



## FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.

*(incorporated with limited liability under  
the laws of the Kingdom of Spain)*

**EUR600,000,000 0.815 per cent. Senior Notes due 4 December 2023  
and**

**EUR500,000,000 1.661 per cent. Senior Notes due 4 December 2026  
unconditionally and irrevocably guaranteed by  
FCC Medio Ambiente, S.A.U.**

*(incorporated with limited liability under the laws of the Kingdom of Spain)*

**and**

**FCC Ámbito, S.A.U.**

*(incorporated with limited liability under the laws of the Kingdom of Spain)*

The issue price of the EUR600,000,000 0.815 per cent. Senior Notes due 4 December 2023 (the **2023 Notes**) of FCC Servicios Medio Ambiente Holding, S.A.U. (the **Issuer**) is 100 per cent. of their principal amount. The issue price of the EUR500,000,000 1.661 per cent. Senior Notes due 4 December 2026 (the **2026 Notes**, and together with the 2023 Notes, the **Notes**) of the Issuer is 100 per cent. of their principal amount.

The payments of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the trust deed dated 4 December 2019 (as amended or supplemented from time to time, the **Trust Deed**) between the Issuer, the Guarantors (as defined below), and BNY Mellon Corporate Trustee Services Limited in its capacity as trustee (the **Note Trustee**, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) has been unconditionally and irrevocably guaranteed by FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U. (the **Guarantors**) in the Trust Deed (the **Guarantee**).

Unless previously redeemed or cancelled, the 2023 Notes will be redeemed at their principal amount on 4 December 2023 and the 2026 Notes will be redeemed at their principal amount on 4 December 2026. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Kingdom of Spain. The Notes must be redeemed in whole at their principal amount in certain circumstance following a change of control in the Issuer (see "*Terms and Conditions of the 2023 Notes—Redemption and Purchase—Mandatory Redemption on Change of Control*") and may also be redeemed at the option of the Issuer, in whole or in part, at their principal amount on any date that is not earlier than 3 months prior to the Maturity Date of the relevant Notes (see "*Terms and Conditions of the 2026 Notes—Redemption and Purchase—Redemption at the option of the Issuer*").

The 2023 Notes will bear interest from 4 December 2019 at the rate of 0.815 per cent. per annum payable annually in arrear on 4 December each year commencing on 4 December 2020. The 2026 Notes will bear interest from 4 December 2019 at the rate of 1.661 per cent. per annum payable annually in arrear on 4 December each year commencing on 4 December 2020. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under "*Terms and Conditions of the 2023 Notes—Taxation*" and "*Terms and Conditions of the 2026 Notes—Taxation*" respectively.

This Offering Circular does not comprise a Prospectus for the purposes of Article 6.1 of Regulation (EU) 2017/1129 as amended.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Notes to be admitted to the Official List and to trading on the Global Exchange Market of Euronext Dublin. This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the **Securities Act**) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act (**Regulation S**), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of EUR100,000 each and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000. Each series of Notes will initially be in the form of a temporary global note (each a **Temporary Global Note**), without interest coupons, which will be deposited on or around 4 December 2019 (the **Issue Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A., Luxembourg (**Clearstream, Luxembourg**). Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (each, a **Permanent Global Note**, and together with the Temporary Global Note, the **Global Notes**), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. Each Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in

the denomination of EUR100,000 each and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes are expected to be rated BBB- by Fitch Ratings España, S.A.U. (**Fitch**).

Fitch is established in the European Economic Area (**EEA**) and registered under Regulation (EU) No 1060/2009 on Credit Rating Agencies, as amended (the **CRA Regulation**). As such Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA regulation.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

*Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are disclosed under "Risk Factors" below.*

#### **JOINT BOOKRUNNERS**

**Banco Bilbao Vizcaya Argentaria, S.A.  
Santander Corporate and Investment  
Banking (SCIB)**

**CaixaBank, S.A.**

**HSBC  
Société Générale  
Corporate & Investment Banking**

#### **CO-LEAD MANAGERS**

**Banco Sabadell**

**Bankia**

**Kutxabank**

28 November 2019

## IMPORTANT NOTICES

The Issuer and each Guarantor accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

Certain information in this Offering Circular has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer does not accept any responsibility for the accuracy of such information, nor has the Issuer independently verified any such information. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Further, certain information in this Offering Circular, including market, industry or similar data, is based upon estimates by the Issuer's management, using such independent sources where available. While the Issuer believes that such estimates are reasonable and reliable, in certain cases such estimates cannot be verified by information from independent sources.

The Issuer has confirmed to the Managers named under "*Subscription and Sale*" below (the **Managers**) that this Offering Circular contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Neither the Note Trustee nor any of the Managers nor any of their respective affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Managers and the Note Trustee to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to or for the account of or the benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the

Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdictions.

In this Offering Circular, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **EUR** or **euro** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Words and expressions defined in the "Terms and Conditions of the 2023 Notes" and the "Terms and Conditions of the 2026 Notes" below have the same meanings in this Offering Circular.

**In connection with the issue of the Notes, Banco Santander, S.A. (the Stabilising Manager) (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.**

#### **MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

#### **IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## CONTENTS

	<b>Page</b>
OVERVIEW .....	2
RISK FACTORS .....	6
DOCUMENTS INCORPORATED BY REFERENCE.....	30
TERMS AND CONDITIONS OF THE 2023 NOTES.....	32
TERMS AND CONDITIONS OF THE 2026 NOTES.....	54
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM.....	76
USE OF PROCEEDS .....	78
PRESENTATION OF FINANCIAL INFORMATION .....	79
DESCRIPTION OF THE FCC MEDIO AMBIENTE GROUP .....	81
DESCRIPTION OF THE REGULATORY REGIME .....	99
TAXATION.....	104
SUBSCRIPTION AND SALE .....	114
GENERAL INFORMATION .....	116

## OVERVIEW

*This overview must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole.*

*Words and expressions defined in the "Terms and Conditions of the 2023 Notes" and the "Terms and Conditions of the 2026 Notes" below or elsewhere in this Offering Circular have the same meanings in this overview.*

<b>The Issuer:</b>	FCC Servicios Medio Ambiente Holding, S.A.U.
<b>Issuer Legal Entity Identifier (LEI):</b>	959800JMZW3HYQVLKG81
<b>Parent:</b>	Fomento de Construcciones y Contratas, S.A. ( <b>FCC</b> )
<b>Guarantors:</b>	FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.
<b>Joint Bookrunners:</b>	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., CaixaBank, S.A., HSBC Bank plc and Société Générale
<b>Co-Lead Managers:</b>	Banco de Sabadell, S.A., Bankia, S.A. and Kutxabank, S.A.
<b>Note Trustee:</b>	BNY Mellon Corporate Trustee Services Limited
<b>Principal Paying Agent:</b>	The Bank of New York Mellon, acting through its London Branch
<b>The 2023 Notes:</b>	EUR600,000,000 0.815 per cent. Senior Notes due 4 December 2023  The 2023 Notes shall be issued under the terms and conditions of the 2023 Notes set out on pages 32-53 of the Offering Circular (the <b>2023 Notes Conditions</b> ).
<b>The 2026 Notes:</b>	EUR500,000,000 1.661 per cent. Senior Notes due 4 December 2026  The 2026 Notes shall be issued under the terms and conditions of the 2026 Notes set out on pages 54-75 of the Offering Circular (the <b>2026 Notes Conditions</b> and together with the 2023 Notes Conditions, the <b>Conditions</b> ). Unless otherwise specified herein, references to a 'Condition' shall refer to such Condition in both the 2023 Notes Conditions and the 2026 Notes Conditions.
<b>Issue Price of the 2023 Notes:</b>	100 per cent. of the principal amount of the 2023 Notes.
<b>Issue Price of the 2026 Notes:</b>	100 per cent. of the principal amount of the 2026 Notes.
<b>Issue Date:</b>	Expected to be on or about 4 December 2019.
<b>Use of Proceeds:</b>	An amount equal to the net proceeds from the issue of the Notes will be applied by the Issuer to refinance, in whole or

in part, the development, construction, installation, maintenance of new or existing projects, assets or activities that meet eligibility requirements set out in the Issuer's green bond framework (**Eligible Green Projects**).

The net proceeds of the issue of the Notes will be used by the Issuer to refinance the following existing indebtedness incurred by the Group to finance Eligible Green Projects: (i) indebtedness with its parent entity FCC in the principal amount of EUR1,020,000,000 (plus accrued interest and other fees and costs as of the date of prepayment); and (ii) indebtedness incurred by Azincourt Investments, S.L.U. (a Group Subsidiary) for it to prepay £70,000,000 of its £89,399,686.09 facility agreement dated 8 June 2018 (plus accrued interest and other fees and costs as of the date of prepayment). Substantially all the amount received by FCC will be applied to the repayment of existing FCC indebtedness.

See "*Use of Proceeds*".

**Interest:**

The 2023 Notes will bear interest from 4 December 2019 at a rate of 0.815 per cent. per annum payable in arrear on 4 December in each year commencing 4 December 2020.

The 2026 Notes will bear interest from 4 December 2019 at a rate of 1.661 per cent. per annum payable in arrear on 4 December in each year commencing 4 December 2020.

**Status of the Notes:**

The Notes are direct, unconditional and unsubordinated obligations and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, present and future, save for such exceptions as may be provided by applicable legislation.

**Status of the Guarantee:**

The obligations of each Guarantor under its relevant Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of each Guarantor and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of each Guarantor, present and future, save for such exceptions as may be provided by applicable legislation.

**Form and Denomination:**

The Notes will be issued in bearer form in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000.

Each series of Notes will initially be in the form of a Temporary Global Note, to be deposited on or around 4 December 2019 with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A., Luxembourg (**Clearstream, Luxembourg**). Each Temporary Global Note will be exchangeable for a Permanent Global Note, which is exchangeable in whole, but not in part, for Definitive Notes, in limited circumstances.

The Temporary Global Notes and the Permanent Global Notes are to be issued in new global note form.

**Negative Pledge:** The Notes have the benefit of a negative pledge described in Condition 4.1 (*Negative Pledge*).

**Maturity Date of the 2023 Notes:** 4 December 2023

**Maturity Date of the 2026 Notes:** 4 December 2026

**Redemption at the Option of the Issuer:** Not earlier than 3 months prior to the relevant Maturity Date in relation to the Notes, the Issuer may, having given not less than 15 and not more than 30 days' notice to the Note Trustee and to Noteholders redeem all, but not some only, of the Notes then outstanding on any Optional Redemption Date and at their outstanding principal amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, as described in Condition 6(d) (*Redemption and Purchase - Redemption at the Option of the Issuer*).

**Tax Redemption:** Early redemption will be permitted for tax reasons as described in Condition 6(b) (*Redemption and Purchase - Redemption for tax reasons*).

**Mandatory Redemption on Change of Control:** If a Change of Control occurs and, within the applicable Change of Control Event Period a Rating Downgrade or a Negative Rating Event occurs, then the Issuer will redeem, or at the option of the Issuer, purchase or procure the purchase of the Notes, in whole but not in part, at 100 per cent. of their outstanding principal amount together, if appropriate, with interest accrued to (but excluding) such date, as described in Condition 6(c) (*Redemption and Purchase – Mandatory Redemption on Change of Control*).

**Cross Default:** Customary cross default provisions will apply as described in Condition 9 (*Events of Default*).

**Covenants:** The Issuer and each of the Guarantors has covenanted in favour of the Noteholders certain limitations on indebtedness, limitations on distributions, limitations on financings and guarantees to the Controlling Shareholder and its subsidiaries, the delivery of financial statements and



limitations on its business, as further set out in Condition 4 (*Covenants*).

**Rating:**

The Notes are expected to be rated BBB- by Fitch.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

**Withholding Tax:**

The payment of interest and other amounts in respect of the Notes will be made free of withholding taxes in the Kingdom of Spain, unless such taxes are required by law to be withheld. In such case the Issuer will pay (subject to customary exceptions) additional amounts as may be necessary in order that the net amounts receivable by the Noteholder after such deduction or withholding shall equal the respective amounts which would have been receivable by such Noteholder in the absence of such deduction or withholding.

**Governing Law:**

The Notes (save for Condition 3(a) (*Status of the Notes*) and Condition 3(b) (*Status of the Guarantee*)), the Trust Deed, the Agency Agreement, the Subscription Agreement, and any non-contractual obligations arising out of or in connection with the abovementioned will be governed by English law.

Condition 3(a) (*Status of the Notes*) and Condition 3(b) (*Status of the Guarantee*) and any non-contractual obligations arising out of or in connection with it will be governed by Spanish law.

**Listing and Trading:**

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin.

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg.

**Selling Restrictions:**

See "*Subscription and Sale*".

**Risk Factors:**

Investing in the Notes involves risks. See "*Risk Factors*".

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the 2023 Notes" and the "Terms and Conditions of the 2026 Notes" below or elsewhere in this Offering Circular have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.*

### **Risks Relating to Macroeconomic Conditions**

***The Issuer and its subsidiaries' business could be adversely affected by the deterioration of global or Spanish economic conditions.***

The business performance of the Issuer and its subsidiaries (the **FCC Medio Ambiente Group** or the **Group**) is closely linked to the economic cycle in the countries, regions and cities in which it operates. Normally, robust economic growth in those areas where it is located results in greater demand for its services, while slow economic growth or economic contraction adversely affects demand for its services. Even in the absence of a market downturn, the FCC Medio Ambiente Group is exposed to substantial risk stemming from volatility in areas such as consumer spending, business investment, government spending, capital markets conditions and price inflation, which affect the business and economic environment and, consequently, the size and profitability of its business. Unfavourable economic conditions could lead to lower revenues, reduced investment in waste management facilities and reduced demand for the services provided by the FCC Medio Ambiente Group. Furthermore, any financial difficulties suffered by the FCC Medio Ambiente Group's subcontractors or suppliers could increase its costs or adversely affect its project schedules.

The FCC Medio Ambiente Group has operations in 13 countries in Europe and America and is exposed to the political risks of each of those countries. For instance, the growth of political ideology and changing priorities in Member States that could be contrary to the EU (where 98.31 per cent. of the FCC Medio Ambiente Group's revenue as of 31 December 2018 were generated) could affect the political and economic situation in the Eurozone and, as a result, have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, investor confidence may fall due to uncertainties arising from political events in the different countries in which the Group operates, which may ultimately result in changes in laws, regulations and policies.

Economic growth, globally and in the European Union (EU), has recovered since the financial crisis that began in 2008 but remains fragile and subject to constraints on private sector lending, concerns about future interest rate increases and continuing uncertainty about the future of the EU. Downside risks to the global economy are clear – an economic slowdown in China (exacerbated by the dispute between China and the United States which intensified with the imposition of tariffs on a large number of goods), tighter and more volatile global financial conditions and continued weakness in many emerging economies. In addition, political uncertainty and instability risks have been on the rise across many developed economies with inward-looking policies and protectionism possibly leading to increased pressures for policy reversals or failure to implement needed reforms. Furthermore, other factors or events may affect global economic conditions, such as a negative market reaction to interest rate increases by the U.S. Federal Reserve, heightened geopolitical tensions, war, acts of terrorism,

natural disasters or other similar events outside the FCC Medio Ambiente Group's control. Any deterioration of the economies of the countries in which the Issuer operates could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group's business may be adversely affected by developments in European sovereign debt markets and by the exit from the Eurozone of one or more current Eurozone states.***

Conditions in the economy generally in the Eurozone continue to show signs of fragility and volatility as at the date of this Offering Circular, with political tensions in Europe being particularly heightened. In recent years, sovereign debt crises in various European countries have led to concerns about the ability of some EU member states to service their sovereign debt obligations. Such concerns have impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations, indicating a reassessment of the associated risks. Despite measures undertaken by the European Central Bank, concern has remained among investors that some countries in the Eurozone might default on their obligations, which has resulted in a general reduction in financing, greater volatility in the overall markets and acute difficulties in obtaining liquidity internationally. On more than one occasion, fear arose that the European Monetary Union might be dissolved, or that certain individual member states might revert to their pre-euro currencies. While the probability of country defaults has decreased since 2012, the possibility of a European sovereign default still exists, and with it the risk that the effect of any sovereign state default spreads by contagion to other EU economies. Should any Member State default on its debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be adversely affected, with wider possible adverse consequences for global financial market conditions.

The vote in the United Kingdom (UK) in favour of leaving the EU and subsequent invocation of Article 50 of the Treaty of Lisbon demonstrated that a nation's participation in the EU is reversible and has also given rise to calls for the governments of other EU member states to consider withdrawal. The effects of the UK's decision to leave the EU are still unknown and will depend on any agreements the UK makes to retain access to EU markets either during a transitional period or more permanently, as well as the timing of such negotiations and agreements. The UK's exit from the EU could adversely affect the UK, EU or worldwide economic or market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the euro and the pound. In addition, the UK's exit from the EU could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Any of these effects of the UK's exit from the EU, and others that cannot be anticipated, could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

If other Member States decide to leave the EU, whether following a sovereign debt default or otherwise, this could have a material adverse effect on the FCC Medio Ambiente Group by, for example, impacting the cost and availability of credit and causing uncertainty and disruption in relation to financing. Concerns about independence movements within the EU, such as that continuing in Catalonia, could cause significant market dislocations and lead to adverse economic and operational impacts that are inherently difficult to predict or evaluate. Any of these factors could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***FCC Medio Ambiente Group's business is subject to risks related to its international operations.***

As a result of its process of diversification, almost half of the FCC Medio Ambiente Group's operating revenue (43% of the revenue as of 31 December 2018) is generated outside of Spain, in countries such as the UK, Czech Republic, Austria, Slovakia, Poland, the United States or Hungary. The revenues of, market value of, and dividends payable by, subsidiaries within the FCC Medio Ambiente Group are exposed to risks inherent to the countries where they operate. The operations in some of the countries where the FCC Medio Ambiente Group is present are exposed to various risks related to investments and business, such as:

- fluctuations in local economic growth;
- changes in inflation rates;

- devaluation, depreciation or excessive valuation of local currencies;
- foreign exchange controls or restrictions on profit repatriation;
- changing interest rate environment;
- changes in financial, economic and tax policies;
- instances of fraud, bribery or corruption;
- changes in law and regulation;
- social conflicts; and
- political and macroeconomic instability.

The FCC Medio Ambiente Group is exposed to these risks in all of its foreign operations to some degree, and such exposure could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects. The FCC Medio Ambiente Group cannot assure that it will not be subject to material adverse developments with respect to its international operations or that any insurance coverage it has will be adequate to compensate it for any losses arising from such risks.

### **Legal and Regulatory Risks**

#### ***The industries in which the FCC Medio Ambiente Group operates are subject to extensive regulation that is subject to changes***

In performing its business operations, the FCC Medio Ambiente Group must comply with various local, provincial, national, and international laws and regulations. Laws and regulations applicable to its business operations vary from jurisdiction to jurisdiction and even between municipalities and may be subject to changes that may be favourable or unfavourable. A change in the legal framework could lead to different or more restrictive regulations that could cause changes in the FCC Medio Ambiente Group's operating conditions and, in turn, may increase its capital expenditures (for example, requirements to modify the configuration of existing facilities) or its operating expenses (for example, through the implementation of additional inspection and monitoring procedures), affect its income statement and balance sheet, or otherwise hinder its development plans. Among the possible new regulations, such as those applicable to waste collection services, could affect the FCC Medio Ambiente Group's profits.

An example of such a regulation which has caused the FCC Medio Ambiente Group to adapt its activities is the Landfill Tax in the UK and other Central and Eastern European countries that impose taxes on the type and volume of waste deposited in landfills in an effort to promote recycling, composting, and recovery of waste.

#### ***The FCC Medio Ambiente Group is subject to environmental and hygiene regulations.***

In the countries where the FCC Medio Ambiente Group operates, there are local, regional, national and EU bodies which regulate its activities and establish applicable environmental health and safety regulations. The technical requirements imposed by environmental health and safety regulations are gradually becoming more costly, complex and stringent. The FCC Medio Ambiente Group has incurred, and will continue to incur, significant costs and other expenditures to comply with environmental, health and safety obligations and to manage its hygiene-related risks. In particular, these risks relate to waste processing, soil and ground water contamination, the quality of emissions to air and to water. The FCC Medio Ambiente Group may be unable to recover this expenditure through higher prices.

Legal requirements, including specific precautionary and preventive measures, may oblige the FCC Medio Ambiente Group to make investments and incur other expenses to ensure that the installations it operates are in compliance with applicable regulations. In cases where the FCC Medio Ambiente Group has no investment obligation, it may be required to notify clients of their obligation to undertake the necessary compliance work themselves. Failure by a client to meet these obligations could be prejudicial to the FCC Medio Ambiente Group as an operator and could adversely affect its reputation and capacity for growth. Furthermore, regulatory bodies have the power to launch proceedings that could lead to the suspension or cancellation of permits or authorizations that the FCC Medio Ambiente

Group holds, or to injunctions requiring it to suspend or cease certain activities. These measures may be accompanied by fines and civil or criminal sanctions that could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

In addition, environment or health and safety regulations may impose strict liability in the event of damage to natural resources or threats to public and the workforce safety and health. Strict liability may mean that the FCC Medio Ambiente Group is held liable for environmental or the workforce damage regardless of whether it has acted negligently, or that it owes fines whether or not effective damage exists or is proven, and the FCC Medio Ambiente Group could be held jointly and severally liable with other parties.

Moreover, FCC Medio Ambiente Group may become obligated to pay fines, repair damage or undertake improvement work even when FCC Medio Ambiente Group has conducted its activities with due care and in full compliance with operating permits. FCC Medio Ambiente Group could be held jointly and severally liable with other parties. The competent authorities may impose fines or sanctions or may revoke and refuse to grant authorizations and permits based on a breach of current regulations.

Some of FCC Medio Ambiente Group activities could cause human illness, injury or death, business interruption, or damage to property or the environment. The measures FCC Medio Ambiente Group undertakes to mitigate these risks, including contractual limitations on liability, prevention and protection measures, and insurance policies covering what it believes to be its key operational risks, may prove to be insufficient, resulting in significant costs. The entry into force of new laws, the discovery of previously unknown sources of pollution or health and safety damages, the imposition of new or more stringent requirements or a stricter application of existing regulations may increase the FCC Medio Ambiente Group's costs or impose new responsibilities, leading to lower earnings and liquidity available for its activities and could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group could be held liable for environmental damage resulting from its operations and its insurance for environmental liability may not be sufficient to cover that damage.***

Significant liability could be imposed on the FCC Medio Ambiente Group for damages, clean-up costs or penalties in the event of certain discharges into the environment and/or environmental contamination and damage. The FCC Medio Ambiente Group's insurance for environmental liability may not be sufficient or may not apply to any particular exposure to which it may be subject resulting from the type of environmental damage in question. Any substantial liability for environmental damage could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group's operations are subject to anti-bribery and anti-corruption laws and regulations that govern and affect where and how its business may be conducted.***

The FCC Medio Ambiente Group's activities are subject to a number of laws and regulations including the Spanish Criminal Code, which was modified in 2010 and sets out the criminal liability of legal persons, and to other additional anti-corruption laws in other jurisdictions. The FCC Medio Ambiente Group has established a corporate compliance model to facilitate compliance with applicable laws and regulations and has provided training to its employees to facilitate compliance with such laws and regulations. However, there can be no assurance that the FCC Medio Ambiente Group's policies and procedures will be followed at all times or that it could effectively detect and prevent all violations of the applicable laws and regulations and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of its employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners is located. The FCC Medio Ambiente Group could be subject to penalties and reputational damage if its employees, consultants, agents, suppliers, or partners violate any anti-corruption or anti-bribery laws.

***The FCC Medio Ambiente Group is subject to litigation risks.***

The FCC Medio Ambiente Group is, and may in the future be, a party to judicial, arbitration and regulatory proceedings which arise in the ordinary course of business, including claims relating to

defects in services rendered, employment-related claims, environmental claims and tax claims. Unfavourable outcomes in these proceedings could impose significant liabilities on the FCC Medio Ambiente Group, such as damages, clean-up costs or penalties in the event of spills, discharges or environmental contamination or interference in the conduct of the FCC Medio Ambiente Group's business. For a summary of certain legal proceedings relating to the FCC Medio Ambiente Group, see "*Description of the Issuer – Legal Proceedings*". An unfavourable outcome (including an out-of-court settlement) in one or more of such proceedings could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

### **Risks Relating to the FCC Medio Ambiente Group's Business Activity and Industry**

***The FCC Medio Ambiente Group is highly dependent on customers in the public sector. Public authorities may be able to modify or terminate its contracts unilaterally before their completion or change agreed tariff rates.***

The FCC Medio Ambiente Group generates the majority of its revenue from contracts with public authorities. Depending on the jurisdiction and the specific circumstances, a public authority client may be able to unilaterally terminate its contract with the FCC Medio Ambiente Group activating different compensation mechanisms depending on the local regulation that may result in compensation. Even when compensation is received it may be insufficient to cover profit lost as a result of termination. In Spain, if the public authority that granted a concession to the FCC Medio Ambiente Group's core business segments terminates or takes over the concession, it typically must include, as part of the compensation payable to the FCC Medio Ambiente Group, the profits it would forego through the end of the concession's term. On most contracts, however, the FCC Medio Ambiente Group is typically entitled to recover only costs incurred or committed, settlement expenses and profit on work completed up to the date of termination. In Spain, the FCC Medio Ambiente Group's ability to recover profits lost depends upon whether the public authority terminated the contract for cause attributable to the FCC Medio Ambiente Group.

If the FCC Medio Ambiente Group is unable to replace contracts that have been terminated, it may suffer a decline in revenue. Furthermore, regardless of the nature and amount of compensation the FCC Medio Ambiente Group may be due under the relevant contract, it may need to resort to legal or arbitration procedures to collect any such compensation, increasing its cost of collections and delaying the receipt of the amounts due.

The FCC Medio Ambiente Group cannot assure a prospective investor that any measures it may take to redress contractual breaches by a public authority or to negotiate adequate compensation or modification of concession terms to restore the economic viability of the relevant contracts, would be successful. Unilateral terminations or amendments of contracts by public authorities could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Challenging economic conditions have led to a reduction in public expenditures in areas such as concessions and infrastructure.***

Current economic conditions have led to a sharp reduction in projects for the public sector. Economic instability and difficult economic conditions in Spain and elsewhere have also resulted in a decline in tax revenue received by the FCC Medio Ambiente Group's public administration customers, which has led to a reduction in public expenditures in areas including concessions, infrastructure and construction projects. Increasing costs for social security and certain other programs in some jurisdictions can exacerbate this effect. Public administration customers in Spain represented 85.7 per cent. of the FCC Medio Ambiente Group's revenue as of 31 December 2018.

In addition to general budgetary considerations, many of the FCC Medio Ambiente Group's customers, including public authorities, continually seek to achieve greater cost savings and improved efficiencies. These and other factors could therefore result in the FCC Medio Ambiente Group's customers reducing their budgets for spending on its products and services or reducing any government subsidies that may be available. A further decrease in the spending on development and execution of public sector projects

by governments and local authorities could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Certain municipalities could decide to take over services that the FCC Medio Ambiente Group currently provides.***

Urban services are affected by the decisions of current or future local governments. In certain cases, such decisions could result in the municipalisation of those services once the term of the concession contracts has expired or even before the expiration of the term of the contract, depriving it of future business.

***The FCC Medio Ambiente Group's business, results of operations and financial condition may be adversely affected if it fails to obtain or renew, or if there are any material delays in obtaining, requisite government approvals for its projects.***

The FCC Medio Ambiente Group operates in jurisdictions where its activities may be regulated and subject to governmental approvals. In order to develop and complete a project, the developer may need to obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the project process. The process for obtaining these approvals is often lengthy and complex. The FCC Medio Ambiente Group cannot assure you that it will be able to obtain necessary governmental approvals or fulfill the conditions required for obtaining such approvals, or adapt to new laws, regulations or policies that may come into effect from time to time. If the FCC Medio Ambiente Group is unable to obtain the relevant approvals or fulfill the conditions of such approvals for a significant number of its projects, its projects could be delayed, its reputation with customers could suffer and its ability to generate revenue could be compromised.

***The FCC Medio Ambiente Group's design and construction activities expose it to risk.***

In the FCC Medio Ambiente Group's business, it executes turnkey design build contracts remunerated on a fixed price basis. Whether a turnkey contract is revisable can vary by jurisdiction. For example, pricing terms in international turnkey contracts can be difficult to revise. On the other hand, historically, it has generally been possible to revise such terms in Spanish turnkey contracts, although in recent periods, there has been increasing resistance to revisable pricing terms. In many cases, the FCC Medio Ambiente Group earnings are conditioned on meeting performance objectives and failure to meet these objectives triggers contractual penalties.

Contracts of this nature expose the FCC Medio Ambiente Group to technical, operational and economic risks. The FCC Medio Ambiente Group cannot assure you that any contractual measures it may take to mitigate these risks will be effective. The FCC Medio Ambiente Group may, moreover, encounter difficulties over which it has no control. These difficulties may relate, for example, to the complexity of certain infrastructure, climate or economic risks or construction contingencies, the purchasing and ordering of equipment and supplies of commodities, or changes in performance schedules.

