause 5.10 and clause 5.12, Bidder will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Target of Bidder in the Target Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Upon the provision of the Scheme Consideration to each Scheme Shareholder in accordance with clause 5.10 and clause 5.12 and until Target registers Bidder as the holder of all Scheme Shares in the Target Share Register, each Scheme Shareholder:

(a) is deemed to have irrevocably appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder as:

(i) its sole proxy; and

(ii) where applicable or appropriate, corporate representative,

to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;

(b) must not attend or vote at any shareholders' meetings or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and

(d) acknowledges and agrees that in exercising the powers conferred by clause 8.4(a), Bidder and any director, officer, secretary or agent nominated by Bidder under clause 8.4(a) may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

8.5 Authority given to Target

(a) On the Effective Date, each Scheme Shareholder, without the need for any further act, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney for the purpose of:

(i) enforcing the Deed Poll against Bidder; and

(ii) executing any document, or doing or taking any other act, necessary, desirable or expedient to give full effect to this Scheme and the transactions contemplated by it, including executing and delivering the Scheme Transfer,

and Target accepts such appointment.

(b) Target, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Enforcement of Deed Poll

Target undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Shareholder.

8.7 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Target which are binding or deemed binding between the Scheme Shareholder and Target relating to Target or Target Shares, including instructions, notifications or elections relating to:

(a) whether dividends are to be paid by cheque or into a specific bank account;

(b) payments of dividends on Target Shares; and

(c) notices or other communications from Target (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Bidder in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Bidder and to be a binding instruction, notification or election to, and accepted by, Bidder in respect of the new Bidder Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Bidder at its registry.

8.8 Binding effect of this Scheme

This Scheme binds Target and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

9. GENERAL

9.1 Stamp duty

(a) Bidder will:

(i) pay all stamp duty (if any) and any related fines and penalties payable on or in respect of the transfer by the Scheme Shareholders of the Scheme Shares to Bidder pursuant to the Scheme or its actions under the Deed Poll; and

(ii) indemnify each Scheme Shareholder against any liability incurred by the Scheme Shareholder arising from failure to comply with clause 9.1(a)(i).

(b) Bidder is authorised to apply for and retain the proceeds of any refund due in respect of any stamp duty paid under this clause.

9.2 Consent

Each Scheme Shareholder consents to Target and Bidder doing all things necessary or incidental to give full effect to the implementation of the Scheme and the transactions contemplated by it.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Target Share Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Further action

Target must do all things and execute all documents (on its own behalf and/or on behalf of each Scheme Shareholder) necessary to give full effect to the Scheme and the transactions contemplated by it.

9.5 No liability when acting in good faith

Neither Target nor Bidder, nor any of their respective directors, officers, secretaries or employees, will be liable for anything done or omitted to be done in the performance of the Scheme or the Deed Poll in good faith.

9.6 Governing law and jurisdiction

(a) The Scheme is governed by the laws in force in Victoria.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts competent to determine appeals from those courts in respect of any proceedings arising out of or in connection with the Scheme.

(c) The parties irrevocably waive any objection to the venue of any legal process in the courts referred to in clause 9.6(b) on the basis that the process has been brought in an inconvenient forum.

Annexure D

Deed Poll

Lander & Rogers
Lawyers

Deed Poll

UNITI GROUP LIMITED

In favour of each person registered as a holder of fully paid ordinary shares in Target as at the Scheme Record Date

Melbourne

Level 12
600 Bourke Street
Melbourne VIC 3000
Australia

GPO Box 1842
Melbourne VIC 3001
Australia

DX 370
Melbourne VIC

T +61 3 **9269 9000**
F +61 3 9269 9001

www.landers.com.au
ABN 58 207 240 529

TABLE OF CONTENTS

Deed Poll

Date: 4 August 2020

PARTIES

By **Uniti Group Limited** ACN 158 957 889 of Level 1, 44 Currie Street, Adelaide SA 5000 (**Bidder**)

In favour of **each person registered as a holder of fully paid ordinary shares in OptiComm Ltd** ACN 117 414 776 of Level 1, 22 Salmon Street, Port Melbourne VIC 3207 (**Target**) as at the Scheme Record Date (**Scheme Shareholders**)

BACKGROUND

A. Bidder and Target have entered into the Scheme Implementation Deed, under which Bidder is to provide or procure the provision of the Scheme Consideration and acquire all Scheme Shares held by Scheme Shareholders under the Scheme, and also under which Bidder has agreed to enter into this deed poll.

