



OBRASCÓN HUARTE LAIN, S.A. (“**OHL**” or the “**Company**”), pursuant to article 226 of the consolidated text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October, hereby notifies the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“**CNMV**”) the following

INSIDE INFORMATION NOTICE

The Company informs that, in order to improve the financial situation of the Company together with its direct and indirect subsidiaries (the “**Group**”), it is pleased to announce that Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U., which are controlled by Mr. Luis Fernando Martín Amodio Herrera and Mr. Julio Mauricio Martín Amodio Herrera (the “**Amodio Shareholders**”) and Grupo Villar Mir, S.A.U. (“**GVM**” and, together with the Amodio Shareholders, the “**Key Shareholders**”) and a certain group of holders of the Senior Notes (as defined below) issued by the Company composed of Beach Point Capital Management LP, Marathon Asset Management, Melqart Asset Management (UK) Ltd, Sand Grove Capital Management LLP and Searchlight Opportunities Fund GP, L.P. representing 57.3% of the principal amount of the Senior Notes (the “**Ad Hoc Group**”) have reached an agreement to support the implementation of a transaction to recapitalise the Group (the “**Transaction**”). The Transaction includes a renegotiation of the terms and conditions of the Company’s (i) €400,000,000 4.750% Senior Notes due 2022 (ISIN: XS1043961439) (of which €323,000,000 in principal amount remain outstanding), and (ii) €325,000,000 5.50% Senior Notes due 2023 (ISIN: XS1206510569) (of which €269,900,000 in principal amount remain outstanding) (the “**Senior Notes**”). The purpose of the Transaction is to improve the financial situation of the Group, the sustainability of its debt through the progressive reduction of indebtedness and the strengthening of its capital structure.

The agreement on the principles of the Transaction has been formalised by means of a lock-up agreement (the “**Lock-Up Agreement**”) which sets out, among other things, the essential terms of the Transaction, the process for its implementation to be followed in the coming months and the commitment of the parties to support, facilitate and implement the Transaction. The effectiveness of the Lock-Up Agreement is subject to the fulfilment of certain conditions, which are customary for these types of transactions, including the requisite consent from certain of the Group’s financial creditors.

The main terms of the Transaction, which are described in detail below, contemplate: (i) an equity contribution to the Company, through (a) the execution of a share capital increase granting preemptive subscription rights to existing shareholders for a total effective amount (nominal plus premium) of €35,000,000 (the “**Rights Issue**”), (b) a further capital increase with exclusion of preemptive subscription rights addressed exclusively to the Amodio Shareholders and to Tyrus Capital Event, S.à r.l. and/or Tyrus Capital Opportunities S.à r.l. (together, “**Tyrus**”) as detailed below; the Amodio Shareholders have committed to invest through the share capital increases a total effective amount (nominal plus premium) of €37,000,000, while Tyrus has committed to invest through the share capital increases a total effective amount (nominal plus premium) of €5,000,000; (ii) the restructuring of the terms and conditions of the Senior Notes through a combination of write-off (*quita*), capitalisation of part of the principal amount of the Senior Notes through a share capital increase by means of capitalisation of credit rights and the exchange of the remaining Senior Notes after the debt reduction and the capitalisation for newly-issued senior secured notes as described further in Section 3 (*Restructuring of the terms and conditions of the Notes*) below (the “**New Notes**”); and (iii) the corporate restructuring of the Group, so that a substantial part of business will be developed in the future by a newly-created subsidiary domiciled in Spain (“**New OHL**”) and fully



controlled by the Company, through certain intermediary companies incorporated in Luxembourg, each of which will be controlled, directly or indirectly, by the Company (the “**Hive-down**”).

The main terms of the Transaction and the process to completion are described below in further detail:

1. **Accession to the Lock-Up Agreement and Scheme court approval**

As set out above, the essential terms of the Transaction have been formalised pursuant to the Lock-Up Agreement entered into between the Key Shareholders and the Ad Hoc Group.

A process of accession will take place, pursuant to which the holders of the Senior Notes (the “**Noteholders**”) who are not a party to the Ad Hoc Group will be invited to accede to the Lock-Up Agreement. Noteholders who accede to the Lock-Up Agreement will be required to elect for Option 1 Scheme Entitlement or Option 2 Scheme Entitlement (each, as defined below) at the time of accession and will be subject to certain trading restrictions in respect of their Senior Notes. For such purposes, Lucid Issuer Services Limited has been engaged to act as calculation agent under the Lock-Up Agreement (the “**Calculation Agent**”). Noteholders should contact the Calculation Agent via www.lucid-is.com/ohl or by e-mail to ohl@lucid-is.com to access further information relating to the Transaction and for further details as to how to accede to the Lock-Up Agreement.