In some cases, the FCC Medio Ambiente Group is required to integrate into its project planning existing information or studies provided by the customer. This information may prove inaccurate or inconsistent. The FCC Medio Ambiente Group may also be required to use existing infrastructure with poorly adapted operating characteristics. These difficulties and hazards may result in non-compliance with contractual performance indicators, additional expense, lost revenue or contractual penalties.

***The FCC Medio Ambiente Group may be required to bear the costs of tendering for new contracts, contract renewals and/or extensions with no control over the selection process nor certainty of winning the tender.***

A substantial portion of the FCC Medio Ambiente Group's work is competitively tendered and it is difficult to predict whether it will be awarded new contracts due to multiple factors such as qualifications, experience, reputation, technology, customer relationships, financial strength, and ability to provide the relevant services in a timely, safe, and cost-efficient manner. Bidding costs associated with tendering for new contracts, extensions in the scope of work, or renewals of existing contracts can be significant and may not necessarily result in the award of a contract. Furthermore, preparation for

bids occupies management and operating resources. If the FCC Medio Ambiente Group fails to win a particular tender, bidding costs are generally not recoverable.

***Any failure to meet project deadlines and budgets may have a material adverse effect on the business, financial condition and results of operations of the FCC Medio Ambiente Group.***

There are certain risks that are inherent to large-scale construction projects, such as shortages, and increased costs, of materials, machinery and labour. If any of the FCC Medio Ambiente Group's contractors and subcontractors fails to meet agreed deadlines and budgets, or if there are any interruptions arising from adverse weather conditions or unexpected technical or environmental difficulties, there may be resulting delays and excess construction costs. Contractor and subcontractor liability clauses, included in most standard construction agreements entered into with contractors and subcontractors, generally cover these situations, although they may not cover the total value of any resulting losses. In the event of construction delays, the FCC Medio Ambiente Group may receive revenues later than expected and could face penalties and even contractual termination. These eventualities could increase the FCC Medio Ambiente Group's expenses and reduce its income, particularly if it is unable to recover any such expenses from third parties under its concessions, which could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group carries out many of its activities under long-term contracts. Long-term contracts can hinder its ability to react rapidly and appropriately to new and financially unfavourable situations.***

The initial circumstances or conditions under which the FCC Medio Ambiente Group may enter into a contract may change over time, with possible adverse economic consequences. These changes vary in nature, and may or may not be readily foreseeable. The FCC Medio Ambiente Group cannot assure prospective investors that any contractual provisions, such as price-indexing clauses, that it may use to address such changes and restore the initial balance of the contract will be effective. Accordingly, the FCC Medio Ambiente Group may be unable to adapt its compensation to reflect changes in its costs or in demand, regardless of whether this compensation consists of a price paid by the customer or a fee levied on end users based on an agreed scale.

These constraints are exacerbated by the long-term nature of many of the FCC Medio Ambiente Group's contracts. In all cases, and most particularly with regard to public service management contracts, it is obligated to remain within the scope of the contract and ensure continuity of service. The FCC Medio Ambiente Group cannot unilaterally and suddenly terminate a business that it believes to be unprofitable, or change its features, except, under certain circumstances, in the event of obvious misconduct by the customer.

Additionally, Law 2/2015, of 30 March, regulating the de-indexation of the Spanish economy (*Ley 2/2015, de 30 de marzo, de desindexación de la economía Española*) (the **Spanish De-Indexing Law**), and Royal Decree 55/2017, of 3 February, which implements the Spanish De-Indexing Law, (the **RD 55/2017**), permit the update of prices in new public contracts only under certain contractual circumstances and require the prices to be updated according to a formula approved by the Council of Ministers or, in the latter's absence, by each contracting authority, linking the index to real costs of the specific activity instead of the Consumer Price Index (IPC).

Although a majority of the FCC Medio Ambiente Group's current public contracts already apply price updating systems (different from Consumer Price Index) linking the price to the real cost of the activity, the Spanish De-Indexing Law and RD 55/2017 may have an impact on its future contracts only in the absence of a formula approved by Council of Ministers, depending on whether each contracting authority decides or not to establish a formula to update the contract price which will apply during the whole life of the contract. If the contracting authority decides to apply a formula, it should be established in the particular public terms for tender of the relevant contract in accordance with the criteria set out in the Spanish De-Indexing Law and RD 55/2017.

A change of circumstances or conditions under which the FCC Medio Ambiente Group may enter into a contract and an inability by it to adapt its compensation under such contract could have a material



adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Decreases in waste collection would cause a decrease in the fees collected by the FCC Medio Ambiente Group.***

The fees in certain contracts for the FCC Medio Ambiente Group's waste collection services are calculated based upon the tonnage of waste collected. Accordingly, a reduction in waste collection would cause a decrease in its fees. The reduction of waste produced has been caused by reductions in consumption, particularly of its commercial customers, which are driven largely by general macroeconomic conditions. However, this decrease in volumes of waste collection may appear again in the future, which could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The landfill business in the UK has been and continues to be subject to a highly adverse market situation, which could deteriorate even further in the future and therefore negatively affect us.***

The main cause of the deterioration of the FCC Medio Ambiente Group landfill business in the UK has been the application of European legislation aimed at drastically reducing the waste deposited in landfills. The UK Parliament introduced and, subsequently, gradually increased the Landfill Tax. In addition, there is institutional support for alternative disposal methods including recycling, treatment, and disposal (mainly incineration) instead of using landfills. Separately, there has been a reduction in the total volume of waste generated as a result of the economic crisis.

If the circumstances which produced the situation described above worsen and produce a new decrease in business, there could be an additional adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group uses significant volumes of energy in its business, exposing it to the risk of energy price fluctuations.***

In its business operations, the FCC Medio Ambiente Group consumes significant volumes of energy resources. The principal elements of the FCC Medio Ambiente Group's energy costs are electricity expenses, fuel expenses and the purchase of raw materials. Its results are thus significantly affected by movements in energy prices.

In a number of jurisdictions in which the FCC Medio Ambiente Group operates, energy prices have increased significantly in recent years and may vary significantly in the future. Fluctuations in energy prices are largely caused by market forces and other factors beyond its control.

The FCC Medio Ambiente Group cannot assure you that the measures it adopts to mitigate the risk of energy price inflation, which include diversifying its fuel sources, using alternative fuel, using contractual provisions to pass on cost increases to customers and seeking to lock in favourable prices through long term supply contracts, will prove adequate to protect it from variations in energy costs. High energy prices over protracted periods could substantially increase the FCC Medio Ambiente Group's costs and decrease its margins to the extent it is unable to adjust its product prices to offset energy price increases.

***The FCC Medio Ambiente Group's ability to make payments on some of its obligations is connected to its clients' ability to pay it.***

The FCC Medio Ambiente Group's liquidity risk is significantly attributable to its trade receivables and hence, correlates with its exposure to customer credit risk. The receivables most relevant to its ability to generate sufficient revenue to make outgoing payments comprise mainly payments from public authorities. The risk related to public authorities is primarily that of late payments, which can strain the FCC Medio Ambiente Group's liquidity. As of 31 December 2018, the FCC Medio Ambiente Group had over EUR546.7 million in past due trade receivables from public authorities in Spain. Payment speed from Spanish public authorities has improved since 2013 after suffering a decline following the crisis in 2008 and 2009. In addition, during the recent financial crisis, the Spanish government established certain stimulus measures to reduce the financial impact of the economic downturn. The

FCC Medio Ambiente Group cannot assure you that, if there is another economic downturn, the public authorities will continue or increase any type of stimulus package that is currently in place. Nor can it assure you that the Spanish government will not eliminate or reduce any stimulus measures that are currently in place. However, should the Spanish economy enter a new decline, a lengthening payment cycle from public authorities could be one adverse consequence.

***The FCC Medio Ambiente Group relies on technology to operate its business and maintain its competitiveness. If it fails to adapt to technological developments or industry trends, its business could suffer.***

In conducting its business, the FCC Medio Ambiente Group depends on sophisticated information and other technologies, including, among others, systems for communications, procurement and contract administration. In particular, in certain activities or in connection with specific projects, the FCC Medio Ambiente Group may rely on customized software or other technologies for which it could be difficult or impossible to identify an alternative supplier. As operations grow in size and scope, the FCC Medio Ambiente Group will need to continuously improve, upgrade and integrate its businesses, systems and infrastructure. Its future success will depend on its ability to adapt its services and infrastructure to rapidly evolving consumer trends and technological demands. The FCC Medio Ambiente Group's historical success in developing its technological platforms provides no guarantee that it will continue to be successful. If the FCC Medio Ambiente Group is unable to continue to develop the technologies it needs to compete for and execute projects, it may lose market share and revenue to existing competitors or new market entrants better able to implement the necessary technologies.

Competition in the FCC Medio Ambiente Group's industries is intense and the relevant technologies advance at a rapid pace. To succeed, the FCC Medio Ambiente Group must continuously develop and improve its technological platforms. If it fails to do so, any competitive advantage that its technology had created would likely diminish over the short to medium term, leaving the FCC Medio Ambiente Group vulnerable to competitors that succeed in advancing and improving their technical platforms. Furthermore, even if the FCC Medio Ambiente Group develops technologies superior to those of its competitors, it cannot assure you that it will be able to maintain its competitive advantage.

The FCC Medio Ambiente Group is also at risk that disruptive technologies are developed. It is possible that new technologies will emerge that could dramatically alter its industry. If the FCC Medio Ambiente Group is unable to adopt such new technologies or adapt its existing technologies to compete against them effectively, it could become difficult or impossible to maintain or improve its position in its markets of operation.

***The FCC Medio Ambiente Group operates in highly competitive industries.***

The FCC Medio Ambiente Group competes against various groups and companies that may have more experience, resources or local awareness than it does. Furthermore, these groups and companies may have greater resources than the FCC Medio Ambiente Group, whether material, technical or financial, or may demand lower returns on investment and be able to present better technical or economic bids compared to it.

The FCC Medio Ambiente Group competes in Spanish and international markets in urban municipal waste collection and cleaning services and large and complex construction projects. Competition in these markets is based primarily on price, technical expertise, timely delivery of services and local presence. Accordingly, certain risk exists that in the public tenders related to the FCC Medio Ambiente Group's business segments, its competitors may present prices which are unrealistically low, both technically and economically, such that it is not viable for it to compete in certain circumstances.

Given this high level of competition, the FCC Medio Ambiente Group may be unable to secure contracts, either directly or through its investee companies, for new projects in the geographical areas in which it operates. If the FCC Medio Ambiente Group is unable to obtain contracts for new projects in order to sustain a back log in line with the current one, or if these projects are only awarded under less favourable terms, its business, financial condition, results of operations and prospects could be adversely affected.

***Business partnerships that the FCC Medio Ambiente Group's enter into can expose it to risk***

The FCC Medio Ambiente Group may be required to conduct some of its business activities through partnerships, joint ventures or consortia or other similar arrangements with public authorities or private companies. Such business partnerships may be required by the terms of the tender. The participants in these partnerships share the operational, economic, and financial risks associated with certain large projects or activities. In some of these business partnerships, the FCC Medio Ambiente Group must accept a partial loss of control. The FCC Medio Ambiente Group seeks to manage this reduced control contractually. However, adverse developments in the project or activity, in the underlying economic or political situation, or in partners' economic position, could lead to conflict. These situations can harm the performance of a partnership and, in some cases, lead to its termination. Additionally, if its partner becomes insolvent or its financial capabilities are otherwise significantly strained or limited, then the FCC Medio Ambiente Group may be liable for payments of the partnership or of its partner under any related obligations or guarantees and be unable to seek appropriate compensation from its partners.

***The FCC Medio Ambiente Group's backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.***

As of 31 December 2018, the FCC Medio Ambiente Group total backlog was EUR9,804.1 million.

The FCC Medio Ambiente Group calculates backlog as of any given date as the aggregate of contractual values, less amounts under those contracts that it has recognized as revenue.

Unforeseen events or circumstances can adversely affect the amount and timing of future revenue generated by the projects for which the FCC Medio Ambiente Group record backlog. These events and circumstances can include:

- cancellation of projects;
- scaling down or other amendments to the terms of projects;
- increased time requirements to complete work;
- work disruptions; and
- customer termination of a contract if its performance is inadequate.

Moreover, the FCC Medio Ambiente Group cannot predict the impact of future economic conditions on its backlog. Adverse economic conditions can limit its ability to replace backlog once projects are completed or can result in the termination, modification or suspension of projects currently included in its backlog.

The FCC Medio Ambiente Group cannot guarantee that its backlog will generate the expected revenues or cash flows or will generate them during the expected financial periods. Accordingly, you should exercise caution in analysing its backlog, and should not regard backlog as a forecast of future revenue.

***The FCC Medio Ambiente Group's failure to accurately estimate risks, the availability and cost of resources and time when bidding on projects, particularly fixed fee projects, could adversely affect its profitability.***

Under fixed fee contracts, the FCC Medio Ambiente Group realises a profit only if it can successfully estimate its costs and prevent cost overruns on contracts. Cost overruns can result in lower profits or operating losses on projects. Factors such as the availability and cost of materials, equipment and labour, wage inflation, unexpected project modifications, local weather conditions, unanticipated technical or geological problems including issues with regard to design or engineering of projects, changes in local laws or delays in regulatory approvals and the cost of capital maintenance or replacement of assets are highly variable, and the FCC Medio Ambiente Group's actual costs in remedying or addressing them may deviate substantially from originally estimated amounts and may therefore result in a lower profit or incur in operating losses.

The identification of key risks, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts are an inherent part of the FCC Medio Ambiente Group's business. However,

the FCC Medio Ambiente Group's estimates can be particularly difficult to make and may turn out to be inaccurate, particularly with respect to long-term and complex projects. If the FCC Medio Ambiente Group fails to identify key risks or effectively estimate costs for projects where it is exposed to the risk of cost overruns, there may be a material adverse effect on its business, financial condition, results of operations and prospects.

***Risks related to information technologies and information system security.***

Information systems are indispensable tools for carrying out operational activities and managing the functional departments of the FCC Medio Ambiente Group. The unavailability of the information systems due to accidents or malicious acts could have negative consequences on the quality and even continuity of services delivered internally and the availability, integrity and confidential nature of the FCC Medio Ambiente Group's data and, thus, it could have an impact on its counterparties, including its customers. Such situation could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Natural disasters, accidents, service interruptions or systems failures, as well as other disruptive events could adversely affect profitability.***

The FCC Medio Ambiente Group controls and operates waste facilities and maintains the associated assets with the objective of providing a continuous service. In exceptional circumstances, electricity, gas or water shortages, or the failure of an asset, an element of a facility or supporting plant and equipment, could result in the interruption of service provision or catastrophic damage resulting in loss of life, environmental damage and economic and social disruption. Accidents may occur at the FCC Medio Ambiente Group's plants, which may severely disrupt the operations of the FCC Medio Ambiente Group and lead to delays in the completion of projects and such delays could result in a loss of income, as well as potential claims for compensation and termination of contracts by clients. Moreover, significant damage or other impediments to the facilities managed could result from (i) natural disasters; (ii) human-errors in operating the facilities and supply systems; and (iii) industrial strikes. Any of these factors could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group is dependent on the continued availability, effective management and performance of subcontractors and other service providers.***

In the ordinary course of the FCC Medio Ambiente Group's operations, it relies on subcontractors to provide certain services. As a result, the FCC Medio Ambiente Group's business, results of operations, financial condition and prospects could be adversely affected if it is not able to locate, select, monitor and manage its subcontractors and service providers effectively. Additionally, subcontractors to whom the FCC Medio Ambiente Group has awarded work may become insolvent, requiring it to select a new subcontractor at the risk of delays and/or at higher cost. If the FCC Medio Ambiente Group is not able to locate, select, monitor and manage subcontractors and service providers effectively, its ability to complete contracts on schedule and within forecasted costs to the requisite levels of quality could be adversely impacted and there may be a material adverse effect on its business, results of operations, financial condition and prospects.

***The loss of key members of the FCC Medio Ambiente Group's management and technical team could have a material adverse effect on its business, results of operations and financial condition.***

The FCC Medio Ambiente Group relies on certain key personnel. If, in the future, the FCC Medio Ambiente Group is unable to attract and retain sufficiently qualified management and technical staff, its business development could be limited or delayed. In addition, if the FCC Medio Ambiente Group were to lose key members of its senior management or technical staff and could not find a suitable replacement in a timely manner, its business, financial condition, results of operations and prospects could be adversely affected.

***Risk management policies, procedures and methods may leave the FCC Medio Ambiente Group exposed to unidentified or unanticipated risks.***

The FCC Medio Ambiente Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the FCC Medio Ambiente Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that the FCC Medio Ambiente Group fails to identify or anticipate.

Any failure to adequately identify or anticipate risks could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group's insurance cover may not be adequate or sufficient.***

The FCC Medio Ambiente Group benefits from insurance cover to protect against key insurable risks. The insurance policy may not be adequate to cover lost income, reinstatement costs, increased expenses or other liabilities. Moreover, there can be no assurance that if insurance cover is cancelled or not renewed, replacement cover will be available on commercially reasonable terms or at all.

The FCC Medio Ambiente Group may not have, or may cease to have, insurance cover if the loss is not covered under, or is excluded from, an insurance policy including by virtue of exhaustion of applicable cover limits or a policy operating as an excess policy or if the relevant insurer successfully avails itself of defences available to it, such as breach of disclosure duties, breach of policy condition or misrepresentation.

If insurance cover is not available or proves more expensive than in the past, the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects could be materially adversely affected.

***Difficulties in obtaining the necessary land rights could delay certain the FCC Medio Ambiente Group concession projects or lead to increased development costs.***

In order to develop the infrastructure assets for the concessions in which the FCC Medio Ambiente Group has an interest, it must obtain the necessary land rights to carry out such development. The FCC Medio Ambiente Group may seek to obtain such land rights through market transactions, though it often relies on governmental authority to expropriate the land on which the relevant infrastructure asset is to be constructed. The FCC Medio Ambiente Group may be adversely affected by changes in laws governing land transfer and land expropriation or be exposed to the risk of compulsory purchase cost overruns. It may also incur delays in connection with the transfer of the necessary land rights or with the land expropriation process. In addition, the FCC Medio Ambiente Group may in the future be subject to legal claims in connection with carrying out land expropriation orders. Delays or increases in costs for obtaining the necessary land rights could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The public may react negatively to waste treatment and industrial waste management facilities.***

The FCC Medio Ambiente Group's business may face adverse public opinion to its waste treatment and industrial waste management facilities near inhabited areas, the expansion of such existing facilities or the construction of new facilities in this business unit. In response to public pressure, governments may restrict the current activities of the FCC Medio Ambiente Group or its plans for future expansion, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

**Financial Risks**

***The Financial Information included in this Offering Circular does not represent, and may not give a true picture of, the actual or future financial condition and results of operations of the Issuer***

On 8 May 2019, the Shareholders' General Meeting of FCC approved a contribution of its environmental services business segment (the **Environmental Services Business Segment**) in favour of the Issuer (the **Contribution**). The Contribution is structured through (i) the contribution by FCC of all assets relating to its environmental services business in Spain in favour of FCC Medio Ambiente, S.A.U., and (ii) the transfer by FCC of all the shares of FCC Medio Ambiente, S.A.U. and of FCC's other subsidiaries engaged in environmental services business in favour of the Issuer. The public deed

relating to the contribution by FCC in favour of FCC Medio Ambiente, S.A.U. of all assets relating to the environmental services business in Spain was granted before Mr. Celso Mendez Ureña, Notary Public of Madrid on 5 September 2019 and registered at the Commercial Registry of Madrid on 8 October 2019 and at the Commercial Registry of Barcelona on 1 October 2019. The agreement relating to the transfer by FCC (and its group company, Per Gestora, S.L.) of all the shares of FCC Medio Ambiente, S.A.U. and of the FCC's other subsidiaries engaged in environmental services business was raised to public deed status on 25 October 2019 before Mr Andrés Dominguez Nafria, Notary Public of Madrid. The Contribution was completed on 25 October 2019.

As of the date hereof, the Issuer does not have any available financial information nor historical financial statements reflecting the effects of the Contribution. Prior to the Contribution, the Issuer had almost no activity. Therefore, the existing financial statements of the Issuer for the years ended 31 December 2017 and 31 December 2018, which are unaudited, do not reflect the effects of the Contribution and therefore are not representative of the Issuer's financial condition and results of operations if completion of the Contribution had occurred at the beginning of the corresponding period.

FCC and its subsidiaries' (the **FCC Group**) audited consolidated financial statements as of and for the years ended 31 December 2017 and 31 December 2018 and unaudited interim condensed consolidated financial statements as of and for the nine months ended 30 September 2019 (together, the **FCC Consolidated Financial Statements**) contain information for each business segment in accordance with IFRS 8, including the environmental services business segment (the **Environmental Services Segment Information**). Given that, prior to the Contribution, the Issuer had almost no activity, the Environmental Services Segment Information is substantially similar to the information that the financial statements of the FCC Medio Ambiente Group if the Contribution had occurred at the beginning of the corresponding period (see "*Presentation of Financial Information*").

In order to assist investors, the financial information and information relating to business activity in respect of the FCC Medio Ambiente Group presented in this Offering Circular relates to the Environmental Services Business Segment (prior to the completion of the Contribution) and, where appropriate, has been extracted or derived from the Environmental Services Segment Information.

However, even if the Environmental Services Segment Information is expected to be substantially similar to the information that the financial statements of the FCC Medio Ambiente Group would present had the Contribution occurred at the beginning of the corresponding period, it is not identical. The Environmental Services Segment Information has been included for illustrative purposes only and may not therefore give a true picture of the actual financial condition of the Issuer and the FCC Medio Ambiente Group if completion of the Contribution had occurred at the beginning of the corresponding period (see "*Presentation of Financial Information*"). Therefore, investors are cautioned not to place undue reliance on such information and should not rely upon it as constituting, a complete set of financial statements of the Issuer and the FCC Medio Ambiente Group.

***The FCC Medio Ambiente Group is subject to liquidity risk.***

The FCC Medio Ambiente Group conducts its operations in sectors, such as concessions, engineering and construction that require a high level of financing and must be able to secure significant levels of financing to be able to continue its operations. To date, it has been able to secure adequate financing on acceptable terms, although it cannot assure prospective investors that it will be able to continue to secure financing on adequate terms, or at all, in the future. Also, in addition to seeking new funding, the FCC Medio Ambiente Group may seek to refinance a portion of its existing debt through bank loans and debt offerings.

The FCC Medio Ambiente Group's ability to secure financing or refinance depends on several factors, many of which are beyond its control, including general economic conditions, the availability of funds from financial institutions and monetary policy in the markets in which it operates. Exposure to adverse effects in the debt or capital markets may hinder or prevent the raising of adequate finance for the FCC Medio Ambiente Group's activities. The FCC Medio Ambiente Group cannot assure prospective investors that it will be able to secure new financing or renew its credit facilities on economically attractive terms or at all. An inability to secure new financing or renew these facilities on acceptable

terms could adversely affect the FCC Medio Ambiente Group's liquidity and its ability to fund its working capital needs. At the same time the FCC Medio Ambiente Group cannot assure it will be able to maintain the current working capital structure as a result of modifications on payment and collection average periods due to legal regulation or market conditions.

In the context of the financings obtained by the FCC Medio Ambiente Group's entities, it has granted security in favour of its creditors. This security includes, among other, and in line with market practice, pledges over shares and certain assets of certain entities of the FCC Medio Ambiente Group. If the FCC Medio Ambiente Group were to fail to satisfy any of its debt service obligations or to breach any related financial or operating covenants, the holders of such debt could foreclose on any assets pledged as collateral, including the shares of entities of the FCC Medio Ambiente Group. If this were the case, the FCC Medio Ambiente Group would lose access to the business lines carried out through the foreclosed entities as well as to the assets owned by such entities.

***The FCC Medio Ambiente Group is required to provide customers with performance bonds or similar guarantees.***

In the FCC Medio Ambiente Group's project-related businesses, it is typically required to provide clients with performance bonds or similar instruments intended to guarantee its timely performance of contractual obligations to the defined specifications. If the FCC Medio Ambiente Group cannot obtain guarantees from financial institutions on reasonable terms that are acceptable to its clients, it could be prevented from bidding for or participating in a project, or it could be required to incur significantly higher financing costs to obtain the needed guarantees. An inability to secure such guarantees could adversely affect the FCC Medio Ambiente Group's liquidity and its ability to fund its working capital needs.

***The FCC Medio Ambiente Group's business, financial condition, results of operations and prospects could be adversely affected if it does not effectively manage its exposure to interest rate and foreign exchange risks.***

Certain of the FCC Medio Ambiente Group's indebtedness and loans to public entities bears interest at variable rates, generally linked to market benchmarks such as EURIBOR. Any increase in interest rates would increase its finance costs relating to variable rate indebtedness and increase the costs of refinancing existing indebtedness and of issuing new debt. Any decrease in interest rates would decrease the amount of interest payable to FCC Medio Ambiente Group on variable rate loans made to public entities and may result in basis risk as such interest is paid to FCC Medio Ambiente Group through the rates in the concession agreements entered into with such public entities. This interest rate fluctuation risk is particularly important in the financing of waste facilities projects and other projects, which are heavily leveraged in their early stages and the performance of which depends on possible changes in the interest rate. The FCC Medio Ambiente Group enters into hedging arrangements to cover interest rate fluctuations on a portion of its debt. Any future hedging contracts entered into by the FCC Medio Ambiente Group may not adequately protect its operating results from the effects of interest rate fluctuations. The FCC Medio Ambiente Group is subject to the creditworthiness of, and in certain circumstances early termination of the hedging agreements by, hedge counterparties.

The FCC Medio Ambiente Group is also exposed to exchange rate risks. Although its functional and reporting currency is the euro, the FCC Medio Ambiente Group also holds some financial assets and liabilities denominated in currencies other than the euro. These currency differences give rise to the risk of losses resulting from fluctuations in the value of non-euro currencies as measured in euro. For example, the FCC Medio Ambiente Group could risk such losses if it holds debt denominated in foreign currency, invest in international markets outside the Eurozone, or receive payables in a foreign currency.

There can be no assurance that future interest rate or exchange rate fluctuations will not have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Medio Ambiente Group faces certain risks related to deferred tax assets.***

In principle, losses that the FCC Group incurs in previous years can be carried forward and used to offset future taxable profits. This deferred tax asset reflects the FCC Group's view of the amount of tax losses that it expects to be able to use, and the deferred tax asset that it expects to recover, in light of its business plan and expected taxable profits in the future. Considering that the FCC Medio Ambiente Group is part of the consolidated FCC tax group, a change in expectations about the ability to use tax deferred tax assets in the future (whether due to a change law that eliminates or limits the FCC Group's right to offset deferred tax assets or a change in its business plans or expected future profitability) could require the FCC Group to reassess the value of these assets, with a material negative effect on the FCC Medio Ambiente Group's results of operations and balance sheet.

***The FCC Medio Ambiente Group's ability to effectively manage its credit risk exposure may affect its business, results of operations and financial condition.***

The FCC Medio Ambiente Group is exposed to the credit risk implied by default on the part of a counterparty (customer, provider, partner or financial entity), which could have a material adverse effect on the FCC Medio Ambiente Group's business, financial condition, results of operations and prospects.

In spite of signs of recovery in the global economy, there is a risk of late payment in both the public and private sectors due to the effects of the global financial crisis. In addition, the cost of government financing and financing of other public entities has also increased due to financial stress in Europe, and this may represent an increased risk for the FCC Medio Ambiente Group's public sector clients.

Although the FCC Medio Ambiente Group actively manages this credit risk, its risk management strategies may not be successful in limiting its exposure to credit risk, which could adversely affect its business, results of operations and financial condition.

**Risks Relating to the Notes**

***The Notes may not be a suitable investment for all investors.***

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular and any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including if euro (the currency for principal and interest payments on the Notes) is different from the potential investor's currency;
- (d) understand thoroughly the Conditions of the Notes, the Trust Deed and the provisions of the other Transaction Documents; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.



Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

***Modification and waivers may affect the Noteholders.***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Note Trustee may, subject to certain restrictions but without the consent or sanction of Noteholders or Couponholders, concur with the Issuer and each Guarantor in making: (i) any modification of any of the provisions of the Conditions, the Trust Deed, the Notes or the Coupons or the Agency Agreement that is, in the Note Trustee's opinion, of a formal, minor or technical nature or is made to correct a manifest error; and (ii) (other than in respect of a Reserved Matter) any modification of any of the provisions of the Conditions, the Trust Deed, the Notes or the Coupons or the Agency Agreement that is, in the opinion of the Note Trustee, not materially prejudicial to the interests of the Noteholders. In addition, the Note Trustee may, without the consent or sanction of the Noteholders or the Couponholders, authorise or waive any breach or proposed breach of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement (other than a breach or proposed breach relating to the subject of a Reserved Matter) or determine that an Event of Default or Potential Event of Default should not be treated as such, if, in the opinion of the Note Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such modification or waiver made by the Note Trustee shall be binding on all Noteholders and Couponholders.