B. Bidder is entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to procure and undertake the actions attributed to Bidder under the Scheme.

1. DEFINED TERMS AND INTERPRETATION

1.1 Defined terms

In this deed poll:

Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between the Target and its shareholders, in substantially the same form as set out in Schedule 5 to the Scheme Implementation Deed or in such other form as Target and Bidder agree in writing.

1.2 Terms defined in the Scheme

Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.3 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll, except that references to ‘Scheme’ are to be read as references to ‘deed poll’.

1.4 Nature of deed poll

Bidder acknowledges and agrees that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder.

2. CONDITIONS

2.1 Conditions

The obligations of Bidder under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Bidder under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the Scheme Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme does not become Effective by the End Date,

unless the Bidder and Target agree otherwise in writing.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other available rights, powers or remedies:

(a) Bidder is released from its obligations to further perform this deed poll; and

(b) each Scheme Shareholder retains the rights they have against Bidder in respect of any breach of this deed poll which occurs before it was terminated.

3. SCHEME OBLIGATIONS

Subject to clause 2, Bidder undertakes in favour of each Scheme Shareholder to:

(a) provide or procure the provision of the Scheme Consideration for all Scheme Shares in accordance with the terms of the Scheme; and

(b) undertake all other actions attributed to it under the Scheme,

in each case as if named as a party to the Scheme and in each case subject to and in accordance with the terms of the Scheme.

4. WARRANTIES

Bidder represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of incorporation;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance by it of this deed poll;

(d) this deed poll is valid and binding on it and is enforceable against it in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5. CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Bidder has fully performed its respective obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.2.

6. GENERAL

6.1 Stamp duty

Bidder must:

(a) pay or procure the payment of all stamp duty (if any) and any related fines and penalties payable on or in respect of the transfer by the Scheme Shareholders of the Scheme Shares to Bidder pursuant to the Scheme or this deed poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 6.1(a).

6.2 Notices

(a) Any notice or other communication to Bidder in connection with this deed poll must be:

(i) in legible writing in English;

(ii) signed by the person making the communication or that person's duly authorised agent; and

(iii) given by hand delivery, pre-paid post or email in accordance with the details set out below:

Bidder

Attention: Michael Simmons

Address: Level 1, 44 Currie Street,

Adelaide, South Australia 5000

Email: michael.simmons@unitigrouplimited.com

with copies to:

Attention: Ashe-lee Jegathesan

Address: Level 1, 44 Currie Street

Adelaide, South Australia 5000

Email: Ashe-lee.jegathesan@unitigrouplimited.com

and a copy (for information purposes only) to jsolakovski@landers.com.au.

(b) Subject to clause 6.2(c), any notice or other communication given in accordance with clause 6.2(a) will be deemed to have been duly given as follows:

(i) if delivered by hand, on delivery;

(ii) if sent by pre-paid post, on the third Business Day after the date of posting; and

(iii) if sent by email:

(A) when the email (including the attachment) comes to the attention of the recipient party or a person acting on its behalf; or

(B) when the sender receives an automated message from the intended recipient's information system confirming delivery of the email,

whichever happens first.

(c) Any notice or other communication that, pursuant to clause 6.2(b), would be deemed to be given:

(i) other than on a Business Day or after 5:00pm on a Business Day is regarded as given at 9:00am on the following Business Day; or

(ii) before 9:00am on a Business Day is regarded as given at 9:00am on that Business Day,

where references to time are to time in the place the Bidder is located.