Noteholders wishing to accede to the Lock-Up Agreement shall provide as soon as possible to the Calculation Agent a duly completed and executed accession letter (in the form set out in the Lock-Up Agreement) and evidence of their beneficial holdings. Noteholders who accede to the Lock-Up Agreement prior to 5 p.m. (London Time) on 5 February 2021 (or such later date as determined pursuant to the Lock-Up Agreement) (the “**Early Accession Deadline**”) will be entitled to receive a lock-up fee pursuant to the terms of the Lock-Up Agreement in an amount equal to two cents per €1 of the total outstanding principal amount of Senior Notes held by each Noteholder which will be payable in New Notes (the “**Lock-up Fee**”).

Upon obtaining the necessary support from creditors, the Company will accede to the Lock-Up Agreement and subsequently launch a scheme of arrangement under Part 26 or Part 26A of the UK Companies Act 2006 for the purposes of implementing the Transaction (the “**Scheme**”). Upon the Scheme being sanctioned by the English courts, its terms will be binding on all Noteholders (whether or not they have voted in favour of the Scheme) and the Transaction will be implemented.

2. **Equity Commitments, Rights Issue and Private Placement**

The Amodio Shareholders have committed to fund a total effective amount of €37,000,000 to the Company (each in proportion to its respective shareholding in the Company (the “**Amodio Equity Commitment**”). Such Amodio Equity Commitment shall be executed by the subscription of the shares issued as a result of the Rights Issue and of the Private Placement (as defined below).

Following sanction of the Scheme by the English courts, and subject to the Extraordinary Shareholders General Meeting convened for the purposes of the Transaction duly approving the Transaction and the relevant corporate resolutions, it is expected that the Company will carry out the Rights Issue for a total effective amount (nominal plus premium) of €35,000,000, in any case granting the existing shareholders of the Company the pre-emptive subscription rights. The issue price of the shares of the Rights Issue will be €0.36 per share.



Prior to the Rights Issue, the Company intends to carry out a share capital reduction by reducing the nominal value of the Company's shares.

In addition, Tyrus has committed to invest €5,000,000 between the Rights Issue and the Private Placement (as defined below) as described below (the "**Tyrus Equity Commitment**" and, together with the Amodio Equity Commitment, the "**Full Equity Commitment**").

Pursuant to the Amodio Equity Commitment, the Amodio Shareholders have committed to exercise their respective subscription rights in the Rights Issue during the subscription period. In addition, the Amodio Shareholders and Tyrus have committed to underwrite the Rights Issue in full; the Amodio Shareholders in the proportion that the Amodio Equity Commitment bears to the Full Equity Commitment (i.e. 88.10%), and Tyrus in the proportion that the Tyrus Equity Commitment bears to the Full Equity Commitment (i.e. 11.90%).

Following the completion of the Rights Issue, the Company shall carry out a further capital increase with exclusion of subscription rights at a price per share of €0.36 addressed exclusively to the Amodio Shareholders and to Tyrus (the "**Private Placement**"). The amount of the Private Placement will be the sum of (i) an amount to be subscribed by the Amodio Shareholders equal to the Amodio Equity Commitment less the amount subscribed by the Amodio Shareholders in the Rights Issue, and (ii) an amount to be subscribed by Tyrus equal to the Tyrus Equity Commitment less the amount subscribed by Tyrus in the Rights Issue.

Assuming that the Rights Issue is subscribed in full by shareholders/investors, the maximum amount of the Private Placement would be €36,400,000, of which €31,400,000 would correspond to the Amodio Shareholders and €5,000,000 to Tyrus.

In consideration for their role in arranging the Transaction and their Amodio Equity Commitment, the Amodio Shareholders will receive an arrangement and equity commitment fee equal to €1,750,000, which will be converted into new shares of the Company through a share capital increase by means of capitalisation of credit rights at a price per share equal to that of the Rights Issue (the "**Arrangement and Commitment Fee**").

The abovementioned transactions shall be submitted to the approval of the Extraordinary Shareholders General Meeting that the Company intends to convene as soon as possible following the launch of the Scheme and when all necessary contractual, corporate and accounting documents have been drafted.

The terms and conditions of the Rights Issue, the Private Placement and the capitalisation of the Arrangement and Commitment Fee will be described in a prospectus the Company plans to submit for the approval of the Spanish National Securities Market Commission once the Scheme has been sanctioned by the English court (the "**Prospectus**").

3. Restructuring of the terms and conditions of the Senior Notes

As previously mentioned, the restructuring of the terms and conditions of the Senior Notes comprises (i) the capitalisation of part of the principal amount of the Senior Notes, (ii) a partial write-off of the Senior Notes, and (iii) the issuance of the New Notes.