**The Guarantees will be subject to certain limitations on enforcement and may be limited or subject to certain defences that may limit their validity and enforceability.**

Enforcement of the Guarantees is subject to certain generally available defences. Spanish law may also include regulations or defences which affect the rights of creditors generally. If a court were to find a Guarantee void or unenforceable as a result of such defences, or to the extent that any limitations on the relevant Guarantee apply, the Note Trustee would cease to have any claim in respect of the relevant Guarantor and would be required to claim against the Issuer and the rest of the Guarantors, as the case may be.

**There can be no assurance that use of proceeds of the Notes to finance Eligible Green Projects will be suitable for the investment criteria of an investor.**

It is the Issuer's intention to apply an amount equal to the net proceeds from the issue of the Notes specifically for Eligible Green Projects (as defined under "*Use of Proceeds*" below). Prospective investors should have regard to the information set out in this Offering Circular regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or any Manager that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. The Managers have not undertaken, nor are responsible for, any assessment of the criteria for Eligible Green Projects, any verification of whether

the Eligible Green Projects meet any relevant criteria, or the monitoring of the use of proceeds of the Notes.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. In June 2019, the EU Technical Expert Group on Sustainable Finance published a technical report on EU taxonomy (or classification system) for sustainable activities, which sets out the basis for a future taxonomy in legislation. Nevertheless, no assurance can be given that a clear market consensus as to what constitutes a "green" project will be reached. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes, including the Second Party Opinion (as defined under "*Use of Proceeds*" below), and in particular with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular.

Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any Manager, or any other person to buy, sell or hold any Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any Manager or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any Manager or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of the Notes for Eligible Green Projects in, or substantially in, the manner described under "*Use of Proceeds*", there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified

period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Eligible Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

***A Noteholder's ability to enforce following the occurrence of an Event of Default is limited.***

Condition 9 (*Events of Default*) provides that, following the occurrence and continuation of any events described in such Condition, the Note Trustee may, at its own discretion, and, shall if so requested in writing by holders of at least one quarter of the aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (in each case, as defined in the Trust Deed) (subject to it being indemnified and/or prefunded and/or secured to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable.

Noteholders have no individual rights to enforce. Accordingly, the ability of Noteholders to take enforcement action is limited and may only be affected in the circumstances described in the Conditions.

The limited ability of Noteholders to take enforcement action may impact negatively on the efficacy of any such enforcement action, for example, if action needs to be taken quickly following the occurrence of an Event of Default (e.g. upon insolvency of the Issuer).

***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes are appropriate legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) whether other restrictions apply to its purchase of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***The value of the Notes may be adversely affected by movements in market interest rates.***

Investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

***The market price of the Notes may be volatile.***

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, prevailing interest rates, the market for similar securities as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's operating results, financial condition or prospects.

It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on the Noteholders, regardless of the Issuer's prospects and financial performance. As a result, there may not be an active trading market for the Notes. If no active trading market develops, Noteholders may not be able to resell their Notes at a fair value, if at all.

***The Notes' credit rating may not accurately reflect potential risks.***

The Notes are expected to be rated BBB- by Fitch. The rating may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

***The Notes are subject to exchange rate risks and exchange controls risks.***

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. The Issuer has no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the euro would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency-equivalent value of the principal payable on the Notes and the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***A change in applicable law could adversely impact the Notes.***

The structure of the transaction and, among other things, the issue of, and Conditions of the Notes, and rating assigned to the Notes are based on law (including tax law) and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant entities under such law and administrative practice. No assurance can be given as to the impact of any possible judicial decision or change to such law, tax or administrative practice after the date of this Offering Circular and as to whether any such change could materially adversely impact the value of the Notes.

***There is no active trading market for the Notes.***

There can be no assurance as to the liquidity of any market in the Notes, the ability to sell the Notes, or the prices at which the Notes may be able to be sold. The Notes are new securities which may not be

widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes to be admitted to listing on the Official List of Euronext Dublin and to trading on the General Exchange Market of Euronext Dublin, there is no assurance that such applications will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Integral multiples of less than EUR100,000***

The Notes are in denominations of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to EUR199,000. Therefore, it is possible that the Notes may be traded in amounts in excess of EUR100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR100,000 will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

If definitive Notes are issued, investors should be aware that definitive Notes which have a denomination that is not an integral multiple of EUR100,000 may be illiquid and difficult to trade.

***The Notes may be redeemed prior to maturity.***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In addition the Conditions provide that the Issuer will be obliged to redeem the Notes in certain circumstance following a Change of Control Event and will have the option in certain other circumstance.

During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the period in which the Issuer has the right to elect to redeem the Notes or is likely to become obliged to redeem the Notes due to the market's perception that the circumstances that would enable the exercise of such option have arisen or may arise. The Issuer may be expected to redeem the Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Risks related to the Spanish withholding tax regime.***

The Issuer is required to provide certain information relating to the Notes to the Spanish tax authorities. The Issuer will withhold Spanish withholding tax from any payment in respect of any outstanding amount of the Notes as to which the required information has not been provided.

Article 44 of Royal Decree 1065/2007 sets out the reporting obligations applicable to debt instruments issued under Law 10/2014, such as the Notes.

According to the literal wording of Article 44.5 of Royal Decree 1065/2007, income derived from debt instruments to which Law 10/2014 applies originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another Organisation for Economic Cooperation and Development (**OECD**) country (such as Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax **provided that** the Paying Agent appointed by the Issuer submits, in a timely manner, a statement to the Issuer, the form of which is attached as Exhibit 10, with the following information:

- (a) identification of the securities;
- (b) income payment date (or refund if the securities are issued at discount or are segregated);
- (c) total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated); and
- (d) total amount of the income corresponding to each clearing system located outside Spain.

The Paying Agent should provide the Issuer with the statement reflecting the relevant position at the close of business on the business day immediately prior to each interest payment date. In the event that on such date, an entity obliged to provide the declaration fails to do so, the Issuer or the Paying Agent on its behalf will make a withholding at the applicable rate on the total amount of the return on the relevant debt securities payable to their holders.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

***The Proposed Financial Transaction Tax (the EU FTT)***

The European Commission published in February 2013 a proposal (the **Commission's Proposal**) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria,

Portugal, Slovenia and Slovakia (excluding Estonia, the **participating Member States**). Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the EU FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In the ECOFIN meeting of 17 June 2016, the EU FTT was discussed between the EU Member States. It has been reiterated in this meeting that participating Member States envisage introducing an FTT by the so-called enhanced cooperation process.

The proposed Directive defines how the EU FTT would be implemented in participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT based on a system already in place in France. Under the new proposal, the tax obligation would apply only to transactions involving shares issued by domestic companies with a market capitalisation of over EUR1 billion.

However, the Commission's Proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Members States may withdraw.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

### ***The proposed Spanish financial transactions tax***

On 18 January 2019, the Spanish Council of Ministers approved a draft bill (the **Draft Bill**), according to which, due to the delay in the EU FTT being approved, the intention is to implement a Spanish financial transactions tax (the **Spanish FTT**). However, the Spanish Council of Ministers stated that Spain will continue to participate in the enhanced co-operation for the approval of the EU FTT and, if finally approved, Spain will adapt the Spanish FTT to align it with the EU FTT.

According to the Draft Bill, the Spanish FTT is to be aligned with the French and Italian financial transactions taxes. Specifically, it is proposed that a Spanish FTT, at a rate of 0.2%, would apply to certain acquisitions of listed shares issued by Spanish companies whose market capitalisation exceeds EUR1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction.

On 30 April 2019, the interim Government (headed by the centre-left party PSOE) submitted to the European Commission the "Update of the Stability Programme 2019-2022" (*Actualización del Programa de Estabilidad 2019-2022*). This report is not equivalent to a draft law but it includes the economic projections for 2019-2022 and confirms the intention of the new Government to approve the Spanish FTT, stating that "the creation of the Tax on Financial Transactions will be relaunched". The

income derived from the Spanish FTT in the report is included in the economic projections for 2020 and not for 2019.

The Draft Bill was sent to Parliament for debate and approval. However, early general elections were called for 10 November 2019 and the legislative process was suspended.

However, the parliamentary process to approve the Spanish FTT law will need to be reinitiated once the new Parliament and the new Government are formed and the new Government once more sends the Draft Bill to Parliament for final approval. As a result, some of the proposed measures could be substantially modified (or even abandoned) during the legislative process. While, according to the current drafting of the Draft Bill, the Spanish FTT would not apply in relation to an issue of Notes under the Programme, there can be no assurance that any such Spanish FTT would not apply to an issue of Notes in the future.

Prospective Noteholders of the Notes are advised to seek their own professional advice in relation to the Spanish FTT.

### **Risks related to Spanish Insolvency Law**

#### ***Priority in case of insolvency proceedings; subordination risk.***

Upon the insolvency declaration of the Issuer, the Issuer's obligations under the Notes shall rank as ordinary claims (in respect of the outstanding principal amounts) and subordinated claims (in respect of the outstanding interest amounts) and subject to the subordination events / conditions provided under article 92 of the Spanish Insolvency Law which are referred to below.

With regard to the payment of claims under the Spanish Insolvency Law, the following rules apply:

- (a) Creditors with a special privilege (broadly speaking, the holders of pledges or mortgages), as explained, are paid out of the proceeds obtained on the sale of the charged assets or rights. To the extent their claims remain unpaid, the unpaid claims will be reclassified as appropriate.
- (b) With the proceeds obtained from the sale of the unsecured assets, the insolvency administrators must pay first the claims against the insolvency estate (*créditos contra la masa*).
- (c) Creditors with a general privilege (*créditos con privilegio general*) (certain labour and tax claims, among others) are paid out of assets remaining in the insolvency. They are paid following the order in which they appear under art. 90 of the Spanish Insolvency Law, and *pro rata* within each category.
- (d) Ordinary creditors are paid *pro rata* out of the assets remaining in the insolvency estate after the creditors with a general privilege have been paid.
- (e) Subordinated creditors cannot be paid until all ordinary claims have been paid in full.

Finally, claims against the Issuer under the Notes could be subordinated in an eventual insolvency proceeding of the Issuer to the following extent:

- (a) If they are reported late to the insolvency administrator of the Issuer.
- (b) If they are contractually subordinated to all of the Issuer's creditors.
- (c) With regard to interest, unless they are secured.



- (d) In the claims relate to monetary penalties or other monetary sanctions.
- (e) If they are held by persons that are specially related (*personas especialmente relacionadas*) (as defined under article 93 of the Spanish Insolvency Law) to the Issuer.

***Suspension on the accrual of interest against the Issuer in an insolvency scenario.***

Upon an eventual insolvency declaration of the Issuer, bearing the unsecured nature of the Notes, interest will stop to accrue against the Issuer from the date of the declaration of insolvency. However, in case that in the context of those insolvency proceedings of the Issuer, creditors approve a composition proposal that does not contemplate a release of claims, the composition proposal may provide for the payment of interest accrued at the lower of the applicable legal interest rate (*interés legal del dinero*) or the interest rate agreed under the Notes. On a separate note, in an eventual liquidation of the Issuer, if there are any monies left after paying the Issuer's creditors, interest would be paid under the Notes (accrued at the rate applicable to each claim).

***Claw-back.***

Pursuant to Article 71.1 of the Spanish Insolvency Law, the courts of Spain can set aside any acts (including payments and deliveries/transfers of collateral) made by the insolvent party within the two-year period preceding the adjudication of the bankruptcy (the **Suspect Period**) if the Insolvency Representatives can prove that such transactions were prejudicial to creditors.

When applying Article 71.1, the general procedural rule is that the burden of proof that a transaction/act is prejudicial to creditors must be borne by the insolvency receivers. However, there are several exceptions from this general rule, where damage is presumed: Article 71.3.1 of the Spanish Insolvency Law provides that actions carried out in favour of related parties (such as companies belonging to the same companies group) are presumed prejudicial unless sufficient evidence to the contrary is provided. A recent court precedent in relation to security (which is also applicable to intra-group guarantees such as the Issuer) granted by a company in order to secure the obligations *vis-a-vis* third parties of another company of the same company group as the security provider has ruled that the mere allegation of "group benefit" is not sufficient to rebut the abovementioned presumption, it being necessary for these purposes to provide evidence of the actual benefit (whether direct or indirect) to be obtained by the grantor.

The above would be without prejudice to the fact that the courts of Spain can set aside and render ineffective any act carried out by a debtor carried out in creditors fraud (*fraude de acreedores*) through the termination actions provided for under the Spanish civil common law (*Acción pauliana*).

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following documents which shall be incorporated in, and form part of, this Offering Circular:

- (a) the audited consolidated financial statements of FCC for the year ended 31 December 2017, together with the auditor's report thereon (the **2017 FCC Consolidated Financial Statements**);  
[https://www.fcc.es/documents/21301/1457098/WEB\\_CCAA\\_2017\\_Consolidadas\\_i.pdf/4088500b-7c41-aabe-f9b7-100d836818c1](https://www.fcc.es/documents/21301/1457098/WEB_CCAA_2017_Consolidadas_i.pdf/4088500b-7c41-aabe-f9b7-100d836818c1)
- (b) the audited consolidated financial statements of FCC for the year ended 31 December 2018, together with the auditor's report thereon (the **2018 FCC Consolidated Financial Statements**);  
[https://www.fcc.es/documents/21301/1457098/CCAA\\_Consolidated\\_2018.pdf/8dcc9d59-9a8b-ccdc-4dd1-331ba1510998](https://www.fcc.es/documents/21301/1457098/CCAA_Consolidated_2018.pdf/8dcc9d59-9a8b-ccdc-4dd1-331ba1510998)
- (c) the unaudited interim condensed consolidated financial statements of FCC for the nine-month period ended 30 September 2019;  
[https://www.fcc.es/documents/21301/842802/20191120\\_Notas-EEFF\\_9M19\\_i.pdf/2633d921-6346-3c0a-497c-2e6ad8fe815f](https://www.fcc.es/documents/21301/842802/20191120_Notas-EEFF_9M19_i.pdf/2633d921-6346-3c0a-497c-2e6ad8fe815f)
- (d) the audited stand-alone financial statements of FCC Medio Ambiente for the year ended 31 December 2017, together with the auditor's report thereon (the **2017 FCC Medio Ambiente Stand-alone Financial Statements**);  
<https://www.fccma.com/documents/2149930/2438895/Annual+Accounts+2017.pdf/e3ba2a73-1fc7-8857-e590-e7bde20a40e6>
- (e) the audited stand-alone financial statements of FCC Medio Ambiente for the year ended 31 December 2018, together with the auditor's report thereon (the **2018 FCC Medio Ambiente Stand-alone Financial Statements**);  
<https://www.fccma.com/documents/2149930/2438891/Annual+Accounts+2018.pdf/2cb6983c-d5f1-db2c-c64c-ee61a66ce084>
- (f) the audited stand-alone financial statements of FCC Ambito for the year ended 31 December 2017, together with the auditor's report thereon (the **2017 FCC Ambito Stand-alone Financial Statements**); and  
<http://www.fccambito.com/documents/1047641/2438645/CCAA+%26+Audit+Report+FCC+Ambito+S.A+2017.pdf/99f4345e-a0a8-fd10-7327-9e560f1b39bc>
- (g) the audited stand-alone financial statements of FCC Ambito for the year ended 31 December 2018, together with the auditor's report thereon (the **2018 FCC Ambito Stand-alone Financial Statements**).  
<http://www.fccambito.com/documents/1047641/2438641/Annual+Accounts+2018.pdf/52b8d5e1-0ea2-bc34-1f9d-2c72e4daa3a1>

The above documents have been previously filed or are filed simultaneously with this Offering Circular with Euronext Dublin. Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be

modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Save for the information that has been expressly incorporated by reference into this Offering Circular above, the information on any website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular.

## TERMS AND CONDITIONS OF THE 2023 NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:*

The EUR600,000,000 0.815 per cent. Senior Notes due 4 December 2023 (the **Notes**), which expression includes any further Notes issued pursuant to Condition 15 (*Further Issues*) of FCC Servicios Medio Ambiente Holding, S.A. (the **Issuer**), guaranteed by FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U. (each, a **Guarantor** and, together the **Guarantors**). The Notes are subject to, and have the benefit of, a trust deed dated 4 December 2019 (as amended or supplemented from time to time, the **Trust Deed**) between the Issuer, the Guarantors and BNY Mellon Corporate Trustee Services Limited in its capacity as trustee (the **Note Trustee**, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed), and are the subject of a paying agency agreement dated 4 December 2019 (as amended or supplemented from time to time, the **Agency Agreement**) between the Issuer, the Guarantors and The Bank of New York Mellon, acting through its London Branch in its capacity as principal paying agent (the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Note Trustee.

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors (the **Guarantee**) in the Trust Deed.

The Trust Deed, the Notes and the Agency Agreement are together referred to as the **Transaction Documents**.

Terms not defined in these Conditions have the meanings set out in the Transaction Documents.

The Issuer will execute an *escritura pública* (the **Public Deed**) before a Spanish notary public in relation to the issue of the Notes on or before the Closing Date. The Public Deed contains, among other information, these Conditions.

Certain statements in these Conditions are summaries of and are subject to the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof) and in the Trust Deed and the Agency Agreement.

The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons (the **Couponholders** and the **Coupons**, respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and those applicable to them of the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denomination of EUR100,000, and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000, with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be

liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999. Notes of one denomination may not be exchanged for Notes of another denomination.

## 2. **No Compliance Monitoring**

The Note Trustee shall not be responsible for monitoring compliance by the Issuer or any Guarantor with any of its obligations under the Transaction Documents except by means of receipt of a certificate from the Issuer which will state, among other things, that no Event of Default has occurred and is outstanding. The Note Trustee shall be entitled to rely on such certificates absolutely. The Note Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Transaction Documents. The Note Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any two directors or officers of the Issuer, any Guarantor or any other party to any Transaction Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Note Trustee may require to be satisfied. The Note Trustee is in no way bound to call for further evidence or be responsible to any person for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Note Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

## 3. **Status**

- (a) **Status of the Notes:** The Notes are direct, unconditional, unsubordinated obligations and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, present and future, save for such exceptions as may be provided by applicable legislation.
- (b) **Status of the Guarantee:** The obligations of each Guarantor under its relevant Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of each Guarantor and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of each Guarantor, present and future, save for such exceptions as may be provided by applicable legislation.

## 4. **Covenants**

### 4.1 **Negative Pledge**

So long as any of the Notes remains outstanding:

- (a) the Issuer will not, and the Issuer will ensure that none of its Material Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a **Security Interest**) upon, or with respect to, the whole or any part of the present or future business, undertaking, property, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Material Subsidiaries to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Note Trustee; or
  - (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided either (A) as the Note Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and
- (b) no Guarantor will create or have outstanding any Security Interest upon, or with respect to, the whole or any part of its present or future business, undertaking, property, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness unless the relevant Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
- (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Note Trustee; or
  - (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided either (A) as the Note Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Paragraphs (a) and (b) above do not apply to:

- (A) any Relevant Indebtedness of any entity which has merged with the Issuer, any Guarantor or any Material Subsidiary or which has been acquired by the Issuer, any Guarantor or any Material Subsidiary, in each case on or after the Issue Date (or any guarantee or indemnity in respect of such Relevant Indebtedness), so long as any Security Interest in respect of that Relevant Indebtedness was outstanding on the date of the merger or the acquisition and was not created in contemplation of the merger or the acquisition;
- (B) any Relevant Indebtedness of any Subsidiary which becomes a Material Subsidiary on or after the Issue Date (or any guarantee or indemnity in respect of such Relevant Indebtedness), so long as any Security Interest in respect of that Relevant Indebtedness was not created in contemplation of such Subsidiary becoming a Material Subsidiary;
- (C) any Security Interest in existence as at the Issue Date to the extent that it secures Relevant Indebtedness of the Issuer or any Material Subsidiary outstanding on such date;
- (D) any Security Interest over the shares of, or any subordinated loan made to, any Non-Recourse Subsidiary as security for Relevant Indebtedness of that Non-Recourse Subsidiary;
- (E) Relevant Indebtedness which is Non-Recourse Indebtedness; and

- (F) any Security Interest securing Relevant Indebtedness created in substitution of any Security Interest permitted under paragraphs (A) to (E) above over the same or substituted assets provided that the principal amount secured by the substitute security does not exceed the principal amount outstanding and secured by the previous Security Interest.

#### 4.2 *Limitation on Indebtedness*

The Issuer and the Guarantors will not, and will not cause or permit any Recourse Subsidiaries to, after the Issue Date, incur any additional Indebtedness if on the date of incurrence of such additional Indebtedness and after giving effect thereto and the application of the proceeds therefrom, the Consolidated Net Leverage Ratio for the most recently ended Testing Period, is greater than 3.0 to 1.0.

Notwithstanding the above, the Issuer, the Guarantors or any Recourse Subsidiary may incur the following Indebtedness:

- (i) Indebtedness that constitutes Non-Recourse Indebtedness;
- (ii) Indebtedness outstanding on the Issue Date;
- (iii) Indebtedness incurred pursuant to short-term debt (debt with maturity of less than one year) and working capital facilities in an aggregate principal amount not exceeding EUR175,000,000 at any time;
- (iv) Indebtedness represented by or in connection with the Notes and the 2026 Notes (other than any further Notes or further 2026 Notes issued pursuant to Condition 15 (*Further Issues*));
- (v) Indebtedness between the Issuer and any of its Recourse Subsidiaries or between any such Recourse Subsidiary and the Issuer or between such Recourse Subsidiaries;
- (vi) Indebtedness of a Recourse Subsidiary incurred and outstanding on the date on which such Recourse Subsidiary was merged with, or directly or indirectly acquired by, the Issuer (or a Subsidiary of the Issuer) after the Issue Date or on the date it otherwise becomes a Recourse Subsidiary **provided that** the Indebtedness was not incurred in contemplation of such merger or acquisition;
- (vii) Indebtedness incurred in respect of worker's compensation claims, self-insurance obligations, contractual insurance, bid, performance, surety and similar bonds and completion and technical guarantees and reimbursement obligations provided in the ordinary course of business;
- (viii) Indebtedness providing for indemnification, adjustment of purchase price or similar obligations in connection with the acquisition or disposition of any business, assets or capital stock after the Issue Date;
- (ix) Indebtedness arising from honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds or credit lines in the ordinary course of business **provided that** such Indebtedness is reimbursed within seven days of incurrence;
- (x) advance payments received from customers for goods and services purchased and credit periods in the ordinary course of business;
- (xi) Indebtedness constituting reimbursement obligations with respect to letters of credit, bankers' acceptances or similar instruments or obligations issued in the ordinary course of business

**provided that** upon the drawing or other funding of such letters of credit or other instruments or obligations, such drawings or fundings are reimbursed within seven days;

- (xii) Indebtedness under cash pooling arrangements and hedging arrangements (with respect to currency risks, interest rate risks, commodity risks and price risks) in the ordinary course of business;
- (xiii) Indebtedness which constitutes Project Subsidiary Support;
- (xiv) Indebtedness under subsidised loans granted by public entities to fund research and development in an aggregate principal amount not exceeding EUR15,000,000 at any time;
- (xv) the guarantee by the Issuer or any of the Issuer's Subsidiaries of Indebtedness that is permitted to be incurred pursuant to another provision of this "Limitation on Indebtedness" covenant; and
- (xvi) any Indebtedness that refinances any Indebtedness incurred in compliance with this covenant.

#### **4.3 *Limitations on Distributions***

The Issuer will not declare or pay any dividend or make any other payment or distribution on account of, or purchase, redeem or otherwise acquire or retire for value any of, the Issuer's common equity capital (a **Distribution**) (other than a Distribution payable in equity interests of the Issuer and the payments described under "*Use of Proceeds*" of the Offering Circular dated 28 November 2019) unless, at the time of such Distribution:

- (i) no Event of Default has occurred and is continuing and no Event of Default would occur as a result of such Distribution; and
- (ii) such Distribution, together with the aggregate amount of all other Distributions made by the Issuer since the Issue Date (excluding Distributions permitted by paragraphs (A) to (B) of this Condition 4.3), is less than the sum, without duplication, of: (a) 75% (or, if the Issuer would, at the time of such Distribution and after giving pro forma effect thereto as if such Distribution had been made at the beginning of the most recently ended Testing Period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in Condition 4.2, 100%) of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from 1 January 2019 to the end of the Issuer's most recently ended three-month period for which internal financial statements are available at the time of such Distribution; and (b) 100% of the aggregate net cash and fair market value of marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for common equity capital.

The preceding provisions will not prohibit:

- (A) the payment of any Distribution within 60 days after the date of declaration of the Distribution or giving of the applicable notice, as the case may be, if at the date of declaration or notice, the Distribution would have complied with this covenant; or
- (B) the making of any Distribution in exchange for, or out of or with the net cash proceeds of the subsequently concurrent sale or issuance of common equity capital of the Issuer, or from the substantially concurrent contribution of common equity capital to the Issuer.



#### **4.4 *Limitations on Financings and Guarantees to the Controlling Shareholder and its Subsidiaries***

The Issuer and the Guarantors will not, and will not cause or permit any of their respective Subsidiaries to, enter into or make any credit, loan, advance or guarantee for the benefit of the Controlling Shareholder or any of its Subsidiaries or otherwise become liable for any Indebtedness of the Controlling Shareholder or any of its Subsidiaries, in each case other than (i) any such transactions between the Issuer and any of its Subsidiaries or between any such Subsidiary and the Issuer or between such Subsidiaries, (ii) with respect to any Controlling Shareholder Project Subsidiary Support and (iii) pursuant to the Controlling Shareholder Indemnity Agreement.

#### **4.5 *Financial Statements***

So long as the Notes are outstanding, the Issuer will send to the Note Trustee, as soon as practicable after their date of publication but in any event not more than 180 days after the end of each financial year, a copy in the English language of the Issuer's audited consolidated financial statements and the Guarantors' audited stand-alone financial statements for that financial year, which shall be made available for inspection by Noteholders at the Specified Offices of the Note Trustee as soon as practicable thereafter.

#### **4.6 *Similar Business***

The Issuer and the Guarantors will not, and will not cause or permit any of their respective Subsidiaries to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer, the Guarantors and their respective Subsidiaries, taken as a whole.

#### **4.7 *Certificate***

The Note Trustee shall be entitled to rely absolutely on a certificate of any two directors or officers of the Issuer or any of the Guarantors in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

#### **4.8 *Interpretation:*** In these Conditions:

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**Calculation Date** means the date of the event for which the particular calculation is made.

**Consolidated Net Income** means with respect to any specified person for any period, the aggregate of the attributable/net income (loss) from operating activities of such person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS, provided that the amount of any dividends or distributions paid to the Issuer and its Subsidiaries by their Non-Recourse Subsidiaries will in any event be included.

**Consolidated Net Leverage** means as at any Calculation Date, the sum of the outstanding amount of Recourse Non-subordinated Financial Debt of the Issuer and its Recourse Subsidiaries on a consolidated basis, in each case as of such Calculation Date less any cash freely available to the Issuer and its Recourse Subsidiaries as of such Calculation Date.

**Consolidated Net Leverage Ratio** means as at any Calculation Date, the ratio of (a) the Consolidated Net Leverage as at the end of the most recently ended Testing Period and (b) the Recourse EBITDA for the most recently ended Testing Period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio as at any Calculation Date:

- (i) in the event that the Issuer or any of its Recourse Subsidiaries, incurs, assumes, guarantees, repays, repurchases, redeems or otherwise discharges any Recourse Non-subordinated Financial Debt subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Net Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption or other discharge of any Recourse Non-subordinated Financial Debt, and the use of proceeds therefrom, as if the same had occurred at the beginning of the applicable Testing Period;
- (ii) acquisitions that have been made by the Issuer, any of its Recourse Subsidiaries, including through mergers, consolidations or otherwise, or any person or any of its Recourse Subsidiaries acquired by the Issuer or any of its Recourse Subsidiaries and including any related financing transactions and including increases in ownership of Recourse Subsidiaries, subsequent to the commencement of the Testing Period and on or prior to the Calculation Date, will be given pro forma effect (as determined in good faith by the Issuer) as if they had occurred on the first day of such Testing Period;
- (iii) any person that is a Recourse Subsidiary on the Calculation Date will be deemed to have been a Recourse Subsidiary at all times during such Testing Period; and
- (iv) any Person that is not a Recourse Subsidiary on the Calculation Date will be deemed not to have been a Recourse Subsidiary at any time during such Testing Period.

**Controlling Shareholder** means Fomento de Construcciones y Contratas, S.A. (FCC), a company incorporated under the laws of Spain, with its registered seat at Barcelona, Spain.