6.3 Cumulative rights

The rights, powers and remedies of Bidder and each Scheme Shareholder under this deed poll are cumulative with and do not exclude the rights, powers or remedies provided by law independently of this deed poll.

6.4 Waiver and variation

(a) A party waives a right under this deed poll only by written notice that it waives that right. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

(b) Failure to exercise or enforce, a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed poll by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed poll.

(c) A provision of this deed poll may not be varied unless:

(i) if before the First Court Date (as defined in the Scheme Implementation Deed), the variation is agreed to by Target in writing; or

(ii) if on or after the First Court Date (as defined in the Scheme Implementation Deed), the variation is agreed to by Target in writing and the Court indicates that the variation would not of itself preclude approval by the Court of the Scheme,

in which event Bidder must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

6.5 Governing law and jurisdiction

(a) This deed poll is governed by the laws in force in Victoria.

(b) Bidder irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts competent to determine appeals from those courts in respect of any proceedings arising out of or in connection with this deed poll.

(c) Bidder irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

6.6 Assignment

(a) The rights created by this deed poll are personal to Bidder and each Scheme Shareholder and must not be assigned, transferred or otherwise dealt with, at law or in equity, without the prior written consent of Bidder.

(b) Any purported dealing in contravention of clause 6.6(a) is invalid.

6.7 Further action

Bidder will, at its own expense:

(a) do all things reasonably required of it; and

(b) execute all documents reasonably necessary,

to give full effect to this deed poll, the Scheme and the transactions contemplated by them.

EXECUTION

EXECUTED AND DELIVERED AS A DEED POLL

EXECUTED by **UNITI GROUP LIMITED**)
ACN 158 957 889 by being signed by:)

Signature of director	Signature of director/secretary
MICHAEL SIMMONS.	GRAEMÉ BARCLAY
Name of director (please print)	Name of director/secretary (please print)

Annexure E

Notice of Scheme Meeting

Notice of Scheme Meeting

OptiComm Ltd ACN 117 414 776 (**OptiComm**) hereby gives notice that by order of the Federal Court of Australia (**Court**) made on Friday, 7 August 2020 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of fully paid ordinary shares in OptiComm (**OPC Shareholders**) will be held as a virtual meeting at 11:00 am (AEST) on Thursday, 10 September 2020 (**Scheme Meeting**). In response to the global COVID-19 pandemic and government restrictions on physical gatherings, there will be no physical meeting where OPC Shareholders and proxies can attend in person.

Information about the Scheme

Information about the Scheme is set out in the Scheme Booklet, of which this Notice of Scheme Meeting forms part. Terms used in this Notice of Scheme Meeting have the same meaning as set out in the Glossary to the Scheme Booklet, unless indicated otherwise.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without any modifications, alterations or conditions agreed in writing between OptiComm and Uniti and approved by the Court or any modifications, alterations or conditions as are thought just by the Court to which OptiComm and Uniti agree in writing) a scheme of arrangement proposed to be made between OptiComm and the holders of its fully paid ordinary shares.

Accessing the virtual meeting

The virtual meeting can be accessed by logging in online at https://agmlive.link/OPC20. OPC Shareholders will be able to view the Scheme Meeting live, vote on the Scheme Resolution and ask questions online.

Meeting Chair

The Court has directed that Allan Brackin, or failing him Kenneth Ogden, be Chair of the meeting and has directed the Chair to report the result of the Scheme Meeting to the Court.

Agenda

To consider and, if thought fit, to pass the following resolution:

'That pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):

(a) the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet is agreed to (with or without any modifications, alterations or conditions agreed in writing between OptiComm and Uniti and approved by the Court or any modifications, alterations or conditions as thought just by the Court to which OptiComm and Uniti agree in writing); and

(b) the directors of OptiComm are authorised, subject to the terms of the Scheme Implementation Deed:

I. to agree to any modifications, alterations or conditions with Uniti;

II. to agree to any modifications, alterations or conditions as are thought just by the Court; and

III. subject to approval of the Scheme by the Court, to implement the Scheme with any such modifications, alterations or conditions.'

