



INFORMATIVE DOCUMENT

SHARE CAPITAL INCREASE CHARGED AGAINST RESERVES.

MAY 2019

THIS INFORMATIVE DOCUMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 26.1.E) OF ROYAL DECREE 1310/2005, OF 4 NOVEMBER, WHICH PARTIALLY DEVELOPS LAW 24/1988, OF 28 JULY, OF THE SECURITIES MARKET, WITH REGARD TO ADMISSION TO TRADING OF SECURITIES ON OFFICIAL SECONDARY MARKETS, OF SECONDARY OFFERINGS OR RIGHTS OFFERINGS AND OF THE PROSPECTUS REQUIRED FOR THAT PURPOSE.



REGULATORY DISCLOSURE

Madrid, 9 May 2019. Following the Regulatory Disclosure published today 9 May 2019, registered under code 277948 and pursuant to article 26.1 e) of the Royal Legislative Decree 1310/2005, Fomento de Construcciones y Contratas, S.A. hereby discloses the following informative document as an annex, including the number and nature of the shares and details of the offer as well as an estimated agenda.



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1. BACKGROUND

The General Shareholders' Meeting of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ('FCC' or the '**Company**') held on 8 May 2019, on first call, agreed, under the fifth point of its Agenda, implement a *scrip dividend* for a maximum value of 151,530,202.40 euros (dividend equivalent to 0.40 euros per share), by offering to all FCC shareholders newly issued shares or, if applicable, obtaining cash by transferring the free allocation rights they receive for the shares of which they are holders.

Therefore, FCC shareholders will have the option, at their own discretion, of:

- a) Not transferring their free allocation rights. In such a case, at the end of the trading period, the shareholder will receive the corresponding number of new shares depending on the proportion described below, fully released.
- b) Transferring all or part of their free allocation rights to FCC under the Purchase Commitment (as defined below) at a guaranteed fixed price of 0.40 euros per right. In this regard, the shareholder may choose to monetise their rights and receive a cash amount instead of receiving shares.
- c) Transferring all or part of their free allocation rights in the market. In this case, the shareholder may also choose to monetise the corresponding rights, although in this case the shareholder would receive no guaranteed fixed price, but the consideration for the rights would depend on the market conditions in general, and the quoted price of the referred rights in particular.

Those shareholders of the Company who opt, partially or completely, to receive new released shares will also receive a compensatory dividend in cash (under a compensatory mechanism described in section 3.5 below) so that the options of transferring their free allocation rights to FCC under the Purchase Commitment and receiving this amount in shares released from the Company are equivalent, i.e., without favouring or penalising any options in economic terms.

For these purposes and in order to implement the aforementioned *scrip dividend*, the capital increase is agreed for the amount resulting from multiplying (a) the nominal value of 1 euro per share of FCC by (b) the number of new shares of FCC resulting from the application of the formula that is included in the following sections (the '**New Shares**'), without which the sum of the reference market value of the New Shares may exceed a total of a maximum of 151,530,202.40 euros the '**Capital Increase**'.

The Company's Board of Directors, at its meeting held on 8 May 2019, agreed to implement the agreement on the distribution of the *scrip dividend* and carry out the Capital Increase, setting for it all those terms and conditions for it that were not established under the General Meeting's agreement. Likewise, the Board of Directors, making use of the powers of subdelegation and substitution contained in the aforementioned agreement of the General Shareholders' Meeting, agreed to delegate to the President of the Board, the Chief Executive Officer, the rest of the member of the Board, the Secretary (non-Director) and the Deputy Secretary (non-Director) so that any of them, indistinctly and with their sole signature, may carry out on behalf of the Company whatever acts they deem convenient or necessary for the implementation of the *scrip dividend*, including all those acts related to the Capital Increase.



