

## Fomento de Construcciones y Contratas, S.A.

Special report regarding the amendment to the terms and conditions for the convertible bonds for the purposes envisaged in articles 414 and 417 of the Consolidated Text of the Corporate Enterprises Act

30 April 2014

**Grant Thornton**

José Abascal, 56  
28003 MADRID

Tel.: +34 91 576 39 99

Fax: +34 91 700 45 32

madrid@es.gt.com

www.grantthornton.es

**SPECIAL REPORT REGARDING THE AMENDMENT TO THE TERMS AND CONDITIONS FOR THE CONVERTIBLE BONDS FOR THE PURPOSES ENVISAGED IN ARTICLES 414 AND 417 OF THE CONSOLIDATED TEXT OF THE CORPORATE ENTERPRISES ACT**

To the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. (hereinafter, the "Company" or "FCC"):

The Company's Board of Directors' meeting held on 30 September 2009, using the power delegated by the General Shareholders' Meeting of 18 June 2008, resolved to delegate to the Executive Committee, with the express power to grant this to the CEO, the power to resolve issuing bonds convertible into Company shares, where the Executive Committee or, where applicable, the CEO can establish the final terms and conditions of this issuance.

Using the powers delegated to it by the Board of Directors, the Executive Committee's meeting on 6 October 2009 resolved to issue (hereinafter, the "Issuance") bonds convertible into Company shares (hereinafter, the "Bonds"), establishing the conversion conditions and ratios. Using the delegated powers, on 7 October 2009 the Company Chairman and CEO established the terms and conditions for the Issuance (hereinafter, the "Terms and Conditions").

On 23 October 2009, the deed was granted for the Issuance amounting to 450,000,000 euros. On 27 October 2009, the Board of Directors approved to submit a proposal to the Extraordinary Shareholders' Meeting to make the Bonds convertible and waive the Company shareholders' pre-emptive subscription right in full. The Extraordinary Shareholders' Meeting held on 30 November 2009 approved to make the bonds convertible into shares, waive the pre-emptive subscription right corresponding to the Company shareholders and increase the share capital by the amount required to meet the Bond conversion.

Between 24 and 31 March 2014, the Company signed a refinancing agreement with practically all its financial creditors (the Financing Contract) by virtue of which the Group's financial debt was rescheduled and refinanced.

The refinancing transaction is based on implementing the business plan drafted by the FCC Group and whose general terms and conditions are described in regulatory disclosure no. 183,988 published by the Company on the Spanish National Securities Commission's (CNMV) website on 20 March 2013.

Member of Grant Thornton International Ltd

Barcelona – Bilbao – Castellón – Madrid – Murcia – Pamplona – Valencia – Zaragoza

Grant Thornton S.L.P. Sociedad Unipersonal, C/ Tres Torres, 7 – 08017 Barcelona – Tax ID Code B-08914830, recorded at the Barcelona Companies House, V 20.810, F. 30, S B-12635 and at the Official Register of Auditors nº S0231

Audit – Tax – Advisory

The Financing Contract will enter into force once certain conditions precedent are met, including the approval by the general assembly of the Issuance bondholders' syndicate (which has been convened for 5 May next) of certain amendments to the Terms and Conditions of the Bonds, proposed by the Board of Directors' meeting held on 31 March 2014 and which will be submitted for approval by the General Shareholders' Meeting. In particular, the Board of Directors proposes to amend, *inter alia*, the following Terms and Conditions of the Bonds:

- (i) extend the current maturity date of the bonds from 30 October 2014 to 30 October 2020; and
- (ii) reduce the current conversion price from 37.85 euros/share to 30 euros/share.

If the general assembly of the bondholders' syndicate approves the amendments to the Terms and Conditions of the Bonds, they will be fully effective provided that they are also approved by the General Shareholders' Meeting of FCC and filed at the Companies House and the Refinancing has entered into force.

By virtue of the provisions of articles 414 and 417 of the Consolidated Text of the Corporate Enterprises Act, the Company Directors have drafted a Report, attached as Annex I, whose purpose is to explain and justify the amendment to the Terms and Conditions of the Bonds, the corresponding capital increase by the amount required to meet the Bond conversion and the waiver of the pre-emptive subscription right. Therefore, this Report rounds out the report justifying the conditions and ratios of the Bond conversion and the waiver of the pre-emptive subscription right that was issued on 27 October 2009 by the Board of Directors of FCC on occasion of the issuance and which is attached as Annex II.

For the purposes envisaged in the aforementioned articles 414 and 417 of the Consolidated Text of the Corporate Enterprises Act, and by virtue of the designation made by the Barcelona Companies House on 14 March 2014 after the Company's request, we hereby issue this Special Report, which has been drafted in accordance with the Technical Standard for drafting special reports for the purposes envisaged in articles 414 and 417 of the Consolidated Text of the Corporate Enterprises Act, published in the Resolution dated 23 October 1991 by the President of the Spanish Accounting and Audit Institute (ICAC).