**Controlling Shareholder Indemnity Agreement** means the indemnity agreement between the Controlling Shareholder and the Issuer pursuant to which the Issuer and its Subsidiaries agree to reimburse the Controlling Shareholder and any Subsidiary of the Controlling Shareholder not belonging to the Group (each a **Beneficiary**) for any payment (whether pursuant to a guarantee or other instrument) made by such Beneficiary to or on behalf of a member of the Group.

**Controlling Shareholder Project Subsidiary Support** means any Project Subsidiary Support pursuant to which the Controlling Shareholder may become liable to pay any Indebtedness of the Issuer or any Subsidiary of the Issuer.

**Group** means the Issuer and its Subsidiaries from time to time.

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**IFRS** means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer, the Guarantors or the Issuer's Subsidiaries are, or may be, required to comply. Except as otherwise specified herein, all ratios and calculations based on IFRS shall be

computed in accordance with IFRS as in effect from time to time; provided that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “IFRS” shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election.

**Indebtedness** means any indebtedness, in each case without double counting, which would, except for letters of credit referred to in paragraph (v), be in accordance with IFRS treated as debt recognised on the balance sheet of the relevant person for or in respect of:

- (i) Indebtedness for Borrowed Money;
- (ii) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (iii) any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset to the extent it is recorded on the balance sheet of the relevant person according to IFRS;
- (iv) any derivative transaction entered into in connection with protection against fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value will be taken into account) which would, in accordance with IFRS, be treated on the balance sheet of the relevant person;
- (v) the principal component of any reimbursement obligations in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations relating to letters of credit being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit plus the aggregate amount of drawings thereunder that have not been reimbursed) issued by a bank or financial institution other than any given in respect of trade credit arising in the ordinary course of business;
- (vi) any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, to the extent it is recorded on the balance sheet of the relevant person according to IFRS; or
- (vii) any guarantee, indemnity or similar assurance against financial loss of any person issued by the relevant person in respect of any item referred to in paragraphs (i) to (vi) (other than any given in respect of trade credit arising in the ordinary course of business),

**provided that**, the following shall in no event constitute Indebtedness:

- (A) any leases (or guarantees thereof) which would be considered operating leases in accordance with IFRS as in effect on 1 January 2018, and
- (B) other indebtedness in respect of letters of credit, contractual insurance, bid, performance, surety and similar bonds and completion and technical guarantees and reimbursement obligations provided by the Issuer or any Recourse Subsidiary in the ordinary course of business to the extent that such letters or other instruments are not drawn upon or, if and to the extent drawn upon are honoured in accordance with their terms and if, to be reimbursed, are reimbursed no later than the seventh day following receipt by the Issuer or the relevant Recourse Subsidiary of a demand for reimbursement following payment on the letter of credit or other instrument or bond.

**Indebtedness for Borrowed Money** means, with respect to a person, at any time and without duplication:

- (i) moneys borrowed which in accordance with IFRS would be included in determining total liabilities;
- (ii) all liabilities evidenced by bonds, debentures, notes or other similar instruments;
- (iii) all liabilities appearing on its balance sheet in accordance with IFRS in respect of capital leases;
- (iv) its redemption obligations in respect of its mandatorily redeemable preference shares which in accordance with IFRS would be included in determining total liabilities; and
- (v) any guarantee of liabilities of a type described in paragraphs (i) to (iv) above.

**provided that**, any leases (or guarantees thereof) which would be considered operating leases in accordance with IFRS as in effect on 1 January 2018 shall (in each case) not constitute Indebtedness for Borrowed Money.

**Issue Date** means 4 December 2019.

**Material Subsidiary** means any direct or indirect majority owned or wholly owned Subsidiary of the Issuer (not being a Non-Recourse Subsidiary), the Recourse EBITDA of which (consolidated where that Subsidiary itself has Subsidiaries and determined on the same basis as Recourse EBITDA) accounts for 15% or more of the Recourse EBITDA.

**Non-Recourse Indebtedness** means any Indebtedness for Borrowed Money in respect of which no loan guarantee, indemnity or contractual insurance or other reimbursement arrangement has been given by another member of the Group that is not a Non-Recourse Subsidiary, other than pursuant to Project Subsidiary Support.

**Non-Recourse Subsidiary** means any present or future Subsidiary of the Issuer or any entity in which the Issuer owns, directly or indirectly, more than 10%, other than the Guarantors:

- (i) the principal business of which is, or will be, the ownership, acquisition management, development, operation, construction, improvement, installation, design, engineering, completion, maintenance, and/or financing of an asset, project or concession (whether or not an asset, project or concession of the Issuer or any of its Subsidiaries), and/or to hold directly or indirectly the shares of one or more other Non-Recourse Subsidiaries; and
- (ii) the outstanding Indebtedness for Borrowed Money of which consists of Non-Recourse Indebtedness.

**Project Subsidiary Support** means any guarantee, indemnity or contractual insurance or other reimbursement arrangement (a) that is related to the commercial role of the Group or a Non-Recourse Subsidiary in connection with any asset, project or concession to which the Issuer or a Subsidiary (including, but not limited to, a Non-Recourse Subsidiary) provides any goods or services, and (b) pursuant to which the Issuer or its Subsidiaries, other than Non-Recourse Subsidiaries, may become liable to pay any Indebtedness of a Non-Recourse Subsidiary in amounts which do not exceed, on a pro-rata basis, the interest (financial or otherwise), participation or ownership of the Group and/or a Non-Recourse Subsidiary in such asset, project or concession pursuant to (A) bid and performance bonds and other technical guarantees

(*garantías técnicas*), or related reimbursement or indemnity agreements in favour of the issuers of such bonds or guarantees, that are customary in view of the particular risks or circumstances associated with such asset, project or concession and/or (B) any guarantee, indemnity or contractual insurance or other reimbursement obligation under which payment is contingent upon the failure of the Issuer or a Subsidiary (including, but not limited to, a Non-Recourse Subsidiary) to comply with an Obligation undertaken in connection with the management, development, operation, construction, improvement, installation, design, engineering, completion and/or maintenance of such asset, project or concession, where for the purposes of this definition, **Obligation** means any obligation (and any guarantee, insurance or undertaking of a similar nature in respect thereof) of a type customarily undertaken, including, but not limited to, the timely completion of construction and payment of related customary expenses and penalties, in connection with the relevant asset, project or concession.

**Recourse EBITDA** means with respect to any Testing Period:

- (i) the income (loss) from operating activities of the Issuer and its Recourse Subsidiaries for such period; plus
- (ii) depreciation and amortisation of the Issuer and its Recourse Subsidiaries for such period;

in each case, on a consolidated basis and determined in accordance with IFRS; *provided that*, for purposes of the definition of Recourse EBITDA:

- (A) the income (loss) of any person that is not a Recourse Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the Issuer or a Recourse Subsidiary of the Issuer;
- (B) any extraordinary, exceptional or non-recurring operating gains or losses or any charges of the Issuer and its Recourse Subsidiaries (in each case as determined in good faith by the Issuer) for such period will be excluded; and
- (C) the income (loss) from operating activities, depreciation and amortisation of Non-Recourse Subsidiaries will be excluded but the amount of dividends or distributions paid in cash to the Issuer by its Non-Recourse Subsidiaries will be included.

**Recourse Non-Subordinated Financial Debt** means in relation to the Issuer or any Recourse Subsidiary, (i) non subordinated long-term debt (debt with a maturity of greater than one year) incurred with credit institutions, plus (ii) non subordinated short-term debt (debt with a maturity of less than one year) incurred with credit institutions, plus (iii) non subordinated notes, obligations, promissory notes and any other such obligations or liabilities the purpose of which is to provide finance and generate a financial cost for the Issuer or its Recourse Subsidiaries, plus (iv) non-subordinated financial obligations relating to guarantees of third party financial obligations (other than intra-group guarantees).

**Recourse Subsidiaries** means each of the Guarantors and each other present and future Subsidiary of the Issuer, that is not a Non-Recourse Subsidiary.

**Relevant Indebtedness** means Indebtedness for Borrowed Money, in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which for the time being are, or are intended to be (with the consent of the Issuer thereof) quoted, listed or ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market.

**Similar Business** means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or Non-Recourse Subsidiaries on or before the Issue Date, and/or (b) any other businesses, services or activities that are the same as, similar to, necessary for, incidental to, connected with, related, ancillary, complementary to or arising out of, any of the foregoing or are an extension or development of any thereof or are operated to permit or facilitate the conduct of such businesses, services or activities from time to time.

**Subsidiary** means, in relation to any person (the **First Person**) at any particular time, any other person (the **Second Person**):

- (i) whose affairs and policies the First Person controls or has the power to control (directly or indirectly), whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the Second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, fully consolidated with those of the First Person.

**Testing Period** means with respect to any Calculation Date, the Issuer's most recently ended four full consecutive fiscal quarters.

## 5. Interest

The Notes bear interest from (and including) the Issue Date at the rate of 0.815 per cent. per annum, (the **Rate of Interest**) payable annually in arrear on 4 December in each year (each, an **Interest Payment Date**), subject as provided in Condition 7 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case interest shall accrue on the whole or such part of such principal amount payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rate aforesaid until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Note Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR815 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

**Calculation Amount** means EUR1,000;

**Day Count Fraction** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

**Regular Period** means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

## 6. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 4 December 2023, subject as provided in Condition 7 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer (or if the Guarantee was called, the relevant Guarantor) satisfies the Note Trustee that:
- (i) the Issuer (or if the Guarantee was called, the relevant Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, any international treaty to which the Kingdom of Spain is a party to, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and
  - (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it;

**provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor, as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer (or if the Guarantee was called, the relevant Guarantor) shall deliver to the Note Trustee:

- (A) a certificate signed by two directors or officers of the Issuer (or the relevant Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer (or the relevant Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

- (c) **Mandatory Redemption on Change of Control:** If a Change of Control occurs and, within the applicable Change of Control Event Period a Rating Downgrade or a Negative Rating Event occurs, then the Issuer will on the fifth business day after the last day of the Change of Control Event Period redeem or, at the option of the Issuer, purchase or procure the purchase of the Notes, in whole but not in part, at 100 per cent. of their outstanding principal amount together, if appropriate, with interest accrued to (but excluding) such date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a **Change of Control Notice**) to the Note Trustee and to the Noteholders in accordance with Condition 16 (*Notices*) specifying the nature of the Change of Control.

In these conditions:

A **Change of Control** will occur if at any time one or more individuals or legal entities (other than the Controlling Shareholder and/or any of its Affiliates) acting individually or in concert, acquires control through share ownership, acquisition of more than 50% of voting rights in the Issuer or the right to appoint more than half of the directors of the Issuer.

**Change of Control Event Period** means the period beginning on and including the date of the relevant Public Announcement and ending on the date falling 45 days after the Change of Control occurs or such longer period in which the Notes are under consideration (such consideration having been announced publicly within the first mentioned 45 day period) for rating review by any Rating Agency, such period not to exceed 45 days after the first public announcement of such consideration by the relevant Rating Agency.

**Investment Grade Rating** means a Rating of at least BBB- or Baa3 (or their respective equivalents at each Rating Agency for the time being).

**Negative Rating Event** shall be deemed to have occurred if in circumstances where, as at the first day of the Change of Control Event Period, there is no rating assigned to the Notes by a Rating Agency:

- (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Event Period use all reasonable endeavours to obtain, a credit rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer; or
- (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating of at least an Investment Grade Rating by the end of the Change of Control Event Period by at least one Rating Agency (or, if it obtains a credit rating by more than two Rating Agencies by a majority of those Rating Agencies).

**Public Announcement** means the date of the Change of Control Notice or any earlier date on which a public announcement or statement is made by the Issuer or FCC with respect to the Change of Control.

**Rating Agency** means any of (a) Fitch Ratings Limited, (b) Moody's Investors Service, Inc., (c) Standard & Poor's Credit Market Services Europe Limited, and (d) any other rating agency of similar international standing and (in each case) their respective affiliates and successors and Rating Agencies shall be construed accordingly.

**Rating Downgrade** shall be deemed to occur if, as at the first day of the Change of Control Event Period, there is a rating assigned to the Notes by one or more Rating Agencies and such rating is withdrawn or reduced by the Requisite Number of Rating Agencies:

- (i) with respect to an Investment Grade Rating of the Notes, to a rating below Investment Grade Rating and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) by the relevant Rating Agency; and



- (ii) with respect to a rating of the Notes below an Investment Grade Rating, by one full rating notch (for example, Ba1 to Ba2 by Moody's or BB+ to BB by Standard & Poor's or Fitch) and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) to at least the original rating or reinstated (in the case of a withdrawal) by the relevant Rating Agency,

and the relevant Rating Agency/ies ha(s/ve) announced or otherwise publicly confirmed (including by means of any letter or notice to the Issuer) that such downgrade or withdrawal pursuant to paragraphs (i) or (ii) above is attributable to the relevant Change of Control.

**Requisite Number of Rating Agencies** means (i) at least two Rating Agencies, if, at the time of the rating downgrade or withdrawal, three or more Rating Agencies have assigned a credit rating to the Notes, or (ii) at least one Rating Agency if, at the time of the rating downgrade or withdrawal, fewer than three Rating Agencies have assigned a credit rating to the Notes.

- (d) **Redemption at the option of the Issuer:** Not earlier than 3 months prior to the relevant Maturity Date in relation to the Notes, the Issuer may, having given not less than 15 and not more than 30 days' notice to the Note Trustee and to Noteholders redeem all, but not some only, of the Notes then outstanding on such date (the **Optional Redemption Date**) at their outstanding principal amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(d).
- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above.
- (f) **Purchase:** The Controlling Shareholder, the Issuer or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. The Notes so purchased, while held by or on behalf of the Issuer or any of its respective Subsidiaries until their cancellation in accordance with paragraph (g) (*Cancellation*) below, shall not entitle the holder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of, *inter alia*, calculating quorums at meetings of the Noteholders or for the purposes of Condition 13(a).
- (g) **Cancellation:** All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 7. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by euro cheque drawn on, or by transfer to a Euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) **Interest:** Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) **Interpretation:** In these Conditions:

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**TARGET Settlement Day** means any day on which TARGET2 is open for the settlement of payments in euro; and

**TARGET System** means the TARGET2 system.

- (d) **Payments subject to fiscal laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.
- (e) **Deduction for unmatured Coupons:** If a Note is presented without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.

- (f) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place

and shall not be entitled to any further interest or other payment in respect of any such delay. In these conditions, **business day** means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

- (g) **Payments other than in respect of matured Coupons:** Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or enforcement (as appropriate) of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

## 8. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of:

- (a) any Note or Coupon presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Spain other than the mere holding of the Note or Coupon; or
- (b) any Note or Coupon presented for payment by or on behalf of a holder who fails to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of such holder, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the taxing jurisdiction of the Issuer as a condition to relief or exemption from such taxes; or
- (c) any Note or Coupon presented for payment by or on behalf of an individual resident for tax purposes in the Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from Spanish withholding tax and require a withholding to be made; or
- (d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in article 44.5 of Royal Decree 1065/2007, of 27 July, and in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

- (e) any Note or Coupon presented for payment by or on behalf of, a holder who is a fiduciary, a partnership, a limited liability company or anything other than the sole beneficial owner of that payment, to the extent to which that payment would be required by the laws of Spain to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to any additional amounts had it been the holder; or
- (f) any Note or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, **Relevant Date** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent or the Note Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions to the Kingdom of Spain shall be construed as references to the Kingdom of Spain and/or such other jurisdiction.

## 9. Events of Default

If any of the following events occurs and is continuing, then the Note Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in each case to the Note Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) **Non-payment:** a failure to pay any amount of principal in respect of the Notes or to pay any amount of interest in respect of the Notes, in each case within seven days of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer or any Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Transaction Documents and such default (i) is, in the sole opinion of the Note Trustee, incapable of remedy or (ii) being a default which is, in the sole opinion of the Note Trustee, capable of remedy remains unremedied for 45 days after the Note Trustee has given written notice thereof to the Issuer; or
- (c) **Cross-default of the Issuer, a Guarantor or a Material Subsidiary:**
  - (i) any Indebtedness of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries (which, in the case of the Issuer, is not a Non-Recourse

Subsidiary) is not paid when due or (as the case may be) within any originally applicable grace period;

- (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than (A) at the option of the Issuer, a Guarantor or (as the case may be) the relevant Material Subsidiary (except, in the case of the Issuer, a Non-Recourse Subsidiary), or (B) (**provided that** no event of default, howsoever described, has occurred) at the option of any person entitled to such Indebtedness,

**provided that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above, individually or in the aggregate, exceeds EUR60,000,000 (or its equivalent in any other currency or currencies); or

- (d) **Unsatisfied judgment:** one or more final and non-appealable judgment(s) or order(s) for the payment of any amount/an amount in excess of EUR60,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries (excluding, in the case of the Issuer, Non-Recourse Subsidiaries), **provided that** the individual or aggregate value of all assets subject to the enforcement exceeds EUR60,000,000 (or its equivalent in any other currency or currencies); or
- (f) **Insolvency, etc.:** (i) the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries becomes insolvent (*concurso*) or is unable to regularly pay its debts as they fall due, (ii) an administrator or liquidator is appointed in respect of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries, (iii) the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries makes a general assignment or an arrangement with or for the benefit of all or a substantial part of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it or (iv) the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than, in the case of a Material Subsidiary of the Issuer or a Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) **Winding up, etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer or a Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) **Analogous event:** any event occurs which under the laws of the Kingdom of Spain has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) **Failure to take action, etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or a Guarantor lawfully to enter

into, exercise their respective rights and perform and comply with their obligations under and in respect of the Notes or the Transaction Documents, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons, the Trust Deed and the other Transaction Documents admissible in evidence in the courts of England and of the Kingdom of Spain is not taken, fulfilled or done; or

- (j) **Unlawfulness:** it is or will become unlawful for the Issuer or a Guarantor to perform or comply with any of their obligations under or in respect of the Notes or the Transaction Documents,

**provided that** in the case of paragraphs (b) and (e) the Note Trustee shall have certified that in its opinion such event is materially prejudicial to the interest of the Noteholders.

## **10. Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

## **11. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **12. Note Trustee and Paying Agents**

Under the Trust Deed, the Note Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its fees, costs, charges, liabilities and expenses in priority to the claims of the Noteholders. In addition, the Note Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Note Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

Prior to taking any action under these Conditions or any Transaction Document, as the case may be, the Note Trustee may request and rely upon an opinion of counsel or opinion of another qualified expert, at the Issuer's expense.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Note Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Note Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and

additional or successor paying agents; **provided, however, that** the Issuer shall at all times maintain a principal paying agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

### 13. Meetings of Noteholders; Modification and Waiver

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed or any other Transaction Document. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Note Trustee and shall be convened by the Note Trustee (subject to it having been indemnified, and/or prefunded, and/or provided with security to its satisfaction) upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to change, modify or cancel any of the Guarantees of the Notes, or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a **Reserved Matter**)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 25 per cent. of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or approved by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s), in each case, on behalf of not less than 75 per cent. of holders of Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and waiver:** The Note Trustee may from time to time without any consent or sanction of the Noteholders or the Couponholders, concur with the Issuer and each Guarantor in making (i) any modification of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement (other than in respect of a Reserved Matter), which is, in the opinion of the Note Trustee, not materially prejudicial to the interests of Noteholders, and/or (ii) any modification of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement if, in the opinion of the Note Trustee, it is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Note Trustee may, without the consent or sanction of the Noteholders or the Couponholders, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any breach or proposed breach of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement (other than a breach or proposed breach relating to the subject of a Reserved Matter) or determine that an Event of Default or Potential Event of Default should not be treated as such, if, in the opinion of the Note Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Note Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

#### **14. Enforcement**

The Note Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed and the Transaction Documents, but it shall not be bound to do so unless:

- (a) it has been so directed by an Extraordinary Resolution or it has been requested in writing by holders of at least one quarter of the aggregate principal amount of the Notes then outstanding; and
- (b) it has been indemnified and/or prefunded and/or provided with security to its satisfaction and shall have no liability for taking or refraining from taking such action.

The Note Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Note Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to take the relevant action in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer or the Guarantors to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Guarantors, in each case unless the Note Trustee having become bound as aforesaid to take any such action, steps or proceedings fails to do so within a 60 day period or is unable to do so and such failure and/or inability is continuing.

#### **15. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount, issue date and date of the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Note Trustee, create and issue other series of Notes having the benefit of the Trust Deed.

#### **16. Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if the Notes are admitted to trading on the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) published on the website of Euronext Dublin or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.



## 17. Governing Law and Jurisdiction

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes or the Coupons (save for Condition 3(a) (*Status of the Notes*) and Condition 3(b) (*Status of the Guarantee*)) will be governed by English law. Condition 3(a) (*Status of the Notes*) and Condition 3(b) (*Status of the Guarantee*) and any non-contractual obligations arising out of or in connection with them will be governed by Spanish law.
- (b) **Jurisdiction:** The Issuer has in the Trust Deed (i) agreed for the benefit of the Note Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a **Dispute**) arising out of or in connection with the Notes or the Coupons (including any non-contractual obligation arising out of or in connection with the Notes or the Coupons); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) designated a person in England to accept service of any process on its behalf. The Trust Deed also states that nothing contained in the Trust Deed prevents the Note Trustee or any of the Noteholders from taking proceedings against the Issuer relating to a Dispute (**Proceedings**) in any other courts with jurisdiction and that, to the extent allowed by law, the Note Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

## TERMS AND CONDITIONS OF THE 2026 NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:*

The EUR500,000,000 1.661 per cent. Senior Notes due 4 December 2026 (the **Notes**), which expression includes any further Notes issued pursuant to Condition 15 (*Further Issues*) of FCC Servicios Medio Ambiente Holding, S.A. (the **Issuer**), guaranteed by FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U. (each, a **Guarantor** and, together the **Guarantors**). The Notes are subject to, and have the benefit of, a trust deed dated 4 December 2019 (as amended or supplemented from time to time, the **Trust Deed**) between the Issuer, the Guarantors and BNY Mellon Corporate Trustee Services Limited in its capacity as trustee (the **Note Trustee**, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed), and are the subject of a paying agency agreement dated 4 December 2019 (as amended or supplemented from time to time, the **Agency Agreement**) between the Issuer, the Guarantors and The Bank of New York Mellon, acting through its London Branch in its capacity as principal paying agent (the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Note Trustee.

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors (the **Guarantee**) in the Trust Deed.

The Trust Deed, the Notes and the Agency Agreement are together referred to as the **Transaction Documents**.

Terms not defined in these Conditions have the meanings set out in the Transaction Documents.

The Issuer will execute an *escritura pública* (the **Public Deed**) before a Spanish notary public in relation to the issue of the Notes on or before the Closing Date. The Public Deed contains, among other information, these Conditions.

Certain statements in these Conditions are summaries of and are subject to the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof) and in the Trust Deed and the Agency Agreement.

The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons (the **Couponholders** and the **Coupons**, respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and those applicable to them of the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denomination of EUR100,000, and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000, with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be

liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999. Notes of one denomination may not be exchanged for Notes of another denomination.

## 2. **No Compliance Monitoring**

The Note Trustee shall not be responsible for monitoring compliance by the Issuer or any Guarantor with any of its obligations under the Transaction Documents except by means of receipt of a certificate from the Issuer which will state, among other things, that no Event of Default has occurred and is outstanding. The Note Trustee shall be entitled to rely on such certificates absolutely. The Note Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Transaction Documents. The Note Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any two directors or officers of the Issuer, any Guarantor or any other party to any Transaction Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Note Trustee may require to be satisfied. The Note Trustee is in no way bound to call for further evidence or be responsible to any person for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Note Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

## 3. **Status**

- (a) **Status of the Notes:** The Notes are direct, unconditional, unsubordinated obligations and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, present and future, save for such exceptions as may be provided by applicable legislation.
- (b) **Status of the Guarantee:** The obligations of each Guarantor under its relevant Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of each Guarantor and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of each Guarantor, present and future, save for such exceptions as may be provided by applicable legislation.

## 4. **Covenants**

### 4.1 **Negative Pledge**

So long as any of the Notes remains outstanding:

- (a) the Issuer will not, and the Issuer will ensure that none of its Material Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a **Security Interest**) upon, or with respect to, the whole or any part of the present or future business, undertaking, property, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Material Subsidiaries to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Note Trustee; or
  - (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided either (A) as the Note Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and
- (b) no Guarantor will create or have outstanding any Security Interest upon, or with respect to, the whole or any part of its present or future business, undertaking, property, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness unless the relevant Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
- (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Note Trustee; or
  - (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided either (A) as the Note Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Paragraphs (a) and (b) above do not apply to:

- (A) any Relevant Indebtedness of any entity which has merged with the Issuer, any Guarantor or any Material Subsidiary or which has been acquired by the Issuer, any Guarantor or any Material Subsidiary, in each case on or after the Issue Date (or any guarantee or indemnity in respect of such Relevant Indebtedness), so long as any Security Interest in respect of that Relevant Indebtedness was outstanding on the date of the merger or the acquisition and was not created in contemplation of the merger or the acquisition;
- (B) any Relevant Indebtedness of any Subsidiary which becomes a Material Subsidiary on or after the Issue Date (or any guarantee or indemnity in respect of such Relevant Indebtedness), so long as any Security Interest in respect of that Relevant Indebtedness was not created in contemplation of such Subsidiary becoming a Material Subsidiary;
- (C) any Security Interest in existence as at the Issue Date to the extent that it secures Relevant Indebtedness of the Issuer or any Material Subsidiary outstanding on such date;
- (D) any Security Interest over the shares of, or any subordinated loan made to, any Non-Recourse Subsidiary as security for Relevant Indebtedness of that Non-Recourse Subsidiary;
- (E) Relevant Indebtedness which is Non-Recourse Indebtedness; and

- (F) any Security Interest securing Relevant Indebtedness created in substitution of any Security Interest permitted under paragraphs (A) to (E) above over the same or substituted assets provided that the principal amount secured by the substitute security does not exceed the principal amount outstanding and secured by the previous Security Interest.

#### 4.2 *Limitation on Indebtedness*

The Issuer and the Guarantors will not, and will not cause or permit any Recourse Subsidiaries to, after the Issue Date, incur any additional Indebtedness if on the date of incurrence of such additional Indebtedness and after giving effect thereto and the application of the proceeds therefrom, the Consolidated Net Leverage Ratio for the most recently ended Testing Period, is greater than 3.0 to 1.0.

Notwithstanding the above, the Issuer, the Guarantors or any Recourse Subsidiary may incur the following Indebtedness:

- (i) Indebtedness that constitutes Non-Recourse Indebtedness;
- (ii) Indebtedness outstanding on the Issue Date;
- (iii) Indebtedness incurred pursuant to short-term debt (debt with maturity of less than one year) and working capital facilities in an aggregate principal amount not exceeding EUR175,000,000 at any time;
- (iv) Indebtedness represented by or in connection with the Notes and the 2023 Notes (other than any further Notes or further 2023 Notes issued pursuant to Condition 15 (*Further Issues*));
- (v) Indebtedness between the Issuer and any of its Recourse Subsidiaries or between any such Recourse Subsidiary and the Issuer or between such Recourse Subsidiaries;
- (vi) Indebtedness of a Recourse Subsidiary incurred and outstanding on the date on which such Recourse Subsidiary was merged with, or directly or indirectly acquired by, the Issuer (or a Subsidiary of the Issuer) after the Issue Date or on the date it otherwise becomes a Recourse Subsidiary **provided that** the Indebtedness was not incurred in contemplation of such merger or acquisition;
- (vii) Indebtedness incurred in respect of worker's compensation claims, self-insurance obligations, contractual insurance, bid, performance, surety and similar bonds and completion and technical guarantees and reimbursement obligations provided in the ordinary course of business;
- (viii) Indebtedness providing for indemnification, adjustment of purchase price or similar obligations in connection with the acquisition or disposition of any business, assets or capital stock after the Issue Date;
- (ix) Indebtedness arising from honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds or credit lines in the ordinary course of business **provided that** such Indebtedness is reimbursed within seven days of incurrence;
- (x) advance payments received from customers for goods and services purchased and credit periods in the ordinary course of business;
- (xi) Indebtedness constituting reimbursement obligations with respect to letters of credit, bankers' acceptances or similar instruments or obligations issued in the ordinary course of business

**provided that** upon the drawing or other funding of such letters of credit or other instruments or obligations, such drawings or fundings are reimbursed within seven days;

- (xii) Indebtedness under cash pooling arrangements and hedging arrangements (with respect to currency risks, interest rate risks, commodity risks and price risks) in the ordinary course of business;
- (xiii) Indebtedness which constitutes Project Subsidiary Support;
- (xiv) Indebtedness under subsidised loans granted by public entities to fund research and development in an aggregate principal amount not exceeding EUR15,000,000 at any time;
- (xv) the guarantee by the Issuer or any of the Issuer's Subsidiaries of Indebtedness that is permitted to be incurred pursuant to another provision of this "Limitation on Indebtedness" covenant; and
- (xvi) any Indebtedness that refinances any Indebtedness incurred in compliance with this covenant.

