

**OFFER DOCUMENT FOR THE VOLUNTARY TAKEOVER BID  
OVER MASMOVIL IBERCOM, S.A.**



**Filed by**  
**Lorca Telecom BidCo, S.A.U.**  
**27 July 2020**

In accordance with the revised text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, Royal Decree 1066/2007 of 27 July on the regime for takeover bids and other applicable legislation.

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## INTRODUCTION

This Offer Document (the **Offer Document**) sets out the terms and conditions of the takeover bid (the **Offer**) filed by Lorca Telecom BidCo, S.A.U. (the **Offeror**) over all the shares comprising the share capital of Masmovil Ibercom, S.A. (indistinctly, **Masmovil** or the **Target** and, together with its subsidiaries, the **Masmovil Group**). The Offer is a voluntary offer for the purposes of the provisions of the revised text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October (the **Spanish Securities Market Act**) and Article 13 of Royal Decree 1066/2007 of 27 July on the regime for public takeover bids (**Royal Decree 1066/2007**).

The Offeror is a Spanish company in which stakes are held, indirectly, by (the **Investors**):

- (a) funds and vehicles (the **Seventh Cinven Fund**) managed by Cinven Capital Management (VII) Limited Partnership Incorporated, acting through its own managing general partner, Cinven Capital Management (VII) General Partner Limited, which currently hold a 33.33% indirect stake in the Offeror;
- (b) funds, vehicles and separately managed accounts (the **KKR Investors**) ultimately managed by KKR Associates Europe V SCSp, acting through its own general partner, KKR Europe V S.à r.l. The KKR Investors currently hold a 33.33% indirect stake in the Offeror; and
- (c) funds and vehicles (the **Providence VII Investors**) ultimately managed by Providence Equity GP VII-A LP, acting through its own managing general partner, PEP VII-A International Ltd., which currently hold a 33.33% indirect stake in the Offeror. Prior to the Settlement of the Offer, there will also be participation in the acquisition structure by funds and vehicles (the **Providence VIII Investors**) ultimately managed by Providence Equity GP VIII LP, acting through its own managing general partner, PEP VIII International Ltd.

The shareholding and control structure of the Offeror is explained in further detail in section 1.4 of the Offer Document.

On 30 May 2020 (i) Cinven Capital Management (VII) General Partner Limited, in its capacity as managing general partner of the Seventh Cinven Fund, (ii) Kohlberg Kravis Roberts & Co. L.P., in its capacity as adviser to KKR Europe V S.à r.l., the ultimate manager of the KKR Investors, (iii) PEP VII-A International Ltd., in its capacity as manager of the Providence VII Investors, and (iv) PEP VIII International Ltd., in its capacity as manager of the Providence VIII Investors entered into a consortium agreement for the implementation of the Offer.

In addition, on 31 May 2020, the Offeror entered into Irrevocable Undertaking Agreements with certain shareholders of Masmovil holding shares representing, in aggregate, 29.56% of its share capital, as described in section 1.5.1 of the Offer Document.

Lastly, on 1 June 2020, Masmovil and the Offeror entered into an investment agreement to formalize the terms of the agreements entered into between Masmovil and the Offeror regarding the Offer.

The main terms of the agreements are described in section 1.5 of the Offer Document.

The Offer is addressed to 100% of the share capital of Masmovil, consisting of 131,714,565 shares admitted to trading on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Stock Exchange Interconnection System (*Sistema de Interconexión Bursátil*).



The consideration for the Offer consists of a cash price of EUR 22.50 per share of Masmovil, subject to downward adjustment, as the case may be, according to the provisions of section 2.2.1 of the Offer Document. The Offeror considers that the price of the Offer is an equitable price for the purposes of the provisions of article 9 of Royal Decree 1066/2007 and complies with all the requirements set forth in article 137.2 of the Spanish Securities Market Act, as described in further detail in section 2.2.2. The price of the Offer is justified in accordance with the provisions of article 10 of Royal Decree 1066/2007 and article 137.2 of the Spanish Securities Market Act, by means of a valuation report dated 24 July 2020 produced by PricewaterhouseCoopers Asesores de Negocio, S.L. (**PwC**) whose conclusions are set out in section 2.2 below. A copy of the aforementioned valuation report is attached to this Offer Document as **Annex 13**.

The foreign investment in the Spanish company Masmovil by the Offeror, directly, and by its shareholders, indirectly, resulting from the settlement of the Offer, has obtained authorisation from the Council of Ministers at the meeting held on July 7 of 2020.

The effectiveness of the Offer is subject to the following conditions, described in section 2.5 of the Offer Document:

- (a) a minimum acceptance condition, in accordance with the provisions of article 13.2.(b) of Royal Decree 1066/2007, that will be fulfilled if 65,857,283 Masmovil shares, representing 50% of the shares of Masmovil rounded up, accepted the Offer; and
- (b) another condition in accordance with Article 13.2.(d) of Royal Decree 1066/2007, consisting in the Offeror obtaining the non-opposition from the Bank of Spain regarding the acquisition by the Offeror of a significant indirect shareholding in the share capital of the financial credit establishment of the payment institution Xfera Consumer Finance, E.F.C., S.A., in which a Masmovil subsidiary (Xfera Móviles, S.A.U.) holds 49% of the share capital and voting rights, which is detailed indicated in section 2.5.2 of the Offer Document.

The Offeror intends to delist the shares of Masmovil, either by exercising the squeeze-out right if the thresholds established for that purpose are reached or, if such thresholds are not reached and the Offer has a positive result due to the fulfilment of the Minimum Acceptance Condition, by promoting the delisting of the shares of Masmovil under the exception provided for in article 11.d) of Royal Decree 1066/2007. In either case, the purchase price shall be equal to the price at which the Offer would have been settled, adjusted, as the case may be, according to the provisions of sections 3.6.1 and 4.10 of the Offer Document.

The plans and intentions of the Offeror with respect to the Masmovil Group are described in Chapter 4 of the Offer Document.



## 1. CHAPTER ONE

### 1.1 PERSONS RESPONSIBLE FOR THE OFFER DOCUMENT

The following persons assume responsibility for the contents of this Offer Document specified in this section:

- (a) Miguel Juan Segura Martín, of legal age, of Spanish nationality, in the name and on behalf of the Offeror.
- (b) Jorge Lluch Pauner, of legal age, of Spanish nationality, in the name and on behalf of the Offeror.
- (c) Stefano Bosio, of legal age, of Italian nationality, in the name and on behalf of the Offeror.

Miguel Juan Segura Martín, Jorge Lluch Pauner and Stefano Bosio are authorized to sign this Offer Document on behalf of the Offeror in their capacity as duly authorized representatives, the two former persons pursuant to the resolutions adopted by the Board of Directors of the Offeror on 31 May 2020 and under the special power of attorney granted to them on the same date by the Offeror, and Stefano Bosio pursuant to the resolutions adopted by the Board of Directors of the Offeror on 15 July 2020 and under the special power of attorney granted to him on the same date by the Offeror.

Miguel Juan Segura Martín declares that the data and information contained in this Offer Document with respect to Cinven in sections 1.4 and 1.8.2 are true, that it contains no data or information that could be misleading and that there are no omissions likely to alter its content.

Jorge Lluch Pauner declares that the data and information contained in this Offer Document with respect to KKR in sections 1.4 and 1.8.3 are true, that it contains no data or information that could be misleading and that there are no omissions likely to alter its content.

Stefano Bosio declares that the data and information contained in this Offer Document with respect to Providence in sections 1.4 and 1.8.4 are true, that it contains no data or information that could be misleading and that there are no omissions likely to alter its content.

Miguel Juan Segura Martín, Jorge Lluch Pauner and Stefano Bosio declare, each in respect of the companies and groups they represent as referred to in the preceding paragraphs and, jointly, in respect of the Offeror, that this Offer Document has been prepared in accordance with Article 18 and Annex of Royal Decree 1066/2007 and that the data and information included in it are true, that it contains no data or information that could be misleading and that there are no omissions likely to alter its content.

In accordance with the provisions of article 238 of the Spanish Securities Market Act, it is hereby expressly stated that the registration of the Offer Document and its Annexes with the National Securities Market Commission (*Comisión Nacional del Mercado de Valores* or CNMV) shall only imply recognition that these documents include all the information required by the rules that establish their content and under no circumstances shall the CNMV be held liable for any inaccuracy of information they may contain.

## 1.2 AGREEMENTS, SCOPE AND APPLICABLE LAW

### 1.2.1 Agreements of the Offeror for the submission of the Offer

On 31 May 2020, Lorca Holdco Limited, sole shareholder of the Offeror, authorised the filing of the Offer for the purposes of Article 160.f) of the Spanish Companies Act, whose consolidated text was approved by Royal Legislative Decree 1/2010, of 2 July (the *Spanish Companies Act*), and the delegation in favour of the management body, with express power of substitution, of the power to establish the terms and conditions of the Offer, and power to carry out any acts that may be appropriate or convenient for the filing and execution of the Offer, including, but not limited to, the signing and formalisation of any agreements that may be necessary for such purposes, and the granting of any powers of attorney that may be necessary or simply appropriate.

In addition, on that same date, the management body of the Offeror agreed (i) to file the Offer, setting then its main terms; and (ii) under the delegation of powers granted by the sole shareholder to the management body, the granting of powers in favour of, among others, the persons responsible for this Offer Document, so that the proxies could, among other actions, request the relevant authorization of the Offer and draw up, subscribe and file this Offer Document and any documents amending it, as well as any other documentation that may be required pursuant to the provisions of Royal Decree 1066/2007 or the Spanish Securities Market Act, including any relevant action, declaration or arrangement before both the CNMV and any other competent entity, in the interests of the successful completion of the Offer.

The decision to promote the Offer was also taken under the auspices of the resolutions adopted in this respect by the management bodies of the following entities that make up the shareholder and control structure of the Offeror: (i) the Board of Directors of Cinven Capital Management (VII) General Partner Limited dated 30 May 2020; and (ii) the boards of directors of PLT VII MAS S.à r.l. and EMM Holdings S.à r.l. dated 28 May 2020.

In relation to the KKR Investors, it is hereby stated that the investment committee of Kohlberg Kravis Roberts & Co. L.P., in its capacity as adviser to KKR Europe V S.à r.l., the ultimate manager of the KKR Investors, made a favourable recommendation to the KKR Investors of the investment relating to the Offer. This recommendation is not binding for the purposes of launching the Offer. The resolution of the Board of Directors of the Offeror regarding the launch of the Offer was approved with the favourable vote of the representatives of the KKR Investors on the Board of Directors of the Offeror and, with that, the requirements necessary to launch the Offer have been complied with.

Attached as Annex 1 is the documentation accrediting the resolutions adopted by the management body and by the sole shareholder of the Offeror dated 31 May 2020, both documents drawn up in double column in Spanish and English, and as Annex 2 the resolutions adopted by the management body of Cinven Capital Management (VII) General Partner Limited on 30 May 2020, and by the management bodies of PLT VII MAS S.à r.l. and of EMM Holdings S.à r.l. on 28 May 2020, together with sworn translations into Spanish.

Apart from the above, no other entity within the investment structure described in section 1.4.2 of this Offer Document has taken any decision in relation to the filing of the Offer.

### **1.2.2 Scope of the Offer, applicable legislation and competent authority**

The Offer is voluntary, addressed to all the shares of Masmovil in accordance with the information contained in this Offer Document and its supplementary documentation, and is filed in accordance with the Spanish Securities Market Act, Royal Decree 1066/2007 and other applicable legislation. Therefore, the Offer is effectively addressed to a total of 131,714,565 shares of Masmovil, representing 100 % of its share capital, including 38,938,643 Masmovil shares, representing 29.56% of its share capital, that (i) Onchena, S.L.; (ii) Key Wolf, S.L.U.; (iii) Inveready Innovation Consulting, S.L.; (iv) Estiriac XXI, S.L.; and (v) PLT VII MAS S.à.r.l. have committed to sell in the Offer. See section 1.5.1(c) of the Offer Document for more information.

All shares of Masmovil are listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia through the Stock Exchange Interconnection System (*Sistema de Interconexión Bursátil* or SIBE). The shares of Masmovil are not admitted to trading on any other market, whether regulated, unofficial or non-regulated, in any European Union (*EU*) Member State or in any other non-EU country.

Consequently, and given that Masmovil is a company domiciled in Spain and its shares are listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, the competent authority to examine and verify this Offer Document and authorise the Offer is the CNMV, in accordance with Article 1 of Royal Decree 1066/2007.

### **1.2.3 Markets on which the Offer is filed**

The Offer is submitted exclusively on the Spanish market, the only market on which the shares of Masmovil are listed, and is addressed to all shareholders holding Target shares, regardless of their nationality or place of residence. The territorial restrictions on the distribution of this Offer Document and on the dissemination of the Offer in certain jurisdictions are set out in section 5.4 of this Offer Document.

### **1.2.4 Legislation governing the contracts entered into between the Offeror and the shareholders of Masmovil as a result of the Offer and competent jurisdictions**

The contractual relationship between the Offeror and the shareholders of Masmovil who, as the case may be, accept the Offer, and the effects of the Offer will be governed by common Spanish law. Likewise, the competent courts to deal with any matter related to them will be the corresponding Spanish courts and tribunals in accordance with the legislation of civil procedure.

## **1.3 INFORMATION ON THE TARGET**

### **1.3.1 Corporate name and registered office**

The Target is Masmovil Ibercom, S.A., a Spanish corporation, with registered office at Parque Empresarial Zuatzu, Edificio Easo, 2<sup>nd</sup> floor, San Sebastián, Guipúzcoa (Spain), with tax identification number (*número de identificación fiscal* or N.I.F) A-20609459. The registered office of the Offeror for tax purposes will be Avenida de Bruselas, 38, 28018 Alcobendas, Madrid (Spain). The Target was incorporated on 12 November 1997 for an indefinite period of time and is registered with the Commercial Register of Guipúzcoa in volume 2,172, page 182, sheet SS-13,511.

The corporate purpose of Masmovil, in accordance with Article 3 of its articles of association, is as follows:

*“Article 3.- Corporate purpose.*

*The purpose of the Company is:*

*(a) The provision of telecommunication services through the operation of networks or the resale of telephone service, mobile and fixed telephony, internet and television, and the development of computer applications.*

*(b) The provision and marketing of all kinds of works, services and activities regarding, related to or through IT network.*

*(c) Advice and consultation in the IT and telecommunications area. The analysis of companies and the technical collaboration of software and hardware. The implementation and teaching of IT and telecommunications applications. Advice on strategic and operational planning. The organization of human and material resources and the execution of studies and business reports and advice and consultancy for the conducting of companies operating in the telecommunications sector and business strategy.*

*(d) The sale, distribution, import, export, maintenance and service of all types of products and services related to IT and telecommunications, regarding hardware, software and Internet, as well as the distribution and sale of any product and service through Internet, infovia or any other telematic network similar to, complementary to or substituting those currently in existence.*

*(e) The provision of services to third parties for studies, projects and technical and investment advice in the field of telecommunications and IT applications. This section expressly includes management support services.*

*The CNAE corresponding to the main activity of the corporate purpose is 6,190 (“other telecommunications activities”). In addition, the CNAEs corresponding to the remaining activities included in the corporate purpose are 4,741 (“retail trade of computers, computer equipment and software in specialised establishments”) and 6,201 (“computer programming activities”).*

*This section expressly includes management support services in the areas of finance, tax and accounting administration, collections, payments, cash management, human resources and personnel management, IT services, purchases and any other services required for the successful completion of the corporate purpose.*

*The activities comprised by the corporate purpose may also be carried out by the Company, in whole or in part, indirectly in any manner permitted by law, and, in particular, through interests in other companies with identical or similar corporate purposes.”*

The financial year of Masmovil starts on 1 January and ends on 31 December.

Masmovil’s articles of association are available to shareholders on its corporate website ([www.grupomasmovil.com](http://www.grupomasmovil.com)).

### **1.3.2 Share Capital**

#### **(a) Share Capital**

Masmovil’s share capital amounts to EUR 2,634,291.30, divided into 131,714,565 shares with a nominal value of EUR 0.02 each, belonging to the same single class and series, with identical

voting and economic rights, fully subscribed and paid up and represented by book entries (*anotaciones en cuenta*), which are kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (**Iberclear**) and its authorised participating entities. Masmovil shares have been admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the SIBE since 14 July 2017.

Each share of Masmovil grants its holder one voting right. Masmovil has not issued any non-voting or special class shares. Masmovil has not issued subscription rights, or bonds exchangeable or convertible into shares, or warrants, or any other similar instrument that could directly or indirectly entitle its holder to purchase or subscribe for shares of Masmovil.

It should be noted that, with effects as of 13 December 2018, in compliance with the resolution adopted by Masmovil's General Shareholders' Meeting on 4 May 2018, the number of shares into which Masmovil's share capital was divided was split, in the proportion of 5 new shares for each old share, by reducing the nominal value of each share from EUR 0.10 to EUR 0.02, without modification in the share capital figure (the **2018 Split**).

(b) Incentive plans linked to the listing share price

*2017 Plan*

On 1 March 2017, the General Shareholder's Meeting of Masmovil agreed to approve a Shares Appreciation Rights Plan for the entire Masmovil workforce (the **2017 Plan**). The 2017 Plan consists of the granting of a total of up to 8,500,000 non-transferrable rights (2,850,000 for the Managing Director, 2,750,000 for senior executives, 1,925,000 for executives and 975,000 for the rest of the workforce, with the specific number of rights assigned to each beneficiary being determined by Masmovil's Board of Directors) and which may entitle to extraordinary variable cash remuneration linked to the increase in value of the shares of Masmovil until 1 September 2020, taking their listing value as a reference, and with the 2017 Plan being payable 60 days after its termination date.

According to the 2017 Plan, the rights granted to each beneficiary are established as follows: (i) until 1 March 2018, no rights are established; (ii) from 1 March 2018 until 1 September 2020, 20% to 70% of the rights shall be established, on a linear basis and in accordance with the months that have elapsed during that period; and (iii) from 1 September 2020 to the payment date, 100% of the granted rights shall be established. However, if Masmovil's total recurring EBITDA growth between 2017 and 2019 is lower than 10%, 30% of the rights assigned to each beneficiary will be extinguished unless the Board of Directors decides otherwise. To the extent that Masmovil's total recurring EBITDA growth between 2017 and 2019 has exceeded 10%, 30% of the rights under the 2017 Plan linked to this condition have been consolidated.

The rights attributed to each beneficiary will be extinguished: (i) in the event of termination of the ordinary employment relationship, of the senior management employment relationship or of the commercial relationship with Masmovil prior to the plan's settlement date (excluding cases of death, retirement or permanent incapacity) and (ii) as a consequence of poor performance of the beneficiary's duties.

The 2017 Plan has a maximum life of three years and six months, expiring on 1 September 2020, although it contemplates as early settlement event the change of control of Masmovil.

*2020 Plan*

According to the information provided by Masmovil, on 18 December 2019, the Board of Directors of Masmovil approved the terms of a new share appreciation plan, to give continuity to the 2017 Plan (the **2020 Plan**). The General Shareholders' Meeting, held on 8 July 2020, at the first call, has approved the 2020 Plan.

As in the case of the 2017 Plan, the 2020 Plan will consist in the potential granting of a total of up to 8,500,000 non-transferable rights to its beneficiaries subject to a series of minimum targets and which may lead to extraordinary variable remuneration in cash (or through contributions to pension plans) linked to the increase in value of Masmovil shares from 1 September 2020 to 29 February 2024, taking as reference their quoted value on each of those dates, with the 2020 Plan being payable 60 days after its expiration date.

The rights will be established as follows: (i) until 1 September 2021, no rights will be established, (ii) on 1 September 2021 20% of the rights will be established and, (iii) from 1 September 2021 until 29 February 2024, the remaining 80% of the rights will be established, on a linear basis and in accordance with the months that have elapsed during that period.

The rights attributed to each beneficiary will be extinguished for causes similar to those established in the 2017 Plan. In addition, if during the three years following the settlement of the 2020 Plan the Board of Directors of Masmovil becomes aware of any serious infringement committed by any of the beneficiaries, the latter may be required to return the corresponding amount.

The 2020 Plan has a maximum duration of three years and six months as of 1 September 2020, expiring on 29 February 2024, although it contemplates as early settlement event a change of control of Masmovil occurring after the first anniversary of the 2020 Plan. In any case, the early settlement of the 2020 Plan will not take place as a consequence of the Offer, as the year required for early settlement due to a change of control will not have elapsed.

#### *Effects of the Offer on the incentive plans*

##### *2017 Plan*

The 2017 Plan expires on 1 September 2020. In the event that as a result of the Offer the Offeror acquires more than 50% of the share capital of Masmovil before 1 September 2020, the early accrual of the rights of the 2017 Plan will take place. The settlement of the Masmovil 2017 Plan will be made in cash after the settlement of the Offer.

Specifically, according to the information provided by Masmovil, the initial average share reference price amounts to EUR 6.44 (which will vary for each beneficiary depending on the access date to the 2017 Plan), the number of beneficiaries of the 2017 Plan amounts to 454 persons, and the number of rights granted amounts to approximately 8.384 million. In addition, according to information provided by Masmovil, approximately EUR 84 million is currently provisioned for the payment of the 2017 Plan. Further to the above, according to the information provided by Masmovil, taking into account the Offer Price, the 454 beneficiaries of the 2017 plan will receive a total approximate consideration of gross EUR 135 million for the approximately 8,384 million rights granted.

##### *2020 Plan*

According to the content of sections 1.5.1(c) and 1.5.1(d) of the Offer Document, the Offeror acknowledges and is not against the approval of such 2020 Plan by the General Shareholders'



Meeting of Masmovil held on 8 July 2020. In the event that the shares of Masmovil are delisted as a result of the Offer, the Offeror has undertaken to negotiate with the management team (represented for this purpose by the current CEO) the terms of an incentive plan that reflects the new reality of Masmovil as an unlisted company, in economic terms equivalent, at least, to the 2020 Plan, and addressed to the same beneficiaries as the 2020 Plan, which will aim to align the long-term incentives of the management team and employees with those of the Investors.

In any case, until an agreement is reached with the management team to replace the 2020 Plan with the alternative incentive plan, the 2020 Plan will remain in force and, in the event of the delisting of Masmovil's shares, it will be necessary to replace the valuation of the shares (which currently refers to their listed value) with a financial equivalent, taking into account the unlisted nature of Masmovil.

### 1.3.3 Structure of the administrative, management and control bodies

In accordance with Article 30 of Masmovil's articles of association, the body responsible for the management and representation of the company is the Board of Directors. The articles of association establish that the Board of Directors of Masmovil will be composed of a minimum of 5 and a maximum of 15 directors.

At present, the Board of Directors of Masmovil is made up of 12 members. In accordance with Article 31 of the articles of association of Masmovil, the directors will serve for a period of four years and may be re-elected one or more times for periods of the same length.

The members of the Board of Directors of Masmovil occupy the positions indicated in the following table and hold, directly or indirectly, the percentage of the share capital in Masmovil also detailed below <sup>(1)</sup>:

Director	Position	Category	Represented shareholder	Number of shares	Share capital (%)
Ms. Cristina Aldámiz-Echeverría González de Durana	Ordinary Member	Independent	-	50	0.00%
Mr. Rafael Canales Abaitua	Ordinary Member	Proprietary	Onchena, S.L. <sup>(2)</sup>	1,375	0.001%
Mr. Eduardo Díez-Hochleitner Rodríguez	Ordinary Member and Chairman	Independent	-	210,105	0.16% <sup>(3)</sup>
Mr. Rafael Domínguez de la Maza	Ordinary Member	Proprietary	Global Portfolio Investments, S.L. <sup>(4)</sup>	35,000	0.03%
Mr. Josep María Echarri Torres <sup>(5)</sup>	Ordinary Member and 2 <sup>nd</sup> deputy chairman	Proprietary	Grupo Inveready	2,639,370	2.00%
Mr. Felipe Fernández Atela	Ordinary Member	Independent	-	0	0.00%
Mr. Francisco de Borja Fernández Espejel	Ordinary Member	Independent	-	48,516	0.04%
Mr. John Carl Hahn	Ordinary Member	Proprietary	PEP VII-A International Limited (Inversores Providence VII)	0	0.00%
Key Wolf, S.L.U. <sup>(6)</sup>	Ordinary Member and 1 <sup>st</sup> deputy chairman	Proprietary	Key Wolf, S.L.U.	6,629,025	5.03%
Ms. Nathalie Picquot	Ordinary Member	Independent	-	5	0.00%



Director	Position	Category	Represented shareholder	Number of shares	Share capital (%)
Mr. Meinrad Spenger	Ordinary Member and Chief Executive Officer	Executive	-	1,186,679	0.90%
Ms. Pilar Zulueta de Oya	Ordinary Member	Independent	-	5,000	0.004%

- (1) Source: CNMV website as at (www.cnmv.es), and the information obtained by the Offeror through the irrevocable undertakings agreements referred to in section 1.5.1 of this Offer Document.
- (2) Onchena, S.L. is a company controlled by Ms. Carmen Ybarra Careaga.
- (3) The information published on CNMV's website (www.cnmv.es) in relation to the shares held by the director Mr. Eduardo Díez-Hochleitner Rodríguez is not updated with the 2018 Split.
- (4) Global Portfolio Investments, S.L. is a company controlled by Indumenta Pueri, S.L.
- (5) Mr. Josep María Echarri Torres holds his shares in Masmovil through his direct participation in and control over The Nimo's Holding, S.L., company which in turn holds a direct and controlling interest in Inveready Capital Company, S.L., company which in turn holds a direct and controlling interest in Inveready Innovation Consulting, S.L., direct owner of the shares.
- (6) Mr. José Eulalio Poza Sanz controls 100% of Key Wolf, S.L.U. and is the natural person representative of this director.

Mr. Alberto Castañeda González holds the position of non-director secretary.

In accordance with Article 32 of Masmovil's articles of association, for the Board of Directors to be validly constituted, half plus one of its members must be present or represented at the meeting. In addition, the Board of Directors will be validly constituted, without the need for prior notice, when all the directors are present or represented and decide unanimously to hold the meeting. Resolutions will be adopted, as established in Article 34 of the articles of association, by an absolute majority of votes of the directors present or duly represented at the meeting, except in those cases where the law, Masmovil's articles of association or the Regulations of the Board of Directors require any other enhanced majority. In the event of a tied vote, the articles of association or the Regulations of Masmovil's Board of Directors do not provide that the Chairman holds a casting vote.

In accordance with Article 35 of the articles of association, the Board of Directors has appointed Mr. Meinrad Spenger as Masmovil's Chief Executive Officer. According to the corporate governance annual report attached to Masmovil's consolidated annual accounts for 2019, all the powers of the Board of Directors except those that are non-delegable, in accordance with Articles 249 bis and 529 ter of the Spanish Companies Act, have been delegated to the Chief Executive Officer.

An Audit and Control Committee and an Appointments and Remuneration Committee have been set up within the Board of Directors, as regulated in Article 35 of the articles of association and Articles 14 and 17 of the Regulations of the Board of Directors, respectively. In the event of a tie in these committees, the Chairman holds a casting vote.

The composition of the Audit and Control Committee is as follows:

Members	Position
Mr. Francisco de Borja Fernández Espejel	Chairman
Mr. Eduardo Díez-Hochleitner Rodríguez	Member
Mr. Josep María Echarri Torres	Member

<b>Members</b>	<b>Position</b>
Mr. Rafael Canales Abaitua	Member
Ms. Cristina Aldámiz-Echevarría González de Durana	Member

The composition of the Appointments and Remuneration Committee is as follows:

<b>Members</b>	<b>Position</b>
Ms. Pilar Zulueta de Oya	Chairwoman
Mr. Eduardo Díez-Hochleitner Rodríguez	Member
Mr. Felipe Fernández Atela	Member
Mr. John Carl Hahn	Member

The organization and functions of these committees are regulated in the Regulations of the Board of Directors available on Masmovil's corporate website ([www.grupomasmovil.com](http://www.grupomasmovil.com)).

### **1.3.4 Shareholding structure and shareholders' agreements**

#### **(a) Shareholding structure**

Masmovil's shareholding structure as at the date of this Offer Document comprises the following shareholdings <sup>(1)</sup>:

<b>Name/Corporate name</b>	<b>Number of shares</b>	<b>Share capital (%)</b>
Carmen Ybarra Careaga <sup>(2)</sup>	17,496,633	13.28%
PEP VII-A International Limited <sup>(3)</sup> (Providence)	12,061,890	9.16%
Indumenta Pueri, S.L. <sup>(4)</sup>	10,831,968	8.22%
José Eulalio Poza Sanz <sup>(5)</sup>	6,629,025	5.03%
Blackrock Inc. <sup>(6)</sup>	5,232,288	3.97%
Capital Research and Management Company <sup>(7)</sup>	3,461,175	2.63%
Norges Bank	3.136.168	2,38%
AllianceBernstein LP	2,925,260	2.22%
Josep Maria Echarri Torres <sup>(8)</sup>	2,639,370	2.00%
Wellington Management Group LLP <sup>(9)</sup>	2,507,709	1.90%
DWS Investment GMBH <sup>(10)</sup>	1,654,852	1.26%
Estiriac XXI, S.L.	217,550	0.17%
Reade Eugene Griffith <sup>(11)</sup>	4.000	0.003%
Treasury Stock <sup>(12)</sup>	348,525	0.26%
Free float <sup>(13)</sup>	62,568,152	47.52%
<b>Total</b>	<b>131.714.565</b>	<b>100%</b>

<sup>(1)</sup> Source: CNMV website as at 24 July 2020 ([www.cnmv.es](http://www.cnmv.es)), and the information obtained by the Offeror through the irrevocable undertakings agreements referred to in section 1.5.1 of this Offer Document.