For this purpose, the Noteholders will be entitled to elect under the Scheme between (the "**Scheme Election Process**"):

- **Option 1:** a Noteholder opting for Option 1 (an “**Option 1 Noteholder**”) would receive, for every €1,000 of Senior Notes, €880 of New Notes (“**Option 1 Scheme Entitlements**”) and, if applicable, €20 of Lock-Up Fee; or
- **Option 2:** a Noteholder opting for Option 2 (an “**Option 2 Noteholder**”) would receive (i) in respect of 38.25% of the total principal amount of their Senior Notes, for every €1,000 of Senior Notes, €300 of new shares at €0.74 per share conversion price (the “**Debt Capitalisation**”) and €680 of New Notes (the “**Option 2 Scheme Entitlements**”) and, if applicable, €20 of Lock-Up Fee and (ii) in respect of the remaining 61.75% of the total principal amount of their Senior Notes, and Option 2 Noteholder will receive Option 1 Scheme Entitlements, and, if applicable, €20 of Lock-Up Fee.

The Senior Notes of those Noteholders that fail to communicate their choice between Option 1 and Option 2 at the stipulated time and in accordance with the Scheme Election Process, will be assigned to Option 1.

Pursuant to the terms of the Lock-Up Agreement, the Noteholders will undertake to make an election under the Scheme that is consistent with its election, or deemed election (if applicable), when entering into the Lock-Up Agreement.

In this context, and in order to ensure that a minimum amount of the Senior Notes are subject to the Debt Capitalisation, certain members of the Ad Hoc Group have undertaken to elect Option 2 and backstop the full allocation of Option 2 Scheme Entitlements to the extent they are not taken up through the Scheme Election Process (the “**Backstop Providers**”). In consideration for their undertaking, these members of the Ad Hoc Group will receive as a backstop fee an amount equal to 5% of the Debt Capitalisation, such commission which shall be converted at a conversion price of €0.36 into newly issued, fully paid up ordinary shares in the Company (the “**Backstop Fee**”).

If as at the Early Accession Deadline, Noteholders holding at least 75% in outstanding principal amount of the Senior Notes (excluding those held by the Backstop Providers) have:

- a) acceded to the Lock-Up Agreement; and
- b) elected to participate in the Scheme as an Option 1 Noteholder,

then, for a period of two business days following the date of the Early Accession Deadline (the “**Backstop Deadline**”), the Backstop Providers shall have the right to submit a notice electing to take up the full allocation of Option 2 Scheme Entitlements (the “**Backstop Provider Election Notice**”).

If the Backstop Providers deliver a Backstop Provider Election Notice by the Backstop Deadline: (i) each Backstop Provider shall be excluded from the Scheme; and (ii) any Noteholder that elected to be treated as an Option 2 Noteholder can within 5 business days of the date of the Backstop Provider Election Notice terminate the Lock-Up Agreement in respect of that Noteholder only. If such a Noteholder does not elect to terminate in respect of that Noteholder only, such Noteholder shall be deemed to have elected to be treated as an Option 1 Noteholder.

If the Backstop Providers do not deliver a Backstop Provider Election Notice by the Backstop Deadline, then such right shall terminate immediately upon the expiry of the Backstop Deadline without any further action or notice required by any person.



The share capital increases by means of capitalisation of credit rights in relation to the Debt Capitalisation and the Backstop Fee, which shall be approved in the Extraordinary Shareholders General Meeting of the Company that is scheduled to be convened at a later date, shall also be the subject of the Prospectus referred to in Section 2 above (*Equity Commitment, Rights Issue and Private Placement*).

As a condition for receiving shares of the Company in the context of the Debt Capitalisation, each Option 2 Noteholder shall be required to undertake, for the benefit of the rest of the Company's shareholders, for a period of three (3) years following the implementation of the Transaction (such period to be extended for an additional three (3) year period under certain circumstances), to abstain from voting at any shareholder meeting of the Company (other than as recommended by the Company's board of directors in any notice convening such meeting), and to refrain from seeking the appointment of a board member representative ("*consejero dominical*"), provided that certain conditions are satisfied. Such conditions are related to the financial performance and conduct of business of the Company, its board of directors and shareholder composition, the Company's compliance with the obligations under the New Notes and no material adverse change affecting the business of the Company, its obligations under the New Notes or the validity and enforceability of the security.

The above restrictions shall apply to any affiliate of an Option 2 Noteholder, but shall not apply to any third party transferee, successor or assignee of the shares received through the Transaction.