#### **4.3 *Limitations on Distributions***

The Issuer will not declare or pay any dividend or make any other payment or distribution on account of, or purchase, redeem or otherwise acquire or retire for value any of, the Issuer's common equity capital (a **Distribution**) (other than a Distribution payable in equity interests of the Issuer and the payments described under "*Use of Proceeds*" of the Offering Circular dated 28 November 2019) unless, at the time of such Distribution:

- (i) no Event of Default has occurred and is continuing and no Event of Default would occur as a result of such Distribution; and
- (ii) such Distribution, together with the aggregate amount of all other Distributions made by the Issuer since the Issue Date (excluding Distributions permitted by paragraphs (A) to (B) of this Condition 4.3), is less than the sum, without duplication, of: (a) 75% (or, if the Issuer would, at the time of such Distribution and after giving pro forma effect thereto as if such Distribution had been made at the beginning of the most recently ended Testing Period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in Condition 4.2, 100%) of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from 1 January 2019 to the end of the Issuer's most recently ended three-month period for which internal financial statements are available at the time of such Distribution; and (b) 100% of the aggregate net cash and fair market value of marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for common equity capital.

The preceding provisions will not prohibit:

- (A) the payment of any Distribution within 60 days after the date of declaration of the Distribution or giving of the applicable notice, as the case may be, if at the date of declaration or notice, the Distribution would have complied with this covenant; or
- (B) the making of any Distribution in exchange for, or out of or with the net cash proceeds of the subsequently concurrent sale or issuance of common equity capital of the Issuer, or from the substantially concurrent contribution of common equity capital to the Issuer.

#### **4.4 *Limitations on Financings and Guarantees to the Controlling Shareholder and its Subsidiaries***

The Issuer and the Guarantors will not, and will not cause or permit any of their respective Subsidiaries to, enter into or make any credit, loan, advance or guarantee for the benefit of the Controlling Shareholder or any of its Subsidiaries or otherwise become liable for any Indebtedness of the Controlling Shareholder or any of its Subsidiaries, in each case other than (i) any such transactions between the Issuer and any of its Subsidiaries or between any such Subsidiary and the Issuer or between such Subsidiaries, (ii) with respect to any Controlling Shareholder Project Subsidiary Support and (iii) pursuant to the Controlling Shareholder Indemnity Agreement.

#### **4.5 *Financial Statements***

So long as the Notes are outstanding, the Issuer will send to the Note Trustee, as soon as practicable after their date of publication but in any event not more than 180 days after the end of each financial year, a copy in the English language of the Issuer's audited consolidated financial statements and the Guarantors' audited stand-alone financial statements for that financial year, which shall be made available for inspection by Noteholders at the Specified Offices of the Note Trustee as soon as practicable thereafter.

#### **4.6 *Similar Business***

The Issuer and the Guarantors will not, and will not cause or permit any of their respective Subsidiaries to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer, the Guarantors and their respective Subsidiaries, taken as a whole.

#### **4.7 *Certificate***

The Note Trustee shall be entitled to rely absolutely on a certificate of any two directors or officers of the Issuer or any of the Guarantors in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

#### **4.8 *Interpretation:*** In these Conditions:

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**Calculation Date** means the date of the event for which the particular calculation is made.

**Consolidated Net Income** means with respect to any specified person for any period, the aggregate of the attributable/net income (loss) from operating activities of such person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS, provided that the amount of any dividends or distributions paid to the Issuer and its Subsidiaries by their Non-Recourse Subsidiaries will in any event be included.

**Consolidated Net Leverage** means as at any Calculation Date, the sum of the outstanding amount of Recourse Non-subordinated Financial Debt of the Issuer and its Recourse Subsidiaries on a consolidated basis, in each case as of such Calculation Date less any cash freely available to the Issuer and its Recourse Subsidiaries as of such Calculation Date.

**Consolidated Net Leverage Ratio** means as at any Calculation Date, the ratio of (a) the Consolidated Net Leverage as at the end of the most recently ended Testing Period and (b) the Recourse EBITDA for the most recently ended Testing Period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio as at any Calculation Date:

- (i) in the event that the Issuer or any of its Recourse Subsidiaries, incurs, assumes, guarantees, repays, repurchases, redeems or otherwise discharges any Recourse Non-subordinated Financial Debt subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Net Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption or other discharge of any Recourse Non-subordinated Financial Debt, and the use of proceeds therefrom, as if the same had occurred at the beginning of the applicable Testing Period;
- (ii) acquisitions that have been made by the Issuer, any of its Recourse Subsidiaries, including through mergers, consolidations or otherwise, or any person or any of its Recourse Subsidiaries acquired by the Issuer or any of its Recourse Subsidiaries and including any related financing transactions and including increases in ownership of Recourse Subsidiaries, subsequent to the commencement of the Testing Period and on or prior to the Calculation Date, will be given pro forma effect (as determined in good faith by the Issuer) as if they had occurred on the first day of such Testing Period;
- (iii) any person that is a Recourse Subsidiary on the Calculation Date will be deemed to have been a Recourse Subsidiary at all times during such Testing Period; and
- (iv) any Person that is not a Recourse Subsidiary on the Calculation Date will be deemed not to have been a Recourse Subsidiary at any time during such Testing Period.

**Controlling Shareholder** means Fomento de Construcciones y Contratas, S.A. (FCC), a company incorporated under the laws of Spain, with its registered seat at Barcelona, Spain.

**Controlling Shareholder Indemnity Agreement** means the indemnity agreement between the Controlling Shareholder and the Issuer pursuant to which the Issuer and its Subsidiaries agree to reimburse the Controlling Shareholder and any Subsidiary of the Controlling Shareholder not belonging to the Group (each a **Beneficiary**) for any payment (whether pursuant to a guarantee or other instrument) made by such Beneficiary to or on behalf of a member of the Group.

**Controlling Shareholder Project Subsidiary Support** means any Project Subsidiary Support pursuant to which the Controlling Shareholder may become liable to pay any Indebtedness of the Issuer or any Subsidiary of the Issuer.

**Group** means the Issuer and its Subsidiaries from time to time.

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**IFRS** means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer, the Guarantors or the Issuer's Subsidiaries are, or may be, required to comply. Except as otherwise specified herein, all ratios and calculations based on IFRS shall be



computed in accordance with IFRS as in effect from time to time; provided that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “IFRS” shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election.

**Indebtedness** means any indebtedness, in each case without double counting, which would, except for letters of credit referred to in paragraph (v), be in accordance with IFRS treated as debt recognised on the balance sheet of the relevant person for or in respect of:

- (i) Indebtedness for Borrowed Money;
- (ii) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (iii) any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset to the extent it is recorded on the balance sheet of the relevant person according to IFRS;
- (iv) any derivative transaction entered into in connection with protection against fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value will be taken into account) which would, in accordance with IFRS, be treated on the balance sheet of the relevant person;
- (v) the principal component of any reimbursement obligations in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations relating to letters of credit being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit plus the aggregate amount of drawings thereunder that have not been reimbursed) issued by a bank or financial institution other than any given in respect of trade credit arising in the ordinary course of business;
- (vi) any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, to the extent it is recorded on the balance sheet of the relevant person according to IFRS; or
- (vii) any guarantee, indemnity or similar assurance against financial loss of any person issued by the relevant person in respect of any item referred to in paragraphs (i) to (vi) (other than any given in respect of trade credit arising in the ordinary course of business),

**provided that**, the following shall in no event constitute Indebtedness:

- (A) any leases (or guarantees thereof) which would be considered operating leases in accordance with IFRS as in effect on 1 January 2018, and
- (B) other indebtedness in respect of letters of credit, contractual insurance, bid, performance, surety and similar bonds and completion and technical guarantees and reimbursement obligations provided by the Issuer or any Recourse Subsidiary in the ordinary course of business to the extent that such letters or other instruments are not drawn upon or, if and to the extent drawn upon are honoured in accordance with their terms and if, to be reimbursed, are reimbursed no later than the seventh day following receipt by the Issuer or the relevant Recourse Subsidiary of a demand for reimbursement following payment on the letter of credit or other instrument or bond.

**Indebtedness for Borrowed Money** means, with respect to a person, at any time and without duplication:

- (i) moneys borrowed which in accordance with IFRS would be included in determining total liabilities;
- (ii) all liabilities evidenced by bonds, debentures, notes or other similar instruments;
- (iii) all liabilities appearing on its balance sheet in accordance with IFRS in respect of capital leases;
- (iv) its redemption obligations in respect of its mandatorily redeemable preference shares which in accordance with IFRS would be included in determining total liabilities; and
- (v) any guarantee of liabilities of a type described in paragraphs (i) to (iv) above.

**provided that**, any leases (or guarantees thereof) which would be considered operating leases in accordance with IFRS as in effect on 1 January 2018 shall (in each case) not constitute Indebtedness for Borrowed Money.

**Issue Date** means 4 December 2019.

**Material Subsidiary** means any direct or indirect majority owned or wholly owned Subsidiary of the Issuer (not being a Non-Recourse Subsidiary), the Recourse EBITDA of which (consolidated where that Subsidiary itself has Subsidiaries and determined on the same basis as Recourse EBITDA) accounts for 15% or more of the Recourse EBITDA.

**Non-Recourse Indebtedness** means any Indebtedness for Borrowed Money in respect of which no loan guarantee, indemnity or contractual insurance or other reimbursement arrangement has been given by another member of the Group that is not a Non-Recourse Subsidiary, other than pursuant to Project Subsidiary Support.

**Non-Recourse Subsidiary** means any present or future Subsidiary of the Issuer or any entity in which the Issuer owns, directly or indirectly, more than 10%, other than the Guarantors:

- (i) the principal business of which is, or will be, the ownership, acquisition management, development, operation, construction, improvement, installation, design, engineering, completion, maintenance, and/or financing of an asset, project or concession (whether or not an asset, project or concession of the Issuer or any of its Subsidiaries), and/or to hold directly or indirectly the shares of one or more other Non-Recourse Subsidiaries; and
- (ii) the outstanding Indebtedness for Borrowed Money of which consists of Non-Recourse Indebtedness.

**Project Subsidiary Support** means any guarantee, indemnity or contractual insurance or other reimbursement arrangement (a) that is related to the commercial role of the Group or a Non-Recourse Subsidiary in connection with any asset, project or concession to which the Issuer or a Subsidiary (including, but not limited to, a Non-Recourse Subsidiary) provides any goods or services, and (b) pursuant to which the Issuer or its Subsidiaries, other than Non-Recourse Subsidiaries, may become liable to pay any Indebtedness of a Non-Recourse Subsidiary in amounts which do not exceed, on a pro-rata basis, the interest (financial or otherwise), participation or ownership of the Group and/or a Non-Recourse Subsidiary in such asset, project or concession pursuant to (A) bid and performance bonds and other technical guarantees

(*garantías técnicas*), or related reimbursement or indemnity agreements in favour of the issuers of such bonds or guarantees, that are customary in view of the particular risks or circumstances associated with such asset, project or concession and/or (B) any guarantee, indemnity or contractual insurance or other reimbursement obligation under which payment is contingent upon the failure of the Issuer or a Subsidiary (including, but not limited to, a Non-Recourse Subsidiary) to comply with an Obligation undertaken in connection with the management, development, operation, construction, improvement, installation, design, engineering, completion and/or maintenance of such asset, project or concession, where for the purposes of this definition, **Obligation** means any obligation (and any guarantee, insurance or undertaking of a similar nature in respect thereof) of a type customarily undertaken, including, but not limited to, the timely completion of construction and payment of related customary expenses and penalties, in connection with the relevant asset, project or concession.

**Recourse EBITDA** means with respect to any Testing Period:

- (i) the income (loss) from operating activities of the Issuer and its Recourse Subsidiaries for such period; plus
- (ii) depreciation and amortisation of the Issuer and its Recourse Subsidiaries for such period;

in each case, on a consolidated basis and determined in accordance with IFRS; *provided that*, for purposes of the definition of Recourse EBITDA:

- (A) the income (loss) of any person that is not a Recourse Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the Issuer or a Recourse Subsidiary of the Issuer;
- (B) any extraordinary, exceptional or non-recurring operating gains or losses or any charges of the Issuer and its Recourse Subsidiaries (in each case as determined in good faith by the Issuer) for such period will be excluded; and
- (C) the income (loss) from operating activities, depreciation and amortisation of Non-Recourse Subsidiaries will be excluded but the amount of dividends or distributions paid in cash to the Issuer by its Non-Recourse Subsidiaries will be included.

**Recourse Non-Subordinated Financial Debt** means in relation to the Issuer or any Recourse Subsidiary, (i) non subordinated long-term debt (debt with a maturity of greater than one year) incurred with credit institutions, plus (ii) non subordinated short-term debt (debt with a maturity of less than one year) incurred with credit institutions, plus (iii) non subordinated notes, obligations, promissory notes and any other such obligations or liabilities the purpose of which is to provide finance and generate a financial cost for the Issuer or its Recourse Subsidiaries, plus (iv) non-subordinated financial obligations relating to guarantees of third party financial obligations (other than intra-group guarantees).

**Recourse Subsidiaries** means each of the Guarantors and each other present and future Subsidiary of the Issuer, that is not a Non-Recourse Subsidiary.

**Relevant Indebtedness** means Indebtedness for Borrowed Money, in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which for the time being are, or are intended to be (with the consent of the Issuer thereof) quoted, listed or ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market.

**Similar Business** means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or Non-Recourse Subsidiaries on or before the Issue Date, and/or (b) any other businesses, services or activities that are the same as, similar to, necessary for, incidental to, connected with, related, ancillary, complementary to or arising out of, any of the foregoing or are an extension or development of any thereof or are operated to permit or facilitate the conduct of such businesses, services or activities from time to time.

**Subsidiary** means, in relation to any person (the **First Person**) at any particular time, any other person (the **Second Person**):

- (i) whose affairs and policies the First Person controls or has the power to control (directly or indirectly), whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the Second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, fully consolidated with those of the First Person.

**Testing Period** means with respect to any Calculation Date, the Issuer's most recently ended four full consecutive fiscal quarters.

## 5. Interest

The Notes bear interest from (and including) the Issue Date at the rate of 1.661 per cent. per annum, (the **Rate of Interest**) payable annually in arrear on 4 December in each year (each, an **Interest Payment Date**), subject as provided in Condition 7 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case interest shall accrue on the whole or such part of such principal amount payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rate aforesaid until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Note Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR1,661 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

**Calculation Amount** means EUR1,000;

**Day Count Fraction** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

**Regular Period** means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

## 6. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 4 December 2026, subject as provided in Condition 7 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer (or if the Guarantee was called, the relevant Guarantor) satisfies the Note Trustee that:
- (i) the Issuer (or if the Guarantee was called, the relevant Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, any international treaty to which the Kingdom of Spain is a party to, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and
  - (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it;

**provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor, as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer (or if the Guarantee was called, the relevant Guarantor) shall deliver to the Note Trustee:

- (A) a certificate signed by two directors or officers of the Issuer (or the relevant Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer (or the relevant Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

- (c) **Mandatory Redemption on Change of Control:** If a Change of Control occurs and, within the applicable Change of Control Event Period a Rating Downgrade or a Negative Rating Event occurs, then the Issuer will on the fifth business day after the last day of the Change of Control Event Period redeem or, at the option of the Issuer, purchase or procure the purchase of the Notes, in whole but not in part, at 100 per cent. of their outstanding principal amount together, if appropriate, with interest accrued to (but excluding) such date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a **Change of Control Notice**) to the Note Trustee and to the Noteholders in accordance with Condition 16 (*Notices*) specifying the nature of the Change of Control.

In these conditions:

A **Change of Control** will occur if at any time one or more individuals or legal entities (other than the Controlling Shareholder and/or any of its Affiliates) acting individually or in concert, acquires control through share ownership, acquisition of more than 50% of voting rights in the Issuer or the right to appoint more than half of the directors of the Issuer.

**Change of Control Event Period** means the period beginning on and including the date of the relevant Public Announcement and ending on the date falling 45 days after the Change of Control occurs or such longer period in which the Notes are under consideration (such consideration having been announced publicly within the first mentioned 45 day period) for rating review by any Rating Agency, such period not to exceed 45 days after the first public announcement of such consideration by the relevant Rating Agency.

**Investment Grade Rating** means a Rating of at least BBB- or Baa3 (or their respective equivalents at each Rating Agency for the time being).

**Negative Rating Event** shall be deemed to have occurred if in circumstances where, as at the first day of the Change of Control Event Period, there is no rating assigned to the Notes by a Rating Agency:

- (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Event Period use all reasonable endeavours to obtain, a credit rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer; or
- (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating of at least an Investment Grade Rating by the end of the Change of Control Event Period by at least one Rating Agency (or, if it obtains a credit rating by more than two Rating Agencies by a majority of those Rating Agencies).

**Public Announcement** means the date of the Change of Control Notice or any earlier date on which a public announcement or statement is made by the Issuer or FCC with respect to the Change of Control.

**Rating Agency** means any of (a) Fitch Ratings Limited, (b) Moody's Investors Service, Inc., (c) Standard & Poor's Credit Market Services Europe Limited, and (d) any other rating agency of similar international standing and (in each case) their respective affiliates and successors and Rating Agencies shall be construed accordingly.

**Rating Downgrade** shall be deemed to occur if, as at the first day of the Change of Control Event Period, there is a rating assigned to the Notes by one or more Rating Agencies and such rating is withdrawn or reduced by the Requisite Number of Rating Agencies:

- (i) with respect to an Investment Grade Rating of the Notes, to a rating below Investment Grade Rating and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) by the relevant Rating Agency; and

- (ii) with respect to a rating of the Notes below an Investment Grade Rating, by one full rating notch (for example, Ba1 to Ba2 by Moody's or BB+ to BB by Standard & Poor's or Fitch) and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) to at least the original rating or reinstated (in the case of a withdrawal) by the relevant Rating Agency,

and the relevant Rating Agency/ies ha(s/ve) announced or otherwise publicly confirmed (including by means of any letter or notice to the Issuer) that such downgrade or withdrawal pursuant to paragraphs (i) or (ii) above is attributable to the relevant Change of Control.

**Requisite Number of Rating Agencies** means (i) at least two Rating Agencies, if, at the time of the rating downgrade or withdrawal, three or more Rating Agencies have assigned a credit rating to the Notes, or (ii) at least one Rating Agency if, at the time of the rating downgrade or withdrawal, fewer than three Rating Agencies have assigned a credit rating to the Notes.

- (d) **Redemption at the option of the Issuer:** Not earlier than 3 months prior to the relevant Maturity Date in relation to the Notes, the Issuer may, having given not less than 15 and not more than 30 days' notice to the Note Trustee and to Noteholders redeem all, but not some only, of the Notes then outstanding on such date (the **Optional Redemption Date**) at their outstanding principal amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(d).
- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above.
- (f) **Purchase:** The Controlling Shareholder, the Issuer or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. The Notes so purchased, while held by or on behalf of the Issuer or any of its respective Subsidiaries until their cancellation in accordance with paragraph (g) (*Cancellation*) below, shall not entitle the holder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of, *inter alia*, calculating quorums at meetings of the Noteholders or for the purposes of Condition 13(a).
- (g) **Cancellation:** All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 7. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by euro cheque drawn on, or by transfer to a Euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) **Interest:** Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) **Interpretation:** In these Conditions:

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**TARGET Settlement Day** means any day on which TARGET2 is open for the settlement of payments in euro; and

**TARGET System** means the TARGET2 system.

- (d) **Payments subject to fiscal laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.
- (e) **Deduction for unmatured Coupons:** If a Note is presented without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.

- (f) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place



and shall not be entitled to any further interest or other payment in respect of any such delay. In these conditions, **business day** means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

- (g) **Payments other than in respect of matured Coupons:** Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or enforcement (as appropriate) of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

## 8. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of:

- (a) any Note or Coupon presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Spain other than the mere holding of the Note or Coupon; or
- (b) any Note or Coupon presented for payment by or on behalf of a holder who fails to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of such holder, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the taxing jurisdiction of the Issuer as a condition to relief or exemption from such taxes; or
- (c) any Note or Coupon presented for payment by or on behalf of an individual resident for tax purposes in the Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from Spanish withholding tax and require a withholding to be made; or
- (d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in article 44.5 of Royal Decree 1065/2007, of 27 July, and in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

- (e) any Note or Coupon presented for payment by or on behalf of, a holder who is a fiduciary, a partnership, a limited liability company or anything other than the sole beneficial owner of that payment, to the extent to which that payment would be required by the laws of Spain to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to any additional amounts had it been the holder; or
- (f) any Note or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, **Relevant Date** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent or the Note Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions to the Kingdom of Spain shall be construed as references to the Kingdom of Spain and/or such other jurisdiction.

## 9. Events of Default

If any of the following events occurs and is continuing, then the Note Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in each case to the Note Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) **Non-payment:** a failure to pay any amount of principal in respect of the Notes or to pay any amount of interest in respect of the Notes, in each case within seven days of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer or any Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Transaction Documents and such default (i) is, in the sole opinion of the Note Trustee, incapable of remedy or (ii) being a default which is, in the sole opinion of the Note Trustee, capable of remedy remains unremedied for 45 days after the Note Trustee has given written notice thereof to the Issuer; or
- (c) **Cross-default of the Issuer, a Guarantor or a Material Subsidiary:**
  - (i) any Indebtedness of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries (which, in the case of the Issuer, is not a Non-Recourse

Subsidiary) is not paid when due or (as the case may be) within any originally applicable grace period;

- (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than (A) at the option of the Issuer, a Guarantor or (as the case may be) the relevant Material Subsidiary (except, in the case of the Issuer, a Non-Recourse Subsidiary), or (B) (**provided that** no event of default, howsoever described, has occurred) at the option of any person entitled to such Indebtedness,

**provided that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above, individually or in the aggregate, exceeds EUR60,000,000 (or its equivalent in any other currency or currencies); or

- (d) **Unsatisfied judgment:** one or more final and non-appealable judgment(s) or order(s) for the payment of any amount/an amount in excess of EUR60,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries (excluding, in the case of the Issuer, Non-Recourse Subsidiaries), **provided that** the individual or aggregate value of all assets subject to the enforcement exceeds EUR60,000,000 (or its equivalent in any other currency or currencies); or
- (f) **Insolvency, etc.:** (i) the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries becomes insolvent (*concurso*) or is unable to regularly pay its debts as they fall due, (ii) an administrator or liquidator is appointed in respect of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries, (iii) the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries makes a general assignment or an arrangement with or for the benefit of all or a substantial part of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it or (iv) the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than, in the case of a Material Subsidiary of the Issuer or a Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) **Winding up, etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, a Guarantor or any of the Issuer's other Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer or a Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) **Analogous event:** any event occurs which under the laws of the Kingdom of Spain has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) **Failure to take action, etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or a Guarantor lawfully to enter

into, exercise their respective rights and perform and comply with their obligations under and in respect of the Notes or the Transaction Documents, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons, the Trust Deed and the other Transaction Documents admissible in evidence in the courts of England and of the Kingdom of Spain is not taken, fulfilled or done; or

- (j) **Unlawfulness:** it is or will become unlawful for the Issuer or a Guarantor to perform or comply with any of their obligations under or in respect of the Notes or the Transaction Documents,

**provided that** in the case of paragraphs (b) and (e) the Note Trustee shall have certified that in its opinion such event is materially prejudicial to the interest of the Noteholders.

## **10. Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

## **11. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **12. Note Trustee and Paying Agents**

Under the Trust Deed, the Note Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its fees, costs, charges, liabilities and expenses in priority to the claims of the Noteholders. In addition, the Note Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Note Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

Prior to taking any action under these Conditions or any Transaction Document, as the case may be, the Note Trustee may request and rely upon an opinion of counsel or opinion of another qualified expert, at the Issuer's expense.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Note Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Note Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and

additional or successor paying agents; **provided, however, that** the Issuer shall at all times maintain a principal paying agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

### 13. Meetings of Noteholders; Modification and Waiver

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed or any other Transaction Document. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Note Trustee and shall be convened by the Note Trustee (subject to it having been indemnified, and/or prefunded, and/or provided with security to its satisfaction) upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to change, modify or cancel any of the Guarantees of the Notes, or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a **Reserved Matter**)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 25 per cent. of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or approved by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s), in each case, on behalf of not less than 75 per cent. of holders of Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and waiver:** The Note Trustee may from time to time without any consent or sanction of the Noteholders or the Couponholders, concur with the Issuer and each Guarantor in making (i) any modification of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement (other than in respect of a Reserved Matter), which is, in the opinion of the Note Trustee, not materially prejudicial to the interests of Noteholders, and/or (ii) any modification of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement if, in the opinion of the Note Trustee, it is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Note Trustee may, without the consent or sanction of the Noteholders or the Couponholders, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any breach or proposed breach of these Conditions or the Trust Deed or the Notes or the Coupons or the Agency Agreement (other than a breach or proposed breach relating to the subject of a Reserved Matter) or determine that an Event of Default or Potential Event of Default should not be treated as such, if, in the opinion of the Note Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Note Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

#### **14. Enforcement**

The Note Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed and the Transaction Documents, but it shall not be bound to do so unless:

- (a) it has been so directed by an Extraordinary Resolution or it has been requested in writing by holders of at least one quarter of the aggregate principal amount of the Notes then outstanding; and
- (b) it has been indemnified and/or prefunded and/or provided with security to its satisfaction and shall have no liability for taking or refraining from taking such action.

The Note Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Note Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to take the relevant action in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer or the Guarantors to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Guarantors, in each case unless the Note Trustee having become bound as aforesaid to take any such action, steps or proceedings fails to do so within a 60 day period or is unable to do so and such failure and/or inability is continuing.

#### **15. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount, issue date and date of the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Note Trustee, create and issue other series of Notes having the benefit of the Trust Deed.

#### **16. Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if the Notes are admitted to trading on the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) published on the website of Euronext Dublin or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

## 17. Governing Law and Jurisdiction

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes or the Coupons (save for Condition 3(a) (*Status of the Notes*) and Condition 3(b) (*Status of the Guarantee*)) will be governed by English law. Condition 3(a) (*Status of the Notes*) and Condition 3(b) (*Status of the Guarantee*) and any non-contractual obligations arising out of or in connection with them will be governed by Spanish law.
- (b) **Jurisdiction:** The Issuer has in the Trust Deed (i) agreed for the benefit of the Note Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a **Dispute**) arising out of or in connection with the Notes or the Coupons (including any non-contractual obligation arising out of or in connection with the Notes or the Coupons); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) designated a person in England to accept service of any process on its behalf. The Trust Deed also states that nothing contained in the Trust Deed prevents the Note Trustee or any of the Noteholders from taking proceedings against the Issuer relating to a Dispute (**Proceedings**) in any other courts with jurisdiction and that, to the extent allowed by law, the Note Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

Each series of Notes will initially be in the form of a Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (NGN) form. On 13 June 2006 the European Central Bank (the **ECB**) announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the **Eurosystem**), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Each Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Each Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (**Definitive Notes**) in the denomination of EUR100,000 each at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an **Exchange Event**) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR1,000, notwithstanding that not Definitive Notes will be issued with a denomination above EUR199,000.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of such Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, each Temporary Global Note and each Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

**Payments:** All payments in respect of a Temporary Global Note and a Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Temporary Global Note or (as the case may be) the relevant Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which



a payment of principal or interest is made in respect of a Temporary Global Note or (as the case may be) a Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

**Payments on business days:** In the case of all payments made in respect of the Temporary Global Notes and the Permanent Global Notes **business day** means any day on which the TARGET System is open.

**Notices:** Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common Safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

## USE OF PROCEEDS

An amount equal to the net proceeds from the issue of the Notes will be applied by the Issuer to refinance, in whole or in part, the development, construction, installation, maintenance of new or existing projects, assets or activities that meet eligibility requirements set out in the Issuer's green bond framework (**Eligible Green Projects**).

The net proceeds of the issue of the Notes will be used by the Issuer to refinance the following existing indebtedness incurred by the Group to finance Eligible Green Projects: (i) indebtedness with its parent entity FCC in the principal amount of EUR1,020,000,000 (plus accrued interest and other fees and costs as of the date of prepayment); and (ii) indebtedness incurred by Azincourt Investments, S.L.U. (a Group Subsidiary) for it to prepay £70,000,000 of its £89,399,686.09 facility agreement dated 8 June 2018 (plus accrued interest and other fees and costs as of the date of prepayment). Substantially all the amount received by FCC will be applied to the repayment of existing FCC indebtedness.

Eligible Green Projects are divided into five project categories and approximately 55% of the net proceeds from the issue of the Notes will be invested in the "pollution prevention and control" category, and 40% under the "clean transportation" category, with the remainder distributed between the other three categories: "renewable energy", "energy efficiency", and "terrestrial and aquatic biodiversity".

The Issuer has commissioned CICERO Shades of Green AS to provide a second party opinion on the Notes, employing CICERO's shades of green methodology. This is an opinion issued by an independent institution with environmental expertise assessing the eligibility of green projects and the issuer's processes. On 14 November 2019, CICERO issued a second party opinion (the **Second Party Opinion**) based on a review of the governance structure of the Issuer's green bond framework whereby it found that the governance procedures in the Issuer are "Good" and rated the green bond framework as "Light Green".