- (2) Ms. Carmen Ybarra Careaga owns 17,390,808 of such Masmovil shares indirectly through Onchena, S.L.
- (3) PEP VII-A International Limited is the general partner of Providence Equity GP VII-A L.P., which, in turn, is the general partner of de Providence Equity Partners VII-A L.P., which controls various companies, one of which, PLT VII MAS S.à.r.l, is the direct holder of the stated Masmovil shares. In its capacity as general partner, PEP VII-A International Limited determines the manner in which the voting rights of the stated Masmovil shares are exercised.
- (4) Indumenta Pueri, S.L. holds its interest through Global Portfolio Investments, S.L.  
206,769 of Indumenta Pueri, S.L.'s shares in Masmovil have been notified to the CNMV through "Notifications from the Directors and Related Persons", in accordance with Commission Regulation 2016/523.
- (5) Mr. José Eulalio Poza Sanz holds his participation through Key Wolf, S.L.U
- (6) The direct holders of these shares are a large number of funds, accounts and portfolios managed and administered by management companies under the ultimate control of Blackrock, Inc. In addition, Blackrock, Inc. is party to contracts for difference (CFDs) that attribute to it 21,552 Masmovil shares (representing 0.02% of the share capital), in the sense of article 28.1 of Royal Decree 1362/2007.
- (7) These shares are held by entities directly or indirectly owned by Capital Group Companies, Inc., which include a U.S.-based investment management company, and its investment manager affiliates, that serves as investment manager to the American Funds family of mutual funds, other pooled investment vehicles, as well as individual and institutional clients.
- (8) Mr. Josep María Echarri Torres holds his shares in Masmovil through his direct participation and control in The Nimo's Holding, S.L., which in turn controls in Inveready Capital Company, S.L., which in turn controls in Inveready Innovation Consulting, S.L., direct owner of the shares.
- (9) Wellington Management Group LLP controls its shareholding through Wellington Management Company LLP, Wellington Management International Ltd and Wellington Management Global Holdings, Ltd.
- (10) DWS Investment GmbH is an asset management company controlled by Deutsche Bank AG. However, it is under the exception provided for in Article 26 of Royal Decree 1362/2007
- (11) Reade Eugene Griffith controls these shares in Masmovil through a majority shareholding in Polygon Global Partners LLP, which manages a number of funds and accounts that are the direct holders of these shares. In addition, Reade Eugene Griffith is party to contracts for difference (CFDs) which attribute to it 1,346,000 Masmovil shares (representing 1.02% of the share capital), in the sense of article 28.1 of Royal Decree 1362/2007.
- (12) The Offeror has had knowledge of the treasury stock through the information provided by Masmovil as at 19 July 2020. Masmovil does not have any obligation to the Offeror to accept the Offer, nor any sale or transfer – of any nature - commitment to any third party in respect of the aforementioned shares in treasury stock, and no third party has any right to acquire such shares.
- (13) Among the notifications of voting rights and financial instruments sent to the CNMV by the obligated parties is that of Simon Davies, who is party to contracts for difference (CFDs) that attribute to him 1,471,816 Masmovil shares (representing 1.12% of the share capital), in the sense of article 28.1 of Royal Decree 1362/2007. Simon Davies controls Sand Grove Capital Management LLP, which is the investment manager of a series of funds that are the direct holders of the Masmovil shares.  
In turn, Sand Grove Opportunities Master Fund Ltd. is party to contracts for difference (CFDs) which attribute to it 1,336,888 Masmovil shares (representing 1.01% of the share capital), in the sense of article 28.1 of Royal Decree 1362/2007.

(b) Control Structure

According to publicly available information, for the purposes of Article 5 of the Spanish Securities Market Act, Masmovil is not controlled, either individually or in concert, by any natural person or entity. The Offeror is not aware of the existence of any controlling interest (*participación de control*) in Masmovil, as defined in Article 4 of Royal Decree 1066/2007. No concerted action by any of the shareholders of Masmovil has been notified either.

As a consequence of the Offer, Masmovil will be taken over with the structure detailed in this Offer Document.

(c) Shareholders' agreements

Masmovil has published a relevant fact communication, dated 30 June 2020, informing about the termination, with effect from 24 June 2020, of the agreement to syndicate voting rights in the General Shareholders' Meeting and the Board of Directors of Masmovil, signed on 26 October 2016 and modified on 16 January 2019, of which Onchena, S.L.U.; Key Wolf, S.L.U.; Inveready Seed Capital, SCR, S.A.; Mr. José Manuel Alsedo Solís; Inveready Capital Company, S.L.; Inveready Evergreen, SCR, S.A.; The Nimo's Holding, S.L. and Mr. Josep María Echarri Torres were part.

In addition to the foregoing, neither Masmovil nor the CNMV has been notified of the existence of any in-force shareholders' agreements regarding Masmovil, nor is the Offeror aware of the existence of any other shareholders' agreements regarding Masmovil as described in Article 530 of the Spanish Companies Act.

None of the agreements entered into between the Offeror and the shareholders and members of the Masmovil's administrative, management and control bodies, referred to in section 1.5.1, contain any of the agreements provided for in Articles 530 et seq. of the Spanish Companies Act that come into effect prior to or after the settlement of the Offer. After the settlement of the Offer, the shareholders' agreement between Cinven Aggregator, KKR Aggregator, Providence Holdings and the Rolling Shareholders, which will be developed by the Equity Term Sheet described in section 1.5.1 of this Offer Document, will be applicable. If any of the stipulations of said shareholders' agreement is considered to be a shareholders' agreement in terms of Article 534 of the Spanish Companies Act, with regard to agreements between shareholders or members of an entity that exercises control over a listed company, the stipulations that affect the right to vote or that restrict or condition the free transferability of the shares shall be reported to the CNMV and filed with the Commercial Registry of Guipúzcoa, pursuant to the applicable legislation.

### **1.3.5 Limitations on voting rights and restrictions on access to governing bodies**

In accordance with Article 31 of the articles of association and Article 22 of the Regulations of the Board of Directors of Masmovil, in addition to the incompatibilities, incapacities and prohibitions provided for in the applicable legislation in force, the fact of being director of more than 3 boards of directors, in addition to that of Masmovil, of companies whose shares are admitted to trading on an official secondary securities market is an impediment to becoming a member of Masmovil's Board of Directors.

Masmovil's articles of association do not contemplate any limitations on shareholders' voting rights. Each share entitles to one vote.

Without prejudice to the above, article 34 of Royal Decree Law 6/2000, of 23 June, on Urgent Measures to Intensify Competition in Goods and Services Markets, provides that natural or legal persons who, directly or indirectly participate in the capital or voting rights of two or more companies that have the status of main operator in the same market as those provided for in this provision (including fixed and mobile telephony), in a proportion equal to or greater than 3% of the total, may not exercise the voting rights corresponding to the excess over this percentage in more than one of these companies, nor designate, directly or indirectly, members of the

governing bodies of more than one of them; unless the Spanish Antitrust Authority (*CNMC*) so authorizes provided that it considers that this does not favour the exchange of strategic information between operators, nor brings risk of coordination of their strategic behaviour.

Article 34 of Royal Decree Law 6/2000 states that a main operator is any operator that, having such status in one of those fixed and mobile telephony markets, has one of the five largest market or relevant sector shares, it being the *CNMC*'s responsibility to establish and publish the annual list of such main operators. The *CNMC*, by Resolution of 19 November 2019, declared Masmovil as main operator in the fixed telephony market, together with Telefónica de España, S.A.U., Vodafone España, S.A.U., Orange Espagne, S.A.U. and Euskaltel, S.A., and in the mobile telephone sector it identified as such Masmovil and Telefónica Móviles España, S.A.U., Orange Espagne, S.A.U., Vodafone España, S.A.U. and Lycamobile, S.A.

### **1.3.6 Neutralisation and compensation measures envisaged by Masmovil**

Masmovil has not adopted resolutions in application of Article 135 of the Spanish Securities Market Act and Article 29 of Royal Decree 1066/2007, regarding the application of optional neutralization measures (*medidas de neutralización*).

## **1.4 INFORMATION REGARDING THE OFFEROR AND ITS SHAREHOLDERS**

### **1.4.1 Regarding the Offeror**

- (a) Corporate name, registered office, fiscal year and corporate purpose

The Offeror is Lorca Telecom BidCo, S.A.U., a Spanish corporation, with registered office at Calle Maldonado 4, Bajo D, 28006 Madrid, registered in the Commercial Registry of Madrid under volume (*tomo*) 40,200, page (*folio*) 56, sheet (*hoja*) M-714,328, with Tax Identification Number (N.I.F.) A-88585906 and with LEI code 959800SGG3YM78V08J90.

The Offeror was incorporated for an indefinite period of time in Madrid, on 4 February 2020, with corporate name Watere Investments, S.A., by means of a public deed executed before the Notary Public of Madrid, Mr. Jorge Sáez-Santurtún Prieto, under protocol number 376. On 6 March 2020, Lorca Holdco Limited acquired the entire shares into which the share capital of the Offeror is divided. On the same date, Lorca Holdco Limited, as the sole shareholder of the Offeror, agreed to change the name of the Offeror to its current corporate name, that is, Lorca Telecom BidCo, S.A.U.

The Offeror is a newly incorporated company acquired specifically for the purposes of filing and carrying out the Offer, to purchase the shares of Masmovil. To date, the Offeror has engaged in activities relating to the filing and financing of this Offer. After the settlement of the Offer, the Offeror, as controlling shareholder of Masmovil, will be in a position to appoint and dismiss the majority of the members of the Board of Directors of Masmovil, body which, according to the Spanish Companies Act, is entitled to determine the general policies and strategies of the Target and, consequently, it may exercise a relevant influence on such determination.

The corporate purpose of the Offeror, in accordance with article 2 of its articles of association, is as follows:

*“Article 2. Corporate purpose.*

*The purpose of the Company is:*

*(a) The provision of telecommunication services through the operation of networks or the resale of telephone service, mobile and fixed telephony, internet and television, and the development of computer applications.*

*(b) The provision and marketing of all kinds of works, services and activities regarding, related to or through IT network.*

*(c) Advice and consultation in the IT and telecommunications area. The analysis of companies and the technical collaboration of software and hardware. The implementation and teaching of IT and telecommunications applications. Advice on strategic and operational planning. The organization of human and material resources and the execution of studies and business reports and advice and consultancy for the conducting of companies operating in the telecommunications sector and business strategy.*

*(d) The sale, distribution, import, export, maintenance and service of all types of products and services related to IT and telecommunications, regarding hardware, software and Internet, as well as the distribution and sale of any product and service through Internet, infovia or any other telematic network similar, complementary or substitute to those currently in existence.*

*(e) The provision of services to third parties for studies, projects and technical and investment advice in the field of telecommunications and IT applications. This section expressly includes management support services.*

*This section expressly includes management support services in the areas of finance, tax and accounting administration, collections, payments, cash management, human resources and personnel management, IT services, purchases and any other services required for the successful fulfilment of the corporate purpose.*

*The activities comprised by the corporate purpose also include the acquisition, holding or disposal, sale, custody or deposit for its own account of shares, bonds, securities or titles of other companies or entities, both private and public, whose corporate purpose includes the activities indicated above.*

*The CNAE corresponding to the main activity of the corporate purpose is 6,190 (“other telecommunications activities”). In addition, the CNAEs corresponding to the remaining activities included in the corporate purpose are 4,741 (“retail trade of computers, computer equipment and software in specialised establishments”), 6,201 (“computer programming activities”) and 6,420 (“holding companies’ activities”).”*

The Offeror’s financial year begins on 1 January and ends on 31 December.

Attached as **Annex 3** is a certificate issued by the Commercial Registry of Madrid relating to the Offeror, accrediting the incorporation and registration of said company and its current articles of association.

**(b) Share capital**

The share capital of the Offeror amounts to 60,000 euros, represented by 60,000 nominative shares, numbered correlatively from 1 to 60,000, both inclusive, with a nominal value of 1 euro each, belonging to a single class and series, fully subscribed and paid up.

Each share grants its holder the right to one vote.



The Offeror has not issued any subscription rights, obligations convertible or exchangeable for shares, warrants or other securities or instruments that may entitle the holder, directly or indirectly, to subscribe to or acquire its shares. The shares of the Offeror are not listed on any organised securities trading system.

(c) Structure of the management, administrative and control bodies

In accordance with the Consortium Agreement described in section 1.5.1(a) of the Offer Document, the management of the Offeror is entrusted to a Board of Directors composed of six members: two directors representing the interests of the Seventh Cinven Fund (Miguel Juan Segura Martín -Chairman- and Jorge Quemada Sáenz-Badillos), two directors representing the interests of the KKR Investors (Tomas Kubica and Jorge Lluch Pauner -Secretary-), and two directors representing the interests of the Providence Investors (Robert Sudo and Stefano Bosio).

Each director is entitled to cast one vote and decisions will be taken by majority vote.

None of the directors of the Offeror holds shares in the Offeror or in Masmovil.

(d) Limitations on voting rights and restrictions on access to management body established in the articles of association

The bylaws of the Offeror do not set out any limitations on voting rights or restrictions on access to the administrative bodies.

(e) Concerted action and allocation of voting rights

The entry into the Consortium Agreement described in section 1.5.1 of the Offer Document, determines that (i) Cinven Capital Management (VII) General Partner Limited, in its capacity as managing general partner of the Seventh Cinven Fund, (ii) KKR Europe V S.à r.l., the ultimate manager of the KKR Investors, (iii) PEP VII-A International Ltd., in its capacity as manager of the Providence VII Investors, and (iv) PEP VIII International Ltd., in its capacity as manager of the Providence VIII Investors (together, the **Ultimate GPs**) act in concert for the purposes of article 5 of Royal Decree 1066/2007, as they collaborate under an agreement so that TopCo, through the Offeror, acquires control of Masmovil. This without prejudice to the fact that neither the Consortium Agreement nor the irrevocable undertaking agreement signed by the Offeror with PLT VII MAS S.à r.l. (**Providence Holdings VII**) contain any of the agreements provided for in articles 530 et seq. of the Spanish Companies Act aimed at establishing a common policy with regard to management of Masmovil, or with the purpose of exerting a significant influence in it, or that, for the same purposes, regulate the voting rights in the Board of Directors or in the executive or delegated committee of Masmovil, prior to the settlement of the Offer or afterwards.

The Offeror and the Ultimate GPs do not act in concert with any other person or entity and the irrevocable undertakings to accept the Offer described in section 1.5.1 of the Offer Document do not constitute concerted action for the purposes of the provisions of article 5 of Royal Decree 1066/2007.

The Offeror does not directly hold any shares in Masmovil.

Providence Holdings VII, a company indirectly held by the Providence VII Investors, is the indirect owner of 33.33% of the Offeror and the direct owner of 12,061,890 shares in the Target, representing of 9.158% of Masmovil's share capital.



According to the provisions of Article 5 of Royal Decree 1066/2007, the Offeror and, indirectly, Lorca JVCo Limited attributes to itself the voting rights corresponding to the 12,061,890 shares of Masmovil owned by Providence Holdings VII, representing 9.158% of Masmovil's share capital.

#### 1.4.2 Shareholding and control structure of the Offeror on the date of the Offer Document

##### (a) Introduction

The Offeror is wholly owned indirectly by funds, vehicles and accounts managed or advised by Cinven<sup>1</sup> (***Seventh Cinven Fund***), by funds, vehicles and accounts managed or advised by KKR<sup>2</sup> (the ***KKR Investors***), and funds, vehicles and accounts managed or advised by Providence<sup>3</sup> (the ***Providence Investors***) The Seventh Cinven Fund, KKR Investors and Providence Investors will be referred to jointly as the ***Investors***.

The Investors hold their interest in the Offeror through a chain of companies headed by Lorca Aggregator Limited (***TopCo***). In this sense, the Offeror is a company wholly owned by Lorca Holdco Limited (***MidCo***), which in turn is wholly owned by Lorca JVCo Limited (***JVCo***), which, in turn, is wholly owned by TopCo.

TopCo, for its part, is currently 33.33% owned by Lorca Aggregator Limited Partnership (***Cinven Aggregator***), 33.33% owned by KKR Lorca Aggregator L.P. (***KKR Aggregator***) and 33.33% by PLT VII MAS S.à r.l. (Providence Holdings VII).

The Seventh Cinven Fund holds its interest in TopCo through the Cinven Aggregator, which indirectly holds an interest in the Offeror. The Cinven Aggregator is a Guernsey limited partnership, formed by the Seventh Cinven Fund (No.1) Limited Partnership and Venice 7 MLP Limited, which are ultimately managed and controlled by Cinven Capital Management (VII) Limited Partnership Incorporated, acting through its own managing general partner, Cinven Capital Management (VII) General Partner Limited (Cinven Capital Management (VII) Limited Partnership Incorporated, acting through its own managing general partner, Cinven Capital Management (VII) General Partner Limited, ***Cinven Management GP***).

100% of the ordinary shares of Cinven Capital Management (VII) General Partner Limited (***Cinven Capital Management***) are held by Cinven (Luxco 1) S.A. (***Cinven Luxco***). Cinven Luxco is not controlled by any entity or individual and its shares are not listed on any stock market. The Board of Directors of Cinven Luxco does not control the day-to-day management, operations and activities of Cinven Management GP, nor of the funds managed by Cinven Management GP, nor of the companies and entities in which these funds participate. In this

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<sup>1</sup> ***Cinven*** means, depending on the context, any of or collectively, Cinven Group Limited, Cinven Partners LLP and Cinven (LuxCo 1) S.A. and their respective "associates" (as defined in the UK Companies Act 2006) and/or funds managed or advised by any of the foregoing, excluding, for the avoidance of doubt, any portfolio companies in which such funds have invested and their subsidiary undertakings.

<sup>2</sup> ***KKR*** means KKR & Co.Inc. and its subsidiaries.

<sup>3</sup> ***Providence*** means, depending on the context, any of or collectively, PEP VII-A International Ltd. and PEP VIII International Ltd. and their respective subsidiaries.

regard, neither the Board of Directors of Cinven Luxco nor any committee or commission constituted within it, are authorized to adopt any investment decision or recommendation regarding the Seventh Cinven Fund or the latter's investee companies. Similarly, no investment decision of Cinven Management GP shall be submitted to the Board of Directors of Cinven Luxco or to any of the commissions or committees constituted within it. Consequently, Cinven Management GP shall be considered as the entity controlling the decisions of the Seventh Cinven Fund in Cinven Aggregator and, therefore, the decisions of Cinven Aggregator with regard to its indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil.

KKR Investors hold an interest in TopCo through KKR Aggregator, which holds an indirect interest in the Offeror. KKR Aggregator is an Ontario limited partnership, the limited partners of which are the **KKR Investors** (i.e., KKR European Fund V SBS Aggregator L.P., KKR European Fund V ESC (Lev) L.P., KKR European Fund V ESC (Unlev) L.P., KKR European Fund V (EUR) SCSp, KKR European Fund V (USD) SCSp and KKR Partners IV L.P.), which (save for KKR Partners IV L.P.<sup>4</sup>) are ultimately managed and controlled by KKR Associates Europe V SCSp, acting through its own general partner, KKR Europe V S.à r.l. (**KKR Ultimate GP**).

KKR Ultimate GP is an indirect subsidiary of KKR & Co. Inc., which is a listed company on the New York Stock Exchange. The Board of Directors of KKR & Co. Inc. is not responsible for the day-to-day running, transactions and activities of its subsidiaries (which include KKR Ultimate GP), for funds, vehicles or separately managed accounts advised, sponsored, incorporated or managed by subsidiaries of KKR & Co. Inc. (which include the KKR Investors), or for the companies and entities in which such funds, vehicles or accounts hold an interest. In this regard, neither the Board of Directors of KKR & Co. Inc. nor any committee or commission constituted within it have the authority to make any investment decisions or recommendations regarding the KKR Investors or their investee companies. Similarly, no investment decision of KKR Ultimate GP shall be submitted to the Board of Directors of KKR & Co. Inc. or any commission or committee constituted within it. Consequently, KKR Ultimate GP shall be considered as the entity controlling the decisions of KKR Investors in KKR Aggregator and, therefore, the decisions of KKR Aggregator regarding its indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil.

The Providence Investors VII hold their interest in TopCo through Providence Holdings VII, which participates indirectly in the Offeror. Providence Holdings VII is a Luxembourg limited liability company (*société à responsabilité limitée*), wholly-owned, indirectly, through various Luxembourg subsidiaries, by the **Providence VII Investors** (i.e. Providence VII Global Holdings L.P. and Providence Equity Partners VII-A L.P.), which are ultimately controlled by Providence Equity GP VII-A LP, acting through its general partner PEP VII-A International Ltd. (**Providence VII Ultimate GP**).

As explained below, prior to the settlement of the Offer, EMM Holdings S.à r.l. (**Providence Holdings VIII**) will own a stake in TopCo, together with Providence Holdings VII. Providence Holdings VIII is a Luxembourg limited liability company (*société à responsabilité limitée*), wholly-owned, indirectly, through a number of Luxembourg subsidiaries, by PEP European Investment VIII SCSp, a Luxembourg limited partnership (*société en commandite spéciale*),

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<sup>4</sup> As explained in the relevant section, the general partner of KKR Partners IV L.P. is KKR Partners IV GP LLC.

the limited partners of which are the ***Providence VIII Investors*** (i.e. Providence Equity Partners VIII L.P., Providence Equity Partners VIII-A L.P. and Providence Equity Partners VIII (Scotland) L.P.), which are ultimately managed and controlled by Providence Equity GP VIII L.P., acting through its own general partner, PEP VIII International Ltd. (***Providence VIII Ultimate GP***).

For their part, Mr. Jonathan Nelson and Mr. John Carl Hahn (the ***Providence Principals***) are each indirect holders of a shareholding higher than 25% but not exceeding 50% of the voting rights in Providence VII Ultimate GP and Providence VIII Ultimate GP. No other person holds, alone or in concert, more than 10% of the voting rights in these entities). There is no agreement between Mr Jonathan Nelson and Mr John Carl Hahn or with any other shareholder regarding the coordinated exercise of their voting rights in these entities. Therefore, neither Providence VII Ultimate GP nor Providence VIII Ultimate GP are controlled by any person. Consequently, Providence VII Ultimate GP and Providence VIII Ultimate GP shall be considered as the entities controlling the decisions of the Providence Investors in Providence Holdings VII and Providence Holdings VIII, respectively, and, therefore, the decisions of Providence Holdings VII and Providence Holdings VIII with regard to their indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil. While Providence VII Ultimate GP and Providence VIII Ultimate GP owe their fiduciary duties to the Providence VII Investors and the Providence VIII Investors, respectively, and will therefore only have regard of their respective interests, they are covered by the Consortium Agreement and will act as a single investor with respect to their investment in TopCo except that they may pursue different strategies upon the execution of an exit.

The entry into the Consortium Agreement described in section 1.5.1 of the Offer Document, determines that the Ultimate GPs act in concert for the purposes of Article 5.1.b) of Royal Decree 1066/2007, as they collaborate by virtue of an agreement so that TopCo, through the Offeror, acquires control of the Masmovil. That being said, once the Offer has been settled, neither the Offeror, nor the Investors, nor the Ultimate GPs, nor any of the other entities making up their structure will act in a concerted manner among themselves for the purposes of article 5.1.b) of Royal Decree 1066/2007.

Notwithstanding the above paragraph in respect of the Consortium Agreement, neither the Consortium Agreement nor the irrevocable undertaking agreement entered into by the Offeror and Providence Holdings VII (there being no agreements other than the above signed by Providence Holdings VII with the Offeror) contain any of the agreements provided for in articles 530 et seq. of the Spanish Companies Act aimed at establishing a common policy with regard to management of Masmovil, or with the purpose of exerting a significant influence in it, or that, for the same purposes, regulates the voting rights in the Board of Directors or in the executive or delegated committee of Masmovil, to enter in force prior to or after the settlement of the Offer. After the settlement of the Offer, the shareholders' agreement to be entered into between Cinven Aggregator, KKR Aggregator, Providence Holdings and the Rolling Shareholders shall apply, and it will be based on and not substantially differ from the Equity Term Sheet described in section 1.5.1(b) below.

To conclude, neither the Offeror, nor the Investors, nor the Ultimate GPs, nor any of the entities that make up their structure according to section 1.4.2 of the Offer Document, act or will act in

concert with any other person or entity prior to or after the settlement of the Offer for the purposes of Article 5.1.b) of Royal Decree 1066/2007.

(b) Holding and control structure of the Offeror on the date of this Offer Document.

Below is a description of the current investment structure of the Investors in the Offeror, as well as the chain of control of the companies and vehicles that make up the investment structure<sup>5</sup>:



(i) The sole shareholder of the Offeror: MidCo

Lorca Holdco Limited (MidCo) is a company incorporated on 4 March 2020, under the laws of England and Wales, with its registered office on 11th Floor, 200 Aldersgate Street, London EC1A 4HD, United Kingdom, and registered within the Companies House of England and Wales under number 12498656. MidCo is the holder of 60,000 shares in the Offeror, representing 100% of the Offeror's share capital.

<sup>5</sup> Lorca Finco PLC (**FinCo**) is a company wholly owned by the Offeror, incorporated on 20 June 2020, under the laws of England and Wales, with registered office at 11th Floor, 200 Aldersgate Street, Londres EC1A 4HD, United Kingdom, registered with the Companies House on England and Wales under number 12686841, which shall be the borrower of all external financing to be obtained in connection with the Offer, as described in section 2.6.2(ii) of the Offer Document

MidCo has been established, as a special purpose company with the objective of acting as the company which will pledge the shares it owns of the Offeror as a guarantee for the obligations assumed by virtue of the external financing described in section 2.6.2(ii) of the Offer Document.

The share capital of MidCo amounts to EUR 2 represented by 2 ordinary shares of EUR 1 nominal value each. The shares are fully subscribed and paid up and are not admitted to trading on any organised securities trading system.

Each MidCo share entitles the holder to one vote at the General Shareholders' Meeting.

MidCo is a company wholly owned by JVCo.

MidCo's articles of association do not provide for limitations on voting rights or restrictions on access to the Board of Directors other than those provided for by applicable law. MidCo has not issued any subscription rights, obligations convertible or exchangeable for shares, warrants or other securities or instruments which may entitle, directly or indirectly, to the subscription or acquisition of its shares.

MidCo's financial year begins on January 1 and ends on December 31.

The management of MidCo is entrusted to a Board of Directors composed of four directors: (i) Tomas Kubica, (ii) Miguel Juan Segura Martin, (iii) Thomas Railhac and (iv) Jorge Lluch Pauner. None of the directors holds any shares in the Offeror or Masmovil.

The Board of Directors of MidCo currently consists of two directors representing the interests of the Seventh Cinven Fund (Miguel Juan Segura Martin and Thomas Railhac) and two directors representing the interests of the KKR Investors (Tomas Kubica and Jorge Lluch Pauner). Prior to the date of settlement of the Offer, two directors representing the interests of the Providence Investors will also join the Board of Directors of MidCo, neither of which will be the current proprietary director of the Providence VII Investors in Masmovil, Mr. John Carl Hahn.

Therefore, the Board of Directors of MidCo shall comprise 6 members, with Cinven Aggregator, KKR Aggregator and Providence Holdings appointing two members each. Each director shall be entitled to one vote, and decisions will be adopted by majority.

A certified and apostilled copy of MidCo's Memorandum and Articles of Association, and a certified and apostilled copy of the certificate issued by the Companies House in England and Wales, together with their Spanish sworn translation, are attached as **Annex 4**.

(ii) The sole shareholder of MidCo: JVCo

Lorca JVCo Limited (JVCo) is a company incorporated on 4 March 2020, under the laws of England and Wales, with its registered office on 11th Floor, 200 Aldersgate Street, London EC1A 4HD, United Kingdom, and registered in the Companies House of England and Wales under number 12497729. JVCo is the holder of 2 shares in MidCo, representing 100% of MidCo's share capital.

JVCo has been established as a special purpose company to facilitate the potential co-investment of the Investors, through TopCo, and of the shareholders of Masmovil who invest in JVCo, in accordance with section 1.4.3(c) of the Offer Document.

The share capital of JVCo amounts to EUR 2, represented by 2 shares of EUR 1 nominal value each. The shares are fully subscribed and paid up and are not admitted to trading on any organised securities trading system.

Each JVCo share entitles the holder to one vote at the General Shareholders' Meeting.

JVCo is wholly owned by TopCo.

JVCo's articles of association do not provide for limitations on voting rights or restrictions on access to the Board of Directors other than those provided for by applicable law. JVCo has not issued any subscription rights, obligations convertible or exchangeable for shares, warrants or other securities or instruments which may entitle, directly or indirectly, to the subscription or acquisition of its shares.

JVCo's financial year begins on January 1 and ends on December 31.

The management of JVCo is entrusted to a Board of Directors composed of four directors: (i) Ignacio Cobo Bachiller, (ii) Miguel Juan Segura Martin, (iii) Thomas Railhac and (iv) Jean-Pierre Saad. None of the directors holds any shares in the Offeror or Masmovil.

According to the Consortium Agreement described in section 1.5.1(a) of the Offer Document, the Board of Directors of JVCo currently consists of two directors representing the interests of the Seventh Cinven Fund (Miguel Juan Segura Martin and Thomas Railhac) and two directors representing the interests of the KKR Investors (Ignacio Cobo Bachiller and Jean-Pierre Saad). Prior to the date of settlement of the Offer, two directors representing the interests of the Providence Investors will also join the Board of Directors of JVCo. In addition, after the settlement of the Offer, one director representing the interests of the Rolling Shareholders (as defined in section 1.4.3(c)) will join the Board.

