

Dear Sir/Madam

Thank you for reading Arqiva's Electronic Communications Code Newsletter, our update on what we're doing to work within the new regulatory framework provided by the revised Electronic Communications Code ('the Code').

In our December 2017 issue of *Site Matters* we provided some background on the introduction of the new Code and explained why changes to the existing legislation were being made. The new Code that came into force from December, replaces the previous Code established in 1984. Its main purpose is to enable more effective and economic deployment of communications infrastructure, helping operators to deliver the network coverage the UK's needs to meet the demands of an increasingly digitised economy, even in hard to reach areas.

In this newsletter, we take a closer look at exactly what these new arrangements might mean for you and begin the process of making you aware of the work we're doing to work within the new Code regulatory environment.

We understand the impact the Code is likely to have on some of our site owners and we are committed to transparency during this transition, working with you to reach balanced solutions within the new framework where changes to agreements are being proposed on renewal.

In terms of specifics, we think it easiest to think about the impact of the Government changes to the Code in three areas:

- ▶ **Valuation** – Land-rental valuations will change. This move is designed by Government to help offset the considerable costs of maintaining and improving digital communications infrastructure, increasingly essential to our daily lives. As a result, the rent payments you receive could materially decrease in value, however in line with government policy this should reflect a fair price for the land.
- ▶ **Access** – In future, operators will have automatic rights to access sites in order to amend or upgrade apparatus in certain circumstances. This will make it easier for them to deploy and maintain their infrastructure so that future generations of communications technology can be rolled-out more quickly.
- ▶ **Resolution** – There is also a range of administrative changes that will improve dispute resolution and help prevent disagreements from holding up investment. Where possible we are eager to avoid disputes and remain committed to finding equitable resolutions to Code negotiations.

Where these changes affect you, our commitment is that we will engage throughout the Code process and continue to keep lines of communication open so we can take your feedback on board. I hope you will reciprocate and work with us within the parameters set out by Government in its revised regulatory framework.

As a first step in this process, we are launching our first site owner survey to seek your views about the Code, your understanding of the changes and your broader relationship with Arqiva. We will be contacting you directly via email with a direct link to the survey, but if you are concerned we might not have your details, you can go to www.arqiva.com/sitematters if you would like to participate.

When the survey is complete we will review the results and get back in touch to explain how we have reflected them in our plans.

In the meantime, if you have any questions about the Code and how it might impact you, please don't hesitate to get in touch with us at sitematters@arqiva.com.

Yours faithfully,



Mark Bartlett
Director of Estates and Infrastructure at Arqiva

Our commitments to you

1

Straightforward

Remaining transparent and open about the implications of the new regulatory framework provided by the Code

2

Timely

Responding quickly to your questions

3

Collaborative

Engaging with you directly to understand your concerns

4

Forward-thinking

Creating a positive environment for a durable, mutually beneficial relationship

The Code decoded

1

What is the Code?

The original Code was introduced in 1984 as part of new legislation aimed at encouraging competition in the telecoms market, and gives operators rights to access land for installation.

2

What is changing and what do the changes hope to achieve?

In December 2017, a new Code took effect to make it more affordable and easier for network operators to install and maintain apparatus such as phone masts on public and private land. The goal is to help deliver the network infrastructure and coverage the UK requires to succeed in the digital economy.

3

But what does this mean for site owners?

The new Code alters the pricing mechanism and so provides a different framework for new agreements. Government has recognised that, in order for the necessary investments to be made in infrastructure, the rents paid for sites need to fall. Site owners will still get a fair value for the use of their land but this will be significantly lower than the rent previously available. Operators also have new wider rights to upgrade and share apparatus without being charged.

4

This seems unfair to landowners like me. Is it?

Some site owners may be impacted financially, however these changes have been implemented so that mobile network operators will be better-able to invest in new infrastructure to benefit the wider economy and society. We are determined to help landowners through this transition, while also being committed to reinvigorating and investing in the country's communications infrastructure to help make the UK's digital future a reality.

5

How does Arqiva plan to approach lease renegotiations?

We want to come to an amicable agreement within the new framework that offers to site owners balanced consideration for the use of their land and reasonable compensation for their losses.

6

I want to make my feelings/concerns heard. Who can I speak to?

We want to understand your wishes and concerns, and are determined to hear all views. The easiest way to make your voice heard is to participate in our site owner survey. You can take part by visiting www.arqiva.com/sitematters. We will also be contacting you directly via email with a direct link to the survey (provided we have your details).

7

When can I expect to hear from Arqiva next?

We will keep you updated with our plans throughout the Code's implementation. Our primary means of doing this will be our Code Newsletter, which will be issued quarterly. If you want to get in touch before then, please email sitematters@arqiva.com and an appropriate representative will get in contact with you.