Both the Second Party Opinion and Issuer's green bond framework are available at <https://www.fccma.com/es/informacion-financiera/bono-verde-fcc-medioambiente>.

## PRESENTATION OF FINANCIAL INFORMATION

The Issuer is a wholly-owned subsidiary of FCC.

On 8 May 2019, the Shareholders' General Meeting of FCC approved a contribution of its environmental services business segment (the **Environmental Services Business Segment**) in favour of the Issuer (the **Contribution**). The Contribution is structured through (i) the contribution by FCC of all assets relating to its environmental services business in Spain in favour of FCC Medio Ambiente, S.A.U. and (ii) the transfer by FCC of all the shares of FCC Medio Ambiente, S.A.U. and of FCC's other subsidiaries engaged in environmental services business, in favour of the Issuer or its Subsidiaries. The public deed relating to the contribution by FCC in favour of FCC Medio Ambiente, S.A.U. of all assets relating to the environmental services business in Spain was granted before Mr. Celso Mendez Ureña, Notary Public of Madrid on 5 September 2019 and registered at the Commercial Registry of Madrid on 8 October 2019 and at the Commercial Registry of Barcelona on 1 October 2019. The agreement relating to the transfer by FCC (and its group company, Per Gestora, S.L.) of all the shares of FCC Medio Ambiente, S.A.U. and of FCC's other subsidiaries engaged in environmental services business was raised to public deed status on 25 October 2019 before Mr Andrés Dominguez Nafría, Notary Public of Madrid. The Contribution was completed on 25 October 2019.

As of the date hereof, the Issuer does not have any available financial information or historical financial statements reflecting the effects of the Contribution. Prior to the Contribution, the Issuer had almost no activity. Therefore, the existing financial information of the Issuer for the years ended 31 December 2017 and 31 December 2018 and as of and for the nine months ended 30 September 2019, which are unaudited nor reviewed, do not reflect the effects of the Contribution and therefore are not representative of the Issuer's financial condition and results of operations if completion of the Contribution had occurred at the beginning of the corresponding period.

The FCC Consolidated Financial Statements contain information for each business segment in accordance with IFRS 8, including the Environmental Services Segment Information. Therefore, the financial information regarding the environmental services segment contained in the FCC Consolidated Financial Statements can accurately present the financial information of the Environmental Services Business Segment contributed to the Issuer by way of the Contribution. Given that, prior to the Contribution, the Issuer had almost no activity, the information presented on the Environmental Services Segment Information in note 28 to the FCC Consolidated Financial Statements is substantially similar to the information that the financial statements of the FCC Medio Ambiente Group would present, if the Contribution had occurred at the beginning of the corresponding period.

Taking all of the above into consideration, in order to assist investors, the financial information and information relating to business activity in respect of the FCC Medio Ambiente Group presented in this Offering Circular relates to the Environmental Services Business Segment (prior to the completion of the Contribution) and, where appropriate, has been extracted or derived from the Environmental Services Segment Information contained in note 28 to the FCC Consolidated Financial Statements.

The Issuer has, for its internal purposes only, prepared unaudited (nor reviewed) estimated financial information of the FCC Medio Ambiente Group as of and for the nine month period ended 30 September 2019, including the effects of (a) the Contribution and, (b) the capital increase approved on 21 November 2019 (the **Capital Increase**), assuming completion of the Contribution and the Capital Increase as of such date (the **Unaudited Estimated Financial Information**) and based on (i) estimates and assumptions, (ii) the effect of the Capital Increase and (iii) the information on the Contribution has been available to the Issuer's management. The Unaudited Estimated Financial Information has been prepared for internal and illustrative purposes only and, by its nature, addresses a hypothetical situation. Moreover, the Unaudited Estimated Financial Information does not purport to project the financial condition or results of operations as of any future date or for any future period of the FCC Medio Ambiente Group.

The Unaudited Estimated Financial Information was prepared applying accounting policies in a manner consistent with the accounting policies adopted by FCC in the preparation of the FCC Consolidated Financial Statements. However, the Unaudited Estimated Financial Information does not constitute proforma financial information and no such proforma financial information for the FCC Medio Ambiente Group has been, or will be, prepared to reflect the Contribution and no independent accountants or auditors have reviewed or opined on the Unaudited Estimated Financial Information.

Based on the Unaudited Estimated Financial Information, the financial information of the FCC Medio Ambiente Group would not, except as provided below, differ from that of the Environmental Services Segment Information contained in the FCC Consolidated Financial Statements as of and for the nine months ended 30 September 2019.

The differences are described below:

- (a) The FCC Medio Ambiente Group financial information would present a smaller amount of equity than the Environmental Services Segment Information contained in the FCC Consolidated Financial Statements. The equity set out in the Environmental Services Segment Information amounted to EUR584.2 million. The FCC Medio Ambiente Group's equity in the Unaudited Estimated Financial Information is EUR296 million. This is as a result of a capital increase in FCC Servicios Medio Ambiente Holding, S.A.U. approved on 21 November 2019 for an amount of EUR200.6 million.
- (b) The internal relations account in the Environmental Services Segment Information contained in the FCC Consolidated Financial Statements, which amounted to EUR1,012 million, presents the FCC Medio Ambiente Group's debts with its parent company. Once the Contribution is accounted for in the FCC Medio Ambiente Group financial information, the internal relations account will disappear in its entirety and the FCC Medio Ambiente Group's debts with its parent company will be reclassified to short and long term financial liabilities. Accordingly, in the Unaudited Estimated Financial Information, the FCC Medio Ambiente Group's short financial liabilities are EUR1,077.2 million (an increase of EUR882 million) and its long term financial liabilities are EUR1,129.4 million (an increase of EUR 323.4 million).
- (c) There are other insignificant differences (variations of less than 3% from the corresponding financial information contained in or derived from the Environmental Services Segment Information contained in the FCC Consolidated Financial Statements). These differences arise as a result of, (i) certain assets from the environmental services business segment which are not relevant from a cash generation perspective not being contributed to the FCC Medio Ambiente Group in the context of the Contribution and (ii) due to certain intragroup adjustments.

## DESCRIPTION OF THE FCC MEDIO AMBIENTE GROUP

### Information about the Issuer

The Issuer is a limited liability company (*sociedad anónima*) incorporated on 8 July 2008 under the laws of the Kingdom of Spain, with registration number A85484905. Its current registered office is located at Avenida Camino de Santiago, 40, 28050 Madrid, Spain.

The Issuer is a wholly-owned subsidiary of FCC, one of the leading services and infrastructure companies in Europe. FCC is publicly traded on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia. FCC is controlled by Inversora Carso, S.A. de C.V. (**Inversora Carso**), which, as of the date of this Offering Circular, currently holds more than 50% of the share capital and the voting rights of FCC. The rights of FCC as a shareholder in the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with those articles and with the applicable provisions of Spanish law.

Inversora Carso is wholly owned, directly or indirectly, by the Trust F/125 (Fideicomiso F/125) which was created with Inbursa, S.A., Institución de Banca Múltiple (an entity that belongs to the Grupo Financiero Inbursa, a company that is listed on the Mexican Stock Exchange). Certain members of the Carlos Slim family are involved in the Trust F/125 (*Fideicomiso F/125*), but none of the family members or any other person or entity has control individually or collectively of either Trust F/125 (*Fideicomiso F/125*) or Inversora Carso.

### Information about the Guarantors

#### *FCC Medio Ambiente, S.A.U.*

FCC Medio Ambiente, S.A.U. (**FCC Medio Ambiente**) is a limited liability company (*sociedad anónima*) incorporated on 30 October 1978 under the laws of the Kingdom of Spain, with registration number A28541639. Its current registered office is located at Calle Federico Salmón, 13, 28016 Madrid, Spain. FCC Medio Ambiente is a wholly-owned subsidiary of the Issuer. The rights of the Issuer as a shareholder in FCC Medio Ambiente are contained in the articles of association of FCC Medio Ambiente and FCC Medio Ambiente will be managed in accordance with those articles and with the applicable provisions of Spanish law.

#### *FCC Ámbito, S.A.U.*

FCC Ámbito, S.A.U. (**FCC Ámbito**) is a limited liability company (*sociedad anónima*) incorporated on 27 January 1984 under the laws of the Kingdom of Spain, with registration number A28900975. Its current registered office is located at Calle Federico Salmón, 13, 28016 Madrid, Spain. FCC Ámbito is a wholly-owned subsidiary of the Issuer. The rights of the Issuer as a shareholder in FCC Ámbito are contained in the articles of association of FCC Ámbito and FCC Ámbito will be managed in accordance with those articles and with the applicable provisions of Spanish law.

### FCC Medio Ambiente Group Overview

**In this section, the financial information and information relating to business activity (including the Recourse EBITDA, Consolidated Net Leverage and Consolidated Net Leverage Ratio figures) in respect of the FCC Medio Ambiente Group relates to the Environmental Services Business Segment (prior to the completion of the Contribution) and, where appropriate, has been extracted or derived from the Environmental Services Business Segment reporting contained in the FCC Consolidated Financial Statements. See "Presentation of Financial Information".**

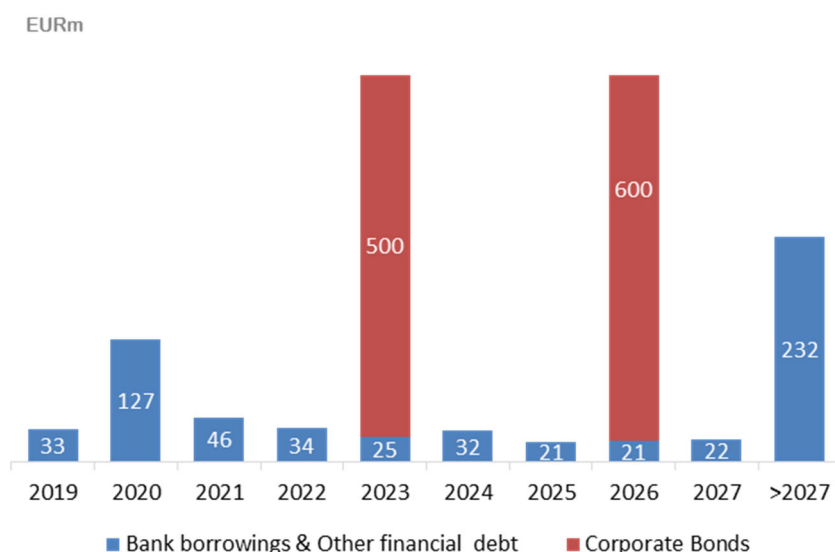
The FCC Medio Ambiente Group is a global environmental services group with more than 100 years of experience and since 1911 have been providing a wide range of services: collection, treatment, recycling, energy recovery and disposal of urban solid waste, public street cleaning, maintenance and conservation of green areas, treatment and disposal of industrial waste and the recovery of contaminated soils. It provides essential public services to almost 60 million people in approximately 5,000 municipalities. It can provide municipalities with integrated services along the entire value chain, collecting, treating and disposing of waste and using its disposal activities to generate energy and secondary raw materials.

The FCC Medio Ambiente Group has a leading position in its core market with a 32% market share in waste collection in Spain, being among the seven largest environmental services providers globally and fifth in the EU (based on the Issuer’s own analysis). As of 31 December 2018, the FCC Medio Ambiente Group had presence in 13 countries in Europe, Africa (although as of the date of this Offering Circular, the FCC Medio Ambiente Group will in the near future no longer have presence in Africa as it is currently exiting its activities in Egypt) and America, with 39,387 employees globally. As of 31 December 2018, the FCC Medio Ambiente Group’s revenue was EUR2,822.4 million and its EBITDA was EUR441.4 million compared to EUR2,736 million and EUR425.8 million as of 31 December 2017.

Under the terms of the Notes offered in this Offering Circular the Issuer distinguishes between “Recourse Subsidiaries” and “Non-Recourse Subsidiaries”. Non-Recourse Subsidiaries are those that are solely involved in owning, developing or operating a project or concession, whose financial indebtedness takes the form of project financing and that do not benefit from credit support from other members of the Group, except for limited project subsidiary support. All other subsidiaries are considered Recourse Subsidiaries.

As of 30 September 2019, the FCC Medio Ambiente Group’s estimated consolidated financial debt was EUR1,693.4 million, of which EUR442.1 million was non recourse debt and EUR1,251.3 million recourse debt, resulting a net recourse debt of EUR1,142.5 million. The Recourse EBITDA (as defined in the Conditions) and the Consolidated Net Leverage (as defined in the Conditions) amounted to EUR428.6 million and EUR1,142.5 million, respectively. As of 30 September 2019, the Consolidated Net Leverage Ratio (as defined in the Conditions) is 2.67.

As of 30 September 2019, the estimated repayment calendar of the FCC Medio Ambiente Group’s consolidated financial debt (including the Notes) is as follows:



The FCC Medio Ambiente Group carries out its activities in four main geographic markets: (i) Iberia (Spain and Portugal), (ii) UK, (iii) Central and Eastern Europe and (iv) USA.

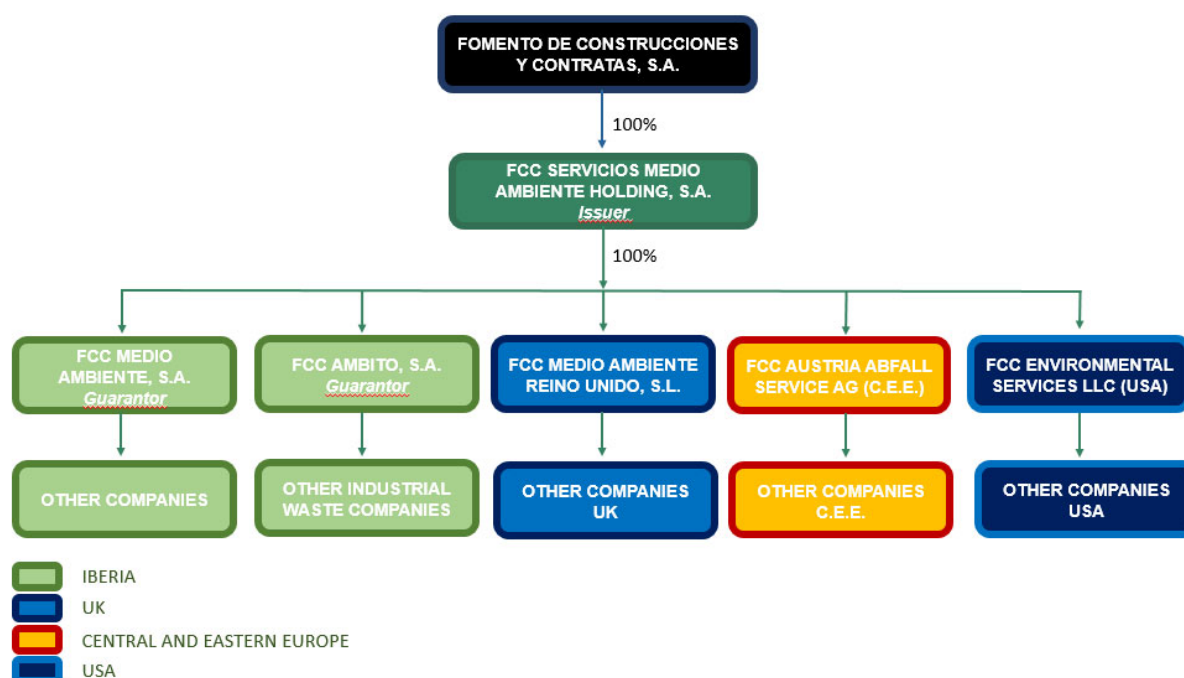
The FCC Medio Ambiente Group manages (collection and treatment) of 32 million tonnes of waste annually and produces more than 2.8 million tonnes of recyclables and nearly 600,000 tonnes of refuse-derived fuel (RDF). It has more than 700 waste management facilities in operation, of which nearly 200 are environmental complex facilities used for treating and recycling waste, including 10 waste to energy projects with an annual capacity of 2.6 million tonnes and 300 MW.

The FCC Medio Ambiente Group’s activities have a direct impact in the promotion of sustainable development and the health and well-being of citizens. The FCC Medio Ambiente Group is committed to using clean and advanced technologies in the provision of quality services that are sustainable over the medium and long-term and adapted to customers’ needs.

### Group Structure

As of 31 December 2018, the Environmental Services Business Segment was comprised of 431 entities: the Issuer itself, 161 subsidiary companies and 270 joint ventures and similar entities.

The chart below shows the structure of the FCC Medio Ambiente Group as of the date of this Offering Circular.



### FCC Medio Ambiente’s Business Activities

The FCC Medio Ambiente Group’s business comprises the following activities:

#### *Waste collection and street cleaning*

This activity involves the collection of waste generated at households, businesses, offices and services and the maintaining and cleaning of public streets. This activity also includes the collection of all waste

that is not classified as hazardous and that is similar to the waste collected at households, businesses, offices and services due to its nature or composition.

Based on the needs of each city in which the FCC Medio Ambiente Group operates, it uses different collection systems. Each system has vehicles and containers chosen to maximise efficiency and minimise the environmental footprint in terms of noise and emissions. It uses advanced technology to improve its response capacity to deal with the challenge represented by the thousands of tons of solid waste collected on a daily basis.

In 2018, the FCC Medio Ambiente Group collected approximately 13 million tons of waste. Over 28 million people (calculated based upon the population of the municipalities in which it operates) in approximately 5,000 municipalities are served by the waste collection service provided by FCC Medio Ambiente Group.

In terms of street cleaning, the FCC Medio Ambiente Group has more than 100 years of experience working in urban areas. It invests in the development of real-world solutions such as clean-energy vehicles that can move through city centres with minimum noise and emissions.

As of 31 December 2018, this activity generated EUR1,364.4 million in revenue and EUR204.2 million EBITDA.

### ***Waste treatment***

This activity involves the treatment of waste as a resource, reusing and recycling the waste collected and making use of the energy value of the remaining fraction when feasible. Waste is treated through thermal, composting, biomethanisation, recycling or incineration processes, and the use of sanitary landfills. The FCC Medio Ambiente Group operates with a wide variety of treatment facilities including mechanical sorting, composting, anaerobic digestion and energy-from-waste plants. In many locations multiple technologies are combined to ensure the most complete waste recovery possible. The FCC Medio Ambiente Group has more than 700 waste management facilities in operation, of which nearly 200 are environmental complex facilities used for treating and recycling waste (including 10 waste to energy project with an annual capacity of 2.6 million tonnes and 300 MW). More than 100 sanitary landfills receive the fraction of waste left after recycling and energy recovery. Biogas is captured from the landfills to produce energy and wind turbines are being installed at landfill sites to further increase energy production.

As of 31 December 2018, this activity generated EUR860.6million in revenue and EUR183.9 million EBITDA.

### ***Industrial waste***

This activity, carried out through FCC Ambito, consists of integrally managing all types of industrial waste, including hazardous, non-hazardous, recyclable, ordinary, soil and passive environmental. Waste is treated through chemical treatment, disposal, recycling processes such as RDF (refuse derived fuel) manufacture or WEEE (waste electrical and electronic equipment) recycling and recovery of by-products. As of 31 December 2018, the FCC Medio Ambiente Group had over 37 industrial waste facilities handling about two million tons of industrial waste per year for more than fifty thousand clients. The FCC Medio Ambiente Group has plants located in Spain (36 facilities) and Portugal (1 facility).

As of 31 December 2018, this activity generated EUR117.1 million in revenue and EUR19.4 million EBITDA.



### **Other activities**

Other activities comprise, among others, maintenance of green areas and sewage network maintenance. The maintenance of green areas activity is focused on creating, conserving and restoring green spaces and historic gardens. The FCC Medio Ambiente Group maintains more than 3,500 hectares of parks, gardens and other green areas.

As of 31 December 2018, this activity generated EUR480.3 million in revenue and EUR34.0 million EBITDA.

The following table sets forth a breakdown by business activity of the FCC Medio Ambiente Group's revenues and EBITDA for the years ended 31 December 2018 and 2017:

	<b>For the year ended 31 December</b>			
	<b>Revenues</b>		<b>EBITDA<sup>(1)</sup></b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(millions of euros)</i>			
Waste collection and street cleaning.....	1,364.4	1,300.2	204.2	203.1
Waste treatment	860.6	851.0	183.9	169.1
Other activities	480.3	469.8	34.0	35.5
Industrial waste.....	117.1	115.0	19.4	18.1
<b>Total.....</b>	<b>2,822.4</b>	<b>2,736.0</b>	<b>441.4</b>	<b>425.8</b>

Notes:

(1) "EBITDA" is net operating income, before depreciation and amortization, impairment losses and asset disposals.

The following table sets forth a reconciliation of the FCC Medio Ambiente Group's consolidated EBITDA to the consolidated profit from operations for the years ended 31 December 2018 and 31 December 2017:

FCC MEDIOAMBIENTE GROUP	<b>2018</b>	<b>2017</b>
<b>PROFIT FROM OPERATIONS.....</b>	<b>225.1</b>	<b>203.4</b>
Depreciation and amortization.....	219.3	198.5
Impairment and profit and loss from asset disposals.....	(7.5)	10.5
Recognition of non-financial grants and others.....	(1.5)	(1.3)
Other profit/loss.....	6.1	14.7
<b>EBITDA.....</b>	<b>441.4</b>	<b>425.8</b>

### **The FCC Medio Ambiente Group's Geographic Footprint**

The FCC Medio Ambiente Group's business is carried out both within Spain as well as in markets outside of Spain, with projects throughout the UK, Central and Eastern Europe and the United States. The FCC Medio Ambiente Group organises its business through the following four geographical divisions:

#### ***Iberia – Spain and Portugal***

Iberia is the core market of the FCC Medio Ambiente Group. The FCC Medio Ambiente Group provides environmental services in 3,434 municipalities throughout Iberia, serving a population of more than 29 million inhabitants. The activities carried out in Iberia (through FCC Medio Ambiente, FCC Environment Portugal and FCC Ambito) include waste collection (with an estimated market share of 32%) and street and beach cleaning, waste treatment, maintenance of green areas and industrial waste

management. Measured by revenue, the FCC Medio Ambiente Group is the market leader in Iberia in waste collection, city sanitation services (which include, among others, street cleaning and maintenance of green areas) and industrial waste management.

As of 31 December 2018, the FCC Medio Ambiente Group generated EUR1,624.7 million in revenue, EUR260.2 million EBITDA and had a backlog of EUR5,710.7 million in this area. As of 31 December 2018, the Iberia market accounted for 57.6% of the FCC Medio Ambiente Group's revenue.

### ***United Kingdom***

The UK is the second largest market of the FCC Medio Ambiente Group in terms of revenue. The FCC Medio Ambiente Group provides environmental services in 76 municipalities throughout the UK, serving a population of more than 26 million inhabitants. In the UK, the FCC Medio Ambiente Group (through FCC Medio Ambiente Reino Unido, S.L.) is mainly involved in municipal waste treatment and disposal, where it is one of the five largest companies (based on the Issuer's own analysis). In particular, it is engaged in landfill services (including the treatment of residual and contaminated waste), obtaining energy from waste and recycling (with an estimated market share of 12%). The FCC Medio Ambiente Group is one of the five largest waste management companies in the UK.

As of 31 December 2018, the FCC Medio Ambiente Group generated EUR718.1 million in revenue, EUR125.4 million EBITDA and had a backlog of EUR3,246.5 million in this area. As of 31 December 2018, the UK market accounted for 25.4% of the FCC Medio Ambiente Group's revenue.

### ***Central and Eastern Europe***

The Central and Eastern Europe area is the third largest market of the FCC Medio Ambiente Group in terms of revenue. The FCC Medio Ambiente Group provides environmental services in 1,379 municipalities throughout the Central and Eastern Europe area, serving a population of more than 5 million inhabitants. In the Central and Eastern Europe area, primarily in Austria and in the Czech Republic, the FCC Medio Ambiente Group (through FCC Austria Abfall Services AG) is mainly engaged in end-to-end municipal waste management activities, including collection, processing and disposal and environmental services and supports. The FCC Medio Ambiente Group is the largest waste management company in the Central and Eastern Europe area. It has a combined 11% market share in Czech Republic and Austria in collection of municipal waste and is placed among the top eight players in the private sector. In addition, it is the leading waste management company in the Czech Republic, Slovakia and Serbia, the second largest in Bulgaria and the third largest in Austria and Hungary (based on the Issuer's own analysis).

As of 31 December 2018, the FCC Medio Ambiente Group generated EUR441.7 million in revenue, EUR52.3 million EBITDA and had a backlog of EUR366.2 million in this area. As of 31 December 2018, the Central and Eastern Europe area market accounted for 15.6% of the FCC Medio Ambiente Group's revenue.

### ***United States***

The United States area is the fourth largest market of the FCC Medio Ambiente Group in terms of revenue. The FCC Medio Ambiente Group carries out its activities in the United States through its subsidiary FCC Environmental Services LLC (USA). The FCC Medio Ambiente Group revenue generated in the United States relates to the collection and treatment of urban and solid waste. As of 31 December 2018, the FCC Medio Ambiente Group generated EUR30.6 million in revenue, EUR3.5 million EBITDA and had a backlog of EUR480.8 million in this area. As of 31 December 2018, the United States area market accounted for 1.1% of the FCC Medio Ambiente Group's revenue.

The following table sets forth a breakdown by geographical divisions of the FCC Medio Ambiente Group's revenues and EBITDA for the years ended 31 December 2018 and 2017:

	<b>For the year ended 31 December</b>			
	<b>Revenues</b>		<b>EBITDA<sup>(1)</sup></b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(millions of euros)</i>			
Iberia.....	1,624.7	1,585.2	260.2	256.8
United Kingdom.....	718.1	698.3	125.4	110.7
Central and Eastern Europe	441.7	418.6	52.3	53.9
United States	30.6	23.7	3.5	2.8
Egypt	7.4	10.2	0.1	1.6
<b>Total.....</b>	<b>2,822.4<sup>(2)</sup></b>	<b>2,736.0</b>	<b>441.4<sup>(2)</sup></b>	<b>425.8</b>

Notes:

(1) "EBITDA" is net operating income, before depreciation and amortization, impairment losses and asset disposals.

(2) The total is not presented as the exact sum of the above items due to the effects of rounding.

## **Business Characteristics, Strategy and Market Trends**

The FCC Medio Ambiente Group business benefits from long-term contracts and high entry barriers. It has specialised personnel and management, differential know-how and proprietary technological development, which together with its diversified selection of services encompassing a full range of environmental services, support its competitive position. The FCC Medio Ambiente Group believes that this breadth of offering mitigates market swings in particular service offerings. In addition, its business benefits from a limited client concentration, with its top five clients accounting for less than 15% and its top ten clients accounting for 20% of its revenues.

The environmental services business is characterised by long term contracts. These contracts typically have terms of 8 to 10 years for waste collection, of 15 to 25 years for waste treatment and of 4 years for street cleaning. The average term of industrial waste contracts is between 3 and 12 months. With respect to its geographical divisions, the average life of its contracts for each of its geographical divisions is of 10 years in Iberia, 8.6 years in United Kingdom, 2.3 years in Central and Eastern Europe and 9.5 years in the United States. The FCC Medio Ambiente Group has an established track record in obtaining renewals of these contracts at the end of their terms. Overall, the estimated average renewal rate for contracts is between 80% and 85%. In particular, the renewal rate of its contracts in each of its geographical divisions is of 82% in Iberia, 89% in United Kingdom, 80% in Central and Eastern Europe and 100% in the United States. The 13 main contracts in Iberia are more than 30 years age, being Barcelona the most ancient with an aged over 100 years. This enables the business to generate recurrent cash flows with high future visibility.

The FCC Medio Ambiente Group intends to further strengthen its established leadership across the environmental services spectrum in Spain, by bringing together its large economies of scope, sophisticated technology, and considerable knowledge of its clients. Across markets, the FCC Medio Ambiente Group aims to foster widespread waste recycling and reduction initiatives, focus on the high growth recovery and recycling waste segment, and develop "smart city" platforms. A "smart city" platform consists of the design, implementation, and operation of digital/knowledge infrastructure platforms to provide smart management of a broad variety of urban services. This platform would permit better management of a city's services and a more efficient and quick response to end clients' needs.

In Iberia, there is a slight upward trend in municipal budgets for the services offered by the FCC Medio Ambiente Group, as well as an improvement in the weight of the technical and quality criteria in the call for tenders. Additionally, the remodelling of waste management master plans in several autonomous communities and large municipalities constitutes a source of business opportunities. The FCC Medio Ambiente Group's strategic objectives for Iberia are several. It plans on consolidating its leadership positioning (with limited growth) as well as maintaining competitiveness by combining know-how with the development of innovative technologies which allow Smart Human Environmental Services. It aims to continue offering 'friendly' services that are respectful, inclusive, and sustainable, as well as to continue fighting against climate change and decreasing the carbon footprint.