Our work is not aimed at certifying the Bonds' issue or conversion price or valuing FCC's actual shares; by applying the procedures established in the aforementioned Technical Standard, our work is solely aimed at:

- stating whether the Report drafted by the Company's Directors contains the required information, stated in the aforementioned Technical Standard, which includes an explanation of the conversion conditions and ratios.
- issuing a technical opinion on the soundness of the data included in the Directors' Report and on the suitability of the conversion rate and, where applicable, any adjustment formulae designed to offset the possible dilution of shareholders' financial stakes.

The accounting information used in this work was obtained from the FCC Group's consolidated annual accounts for the year ending December 2013, on which Deloitte, S.L. issued an audit report on 31 March 2014, expressing a favourable opinion.

## Procedures

In accordance with the aforementioned Technical Standard, we carried out the following procedures:

- a) We obtained the Directors' Report, attached as Annex I, and we made sure that it contained the sufficient information required for its readers to interpret and understand it appropriately, as stated in the Annex to the Technical Standard for drafting special reports for the purposes envisaged in article 414 of the Consolidated Text of the Corporate Enterprises Act.
- b) We verified the calculations made for the valuation methods used by the Directors when determining the conversion conditions and ratios and other rights, if any, guaranteed to the Bond subscribers.
- c) We made sure that the Bonds' conversion or strike price, established at 30 euros per share, was not below the par value of the shares into which they would be converted.
- d) We made sure that the Directors' Report contained the reasons for justifying the waiver of the pre-emptive subscription rights to the Bond subscription.
- e) We made sure that the accounting information included in the Directors' Report was in line, where applicable, with the accounting data included in the audited 2013 consolidated annual accounts.
- f) We made sure that the Directors' Report included the significant events subsequent to 31 December 2013 that could affect the proposed investment. Our review of the events subsequent to 31 December 2013 was based on the following procedures:
  - i. We obtained the subsequent financial statements that were available (those at 31 March 2014) and compared them with the audited consolidated annual accounts.
  - ii. We obtained the 2014 budget drafted by the Directors, which we compared with the unaudited financial statements at 31 March 2014.
  - iii. We held meetings with the Finance Department regarding the following:
    - The performance of the contingent liabilities or major commitments at the date of the audited balance sheet and the existence of other contingent liabilities or major commitments on the date on which they were checked.
    - The existence, until the date of this Report, of changes to the share capital or major changes in long-term debt or working capital.
    - The current situation of the items shown in the audited consolidated financial statements which were determined based on provisional, preliminary or non-final data.
    - If abnormal adjustments were made or if an accounting principle was changed to date.

- If other events took place to date that may significantly affect the annual accounts.
- iv. We read the minutes available from the General Shareholders' Meeting, the Board of Directors' meeting and the Executive Committee meeting that were held between 31 March 2014 and the date of this Report.
- v. We obtained the Directors' representation letter regarding all the regulatory disclosures filed until the date of this Report.
- vi. We obtained the Company's Legal Advice letter regarding all the regulatory disclosures filed until the date of this Report.

### Conclusion

Based on the work carried out with the scope described in the preceding section, our conclusions are as follows:

- The Report attached as Annex I, drafted by the Directors of Fomento de Construcciones y Contratas, S.A., regarding the proposed amendment to the Terms and Conditions of the Convertible Bonds includes the information required in the Annex to the Technical Standard for drafting special reports for the purposes envisaged in articles 414 and 417 of the Consolidated Text of the Corporate Enterprises Act.
- The data contained in the Company's Directors' Report to justify the waiver of the preemptive subscription right are reasonable since they are appropriately set out.
- We believe that the Bond conversion ratio and, where applicable, the adjustment formulae to offset the possible dilution of shareholders' financial stakes, as described in the Directors' Report, are reasonable.

\*\*\*\*\*

This Special Report was drafted solely for the purposes envisaged in articles 414 and 417 of the Consolidated Text of the Corporate Enterprises Act; therefore, it must not be used for any other purpose.

The scope of our work was limited to carrying out the procedures detailed in this Report. Therefore, we do not provide an opinion on the fairness of the price at which the Bonds must be issued or converted.

Grant Thornton  
(signature)  
Alfredo Ciriaco  
Partner

Madrid, 30 April 2014

Auditors  
Spanish Institute of Chartered Accountants  
Practising member:  
GRANT THORNTON, S.L.P.  
Year: 2014 No.: 01/14/10816  
CORPORATE SEAL: 96.00 EUR  
Report subject to the rate established in  
article 44 of the Audit Act approved by Royal  
Legislative Decree 1/2011 of 1 July.