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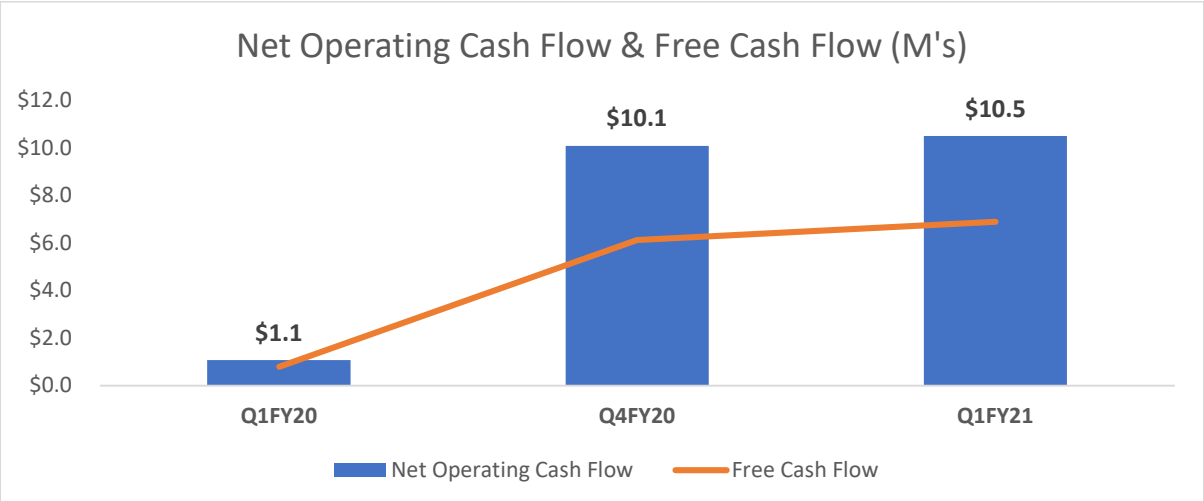
ASX ANNOUNCEMENT (UWL)

Appendix 4C for Quarter Ended 30 September 2020 & Operational Performance Update

- *Record Net Operating Cash Flow of $10.5M in Q1 FY21*
- *880% increased in Net Operating Cash Flow vs prior corresponding period (Q1 FY20)*
- *Record Free Cash Flow of $6.9M, up 13% on prior quarter & up 771% on Q1 FY20*
- *Free Cash Flow represents 66% of Net Operating Cash Flow*
- *Key financial performance metrics for first 3 months of FY21 above budgeted levels*
- *Net Operating Cash Flow 55% of revenue & 52% of receipts from customers in Q1*
- *Above-budget growth in new FTTP connections & activations in the quarter*
- *No material COVID-related impact on any of Uniti's three business units*
- *$278M in total Cash reserves at end of quarter & no debt*
- *Secured a 19.5% relevant interest in OptiComm Ltd*

19 October 2020: Uniti Group Limited (ASX: UWL) ("Uniti", "Company") is pleased to provide an overview of its September 2020 quarter (Q1-FY21) cash flow and cash position, as reflected in the Appendix 4C that accompanies this announcement, including a summary of the key elements underpinning the strong operating performance of the Company delivered in Q1 FY21.

The chart below illustrates the exceptional transformation in Net Operating Cash Flow and Free Cash Flow (Net Operating Cash Flow less Capital Expenditure) over the last 12 months, most notably illustrated by a nearly ten fold increase in Net Operating Cash Flow compared to the previous corresponding period (Q1-FY20), together with continued strong growth of both Net Operating Cash Flow and Free Cash Flow in the September quarter:



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Uniti Managing Director and CEO, Michael Simmons, said of Uniti's performance in Q1 FY21:

"The continued expansion of our Net Operating Cash Flow and Free Cash Flow metrics again illustrates the remarkable cash generation credentials of the business we have assembled and integrated in just over 18 months since Uniti's IPO in February 2019. This is achieved against a backdrop of record capital expenditure on construction of FTTP networks. It's a testament to the performance across all three of our clearly defined and exceptionally led business units, delivering another record quarterly cash result. These results are delivered for our shareholders notwithstanding the Company's active pursuit of the OptiComm transaction, other strategic opportunities, including further complementary acquisitions as well as achieving the anticipated final approval of our functional separation undertaking."