Scheme Booklet

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this Notice of Scheme Meeting forms part.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without any modifications, alterations or conditions agreed in writing between OptiComm and Uniti and approved by the Court or any modifications, alterations or conditions as are thought just by the Court to which OptiComm and Uniti agree in writing) must be approved by an order of the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC. If the Scheme Resolution put to the Scheme Meeting is passed by the Requisite Majorities and the other conditions to the Scheme are satisfied or (where applicable) waived in accordance with the Scheme Implementation Deed, OptiComm intends to apply to the Court on Friday, 18 September 2020 for the necessary orders to give effect to the Scheme.

Advertisement

Where this Notice of Scheme Meeting is advertised unaccompanied by the remainder of the Scheme Booklet, a copy of the full Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website at www.asx.com.au and on OptiComm's website at www.opticomm.net.au or by calling the Shareholder Information Line on 1800 635 323 (or from outside Australia, +61 1800 635 323).

Voting and proxy instructions

You are entitled to vote at the Scheme Meeting only if you are registered as an OPC Shareholder on the OptiComm Share Registry at 7.00pm (AEST) on Tuesday, 8 September 2020.

Voting procedure

The Chair of the meeting intends to put the Scheme Resolution set out in the agenda to a poll at the Scheme Meeting. Voting results will be announced on the ASX as soon as practicable after the Scheme Meeting.

The Chair of the meeting intends to vote any undirected proxies in favour of the Scheme Resolution.

Passing the Scheme Resolution

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be passed by:

- a majority in number (more than 50%) of OPC Shareholders present and voting at the Scheme Meeting (either in person online or by proxy, representative or attorney); and
- OPC Shareholders holding at least 75% of the total number of votes cast on the Scheme Resolution by OPC Shareholders present and voting at the Scheme Meeting (either in person online or by proxy, representative or attorney).

Appointing a proxy

OPC Shareholders may appoint a proxy to vote on their behalf at the Scheme Meeting. To do this, the OPC Shareholder must either complete and sign or validly authenticate the personalised Proxy Form which accompanies this Scheme Booklet or lodge their proxy online. A person appointed as a proxy may be an individual or a body corporate.

Proxies participating in the virtual Scheme Meeting will receive an email from the OptiComm Share Registry prior to the Scheme Meeting containing details of their proxy number which they will need to use for the online registration process. Proxies are asked to log in online 15 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register and to obtain a voting card.

To be valid, your Proxy Form(s) must be received by the OptiComm Share Registry by 11.00am (AEST) on Tuesday, 8 September 2020. For further information on proxy voting, refer to the detailed instructions contained on the Proxy Form.

You can appoint a proxy by:

- lodging your appointment online at www.linkmarketservices.com.au;
- mailing the Proxy Form to the OptiComm Share Registry at Link Market Services, Locked Bag A14, Sydney South, New South Wales 1235, Australia;
- faxing the accompanying Proxy Form to the OptiComm Share Registry on +61 2 9287 0309; or
- mailing the Proxy Form to OptiComm's registered office.

For additional proxy forms, contact Link on 1800 635 323 (or from outside Australia, +61 1800 635 323).

You are entitled to appoint up to two proxies. If a shareholder appoints two proxies, the shareholder may specify the proportion or number of votes each proxy may exercise. If a shareholder appoints two proxies but does not specify on the Proxy Form the proportion or number of votes each proxy may exercise, each proxy may exercise half the votes regardless of any proportion stated on any other form.

Note, if you have appointed a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the OptiComm Share Registry of the revocation of your proxy appointment before the commencement of the meeting.

Further instructions for appointing a proxy are included in the Proxy Form.