The UK is a stable market with a growing population, balanced by efficiency measures. The industry is driven by legislation and targets; current targets focus on diverting from landfill to recycling. The FCC Medio Ambiente Group's aim is to maximise recycling, as its landfill capacity is falling with no investments in new capacities. In the UK, the strategic objectives are to own the waste, maximise the value of resources, and produce renewable energy. It intends to expand the energy from waste facilities with the Lincolnshire, Greatmoor and EnviRecover facilities, all of which have been operational for over a year. The focus is on extracting the maximum value from the waste, coupled with on-going investments in infrastructure.

In Central and Eastern Europe, the landfill business is expected to continue providing steady cash flows, provided the rate of landfill tax remains steady and no landfill ban is implemented. Given the ambitious recycling targets that the EU circular economy plan has, the FCC Medio Ambiente Group's aim is to maximise recycling. There has also been an increase of selective collection in municipalities. Another key strategic focus in this area is the transition from waste to energy technology (incineration and refuse-derived fuel (RDF)) that Poland and the Czech Republic are currently in.

The United States market continues to be characterised by significant opportunities in the urban sector in both collection and treatment of waste. In addition, the recycling market in the United States still has significant growth ahead. There has been a trend of concentration of companies and of mergers and acquisitions. There are strong growth opportunities in the United States where the FCC Ambiente Group aims to develop its municipal and commercial services activity.

The key global macro trends show a growth in 2050 of population living in urban areas to 6 billion people<sup>1</sup>, which would represent a 68% of global population<sup>2</sup>, as compared to the current 55% of global population. There will be 12 million tonnes of plastic at landfills<sup>3</sup>, with the current consumption of resources being three times higher than in 1970. Additionally, the greenhouse gas emissions must be reduced by 44% to meet the commitment of <2°C<sup>4</sup> and the disruptive technologies and big data will play a relevant role in the development of smart and sustainable cities.

Regarding the waste management sector evolution, the trend will be the increase of municipal waste generation per capita in around one-third of all European Union member states<sup>5</sup>. Although municipal solid waste currently represents only 10% of total waste generated in Europe and it is one of the most polluting categories of waste, it is the category with the highest potential for environmental improvement through better management<sup>6</sup>. Even though more than 25% of municipal waste generated in 2016 in the European Union was sent to landfills, almost half of member states still have landfill rates of over 50%<sup>7</sup>. The key global macro trends also show that the waste management sector will play a key role on waste prevention and turning waste into a resource. Selective recollection will also play a critical role as an enabler to increase recycling rates and maximise the value of resources.

<sup>1</sup> World Population Prospects: The 2017 Revision. United Nations Department of Economic and Social Affairs.

<sup>2</sup> World Urbanization Prospects: The 2018 Revision. United Nations Department of Economic and Social Affairs.

<sup>3</sup> Production, use and fate of all plastics ever made. Science Advances vol. 3, No 7.

<sup>4</sup> European Council. 2030 Climate and Energy Policy Framework.

<sup>5</sup> Eurostat, Waste generation, excluding major mineral wastes, 2006 and 2016 (kg per inhabitant).

<sup>6</sup> Eurostat, Waste generation by economic activities and households, EU-28, 2016.

<sup>7</sup> Eurostat, Waste treatment, 2016 (% of total).

## Recent Trading

The following table sets forth the FCC Medio Ambiente Group's revenues and EBITDA by activity and geographical divisions for the nine months ended 30 September 2019:

	For the nine months ended 30 September 2019	
	Revenues	EBITDA
	<i>(millions of euros)</i>	
<b>by region.....</b>		
Iberia	1,277.4	202.9
United Kingdom	517.0	106.8
Central and Eastern Europe	347.8	47.8
United States	26.3	1.9
Other (Egypt)	0.1	0.3
<b>by activity</b>		
Waste collection and street cleaning.....	1,045.8	164.1
Waste treatment	702.0	142.4
Other activities	330.1	31.8
Industrial Waste	90.6	21.3
<b>Total (by region and by activity).....</b>	<b>2,168.5<sup>(1)</sup></b>	<b>359.7</b>

Notes:

- (1) The total is not presented as the exact sum of the above items due to the effects of rounding.

## Material Contracts

All material contracts concluded by the FCC Medio Ambiente Group have been entered into in the ordinary course of business. The FCC Medio Ambiente Group did not enter into any material contracts outside the ordinary course of business that could result in any member of the group being under an obligation or entitlement that is material to the FCC Medio Ambiente Group's ability to meet its obligations towards the Noteholders in connection with the Notes.

The Issuer entered into a subordinated loan agreement with FCC (as lender) on 11 November 2019, for a principal amount of EUR 275,376,282 with a term of fifteen years (the "**Subordinated Loan Agreement**").

The key terms of the Subordinated Loan Agreement are the following:

- (i) Maturity date is fifteen years following the date of the Subordinated Loan Agreement, or if earlier, on the date of repayment of the Notes.
- (ii) The repayment of principal under the Subordinated Loan Agreement will be made on the maturity date.
- (iii) Interest will accrue at an annual rate of 2.5 per cent. Following an initial interest period ending on 31 December 2019, interest will be accrued, at the discretion of the Issuer, monthly, quarterly, semi-annually or annually. All interest accrued during each interest period will be capitalised at the end of such interest period.

- (iv) All claims of FCC under the Subordinated Loan Agreement shall be contractually subordinated to the claims under the Notes. As such, no amount of principal or interest may be paid under the Subordinated Loan Agreement until all payment obligations arising under the Notes have been met or cancelled in full. The above is subject to FCC's right to capitalise the subordinated loan in accordance with the terms of the Subordinated Loan Agreement.

## **Legal Proceedings**

The FCC Medio Ambiente Group is involved in disciplinary proceedings filed by the National Commission for Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*) (formerly, *Comisión Nacional de Competencia*) (CNMC) relating to the alleged breach of Article 1 of Law 15/2007, of 3 July, on the Protection of Competition (*Ley 15/2007, de 3 de julio, de Defensa de la Competencia*) (**Law 15/2007**), in relation to industrial waste and urban sanitation activities in Spain, prohibiting cartels and collusive behaviours. Fifty-four entities and three corporate associations were initially involved in the disciplinary proceedings, including the following FCC Medio Ambiente Group entities: FCC, FCC Medio Ambiente, FCC Ambito and Manipulación y Recuperación S.A., Tratamientos y Recuperaciones Industriales, S.A., Recuperacio de Pedreres, S.L., Gestión y Valoración Industrial del Centro, S.L. and Betarte, S.A. The sanctions proceedings with reference number S/0429/12 were commenced by the CNMC on 4 July 2013. Between the end of April 2014 and the beginning of May, the entities received the Facts Establishment Sheet (*Pliego de Concreción de Hechos*) that was duly answered. On 11 and 12 August 2014, the CNMC notified the affected entities of its Resolution Proposal (*Propuesta de Resolución*) dated 7 August 2014. The companies filed their objections before the CNMC on 5 September 2014. On 8 January 2015, the CNMC issued a resolution, by which a fine amounting to EUR16.8 million was imposed on FCC, FCC Medio Ambiente, FCC Ambito, Manipulación y Recuperación S.A. and Recuperacio de Pedreres, S.L. due to a single and continued infringement of Article 1 of Law 15/2007, and Article 101 of the Treaty on the Functioning of the EU. This resolution was appealed at the National High Court (*Audiencia Nacional*), requesting preventive measures in order to suspend the execution of such resolution and therefore the payment of the referred fine. The National High Court (*Audiencia Nacional*) agreed on 29 April 2015, to suspend the execution without having to provide any guarantee. On 27 February 2018, the National High Court (*Audiencia Nacional*) upheld the appeal brought by the FCC Medio Ambiente Group entities against the CNMC's resolution. The judgment decided to cancel the fine amounting to EUR16.8 million. After this, the CNMC notified a new sanction proceeding in April 2018 against the same entities as the first disciplinary proceeding (S/DC/0628/18) for the same collusive behaviours. The rationale for this new proceeding was that the National High Court's judgment had not declared null and void the CNMC's resolution but declared the inexistence of a single and continuous infringement. If this had been declared null and void, the statute of limitations had been applied. The statute of limitations is not suspended if the infringement is only declared void. As of the date of this Offering Circular, this new proceeding is ongoing and will last for at least 18 months. In June 2019, a new Facts Concretion Sheet (*Pliego de Concreción de Hechos*) was received. After this the CNMC notified in July 2019 the Resolution Proposal (*Propuesta de Resolución*) to the different FCC entities. All the FCC group companies filed their objections against the Resolution Proposal on 22 August 2019 before the CNMC. On 23 September 2019, the CNMC resolved to suspend the proceedings until the appeals submitted by other entities involved in the case are resolved by the National High Court. For other entities, namely Tratamientos y Recuperaciones Industriales, S.A., Gestión y Valoración Industrial del Centro, S.L. and Betarte, S.A., it was agreed not to file the proceedings, given that their participation in the facts had not been proven.

## **Environmental Matters and Sustainability**

The FCC Medio Ambiente Group's activities are subject to environmental regulation. This requires, among other requirements, that the FCC Medio Ambiente Group commissions environmental impact studies for future projects and that it obtains the licences, permits and other authorisations required to construct and operate relevant projects. In recent years there has been a significant increase in

environmental regulation in Spain, the EU and other jurisdictions in which the FCC Medio Ambiente Group operates. These include regulations in relation to carbon dioxide emissions and limitations on polluting emissions from large plants and facilities. See "*—Regulatory framework— Environmental regulatory framework*".

One of the fundamental objectives of the FCC Medio Ambiente Group is continuous improvement through an integrated management system that includes both the management of the quality of processes, products and services as well as that of the environment. The FCC Medio Ambiente Group publishes a report so as to facilitate the verification of the Greenhouse gases (**GHG**) Inventory enabling reporting on this in a transparent manner to its stakeholders. The main objective pursued with this initiative is to:

- understand and evaluate the organisation's GHG emissions in order to identify opportunities to reduce and/or offset its carbon footprint;
- participate in voluntary GHG programmes;
- have corporate GHG information; and
- improve the position with stakeholders, maintaining a responsible commitment to continuous improvement.

Similarly, and in response to the entry into force on 5 December 2015 of EU Directive 2012/27/EU on energy efficiency, in 2016 the FCC Medio Ambiente Group was certified ISO-50001. To meet the objectives established, a comprehensive control of energy monitoring is planned, supervising the installed capacity and the evolution of energy consumption. To do so, the FCC Medio Ambiente Group's actions should be aimed at:

- improving measurement;
- calculating and optimising the energy consumption of vehicles;
- optimising and improving waste treatment processes, facilities and equipment;
- optimising the purchase of energy; and
- maintaining infrastructure.

### **Research Development and Innovation**

The FCC Medio Ambiente Group has historically focused on research, development and technological innovation in order to be able to offer its clients services and attractive solutions to push forward new forms of interaction between a manager, client and citizen, while playing a main role by means of an "intelligent service" approach.

The FCC Medio Ambiente Group's strategic planning regarding innovation in solid urban waste treatment focuses on a circular economy, a bioeconomy and climate change mitigation with seven (out of eight) new approved innovation projects in the 2017-2019 period funded by the most prestigious national (CIEN DCTI) and European innovation funding programmes (Horizon 2020, Bio Based Industries, LIFE).

## Circular Economy

- **LIFE 4FILM (LIFE17 ENV/ES/000229: *Post consumption film plastic recycling from municipal solid waste*):** The LIFE 4FILM project is co-funded by the European Commission within the LIFE programme Environment branch. This project is coordinated by FCC Environment and has the participation of entities such as STADLER(Germany), the University of Granada (Spain) and the plastic technological center AIMPLAS (Spain).

LIFE4FILM's main objective is to demonstrate how to avoid the incineration and landfilling of Low Density Polyethylene (**LDPE**) film waste contained in municipal solid waste through innovative recycling technologies in a recycling plant of 10,000 ton/year. The new technology will increase resource efficiency, valorizing **LDPE** from Material Solid Waste (**MSW**) into usable industrial feedstock while ensuring its market acceptance. The pilot-plant located in Alhendín (Granada – Spain) will produce 4,000 ton/year of recycled material.

The LIFE4FILM consortium brings together their expertise of key European actors to design and develop a new film waste recovery and recycling integrated solution based on a low carbon economy and a more sustainable waste treatment.

- **LIFE PLASMIX (LIFE18 ENV/ES/000045: *Plastic mix recovery and PP & PS recycling from municipal solid waste*):** The LIFE PLASMIX project is co-funded by the European Commission within the LIFE programme Environment branch. This project is coordinated by FCC Environment and has the participation of entities such as ANAIP (Spanish Associations of Plastic Industry), ANDALTEC plastic technological center (Spain), LINDNER Washtech GmbH (Germany), PELLENC SELECTIVE TECHNOLOGIES (France), STADLER (Germany) and the University of Granada

LIFEPLASMIX's main objective is to demonstrate how to recover and recycle plastic mix waste contained in MSW, avoiding its incineration and landfilling. Valorizing PP, PS (General Purpose Polystyrene (**GPPS**) + High Impact Polystyrene (**HIPS**)) and Expanded Polystyrene (**EPS**) (EPS+ Extruded Polystyrene (**XPS**)) into high quality recycled pellets ready to be used in new products, including food packaging.

Demonstration will be carried out through innovative technologies in a preindustrial recycling plant located in Alhendín (Granada, Spain), that will produce 3,700 ton/year of recycled material.

- **INSECTUM (CIEN CDTI:IDI-20181075 *Valorization of biowaste by means of bioconversion with insects and innovative byproducts production for strategic sectors*):** The INSECTUM project is co-funded by CDTI (Centre for the Development of Industrial Technology) within the CIEN programme. This project is coordinated by FCC Environment and has the participation of entities such as FERTINAGRO BIOTECH (Spain), and BIOENTO FARM SL (Spain), TECNALIA and LEITAT technological centers (Spain) between others.

INSECTUM's main objective is to develop new technologies and processes that allow the implementation of circular economy concepts based on the valorization of biowaste as nutrients by means of the use of insects as substrate as well as the production of high value new byproducts for the pharma, nutraceuticals, and vegetal, animal and human feed industry such as active principles (bioactive peptides, chitosan).



### Climate Change Mitigation

- **LIFE LANDFILL BIOFUEL (LIFE18 ENV/ES/000256: *Integral management of biogas from landfills for use as vehicle fuel*):** The LIFE LANDFILL BIOFUEL project is co-funded by the European Commission within the LIFE programme Environment branch.

This project is coordinated by FCC Environment and has the participation of entities such as SYSADVANCE Sistemas de Engenharia (Portugal), GASNAM (GNC and renewable gas for transport sector association), IVECO (Spain), SEAT (Spain), the University of Granada and CARTIF technological center (Spain).

The aim of LIFE LANDFILL BIOFUEL is to demonstrate the technical performance of a cost-effective solution based on the implementation of new exploitation techniques of the waste cells to enhance biogas production and recovery from landfills together with the application of innovative biogas upgrading technology consisting of a Vacuum Pressure Swing Adsorption (VPSA). This new valorization methodology will produce an alternative biofuel from a groundbreaking sustainable source such as landfills improving air quality and contributing to sustainable road transport mobility. The demo plant at pre- industrial scale is in Alhendín (Granada, Spain) and will produce 200m<sup>3</sup>/h of biomethane. The biomethane produced will be tested in SEAT light vehicles and FCC's waste collection trucks.

- **LIFE METHAmorphosis (LIFE 14/CCM/ES/000865: *Waste streams treatment for obtaining safe reclaimed water and biomethane for transport sector to mitigate GHG emissions*):** The LIFE METHAmorphosis project is co-funded by the European Commission within the LIFE programme Climate Change Mitigation branch.

This project is coordinated by FCC Aqualia and has the participation of entities such as FCC Environment, NATURGY, SEAT, the Barcelona Metropolitan Area (AMB) and the Catalan Institute for Energy (ICAEN).

This is a technology demonstration project in particular climate change mitigation through the use of renewable energy, and more specifically the production of biomethane from waste treatment plants and the development of more efficient effluents treatment processes. This fuel has a lower greenhouse effect gas emission rate compared to other fuels. It is a revolution in urban mobility and the development of the cities of the future. Furthermore, this initiative is in line with the guidelines about a circular economy promoted by the European Union.

The project wants to demonstrate the feasibility at an industrial scale of two innovative waste treatment systems: UMBRELLA and METHAGRO.

The biomethane produced is being tested in SEAT light vehicles and FCC's waste collection trucks.

### Bioeconomy

- **H2020 SCALIBUR (H2020 GA817788: *Scalable technologies for bio-urban waste recovery*):** The SCALIBUR project is co-funded by the European Commission within the Horizon 2020 programme. This project is coordinated by the ITENE technological centre and brings together an international consortium including entities such as FCC Environment (Spain), FCC Aqualia (Spain), CENER (Centre for Renewable Energy) (Spain), ASA SPEZIALENZYME GMBH (Germany), NOVAMONT (Italy), CLUSTER BIOENERGY-CLUBE (Macedonia), COLLABORATION CENTRE ON SUSTAINABLE CONSUMPTION AND PRODUCTION-CSCP(Germany), LAZIO REGION (Italy), CITY OF

LUND (Sweden), MADRID (Spain), EUROPEAN CENTRE OF EXCELLENCE FOR SUSTAINABLE WATER TECHNOLOGY –WETSUS(Netherlands) among others.

In the SCALIBUR project, leading waste management companies, technology developers and research organizations have teamed up with four European cities to demonstrate innovative solutions to transform urban biowaste into high value-added products, helping cities to increase their recycling rate and creating new circular economy business opportunities. The products include different kinds of bioplastics and biopesticides, as well as proteins, lipids and chitin for food and feed applications. SCALIBUR will also identify and develop best practices for selective collection, transport, sorting and pre-treatment.

- **BBI DEEP PURPLE (BBI: GA837998: *Domestic Extraction of Emerging Products with Purple Phototrophic Bacteria*)**: The DEEP PURPLE project is co-funded by the European Commission within the Horizon 2020 programme. This project is coordinated by FCC Aqualia and brings together an international consortium including entities such as FCC Environment (Spain), NATUREPLAST (France), BRUNEL UNIVERSITY (United Kingdom), NOVAMONT (Italy), Universidad Rey Juan Carlos (Spain), ALCHEMIA-NOVA (Austria), ASOCIACIÓN ESPAÑOLA DE NORMALIZACIÓN (Spain), INVESTORNET-GATE2GROWTH (Germany) and AGRO INNOVATION INTERNATIONAL (France) between others.

The overall objective of DEEP PURPLE is to develop and demonstrate the viability of the concept of a versatile, integrated and flexible multi-platform bio-refinery capable of extracting and recovering high added-value compounds from urban waste streams.

It will develop a range of bio-based products – slow-release fertilizers, polyesters for film applications, packaging applications, cosmetics and a ‘self-healing’ additive for concrete, all of which will offer improved environmental performance. It will recycle and reuse the sludge produced at wastewater treatment plants. It will convert the biogas produced by the organic fraction into high-added value products such as ectoine.

- **BBI B-FERST (BBI: GA837583 *Bio-based fertilizing products as the best practice for agricultural management sustainability*)**: The BFERST project is co-funded by the European Commission within the Bio Based Industries programme. This project is coordinated by FERTIBERIA (Spain) and brings together an international consortium including entities such as NOVAMONT (Italy), VLAAMSE TECHNOLOGISCH ONDERZOEK (Belgium), FKUR KUNSTSTOFF GMBH (Germany), AG FUTURA TECHNOLOGII (Macedonia), INSTYTUT UPRAWY (Poland) and UNIVERSIDAD DE LEON (Spain).

B-FERST’s main objective is to integrate the valorization of bio-wastes in agriculture management plans creating new circular and bio-based value chains considering a bilateral interaction between farming and fertilizer sectors focused on a paradigm shift in the fertilizer value chain with specialised fertilizers. Specialised nutrient mixes are required to achieve a more sustainable management of resources by tailor-made nutrient dosing adapted to farmer systems. The sustainability of B-FERST is based on the reuse of bio-waste to replace non-renewable, non-domestic and energy intensive raw materials including renewable sources of macronutrients (N,P,K), and biostimulants for soil nutrient improvement. The manufacturing process will be demonstrated at a demonstrative industrial scale. Then specialised fertilizers will be performed and validated in 5 crops tests (Spain, Italy, France, Poland and Ukraine) comparing their functionality to that of traditional fertilizers in terms of: sustainable sourcing, logistics, soil and growing conditions.

Other innovation projects in which the FCC Medio Ambiente Group is involved are the following:

- VEMTESU (Development of Highly-Efficient Electric Traction Vehicular, Modular and Self-supporting Platforms for Urban Services), which consists in the development of the first affordable and versatile e-mobility industrial platform for urban service vehicles.
- Aerial Robot for Sewer Inspection (ARSI), which develops an innovative automatic micro aerial vehicle (DRONE), equipped with multiple sensors, which will streamline, facilitate and improve the tasks of inspecting the sewers in Barcelona.
- VISION Project, which intends to integrate all aspects of management of services in a unified and technologically up-to-date manner.
- SEEEUS (System for Environmental Efficiency Evaluation of Urban Services), a computer application to monitor, calculate and communicate environmental information, and which enables relevant KPIs to be produced to evaluate and improve efficiency in the environmental management of services.

### **Intellectual Property**

The FCC Medio Ambiente Group implements intellectual property protection policies and procedures. The measures taken by the FCC Medio Ambiente Group to protect its intellectual property include the entry into confidentiality, non-disclosure and/or non-compete agreements by employees, service providers and counterparties, as appropriate, and the dissemination throughout the FCC Medio Ambiente Group of an internal code of conduct.

In order to prevent third parties from being able to use and benefit from their names or internet domains, the FCC Medio Ambiente Group's policy is for all affiliates and subsidiaries to: (i) register and protect their names in accordance with local legislation, (ii) register their names as commercial brands in the relevant product areas, and (iii) register their internet domains.

### **Insurance**

Under its risk management policy, the FCC Medio Ambiente Group maintains insurance which provides cover against various risks, such as third-party damage (environmental and civil liability, in general), construction damages, management's and employees' liability and risks to which its property, plant and equipment are subject. The FCC Medio Ambiente Group's risk management policy also includes the assessment of tools for risk transfer that are alternative to insurance cover.

### **Employees**

As of 31 December 2018, the FCC Medio Ambiente Group had 39,387 employees globally.

### **Management**

#### ***Board of Directors of the Issuer***

The Board of Directors of the Issuer as at the date hereof is composed of the following seven Directors:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside the Issuer</b>
Alejandro Aboumrad	Chairman	Director Fomento de Construcciones y Contratas, S.A., Director Cementos Portland Valderrivas, S.A., Chairman FCC Medio Ambiente Reino Unido, S.L., Director Impulsoa del

<b>Name</b>	<b>Position</b>	<b>Principal activities outside the Issuer</b>
		Desarrollo y el Empleo en America Latina, S.A.B. de C.V., Director Minera Frisco, S.A.B., de C.V.
Pablo Colio	Vice-Chairman	Group Chief Executive Fomento de Construcciones y Contratas, S.A.
Gerardo Kuri Kaufman	Director	CEO Realia Business, S.A., Director Fomento de Construcciones y Contratas, S.A., CEO Cemento Portland Valderrivas, S.A, Director Minera Frisco, S.A.B de C.V., Director Telesites, S.A.B. de C.V., Director Elementia, S.A.B., de C.V.
Björn Mittendorfer	Director	Group Chief Executive FCC Austria Abfall Service AG
Jorge Payet Pérez	Director	Head of the National Environment Area
Paul Taylor	Director	Group Chief Executive FCC Environment UK
Felipe B. García Pérez	Secretary Non-Director	

The business address of the members of the Board of Directors of the Issuer is Avenida Camino de Santiago, 40, 28050 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Board of Directors listed above and their duties to the Issuer.

### ***Management Structure of the Issuer***

The Management Team is comprised of the following members:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside the Issuer</b>
Jorge Payet Pérez	Country Manager Iberia	Head of the National Environment Area
Paul Taylor	Country Manager UK	Group Chief Executive FCC Environment UK
Björn Mittendorfer	Country Manager Central and Eastern Europe	Group Chief Executive FCC Austria Abfall Service AG
Iñigo Sanz	Country Manager USA	Chief Executive FCC Environmental Services (USA)

The business address of the members of the Management Team of the Issuer is Avenida Camino de Santiago, 40, 28050 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Management Team of the Issuer listed above and their duties to the Issuer.

***Board of Directors of FCC Medio Ambiente***

The Board of Directors of FCC Medio Ambiente as at the date hereof is composed of the following three Directors:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside FCC Medio Ambiente</b>
Pablo Colio Abril	Chairman	Group Chief Executive Fomento de Construcciones y Contratas, S.A.
Juan Ricote Garbajosa	Vice-Chairman	Head of Administration Environment Area
Cristina López Barranco	Secretary Director	Head of Control & Coordination Legal Department

The business address of the members of the Board of Directors of FCC Medio Ambiente is Calle Federico Salmón, 13, 28016 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of FCC Medio Ambiente listed above and their duties to FCC Medio Ambiente.

***Management Structure of FCC Medio Ambiente***

The Management Team of FCC Medio Ambiente is comprised of the following member:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside FCC Medio Ambiente</b>
Jorge Payet Pérez	Country Manager Iberia	Head of the National Environment Area

The business address of the members of the Management Team of FCC Medio Ambiente is Calle Federico Salmón, 13, 28016 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Management Team of FCC Medio Ambiente listed above and their duties to FCC Medio Ambiente.

***Board of Directors of FCC Ambito***

The Board of Directors of FCC Ambito as at the date hereof is composed of the following three Directors:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside FCC Ambito</b>
Jorge Payet Pérez	Chairman	Head of the National Environment Area

<b>Name</b>	<b>Position</b>	<b>Principal activities outside FCC Ambito</b>
Domingo Bauza Mari	Director	Head of participated subsidiaries-FCC Ambito
Cristina López Barranco	Secretary Director	Head of Control & Coordination Legal Department

The business address of the members of the Board of Directors of FCC Ambito is Calle Federico Salmón, 13, 28016 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Board of Directors of FCC Ambito listed above and their duties to FCC Ambito.

### ***Management Structure of FCC Ambito***

The Management Team of FCC Ambito is comprised of the following member:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside FCC Ambito</b>
Jorge Payet Pérez	Country Manager Iberia	Head of the National Environment Area

The business address of the members of the Management Team of FCC Ambito is Calle Federico Salmón, 13, 28016 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Management Team of FCC Ambito listed above and their duties to FCC Ambito.

## DESCRIPTION OF THE REGULATORY REGIME

### Introduction

In general terms, the FCC Medio Ambiente Group is subject to the legal systems where it operates, including corporate, data protection, environmental, contract, antitrust, tax and employment laws, among others.

Particularly, we are affected by the specific regulatory framework of the industries where we operate, as further detailed below.

### Spain

#### Public procurement

Since most of the contracts in Spain are with public clients, the EU and Spanish public procurement regulations (mainly, Directive 2014/24/EU of the European parliament and of the Council of 26 February 2014 on public procurement, and Act 9/2017 of 8 de November on Public Sector Contract and Royal Decree 1098/2001 of 12 October, as amended) represent the main legal framework under which we provide services.

To enter into contracts with Spanish administrations, certain legal, economic and technical capacity is required by law. As a rule, contracts with public administrations are entered following an open competitive tender procedure.

The main contractual terms and conditions are fixed during the tender procedure. The law also provides for additional rules (e.g. contracts are subject to maximum time limits imposed by statute, so upon their expiration a new tender procedure shall be opened; only part of the contract may be subcontracted, etc.). In this regard, some aspects should be considered:

- (a) Contracting authorities may amend the economic terms of the public contract where extrinsic factors have distorted the original economics of the contract (e.g. natural disasters, war, serious breaches of public order, etc.). Contractor also has a right to request economic rebalancing on the same terms which enable contracting authorities to amend the public contract.
- (b) Assignment of public contracts requires prior authorization from the contracting authority and certain conditions shall be met: e.g. 20% of the value of the contract (or, for concessions, 1/5 of the term) must have already been performed in order to assign the contract. Generally, change of control of the contractor does not require prior consent from the contracting authority
- (c) Contractor shall provide a tender bond in order to be part of the tender procedure. Once the contract is awarded, a performance bond is required. These bonds shall be provided in cash, government securities, bank guarantees or surety bonds.
- (d) Public contracts may be terminated early in specific situations (e.g. contractor's insolvency proceedings or default of payment by the contracting authority). In general terms, compensation for damages shall be paid by the breaching party in case of early termination. In this sense, the performance bond may be enforced by the contracting authority if the breaching party is the contractor.
- (e) Finally, once the concession has expired, the contractor shall hand the concession assets back to the contracting authority in good conditions. In this regard, the contractor would be entitled to be compensated for the relevant investments made (considering depreciation).

Likewise, the public administration is afforded with extensive powers which would not otherwise exist in a private contract; e.g. the administration may issue binding decisions regarding the interpretation of the contractual provisions; or impose penalties in case of underperformance by the contractor; or unilaterally amend (or even terminate –without prejudice to any damages payable to the contractor) the contract under certain circumstances established in the contract or by law, etc. These decisions by the public administrations being challengeable before the courts.