2. PURPOSE OF THIS DOCUMENT

This informative document (the '**Informative Document**') is issued for the purposes of the provisions of article 26.1.e) of *Royal Decree 1310/2005, of 4 November, which partially develops the Law 24/1988, of 28 July, of the Securities Market, with regard to admission to trading of securities in official secondary markets, of secondary offerings or rights offerings and of the prospectus required for that purpose*. According to the aforementioned article, it will not be necessary to prepare and publish a prospectus regarding the admission to trading of the new shares of the Company that are issued on the date of the Capital Increase '*provided that the aforementioned shares are of the same class as those that have already been admitted for trading on the same market and that a document is available that contains information on the number and nature of the shares and the reasons and details of the offer*'.

The Informative Document is available on the website of the National Securities Market Commission (www.cnmv.es) and on the Company's corporate website (www.fcc.es).

3. PURPOSE AND DETAILS OF THE CAPITAL INCREASE

3.1. Capital Increase Purpose

The purpose of the Capital Increase is to allow the total or partial share-based compensation corresponding to the *scrip dividend*), offering FCC shareholders an alternative that allows them to receive released shares from the Company.

3.2. Number of necessary rights and number of shares to be issued

In application of the formulas set forth in section B of the agreement adopted under item five of the Agenda by the General Shareholders' Meeting of 8 May 2019, the Company's Board of Directors has set the following points for the Capital Increase:

Number of necessary rights

The number of free allocation rights needed to receive a New Share is 28.

In this sense, the FCC shareholders who have acquired their respective shares no later than 23:59 hours of the day of publication of the announcement of the Capital Increase in the Official Gazette of the Companies Registry (expected on 13 May 2019), and that appear as shareholders in Iberclear's records at 23:59 hours of the second following trading day (scheduled for 15 May 2019), will receive a free allocation right for each FCC share of which they are holders.

The indicated number of rights ('No. of rights') has been calculated, as indicated below, taking into account that the number of FCC shares outstanding as of this date ('NTAcc') is 378,825,506, the maximum value of the *scrip dividend* to be distributed among the shareholders of the Company ('Scrip dividend amount') is 151,530,202.40 euros and the average price of the FCC share within the term established in the agreement ('Listing Price') is of 10,981 euros:

$$\text{No. of provisional shares} = \frac{\text{Scrip dividend amount}}{\text{Listing price}} = \frac{151,530,202.40}{10.981} = 13,799,308.11$$



where,

$$\text{No. of rights} = \frac{NTAcc}{\text{No. of provisional shares}} = \frac{378,825,506.00}{13,799,308.11} = 27.453$$

That is, rounded up to the highest whole number, as established in the agreement, 28 rights.

Number of shares to be issued

The maximum number of shares to be issued in the Capital Increase is 13,529,482 shares.

However, the number of shares actually issued may be lower, since it will depend on the number of rights acquired by FCC under its Purchase Commitment. In this regard, the Company will relinquish the free allocation rights acquired by virtue of that commitment, which is why only the shares corresponding to the free allocation rights not acquired by FCC will be issued.

That number of New Shares to be issued ('NNS') results from the application of the following formula:

$$NNS = \frac{NTAcc}{\text{No. of rights}} = \frac{378,825,506}{28} = 13,529,482.26$$

That is, rounded up to the lowest whole number, as established in the agreement, 13,529,482 New Shares.

Given that the number of free allocation rights needed to receive a New Share (28 as calculated above) multiplied by the maximum number of shares to be issued (13,529,482 as calculated above), results in 378,825,496 (this is, a lower number than the total share capital, 378,825,506 at this date), FCC has waived the difference in free allocation rights (that is 10 free allocation rights) to ensure that the number of free allocation rights needed to receive a new share and the number of shares to be issued were whole numbers.

3.3. Capital Increase Amount and reserve with charge to which it is made

In view of the number of New Shares to be issued, the maximum nominal amount of the Capital Increase amounts to €151,530,202. The nominal amount in which the share capital will actually be increased will depend, however, on the number of shares that are finally issued.

The amount of the Capital Increase will be charged in full against voluntary reserves, the amount of which at 31 December 2018 amounted to €1,103,021,813.45.

The balance that serves as the basis for the operation is that corresponding to the year ended on 31 December 2018, which has been audited by Deloitte, S.L. on 26 February 2019 and approved by the General Shareholders' Meeting on 8 May of 2019 within the first point of its Agenda.