Default of proxy votes to Chair in certain instances

If:

- a member has appointed a proxy (other than the Chair) and the appointment of the proxy specifies the way the proxy is to vote on the Scheme Resolution; and
- that member's proxy is either not recorded as attending the Scheme Meeting or does not vote on the Scheme Resolution,

the Chair of the Scheme Meeting will, before voting on the Scheme Resolution closes, be taken to have been appointed as the proxy for the member for the purpose of voting on the Scheme Resolution and must vote in accordance with the written direction of that member.

Corporate representatives

A corporate shareholder, or body corporate appointed as a proxy, may appoint an individual as its representative to attend the Scheme Meeting and vote on its behalf. Corporate shareholders or proxies who appoint a representative must provide the representative with a properly executed notice of appointment, which the representative must bring to the Scheme Meeting for the purpose of registration.

A form for corporate representative appointment may be obtained from the OptiComm Share Registry at www.linkmarketservices.com.au (see the "Resources", "Forms" Section under the "Holding Management" heading) or from Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000. The completed appointment form should be lodged with the OptiComm Share Registry (at the address, email or facsimile number provided above for the Proxy Form).

Attorneys

If voting by attorney, the power of attorney appointing the attorney must be duly signed and specify the name of the OPC Shareholder and the attorney and specify the meeting at which the appointment may be used.

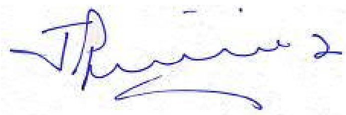
The power of attorney must be returned in the same manner, and by the same time, as outlined for the Proxy Form.

Shareholder questions

If you have any additional questions in relation to this Notice of Scheme Meeting or the Scheme, call the Shareholder Information Line 1800 635 323 (or from outside Australia, +61 1800 635 323), Monday to Friday between 8.30am to 5.30pm (AEST).

Questions may also be asked at the virtual meeting.

By order of the Court and of the OptiComm Board



John Phillips
Company Secretary
OptiComm Ltd
Friday, 7 August 2020

Annexure F

Virtual Scheme Meeting Online Guide

LINK Market Services

Virtual Scheme Meeting Online Guide

Virtual Scheme Meeting
Online Guide

Before you begin

Ensure your browser is compatible. You can easily check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 “Mavericks” & OS X v10.10 “Yosemite” and after
- Internet Explorer 9 and up (please note Internet Explorer 8 is not supported)

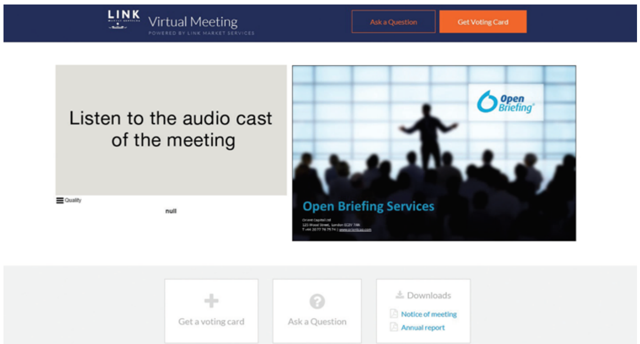
The virtual meeting is viewable from desktops and laptops. To attend and vote at the virtual Scheme meeting you must

- ASX registered holders: Shareholder number and postcode

If you are an appointed proxy you will need your proxy number which will be provided by Link Market Services prior to the meeting. **Please make sure you have this information before proceeding.**

Step 1

Open your web browser and go to https://agmlive.link/OPC20 and select the relevant meeting.



Step 2

Login to the portal using your full name, email address, and company name (if applicable).

Please read and accept the terms and conditions before clicking on the blue **‘Register and Watch Scheme Meeting’** button. Once you have logged in you will see:

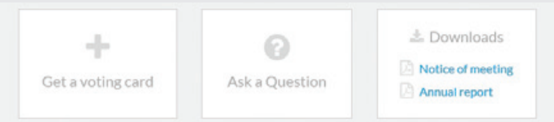
- On the left – a photo of the person currently speaking
- On the right – the presentation slides that will be addressed during the Scheme Meeting.