The above restrictions in relation to the voting rights of each Option 2 Noteholder (and any affiliate to whom they transfer shares received through the Transaction) is subject to the conclusion of discussions with the CNMV on terms satisfactory to the Company, the Amodio Shareholders and certain members of the Ad Hoc Group.

The main terms and conditions of the New Notes are:

(i) Issuer

The Issuer of the New Notes will be New OHL.

(ii) Issue size

The aggregate principal amount of the New Notes will be determined through the Scheme Election Process and will be up to €488.3 million. The New Notes will be issued at an issue price of 100%.

(iii) Interest rate

The New Notes will bear an interest rate of 5.1% per annum, payable semi-annually in cash in arrears on 15 March and September of each year, with the first cash interest payment date falling on 15 September 2021.

In addition, subject to certain adjustments, the New Notes will accrue payment-in-kind (PIK) interest of 1.5% per annum up to (but excluding) 15 September 2023, which will increase to 4.65% per annum thereafter. On each interest payment date, PIK interest on the New Notes will be capitalised and added to the aggregate outstanding principal amount of the New Notes.

(iv) Maturity



50% of the principal amount of the New Notes will be due on 31 March 2025 (said amount shall be reduced by the principal amount of any redemptions or repurchases of New Notes prior to 31 March 2025). The remaining principal amount of the New Notes will be due on 31 March 2026.

(v) Early redemption

The New Notes may be redeemed early in whole or in part at any time at the option of the Issuer, at 100% of their then outstanding principal amount (excluding uncapitalised PIK interest at the time of redemption), together with accrued but unpaid interest (with uncapitalised PIK interest being paid in cash).

(vi) Guarantees and security

The New Notes will be guaranteed on a unsubordinated basis by the Company, New HoldCo1 and New HoldCo 2 (each as defined below) and certain of New OHL's subsidiaries (collectively, the "**Guarantors**"), which collectively represented 46.62% of the Company's consolidated net sales for the last nine months ended 30 September 2020 (the "**Guarantees**").

In addition, the New Notes will benefit from certain security (the "**Security**"), including share pledges over shares in New OHL, New HoldCo 1, New HoldCo 2 and certain of the Guarantors, pledges over certain credit and other rights of the Company and its subsidiaries and pledges over certain bank accounts of New OHL, to be shared between the New Notes and the Group's other financial creditors. The Guarantees and Security shall be subject to the terms of an intercreditor agreement with the Group's other financial creditors which will take into account existing guarantees and security held by those creditors.

(vii) Ranking

The New Notes will constitute, direct, unconditional and unsubordinated obligations of New OHL. The New Notes shall at all times rank pari passu in right of payment without any preference within themselves and at least equally in right of payment with all other unsubordinated obligations of the Issuer, from time to time outstanding.

(viii) Other terms and conditions

The New Notes will be subject to certain other terms and conditions as is customary for securities of this type, including restrictive covenants (but excluding any financial ratios maintenance covenants), a covenant requiring New OHL to make an offer to repurchase the New Notes at a purchase price equal to 100% of their then outstanding principal amount upon the occurrence of certain events constituting a change of control, and certain events of default.

The New Notes will contain an asset sale regime which will require the Company, subject to compliance with certain previous commitments, to early redeem the New Notes upon the sale of certain assets and which will regulate the use of funds obtained from the sale of assets. In addition, the New Notes will contain a regime which will permit the Company to increase during a specific amount of time its bonding facilities commitments (through new bonding lines or by increasing existing bonding lines facilities) which may benefit from the same security package as the



New Notes. Failure to comply with the terms of the bonding lines regime will trigger an increase of the payment-in-kind (PIK) interest.

4. Hive-down

As previously mentioned, the fourth main element of the Transaction is the Hive-down, pursuant to which the Company will contribute a significant part of OHL's business through the contribution of its most relevant subsidiaries to New OHL, the Spanish company which will develop, directly or indirectly through its subsidiaries, most of the business currently operated by the Company in the future.

Two newly-incorporated companies, based in Luxembourg, will be introduced between the Company and New OHL ("**New HoldCo 1**" and "**New HoldCo 2**").

The Hive-down, which shall be approved in the Extraordinary Shareholders General Meeting, is a customary transaction in this type of financial restructuring process, and has been recently implemented in similar contexts in Spain and other European jurisdictions.

The Hive-down is expected to be implemented once the transactions set out in sections 1, 2 and 3 above have been completed and will thereafter be completed as soon as possible.

5. Homologación

Following the completion and effectiveness of the transactions set out in sections 1, 2 and 3, the Company will execute a standalone ad hoc restructuring agreement covering the terms of the Transaction and request, its homologación (*homologación judicial*) from the Spanish courts.

The Company will continue to inform in a timely manner of all relevant issues in relation to the Transaction.

Madrid, 21 January 2021