3.4. Price of the commitment to purchase rights

The price of the irrevocable commitment to purchase free allocation rights assumed by FCC is 0.40 euros gross per right (the '**Purchase commitment**'). Said Purchase Commitment extends only to the rights received free of charge by the shareholders of the Company, not to the rights purchased or otherwise acquired in the market.

Consequently, FCC shareholders wishing to receive their remuneration in cash may sell their free allocation rights to FCC at a fixed gross price of 0.40 euros.

3.5. Compensatory mechanism

In economic terms and to equal both options (i) transferring the free allocation rights to FCC under the Purchase Commitment and (ii) receive the corresponding number of new shares, that is, not favouring or penalising any option, the Company will pay, to those shareholders, who will receive new shares, a Compensatory Dividend in cash, so as to compensate the lesser value that the New Shares would have compared to the cash that the shareholders would receive under the Purchase Commitment, after applying the previous formulas.

In this sense, applying the formulas set forth in section E of the agreement adopted under point five of the Agenda for the General Shareholders' Meeting of 8 May 2019, the Company's Board of Directors has set the theoretical value of the free allocation right ('Theoretical value of the right') at 0.3786 euros.

The amount results from the application of the following formula:

$$\begin{aligned} \text{Theoretical value of the right} &= \text{Listing price} - \frac{(\text{Listing price} \times \text{No. of rights})}{(\text{No. of rights} + 1)} \\ &= 10,981 - \frac{(10,981 \times 28)}{(28 + 1)} = 0,3786 \end{aligned}$$

This is, rounded to the lowest thousandth of a euro, as established in the agreement, 0.378 euros.

Consequently, the Company will pay its shareholders who have opted, partially or completely, to receive new released shares a compensatory dividend ('Compensatory Dividend' or 'CD') through this compensatory mechanism, the amount of which will be equal to that resulting from the following formula, rounded to the lowest thousandth of a euro:

$$CD = (0,40 - 0,378) \times (\text{No. of rights exercised} + \text{Subscribed NNS})$$

where

"Subscribed NNS"= Total New Issued Shares received by the shareholder

The Compensatory Dividend will be implemented exclusively for operational purposes through the distribution of a dividend to the New Shares, once said shares have been registered in the systems of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de



Valores, S.A. Unipersonal (Iberclear), but prior to its admission to trading on the Spanish stock exchanges and, consequently, prior to its operational comparison to the rest of the Company's shares.

In this regard, the FCC Board of Directors has appointed Banco Bilbao Vizcaya Argentaria, S.A. as the Agent of the operation.

3.6. Schedule

The schedule provided for the carrying out of the Increase is the following:

DATE	MILESTONE
13 May 2019	- Publication of the announcement of the Capital Increase in the Official Gazette of the Companies Registry (BORME) <u>Last trading date</u>: Reference date to participate in the <i>scrip dividend</i>. Company shareholders who have acquired their shares up to and including this date, and who appear as shareholders in the Iberclear records at 23:59 CET on the <i>record date</i>, will have the right to participate in the <i>scrip dividend</i>.
14 May 2019	Beginning of the rights negotiation period. <u>Ex-date</u>: the company's shares are now traded without rights.
15 May 2019	<u>Record date</u>: Effective settlement of transactions date carried out on the <i>last trading date</i>.
21 May 2019	End of the period to request cash compensation under the Purchase Commitment.
28 May 2019	End of the rights negotiation period. - Execution of the purchase and sale order of the rights to the shareholders that had opted to sell their rights to the company under the Purchase Commitment.
30 May 2019	Cash payment to shareholders who have chosen to sell their rights to the Company.
31 May 2019	Disclaimer by FCC of the free allocation rights acquired under the Purchase Commitment, finalising of the Capital Increase and communication, through a relevant event, of the final result of the transaction.
31 May 2019 to 13 June 2019	- Procedures for the registration of the Capital Increase and the admission to trading of the New Shares on the Spanish stock exchanges. - Payment of the Compensatory Dividend.⁽¹⁾
14 June 2019	Estimated ordinary trading commencement date of the New Shares on the Spanish stock exchanges.