Thus, as detailed in the description of the Equity Term Sheet in section 1.5.1(b) of the Offer Document, following the settlement of the Offer and the investment of the Rolling Shareholders, the Board of Directors of JVCo will be represented by 7 members, of which (i) Cinven Aggregator, KKR Aggregator and Providence Holdings will each appoint two members (and the number of observers they deem appropriate), while (ii) the Rolling Shareholders, acting collectively, will be entitled to appoint one member of the Board of Directors (and two observers), provided that they maintain a minimum holding of at least 50% of their initial percentage interest in JVCo following the reinvestment which will take place after the settlement of the Offer.

For more information regarding the corporate governance of JVCo, see section 1.5.1(b) of the Offer Document.

A certified and apostilled copy of JVCo's Articles of Association, and a certified and apostilled copy of the certificate issued by the Companies House in England and Wales, together with their Spanish sworn translation, are attached as **Annex 4.bis**.

(iii) The sole shareholder of JVCo: TopCo

Lorca Aggregator Limited (TopCo) is a company incorporated on 12 March 2020, under the laws of Jersey, with its registered office on 2nd Floor, Sir Walter Raleigh House, 48-50 Esplanade, St Helier, JE2 3QB, Jersey, and registered in the Companies Registry of Jersey under number 131173. TopCo is the holder of 2 shares in JVCo, representing 100% of JVCo's share capital.



TopCo has been established as a special purpose company to formalize the Consortium Agreement among the Investors for the settlement of the Offer.

The share capital of TopCo amounts to EUR 3, represented by 3 shares of EUR 1 nominal value each. The shares are fully subscribed and paid up and are not admitted to trading on any organised securities trading system.

Each TopCo share entitles the holder to one vote at the General Shareholders' Meeting.

TopCo is 33.33% owned by Cinven Aggregator, 33.33% owned by KKR Aggregator and 33.33% owned by Providence Holdings VII. Providence Holdings VII owns 12,061,890 shares of Masmovil, representing 9.182% of the voting rights of the Masmovil (once treasury stock has been deducted).

TopCo's articles of association do not provide for limitations on voting rights or restrictions on access to the Board of Directors other than those provided for by applicable law. TopCo has not issued any subscription rights, obligations convertible or exchangeable for shares, warrants or other securities or instruments which may entitle, directly or indirectly, to the subscription or acquisition of its shares.

TopCo's financial year begins on January 1 and ends on December 31.

The management of TopCo is entrusted to a Board of Directors composed of four directors: (i) Ignacio Cobo Bachiller, (ii) Miguel Juan Segura Martin, (iii) Thomas Railhac and (iv) Jean-Pierre Saad. None of the directors holds any shares in the Offeror or Masmovil.

According to the Consortium Agreement described in section 1.5.1(a) of the Offer Document, the Board of Directors of TopCo currently consists of two directors representing the interests of the Seventh Cinven Fund (Miguel Juan Segura Martin and Thomas Railhac) and two directors representing the interests of the KKR Investors (Ignacio Cobo Bachiller and Jean-Pierre Saad). Prior to the date of settlement of the Offer, two directors representing the interests of the Providence Investors will also join the Board of Directors of TopCo, neither of which will be the current proprietary director of the Providence VII Investors in Masmovil, Mr. John Carl Hahn.

Therefore, the Board of Directors of TopCo shall comprise 6 members, with Cinven Aggregator, KKR Aggregator and Providence Holdings appointing two members each. Each director shall be entitled to one vote, and decisions will be adopted by majority, provided that at least two members have voted in favour of such decision (and such members represent two different TopCo shareholders, i.e., representing any two of Cinven Aggregator, KKR Aggregator and Providence Holdings).

A certified and apostilled copy of TopCo's Articles of Association, and a certified and apostilled copy of the certificate issued by the Companies Registry of Jersey, together with their sworn translation, are attached as **Annex 4.ter**.



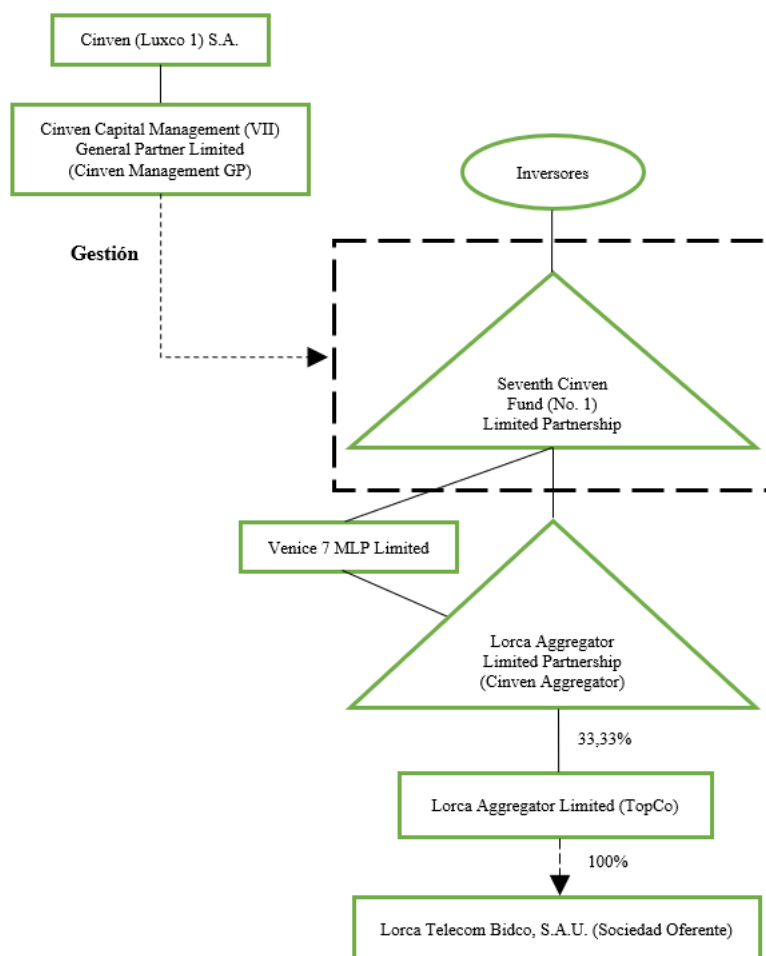
- (iv) The shareholders of TopCo: Cinven Aggregator, KKR Aggregator and Providence Holdings VII

The ownership structure described below<sup>6</sup> will vary with the entry in TopCo's share capital of Providence Holdings VIII prior to the settlement of the Offer, as explained in the Providence sub-section of this section. Additionally, each Investor has the right (but not the obligation) to partially syndicate its equity contribution to TopCo. In the event that one or more of the Investors exercise such right, the ownership structure described in this section (including percentages of ownership in each of these entities) would vary, prior to settlement of the Offer, as a result of the entry into the structure of one or more co-investors who would acquire (without political rights) a minority shareholding in the share capital of vehicles that are indirect shareholders of the Offeror and that, in any case, would be above TopCo. In any case, it is envisaged that the Investors will maintain an indirect majority stake, through their shareholding in TopCo, in the share capital of the Offeror, in such a way that, assuming 100% acceptance of the Offer, the indirect minority participation of the aforementioned co-investors in the Offeror would not exceed 40%.

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<sup>6</sup> A simplified structure chart of the control structure described in this section 1.4.2 of the Offer Document is shown with respect to each of TopCo's shareholders.

## Cinven



### (A) Cinven Aggregator

Lorca Aggregator Limited Partnership (Cinven Aggregator) is a limited partnership formed on 28 February 2020, in accordance with the laws of Guernsey, with its registered office at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3PP, and registered with the registry of limited partnerships in Guernsey under number 3561. Cinven Aggregator holds 1 share in TopCo, representing 33.33% of TopCo's share capital.

Cinven Aggregator has been established to facilitate the investment of the Seventh Cinven Fund (No. 1) Limited Partnership in Masmovil, as well as potential future co-investment alongside the Seventh Cinven Fund (No. 1) Limited Partnership in Masmovil.

Cinven Aggregator has two limited partners: (i) the Seventh Cinven Fund (No. 1) Limited Partnership, a limited partnership organised under the laws of Guernsey and registered with the registry of limited partnerships in Guernsey with reference number 3151, established on 24 September 2018 in accordance with the laws of Guernsey, and (ii) Venice 7 MLP Limited, a limited company established in Guernsey on 28 February 2020, in accordance with the laws of Guernsey, registered with the Guernsey Registry of Companies under number 67480. The Seventh Cinven Fund (No. 1) Limited Partnership is the sole shareholder of Venice 7 MLP Limited.

The general partner of Cinven Aggregator is Cinven Lorca Aggregator GP Limited, a limited company established in Guernsey on 28 February 2020, in accordance with the laws of Guernsey, registered with the Guernsey Registry of Companies under number 67476. The Seventh Cinven Fund (No. 1) Limited Partnership is the sole shareholder of Cinven Lorca Aggregator GP Limited.

Therefore, Cinven Aggregator is controlled by Cinven Management GP, because it is the managing general partner of the Seventh Cinven Fund (No. 1) Limited Partnership and has exclusive authority to make investment and management decisions for the Seventh Cinven Fund, and therefore also indirectly for Cinven Aggregator.

(B) The Seventh Cinven Fund (No.1) Limited Partnership

The Seventh Cinven Fund (No.1) Limited Partnership (*Seventh Cinven Fund*) is a limited partnership established on 24 September 2018, in accordance with the laws of Guernsey, with its registered office at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3PP, and registered with the registry of limited partnerships in Guernsey with reference number 3151.

The Seventh Cinven Fund is managed or controlled by its managing general partner, Cinven Capital Management (VII) Limited Partnership Incorporated, a limited partnership established on 24 September 2018, in accordance with the laws of Guernsey, registered with the Guernsey Registry of Companies under number 3150, acting through its own managing general partner, Cinven Capital Management, a limited company also established in Guernsey, on 21 August 2018, in accordance with the laws of Guernsey, registered with the Guernsey Registry of Companies under number 65398 (Cinven Management GP).

The investors in the Seventh Cinven Fund are, in general, institutional investors, none of which holds more than 10% of the total commitment in the Seventh Cinven Fund.

Cinven Management GP has exclusive authority to make investment and management decisions for the Seventh Cinven Fund and the Seventh Cinven Fund investors have no control rights over the Seventh Cinven Fund.

(C) Cinven Management GP

The managing general partner of the Seventh Cinven Fund is Cinven Capital Management (VII) Limited Partnership Incorporated, a limited partnership established on 24 September 2018, in accordance with the laws of Guernsey, having its registered office at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3PP, and registered with the Guernsey Registry of Companies under number 3150, acting through its own managing general partner, Cinven Capital Management, a limited company established in Guernsey on 21 August 2018, in accordance with the laws of Guernsey, with its registered office at Level Four, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 1EJ, registered with the Guernsey Registry of Companies under number 65398 and regulated by the Guernsey Financial Services Commission (*GFSC*), with reference number 2380146.

Cinven Capital Management has been licenced by the GFSC and is authorised under such licence to conduct all of the activities comprising the management and operation of the Seventh Cinven Fund. Therefore, Cinven Management GP has exclusive responsibility for the management, operation and administration of the business and affairs of the Seventh Cinven Fund, and has exclusive authority to make investment and management decisions for the

Seventh Cinven Fund, including the authority to identify, evaluate and negotiate investment opportunities.

Cinven Capital Management financial year starts on 1 January and ends on 31 December.

The share capital of Cinven Capital Management (VII) General Partner Limited amounts to EUR 50,002, represented by 50,001 ordinary shares and by one Class A share, all of them of EUR 1 and of EUR nil par value. The shares are fully subscribed and are not listed on any organised trading system.

The shareholders of Cinven Capital Management are (i) Cinven (Luxco 1) S.A. (**Cinven Luxco**), a Luxembourg limited liability company (*société anonyme*) registered with the Luxembourg Trade Register, holder of 100% of the Ordinary Shares of Cinven Capital Management, and (ii) Cinven Limited, an English limited liability company, holder of one Class A Share in Cinven Capital Management. This Class A Share gives Cinven Limited the right to remove directors of Cinven Capital Management but carries no right to vote on the appointment of directors (other than that, the Class A Share has the same voting rights as the Ordinary Shares).

Cinven Management GP controls the Seventh Cinven Fund and, thus, Cinven Aggregator. No investment decisions or recommendations of Cinven Management GP should be submitted to the Board of Directors of Cinven Luxco or Cinven Limited or to any of the commissions or committees formed within them.

The Board of Directors of Cinven Capital Management consists of eight directors and one alternate: (i) Hayley Tanguy, (ii) John Campbell Boothman, (iii) Rupert Onesimus Dorey, (iv) Guy Bryce Davison, (v) Belinda Margaret Ann Ridout, (vi) Charlotte Ann Denton, (vii) Christopher David Waldron, (viii) Hugh Macgillivray Langmuir, and (ix) Nicholas James Barton (alternate to Belinda Margaret Ann Ridout). None of these directors holds any shares in the Offeror nor in Masmovil.

The directors take their decisions by simple majority and the chairman has a casting vote. A director may only be appointed to the board of Cinven Capital Management if such director has been nominated by unanimous decision of a nominations committee comprising one person nominated by Cinven Luxco, one person nominated by Cinven Limited, and one person nominated by the majority of the existing directors of the board of Cinven Capital Management.

Cinven Capital Management's articles of association do not provide for limitations on voting rights nor restrictions to access to the Board of Directors other than those provided for in this section or provided for in the applicable legislation. Cinven Capital Management has not issued any rights of ownership, convertible bonds, warrants or other securities or instruments that may entitle the holder, directly or indirectly, to assume or acquire its shares.

Attached as **Annex 5** is a legalized and apostilled copy of the articles of association of Cinven Capital Management (VII) General Partner Limited (Cinven Capital Management), as well as a legalized and apostilled extract (excerpt) from the Guernsey Registry of Companies, together with sworn translations into Spanish of both documents.

(D) Cinven Luxco

Cinven (Luxco 1) S.A. (Cinven Luxco) is a public limited liability company (*société anonyme*) under the laws of Luxembourg with registered office at 4 rue Albert Borschette, 1246

Luxembourg, Grand Duchy of Luxembourg, registered in the commercial register of the Grand Duchy of Luxembourg (*Registre de Commerce et des Sociétés*) under number B163382.

Cinven Luxco holds 100% of the Ordinary Shares of Cinven Capital Management (and Cinven Limited holds one Class A Share, as described above) and is the immediate and ultimate controlling party of Cinven Capital Management.

The Board of Directors of Cinven Luxco consists of three directors: (i) Daniele Arendt-Michels, (ii) Roberto Italia, and (iii) Gautier Laurent. None of the Cinven Luxco directors holds any shares in the Offeror nor in Masmovil.

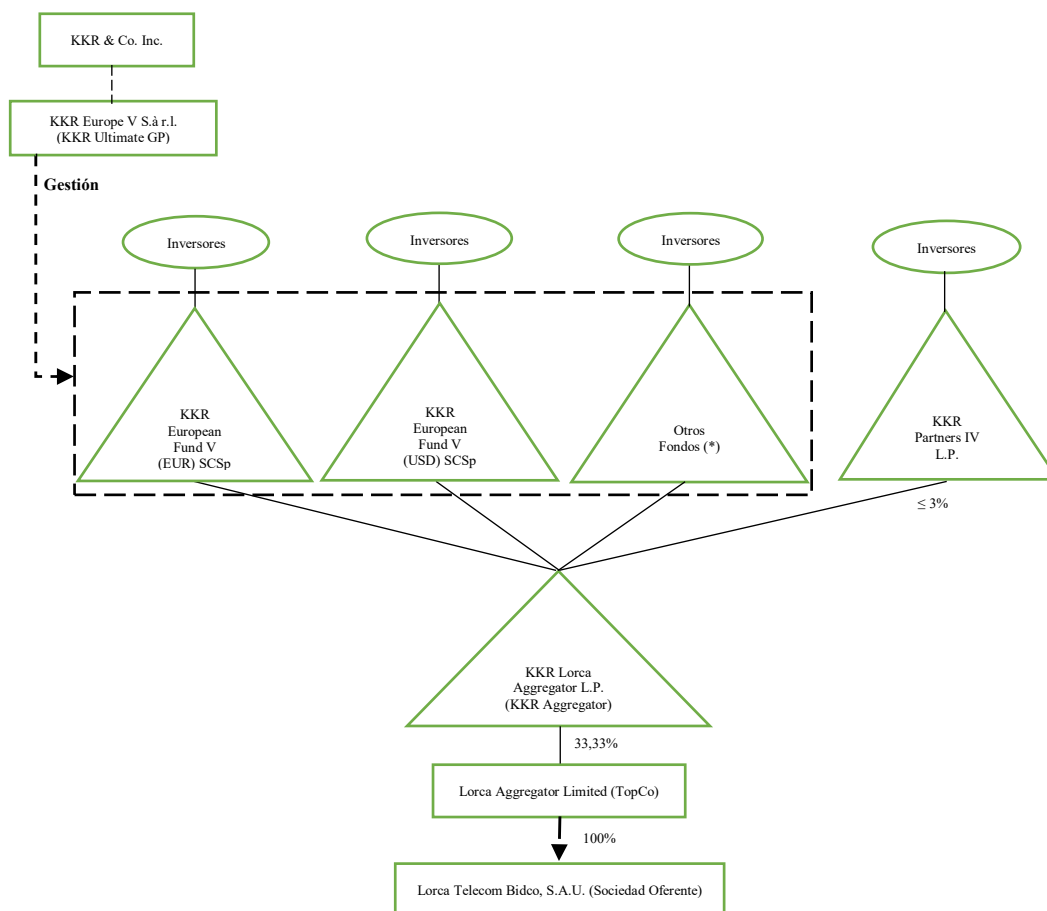
As mentioned above, neither the Board of Directors of Cinven Luxco nor any committee, body or employee of Cinven Luxco is involved in the daily management, operations and day-to-day activities, investment or disinvestment decisions of the Cinven funds advised, promoted, incorporated or managed by subsidiaries of Cinven Luxco, nor of the companies and entities in which these funds have an interest including, therefore, Cinven Aggregator, TopCo, JVCo, MidCo and the Offeror. Therefore, specific investment and divestment decisions of Cinven Management GP are not subject to authorization by Cinven Luxco.

Consequently, Cinven Management GP shall be considered as the entity controlling the decisions of the Seventh Cinven Fund in Cinven Aggregator and, therefore, the decisions of Cinven Aggregator with regard to its indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil.

No individual holds more than 25% of Cinven Luxco and no shareholders of Cinven Luxco coordinate their behavior in relation to Cinven Luxco. Therefore, no individual controls Cinven Luxco. The shares of Cinven Luxco are not listed on any organised trading system.

Cinven Luxco is not involved in and does not control the Seventh Cinven Fund, nor does it (or Cinven Management GP) have a direct or indirect shareholding in the Seventh Cinven Fund.

## KKR



(\*) KKR European Fund V SBS Aggregator L.P., KKR European Fund V ESC (Lev) L.P. and KKR European Fund V ESC (Unlev) L.P.

### (A) KKR Aggregator

KKR Lorca Aggregator L.P. (**KKR Aggregator**) is a limited partnership formed under the laws of Ontario, Canada, on 2 March 2020, with its registered office at c/o 152928 Canada Inc., Suite 5300, 199 Bay Street, Toronto, Ontario M5L 1B9, Canada, and registered with the Canadian Ministry of Government and Consumer Services under number 300245982. KKR Aggregator holds 1 share in TopCo, representing 33.33% of TopCo's share capital.

KKR Aggregator has been established to facilitate the investment of the KKR Investors in Masmovil.

As of the date hereof, KKR Aggregator has six limited partners: (i) KKR European Fund V SBS Aggregator L.P., (ii) KKR European Fund V ESC (Lev) L.P., (iii) KKR European Fund V ESC (Unlev) L.P., (iv) KKR European Fund V (EUR) SCSp, (v) KKR European Fund V (USD) SCSp, and (vi) KKR Partners IV L.P.<sup>7</sup> (collectively, the KKR Investors).

<sup>7</sup> The general partner of KKR Partners IV L.P. is KKR Partners IV GP LLC

KKR Aggregator is controlled by its general partner, KKR Lorca Aggregator GP LLC, which is a Delaware limited liability company established on 27 February 2020, in accordance with the laws of Delaware, with its registered office at c/o Maples Fiduciary Services (Delaware) Inc., Suite 302, 4001 Kennett Pike, County of New Castle, Wilmington, DE 19807, and registered with the Delaware Division of Corporations. KKR Lorca Aggregator GP LLC is owned and controlled by KKR European Fund V (USD) SCSp, one of the KKR Investors.

KKR European Fund V (USD) SCSp is controlled by its general partner, KKR Associates Europe V SCSp, acting through its own general partner, KKR Europe V S.à r.l.

(B) KKR Investors

Below, the description of the identification data of KKR Investors:

- (i) KKR European Fund V (EUR) SCSp and KKR European Fund V (USD) SCSp are special limited partnerships (*société en commandite spéciale*) formed on 11 December 2017, in accordance with the laws of the Grand Duchy of Luxembourg, with registered offices at 2 Rue Edward Steichen, 2540, Luxembourg, Grand Duchy of Luxembourg, and registered in the Trade and Companies Registry (*Registre de Commerce et des Sociétés*) under numbers B219936 and B219961, respectively.

At the date of settlement of the Offer, it is currently contemplated that KKR European Fund V (EUR) SCSp and KKR European Fund V (USD) SCSp will hold an aggregate majority stake in the KKR Aggregator.

The investors in KKR European Fund V (EUR) SCSp and KKR European Fund V (USD) SCSp are, in general, institutional investors, none of which holds more than 10% of the total commitments in the KKR Aggregator.

- (ii) KKR European Fund V SBS Aggregator L.P., KKR European Fund V ESC (Lev) L.P. and KKR European Fund V ESC (Unlev) L.P. are limited partnerships formed under the laws of Ontario, Canada, on 28 February 2019, with registered offices at 199 Bay Street, Suite 5300 (at 152928 Canada Inc.), Toronto, Ontario M5L 1B9, Canada, and registered with the Canadian Ministry of Government and Consumer Services under numbers 290229973, 290228865, 290228980, respectively. The limited partners of KKR European Fund V SBS Aggregator L.P. are KKR European Fund V SBS (Lev) L.P. and KKR European Fund V SBS (Unlev) L.P., both limited partnerships formed under the laws of Ontario, Canada, on 28 February 2019, with registered offices at 152928 Canada Inc. at 199 Bay Street, Suite 5300, Toronto, Ontario M5L 1B9, Canada, and registered with the Canadian Ministry of Government and Consumer Services under numbers 290228954 and 290228857.

At the date of settlement of the Offer, it is contemplated that KKR European Fund V SBS Aggregator L.P., KKR European Fund V ESC (Lev) L.P. and KKR European Fund V ESC (Unlev) L.P. will together hold a stake of less than 10% in the KKR Aggregator.

The investors in KKR European Fund V SBS Aggregator L.P., KKR European Fund V ESC (Lev) L.P. and KKR European Fund V ESC (Unlev) L.P. are primarily KKR employees, certain of their family members and related investment vehicles, and associated persons. None of the investors in KKR European Fund V SBS Aggregator



L.P., KKR European Fund V ESC (Lev) L.P. or KKR European Fund V ESC (Unlev) L.P. holds more than 10% of the total commitments in the KKR Aggregator.

- (iii) KKR Partners IV L.P. is an Ontario limited partnership formed on 13 April 2017, in accordance with the laws of the Province of Ontario, with its registered office at 152928 Canada Inc., Suite 5300, 199 Bay Street, Toronto, Ontario M5L 1B9, Canada, and registered with the Ontario registrar under the *Business Names Act* of Ontario. The general partner of KKR Partners IV L.P. is KKR Partners IV GP LLC, a Delaware limited liability company with its registered office at c/o Maples Fiduciary Services (Delaware) Inc., Suite 302, 4001 Kennett Pike, County of New Castle, Wilmington, DE 19807, and registered with the Delaware Division of Corporations.

At the date of settlement of the Offer, it is contemplated that KKR Partners IV L.P. will hold a stake of less than 3% in the KKR Aggregator.

The limited partners of KKR Partners IV L.P. are certain KKR executives, who may participate individually or through estate planning vehicles.

The KKR Investors (except for KKR Partners IV L.P.) are managed and controlled by their general partner, KKR Associates Europe V SCSp, a limited partnership (*société en commandite spéciale*) governed by the laws of Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B219915 (**KKR GP**), acting through its own general partner, KKR Europe V S.à r.l., a limited liability company (*société à responsabilité limitée*) governed by the laws of Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B219823 (KKR Ultimate GP).

(C) KKR Ultimate GP

KKR Europe V S.à r.l. (KKR Ultimate GP) is the general partner of KKR GP, which in turn is the general partner of KKR Investors (with the exception of KKR Partners IV L.P.).

KKR Ultimate GP is a limited liability company (*société à responsabilité limitée*) established on 29 November 2017, in accordance with the laws of the Grand Duchy of Luxembourg, having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B219823.

The financial year of KKR Ultimate GP starts on January 1 and ends on December 31.

The share capital of KKR Ultimate GP is set at twelve thousand euro (EUR 12,000), divided into twelve thousand (12,000) shares with a nominal value of one euro (EUR 1) each, all of which are fully paid up.

KKR Ultimate GP's articles of association do not provide for limitations on voting rights nor restrictions to access to the Board of Directors other than those provided for in the applicable legislation. KKR Ultimate GP has not issued any rights of ownership, convertible bonds, warrants or other securities or instruments that may entitle the holder, directly or indirectly, to assume or acquire its shares.

KKR Ultimate GP is a wholly-owned subsidiary of KKR Europe V Holdings Limited, which in turn is a wholly-owned subsidiary of KKR Group Partnership L.P., whose managing general partner is an indirect subsidiary of KKR & Co. Inc.

KKR GP, acting through its general partner, KKR Ultimate GP, controls the investment decisions of the KKR Investors (except for KKR Partners IV L.P.) and, thus, the companies in which the KKR Investors (except for KKR Partners IV L.P.<sup>8</sup>) invest and, thus, the KKR Aggregator. The limited partners of the KKR Investors do not participate in the adoption of decisions of KKR Aggregator.

The Board of Directors of KKR Ultimate GP is composed of 4 directors: (i) Jason Carss, (ii) Terence Gallagher, (iii) Stefan Lambert and (iv) Thomas Weber<sup>9</sup>. None of these directors holds any shares in the Offeror nor in Masmovil.

A certified and apostilled copy of the articles of association of KKR Europe V S.à r.l. is attached as **Annex 6**, as well as a certified and apostilled extract (*extrait*) from the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*), together with certified translations into Spanish of both documents.

(D) KKR & Co. Inc.

KKR & Co. Inc. is a U.S. corporation organized under the laws of Delaware with its registered office at 9 West 57th Street, Suite 4200 New York, New York 10019, U.S.A.

The share capital of KKR & Co. Inc. consists of three classes of shares A, B and C.

Class A and C shares do not grant voting rights in relation to matters submitted to the general meeting of shareholders, except as expressly provided in the certificate of incorporation or the articles of association, or except as provided by Delaware law and New York Stock Exchange rules. Class A shares are listed on the New York Stock Exchange (NYSE: KKR).

Class B shares grant voting rights in relation to matters submitted to the general meeting of shareholders. There is only one Class B share outstanding, which is owned by KKR Management LLP, a U.S. limited liability partnership organized under the laws of Delaware. The founders of KKR, Henry Kravis and George Roberts, both U.S. nationals, Co-Chairmen and Co-Chief Executive Officers of KKR & Co. Inc., are the founding partners of KKR Management LLP and control the vote of KKR Management LLP when acting jointly.

Since KKR Management LLP controls more than 50% of the voting rights of KKR & Co. Inc., KKR & Co. Inc. is considered a “controlled entity” for the purposes of the corporate governance standards of the New York Stock Exchange.

The management of KKR & Co. Inc. is entrusted to the following directors and executive officers as of 31 December 2019:

Name	Position(s)
Henry R. Kravis	Co-Chief Executive Officer, Co-Chairman and Director
George R. Roberts	Co-Chief Executive Officer, Co-Chairman and Director
Joseph Y. Bae	Co-Chairman, Co-Chief Operating Officer and Director
Scott C. Nuttall	Co-Chairman, Co-Chief Operating Officer and Director
Mary N. Dillon	Director
David C. Drummond	Director

<sup>8</sup> KKR Partners IV L.P. is managed and controlled by KKR Partners IV GP LLC, its general partner

<sup>9</sup> Mr. Thomas Weber was appointed on 30 April and is therefore not listed as an administrator in **Annex 6**

Name	Position(s)
Joseph A. Grundfest	Director
John B. Hess	Director
Xavier B. Niel	Director
Patricia F. Russo	Director
Thomas M. Schoewe	Director
Robert W. Scully	Director
Robert H. Lewin	Chief Financial Officer
David J. Sorkin	General Counsel and Secretary

None of the directors or executive officers of KKR & Co. Inc. holds any shares in the Offeror or Masmovil.