Note: After you have logged in we recommend that you keep your browser open for the duration of the meeting. If you close your browser, your session will expire. If you attempt to log in again, you will be sent a recovery link via email for security purposes.

Navigating

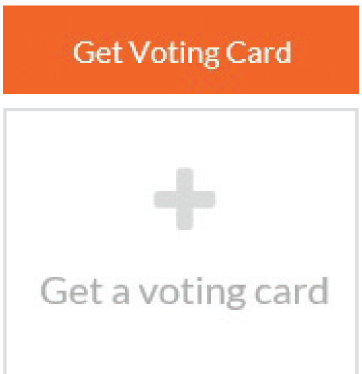
At the bottom of the webpage under the webcast and presentation there are three boxes. Refer to each section below for operating instructions.

1. Get a voting card
2. Ask a Question
3. Downloads

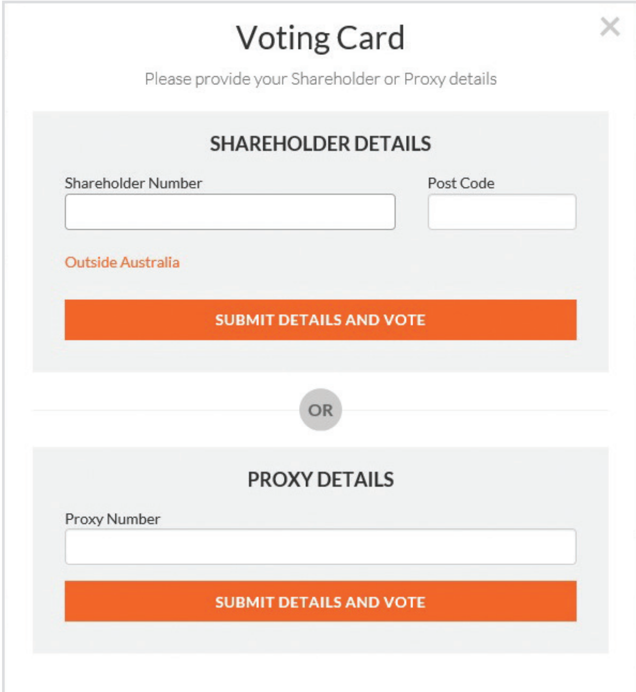


1. Get a voting card

To register to vote - click on the 'Get a voting card' box at the top of the webpage or below the videos.



This will bring up a box which looks like this.



If you are an individual or joint Shareholder you will need to register and provide validation by entering your details in the top section:

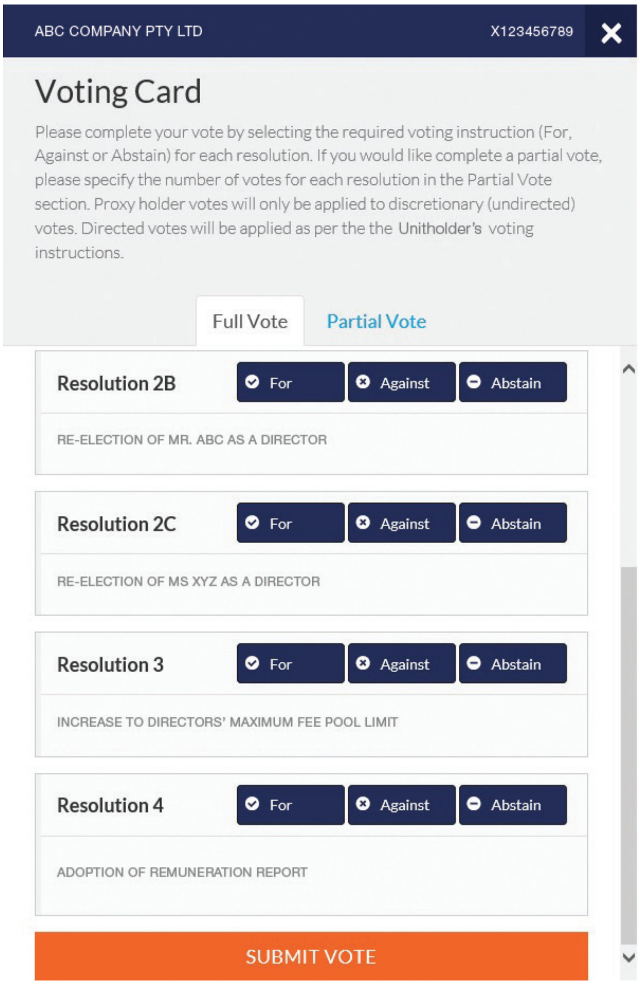
- **ASX registered holders:** Shareholder number and postcode