(1) During this period, presumably 12 June 2019, once the corresponding deed relating to the Capital Increase has been registered in the Companies Registry, but before the admission to trading of the New Shares on the Spanish stock exchanges, the Compensatory Dividend will be paid.

3.7. Allocation of rights and procedure to opt for cash or new shares

As stated above, the free allocation rights will be assigned to FCC shareholders who have acquired their shares up to and including 13 May 2019, and that appear as shareholders on 15 May 2019.

The rights negotiation period will begin the day following the publication of the announcement of the execution of the Capital Increase in the Official Gazette of the Companies Registry (BORME) and will last fifteen calendar days (that is, 14 May 2019 to 28 May 2019, both inclusive). During this period, the rights will be negotiable and, therefore, may be transferred under the same conditions as the shares from which they arise, on the Stock Exchanges of Madrid,



Barcelona, Bilbao and Valencia through the Stock Exchange Interconnection System (Continuous Market).

During the free allocation rights negotiation period, shareholders may opt for cash or New Shares in the terms indicated above, as well as sell or acquire in the market sufficient free allocation rights and in the necessary proportion to subscribe New Shares.

However, shareholders wishing to accept the commitment to purchase rights assumed by FCC at the guaranteed fixed price (that is, at 0.40 euros gross per right) must communicate their decision no later than 21 May 2019. In the absence of express communication, shareholders will receive new FCC shares.

The Purchase Commitment extends only to the rights received free of charge by the shareholders of the Company, not to the rights purchased or otherwise acquired in the market. To decide between the options offered by FCC, shareholders must address the entities in which they have deposited their shares and the corresponding free allocation rights to them to communicate their decision.

The Capital Increase shall be carried out free of expenses and commissions in relation to the allocation of the New Shares issued. The Company will assume the expenses of issuance, subscription, entry into circulation, admission to trading and others related to the Capital Increase.

Notwithstanding the foregoing, the Company's shareholders must take into account that the entities participating in the Management Company los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) in which they have deposited their shares may establish, in accordance with current legislation, the commissions and expenses applicable to the subscription of New Shares and administration, derived from the maintenance of the values in the accounting records, that they freely determine. Likewise, the aforementioned participating entities may establish, in accordance with current legislation, the commissions and expenses applicable to the processing of orders for the purchase and sale of free allocation rights that they freely determine.

In any case, the shareholders must consider the tax aspects (and, in particular, the existence of withholdings, if any) applicable to each of the options (see section 5 of this Informative Document).

3.8. Shares held on deposit

Once the trading period of the free allocation rights has ended, the New Shares that could not have been assigned for reasons not attributable to the Company will remain on deposit at the disposal of those who prove the legitimate ownership of the corresponding free allocation rights. After three years from the date of termination of the aforementioned trading period of the free allocation rights, the New Shares that are still pending allocation may be sold at the risk of the interested parties in accordance with the provisions of article 117 of the Consolidated text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July. The cash amount of the aforementioned sale will be deposited at the Bank of Spain or in the Caja General de Depósitos at the disposal of the interested parties.



4. NATURE OF THE SHARES TO BE ISSUED

4.1. Nominal value, type of issue and representation of shares

The New Shares that are issued in the Capital Increase will be ordinary shares of 1-euro nominal value each, of the same class and series as those currently in circulation and that are already admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia through the Stock Exchange Interconnection System (Continuous Market).

The New Shares will be issued at an issue rate of 1 euro, that is, without issue premium, and will be represented by book entries, whose accounting record will be attributed to the Management Company of los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its participating entities.

4.2. Rights of the new shares

The New Shares will grant their holders the same political and economic rights as the ordinary shares of the Company currently in circulation, as of the date on which they are registered in their name in the corresponding accounting records and have been admitted to trading on the Spanish stock exchanges.

4.3. Admission to trading

The Company will request the admission to trading of the New Shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia through the Stock Exchange Interconnection System (Continuous Market).