The composition of the board committees of KKR & Co. Inc. is as follows:

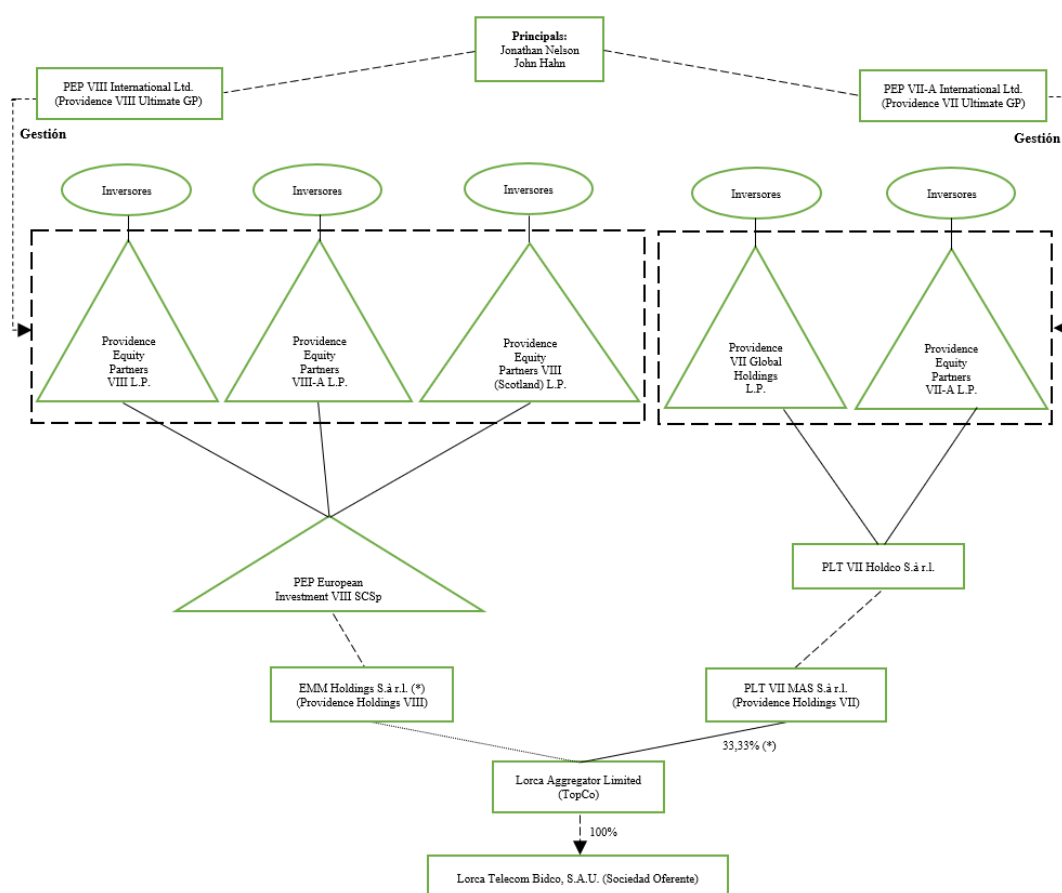
Committee	Members	Position
Audit Committee	Joseph A. Grundfest	Independent Director
	Thomas M. Schoewe	Independent Director
	Robert W. Scully	Independent Director
Conflicts Committee	Mary N. Dillon	Independent Director
	Patricia F. Russo	Independent Director
	David C. Drummond	Independent Director
	Thomas M. Schoewe	Independent Director
	Robert W. Scully	Independent Director
Nominating and Corporate Governance Committee	Henry R. Kravis	Co-Chairman and Co-CEO
	George R. Roberts	Co-Chairman and Co-CEO
	Robert W. Scully	Independent Director

Neither the Board of Directors of KKR & Co. Inc. nor any committee or commission constituted within it has the authority to make any investment decision or recommendation regarding any entity advised by subsidiaries of KKR & Co. Inc. Similarly, no investment decision of KKR Ultimate GP or other managers of KKR shall be submitted to the Board of Directors of KKR & Co. Inc. or any commission or committee constituted within it. Consequently, KKR Ultimate GP shall be considered as the entity controlling the decisions of the KKR Investors in KKR Aggregator and, therefore, the decisions of KKR Aggregator with regard to its indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil.

For more information on KKR & Co. Inc., please see the link below for KKR & Co. Inc.'s annual filing as of 31 December 2019:

<https://ir.kkr.com/static-files/0d7d5a49-9e6d-4d92-bb8a-9490184f76e7>

## Providence



(\*) As at the date of this Offer Document, Providence Holdings VIII does not hold an interest in TopCo. Providence Holdings VIII will acquire its interest in TopCo in any event prior to the settlement of the Offer.

### (A) Providence Holdings VII and Providence Holdings VIII

PLT VII MAS S.à r.l. (Providence Holdings VII) and EMM Holdings S.à r.l. (Providence Holdings VIII) are limited liability companies (*sociétés à responsabilité limitée*) established on 16 August 2016 and 14 January 2020, respectively, in accordance with the laws of the Grand Duchy of Luxembourg, having their registered office at 18 rue Dicks, L-1417, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under numbers B208533 and B241211, respectively. As of the date of this Offer Document, Providence Holdings VII holds 1 share in TopCo, representing 33.33% of TopCo's share capital. Prior to settlement of the Offer, Providence Holdings VIII will become a participant in the TopCo acquisition structure together with Providence Holdings VII. Providence Holdings VII and Providence Holdings VIII will be jointly referred to as **Providence Holdings**

The financial year of both Providence Holdings VII and Providence Holdings VIII starts on January 1 and ends on December 31.

The share capital of Providence Holdings VII is set at EUR 1,012,500, divided into 1,012,500 shares with a nominal value of EUR 1 each, all of which are fully paid up. The share capital of Providence Holdings VIII is set at EUR 12,000, divided into 12,000 shares with a nominal value of EUR 1 each, all of which are fully paid up.

The boards of directors of Providence Holdings VII and Providence Holdings VIII consist of the same three directors: (i) Sinisa Krnic, (ii) Claude Larbiere, and (iii) Michael Kidd. None of these directors holds any shares in the Offeror nor in Masmovil.

Each Providence Holdings VII share and each Providence Holdings VIII share entitles the holder to one vote at the General Shareholders' Meeting.

Neither Providence Holdings VII's articles of association nor Providence Holdings VIII's articles of association provide for limitations on voting rights nor restrictions to access to the Board of Directors other than those provided for in the applicable legislation. Providence Holdings VII and Providence Holdings VIII have not issued any rights of ownership, convertible bonds, warrants or other securities or instruments that may entitle the holder, directly or indirectly, to assume or acquire its shares.

Providence Holdings VII is a wholly-owned subsidiary of PLT VII MC S.à r.l., a limited liability company (*société à responsabilité limitée*) established on 16 August 2016, in accordance with the laws of the Grand Duchy of Luxembourg, having its registered office at 18 rue Dicks, L-1417, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B208524, which in turn is wholly-owned indirectly by PLT VII Holdco S.à r.l., a limited liability company (*société à responsabilité limitée*) established on 12 January 2016, in accordance with the laws of the Grand Duchy of Luxembourg, having its registered office at 18 rue Dicks, L-1417, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B203068. PLT VII Holdco S.à r.l. is wholly-owned by the Providence VII Investors: (i) Providence VII Global Holdings L.P. and (ii) Providence Equity Partners VII-A L.P.

Providence Holdings VIII is a wholly-owned subsidiary of PEP European Investment S.à r.l., a limited liability company (*société à responsabilité limitée*) established on 28 May 2018, in accordance with the laws of the Grand Duchy of Luxembourg, having its registered office at 18 rue Dicks, L-1417, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B225312, which in turn is a wholly-owned subsidiary of a number of Luxembourg entities, which in turn are wholly-owned by PEP European Investment VIII SCSp, a special limited partnership (*société en commandite spéciale*) formed on 28 May 2018, in accordance with the laws of the Grand Duchy of Luxembourg, with registered offices at 18 rue Dicks, L-1417, Grand Duchy of Luxembourg, and registered in the Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B225164. PEP European Investment VIII SCSp has three limited partners (the **Providence VIII Investors**): (i) Providence Equity Partners VIII L.P., (ii) Providence Equity Partners VIII-A L.P. and (iii) Providence Equity Partners VIII (Scotland) L.P.; and the general partner of PEP European Investment VIII SCSp is PEP European Investment GP S.à r.l., a limited liability company (*société à responsabilité limitée*) established on 12 June 2018, in accordance with the laws of the Grand Duchy of Luxembourg, having its registered office at 18 rue Dicks, L-1417, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B225086. PEP European Investment GP S.à r.l. is wholly owned by the Providence VIII Investors.

Providence Holdings VII and PLT VII Holdco S.à r.l. are ultimately controlled by Providence VII Ultimate GP, as the general partner of the Providence VII Investors, which has the authority

to make investment and management decisions for the Providence VII Investors and, therefore, also for Providence Holdings VII.

Providence Holdings VIII and PEP European Investment VIII SCSp are ultimately controlled by Providence VIII Ultimate GP, as the general partner of the Providence VIII Investors, which has the authority to make investment and management decisions for the Providence VIII Investors and, therefore, also for Providence Holdings VIII.

A certified and apostilled copy of the articles of association of PLT VII MAS S.à r.l. and EMM Holdings S.à r.l. is attached as Annex 7, as well as a certified and apostilled extract (*extrait*) from the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*), together with certified translations into Spanish of both documents.

(B) Providence Investors

*Providence VII Investors*

The Providence VII Investors are (i) Providence VII Global Holdings L.P., and (ii) Providence Equity Partners VII-A L.P. Both companies are Cayman limited partnerships registered on 10 April 2012 and 19 April 2011 respectively, in accordance with the laws of the Cayman Islands, with registered offices at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, and registered with the Cayman Islands Registry of Exempted Limited Partnerships under numbers MC-59825 and MC-47863 respectively.

Providence VII Global Holdings L.P. and Providence Equity Partners VII-A L.P. each hold a stake of approximately 46.5% and 53.5% in PLT VII Holdco S.à r.l. and, indirectly, in Providence Holdings VII.

The investors in Providence VII Global Holdings L.P. and Providence Equity Partners VII-A L.P. are, in general, institutional investors, none of which holds more than 10% of the total commitment of the Providence VII Investors.

The Providence VII Investors are managed and controlled by Providence Equity GP VII-A L.P., a limited partnership established in accordance with the laws of the Cayman Islands, registered with the Cayman Islands Registry of Exempted Limited Partnerships under number MC-48094, acting through its general partner PEP VII-A International Ltd. (Providence VII Ultimate GP), a limited company established in accordance with the laws of the Cayman Islands, registered with the Cayman Islands Registrar of Companies under number MC-255111. Consequently, the Providence VII Investors are ultimately managed and controlled by Providence VII Ultimate GP.

*Providence VIII Investors*

The Providence VIII Investors are:

- (i) Providence Equity Partners VIII L.P. and Providence Equity Partners VIII-A L.P. are Cayman limited partnerships formed on 6 January 2017, in accordance with the laws of the Cayman Islands, with registered offices at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, and registered with the Cayman Islands Registry of Exempted Limited Partnerships under numbers MC-88647 and MC-88533, respectively.



Providence Equity Partners VIII L.P. and Providence Equity Partners VIII-A L.P. each hold a stake of approximately 49.147% and 50.347%, respectively, in PEP European Investment VIII SCSp.

- (ii) Providence Equity Partners VIII (Scotland) L.P. is a Scottish private fund limited partnership formed on 25 May 2018, in accordance with the laws of Scotland, with registered offices at 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ, and registered with the Registrar of Companies for Scotland under number SL33043.

Providence Equity Partners VIII (Scotland) L.P. holds a stake of approximately 0.506% in PEP European Investment VIII SCSp.

The investors in Providence Equity Partners VIII L.P., Providence Equity Partners VIII-A L.P. and Providence Equity Partners VIII (Scotland) L.P. are, in general, institutional investors, none of which holds more than 10% of the total capital commitment of the Providence VIII Investors.

The Providence VIII Investors are managed and controlled by their general partner, Providence Equity GP VIII L.P., a limited partnership established in accordance with the laws of the Cayman Islands, registered with the Cayman Islands Registry of Exempted Limited Partnerships under number MC-88488, acting through its own general partner, PEP VIII International Ltd. (Providence VIII Ultimate GP), a limited company established in accordance with the laws of the Cayman Islands, registered with the Cayman Islands Registrar of Companies under number MC-317567. Consequently, the Providence VIII Investors are ultimately managed and controlled by Providence VIII Ultimate GP.

Mr. Jonathan Nelson, a US citizen of legal age, and Mr. John Carl Hahn, a US and British citizen of legal age, each indirectly hold more than 25% but no more than 50% of the voting rights in Providence VII Ultimate GP and Providence VIII Ultimate GP. No other person, either alone or in concert, holds more than 10% of the voting rights in these entities. There is no agreement between Mr. Jonathan Nelson and Mr. John Carl Hahn with respect to the coordinated exercise of voting rights in these entities. Therefore, no individual controls Providence VII Ultimate GP or Providence VIII Ultimate GP. Consequently, Providence VII Ultimate GP and Providence VIII Ultimate GP shall be considered as the entities controlling the decisions of the Providence Investors in Providence Holdings VII and Providence Holdings VIII respectively, and, therefore, the decisions of Providence Holdings VII and Providence Holdings VIII with regard to their indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil. While Providence VII Ultimate GP and Providence VIII Ultimate GP owe their fiduciary duties to the Providence VII Investors and the Providence VIII Investors, respectively, and will therefore only have regard to the respective interests of those investors, they are covered by the Consortium Agreement and will act as a single investor with respect to their investment in TopCo, except that they may pursue different strategies upon the execution of an exit.

(C) Providence Ultimate GP

*Providence VII Ultimate GP*

The general partner of the Providence VII Investors is Providence Equity GP VII-A L.P., a limited partnership registered on 19 April 2011, in accordance with the laws of the Cayman Islands, having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, and registered with the Cayman Islands

Registry of Exempted Limited Partnerships under number MC-48094, acting through its general partner PEP VII-A International Ltd., a limited company registered on 19 April 2011, in accordance with the laws of the Cayman Islands, having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, and registered with the Cayman Islands Registrar of Companies under number MC-255111.

The governing body of PEP VII-A International Ltd. consists of a sole director, Jonathan Nelson, who does not hold any shares in the Offeror nor in Masmovil.

*Providence VIII Ultimate GP*

The ultimate general partner of the Providence VIII Investors is Providence Equity GP VIII L.P., a limited partnership registered on 6 January 2017, in accordance with the laws of the Cayman Islands, having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, and registered with the Cayman Islands Registry of Exempted Limited Partnerships under number MC-88488, acting through its own general partner, PEP VIII International Ltd., a limited company registered on 1 December 2017, in accordance with the laws of the Cayman Islands, having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, and registered with the Cayman Islands Registrar of Companies under number MC-317567.

The Board of Directors of PEP VIII International Ltd. is comprised of four directors: (i) Michael Dominguez, (ii) John Carl Hahn, (iii) Jonathan Nelson and (iv) Peter Wilde. None of these directors hold shares in the Offeror nor in Masmovil.

A legalized and apostilled copy of the articles of association of PEP VII-A International Ltd. and PEP VIII International Ltd. is attached as **Annex 7.bis**, as well as a legalized and apostilled extract from the Cayman Islands Registrar of Companies, together with certified translations into Spanish of both documents.

Mr. Jonathan Nelson, an American citizen of legal age, and Mr. John Carl Hahn, a dual American and British citizen of legal age, each indirectly hold more than 25% but no more than 50% of the voting rights in Providence VII Ultimate GP and Providence VIII Ultimate GP. No other person, either alone or in concert, holds more than 10% of the voting rights in these entities. There is no agreement between Mr. Jonathan Nelson and Mr. John Carl Hahn with respect to the coordinated exercise of voting rights in these entities. Therefore, no individual controls Providence VII Ultimate GP or Providence VIII Ultimate GP. Consequently, Providence VII Ultimate GP and Providence VIII Ultimate GP shall be considered as the entities controlling the decisions of the Providence Investors in Providence Holdings VII and Providence Holdings VIII respectively, and, therefore, the decisions of Providence Holdings VII and Providence Holdings VIII with regard to their indirect interest in the Offeror and, after the settlement of the Offer, in Masmovil. While Providence VII Ultimate GP and Providence VIII Ultimate GP owe their fiduciary duties to the Providence VII Investors and the Providence VIII Investors, respectively, and will therefore only have regard to the respective interests of those investors, they are covered by Consortium Agreement and will act as a single investor with respect to their investment in TopCo, except that they may pursue different strategies upon the execution of an exit.

### 1.4.3 Shareholding and control structure of the Offeror after the settlement of the Offer

The investment structure of the Investors in the Offeror after the settlement of the Offer is described below.

#### (a) Changes in Cinven's structure after the settlement of the Offer

Prior to the date of settlement of the Offer, Seventh Cinven Fund Co-Investment Limited Partnership (**Cinven CIP**) will be admitted as a new limited partner of Cinven Aggregator by means of a transfer of approximately 3.94% of the partnership interests in Cinven Aggregator from the Seventh Cinven Fund by virtue of which Cinven CIP shall assume the rights and obligations as a limited partner of Cinven Aggregator in respect of such interest. Following the execution of such transfer, Cinven CIP will hold approximately 3.94% of the partnership interests of Cinven Aggregator, with the Seventh Cinven Fund holding approximately the remaining 96.06% of Cinven Aggregator.

Following settlement of the Offer, Seventh Cinven FD 1 Lux SCSp and Seventh Cinven FD 2 Lux SCSp will be admitted as new limited partners in Cinven Aggregator by means of a transfer in aggregate of approximately 18.593% of the partnership interests in Cinven Aggregator from the Seventh Cinven Fund by virtue of which Seventh Cinven FD 1 Lux SCSp and Seventh Cinven FD 2 Lux SCSp shall assume the rights and obligations as limited partners of Cinven Aggregator in respect of such interest. Following the execution of such transfer, the Seventh Cinven Fund and Cinven CIP will hold approximately 77.812% and 3.595% of the remaining partnership interests of Cinven Aggregator, respectively. These transactions shall be carried out valuing the Masmovil shares at the Offer Price, that is, at EUR 22.50 per share. Therefore, the implicit value of the Cinven Aggregator shares received by these investors as a result of these transactions will be financially equivalent to the value of the Masmovil shares underlying the Offer Price.

Therefore, Cinven Aggregator will continue to be controlled by Cinven Management GP as managing general partner of the Seventh Cinven Fund. Cinven Management GP has exclusive authority to make investment and management decisions for the Seventh Cinven Fund and the Seventh Cinven Fund investors have no control rights over the Seventh Cinven Fund.

The new limited partners of Cinven Aggregator after the settlement of the aforementioned transactions are briefly described below:

#### (i) Seventh Cinven Fund Co-Investment Limited Partnership

Seventh Cinven Fund Co-Investment Limited Partnership (Cinven CIP) is a limited partnership established on 5 April 2019, in accordance with the laws of Guernsey and registered with the Guernsey Registry of Companies under number 3310.

The general partner of Cinven CIP is Cinven Capital Management CIP (VII) Limited, a limited company established on 5 April 2019, in accordance with the laws of Guernsey, registered with the Guernsey Registry of Companies under number 66263.

Cinven CIP is a co-investment vehicle established to enable the investment of partners and employees of Cinven. None of the investors holds more than 10% of the total interests in Cinven Aggregator. Such investors have no control rights over Cinven CIP.

#### (ii) Seventh Cinven FD 1 Lux SCSp

Seventh Cinven FD 1 Lux SCSp is a limited partnership (*société en commandite spéciale*) without legal personality, established on 23 May 2019, in accordance with the laws of the Grand Duchy of Luxembourg, and registered with the Luxembourg Registry of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B234958.

The general partner (*associé commandité*) of Seventh Cinven FD 1 Lux SCSp is Cinven Lux GP (VII) S.à r.l., a limited liability company (*société à responsabilité limitée*) established on 20 May 2019, in accordance with the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Registry of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B234899.

Seventh Cinven FD 1 Lux SCSp is approximately 98-99% owned by the Seventh Cinven Fund and the remainder is held by partners and employees of Cinven.

(iii) Seventh Cinven FD 2 Lux SCSp

Seventh Cinven FD 2 Lux SCSp is a limited partnership (*société en commandite spéciale*) without legal personality, established on 11 July 2019, in accordance with the laws of the Grand Duchy of Luxembourg, and registered with the Luxembourg Registry of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B236195.

The general partner (*associé commandité*) of Seventh Cinven FD 2 Lux SCSp is Cinven Lux GP (VII) S.à r.l., a limited liability company (*société à responsabilité limitée*) established on 20 May 2019, in accordance with the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Registry of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B234899.

Seventh Cinven FD 2 Lux SCSp is approximately 98-99% owned by the Seventh Cinven Fund and the remainder is held by partners and employees of Cinven.

(b) Changes to the TopCo structure: Equity contributions of the Investors

If the Offer has a positive outcome, the settlement of the Offer will be financed through a combination of equity that the Investors will contribute to the Offeror (as detailed in section 1.4.3(b) of the Offer Document) and financial debt (as detailed in sections 2.6.2(ii) et seq. of the Offer Document).

The combination of equity and financial debt will depend on (i) the level of acceptance of the Offer and (ii) the amount of the financial debt of the Masmovil Group to be refinanced. Therefore, assuming a 100% level of acceptance of the Offer and an a level of net debt of the Masmovil Group to be refinanced of EUR 2,210 million (taking into account for these purposes the existing financial debt, the generation of cash until the time of refinancing, the costs of the transaction and the financing, the settlement of the 2017 Plan, the impact of the transactions carried out (e.g. the acquisition of Lycamobile or the Uclés Project) and the date of the settlement of the Offer, among other factors) the acquisition debt would be of EUR 790 million, and the equity to be contributed would be EUR 2,262 million (the **Base Case Scenario**).

In the Base Case Scenario, prior to the settlement of the Offer, the aforementioned equity amount would be contributed to TopCo and, by it, through successive contributions to and from JVCo and MidCo, to the Offeror as indicated below:

- (i) Cinven Aggregator, KKR Aggregator and Providence Holdings will make equity contributions to TopCo of approximately EUR 687 million, EUR 754 million and EUR

822 million, respectively (the **TopCo Equity Contribution**), in consideration of which TopCo will issue a combination of ordinary and preferred shares and/or shareholder notes.

By virtue of the Equity Contribution to TopCo, Cinven Aggregator, KKR Aggregator and Providence Holdings will advance, on a temporary basis, the equity contribution to be made by the Rolling Shareholders in JVCo after the settlement of the Offer (see section 1.4.3(c) below), whose amount will be of EUR 256 million (the **TopCo Excess Contribution**). As consideration for such TopCo Excess Contribution, TopCo will issue shareholder notes for an amount of EUR 256 million, in favor of Cinven Aggregator, KKR Aggregator and Providence Holdings, on a pro rata basis to their participation in the TopCo Excess Contribution.

In respect of Providence Holdings, it is hereby stated that, of its total contribution to TopCo's equity after the entrance of the Rolling Shareholders and the co-investors referred to in the last paragraph of section 1.4.3(d) below, the final shareholding to be maintained by Providence Holdings VII in the share capital of TopCo will not exceed 40% of the total shareholding of Providence Holdings, with Providence Holdings VIII holding the remaining participation.

- (ii) TopCo will make an equity contribution in JVCo in the amount of approximately EUR 2,262 million (**JVCo Equity Contribution**), in consideration of which JVCo will issue to TopCo a combination of ordinary and preferred shares and/or shareholder notes.

By virtue of the Equity Contribution to JVCo, TopCo will advance, on a temporary basis, the equity contribution to be made by the Rolling Shareholders in JVCo after the settlement of the Offer (see section 1.4.3(c) below), which amount will amount to EUR 256 million (the **JVCo Excess Contribution**). As consideration for such JVCo Excess Contribution, JVCo will issue shareholder notes for an amount of EUR 256 million, in favor of TopCo.

Once the Rolling Shareholders make their capital contribution in JVCo and become shareholders of JVCo, the funds received will be used by JVCo to repay TopCo the JVCo Excess Contribution and by TopCo to repay Cinven Aggregator, KKR Aggregator and Providence Holdings the TopCo Excess Contribution, through the cancelation of the shareholder notes in the corresponding part, capitalizing through the subscription of ordinary and preferred shares the remaining amount in the same ratio.

- (iii) JVCo will make an equity contribution to MidCo in the amount of approximately EUR 2,262 million, against which MidCo will issue to JVCo ordinary shares.
- (iv) MidCo will make an equity contribution to the Offeror in the amount of approximately EUR 2,262 million, against which the Offeror will issue to MidCo ordinary shares (in the form of share capital and share premium).

The Offeror will use the funds from the equity contribution from MidCo to, together with part of the external financing described in section 2.6.2(ii) of the Offer Document, make the payment of the total consideration of the Offer on the settlement date of the Offer and of the expenses related thereto, as well as of the expenses relating to the financing.

In the Base Case Scenario, after these transactions, the equity percentage in TopCo among Cinven Aggregator, KKR Aggregator, and Providence Holdings shall be approximately 30.34%,

33.33% and 36.32%, respectively. The corporate governance decisions of TopCo will be adopted according to sections 1.4.3(d) and 1.5.1(b) of the Offer Document.

In turn, the participation percentage in JVCo between TopCo and the Rolling Shareholders will be of approximately 88.70% and 11.30%, respectively.

(c) Changes to the JVCo structure: Re-investment of the Rolling Shareholders

In accordance with the terms of the irrevocable commitment agreements described in section 1.5.1 of the Offer Document, as explained in previous sections, it is envisaged that, following settlement of the Offer, (i) Onchena, S.L. (**Onchena**); (ii) Key Wolf, S.L.U. (**Key Wolf**); and (iii) Josep Maria Echarri Torres (or one or more companies controlled by him) (**Inveready**), acquire a stake in JVCo (*pari passu* with the Investors). Onchena, KeyWolf and Inveready will be jointly referred to as **Rolling Shareholders**.

In this regard, in the Base Case Scenario, following settlement of the Offer, it is anticipated that the Rolling Shareholders will make equity contributions to JVCo of approximately EUR 256 million, at the same subscription price as the Capital Contribution to JVCo and in exchange for equity instruments of the same class and *pari passu* in terms of their rights to those of investors, and JVCo will use the funds received to repay TopCo the JVCo Excess Contribution. The implicit valuation of the underlying shares of Masmovil for the purposes of the investment to be made in JVCo by these shareholders will be the Offer Price, that is, EUR 22.50. Accordingly, the implicit value of the JVCo shares to be received by the Rolling Shareholders consequent to this investment will be financially equivalent to the Offer Price.

After this re-investment by the Rolling Shareholders, the percentage of ownership of TopCo and the Rolling Shareholders in JVCo will be approximately 88.70% and 11.30%, respectively. The Equity Term Sheet, which is described in further detail in section 1.5.1(b) of the Offer Document, will be the basis for the shareholders' agreement to be entered into between the Investors and the shareholders reinvesting in JVCo.

This investment of the Rolling Shareholders in JVCo will be implemented, either directly by Onchena, Key Wolf and Mr. Josep Maria Echarri Torres (or one or more companies controlled by him), or through an investment vehicle owned collectively by them (or by an affiliate of such vehicle) which, together with TopCo, will hold 100% of JVCo.

The Masmovil shareholders that will invest in JVCo in the context of the Offer are briefly described below.

(i) Onchena

Onchena, S.L. is a limited company of Spanish nationality, with domicile at calle Pedro de Valdivia 10, Madrid (Spain), registered with the Mercantile Registry of Madrid, in volume 467, page 14, sheet M-8952, with tax ID number B-78871639.

Onchena holds 17,390,808 shares of Masmovil, which it has committed to sell in the Offer, and for which it will receive EUR 391,293,180.00. Under the Irrevocable Undertaking Agreements described in section 1.5.1 of the Offer Document, Onchena has undertaken to invest in JVCo an amount which will enable it to receive approximately 5.21% of the share capital of JVCo. In the Base Case Scenario, Onchena will have to invest an amount of approximately EUR 118 million in JVCo, representing approximately 5.21% of the share capital of JVCo, and the equivalent percentage in Masmovil.



Onchena is the company that manages the assets of the Ybarra Careaga family and is under the control of Ms. Carmen Ybarra Careaga. Onchena has holdings in different companies listed on the Spanish stock exchanges.

(ii) Key Wolf

Key Wolf, S.L.U. is a limited company of Spanish nationality, with domicile at Grupo Montesol Nº 12, San Sebastián (Spain), registered with the Mercantile Registry of Gipuzkoa, in volume 2702, page 112, sheet SS-37678, with tax identification number B-75135137.

Key Wolf holds 6,629,025 shares of Masmovil, which it has committed to sell in the Offer, and for which it will receive EUR 149,153,062.50. As stated in the Irrevocable Undertaking Agreements described in section 1.5.1 of the Offer Document, Key Wolf has undertaken to invest in JVCo to the extent that enables it to receive approximately 5.21% of the share capital of JVCo. In the Base Case Scenario, Key Wolf will have to invest an amount of approximately EUR 118 million in JVCo, representing approximately 5.21% of the share capital of JVCo, and the equivalent percentage in Masmovil.

Key Wolf is under the control of Mr José Eulalio Poza Sanz.