If you are an appointed Proxy, please enter the Proxy Number issued to you by Link Market Services in the PROXY DETAILS section. Once you have entered your appropriate details click the blue **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by Shareholders at the Scheme Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to scroll up or down to view all resolutions.

Shareholders and proxies can either submit a Full Vote or a Partial Vote. You can move between the two tabs by clicking on **'Full Vote'** or **'Partial Vote'** at the top of the voting card.

Virtual Scheme Meeting Online Guide *continued*



Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes you would like to vote (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes in a certain box it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click the blue **'Cast Vote'** or **'Cast Partial Vote'** button.

Note: You are able to close your voting card during the meeting without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

If at any point you have submitted your voting card and wish to make a change while voting is still open you can do so by clicking the **'Edit Card'** button and making the required change. Once you have completed your card select the blue **'Cast Vote'** or **'Cast Partial Vote'** button.

The voting card remains editable until the voting is closed at the conclusion of the Scheme Meeting. Once voting has been closed all voting cards, submitted and un-submitted, will automatically be submitted and cannot be changed.

At the conclusion of the Scheme Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time available to shareholders. Please make any changes required to your voting cards at this point and submit your voting cards.

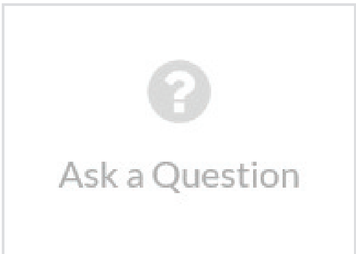
If an additional resolution is proposed during the meeting, there will be a short delay while the resolution is added to the voting card. Once the resolution has been added you will be notified by the Chairman during the meeting. In order to vote on the extra resolution you will need to reopen your voting card to cast your vote by clicking the **'Edit Card'** button.

Note: Registration for the Scheme Meeting and voting opens one hour before the meeting begins.

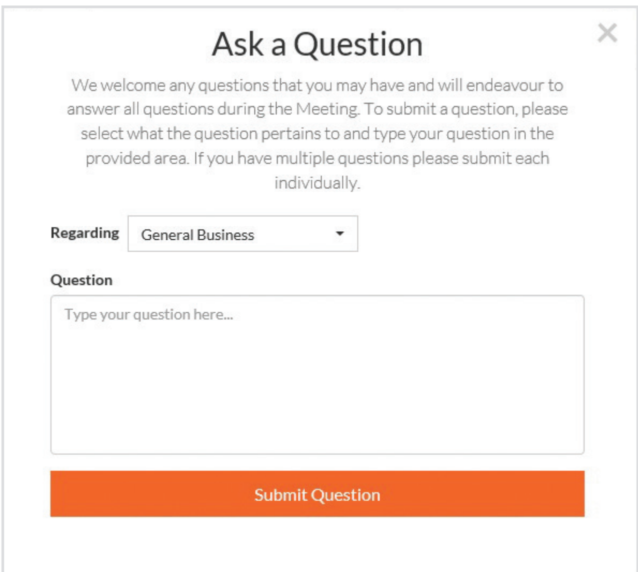
2. How to ask a question

Note: Only shareholders are eligible to ask questions.

You will only be able to ask a question after you have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage.