Subject to obtaining the necessary authorisations, it is estimated that the ordinary trading of the new shares in the Spanish stock exchanges shall begin on 14 June 2019.

5. TAX REGIME

The Spanish tax regime applicable to shareholders will be the following in general (notwithstanding the specialities applying to non-resident shareholders or those subject to taxation in the Basque Country's provincial territories or in the Autonomous Community of Navarre, and potential future regulatory developments that could also affect the applicable tax regime):

a) Receive new fully released shares

For shareholders, taxpayers for the purposes of the Personal Income Tax ('IRPF') or the Non-Resident Income Tax ('IRNR') without a permanent establishment in Spain, the delivery of the New Shares will not constitute income. However, for the purposes of future transfers, the acquisition value, both of the New Shares and the shares from which they come, will be the amount resulting from dividing the total cost by the number of corresponding securities, both old and released. The acquisition date of the New Shares will correspond to the date for their pertinent shares.

Regarding shareholders, taxpayers for the purposes of the Corporate Income Tax ('IS') or the Non-Resident Income Tax ('IRNR') and acting through a permanent establishment in Spain, given that the applicable tax regulations contain no specific criterion for this purpose, the criterion established by the accounting standard will be applied. For these



purposes, the accounting treatment of these operations is included in consultation 1 of BOICAC 88/2011 (ICAC), by virtue of which, for cases in which the credit derived from the accrual of a dividend is paid with released shares issued to that effect, if the old shares and the received released shares have equal rights, the total value of the portfolio will not be altered, all the shares, both old and new, are valued at the weighted average price. In conclusion, the subscription of the capital increase charged to reserves does not determine the integration of any income in the tax base of the shareholders, so that the received values retain the seniority of the securities from which the cited allocation rights originated, distributing the value of all the shares between old and newly subscribed.

As regards the amount received by the Company's shareholders in the form of the Compensatory Dividend detailed in section 4.4 above, the provisions set forth below shall apply to the amount obtained in the transfer of rights to the Company under the Purchase Commitment.

b) Transfer all or part of their free allocation rights to the Company under the Purchase Commitment

Should the holders of free allocation rights opt for the Purchase Commitment, the tax regime applicable to the amount obtained in the transfer to FCC or its subsidiary of the free allocation rights held in its capacity as shareholders shall be equivalent to the regime applicable to dividends distributed directly in cash and, therefore, will be subject to withholding on account of the appropriate tax and the corresponding taxation.

c) Transfer all or part of their free allocation rights in the market

Should shareholders sell their free allocation rights in the market, the amount obtained in the transfer to the market of said rights will have the tax regime indicated below:

For the purpose of income taxes (IRPF or IRNR) for taxpayers without a permanent establishment in Spain, the amount obtained in the market transfer of the free allocation rights will be considered as a capital gain for the transferor. For shareholders subject to income tax (IRPF), this capital gain will be subject to withholding on account of the IRPF at the corresponding tax rate. This withholding will be carried out by the corresponding depository entity and, failing that, by the financial intermediary or notary public intervening in the transfer. For shareholders subject to IRNR liabilities without a permanent establishment in Spain, the gain will be subject to taxation for this tax, notwithstanding a possible application of the exemption included in the internal regulations or, as the case may be, the agreement to avoid double taxation in force.

Regarding IS and IRNR with a permanent establishment in Spain, to the extent that a complete business cycle is completed, it will be taxed according to the results from the applicable accounting regulations and the regulations applicable to said taxes.

It should be taken into account that this summary does not specify all the possible tax-related consequences of the different options related to the dividend or Capital Increase. The consequences that may occur in the countries of residence of shareholders who do not reside in Spain for tax purposes, or the variations that may result as a consequence of, as the case may be, the application of an Agreement to avoid double taxation entered into between Spain and the shareholder's state of declared fiscal residence. For this reason, it is



recommended that shareholders consult with their tax advisors on the specific tax impact of the proposed compensation system, considering the particular circumstances of each shareholder or holder of free allocation rights, and also check for developments made in the legislation in force at the date of this report and the criteria of interpretation thereof.

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