(iii) Inveready

As at 1 June 2020, date of the application for the authorisation of the Offer, Josep María Echarri Torres and other companies in which he holds an interest (indicated below), were holders of 2,748,965 shares in Masmovil. These companies are, on the one hand, Inveready Capital Company, S.L., Inveready Evergreen, S.C.R., S.A. and The Nimos Holding, S.L., controlled by Josep María Echarri Torres; and, on the other hand, Inveready Seed Capital, S.C.R., S.A., in which Josep María Echarri Torres has an indirect minority interest, and which is managed by Inveready Asset Management, SGEIC, S.A., a company controlled by Josep María Echarri Torres. The identification data of these companies is listed below:

- (i) Inveready Capital Company, S.L. is a limited company of Spanish nationality, with domicile at calle Zuatzu Nº 7, Edificio Urola, Local Nº 1, Planta Baja, San Sebastián (Spain), registered with the Commercial Registry of Gipuzkoa, in volume 2941, page 19, sheet SS-42621, with tax identification number B-64311582.
- (ii) The Nimo's Holding, S.L. is a limited company of Spanish nationality, with domicile at calle Zuatzu Nº 7, Edificio Urola, Local Nº 1, Planta Baja, San Sebastián (Spain), registered with the Commercial Registry of Gipuzkoa, in volume 2938, page 203, sheet SS-42476, with tax identification number B-65709552.
- (iii) Inveready Seed Capital, S.C.R., S.A. is a joint stock company of Spanish nationality, with domicile at calle Zuatzu Nº 7, Edificio Urola, Local Nº 1, Planta Baja, San Sebastián (Spain), registered with the Commercial Registry of Gipuzkoa, in volume 2915, page 83, sheet SS-42036, with tax identification number A-64866577, and registered with the official venture capital firms register of the CNMV with number 180.
- (iv) Inveready Evergreen, S.C.R., S.A. is a joint stock company of Spanish nationality, with domicile at calle Zuatzu Nº 7, Edificio Urola, Local Nº 1, Planta Baja, San Sebastián (Spain), registered with the Commercial Registry of Gipuzkoa, in volume 2927, page 71, sheet SS-42321, with tax identification number A-66962234, and registered with the official venture capital firms register of the CNMV with number 249.

- (v) Inveready Asset Managmenet, SGEIC, S.A. is a joint stock company of Spanish nationality, with domicile at Zuatzu N°7, Edificio Urola, Local N° 1, Planta Baja, San Sebastián (Spain), registered with the Commercial Registry of Gipuzkoa, in volume 2915, page 149, sheet SS-42042, with tax identification number A-65696007 and registered with the official venture capital firms register of the CNMV with number 94.

On 24 June 2020, Inveready and Estiriac XXI, S.L. (*Estiriac*)<sup>10</sup> transferred all of the shares they held until that date in favour of Inveready Innovation Consulting, S.L., which acquired 2,639,370 shares of Masmovil, and of Estiriac itself, which, in turn, transferred the shares it held and acquired 217,550 shares of Masmovil. These transactions are further explained in section 1.7.

All commitments made by Inveready under the Irrevocable Undertakings Agreement described in Section 1.5.1 of the Offer Document are now binding on Inveready Innovation Consulting, S.L. and Estiriac, except for the re-investment commitment in JVCo, which remains in effect for Mr. Echarri and/or one or some of the entities directly or indirectly controlled by him. Therefore, Inveready Innovation Consulting, S.L. and Estiriac have taken on, among others, the irrevocable undertaking to accept the Offer in respect of those shares but not the commitment to invest in JVCo.

Therefore, Inveready Innovation Consulting, S.L., a limited company of Spanish nationality, indirectly controlled by Josep María Echarri Torres, with address at Calle Zuatzu N° 7, Edificio Urola, Local N° 1, Planta Baja, San Sebastián (Spain), registered with the Commercial Registry of Gipuzkoa, in volume 46255, sheet 10, page B- 514430, with tax identification number B-67132373, owns 2,639,370 Masmovil shares, which it has committed to sell in the Offer, and for which it will receive EUR 59,385,825.00.

Likewise, by virtue of the Irrevocable Undertaking Agreements described in section 1.5.1 of the Offer Document, Inveready maintains its commitment to invest EUR 20,000,001 in JVCo, to be contributed by Mr. Echarri and/or one or more companies directly or indirectly controlled by him, which, in the Base Case Scenario, will entitle him to approximately 0.88% of JVCo, and the equivalent percentage in Masmovil.

- (d) Final shareholding in the Offeror after settlement of the Offer

Once the above transactions have been carried out, the participation percentage in JVCo between TopCo and the Rolling Shareholders will be of approximately 88.70% and 11.30%, respectively, in the terms described in section 1.4.3 of this Offer Document.

The Investors agreed under the Consortium Agreement to negotiate in good faith the terms of a shareholders' agreement to regulate their relations in respect of JVCo and TopCo according to the preliminary terms attached to the Consortium Agreement and named "Equity Term Sheet". The shareholders' agreement shall be signed prior to the settlement of the Offer and will also be binding on the shareholders investing in JVCo. Until the signing of such shareholders' agreement, the relations, rights and obligations of the Investors are those arising

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<sup>10</sup> The sole shareholder and director of Estiriac is Mr. Ignacio Fonts Cavestany, Managing Director of Inveready Asset Management, S.G.E.I.C., S.A.

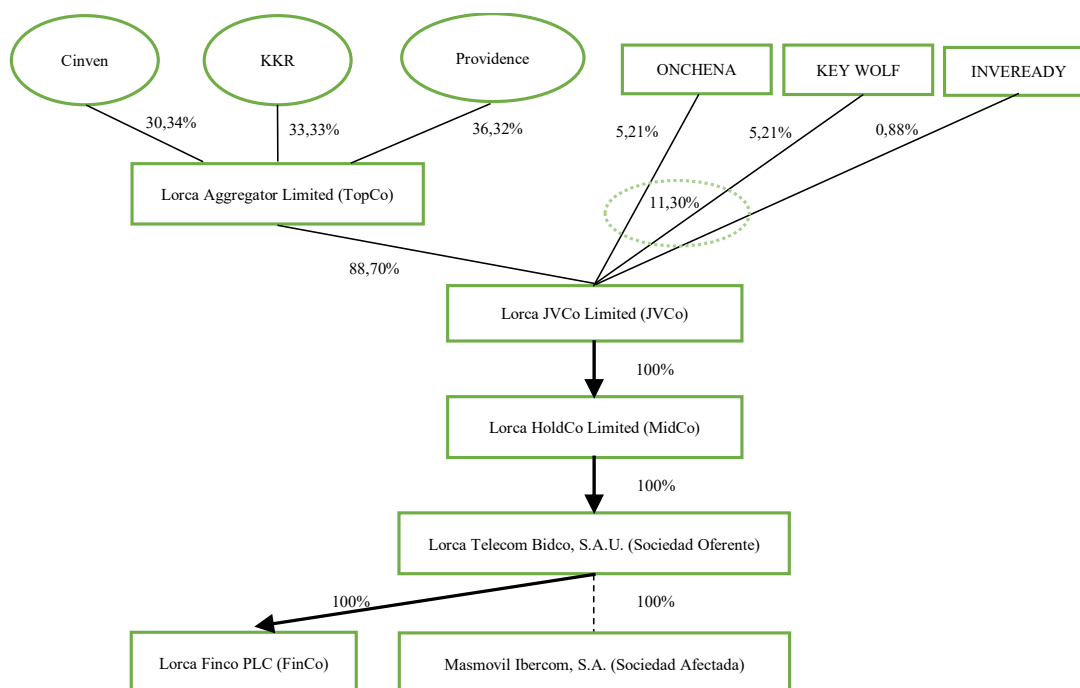
from the Consortium Agreement and from their respective shareholding in TopCo according to the applicable legislation.

Under the JVCo shareholders' agreement, as detailed in the description of the Equity Term Sheet in section 1.5.1(b) of the Offer Document, the Board of Directors of JVCo shall be represented by seven members, of whom (i) Cinven Aggregator, KKR Aggregator and Providence Holdings will each appoint two members (and the number observers they deem appropriate), while (ii) the Rolling Shareholders, acting collectively, shall be entitled to appoint one member of the Board of Directors (and two observers), provided that they maintain a minimum stake of at least 50% of their initial holding percentage in JVCo after the re-investment taking place on or around the settlement of the Offer.

The decisions of the Board of Directors of JVCo will require the consent of two of Cinven Aggregator, KKR Aggregator and Providence Holdings, except in respect of (i) mergers, acquisitions or transfers for an amount (individually or together with other related transactions) higher than EUR 200 million (in terms of enterprise value), which will require the consent of Cinven Aggregator, KKR Aggregator and Providence Holdings, and (ii) the matters set out below, which may only be approved with the consent of all shareholders that continue to hold more than 25% of their initial stake percentage: (a) amendments to the articles of association of JVCo which have a material adverse effect on such shareholder as compared with the other shareholders, (b) changes to the nature of the business, (c) voluntary liquidation or winding up, and (d) related party transactions.

Therefore, after carrying out the investment transactions described in this section, and taking into account the agreement between shareholders referred to in section 1.5.1(b) of the Offer Document, TopCo will control JVCo and its subsidiaries -including the Offeror and, after the settlement of the Offer, Masmovil- pursuant to Article 42 of the Spanish Commercial Code, by referral from Article 5 of the Spanish Securities Market Act, and JVCo will be TopCo's "subsidiary" in accordance with section 1159 of the English Companies Act 2006. For its part, TopCo will not be controlled by any of the Ultimate GPs, neither individually nor in concert (for the purposes of Article 51.b) of Royal Decree 1066/2007), pursuant to Article 42 of the Spanish Commercial Code, by referral from Article 5 of the Spanish Securities Market Act, nor a "subsidiary" of the Investors pursuant to Article 2 of the Companies (Jersey) Law 1991.

The following chart details the ownership structure of the Offeror after the settlement of the Offer:



Lastly, the amounts to be invested (except for the amount of Inveready, which is fixed) and the shareholdings of the entities described in this section 1.4.3 of the Offer Document (except for those of Onchena and Key Wolf which are fixed) may vary if the assumptions of the Base Case Scenario are not fulfilled.

In addition, in the event of syndication of the equity contribution to TopCo by one or more of the Investors, one or more co-investors would enter into the ownership structure described in section 1.4.3 and would acquire (without political rights) an indirect minority stake in the share capital of vehicles that will be indirect partners of the Offeror and that, in any event, would be above TopCo. In any event, it is envisaged that the Investors would maintain a majority indirect shareholding, through their shareholding in TopCo, in the share capital of the Offeror, in such a way that, assuming 100% acceptance of the Offer, the indirect minority shareholding of the aforementioned co-investors in the Offeror would not exceed 40%.

Finally, the ownership structure may vary if, after the settlement of the Offer, and in the event of the delisting of Masmovil's shares, the alternative incentive plan which, if applicable, would replace the 2020 Plan - described in section 1.5.1 of the Offer Document - or any other incentive plan, provides for the participation of the management team, directly or indirectly, in Masmovil's share capital.

## **1.5 AGREEMENTS REGARDING THE OFFER AND THE TARGET**

### **1.5.1 Agreements entered into between the Offeror and the shareholders and members of the management, administrative and control bodies of Masmovil, and benefits reserved by the Offeror for them**

On 16 January 2020, Cinven and Kohlberg Kravis Roberts & Co. L.P., in its capacity as adviser to the KKR Investors (*KKR Advisor*), entered into a consortium agreement for the completion of the Offer.

On 24 January 2020, after initial contacts with Masmovil, Cinven and KKR Advisor entered into respective confidentiality agreements with Masmovil (represented for these purposes by its Chief Executive Officer, Mr. Meinrad Spenger) to preserve the use and confidentiality of the initial discussions and the information that Masmovil may make available to both of them to analyse the viability of a transaction.

Since the signing of these confidentiality agreements, and with the intention that Cinven and KKR Advisor could assess the aforementioned viability, Masmovil granted Cinven and KKR Advisor access to certain information and documentation of Masmovil and its group (due diligence) through a data room with legal, financial, commercial and technical information, as well as access to some members of the management team. On 4 March 2020, Cinven and KKR Advisor sent Masmovil a non-binding offer in connection with the filing of an Offer

On 16 March 2020, Masmovil, Cinven and KKR Advisor entered into a termination agreement in which they declared the termination of the negotiations and rescinding the non-binding offer dated 4 March 2020 given the impact of COVID-19 on the global markets and pursuant to the “State of Alert” declaration made by the Spanish Government.

Subsequently, on 20 April 2020, Cinven and KKR Advisor informed Masmovil pursuant to the termination agreement that they were interested in resuming work in connection with the Offer, and on 21 April 2020 Masmovil sent a letter to Cinven and KKR Advisor (receipt of which they duly acknowledged) by which Masmovil manifested its agreement to resuming work on the Offer, granting Cinven and KKR Advisor access to certain documentation.

On 22 May 2020, Cinven and KKR Advisor sent a second non-binding offer to the Board of Directors of Masmovil expressing their potential interest in filing the Offer, subject to the completion of outstanding due diligence.

During the stated due diligence exercise, representatives of Cinven and of KKR Advisor have had access to some members of the management team, as well as to information on Masmovil and, among other aspects, to certain ongoing projects of Masmovil (named Duero, Uclés and Monterrei II), as they stood up until 28 May 2020. Subsequently, these projects have been completed and Masmovil has communicated to the market the public information summarised below:

- (i) On 12 June 2020 Masmovil made a communication of privileged information to the CNMV, in which it reported that it had entered into a wholesale bitstream access agreement with Orange with the purpose of sharing new FTTH real estate units (Project Duero). The initial number of future deployments of both parties is set between 2.2 and 2.75 million building units, the execution of which is not expected to entail any increase in net fibre network CAPEX with respect to the amount forecast and made public by Masmovil. These building units will be used for the reciprocal provision of the fibre access services covered by the new contract over the next 20 years.
- (ii) On 12 June 2020, Masmovil made a communication of privileged information to the CNMV, in which it reported that it has a firm offer from an infrastructure fund to participate in a transaction consisting in the bundling of 1,078,000 FTTH real estate units within one special purpose company, in which Masmovil will have a relevant but minority stake which is expected to be between 40% and 49.99% (Project Uclés).

- (iii) On 22 June 2020, Masmovil made a communication of privileged information to the CNMV, in which it reported that it has entered into an agreement with Telefónica that amends certain aspects of the national mobile roaming agreement between them, affecting among others, the migration of Lyca Mobile España's mobile lines to their mobile network. In addition, the parties have agreed to extend the bitstream wholesale access agreement on the FTTH network of Telefonica. Finally, Masmovil and Telefónica have agreed to extend the provision of circuit services agreement (mobile and fixed backhaul) (these agreements, together, constitute Project Monterrei II).

The remaining information to which the representatives of Cinven and KKR Advisor had access to during the course of said due diligence was not considered insider information.

On 27 May 2020, Cinven and KKR Advisor entered into an exclusivity agreement with Masmovil in relation to the Offer (the **Exclusivity Agreement**).

During the months in which the possibility of making the Offer has been actively analysed, representatives of Cinven and KKR Advisor held negotiations with the significant shareholders of Masmovil, to explore their interest in participating in a potential takeover bid that Cinven and KKR Advisor were considering to jointly file over Masmovil shares. As a result of this process, on 30 May 2020, the Investors (including Providence) (i) entered into an exclusive consortium agreement for the implementation of the Offer (the **Consortium Agreement**), that supersedes the prior agreement, dated 16 January 2020; and (ii) submitted a letter to Masmovil, in accordance with the Exclusivity Agreement, confirming the completion of the due diligence and expressing their willingness to submit an Offer once (a) funding had been secured, (b) having obtained irrevocable undertakings from shareholders amounting to nearly 30% of Masmovil's share capital and (c) the execution of an agreement with Masmovil.

In addition, during the month of May 2020, certain representatives of Cinven and KKR Advisor held preliminary contacts with various significant shareholders of Masmovil which led to the execution of certain Irrevocable Undertaking Agreements with Onchena, Key Wolf, Inveready and Estiriac (the **Selling Shareholders**) regarding the acceptance of the Offer and (with the exception of Estiriac) investments in JVCo as well the acceptance of the Offer with Providence Holdings VII on 31 May 2020.

Lastly, on 1 June 2020, Masmovil and the Offeror entered into an agreement in which they set out the terms of the agreements reached by Masmovil and the Offeror regarding the Offer (the **Investment Agreement**), which had been previously approved unanimously (with the exception of Mr. John Carl Hahn, proprietary director of the Providence VII Investors in Masmovil, who did not attend the meeting) by the Board of Directors of Masmovil on 31 May 2020.

(a) Consortium Agreement

The Consortium Agreement, signed by the Investors on 30 May 2020, aims: (i) to determine the capital contributions to be made by the Investors in TopCo; (ii) to regulate the commitment of the Investors to obtain the remaining funding, including debt financing, necessary to implement the Offer; and (iii) to determine the rules governing the conduct, cooperation and decision making, to be followed by the Investors in relation to the Offer and its terms (including the information that each party undertakes to provide to the other parties, restrictions on carrying out transactions over shares of Masmovil and the bearing of transaction expenses). For these purposes, the Consortium Agreement stipulates to the Board of Directors of JVCo that (y) its decisions shall require the consent of any two of Cinven Aggregator, KKR Aggregator



and Providence Holdings, although in respect of mergers, acquisitions or transfers for a value (individually or in conjunction with other related transactions) in excess of EUR 200 million (in terms of enterprise value), the consent of each of the Investors shall be required; and that (z) it currently consists of two directors representing the interests of the Seventh Cinven Fund (Miguel Juan Segura Martin and Thomas Railhac) and two directors representing the interests of the KKR Investors (Ignacio Cobo Bachiller and Jean-Pierre Saad), although prior to the date of settlement of the Offer, two directors representing the interests of the Providence Investors will also become members of the Board of Directors of JVCo.

The Investors also agreed under the Consortium Agreement to negotiate in good faith the terms of a shareholders' agreement to regulate their relations in respect of JVCo and TopCo according to the preliminary terms attached to the Consortium Agreement and named "Equity Term Sheet". The shareholders' agreement shall be signed prior to the settlement of the Offer and will also be binding on the shareholders investing in JVCo. Until the signing of such shareholders' agreement, the relations, rights and obligations of the Investors are those arising from the Consortium Agreement and from their respective shareholding in TopCo according to the applicable legislation.

(b) Equity Term Sheet

The Equity Term Sheet aims to reflect the understanding among the Cinven Aggregator, KKR Aggregator, Providence Holdings VII and Providence Holdings VIII (jointly, **Providence Holdings**) as to their rights and obligations as direct shareholders of TopCo and as indirect shareholders of JVCo, and will constitute the basis for the shareholders' agreement to be entered into by the Cinven Aggregator, KKR Aggregator and Providence Holdings and the Rolling Shareholders.

As at the date of this Offer Document, there is no draft or final document of such shareholders' agreement, which will be subject to English law and whose terms and conditions will develop the Equity Term Sheet.

The Equity Term Sheet contemplates the governance of JVCo as well as restrictions on the transferability of the shares of JVCo.

The Board of Directors of JVCo will be represented by seven members, of which (i) Cinven Aggregator, KKR Aggregator and Providence Holdings shall each appoint two members (and any observer deemed necessary), while (ii) the Rolling Shareholders, acting collectively, will be entitled to appoint one additional Board member (and two observers), so long as they maintain a minimum holding of 50% of their initial shareholding percentage in JVCo following the re-investment subsequent to the settlement of the Offer.

The decisions of the Board of Directors of JVCo will require the consent of any two of Cinven Aggregator, KKR Aggregator and Providence Holdings, except for the following reserved matters that shall only be approved with the consent of each shareholder holding more than 25% of its initial shareholding percentage: (i) amendments to the articles of association of JVCo which have a material adverse effect on such shareholder as compared with the other shareholders, (ii) changes to the nature of the business, (iii) voluntary liquidation or winding up, and (iv) related party transactions.

In addition, any merger, acquisition or transfer with an enterprise valuation (individually or together with a series of related transactions) in excess of EUR 200 million will require the consent of each of the Investors.

JVCo has been incorporated under the laws of England and Wales, is a tax resident in the United Kingdom, and will have at its disposal the appropriate material, organizational and human means in the United Kingdom in order to carry out the overall direction, supervision and management of the group of companies of JVCo (in which the Masmovil will be included).

JVCo and its shareholders agree to continue supporting Masmovil's M&A strategy by continuing or initiating preparatory activities in relation to potential expansion and M&A opportunities, including (but not limited to): (i) its growth and expansion strategy (either organic or inorganic) in Spain and Portugal, and/or (ii) pursuit of potential M&A opportunities in Spain and/or Portugal and/or (iii) pursuit of alliances or joint ventures with telecommunications infrastructure providers.

Any transfer of JVCo shares (other than to companies controlled by the transferring shareholder) will require the consent of Cinven Aggregator, KKR Aggregator and Providence Holdings. Following the fourth anniversary of the settlement of the Offer, the Rolling Shareholders, acting collectively, will be entitled to transfer their interests to a financial investor, subject to a first offer right of the Investors.

Between the fourth and sixth anniversary of the settlement of the Offer, any two of Cinven Aggregator, KKR Aggregator and Providence Holdings can start an initial public offering (*IPO*) of JVCo or any of its subsidiaries. Following the sixth anniversary of the settlement of the Offer, any one of Cinven Aggregator, KKR Aggregator and Providence Holdings can initiate an IPO. In an IPO, each of the Investors will have the right, but not the obligation, to participate *pro rata* to its respective ownership interest, noting that the Rolling Shareholders may be required by the Investors who launched the IPO to participate *pro rata* to their ownership interest.

JVCo and its shareholders acknowledge the existence of and do not oppose the management incentive 2020 Plan approved by the General Shareholders' Meeting held on 8 July 2020, and for whose approval the Offeror undertook to vote in favour in the event of holding shares in Masmovil. In addition, if the Offer has a positive outcome and Masmovil is delisted, JVCo and its shareholders undertake to negotiate with the management team – represented for these purposes by the current Chief Executive Officer - an alternative plan aimed at aligning the incentives to Masmovil's management team and employees with those of the Investors on customary terms for a non-listed company as approved by the Board of Directors of JVCo.

All shareholders of JVCo will have pre-emption rights with respect to new equity issuances of JVCo. Finally, the Rolling Shareholders will be entitled to a tag-along right with respect to transfers of shares to be made by, and will be subject to a drag-along right by, Cinven Aggregator, KKR Aggregator and Providence Holdings, acting together.

A copy of the Equity Term Sheet along with the relevant translations into Spanish are attached as **Annex 8**.

(c) Irrevocable Undertaking Agreements entered into with Masmovil shareholders in relation with the Offer

On 31 May 2020, the Offeror and, where applicable, JVCo entered into Irrevocable Undertaking Agreements with each of the Selling Shareholders and Providence Holdings VII, by virtue of which the Offeror has committed, among other things, to launch the Offer, and the aforementioned shareholders have undertaken, among other things, to accept the Offer and sell a total of 38,938,643 shares of Masmovil, representing 29.56% of its share capital, and the

Selling Shareholders, with the exception of Estiriac, committed to reinvest certain amounts in JVCo, with the shareholders receiving, in return, newly issued shares of JVCo.

In accordance with the Irrevocable Undertaking Agreements, the number of shares which each of the Selling Shareholders and Providence Holdings VII have undertaken to sell in the Offer and the percentage they represent on the share capital of Masmovil is set out below:

Shareholder	Number of shares	% share capital
Onchena, S.L. <sup>11</sup>	17,390,808	13.20%
Key Wolf, S.L.U.	6,629,025	5.03%
Inveready	2,748,965	2.09%
<i>Inveready Capital Company, S.L.</i>	<i>173,825</i>	<i>0.13%</i>
<i>Inveready Seed Capital, S.C.R., S.A.</i>	<i>2,332,745</i>	<i>1.77%</i>
<i>Inveready Evergreen, S.C.R., S.A.</i>	<i>217,550</i>	<i>0.17%</i>
<i>The Nimos Holding, S.L.</i>	<i>20,310</i>	<i>0.02%</i>
<i>Josep Maria Echarri Torres</i>	<i>4,535</i>	<i>0.003%</i>
Estiriac XXI, S.L.	107,955	0.08%
PLT VII MAS S.à r.l. (Providence Holdings VII)	12,061,890	9.16%
<b>TOTAL</b>	<b>38,938,643</b>	<b>29,56%</b>

A copy of the Irrevocable Undertaking Agreements along with the relevant translations into Spanish are attached as **Annex 8.bis**.

As a consequence of Inveready and Estiriac's obligation, in accordance with their investment policy, to transfer their shares in Masmovil before 30 June 2020, on 21 June 2020, the Offeror issued a waiver letter in favour of Inveready and Estiriac in which it gave its consent for (i) the transfer of their corresponding shares to Inveready Innovation Consulting, S.L. and Estiriac, and to (ii) the pledge of certain shares in favour of certain financing entities with which the purchasers will execute financing agreements for the payment of the purchase price of these shares, with the condition that the financing entities lift the pledge three days before the beginning of the acceptance period and expressly agree not to execute the pledge before the earliest of the following dates (A) the date of publication of the results of the Offer stating that the outcome of the Offer is not positive (unless the Offeror has waived the acceptance condition); (B) the date on which the CNMV issues a decision not authorizing the Offer, and (C) the date of the settlement of the Offer

On 24 June 2020, Inveready and Estiriac transferred all of the shares they held until that date in favour of Inveready Innovation Consulting, S.L., which acquired 2,639,370 shares of Masmovil, and of Estiriac itself, which, in turn, transferred the shares it held and acquired 217,550 shares of Masmovil. All commitments made by Inveready under the irrevocable undertaking agreement now bind Inveready Innovation Consulting, S.L. and Estiriac, except

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<sup>11</sup> The irrevocable commitment agreement entered into by the Offeror and Onchena, S.L. does not stipulate any commitment to accept the Offer by Ms Carmen Ybarra Careaga with regard to the 105,825 shares she is direct holder of.

for the re-investment commitment in JVCo, which remains in effect for Mr. Echarri and one or more entities directly or indirectly controlled by him. Thus, Inveready Innovation Consulting, S.L. and Estiriac have irrevocably undertaken to accept the Offer in respect of those shares, so that the breakdown of shareholders who have committed to sell their shares in the context of the Offer is as follows:

Shareholder	Number of shares	% share capital
Onchena, S.L.	17,390,808	13.20%
Key Wolf, S.L.U.	6,629,025	5.03%
Inveready Innovation Consulting, S.L.	2,639,370	2.00%
Estiriac XXI, S.L.	217,550	0.17%
PLT VII MAS S.à r.l. (Providence Holdings VII)	12,061,890	9.16%
<b>TOTAL</b>	<b>38,938,643</b>	<b>29,56%</b>

***Specific provisions of the Irrevocable Undertaking Agreements entered into with Onchena, Key Wolf, Inveready and Estiriac***

Below is a description of the main terms and conditions specific for the Irrevocable Undertaking Agreements entered into with the abovementioned Selling Shareholders:

- (i) In the event that no competing offer has been launched, waiver by the Offeror of the Acceptance Condition shall require the Selling Shareholders' consent.
- (ii) If, after the end of the acceptance period, the Offeror acquires shares that represent in aggregate less than 1.5% of the share capital of Masmovil outside the Offer without the Selling Shareholders' consent, then the Selling Shareholders shall be entitled to terminate this agreement.
- (iii) The Offeror will have the right to withdraw from the Offer upon fulfilment of any of the events described in article 33 of RD 1066/2007. In this sense, the announcement by the Masmovil of the execution, completion, withdrawal or cancellation or otherwise in relation to Project Duero, Project Monterrei II or Project Uclés described at the beginning of section 1.5 of the Offer Document shall not be considered as an Offer withdrawal event for the Offeror under article 33 of Royal Decree 1066/2007.
- (iv) The Selling Shareholders have undertaken to accept the Offer in relation to the shares indicated in the table above within the first five (5) stock trading days of the acceptance period.
- (v) If a competing takeover offer is launched by a third party (a ***Competing Offeror***) and authorised by the CNMV in accordance with Royal Decree 1066/2007 (a ***Competing Offer***), the Selling Shareholders will be entitled to tender their shares to a superior Competing Offer provided that it meets all (and not some only) of the following requirements (the ***Superior Offer***): (i) it has been approved by the CNMV and is not withdrawn; (ii) the offer price is higher than EUR 26 per share and payable in cash (and for such purposes, the value of any (x) deferred or contingent cash consideration, and (y) any in-kind consideration shall be disregarded); (iii) the minimum acceptance condition is not higher than 50% plus one of the shares to which the Superior Offer is addressed (for which purposes the shares already held by the Competing Offeror and any company of its group or any person acting in concert with the Competing Offeror

shall be included in the calculation); and (iv) it has no additional conditions other than those included in the Offer.

- (vi) If the Offeror modifies the Offer Price so that it is at least equal to the price per share of the Superior Offer, the Selling Shareholders shall remain under the obligation to tender their shares to the Offeror within five (5) stock exchange trading days (*días hábiles bursátiles*) of the relevant acceptance period.
- (vii) If (i) a Competing Offer is launched by a third party, (ii) both the Offer and the Competing Offer are settled and (iii) the shareholding of the Offeror in the share capital of Masmovil after three (3) months have elapsed since the Offer settlement date amounts to less than 65,857,283 shares of Masmovil (representing 50% of the shares of Masmovil rounded up), the Selling Shareholders shall have the right to receive from the Offeror the following compensation:
  - a. An amount equal to the result of multiplying (x) the difference between the price per share of the Competing Offer and the price per share of the Offer minus EUR 25 cents (such 25 cents, the **Buffer**) by (y) the number of seller shares (the **Economic Compensation**).  
$$(\text{Competing Offer Price} - \text{Offer Price} - 0,25\text{€}) \times \text{number of shares}$$
  - b. Furthermore, if the requirements for payment by the Offeror of the Economic Compensation are met and within 6 months from the Offer settlement date, the Offeror transfers the shares subject to the irrevocable undertaking to the Competing Offeror, regardless the price of such transfer, the Selling Shareholders shall have the right to receive, in addition to the Economic Compensation, an amount equal to the result of multiplying (x) the Buffer by (y) the number of shares indicated in the table above.