Operational Performance Highlights

- Record positive Net Operating Cash Flow of $10.5M in the September quarter.
- Record Free Cash Flow (Net Operating Cash Flow less Capital Expenditure) delivered of $6.9M, representing 66% of Net Operating Cash Flow, illustrating the strong cash generation credentials of UWL's three business units. This represents a 13% uplift in Free Cash Flow quarter on quarter.
- Net Operating Cash Flow is 55% of Revenue in Q1 and 52% of receipts from customers after intercompany eliminations.
- Importantly, these record Net Operating Cash Flow and Free Cash Flow results in the September quarter have again been delivered solely from organic activities, with no new acquisitions contributing to the result.
- The strong Net Operating Cash Flow performance of the Company during the September quarter is supported by above-budgeted growth in all key operating metrics, notably revenue, gross margin and EBITDA.
- Growth-related Capital Expenditure in W&I business unit was $3.1M, predominantly attributable to the deployment of additional Fibre-to-the-Premises ("FTTP") connections in newly completed developments, in which Uniti is the exclusive FTTP network provider. New FTTP connections constructed for the September quarter was 3,060.
- Advanced engagement with ACCC on a functional separation undertaking to enable Uniti's Consumer & Business Enablement (CBE) business unit to operate as a retail service provider on owned FTTP networks. A determination on this matter is expected before the end of October 2020.
- No material negative impacts as a result of COVID-19 have been experienced across the Uniti Group. No government CoVID-19 related benefits or contributions within the quarter.
- Uniti ended the September quarter with $278M in cash. This cash balance includes the cash proceeds received from the rights issue completed in June 2020, related to the proposed acquisition of OptiComm Ltd (ASX: OPC), and is after paying $30M for the acquisition of a ~6% stake in OPC (noting Uniti also holds call options over a further 13.5% of OPC shares).
- The Wholesale & Infrastructure business unit contributed EBITDA for Q1 of approximately $6M which, on an annualised basis, represents approximately 5.4 times the acquisition cost for all businesses previously acquired within W&I that are now fully integrated. These businesses were acquired at greater than 14 times historical EBITDA less than 1 year ago.

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Summary

The September 2020 quarter saw another strong performance by Uniti in terms of Net Operating Cash Flow and Free Cash Flow, reflected in growing cash reserves (excluding rights issue proceeds). This continued operating performance improvement is a direct result of organic growth being delivered across the Uniti Group as a whole, stringent cash disciplines and an ongoing focus on extracting operating efficiencies.

There have been notable developments in respect of Uniti's proposed acquisition of OptiComm during the September quarter (and also during the month of October), due to the competitive situation which has arisen with another prospective acquirer. Uniti's most recent ASX announcement on this matter on 15 October 2020 (OptiComm Acquisition – Superior Proposal) provides detail of the current status of this transaction.

The Board would like to make clear to our fellow shareholders that whilst we remain focused on acquiring OptiComm, in light of it being a highly accretive and strategic acquisition, we remain disciplined and measured, as we have proven in all past acquisitions. Uniti has proven to be able to acquire and integrate quickly and effectively to generate material accretion for shareholders as evidenced by the returns now being delivered to shareholders from the W&I business, where we acquired businesses at greater than 14 times historical EBITDA which are now delivering EBITDA representing a 5.4 times multiple of aggregate acquisition consideration. This has been achieved in less than 12 months.

As this announcement and the accompanying Appendix 4C illustrates, Uniti in its current form is a highly profitable, fast growing company, with experienced leadership, privileged long term annuity assets, significant cash reserves and numerous pathways for both organic growth and growth by acquisition.

This announcement and accompanying Appendix 4C are authorised for release by the Uniti Board.

- ENDS -

ADDITIONAL INFORMATION

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ABOUT UNITI GROUP

Uniti Group (ASX : UWL) is a diversified provider of telecommunications services, with 'three pillars' of strategic growth; Wholesale & Infrastructure, Specialty Services, and Consumer & Business Enablement.

Uniti Group listed on the Australian Securities Exchange in February 2019 with a stated strategy of becoming a leading provider of niche telecommunications services, via both organic growth and inorganic mergers and acquisitions. The Company has brought together an experienced Board and Executive team, to support the identification, execution and integration of the sizeable pool of identified opportunities, across the three growth pillars.

At the core of Uniti Group is a commitment to deliver high quality, diversified telecommunications products and services to its customers, in order to produce strong and growing returns to its shareholders.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
Uniti Group Limited	
ABN	**Quarter ended ("current quarter")**
73 158 957 889	September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	20,366	20,366
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,752)	(3,752)
	(c) advertising and marketing	(178)	(178)
	(d) leased assets	-	-
	(e) staff costs	(3,937)	(3,937)
	(f) administration and corporate costs	(2,279)	(2,279)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	392	392
1.5	Interest and other costs of finance paid	(110)	(110)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**10,502**	**10,502**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(32,782)	(32,782)
	(c) property, plant and equipment	(3,596)	(3,596)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(605)	(605)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**36,983**	**36,983**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	118,404	118,404
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3,088)	(3,088)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(348)	(348)
3.7	Transaction costs related to loans and borrowings	(111)	(111)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**114,857**	**114,857**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	189,150	189,150
4.2	Net cash from / (used in) operating activities (item 1.9 above)	10,502	10,502
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(36,983)	(36,983)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	114,857	114,857
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**277,526**	**277,526**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	20,781	7,499
5.2	Call deposits	255,094	180,000
5.3	Bank overdrafts	-	
5.4	Other (provide details)	1,651	1,651
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**277,526**	**189,150**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	202
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note 6.1: Relates to payments made to Non-Executive and Executive Directors for salaries and fees for the quarter.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

A borrowing facility has been established to enable the purchase of OptiComm Ltd under a Scheme of Arrangement (Scheme). The facility limit is $295,000,000 and a condition precedent to draw down of any amount is the successful completion of the Scheme and subsequent acquisition of OptiComm Ltd.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	10,502
8.2	Cash and cash equivalents at quarter end (item 4.6)	277,526
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	277,526
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	Cashflow positive – n/a

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 19 October 2020

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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