## **Environmental**

The basic legal framework applicable to management of waste in Spain is Act 22/2011 of 28 July on waste and polluted soils and Law on integrated control and prevention of pollution, approved by Royal Decree-Legislative 1/2016 of 16 December. Further regional regulations might apply.

Act 22/2011 establishes the regulatory framework applicable to managers of any kind of waste (although there are some exceptions; e.g. radioactive waste). Waste management entails the collection, transportation and treatment (i.e. recovery and/or disposal) of waste, as well the maintenance of landfills following their closure. To carry out waste collection and transportation activities it is necessary to make a formal prior communication to the relevant regional authorities on environmental affairs. Additionally, waste treatment plants, as well as the companies that carry out waste treatment activities, must be authorised by the regional authorities. Waste managers must comply with information obligations regarding the quantity, nature, origin and destination and treatment method of waste. Finally, we note that there is a Registry of Waste Producers and Managers at a national level (which is fed with the information shared by the regional authorities).

Royal Decree 1481/2001 of 27 December further regulates the disposal of waste by deposition in landfills. During the operating life of the landfill, the operator must comply with certain control and monitoring procedures. Closure of landfills also requires an authorisation. A landfill will be considered definitely closed after the completion of an on-site final inspection by the competent authority. After the definitive closure of the landfill, and for at least 30 years, the operator will be responsible of (i) the maintenance of the landfill and (ii) the monitoring, analysis and control of the landfill's leachates and the gas generated, as well as (iii) the groundwater regime in the surroundings of the landfill.

According Law on integrated control and prevention of pollution, certain waste treatment plants require an "integrated environmental authorisation". In that cases, the authorisation for waste management under Act 22/2011 (mentioned above) will be included in this integrated environmental authorisation, which will also include other environmental permits that may also be required (e.g. air emissions, odour, etc.).

Some activities carried out by FCC Medio Ambiente Group are considered activities which can potentially pollute the atmosphere. In that cases, an emissions authorisation shall be obtained from the regional administrations (note that, as mentioned above, if an "integrated environmental authorisation" is required, the emissions authorisation will be included therein) and certain emission limits would apply (and emissions monitoring systems are necessary to control emissions levels periodically).

Also, FCC Medio Ambiente Group is subject to the polluted soils regime under said Act 22/2011. This regime entails two main obligations: (i) the preparation and submission to authorities of status reports of the soil situation and (ii) the recovery of contaminated soils by the activity carried out – in this sense, the entity that carries out the activity that pollutes the soil is responsible to decontaminate it and, on a secondary basis, the owner of the soil or, alternatively, its holder will be responsible.

On the other hand, it should be noted that FCC Medio Ambiente, as any other economic operator, is also subject to an environmental liability regime, established by Act 26/2007 of 23 October. This includes the obligation to adopt preventive, avoidance and remediation measures in case of damage (or imminent threat) to the environment (the operator bearing the costs except in certain cases –e.g. causes



of the damage attributable in full to a third party). Operator of waste treatment plants (including landfills) must provide a financial guarantee to secure any environmental liability. Finally, environmental liability could be extended to the directors and management of the operator, or to other group companies.

Finally, we note that the construction and operation of waste treatment plants requires an “environmental impact assessment” from the competent environmental authority. For that purposes, the promoter elaborates an “environmental impact report”, which is subject to public consultation (where the stakeholders, including public authorities, may file observations). Then, the environmental authority issues an “environmental impact statement”. This statement shall conclude about the significant effects on the environment and, where applicable, shall establish the conditions to be complied with the project to protect the environment during the development, operation and dismantling, as well as the preventive, corrective or compensatory measures necessary. Where applicable, the environmental impact assessment will be integrated in the procedure for granting the integrated environmental authorisation (explained above).

### **Public grants**

In Spain, public grants (*subvenciones*) are primarily regulated under Act 38/2003, of 17 November, on Public Grants and Royal Decree 887/2006, of 21 July, approving the Regulations on Act 38/2003. Additionally, some regions have enacted legislation which contain provisions regulating the public grants of the regional administration.

This regulation establishes the conditions that shall be met to receive public grants: essentially, that the relevant person or entity falls within the specific situation that justifies the public grant and meets the requirements set forth in each case by the granting authority (e.g. that the relevant entity is not in financial distress). Public grants are generally awarded following a tender procedure, although in certain exceptional cases (e.g. based on public interest grounds) these grants could be directly awarded.

Beneficiaries of public grants shall comply with certain legal obligations. For instance, public grants shall be spent on the activity or project which justified their awarding. Likewise, the beneficiary shall prove that it is performing the relevant activity or the development of the project and justify incurred expenditures *vis-à-vis* the granting authority. Failure to comply with this obligation might entail the beneficiary’s obligation to refund the grant (e.g. using the grant for other different purposes, etc.). Also, the law provides for different administrative infringements (e.g. having deceived in the grant process) that could entail fines.

### **International**

The activities carried out by the various subsidiaries of the Issuer, mainly in the United Kingdom, Austria, Hungary, the Czech Republic, Slovakia, Romania and Portugal, are regulated by European Union provisions setting out guidelines relating to the collection, treatment and disposal of waste, as well as the national provisions of each of the countries implementing and further developing the European wide provisions.

As regards the European Union provisions, Directive 2008/98/EC of 19 November 2008 on Waste establishes the regulatory framework for the collection, treatment, transportation and disposal of waste within the European Union, requiring the member states to take the measures necessary for reducing waste production and for promoting recycling and energy production. In addition, one of the obligations established by this Directive is for waste operators to have appropriate licenses or permits to process waste.

Along these lines, the European Union provisions establish recycling and emissions limits, as well as require the waste to be disposed into landfills to be reduced.

In 2015, the European Commission adopted a Circular Economy Action Plan, which included measures that would help and stimulate Europe's transition towards a circular economy, boost global competitiveness, foster sustainable economic growth and generate new jobs.

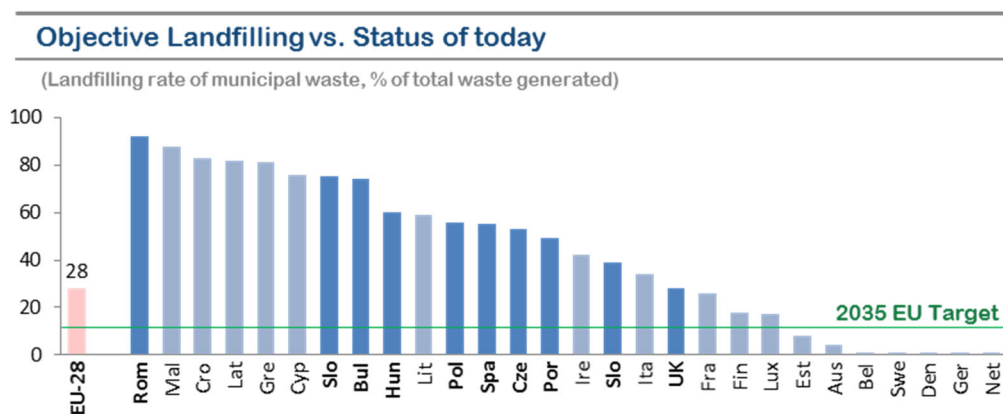
The EU Action Plan for the Circular Economy establishes a concrete action program, with measures covering the whole cycle: from production and consumption to waste management and the market for secondary raw materials and a revised legislative proposal on waste. The annex to the action plan sets out the timeline when the actions will be completed. The proposed actions will contribute to "closing the loop" of product lifecycles through greater recycling and re-use and bring benefits for both the environment and the economy.

The revised legislative framework on waste entered into force in July 2018. It sets targets for reduction of waste and establishes a long-term path for waste management and recycling. Key elements of the revised waste proposal include: a common EU target for recycling 65% of municipal waste by 2035 and a common EU target for recycling 70% of packaging waste by 2030.

There are also recycling targets for specific packaging materials: paper and cardboard (85%), ferrous metals (80%), aluminium (60%), glass (75%), plastic (55%), and wood (30%).

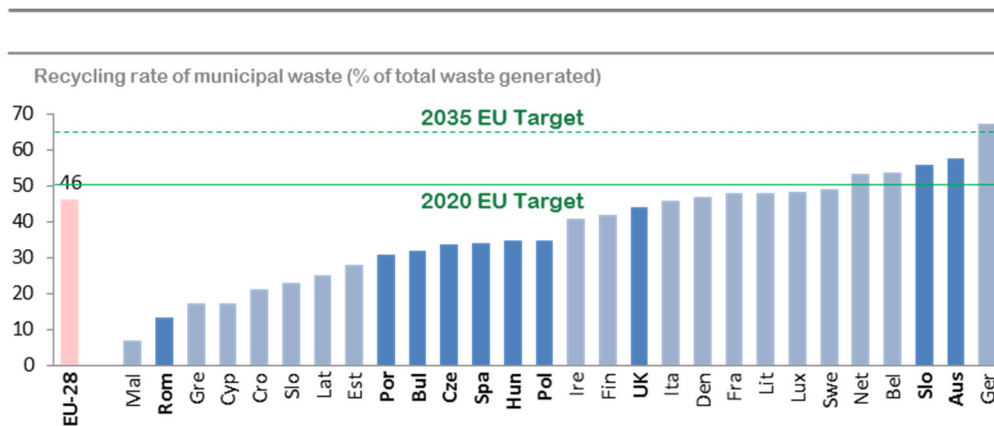
It also sets out a binding landfill target to reduce landfill to maximum of 10% of municipal waste by 2035 and separate collection obligations are strengthened and extended to hazardous household waste (by end 2022), bio-waste (by end 2023) and textiles (by end 2025). Minimum requirements are established for extended producer responsibility schemes to improve their governance and cost efficiency. Prevention objectives are reinforced, in particular, requiring member states to take specific measures to tackle food waste and marine litter as a contribution to achieve European Union commitments to the United Nations.

The following table shows the regulatory landfilling objective vs status of today:



Source: Eurostat 2016

The following table shows regulatory municipal waste recycling objective vs status of today:



Source: Eurostat 2016

The United Kingdom has enacted the UK Landfill Tax, whose taxable event consists in the deposit of waste at landfill sites. It is aimed at reducing the production of waste and its disposal, encouraging the activities of recycling, composting, and recovery of waste, among others. For such purposes, in the United Kingdom it is necessary to register as a waste operator. The tax has two different rates: (i) a reduced rate applicable to certain waste that is less contaminating (currently £2.5 per ton); and (ii) a general rate (currently £80 per ton) applicable to all other waste.

The various member states, through their respective internal legal systems, have transposed and further developed the European Union provisions on waste management. Specifically, it is regulated in the United Kingdom through the “Waste Regulations 2011.” In the case of Austria (“Waste Management Act 2002”), the power to regulate waste management is shared between the Federal Government and the various provinces. In the case of Portugal, it is regulated through “Decree Law no. 178/2006 on Waste Management.”

Regarding the award of public sector contracts to provide for the provision of municipal waste cleaning, collection, processing and disposal services, apart from Council Directive 1999/31/EC of 26 April 1999 on the Spillage of Waste, which governs them, the tender processes of the various countries are subject to their respective laws on public sector contracting, which establish the regulation of and processes for tenders and the award of waste management contracts signed between the various government administrations, whether at the national, provincial or local level, with any waste operator that wins the tender (“Public Contract Regulations 2006” in the case of the United Kingdom, “Federal Public Procurement Act 2016” in the case of Austria, “Code of Public Sector Contracts” in the case of Portugal and “Act on Public Procurement 2018” in the case of the Czech Republic). Any process of public contracting between a private operator and any public sector entity is necessarily subject to the public sector contracting provisions applicable in each country.

However, those public contracting regulations do not apply to contracts for the collection and processing of commercial and industrial waste coming from private sector entities such as businesses or industries. Such private contracts will be governed by the intent of the parties, although they clearly remain subject to the various civil and commercial rules applicable in each country.

## TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment

### Taxation in the Kingdom of Spain

*The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.*

#### Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Offering Circular:

If:

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions (**Law 10/2014**), as well as Royal Decree 1065/2007 (**Royal Decree 1065/2007**), of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the EU and other tax rules as amended by Royal Decree 1145/2011 of 29 July;
- (b) for individuals with tax residency in Spain who are personal income tax (**Personal Income Tax**) tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Resident Income Tax Law and Wealth Tax Law as amended by Law 26/2014 of 27 November and Royal Decree Law 9/2015 of 10 July (the **Personal Income Tax Law**), and Royal Decree 439/2007, of 30 March promulgating the Personal Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are corporate income tax (**Corporate Income Tax**) taxpayers, Law 27/2014 Corporate Income Tax Law **CIT Law**), and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations (the **Corporate Income Tax Regulations**); and
- (d) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax (**Non-Resident Income Tax**) taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law as

amended by Law 26/2014 of 27 November and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations, as amended by Royal Decree 633/2015 of 10 July, along with Law 19/1991, of 6 June on Wealth Tax as amended by Royal Decree-Law 13/2011 and Law 29/1987, of 18 December on Inheritance and Gift Tax.

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a **Beneficial Owner**), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from value added tax, in accordance with Law 37/1992, of 28 December regulating such tax.

## 1. **Individuals with Tax Residency in Spain**

### 1.1 ***Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)***

Individuals with tax residency in Spain are subject to Personal Income Tax on a worldwide basis. Accordingly, income obtained from the Notes will be taxed in Spain when obtained by persons that are considered resident in Spain for tax purposes. The fact that a Spanish company pays interest under a Note will not lead an individual being considered tax-resident in Spain.

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and must be included in each investor's taxable savings and taxed at the tax rate applicable from time to time, currently 19 per cent. for taxable income up to EUR6,000, 21 per cent. for taxable income between EUR6,001 and EUR50,000, and 23 per cent. for taxable income exceeding EUR50,000. As a general rule, both types of income are subject to a withholding tax on account at the current rate of 19 per cent.

According to Section 44.5 of Royal Decree 1065/2007, of 27 July, the Issuer will make interest payments to individual holders who are resident for tax purposes in Spain without withholding **provided that** the relevant information about the Notes set out in Exhibit 1 is submitted by the Principal Paying Agent in a timely manner.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes and income derived from the transfer, redemption or repayment of the Notes may be subject to withholding tax at the current rate of 19 per cent., in case that the relevant simplified reporting obligations imposed by Spanish tax legislation from time to time (currently under the regulations established by Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July), were not complied with.

In any event, individual holders may credit the withholding against their Personal Income Tax liability for the relevant fiscal year.

#### ***Reporting obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are individuals resident in Spain for tax purposes.

### 1.2 ***Wealth Tax (Impuesto sobre el Patrimonio)***

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds EUR700,000 (subject to any exceptions provided under relevant legislation in

an autonomous region (*Comunidad Autónoma*). Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent. and 2.5 per cent, although each autonomous region may have approved higher rates.

In accordance with Second section of Article 1 of the Royal Decree 13/2011, of 16 September, as amended by article 3 of Royal Decree-Law, 27/2018, of 28 December, a full exemption on Wealth Tax will apply in 2020 unless such exemption is revoked again (which cannot be ruled out).

### 1.3 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or federal rules. The applicable rates range between 7.65 per cent. and 81.6 percent depending on the relevant factors.

## 2. **Legal Entities with Tax Residency in Spain**

### 2.1 ***Corporate Income Tax (Impuesto sobre Sociedades)***

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and must be included in profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax.

The current general tax rate according to Corporate Income Tax Law is 25 per cent.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, there is no obligation to withhold on income payable to Spanish Corporate Income Tax taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold on interest payments to Spanish Corporate Income Tax taxpayers **provided that** the relevant information about the Notes set out in Exhibit 1 is submitted by the Principal Paying Agent in a timely manner.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes and income derived from the transfer, redemption or repayment of the Notes may be subject to withholding tax at the current rate of 19 per cent., in case that the relevant simplified reporting obligations imposed by Spanish tax legislation from time to time (currently under the regulations established by Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July), were not complied with.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final Corporate Income Tax liability.

### ***Reporting obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are legal persons or entities resident in Spain for tax purposes.

## 2.2 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Spanish resident legal entities are not subject to Wealth Tax.

## 2.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Legal entities with tax residency in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Notes in their taxable income for Spanish CIT purposes.

## 3. **Individuals and Legal Entities with no Tax Residency in Spain**

### 3.1 **Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)**

#### (a) *Non-Spanish resident investors acting through a permanent establishment in Spain*

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those for Spanish Corporate Income Tax taxpayers. See "*Taxation in the Kingdom of Spain – Legal Entities with Tax Residency in Spain – Corporate Income Tax (Impuesto sobre Sociedades)*".

#### (b) *Non-Spanish resident investors not acting through a permanent establishment in Spain*

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax. In order for such exemption to apply it is necessary to comply with the information procedures, in the manner detailed under "*Information about the Notes in Connection with Payments*-" as set out in article 44 of Royal Decree 1065/2007.

### ***Reporting obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are individuals or legal entities not resident in Spain for tax purposes who act with respect to the Notes through a permanent establishment in Spain.

### 3.2 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed EUR700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

In accordance with the second section of Article 1 of the Royal Decree 13/2011, of 16 September, as amended by Article 3 of Royal Decree-Law, 27/2018, a full exemption on Wealth Tax will apply in 2020 unless such exemption is revoked again (which cannot be ruled out).

Individuals that are not resident in Spain for tax purposes but who are resident in an EU or EEA Member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

Non-Spanish resident legal entities are not subject to Wealth Tax.

### 3.3 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals who do not have tax residency in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish regional or state legislation.

Generally, non-Spanish tax resident individuals are subject to inheritance and gift tax in accordance with the rules set out in state regulations. However, if the deceased, heir or the donee are resident in an EU or EEA Member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law. This could also apply to residents of a non-EU or EEA Member State, according to the Supreme Court's decisions dated 19 February 2018, 21 March 2018 and 22 March 2018.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the legal entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

## 4. **Information about the Notes in Connection with Payments**

As at the date of this Offering Circular, the Issuer is required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to the Notes. In accordance with Section 44 of Royal Decree 1065/2007, for the purpose of preparing the annual return referred to above, certain information with respect to the Notes must be submitted to the Issuer before the close of business on the Business Day (as defined below) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes is due.

Such information would be the following:

- (a) identification of the Notes (as applicable) in respect of which the relevant payment is made;
- (b) date on which relevant payment is made;
- (c) the total amount of the relevant payment; and
- (d) the amount of the relevant payment and to each entity that manages a clearing and settlement system for securities situated outside Spain.

In particular, the Principal Paying Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Exhibit 1 of this Offering Circular.



In light of the above, the Issuer and the Principal Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer by the close of business on the Business Day immediately preceding the date on which any payment of interest, principal or any amounts in respect of the early redemption of the Notes is due, the Issuer may be required to withhold at the applicable rate (as at the date of this Offering Circular, 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amount as would have been received by them had no such withholding been required.

In the event that the current applicable procedures are modified, amended or supplemented by, amongst others, a Spanish law or regulation, or an interpretation or ruling of the Spanish tax authorities, the Issuer will inform the Noteholders of the new information procedures and of their implications.

For the purposes of this paragraph 4, **Business Day** means a day which is a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in the Kingdom of Spain.

*Set out below is Exhibit 1. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Exhibit 1 and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

*The language of the Offering Circular is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Offering Circular.*

#### 5. **The proposed financial transactions tax (EU FTT)**

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The proposed EU FTT has very broad scope and could, if introduced, apply to certain dealings in financial instruments (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

The EU FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In the ECOFIN meeting of 17 June 2016, the EU FTT was discussed between the EU Member States. It has been reiterated in this meeting that participating Member States envisage introducing an FTT by the so-called enhanced cooperation process.

The proposed Directive defines how the EU FTT would be implemented in participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT based on a system already in place in France. Under the new proposal, the tax obligation would apply only to transactions involving shares issued by domestic companies with a market capitalisation of over EUR1 billion.

However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the EU FTT.

## 6. The proposed Spanish financial transactions tax

On 18 January 2019, the Spanish Council of Ministers approved a draft bill (the **Draft Bill**), according to which, due to the delay in the EU FTT being approved, the intention is to implement a Spanish financial transactions tax (the **Spanish FTT**). However, the Spanish Council of Ministers stated that Spain will continue to participate in the enhanced co-operation for the approval of the EU FTT and, if finally approved, Spain will adapt the Spanish FTT to align it with the EU FTT.

According to the Draft Bill, the Spanish FTT is to be aligned with the French and Italian financial transactions taxes. Specifically, it is proposed that a Spanish FTT, at a rate of 0.2%, would apply to certain acquisitions of listed shares issued by Spanish companies whose market capitalisation exceeds EUR1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction.

On 30 April 2019, the interim Government (headed by the centre-left party PSOE) submitted to the European Commission the "Update of the Stability Programme 2019-2022" (*Actualización del Programa de Estabilidad 2019-2022*). This report is not equivalent to a draft law but it includes the economic projections for 2019-2022 and confirms the intention of the new Government to approve the Spanish FTT, stating that "the creation of the Tax on Financial Transactions will be relaunched". The income derived from the Spanish FTT in the report is included in the economic projections for 2020 and not for 2019.

The Draft Bill was sent to Parliament for debate and approval. However, early general elections were called for 28 April 2019 and the legislative process has been suspended since then.

However, the parliamentary process to approve the Spanish FTT law will need to be reinitiated once the new Parliament and the new Government are formed and the new Government once more sends the Draft Bill to Parliament for final approval. As a result, some of the proposed measures could be substantially modified (or even abandoned) during the legislative process. While, according to the current drafting of the Draft Bill, the Spanish FTT would not apply in relation to an issue of Notes under the Programme, there can be no assurance that any such Spanish FTT would not apply to an issue of Notes in the future.

Prospective investors of the Notes are advised to seek their own professional advice in relation to the Spanish FTT.

## EXHIBIT 1

*Whilst the direct translation into English of this certificate is accurate, is it for information purposes only and, in case of discrepancy with the Spanish language version, such Spanish version will prevail.*

### **Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007**

Annex to Royal Decree 1065/2007 approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

### **Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos**

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

**Don (nombre), con número de identificación fiscal (...) (1), en nombre y representación de (entidad declarante), con número de identificación fiscal (...) (1) y domicilio en (...) en calidad de (marcar la letra que proceda):**

Mr. (name), with tax identification number (...) (1), in the name and on behalf of (entity), with tax identification number (...) (1) and address in (...) as (function mark as applicable):

**(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**

(a) Management Entity of the Public Debt Market in book entry form.

**(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

**(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

**(d) Agente de pagos designado por el emisor.**

(d) Paying Agent appointed by the issuer.

**Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:**

Makes the following statement, according to its own records:

**1. En relación con los apartados 3 y 4 del artículo 44:**

1. In relation to paragraphs 3 and 4 of Article 44:

- 1.1 Identificación de los valores.....**
- 1.1 Identification of the securities.....
- 1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 1.2 Income payment date (or refund date if the securities are issued at discount or are segregated)
- 1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)**
- 1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
- 1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora**
- 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.
- 1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2. En relación con el apartado 5 del artículo 44.**
2. In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores**
- 2.1 Identification of the securities
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 2.2 Income payment date (or refund date if the securities are issued at discount or are segregated)
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados)**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

**2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

**2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.**

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

**Lo que declaro en.....a .... de.....de ....**

I declare the above in..... on the.... of..... of....

**(1) En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**

(1) In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

## SUBSCRIPTION AND SALE

Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., CaixaBank, S.A., HSBC Bank plc, and Société Générale (the **Joint Bookrunners**) and Banco de Sabadell, S.A., Bankia, S.A. and Kutxabank, S.A. (the **Co-Lead Managers** and together with the Joint Bookrunners, the **Managers**) have, in a subscription agreement dated 28 November 2019 (the **Subscription Agreement**) and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the 2023 Notes at their issue price of 100 per cent. of their principal amount and to the 2026 Notes at their issue price of 100 per cent. of their principal amount. The Issuer has also agreed to reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### **Selling restrictions**

#### **Prohibition of Sales to EEA Retail Investors**

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purpose of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

#### **United Kingdom**

Each Manager has represented, warranted and undertaken that:

- (a) *Financial promotion*

it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

- (b) *General compliance*

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by

U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph shall have the same meanings given to them in Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Kingdom of Spain**

Each Manager has represented and agreed that the Notes may not be sold, offered or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws.

### **General**

Each Manager has undertaken to the Issuer that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or has in its possession or distributes this Offering Circular or any related offering material, in all cases at its own expense. Persons into whose hands this Offering Circular comes are required by the Issuer, and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

1. The creation and issue of the Notes has been duly authorised by a resolution of the Board of Directors of the Issuer dated 13 November 2019 and the giving of the Guarantees was duly authorised by the resolutions of each of the Guarantors' Board of Directors dated 13 November 2019. The Issuer and each of the Guarantors has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue, guarantee and performance of the Notes.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Group.

### Significant/Material Change

3. Since 31 December 2018 there has been no material adverse change in the prospects of FCC or the Guarantors nor any significant change in the financial or trading position of FCC or the Guarantors.

### Independent Auditors

4. The audited consolidated financial statements of FCC and the stand-alone financial statements of each Guarantor have been audited without qualification for the years ended 31 December 2017 and 2018 by Deloitte, S.L, with its registered address at Torre Picasso - Plaza Pablo Ruiz Picasso 1, 28020 Madrid, Spain, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0692 and unqualified opinions were reported thereon.

### Documents on Display

5. Copies of the following documents may be inspected for as long as the securities are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market during normal business hours at the offices of the Issuer from the date of this Offering Circular:
  - (a) the constitutive documents of the Issuer and the Guarantors;
  - (b) the Trust Deed;
  - (c) the Agency Agreement;
  - (d) the audited consolidated financial statements of FCC for the years ended 31 December 2017 and 31 December 2018;
  - (e) the unaudited interim condensed consolidated financial statements of FCC for the nine-month period ended 30 September 2019; and
  - (f) the audited stand-alone financial statements of the Guarantors for the years ended 31 December 2017 and 31 December 2018.



## **Yield**

6. On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the gross real yield of the 2023 Notes is 0.815 per cent. on an annual basis and the gross real yield of the 2026 Notes is 1.661 per cent. on an annual basis.

## **Legend Concerning US Persons**

7. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

## **ISIN and Common Code**

8. The 2023 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In relation to the 2023 Notes, the ISIN is XS2081491727 and the common code is 208149172. The 2026 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In relation to the 2026 Notes, the ISIN is XS2081500907 and the common code is 208150090.

## **Listing Agent**

9. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of Euronext Dublin and trading on its Global Exchange Market

## **Managers transacting with the Issuer**

10. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its respective affiliated in the ordinary course of business.

**REGISTERED OFFICE OF THE ISSUER**

**FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.**

Avenida Camino de Santiago, 40  
28050 Madrid  
Spain

**GUARANTORS**

**FCC MEDIO AMBIENTE, S.A.U.**

Calle Federico Salmón, 13  
28016 Madrid  
Spain

**FCC AMBITO, S.A.U.**

Calle Federico Salmón, 13  
28016 Madrid  
Spain

**JOINT BOOKRUNNERS**

**Banco Bilbao Vizcaya Argentaria, S.A.**

Ciudad BBVA – Edificio Asia  
C/ Saucedo, 28  
28050 Madrid  
Spain

**Banco Santander, S.A.**

Calle Juan Ignacio Luca de Tena, 11  
Edificio Magdalena, Planta 1  
28027, Madrid  
Spain

**CaixaBank, S.A.**

Calle Pintor Sorolla, 2-4  
46002 Valencia  
Spain

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**Société Générale**

29 boulevard Haussmann  
75009 Paris  
France

**CO-LEAD MANAGERS**

**Banco de Sabadell, S.A.**

Avenida Óscar Esplá 37  
03007 Alicante  
Spain

**Bankia, S.A.**

Paseo de la Castellana 189  
28046 Madrid  
Spain

**Kutxabank, S.A.**

Gran Vía, 30  
Bilbao  
Spain

**NOTE TRUSTEE**

**BNY Mellon Corporate Trustee Services  
Limited**

48th Floor  
One Canada Square  
London E14 5AL  
United Kingdom

**PRINCIPAL PAYING AGENT**

**The Bank of New York Mellon, acting  
through its London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**LEGAL ADVISERS**

*To the Issuer as to English and Spanish law:*

**Linklaters, S.L.P.**  
Calle de Almagro, 40  
28010 Madrid  
Spain

*To the Managers as to English and Spanish law:*

**Allen & Overy**  
Calle Serrano 73  
28006 Madrid  
Spain

*To the Note Trustee to English law:*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

**INDEPENDENT AUDITORS TO FCC  
AND THE GUARANTORS**

**Deloitte, S.L.**  
Plaza Pablo Ruiz Picasso, 1  
Torre Picasso  
28020 Madrid  
Spain

**LISTING AGENT**

**Arthur Cox Listing Services Limited**  
Ten Earlsfort Terrace  
Dublin 2  
Ireland