The Offeror shall pay the Economic Compensation in cash 12 months after the Offer settlement date.

- (viii) The Rolling Shareholders have undertaken to contribute in cash the following amounts to JVCo if the Offer has a positive outcome (the **Rollover Investment**):
  - a. In the case of Onchena and of Key Wolf, such amount that allows each to hold 5.21% of the share capital of JVCo (which could be reduced to a minimum of 5% as a result of the potential dilution resulting from the alternative incentive plan that the Offeror has committed to negotiate with the management team, as described in section 1.3.2) (the **Re-investment Shareholding**).
  - b. In the case of Inveready, EUR 20,000,001, to be contributed by Mr. Echarri and/or one or more companies directly or indirectly controlled by him (the **Inveready Investment**).
- (ix) The Rolling Shareholders shall contribute the Rollover Investment into JVCo in exchange for the same class of equity instruments and *pari passu* as to their rights in respect of those of the Investors.
- (x) On the settlement date of the Offer, a JVCo shareholders' agreement will be entered into between the shareholders of JVCo (including the Investors and the Rolling Shareholders) and JVCo, whose terms and conditions will be based on the Equity Term Sheet referred to in section 1.5.1(b) above, attached to the Irrevocable Undertaking Agreement.

- (xi) The Rolling Shareholders shall have the right to be released from the reinvestment undertaking above under the following circumstances and upon the Rolling Shareholders serving a written notice (exercising their right to be released from the reinvestment undertaking) to the Offeror:
- a. if the Offeror increases the Offer Price; or
  - b. if the Offer and any Competing Offer are settled, and the shareholding of the Offeror in the share capital of Masmovil is below 65,857,283 shares (representing 50% of the shares of Masmovil rounded up);
  - c. if the requirements for payment of the Economic Compensation are met and the terms of any agreement reached between the Offeror and the Competing Offeror for the future governance of Masmovil do not respect the key rights of the Rolling Shareholders set out in the Equity Term Sheet relating to JVCo attached to the agreement.
- (xii) In the event that the Rolling Shareholders are obliged to comply with their reinvestment commitments, this will be implemented as follows:
- a. If the Offeror's shareholding on the date of settlement of the Offer amounts to at least 65,857,283 Masmovil shares (representing 50% of the shares of Masmovil rounded up), the Rolling Shareholders shall make cash contributions to JVCo:
    - (i) within three business days following the date of settlement of the Offer, in the case of Onchena and KeyWolf, in the amount which will enable them to hold the Re-investment Shareholding, and, in the case of Inveready, the Inveready Investment, pursuant to section (viii)b above, and
    - (ii) in the case of Onchena and KeyWolf, on the earliest of (A) three (3) business days after the date of delisting of Masmovil or (B) three (3) months after the Offer settlement date, in an amount equal to the Rollover Investment minus any amounts contributed pursuant to subsection (i) above.
  - b. If the Offeror's shareholding on the date of settlement of the Offer does not exceed 65,857,283 shares of Masmovil (representing 50% of the shares of Masmovil rounded up), the Rolling Shareholders shall make cash contributions to JVCo:
    - (i) within three (3) business days following the date on which the Offeror notifies the Selling Shareholders that the shareholding of the Offeror in the share capital of the Masmovil amounts to at least 65,857,283 shares (representing 50% of the shares of Masmovil rounded up), in the case of Onchena and KeyWolf, in the amount which will enable them to hold the Re-investment Shareholding in JVCo, and, in the case of Inveready, the Inveready Investment, pursuant to section (viii)b above, and
    - (ii) In the case of Onchena and KeyWolf, three (3) months after the Offer settlement date, in an amount equal to the Rollover Investment according to paragraph (viii)a above minus any amounts contributed pursuant to subsection (i) above.
  - c. If the Offeror's shareholding, after three (3) months have elapsed since the date of settlement of the Offer, amounts to less than 65,857,283 shares of Masmovil (representing 50% of the shares of Masmovil rounded up), the Rolling



Shareholders shall make cash contributions to JVCo within three (3) business days after the relevant date for, in the case of Onchena and KeyWolf, the amount which enable them to hold the Re-Investment Shareholding and, in the case of Inveready, the Inveready Investment, pursuant to section (viii)b above.

- (xiii) The Selling Shareholders have committed, subject to certain exceptions, not to deal with any shares of Masmovil, the rights attached to them or financial instruments having as underlying asset shares of Masmovil (and preclude any person affiliated with them for the purposes of Royal Decree 1066/2007 from so doing) and, in particular, not to acquire or dispose of in any way, and not to create any charges or liens over any Masmovil share, the rights attached to them or any financial instrument having as underlying asset shares of Masmovil. As an exception to the aforementioned, the Selling Shareholders shall be entitled to:
  - a. transfer all or some of their shares if (i) there are justified reasons, (ii) such transfer does not and will not result in damage to the Offeror, and (iii) the seller assigns to the buyer its rights and obligations under the agreement (except for the re-investment commitments, which will be assigned as described in paragraph b. below) prior to the transfer; and
  - b. assign all (and not only part) of their re-investment rights and obligations under the reinvestment commitments (the ***Re-investment Position***), if the following three conditions are met (i) there is a change in Spanish tax regulation that on date of execution of the agreement was not in the process of being implemented nor had been announced, and that entails an objectively and materially detrimental tax treatment of the investment of the Selling Shareholder through the agreed investment structure compared to the current investment structure of the Selling Shareholder, (ii) the other investors in the JVCo are given a preferential subrogation right over the Re-investment Position on a pro rata basis, and (iii) no damage is caused to or is expected by the Offeror or JVCo as a result of such assignment.
- (xiv) The Selling Shareholders have undertaken to procure that, to the extent legally possible and subject to the fulfilment of the directors' legal duties, the proprietary directors of Masmovil designated at the proposal of the Selling Shareholders tender their resignation following the settlement of the Offer.
- (xv) The Irrevocable Undertaking Agreement also provides that the Offeror agreed and had no objection to the Board of Directors of Masmovil submitting to the General Shareholders' Meeting of Masmovil, held on 8 July, the approval of a share incentive plan (the 2020 Plan described in section 1.3.2(b) of the Offer Document). However, given that the Offeror intends to delist the Masmovil Shares, if this occurs, the Offeror has committed to negotiate with the management team – represented for these purposes by the current Chief Executive Officer- an alternative incentive plan containing terms and conditions customary for unlisted companies owned by private equity funds with the objective of aligning the long-term incentives of Masmovil employees with those of Masmovil shareholders at that time (the ***Alternative Incentive plan***).
- (xvi) As long as an agreement is not reached with the management to replace the 2020 Plan with the Alternative Incentive plan, the 2020 Plan will remain in force and, in the event of the delisting of the Masmovil shares, it will be necessary to replace the valuation of the Shares (which is currently based on the stock market value of the shares) with a financial equivalent fair market valuation taking into account the new private context

of the Company, so that the incentives designed under the 2020 Plan can continue to apply to Masmovil once it has ceased to be listed in equivalent economic terms (the **2020 SAP Adjustment**), and which will be carried out in accordance with the process described in the Irrevocable Undertakings Agreements entered into with the Selling Shareholders.

- (xvii) In addition, after the Offer settlement date, the Offeror undertakes to promote an amendment of the 2020 Plan to provide for the vesting of 25% of the rights granted or their expected value onto the Chief Executive Officer in the event he decides to terminate his contract with Masmovil and ceases to be the Chief Executive Officer within 18 months following settlement of the Offer as a result of a material change in the implementation of the M&A strategy compared to past practice or in the intentions expressed by the Investors based on the risk/return profile jointly applicable to the Investors. The Offeror understands that the aforementioned consolidation of rights in the event that the Chief Executive vacates office is extensible to the first level executives of the Target.

***Specific provisions of the Irrevocable Undertaking Agreement entered into with Providence Holdings VII***

The main terms and conditions specific to the Irrevocable Undertaking Agreement signed with Providence Holdings VII are described below:

- (i) Providence Holdings VII has undertaken to accept the Offer in relation to its shares within the last five (5) stock exchange trading days (*días hábiles bursátiles*) of the acceptance period.
- (ii) Providence Holdings VII's acceptance commitment shall be rendered ineffective if the Offeror withdraws the Offer or if the CNMV does not authorize it or if a competing offer is authorized by the CNMV, to the extent necessary for Providence Holdings VII to submit a multiple acceptance in accordance with the agreement.
- (iii) If the Offeror increases the Offer Price or removes or decreases the acceptance threshold in the Acceptance Condition without the consent of Providence Holdings VII, the latter will be entitled to terminate the application of certain provisions of its Irrevocable Undertakings Agreement regarding the waiver of the conditions of the Offer by the Offeror, the acceptance of competing offers by Providence Holdings VII, and compensation by the Offeror to Providence Holdings VII in the event of competing offers, replacing them with certain clauses set forth in the Irrevocable Undertaking Agreements entered into with the Selling Shareholders.
- (iv) Providence Holdings VII undertakes not to accept any competing offer filed by a third party and authorized by the CNMV in accordance with Royal Decree 1066/2007. As an exception, Providence Holdings VII shall be entitled to accept a competing offer with its Masmovil shares if the Offeror withdraws the Offer or the Conditions have not been satisfied or (to the extent permissible) waived within the terms established in Royal Decree 1066/2007.
- (v) In the event that (i) a competing offer is filed by a third party, (ii) Providence Holdings VII tenders its shares to the Offer, (iii) both the Offer and the competing offer are settled, (iv) the Offeror's shareholding in Masmovil's share capital after three (3) months have elapsed since the Offer settlement date amounts to less than 65,857,283 shares of Masmovil (representing 50% of the shares of Masmovil rounded up), and (v) the price per share of the Offer is lower than the price per share of the competing offer,

Providence Holdings VII will be entitled to receive from the Offeror as compensation an amount equivalent to multiplying (x) 50% by (y) the difference between the price per share of the competing offer and the price per share of the Offer plus the Documented Offer Expenses per share by (z) the number of shares held by Providence Holdings VII (the ***Upside Amount***).

$$50\% \times (\text{Competing Offer Price} - \text{Offer Price} + \text{Documented Offer Expenses per share}) \times \text{number of shares}$$

The payment per share of the Price of the Offer plus the Upside Amount shall not be higher than the price per share of the competing offer.

To this effect, the ***Documented Offer Expenses*** shall mean all reasonable fees, costs, charges, taxes or duties incurred by Providence Holdings VII arising as in connection with its acceptance of the Offer and which are duly documented.

- (vi) It is hereby stated that the shares held by Providence Holdings VII are subject to a financial guarantee agreement regulated in Royal Decree-law 5/2005, of 11 March, on urgent reforms to enhance productivity and to improve public hiring (*Real Decreto Ley 5/2005, de 11 de marzo, de reformas urgentes para el impulso a la productividad y para la mejora de la contratación pública*) in guarantee of the obligations assumed by PLT VII MM S.à r.l as borrower in a loan agreement signed by this last entity, Providence Holdings VII as guarantor and J.P. Morgan Securities PLC as lender. It is expected that the aforementioned guarantee will be released to allow the transfer of Masmovil's shares by Providence Holdings VII to the Offeror through the acceptance of the Offer.
- (vii) Providence Holdings VII has committed, subject to certain exceptions, not to negotiate with any shares of Masmovil, the rights attached to them or financial instruments having as underlying asset shares of Masmovil (and to preclude any affiliated person for the purposes of Royal Decree 1066/2007 from so doing) and, in particular, not to acquire or dispose of in any way, and not to create any charges or liens over any Masmovil share, the rights attached to them or any financial instrument having as underlying asset shares of Masmovil. As an exception to the above, Providence Holdings VII may totally or partially transfer its shares to (i) any of its affiliates and (ii) to any third party (other than its affiliates) with the prior consent of the Offeror (which shall not be unreasonably withheld). In any case, in order to transfer its shares, Providence Holdings VII shall first assign its contractual position under the agreement to the transferee.

***Common provisions to the Irrevocable Undertaking Agreements entered into with the Selling Shareholders and Providence Holdings VII***

The main terms and conditions common to the Irrevocable Undertaking Agreements entered into with the Selling Shareholders and Providence Holdings VII are described below:

- (i) The Offeror has committed to make the Offer in the terms described in this Offer Document.
- (ii) The Selling Shareholders and Providence Holdings VII undertake to seek that, to the extent legally possible and subject to the fulfilment of the fiduciary and other legal duties of the directors, having regard to any potential conflicts of interest and competing offers, and any other applicable laws or regulations, the proprietary directors (*consejero dominical*) of Masmovil appointed at the proposal of the Selling Shareholders and

Providence Holdings VII vote in favour of the issuance of the directors' report pursuant to article 24 of Royal Decree 1066/2007 which is favourable to the Offer.

- (iii) The Selling Shareholders and Providence Holdings VII undertake (for themselves and any entity within their group or any company, fund or person directly or indirectly controlled or managed by the Selling Shareholders or Providence Holdings VII) not to invest or participate in any manner, except as provided for in the agreement, in any Competing Offer without the prior consent of the Offeror (which shall not be unreasonably withheld). In the case of the Selling Shareholders, such consent shall not be necessary when the price per share in the Competing Offer exceeds EUR 26.
- (iv) The Selling Shareholders and Providence Holdings VII undertake to exercise or procure the exercise of the voting rights attached to the shares they hold in such a way that allows and assists with the implementation of the Offer and any transactions related to the Offer described in this Offer Document and to object to (by voting against) any resolutions which (if passed) might result in any condition of the Offer not being fulfilled or which might impede, delay, or frustrate the successful outcome of the Offer in any way.

Notwithstanding the foregoing, Providence Holdings VII may decide at its sole discretion the direction of its vote at any General Shareholders' Meeting of Masmovil in relation to any eventual merger or acquisition business transaction and associated corporate financing transactions that are submitted to its decision by the Board of Directors in accordance with Masmovil's inorganic growth strategy.

- (v) If the Offer has a positive outcome (*resultado positivo*) and the Selling Shareholders fulfil their reinvestment commitments, all costs relating to the Offer shall, to the extent legally possible, be borne by the Offeror. This obligation does not affect the costs relating to the acceptance of the Offer that will be governed by the provisions of section 3.3 of the Offer Document. Otherwise (i.e. if the outcome of the Offer is not positive or the Selling Shareholders do not meet their reinvestment obligations) each party will bear the aforementioned costs incurred by it.

- (d) Investment Agreement between the Offeror and Masmovil

By virtue of the Investment Agreement entered into between Masmovil and the Offeror on 1 June 2020, Masmovil and the Offeror agreed the following:

- (i) The Offeror undertakes to announce the Offer by no later than 8.30 am CET of 1 June 2020.
- (ii) Masmovil shall collaborate with the Offeror and shall take such commercially reasonable actions as may be advisable to assist the Offeror during the process of the Offer including by, to the extent legally possible:
  - a. providing any clarification or additional information relating to the Masmovil Group whose inclusion in the Offer Document is required by the CNMV to authorize the Offer (or during the Offer procedure) and/or that the Offeror may require for the preparation of the corresponding notifications and filings with the appropriate authorities required to complete the Offer;
  - b. assisting the Offeror in the preparation of any waiver request which could be required under any existing financial indebtedness of the Masmovil Group in relation with the Offer and in the provision of information and drafting of

documents necessary for the syndication of the financing of the Offeror in connection with the Offer.

- (iii) The Board of Directors of Masmovil acknowledges, at the time of signing the agreement, its positive opinion on the Offer and the Price of the Offer, as it considers that it brings an opportunity to create value for shareholders and other stakeholders. Consequently, and subject to loyalty obligations of directors and to any changes or developments in the circumstances existing at the time of the signing of the agreement, such as the announcement of a competing offer, and based on its current knowledge, on the one hand, of the Offer as reflected in the authorization request, and, on the other hand, of Masmovil, the Investment Agreement states that it is in principle the intention of Masmovil's Board of Directors to positively pronounce on the Offer in the report required by Article 24 of Royal Decree 1066/2007.
- (iv) Masmovil has undertaken to pay the Offeror EUR 22.6 million, to compensate the Offeror for the damages and costs incurred in the preparation of the Offer in the event that, due to the authorization of a competing offer, the Offer of the Offeror is not successful, provided that the following three conditions are met:
  - a. the CNMV authorises one or more competing offers in which neither the Offeror nor any of the Investors or persons controlled by them participate;
  - b. one or more of such competing offers are successful in such a manner that Masmovil's shareholders have an effective opportunity to sell their shares in such competing offer; and
  - c. the Offer is not settled, either because the conditions to which it is subject are not fulfilled and the Offeror does not waive them, or because the Offeror withdraws the Offer, in such a way that it does not acquire any Masmovil shares as a result of the Offer.

The payment of this compensation complies with Article 42.4 of the Royal Decree 1066/2007 and was approved by the Board of Directors of Masmovil on 31 May 2020, with a favorable report from Masmovil's financial advisor.

- (v) Masmovil has undertaken to pay the Offeror EUR 22.6 million to compensate the Offeror for the damages and costs incurred in the preparation of the Offer in the event that the following conditions are cumulatively fulfilled:
  - a. regarding corporate transactions that require approval by Masmovil's General Shareholders' Meeting in accordance with article 160(f) of the Spanish Companies Act, when the General Shareholders' Meeting approves a transaction of this kind prior to the end of the acceptance period of the Offer; or, alternatively, Masmovil announces the subscription of an agreement with respect to a transaction of this kind but has not held, prior to the end of the acceptance period of the Offer, the relevant General Shareholders' Meeting for Masmovil's shareholders to approve said transaction; and
  - b. either (y) the weighted average price (VWAP) of Masmovil shares corresponding to the last five (5) days of the acceptance period of the Offer exceeds the price per share offered by the Offeror (as such price may be increased during the Offer process) by, at least 3%; or, irrespective of whether

(y) has been met, (z) the CNMV has notified, in accordance with Article 36.2 of the Royal Decree 1066/2007, that the acceptance level of the Offer is below the number of Company's shares representing 65,857,283 shares of Masmovil (representing 50% of Masmovil's share capital rounded up); and

- c. the Offer is not settled because any Conditions for the efficacy thereof are not fulfilled (and are not waived by the Offeror), so that the Offeror does not acquire any Target shares pursuant to the Offer.

The remedies described in (iv) and (v) are incompatible with each other.

The Duero, Monterrei II and Uclés Projects do not require approval by the General Shareholders' Meeting of Masmovil for their implementation nor do they activate the right of the Offeror to this compensation.

- (vi) The Offeror has confirmed to Masmovil Group that it has no objection that the latter, and in particular the Board of Directors and management team of Masmovil, in compliance with its fiduciary duties, subject to the obtention of the relevant authorisations, and in full compliance with the provisions of Article 28 of Royal Decree 1066/2007 with the implementation of its M&A and infrastructure strategy either by continuing or initiating preparatory activities in relation to a potential expansion, in accordance with new or existing M&A and infrastructure opportunities at the time of the execution of the agreement, as for example:

- a. continuing, in general, with its organic and inorganic expansion and growth strategy in Spain and Portugal;
- b. exploring the acquisition of potential M&A and infrastructure opportunities; and
- c. exploring alliances or joint ventures with telecommunications infrastructures providers, telecommunications operators and financial institutions to increase Masmovil's footprint,

on the understanding that such actions, or the closing of the aforementioned transactions, may require the authorisation of Masmovil's shareholders in the cases provided for in Articles 160(f) and 511 bis of the Spanish Companies Act, and in Articles 28 of Royal Decree 1066/2007 and 134 of the Spanish Securities Market Act.

Notwithstanding the abovementioned, the Offeror will assess the transactions that Masmovil might carry out at each moment and will be entitled to withdraw from the Offer in the cases provided for in Article 33 of Royal Decree 1066/2007 and with prior authorisation from the CNMV.

- (vii) Finally, the Offeror acknowledges the 2020 Plan and is not against the approval of such 2020 Plan by the General Shareholders' Meeting of Masmovil held on 8 July 2020. In the event that the shares of Masmovil are delisted as a result of the Offer, the Offeror has undertaken to negotiate with the management team (represented for this purpose by the current Chief Executive Officer) the terms of an alternative incentive plan that reflects the new reality of Masmovil as an unlisted company, in economic terms at least equivalent to the 2020 Plan and addressed to the same beneficiaries.



Notwithstanding the above, until there is an Alternative Incentive plan, the Offeror will maintain the 2020 Plan in force, and in the event that Masmovil's shares are delisted, it will be necessary to replace the valuation of the shares (currently referred to as their value on the stock market) with a financial equivalent taking into account Masmovil's delisted nature.

The Investment Agreement is attached to this Offer Document as **Annex 9**, together with its sworn translation.

Except for the agreements described in this section 1.5, there is no other agreement or arrangement of any kind in relation to the Offer or Masmovil between, on the one hand, the Offeror, JVCo and any of the companies of its group, Cinven Management GP, KKR Ultimate GP, Providence VII Ultimate GP or Providence VIII Ultimate GP, the funds managed by Cinven Management GP, KKR Ultimate GP, Providence VII Ultimate GP or Providence VIII Ultimate GP, the companies controlled by the funds managed by Cinven Management GP or KKR Ultimate GP, Providence VII Ultimate GP or Providence VIII Ultimate GP, Cinven Luxco, KKR & Co. Inc., any of the entities of their respective groups, the Providence Principals and, on the other hand, Masmovil, any of its shareholders and the members of the administrative, management or control bodies of Masmovil.

Finally, the Offeror states that, with the purpose of ensuring that Masmovil continues with its current strategic management, the Selling Shareholders have agreed with the Offeror to contractually strengthen the rights of the Chief Executive Officer (and the Offeror understands that such reinforced rights are extendable to the first level executives of Masmovil), for the event that the Chief Executive Officer leaves office within 18 months of the settlement of the Offer, as described in section (xvii) of the summary of the specific provisions of the irrevocable commitments subscribed with the Selling Shareholders. Apart from the above, no other advantage has been reserved for the shareholders of Masmovil or the remaining members of the administrative, management and control bodies of Masmovil.

#### **1.5.2 Members of the administrative, management or control bodies of Masmovil and of the Offeror simultaneously**

No member of the Board of Directors or management of Masmovil has been appointed directly by the Offeror.

Of the 12 members of the Board of Directors of the Affected Company, Mr. John Carl Hahn was appointed director of Masmovil at the proposal of Providence Holdings VII (company in which the funds managed by Providence VII Ultimate GP indirectly participate) by the General Shareholders' Meeting of Masmovil held on 4 November 2020, and therefore has the status of a proprietary (*dominical*) director of the Providence VII Investors. The General Shareholders' Meeting of Masmovil held on 8 July 2020 approved the re-election of Mr. John Carl Hahn as proprietary director of the Providence VII Investors in Masmovil. As described in the Section 1.4.2 of the Offer Document, Providence Holdings VII holds 33.33% of TopCo, a company which indirectly holds 100% of the Offeror.

Apart from the above, no other member of the administrative, management or control bodies of Masmovil is at the same time a member of the administrative, management or control bodies of the companies that make up the shareholding and control structure of the Offeror described in section 1.4.2(b) of the Offer Document.

### **1.5.3 Shares of the Offeror owned, directly or indirectly, by Masmovil, specifying the voting rights, and negative declaration in the absence of such**

Masmovil does not own, directly or indirectly, any shares of the Offeror, or any other securities that may entitle to acquire or subscribe for them. Likewise, Masmovil does not hold any interest in any of the companies that make up the shareholding and control structure of the Offeror described in section 1.4 of the Offer Document,

Neither the directors of Masmovil nor the Selling Shareholders have any shares in the Offeror or JVCo and its group companies. After the settlement of the Offer, the Selling Shareholders (other than Estiriac) will invest certain amounts in JVCo in exchange for shares in the latter and will therefore indirectly invest in the Offeror. In addition, if, after the settlement of the Offer, and in the event of delisting Masmovil's shares, the alternative incentive plan that may replace the 2020 Plan - described in section 1.5.1 of the Offer Document - or other incentive plan were to provide for the direct or indirect involvement of the management team in Masmovil's share capital.

## **1.6 MASMOVIL SECURITIES OWNED BY THE OFFEROR**

### **1.6.1 Masmovil shares owned by the Offeror and its shareholders**

The subscription of the Consortium Agreement described in section 1.5.1 of the Offer Document, determines that the Ultimate GPs act in concert for the purposes of article 5 of Royal Decree 1066/2007, as they collaborate by virtue of an agreement so that TopCo, through the Offeror, acquires control of Masmovil and delists it. This without prejudice to the fact that neither the Consortium Agreement nor the irrevocable undertaking agreement signed by the Offeror with Providence Holdings VII contain any of the agreements provided for in articles 530 et seq. of the Spanish Companies Act aimed at establishing a common policy with regard to management of Masmovil, or with the purpose of exerting a significant influence in it, or that, for the same purposes, regulates the voting rights in the Board of Directors or in the executive or delegated committee of Masmovil, to enter in force prior to or after the settlement of the Offer.

Neither the Offeror nor the Investors, nor the Ultimate GPs, nor any of the remaining entities that make up its structure in accordance with section 1.4.2 of the Offer Document, act in concert with any other person or entity and the irrevocable undertakings to accept the Offer and subsequent investment (depending on the case) subscribed with the Selling Shareholders and Providence Holdings VII described in section 1.5.1 of the Offer Document do not constitute concerted action, nor does the attribution to the Offeror nor to the Ultimate GPs of Masmovil's voting rights, in accordance with the calculation rules of Article 5 of Royal Decree 1066/2007.

Neither the Offeror, MidCo, JVCo nor TopCo are the direct owners of any Masmovil share.

For its part, Providence Holdings VII, company indirectly held by the Providence VII Investors, holds 33.33% of TopCo, company that indirectly holds 100% of the Offeror, and is the direct holder of 12,061,890 shares in Masmovil, representing 9.158% of its share capital. Except for this shareholding of PLT VII MAS S.à r.l., neither Providence VII Ultimate GP or Providence VIII Ultima GP, nor the funds managed by them, nor the companies controlled by the funds managed by them, nor any of the entities of their respective groups, nor the members of their respective management bodies, nor the Providence Principals, are the direct or indirect owners

of any Masmovil share. In particular, Mr. John Carl Hahn, proprietary director of Providence Holdings VII in Masmovil, does not hold any Masmovil share.

Neither (i) Cinven Management GP or KKR Ultimate GP, nor (ii) those funds managed by Cinven Management GP or KKR Ultimate GP, (iii) nor the companies controlled by the funds managed by Cinven Management GP or KKR Ultimate GP, nor (iv) Cinven Luxco, or KKR & Co. Inc., nor (v) any of the companies within their respective groups, nor any of the members of their respective governing bodies, are direct or indirect holders of any Masmovil shares.

Therefore, for the purposes of Article 5 of Royal Decree 1066/2007, the 12,061,890 shares of Masmovil owned by Providence Holdings VII representing 9.182% of the voting rights of Masmovil (once treasury stock has been deducted), are attributed to the Offeror.

### 1.6.2 Masmovil treasury stock

According to the information made available by Masmovil, on 24 July 2020, Masmovil has 348,525 shares in treasury stock, representing on that same date 0.265% of its share capital.

## 1.7 TRANSACTIONS WITH SHARES OF MASMOVIL

During the 12 months prior to the authorization request of the Offer and until the date of this Offer Document, neither the Offeror nor JVCo or any entity of its group, nor Cinven Management GP or KKR Ultimate GP, nor those funds managed by Cinven Management GP or KKR Ultimate GP, nor the companies controlled by the funds managed by Cinven Management GP or KKR Ultimate GP, nor Cinven Luxco, nor KKR & Co. Inc., nor any of the companies within their respective groups, nor any of the members of their respective governing bodies, nor their senior management (*personal de alta dirección*), have entered into or agreed to enter into, directly or indirectly, individually or in concert with others or in any other manner, any transactions involving Masmovil shares or instruments that could entitle the holder to acquire or subscribe for Masmovil shares, or that directly or indirectly grant voting rights in Masmovil.

It is noted that, during the 12 months preceding the date of the authorization request of the Offer, Providence Holdings VII (a company indirectly held by the Providence VII Investors) acquired 1,600,000 shares of Masmovil, representing 1.21% of the share capital of Masmovil, according to the transactions detail set out in **Annex 10**, with none of the acquisitions having been made for a consideration above the Offer Price.

It is also noted that on 23 September 2016, as part of the equity fundraising and financing transactions for the acquisition of Pepephone and Xfera Móviles, S.A., Masmovil executed an issue of convertible or exchangeable bonds with exclusion of the pre-emptive subscription rights of the shareholders agreed by the Shareholders' General Meeting dated 16 August 2016, for a nominal amount of EUR 165 million. The bonds had an initial nominal value of EUR 100,000 per bond and were convertible or exchangeable into Masmovil shares from 5 January 2020 at an initial conversion price of EUR 22 per share (equivalent to EUR 4.40 per share after 2018 Split), accrued an interest of 6.35% per annum, payable at least 50% by means of capitalization of interest and its accumulation to the principal, and with maturity in October 2024 (the **Masmovil Convertible Bonds**). The Masmovil Convertible Bonds were fully subscribed and paid for on 5 October 2016 by PLT VII Holdco S.à r.l. (a company indirectly owned by the funds managed by Providence VII Ultimate GP) by virtue of the subscription commitment assumed vis-à-vis Masmovil under the agreement signed by the parties on 12 July

2016 in execution of the binding term sheet dated 8 June 2016. PLT VII Holdco S.à r.l. transferred all the Masmovil Convertible Bonds to PLT VII MC S.à r.l. on 5 October 2016.