The **'Ask a Question'** box will then pop up with two sections for completion.



In the **'Regarding'** section click on the drop down arrow and select one of the following categories:

- General Business
- Resolution 1
- Resolution 2
- Resolution 3
- Resolution 4
- Resolution 5
- Resolution 6

After you have selected your question category, click in the **'Question'** section and type your question.

When you are ready to submit your question - click the blue **'Submit Question'** button. This will send the question to the Management/Board.

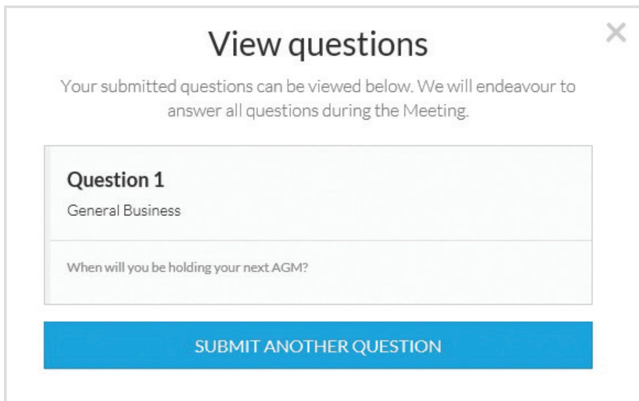
Note that not all questions are guaranteed to be answered during the Scheme Meeting, but we will do our best to address your concerns.

Once you have asked a question a **'View Questions'** box will appear.

At any point you can click on **'View Questions'** and see all the questions you have submitted. Only you can see the questions you have asked.

Note: You can submit your questions by this method one hour before the meeting begins, if you have registered to vote. You can continue to submit questions up until the close of voting.

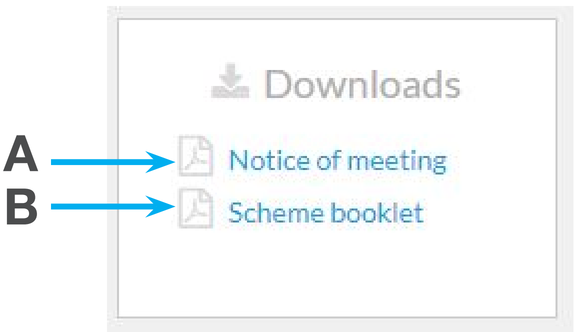
If your question has been answered and you would like to exercise your right of reply, you can do so by submitting another question.



Virtual Scheme Meeting Online Guide *continued*

3. Downloads

If you would like to see the Notice of Meeting or the Scheme Booklet you can do so here.



- To download the Notice of Meeting – click A
- To download the Scheme Booklet – click B

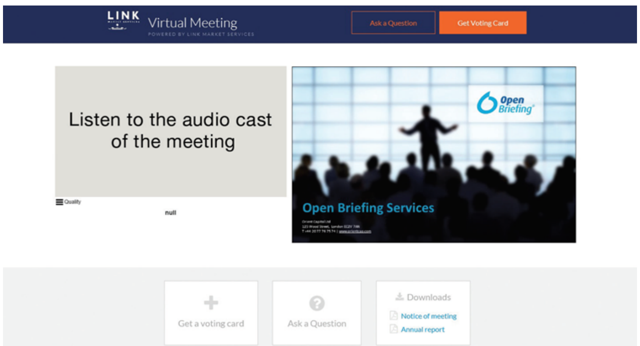
When you click on these links the file will open in another tab in your browser.

Voting closing

Voting will close 5 minutes after the close of the Scheme Meeting.

At the conclusion of the Scheme Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising the remaining voting time. If you have not yet submitted your vote at this point, you will be required to do so now.

At the close of the meeting any votes you have placed will automatically be submitted.



Contact us

Australia
T 1300 554 474
E info@linkmarketservices.com.au

New Zealand
T +64 9 375 5998
E enquiries@linkmarketservices.co.nz

1261.0 04/20 ISS3