Subsequently, as part of the refinancing of its financial debt carried out by Masmovil in 2019, on 1 April 2019, Masmovil subscribed two agreements with PLT VII MC S.à r.l. for the repurchase of the packages of Masmovil Convertible Bonds (one in respect of 660 bonds, representing 40% of the total, for the price of EUR 350,637,813, which was settled and closed on 7 May 2019 and another in respect of the remaining 990 Masmovil Converible Bonds, representing 60% of the total, for the price of EUR 555,941,086, which was settled and closed on 17 December 2019). In addition, and under the terms of an investment agreement subscribed by Masmovil and Providence Holdings VII, dated 7 May 2019, Masmovil exercised a share capital increase consisting in the issue of 6,504,065 new shares, at an issue price of EUR 18.45 per share (EUR 0.02 par value each with an issue premium of EUR 18.43 per share), with exclusion of the shareholders' preferential subscription right, which was fully subscribed by Providence Holdings VII.

Apart from the foregoing transactions, during the 12 months prior to the authorization request of the Offer and until this Offer Document, neither Providence VII Ultimate GP, nor Providence VIII Ultimate GP, nor those funds managed by such entities, nor the companies controlled by such funds, nor any of the companies within their respective group, nor any of the members of their respective governing bodies, nor their senior management (*personal de alta dirección*), have entered into or agreed to enter into, directly or indirectly, individually or in concert with others or in any other manner, any transactions involving Masmovil shares or instruments that could entitle the holder to acquire or subscribe for Masmovil shares, or that directly or indirectly grant voting rights in Masmovil. In particular, Mr. John Carl Hahn, proprietary director of Providence Holdings VII in Masmovil, has not made, nor has agreed to perform, directly or indirectly, individually or in concert with others or otherwise, any transaction with Masmovil shares during the 12 months prior to the date of the application for authorisation of the Offer and until the date of this Offer Document.

The shares acquisitions transactions performed by the Selling Shareholders during the 12 months prior to the announcement of the Offer and until this Offer Document are described below:

- (i) Onchena has acquired 123,000 shares, representing 0.09% of the share capital of Masmovil,
- (ii) Key Wolf has acquired 42,550 shares, representing 0.03% of the share capital of Masmovil,
- (iii) Inveready Capital Company, S.L. has acquired 22,300 shares, representing 0.02% of the share capital of Masmovil,
- (iv) The Nimo's Holding, S.L. has acquired 5,000 shares, representing 0.004% of the share capital of Masmovil,
- (v) Inveready Innovation Consulting, S.L. has acquired 2,639,370 shares, representing 2.00% of the share capital of Masmovil,
- (vi) Estiriac XXI, S.L. has acquired 217,550 shares, representing 0.17% of the share capital of Masmovil.

None of these transactions have been carried out for a unitary price per share above the Offer Price.

Furthermore, as indicated in sections 1.4.3(c)(iii) and 1.5.1(c) of the Offer Document, on 24 June 2020, Inveready and Estiriac transferred the 2,856,920 shares of Masmovil they held until that date in favour of Inveready Innovation Consulting, S.L., which acquired 2,639,370 shares in Masmovil, and in Estiriac itself, which, in turn transferred those it owned and acquired 217,550 shares of Masmovil; all for a price of EUR 21.95, that is, lower than the Offer Price.

Attached as **Annex 10** is the breakdown of said transactions carried out with shares of Masmovil in the 12 months prior to the application for the authorisation of the Offer and until the date of this Offer Document.

Apart from the above transactions, to the best of Offeror's knowledge after having carried out the reasonably required checks, during the 12 months prior to the application for authorisation of the Offer and until the date of this Offer Document, neither Onchena, nor Key Wolf, nor Inveready, nor Estiriac XXI, S.L., nor any of the entities of their respective groups, nor the members of their respective governing bodies, nor Ms. Carmen Ybarra Careaga, nor Mr. Rafael Canales Abaitua (proprietary director of Onchena in Inveready), nor Mr. José Eulalio Poza Sanz, nor Mr. Josep María Echarri Torres, nor any the companies controlled by them, have entered into or agreed to enter into, directly or indirectly, individually or in concert with others or in any other manner, any transactions involving Masmovil shares or instruments that could entitle the holder to acquire or subscribe for Masmovil shares, or that directly or indirectly grant voting rights in Masmovil.

In the 12 months prior to the date of application for authorisation of the Offer and until the date of this Offer Document, Masmovil has carried out transactions with its own shares through the liquidity agreement signed with Banco Santander, S.A. and, between 3 April and 8 April 2020 (included), in the framework of the share buyback program ended on 14 April 2020. Also, during such period, Masmovil acquired from PLT VII MC S.à r.l. the aforementioned 990 bonds convertible or exchangeable into shares.

In relation to the above, all transactions on Masmovil shares under the liquidity agreement have been made in order to provide liquidity to the market, and a balance between purchases and sales made in the framework of said liquidity agreement has generally been maintained. Moreover, transactions under the share buyback program have been made to partially cover a commitment to purchase shares by Masmovil's executives which has expired as a consequence of the presentation of the present Offer. The maximum and minimum price of the treasury stock transactions carried out by Masmovil in the context of the liquidity agreement and the share buyback program from 1 June 2019 until the date of the Offer Document have been, for acquisitions, EUR 24.04 and EUR 11.32, respectively, and for sales, EUR 24.08 and EUR 11.36, respectively.

The total number of shares bought and sold by Masmovil, as well as the average buying and selling prices are reflected in the table below:

Acquired shares since 1 June 2019	Average acquisition share price	Sold shares	Average selling share price	Own shares at the end of the agreement/ program
<i>Liquidity agreement</i>				

Acquired shares since 1 June 2019	Average acquisition share price	Sold shares	Average selling share price	Own shares at the end of the agreement/ program
6,228,254	19.05€	6,244,193	19.07€	132,175
<i>Buyback program</i>				
216,350	15.94€	-	-	348,525

The detail of the treasury stock transactions performed by Masmovil during the 12 months prior to the Offer authorisation request and until the date of the Offer Document is attached as **Annex 10**.

Neither the Offeror, nor the Investors, nor the Ultimate GPs, nor any of the entities that make up its structure in accordance with section 1.4.2 of the Offer Document will acquire, forward or in cash, directly or indirectly, individually, through an intermediary or by acting in concert with third parties, any Masmovil share outside the Offer and until the date of publication of the positive outcome of the Offer. In accordance with the provisions of Article 32.3 of Royal Decree 1066/2007, such acquisition outside of the Offer, and until the date of publication of the outcome of the latter, will mean the elimination of the conditions to which the Offer is subject and the automatic raising of the price offered to the highest of those satisfied.

In addition, on 7 May 2019 Masmovil entered into a total return swap agreement over Masmovil shares with two international banks for a total notional amount of EUR 100 million and a reference price of EUR 20 per share, with the aim to partially hedge the variable consideration relating to the repurchase of the Providence convertible. To this end, the two banks subscribed 5 million newly issued shares, of EUR 0.02 nominal value each with an issue premium of EUR 19.98 per share in the share capital increase of 7 May 2019, with all the underlying shares being sold before 31 January 2020.

This total return swap was settled between 15 October 2019 and 29 November 2019, period in which the two international banks that acted as counterparties to Masmovil in the transaction, in their capacity as owners of the underlying Masmovil shares, sold their positions as detailed in **Annex 10**.

## **1.8 ACTIVITIES AND ECONOMIC AND FINANCIAL SITUATION OF THE OFFEROR AND OF CINVEN, KKR AND PROVIDENCE**

### **1.8.1 Regarding the Offeror**

The Offeror is a vehicle established on 4 February 2020 whose shares were acquired on 6 March 2020 by MidCo for the sole purpose of filing the Offer.

The Offeror has not carried out any activities as at this date other than the adoption of the resolutions necessary to make the Offer, and those relating to the financing of the Offer. Attached as **Annex 11** is the certification of the Offeror's individual unaudited financial information as of 16 July 2020 corresponding to the financial year in which the company commenced its activity.

The following table sets out the main financial figures of the Offeror as at 16 July 2020:



<b>Offeror</b>	<b>16 July 2020 (in euros) not audited</b>
Total Equity	59,095.69
Total Revenue	0
Cash and Cash Equivalents	58,991.71
Total Assets	59,167.65
Net Financial Debt <sup>(1)</sup>	-58,991.71
Net Income	-904.31

<sup>(1)</sup> The net financial debt matches the treasury since the Offeror has no debt.

The Offeror has not yet formulated its individual annual accounts as its financial year started on 4 February 2020 and will not end until 31 December 2020. In accordance with Article 253 of the Spanish Companies Act, the Offeror must formulate the individual accounts for the financial year ending on 31 December 2020 within three months of the end of that financial year. Likewise, in accordance with Article 263.2 of the Spanish Companies Act, the Offeror is not obliged to audit its accounts. Likewise, it is expressly stated that the Offeror is not obliged to consolidate its accounts with any of the entities that compose the ownership structure described in section 1.4.2.

### **1.8.2 Regarding Cinven**

Founded in 1977, Cinven is one of the largest European private equity firms, having announced in May 2019 the closure of the Seventh Cinven Fund with total commitments of €10 billion. Cinven has offices throughout Europe, in Hong Kong and New York, as well as a variety of experts (available to support the management teams of the companies not to be imposed) in different areas, including integration, internationalisation and capital markets.

Cinven has a long track record of investing in fast growing technology-led businesses, and is one of the European investors of reference in the telecommunications sector (TMT, with large industry leading deals such as the \$3.3 billion acquisition of Allegro, the Polish marketplace), and has sound experience in telecom, fibre, technology and cloud: telecom (Numericable, Ziggo, Eutelsat), fibre (Ufinet, Ufinet International), software companies (Visma, Jaggaer), technology-enabled marketplaces (Allegro, Amadeus, Hotelbeds), cloud (HEG, One.com).

Cinven also has strong credibility in Spain, including a Spanish team dedicated to the investment advice operating out of Madrid, with significant experience advising on the acquisition of businesses across Iberia. Since 2014, Cinven's Spanish team has participated on the acquisitions of Ufinet (a carve-out of the Spanish and Latin American fibre assets of Spanish utility Gas Natural Fenosa), Tinsa (a large real estate appraisal firm in Spain and Latin America), Hotelbeds (a complex carve-out of the business-to-business bedbank assets of European tour operator TUI) and Planasa (a leading worldwide producer of berries). Cinven's track record in Spain includes its highly successful investment in Amadeus, an investment which the Cinven funds exited in 2011 via a listing on the Madrid Stock Exchange, and the recent sale of Ufinet, with the usual temporal horizon for their investments being between four and six years.

As described in section 1.4.2, Cinven Management GP is the managing general partner of the Seventh Cinven Fund which invests in Masmovil through this Offer.

A copy of Cinven Capital Management (VII) General Partner Limited's (Cinven Capital Management) annual accounts for 2019, audited by Deloitte LLP without any relevant qualification or indication, is attached as **Annex 12**. There is no public information on Cinven Capital Management available subsequent to that indicated.

The following table sets out Cinven Capital Management's main financial figures as at 31 December 2019:

Cinven Capital Management (VII) General Partner Limited (Cinven Capital Management)	31 December 2019 (in euros)
Total Equity	60,002
Total Revenue	451,728
Cash and Cash Equivalents	20,580
Total Assets	876,479
Net financial debt	795,897
Net Income	10,000

### 1.8.3 Regarding KKR

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with \$218 billion in assets under management as of December 2019 (equivalent to approximately EUR 194,000 million, at the exchange rate of 31 December 2019). KKR benefits from a truly global presence, with approximately 1,400 employees in 21 offices across 16 countries and 5 continents.

KKR operates its business in four business lines: (i) Private Markets, (ii) Public Markets, (iii) Capital Markets, and (iv) Principal Activities:

- (i) Through its Private Markets business line, KKR manages and sponsors a group of private equity funds that invest with a long-term focus, with its usual time horizon in the private equity sector being four to seven years, either through controlling ownership of a company or strategic minority positions. In addition to KKR's traditional private equity funds, KKR sponsors investment funds that invest in growth equity and core investments. KKR also manages and sponsors investment funds that invest capital in real assets, such as infrastructure, energy and real estate. KKR's Private Markets business line includes separately managed accounts that invest in multiple strategies, which can include KKR's credit strategies as well as KKR's private equity and real assets strategies.
- (ii) Through its Public Markets business line, KKR operates its combined credit and hedge funds platforms. KKR's credit business invests capital in (i) leveraged credit strategies, including leveraged loans, high-yield bonds, opportunistic credit and revolving credit strategies, and (ii) alternative credit strategies, including special situations and private credit strategies such as direct lending and private opportunistic credit (or mezzanine) investment strategies. KKR's Public Markets business line also includes KKR's hedge funds platform, which consists of strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake. KKR's hedge fund partnerships offer a variety of investment strategies, including hedge fund-of-funds, equity hedge funds and credit hedge funds.

- (iii) KKR's Capital Markets business line is comprised by KKR's global capital markets business, which is integrated with KKR's other business lines, and serves the firm, KKR's portfolio companies and third-party clients by developing and implementing both traditional and non-traditional capital solutions for investments or companies seeking financing. These services include arranging debt and equity financing, placing and underwriting securities offerings, and providing other types of capital markets services that may result in the firm receiving recompense, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above.
- (iv) Through its Principal Activities business line, KKR manages the firm's own assets on its balance sheet and deploys capital to support and grow its business lines. Typically, the funds in KKR's Private Markets and Public Markets business lines contractually require KKR, as general partner of the funds, to make sizable capital commitments from time to time. KKR believes making general partner commitments assists it in raising new funds from limited partners by demonstrating its conviction in a given fund's strategy. KKR also uses its balance sheet to acquire investments in order to help establish a track record for fundraising purposes in new strategies. KKR may also use its own capital to seed investments for new funds, to bridge capital selectively for its funds' investments or finance strategic acquisitions and partnerships, although the financial results of an acquired business or hedge fund partnership may be reported in its other business lines.

The KKR funds currently own more than 110 actively managed companies, generating aggregate total revenues in excess of \$157 billion across a wide range of different industries and employing more than 637,500 people worldwide.

KKR is a partner who aims to bring added value to the management team and its partners, as well as placing emphasis on being an active, experienced and supportive investor.

In Spain, the KKR funds have made numerous investments across strategies such as Private Equity, Infrastructure, Real Estate and Credit, with a total value of \$4.7 billion. Selected investments include Alvic, Telxius, PortAventura, X-Elio, Avincis and Saba. The Spanish coverage effort is supported by 10 Spanish-speaking professionals based out of KKR's Madrid and London offices.

The annual report of KKR & Co. Inc. (Form 10-K) for the fiscal year ended 31 December 2019, which includes the consolidated financial statements of KKR & Co. Inc. and its subsidiaries for such fiscal year together with the audit report of Deloitte & Touche LLP, was filed with the SEC on 18 February 2020 and is available on the KKR & Co. Inc. website at <https://ir.kkr.com/sec-filings/sec-filing/10-k/0001404912-20-000006>.

The consolidated financial statements of KKR & Co. Inc. and its subsidiaries for the fiscal year ended 31 December 2019, prepared in accordance with accounting principles generally accepted in the United States of America (*US GAAP*) and audited by Deloitte & Touche LLP without any material qualification, are set forth in this Offer Document as **Annex 12**.

In addition, the consolidated financial statements regarding KKR & Co. Inc. and its subsidiaries as of 31 March 2020, audited by Deloitte & Touche LLP without caveats or relevant indications,

are available on the KKR & Co. Inc. website at <https://ir.kkr.com/static-files/bde12047-5dec-44ac-83ae-ed4577cf1b5f> and attached to the present Offer Document as **Annex 12.bis**.

There is no public financial information on KKR & Co. available posterior to that provided.

The following table sets out the principal financial figures of KKR & Co. Inc. for the year ended 31 December 2019 and the first quarter of 2020 in accordance with US GAAP:

KKR & Co Inc.	31 December 2019 (in thousands of US dollars)	31 March 2020 (in thousands of US dollars)
Total Equity	30,502,374	26,590,030
Total Revenue	4,220,900	-1,001,505
Cash and Cash Equivalents	2,346,713	1,982,292
Total Assets	60,899,319	55,601,075
Liabilities due <sup>(1)</sup>	30,396,945	29,011,045
Net Income Attributable to KKR & Co. Inc. Class A Common Stockholders	1,971,685	-1,288,865

<sup>(1)</sup> The net financial debt is not a significant figure to assess the financial situation and business results of the ordinary activities of KKR & Co. Inc. and its subsidiaries, due to its characteristics and particularities of its business. Therefore, KKR & Co. Inc. does not use net financial debt as an explanatory figure of its financial situation, nor does it report its net financial debt to the market.

The funds sponsored, managed or advised by subsidiaries of KKR & Co. Inc. are considered to be investment companies for US GAAP purposes and therefore are not required to consolidate their investments in their portfolio companies even if they hold a majority of the capital or exercise their control. The funds and vehicles sponsored, managed or advised by subsidiaries of KKR & Co. Inc. account for their investment portfolio at fair value (as described in the notes to the consolidated financial statements of KKR & Co. Inc.). Consequently, KKR & Co. Inc. does not consolidate the investments of the funds and vehicles managed by its subsidiaries and will not consolidate the KKR Investors' investment in the Offeror or Masmovil.

For more information regarding KKR's financial statements, please see: <https://ir.kkr.com/investor/annual-reports/>

#### 1.8.4 Regarding Providence

Providence Equity Partners is a global asset management firm with over \$45 billion in assets under management as at December 2019 (equivalent to approximately EUR 40,000 million, at the exchange rate as at 31 December 2019). Providence pioneered a sector-focused approach to private equity investing with the vision that a dedicated team of industry experts could build exceptional companies of enduring value. Since the firm's inception in 1989, Providence has invested in more than 200 companies and has become a reference equity investment firm focused on the media, communications, education, software and services sectors, with its usual time horizon in the private equity sector being four to seven years. Providence is headquartered in Providence, Rhode Island, and also has offices in New York and London.

Providence has a long history of investing in the telecommunications space in Europe, having completed over 10 transactions and invested over \$3bn since 2000 in deals such as: Kabel Deutschland, TDC, Eircom. Moreover, Providence has been an active investor in Spain, for example having made the following acquisitions or investments since 2010: Masmovil itself (initial investment made in 2016), the education company Globeducate (2017), and the cable

operator Ono (sold to Vodafone in 2014). Over the course of Providence's investment, Masmovil has experienced solid operative and financial growth and has become the 4th largest telecoms operator in Spain through its combination with Yoigo and Pepephone in 2016, it has continued to invest in its own fixed and mobile network and has completed a number of acquisitions with potential for value creation in Spain and abroad.

As described in section 1.4.2 of this Offer Document, PEP VII-A International Ltd and PEP VIII International Ltd are the managing general partners of the Providence VII Investors and the Providence VIII Investors, that invest in Masmovil through this Offer. In particular, as referenced in sections 1.3.4, 1.4.1(e) and 1.4.2, among others, of the Offer Document, Providence Holdings VII, company indirectly owned by Providence VII Investors, is the indirect holder of 33.33% of Offeror and direct holder of 12,061,890 Masmovil shares, representing 9.158% of its share capital.

A copy of the annual accounts of PEP VII-A International Ltd and PEP VIII International Ltd for 2019 are attached hereto as **Annex 12**. There is no further public financial information on these companies.

PEP VII-A International Ltd	31 December 2019 (in US dollars)
Total Equity	6,097
Total Revenue	0
Cash and Cash Equivalents	27,140
Total Assets	27,140
Liabilities due <sup>(1)</sup>	21,043
Net Income	(6,566)

<sup>(1)</sup> The net financial debt is not a significant figure to assess the financial situation and business results of the ordinary activities of Providence.

PEP VIII International Ltd	31 December 2019 (in US dollars)
Total Equity	(19,814)
Total Revenue	0.00
Cash and Cash Equivalents	0.00
Total Assets	0.00
Liabilities due <sup>(1)</sup>	19,814
Net Income	(19,314)

<sup>(1)</sup> The net financial debt is not a significant figure to assess the financial situation and business results of the ordinary activities of Providence.

## 2. CHAPTER TWO

### 2.1 SECURITIES TO WHICH THE OFFER IS ADDRESSED

The Offer is addressed to the entire share capital of Masmovil, represented by 131,714,565 shares with a nominal value of EUR 0.02 each, belonging to the same single class and series and fully subscribed. Masmovil's shares are admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the SIBE.

Masmovil has not issued pre-emptive rights or obligations convertible into shares, warrants or other similar instruments that could, directly or indirectly, grant their holder the right to subscribe for or acquire shares of Masmovil. Nor has Masmovil issued non-voting shares or special class shares.

### 2.2 CONSIDERATION OFFERED

#### 2.2.1 Consideration offered

The Offer is formulated as a purchase and sale of shares. The consideration offered by the Offeror to the holders of Masmovil Shares is EUR 22.50 in cash for each share of Masmovil (the **Offer Price**). Consequently, the maximum total amount to be paid by the Offeror is EUR 2,963,577,712.50.

The Offer Price will be fully paid in cash, as detailed in Chapter 3.

It is expressly stated that the terms of the Offer are identical for all the shares of Masmovil to which it is addressed.

Masmovil has not distributed any dividends since its shares were admitted to trading on the Spanish Stock Exchanges, nor has it formally announced that it plans to make any distribution during the year 2020. In the event that Masmovil distributes dividends, reserves or share premium, or makes any other distribution to its shareholders, the Offer Price will be reduced by an amount equal to the gross amount per share of such distribution, provided that the date of publication of the result of the Offer in the listing bulletins coincides with or is later than the *ex-dividend* date. Conversely, if the publication of the result of the Offer in the listing bulletins takes place before the *ex-dividend* date, the Offer Price will not be reduced.

#### 2.2.2 Justification of the consideration

The Offeror believes that the consideration offered meets the conditions of an equitable price in accordance with the rules set out in Article 9 of Royal Decree 1066/2007, to the extent that:

- (i) it constitutes the full amount of the price agreed by the Offeror with the Selling Shareholders and Providence Holdings VII, in the Irrevocable Undertaking Agreements to accept the Offer to which section 1.5.1 of this Offer Document refers, without there being any additional consideration to the agreed price nor any deferral of payment having been agreed which is detrimental to the remaining shareholders;
- (ii) it is in line with the valuation at which the Selling Shareholders have undertaken to invest in JVCo (save for Estiriac which does not reinvest any amount), as described in section 1.4.3(c) of the Offer Document, without there being any additional compensation;



- (iii) it is higher than the highest price paid or agreed by Providence Holdings VII, any company or entity belonging to its group or which could be considered to be acting in concert with any of them for the purposes of Royal Decree 1066/2007, or any of its directors, for the acquisition of shares of Masmovil in the market during the 12 months prior to the date of the authorization request and until the date of the Offer Document, as described in section 1.7 of the present Offer Document;
- (iv) neither the Offeror nor JVCo and any of its group companies, not Cinven, KKR Advisor, Providence, nor the companies controlled by Cinven, KKR and its subsidiaries or Providence, are party to any agreement or commitment in force regarding the shares of Masmovil outside the Offer; and
- (v) no circumstance of Article 9 of Royal Decree 1066/2007 that might lead to the modification of the equitable price has occurred;

In addition, the Offeror submits a valuation report prepared by PricewaterhouseCoopers Asesores de Negocios, S.L. (hereinafter, **PwC**) as an independent expert, issued on 24 July 2020, in accordance with the rules set out by Article 10 of Royal Decree 1066/2007 and Article 137.2 of the Spanish Securities Market Act to comply with the requirements imposed by the latter and for the purposes of Article 11.d) of Royal Decree 1066/2007 (the **Valuation Report**), which is attached to this Offer Document as **Annex 13**. The Offer Price is within the value range of that Valuation Report.

In addition, as detailed in section 1.7 of the Offer Document, it is stated for information purposes that the Offer Price is higher than the price paid by the Selling Shareholders, their proprietary directors in Masmovil, the companies within their groups, and their respective directors, during the 12 months prior to the request for authorization of the Offer and until the date of the Offer Document.

The Offeror states that in determining the Price of the Offer on the date of the submission of the authorization request (1 June 2020), and in the valuation of Masmovil carried out by PwC, Project Duero, Project Monterrei II and Project Uclés described at the beginning of section 1.5 of the Offer Document have been taken into account.

#### **Valuation report on the shares of Masmovil**

For a proper understanding of this section, it is recommended that it be read together with the PwC Valuation Report to which it refers, which can be found in Annex 13 of the Offer Document.

The Offer Document is accompanied by the Valuation Report dated 24 July 2020 (**Report Date**), issued by an independent expert (PwC) which aims to value 100% of the shares of Masmovil in accordance with the valuation methods set out in Article 10 of Royal Decree 1066/2007 and Article 137.2 of the Spanish Securities Market Act, for the purposes of justifying the Offer Price, and for the purposes of Article 11.d) of Royal Decree 1066/2007.

The Valuation Report has been prepared on the basis of publicly available information and non-public information provided by Masmovil, and PwC's own analysis from sector and market sources, analysts' reports and discussions with Masmovil, the Offeror and its advisors, considering the latest audited consolidated financial statements as at 31 December 2019, the unaudited results for the first quarter of 2020 and subsequent events known up to the Report

Date (including a preview of the first half of 2020 results), and considering 31 March 2020 as the valuation date (**Valuation Date**).

As evidenced in the Valuation Report itself, PwC considers that, in the context of its work, the information used is adequate and sufficient for the purposes of its valuation analysis. In addition, PwC has analyzed and determined that it has no conflict of interest for the preparation of the report.

The valuation methods used and the resulting valuation range per share are indicated below:

Valuation method	Value range per share / Value per share	
Amounts in euros per share		
Discounted Cash Flow methodology (DCF)	19.92	24.29
Weighted average share price in the six months and year immediately preceding 1 June 2020 <sup>(1)</sup>	17.44	18.79
Multiples of comparable listed companies	15.65	19.08
Multiples of comparable transactions	17.40	18.62
Price of precedent equity transactions of Masmovil	18.45	22.09
Consolidated book value of Masmovil as at 31 December 2019	0.78	
Consolidated book value of Masmovil as at 31 March 2020	0.95	
Winding-up value	Not calculated as it is considered significantly inferior to the other methods	
Consideration offered in a takeover bid in the previous year	None	

<sup>(1)</sup> Date of the inside information notice communicated by the Offeror to the CNMV, by means of which the request for authorization to launch the voluntary public offer for the acquisition of all the shares representing the capital of Masmovil was published.

PwC considers that discounted cash flow (**DFC**) is the most appropriate method for the purpose of determining the value of Masmovil. PwC also considers as appropriate the analysis of Masmovil's historical average listing price and the price of own transactions in the capital of Masmovil. Moreover, it also considers for the purpose of general comparison, the methods of multiples of listed companies and comparable transactions.

Based on these methods, PwC has concluded that both at the Valuation Date and at the Report Date, the value per share of Masmovil ranges between 19.92 and 24.29 euro per share and is the range resulting from applying the DCF method.

In addition, PwC indicates in the Valuation Report that the values that would be obtained from the consideration of the preliminary draft of the first half results would be in line with its value conclusion.

The Offer Price, established at 22.50 euros per share, is within the valuation range referred to and is higher to the remaining results obtained with other methodologies.

### ***Methodologies considered appropriate***

#### **(1) Cash flow discounting methodology**

PwC considers this method of valuation to be valid and essential since it is based on the present value of the future cash flows that can be reasonably expected for the various lines of business of Masmovil, discounted at a discount rate that reflects the inherent risks and time value of those flows. This valuation method is applied under the assumption of a running business.

PwC has prepared two 2020-2025 financial projections based on the analysis of macroeconomic, sector and specialized sector analysts' perspectives, the EBITDA and net Capex Guidance for the period 2019-2021 (which was reiterated on 8 July 2020) and discussions with MasMovil's management on longer term targets, including the impact of recent Duero, Monterrei, Uclés agreements and the acquisition of Lycamobile (the last two estimated separately). The financial projections of PwC are in line with Guidance on EBITDA in 2020 and 2021 and Capex for 2020, while they are higher in Capex for 2021 mainly because of the assumption of higher commercial Capex.

These scenarios (high scenario and low scenario) raise awareness of the key assumptions for MasMovil's business and its sector, mainly the evolution of the subscriber market (prepaid, postpaid and convergence/broadband), market share in these segments, average revenue per subscriber in each segment (ARPU), EBITDA margins (expressed as a % of sales and resulting from gross margin and operating cost projections) and Capex (replacement and expansion).

The main components of the free cash flows have been extended for two years (2026-2027) to calculate the terminal value in 2028, in order to use this extension period to (a) progressively normalise the replacement Capex and change in working capital that is sustainable in perpetuity and (b) reflect the difficulty of not being able to assume growth in perpetuity in line with estimated long-term inflation until the aforementioned 2028, taking into account the environment of strong competitive pressure on historical and long-term predictable ARPU.

PwC estimates free cash flows by deducting operating lease rentals in line with the actual flow of payments, i.e. without considering the capitalization effect of these expenses according to the new accounting standards of International Information Standards Finance ("IFRS") 16 (which has no impact on cash flows). Accordingly, both the CMPC and the net financial debt that is deducted from the Business Value also exclude lease debt that is computed under that accounting standard. In order to compare EBITDA margins with the sector, PwC considers the above-mentioned accounting impact (EBITDA not including the aforementioned capitalized lease expenses).

The discount rate is referred to as the weighted average cost of capital (WACC) and is interpreted as the return that a rational investor would require from a business with an inherent risk similar to that of the sector in which the business under analysis operates. It is calculated as the weighted average of the cost of equity (or return required by shareholders,  $K_e$ ) and the net cost of debt ( $K_d$ ) after tax. PwC has calculated a single discount rate of 7.40% used to discount the projected consolidated cash flows.

The terminal value has been estimated according to the Gordon & Shapiro model, using a growth rate "g" of 1.65% (inflation forecasts in Spain for 2024 according to the Economist Intelligence Unit and Oxford Economics).

PwC takes into account as the main adjustments to determine the value of the shares, the net financial position (financial debt less cash and other financial liabilities) according to the last consolidated balance sheet (unaudited) of March 2020, the present value of tax losses to be offset (activated and not activated in that balance sheet), its estimated fair value of the 2017 Plan expiring in September 2020 and of the 2020 Plan approved at the General Shareholders' Meeting of 8 July, the recent acquisition of the operator Lycamobile, S.L.U. and Project Uclés.

The value of the businesses or Enterprise Value (EV) reached by PwC in the high scenario is EUR 4,781 million and EUR 4,216.7 million in the low scenario, which after the corresponding adjustments results in an equity value of 3,038.8 million euros (high scenario) and 2,465 million euros (low scenario). This EV would not include the impact of the Lycamobile acquisition and the Uclés agreement, which is included in the equity value (EUR 1.16 per share).

The equity value is divided by the number of shares (excluding treasury shares) to obtain the value per share, obtaining a range of values by applying the DCF methodology of between EUR 19.92 and EUR 24.29 per Masmovil share.

(2) Weighted average share price in the immediately preceding six months and year

PwC has calculated the weighted average price of the shares of the Target for the 6 months prior to 1 June 2020, the date of the communication of privileged information sent by the Offeror to the CNMV requesting authorisation for the voluntary takeover bid on all the shares representing the share capital of the Target, in accordance with the criteria of Royal Decree 1066/2007. It has also included the same analysis to other periods: for the 12-month period previous to 1 June 2020 in accordance with the provisions of Article 137.2 of the Spanish Securities Market Act, as well as the average of the last year and 6 months prior to 11 March 2020 (WHO declaration of the COVID-19 pandemic), to assess the effects on the contribution for this reason.

It also analysed the performance of the share price of Masmovil, its main volume and volatility indicators.

This analysis has been contrasted with the evolution of the average objective prices of analysts, in which PwC observes a very high dispersion in the valuations, a high and recurring differential with respect to the share price over the last 2 years (much higher than the differential observed in the rest of the IBEX-35) and with Capex assumptions on sales adopted by analysts that tend to be below the estimate by PwC as necessary to properly replace (and not decapitalise) the Company's asset base in the long term.

The application of this method for the immediately preceding six-month period yields a result of EUR 17.44 per share of the Target, and of EUR 18.79 per share for the one-year period. The results that would have been obtained by applying this method before the impact of the COVID-19 on the market would also be lower than those obtained in the DFC (main methodology for PwC), since the weighted average price for the six-month and year preceding 11 March 2020 is 19.59 and 19.77 euros per share, respectively.

From the above analysis, PwC concludes that this method is appropriate and yields a valuation between EUR 17.44 and EUR 18.79 per share of the Target.

In addition, the certificate issued by the Sociedad Rectora de la Bolsa de Madrid on the simple arithmetic average of the daily weighted average changes of Masmovil's shares in the period corresponding to the six months prior to the request for authorization of the Offer (from 2

December 2019 to 29 May 2020) is attached as Annex 13.bis. The value obtained in the Valuation Report (EUR 17.44) is different from that calculated by the Madrid Stock Exchange when issuing the average share price certificate for the last six months (EUR 17.68), since the calculation of the Valuation Report is based on the volume-weighted average price of the shares of Masmovil in the relevant six-month period, while the Madrid Stock Exchange provides the simple arithmetic average of the volume-weighted average daily prices.

(3) Previous private transactions with Masmovil's equity

PwC has identified private transactions with Masmovil's equity carried out since the end of 2018 (share capital increases, repurchase of Masmovil Convertible Bonds and sale of a minority interest en bloc in October 2019).

PwC believes that the application of this method, considered appropriate, would result in a valuation range of between EUR 18.45 and 22.09 per share of Masmovil.

***Contrasting methodologies applied***

(4) Market multiples of comparable listed companies

The sample of comparable listed companies used by PwC to estimate the value of Masmovil is based on listed companies operating in the telecommunications sector, in Europe, and with the status of challengers (operators which have entered the sector with disruptive changes to gain share from incumbents -former operators that developed the network and the business in the market prior to the entry of competitors), including that of Masmovil.

For the estimation of the value range via this methodology, PwC has selected the multiples of EV/EBITDA as the most representative in the sector. Specifically, PwC has based itself on a 2019 historical and 2020 estimated multiple applied to the historical normalized EBITDA of 2019 and those estimated for 2020 according to its scenarios considered in 2020 in the DCF, the latter considering the significant growth Masmovil has been experiencing. The result also includes the impacts in value estimated separately for the Project Uclés agreement and the acquisition of Lycamobile according to the DCF.

In PwC's opinion, despite the fact that the selected sample presents certain differences with Masmovil in terms of growth expectations, geographic diversity, profitability or business mix, a reasonable uniformity is observed in the multiples of these comparable companies analyzed under this methodology and this allows us to consider it valid in order to compare against the results obtained with the DCF method.

The use of this method would result in a valuation range of between EUR 15.65 and EUR 19.08 per Masmovil share.

(5) Market multiples of private transactions

PwC has carried out a search and analysis of multiples paid in private transactions by companies whose main activity is carried out in the telecommunications sector, which are European, and for which there is publicly information available. In this respect, it has analyzed the historical EV/EBITDA multiples applied to the 2019 normalized EBITDA, plus the impact of the aforementioned agreements, which have been estimated separately. The range is obtained by estimating a range between 8.5x (average of transactions in Europe in the last 4 years) and 8.8x (average of transactions in Spain in the last 4 years).

PwC believes that the use of this method, which it considers appropriate to compare against the DCF for the same reasons given for the previous method for comparable listed companies, would result in a valuation range of between EUR 17.40 and EUR 18.62 per Masmovil share.

***Methodologies considered unsuitable***

(6) Theoretical Book Value (TBV) of Masmovil

The TBV of Masmovil share is defined as the quotient between the equity figure obtained from the consolidated financial statements of the entity and the number of shares issued by the entity.

Under this valuation method, the TBV results in 0.95 euros per share on 31 March 2020 and 0.78 euros per share on 31 December 2019, based on the non-audited 2020 first quarter accounts and the 2019 audited consolidated annual accounts, respectively.

PwC considers this valuation methodology to be unsuitable, as it is a static method based on accounting principles that do not necessarily reflect the fair or market value of the elements of the balance sheet and is based on historical net amortization costs. Furthermore, it does not take into account the future returns on assets nor does it provide any information on potential future results that could explain the value of self-generated intangible assets. Therefore, it does not adequately reflect the return that shareholders would require from their contributions. This view is corroborated by the fact that the valuation result of the DCF method, where such expected future returns are reflected, yields a much higher value per share than the TBV.

(7) Winding-up value of Masmovil

In its valuation report, PwC states that the winding-up method is also a static valuation method, with the same limitations as the TBV, and that it is based on the resulting value in the event the company were wound-up.

A winding-up situation through the sale of the main assets could result in a net asset value below its book value and in the value of the intangible assets and goodwill not being recognized. Furthermore, a winding-up of the company would lead to the appearance of potential additional liabilities not recorded in the balance sheet, such as those arising from the dismantling of the facilities, redundancy payments, potential penalties for unilateral termination of contracts, etc.

Therefore, PwC considers that the application of the winding-up method would result in significantly lower values than those obtained from the other valuation methods set out in its Valuation Report and therefore it is not necessary to carry out a detailed calculation of the winding-up value.

(8) Value of the consideration previously offered

Royal Decree 1066/2007 establishes this methodology as applicable in the event that a takeover bid has been made in the year preceding the date of the prior announcement of the offer.

There has been no takeover bid for Masmovil within the specified period or outside of such period.

**2.2.3 Other information on the Offer Price**

The Offer Price represents a premium of approximately (i) 20.2% over the closing price of the shares of Masmovil on the day prior to the publication of the authorization request of the Offer (EUR 18.72); and (ii) 27.2% over the arithmetic average of the volume-weighted average daily



prices of the shares of Masmovil for the six-month period ending on the day prior to the publication of the authorization request of the Offer (EUR 17.68, as per the certificate issued by the Madrid Stock Exchange, see **Annex 13.bis** hereto attached).

## **2.3 NO OBLIGATION TO FILE A MANDATORY TAKEOVER BID**

If, as a result of the settlement of the Offer, the Offeror reaches (waiving, as applicable, the Minimum Acceptance Condition) an interest equivalent to or greater than 30% of Masmovil's voting rights (controlling interest), the Offeror will not be obliged to launch a mandatory offer regardless of the percentage of acceptance of the Offer, since the Offer Price complies with the provisions of article 137.2 of the Spanish Securities Market Act, as well as with Articles 9 and 10 of Royal Decree 1066/2007.

## **2.4 PRIOR AUTHORIZATION OF ARTICLE 26.2 OF ROYAL DECREE 1066/2007**

In accordance with article 26.2 of Royal Decree 1066/2007, prior to the authorisation of the Offer by the CNMV, the Offeror had to obtain the authorisation of the Council of Ministers for direct foreign investment in Spain by the Offeror and its shareholders in Masmovil, as provided for in article 7 bis of Law 19/2003, of 4 July, on the legal regime governing capital movements and economic transactions abroad and on certain measures to prevent money laundering.

On 11 June 2020, the Offeror submitted the request for authorisation from the Council of Ministers referred to in the previous paragraph.

In accordance with said Article 7 bis of Law 19/2003, as well as Royal Decree 664/1999, of 23 April, on foreign investments, the Council of Ministers, at its meeting held on 7 July 2020, agreed to authorise direct foreign investment in Masmovil that would result from the settlement of the Offer by the Offeror, following a favourable report from the Board of Foreign Investments, dated 23 June 2020, which determined that this investment does not pose a risk to public health and safety. The reference of the authorization granted can be consulted on the official website of the Council of Ministers: <https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2020/refc20200707.aspx#Inversiones>.

## **2.5 CONDITIONS TO WHICH THE OFFER IS SUBJECT**

### **2.5.1 Minimum acceptance condition according to Article 13 of Royal Decree 1066/2007**

The effectiveness of the Offer is subject to the acceptance of the Offer by at least 65,857,283 shares of Masmovil, representing 50% of the shares of Masmovil rounded up (the **Minimum Acceptance Condition**).

In addition to this condition, the Offer is subject to the following condition, in accordance with Article 13 Royal Decree 1066/2007.

### **2.5.2 Other conditions according to Article 13 of Royal Decree 1066/2007**

The Offeror has decided to condition the effectiveness of the Offer to the following condition in accordance with Article 13.2.d) of Royal Decree 1066/2007, consisting in the obtention by the Offeror of the non-opposition of the Bank of Spain, in respect of the acquisition by the Offeror of a qualifying indirect shareholding in the share capital of the financial credit establishment of the payment institution Xfera Consumer Finance, E.F.C., S.A. in which a

subsidiary of Masmovil (Xfera Móviles, S.A.U.) holds 49% of the share capital and voting rights (the **Bank of Spain Condition**, together with the Minimum Acceptance Condition, the **Conditions**).

The Offeror filed the application for non-opposition with the Bank of Spain on 21 July 2020. Attached as Annex 18 is a copy of the first page of said document which bears the entry stamp of the Bank of Spain's Register. In accordance with the provisions of article 25.3 of Royal Decree 84/2015 of 13 February, which implements Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, on 23 July 2020 the Bank of Spain sent the Offeror the corresponding acknowledgement of receipt.

### **2.5.3 Limitations to the waiver of the conditions of the Offer**

The only limitations or restrictions of any nature on the waiver of the Conditions of the Offer by the Offeror are the following:

- (i) In accordance with the irrevocable undertaking agreements entered into by the Selling Shareholders and described in section 1.5 of the Offer Document, in the event that no competing offer has been launched, waiver by the Offeror of the Minimum Acceptance Condition shall require the Selling Shareholders' consent.
- (ii) In accordance with the irrevocable undertaking agreement entered into with Providence Holdings VII and described in section 1.5 of the Offer Document, if the Offeror waives the Minimum Acceptance Condition without the consent of Providence Holdings VII, the latter shall be entitled to terminate the application of the provision of its irrevocable undertakings agreement regarding the compensation by the Offeror to Providence Holdings VII in the event of competing offers, replacing it with the relevant clause set forth in the Irrevocable Undertaking Agreements entered into with the Selling Shareholders, as described in section 1.5.1(c) of the Offer Document.
- (iii) In accordance with the Financing Documents (as defined in section 2.6.2(ii) below) the waiver to any of the Conditions of the Offer requires the prior consent of the majority of the financing entities unless said modification or waiver does not have a material adverse effect<sup>12</sup> for the financial entities and/or is necessary in accordance with Spanish law or regulation and/or is required by the CNMV.

### **2.5.4 Plans of the Offeror in respect of the waiver of the Conditions described in section 2.5 of the Offer Document**

- (a) Plans to waive the Minimum Acceptance Condition

Without prejudice to the decision to be taken when appropriate, the Offeror does not intend to waive the Minimum Acceptance Condition to which the Offer is subject, for which it would have the limitations set forth in section 2.5.3 above.

In the event that the Minimum Acceptance Condition provided for in section 2.5.1 above is not met, if the Offeror decides to waive its compliance, independently from the shareholding reached, it will do everything in its power to perform all the plans and intentions regarding

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<sup>12</sup> Neither in the agreement nor in the English legislation (to which it is subject) define the concept of material adverse effect. Thus, in case of conflict, it will be interpreted by the Courts.

Masmovil described in Chapter 4 of this Offer Document, but it may not be able to carry out all the plans and intentions with respect to Masmovil described in Chapter 4 of this Offer Document.

(b) Plans to waive the Bank of Spain Condition described in section 2.5.2 of the Offer Document

The Offeror expects the Bank of Spain Condition described in section 2.5.2 above to be fulfilled before the expiry of the acceptance period and does not intend to waive the fulfilment of said Condition for which it would have the limitation set forth in section 2.5.3(iii) above, all this without prejudice to the fact that the decision will be taken when appropriate. However, if the Condition is not complied with before the last day of the acceptance period, the Offeror will consider waiving the Condition taking into account the current status of the case file for approval of the acquisition of participation before the Bank of Spain, the limited weight of the Xfera Consumer Finance, E.F.C., S.A. business in relation to the Masmovil Group's business and the ownership and control structure of Xfera Consumer Finance, E.F.C, S.A (in which Grupo Masmovil is a minority shareholder).

Chapter 5 of the Offer Document contains a description of the effects of settling the Offer in case the Bank of Spain Condition in section 2.5.2 is not met and the Offeror waives it.

If such Condition is not met and the Offeror does not waive it within the deadlines indicated in section 3.4, the Offer shall be ineffective and the provisions of Article 39 of Royal Decree 1066/2007 shall apply.

In accordance with Article 39 of Royal Decree 1066/2007, in the event that the Offer is rendered ineffective due to failure to comply with any of the Conditions, and the Offeror has not, if applicable, waived said Condition, neither the Offeror, nor the companies of its group, nor the members of its management bodies, nor its senior management personnel, nor those who have promoted the Offer in their own name or on behalf of the Offeror or in agreement with the foregoing, may promote another takeover bid over the shares of Masmovil until six months have elapsed from the date in which the Offer expired, nor may they acquire securities or become obliged to launch a takeover bid in accordance with the cases set out in Royal Decree 1066/2007.

## 2.6 GUARANTEES AND FINANCING OF THE OFFER

### 2.6.1 Type of guarantees provided by the Offeror

In accordance with Articles 15.1 and 15.2 of Royal Decree 1066/2007 and in order to guarantee compliance with the obligations resulting from the Offer, the Offeror submitted to the CNMV the following guarantees dated 17 July 2020, for an aggregate amount of EUR 2,963,577,712.50 (the **Bank Guarantees**):

Issuing Bank	Amount
Barclays Bank PLC	EUR 740,894,428.13
Banco Santander, S.A.	EUR 148,178,885.63

BNP Paribas, Sucursal en España	EUR 814,983,870.94
Crédit Agricole Corporate and Investment Bank, Sucursal en España	EUR 74,089,442.81
Deutsche Bank AG, London Branch	EUR 370,447,214.05
Mizuho Bank Europe N.V.	EUR 74,089,442.81
Morgan Stanley Bank International Limited	EUR 740,894,428.13

Copies of the Bank Guarantees are attached as **Annex 14** to this Offer Document.

Initially, when the authorisation request for the Offer was made, the Offeror submitted three guarantees issued on 1 June 2020 by Barclays Bank PLC, BNP Paribas, Sucursal en España and Morgan Stanley Bank International Limited, in compliance with the obligations resulting from the Offer, for a total aggregate amount of EUR 2,963,577,712.50.

Once the Interim Facilities Agreement had been partially syndicated and Deutsche Bank AG, London Branch had adhered thereto, the initial guarantees were cancelled and replaced by the bank guarantees dated 9 June 2020 issued by Barclays Bank PLC, BNP Paribas, Sucursal en España, Deutsche Bank AG, London Branch, and Morgan Stanley Bank International Limited, for an aggregate amount of EUR 2,963,577,712.50.

Following the subscription of the Syndicated Financing (as detailed in section 2.6.2 below) in which, in addition to Barclays Bank PLC, BNP Paribas, Sucursal en España, Deutsche Bank AG, London Branch and Morgan Stanley Bank International Limited, there is also the participation, as guarantors, of Crédit Agricole Corporate and Investment Bank, Sucursal en España, Mizuho Bank Europe N.V. and Banco Santander, S.A, the guarantees dated 9 June 2020 were cancelled and replaced by the bank guarantees dated 17 July 2020 referred to in this section.

## **2.6.2 Sources of financing of the Offer**

The consideration offered by the Offeror consists of cash and amounts to EUR 22.50 per Masmovil share. In the event the Offer is accepted by all shareholders of Masmovil to which the Offer is addressed, the Offeror would have to make a payment of EUR 2,963,577,712.50 on the settlement date of the Offer.

If the Offer is successful, the settlement of the Offer will be financed through a combination of equity that the Investors will contribute to the Offeror (see section 1.4.3(b) of the Offer Document) and financial indebtedness (as detailed in sections 2.6.2(ii) et seq.).

The combination of equity and financial debt will depend on (i) the level of acceptance of the Offer and (ii) the amount of the financial debt of the Masmovil Group to be refinanced. Therefore, assuming a 100% level of acceptance of the Offer and a level of net debt of the Masmovil Group to be refinanced of EUR 2,210 million (taking into account for these purposes the existing financial debt, the generation of cash until the time of refinancing, the costs of the transaction and the financing, the settlement of the 2017 Plan, the impact of the transactions carried out (e.g. the acquisition of Lycamobile) and the date of the settlement of the Offer,

among other factors) the acquisition debt would be of EUR 790 million, and the equity to be contributed by the Investors would be EUR 2,262 million (the Base Case Scenario).

The Offeror will have the necessary funds to meet the consideration of the Offer on the date of settlement of the Offer.

(i) Equity

On 31 May 2020, the Investors signed an equity commitment letter by virtue of which they have undertaken to provide the Offeror with the necessary equity to fully discharge, when taken together with other funds available to the Offeror for settlement of the Offer under the external financing (described in section 2.6.2(ii) below), the Offeror's payment obligation in respect of the Offer.

The Offeror shall notify the Investors in writing the amount of funds to be disbursed by them and the disbursement date, which shall be prior to that on which the Offeror is required to pay the Offer consideration to Masmovil's shareholders pursuant to the terms of the Offer Document.

The amount to be contributed under the equity commitment letter by the Investors will depend mainly on the number of shareholders who accept the Offer and the price per share of the Offer, as well as the amount of external financing available to the Offeror to settle the consideration of the Offer. The amount of external financing will depend, in turn, on the necessary amount to refinance the Refinancing Debt (as defined in section 2.6.2(ii) et seq.).

As indicated at the beginning of this section 2.6.2, in the Base Case Scenario, the equity to be contributed by the Investors would amount to EUR 2,262 million, of which approximately EUR 687 million correspond to Cinven Aggregator, EUR 754 million to KKR Aggregator and EUR 822 million to Providence Holdings.

(ii) External Financing

The external financing described below will be used to (i) pay the consideration of the Offer, (ii) refinance the Masmovil Group's debt that needs to be refinanced, and (iii) pay the transaction and financing costs.

**(A) Commitment Letter**

For the aforementioned purposes, in a first phase, MidCo signed various commitment letters dated 31 May 2020, with Barclays Bank PLC, BNP Paribas Fortis SA/NV and Morgan Stanley Bank International Limited which were later replaced, on 9 June 2020, with a new commitment letter (the **Commitments Letter**) subscribed by Barclays Bank PLC, BNP Paribas Fortis SA/NV, Morgan Stanley Bank International Limited and Deutsche Bank AG, London Branch (the **Financial Institutions**).

In accordance with the Commitments Letter, the Financial Institutions committed to (i) in a first phase, enter into an interim facilities agreement which they entered into on 31 May 2020 and amended and replaced on 9 June 2020 (the **Interim Facilities Agreement**); and (ii) in a second phase, provide the definitive short-term and long-term syndicated financing which took place through the signing on 3 July 2020 of a long-term syndicated financing agreement and a bridge financing agreement under the following terms (the **Syndicated Financing**) which have replaced the Interim Facilities Agreement.

The terms and conditions of the Interim Facilities Agreement and the Syndicated Financing are detailed below.

**(B) Interim Facilities Agreement**

Initially, by the time of the filing of the authorization request of the Offer, the external financing available to the Offeror consisted in the Interim Facilities Agreement, entered into on 31 May 2020 between the Offeror as borrower and MidCo as guarantor with Barclays Bank PLC, BNP Paribas Fortis SA/NV and Morgan Stanley Bank International Limited, as Financial Institutions, to which, by virtue of an amendment agreement, Deutsche Bank AG, London Branch adhered on 9 June 2020. The Interim Financing Agreement amounted in total to EUR 3,500 million, divided into two tranches, a loan tranche of EUR 3,000 million and a revolving credit line tranche of EUR 500 million.

**(C) Syndicated Financing – Financing Documents**

The Interim Facilities Agreement has been cancelled and replaced by the Syndicated Financing, which has been structured and documented through the execution on 3 July 2020 of (i) a bridge financing for an amount of EUR 1,000 million (the **Bridge Financing** or the **Bridge Financing Agreement**), and (ii) a long-term financing agreement which includes a loan tranche for an amount of EUR 2,000 million and a revolving credit facility for an amount of EUR 500 million (the **Long Term Financing** or the **Long Term Financing Agreement**) in the terms set out below, as amended and restated under the amendment agreement dated 13 July 2020 (together, the **Financing Documents**).

**(C1) Long-Term Financing Agreement:**

The main terms of the Long-Term Financing Agreement, for an amount of up to EUR 2,500 million are the following:

- **Borrower:** the Offeror and a company wholly owned by the Offeror, called Lorca FinCo PLC (**FinCo**).
- **Guarantor:** MidCo, the Offeror and FinCo as guarantors of the entire financing and, after the settlement of the Offer, Masmovil and the subsidiaries of Masmovil, with the status of material subsidiaries<sup>13</sup>, as guarantors of the entire financing except for the amounts under the Tranche B utilised to pay the consideration of the Offer (that is, the Acquisition Debt).
- **Creditors:** Banco Santander, S.A., Barclays Bank PLC, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank, Sucursal en España, Mizuho Bank Europe N.V., Morgan Stanley Bank International Limited, Morgan Stanley Senior Funding, INC. and Deutsche Bank AG, London Branch. These entities may assign their participation in the Long-Term Financing Agreement to other entities that will acquire the condition of creditors, in accordance with the syndication strategy agreed with the Offeror.

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<sup>13</sup> Material subsidiaries are those which represent 5% or more of the consolidated EBITDA of the Masmovil Group and that jointly represent at least 80% of the consolidated EBITDA of the Masmovil Group.



- *Agent(s)*: Lucid Agency Services Limited agent and Lucid Trustee Services Limited security agent.
- *Amount of the Long-Term Financing*: the total amount of the Long-Term Financing is EUR 2,500 million, and is divided into 2 tranches, a term loan facility B for an amount of EUR 2,000 million (the **Tranche B**) and a revolving credit line for an amount of EUR 500 million (the **Revolving Credit**). In the event that the Guarantees presented to guarantee compliance with the obligations resulting from the Offer are executed, such amounts will be understood to be drawn down by virtue of the Long-Term Financing and the Bridge Financing.
- *Nature/repayment*: the financing is configured as long-term senior financing and replaces and substitutes the Interim Facilities Agreement.
- *Purpose and Utilisations*: the financing may be utilised, among other things, for:
  - a part of Tranche B can be utilised, directly or indirectly, to pay part of the consideration of the Offer and/or whatever other costs of the Offer; and
  - the remaining part of Tranche B and the Revolving Credit, after the settlement of the offer, can be utilised to refinance the Masmovil's Group debt that needs to be refinanced and to finance the general corporate purposes and working capital needs of the Masmovil Group as well as to pay any cost and/or expense related to such financing.
- *Maturity*: facility B terminates 7 years from the first drawdown of the Long-Term Financing and the Revolving Credit terminates 6.5 years from the first drawdown of the Long-Term Financing.
- *Amortization*: loans drawn under Tranche B will be fully repaid on the maturity date of Tranche B and loans drawn under the Revolving Credit will be repaid on the last day of each interest period but may be drawn again and must be repaid in full on the maturity date of the Revolving Credit.
- *Interests*: the cash drawdowns will carry an interest at a rate equal to the aggregate of the ordinary reference rate (Euribor or Libor) (with zero floor) and an initial margin of 4.25% for Tranche B and 3.50% for the Revolving Credit, which reflects market standards for similar agreements.

The initial margin will be adjusted after six months from the first drawdown of the Long-Term Financing, based on the level of senior secured debt to EBITDA ratio at consolidated level, so that the lower the senior secured debt to EBITDA ratio at consolidated level, the lower the applicable margin will be. Interest accrued in respect of each loan drawn down under the Long-Term Financing will be paid on the last day of each interest period (which will be either one week or one, two, three or six months) and on the day the loan is repaid. In addition, the margin can also be adjusted depending on the ESG rating (Environmental, Sustainability and Governance) of the Masmovil Group.

- *Period of Availability*: the Long-Term Financing Agreement will be available within the periods detailed below:
  - of Tranche B: until the date on which 18 months have elapsed since the Offer authorisation request was submitted to the CNMV; and
  - of the Revolving Credit line: until one month before the expiry date of the Revolving Credit.

- *Fees*: additionally, it is agreed to pay certain customary fees to the Financial Institutions in their various capacities (including, among others, arrangement fees, commitment fees, agency fees, etc.).
- *Mandatory prepayment events*: the Long-Term Financing will include certain mandatory prepayment events, including, among others:
  - change of control: in the event of a change of control (meaning any person or group of persons (other than the Investors or any entity under their control) acting in concert acquires ownership or control over more than 50% of MidCo's share capital) each Creditor shall have an individual right to apply for the repayment of their share of the financing within 60 days of being notified of the change of control; and
  - excess cash sweep: the Borrower shall use certain amounts of excess cash in each financial year to partially repay the financing on a consolidated level, the amounts of which shall depend on the amount of excess cash on a consolidated level and the level of the leverage ratio on a consolidated level. (the amount to be redeemed will increase if the level of that ratio is greater than 3.75:1 and/or decrease if such ratio is lower than 3.75:1 but more than 3.25).
- *Undertakings and restrictions*: the Long Term Financing Agreement has a financial covenant, exclusively for the benefit of the lenders of the Revolving Credit, consisting in a senior secured debt to EBITDA ratio at a consolidated level which is measured only if at certain measurement points the amount drawn down in cash from the Revolving Credit less the cash available exceeds a certain proportion of the total Revolving Credit.

The Long-Term Financing Agreement requires compliance with certain financial covenants or ratios in order to carry out certain transactions (incurrence covenants), including restrictions on additional debt, in line with market standards for financing structures of a similar nature.

- *Applicable law*: English law
- *Security*:
  - Prior to the Offer settlement date and subject to certain agreed limitations and exceptions, it is expected that:
    - MidCo and FinCo will grant security over their material assets pursuant to an English law governed debenture;
    - MidCo will grant security over the shares it holds in the Offeror pursuant to a Spanish law governed shares pledge; and
    - the Offeror will grant a security over the shares it holds in FinCo through an English law governed shares pledge, and over any material operating bank accounts held by it and any material structural intercompany loans made by it to a borrower or a guarantor.
  - Post-closing of the Offer, and therefore once the Syndicated Financing has partially been disposed of and the Masmovil Group debt has been refinanced, it is expected that:
    - the Offeror will grant a security over all the shares it holds in Masmovil pursuant to a Spanish law governed shares pledge;

- FinCo grants a security over the credit rights of the intra-group loans granted by FinCo to the Offeror and the Masmovil Group; and
- certain material subsidiaries of the Masmovil Group (i.e. those accounting for 5% or more of consolidated EBITDA of the Masmovil Group and representing jointly at least 80% of the consolidated EBITDA of the Masmovil Group) will grant a guarantee (*garantía personal*) and create a security (*garantía real*), to secure the Long-Term Financing (other than the Acquisition Debt), over the shares representing the share capital of such material subsidiaries, over any material operating bank accounts held by them and over any material structural intercompany loans.

#### (C2) Bridge Financing Agreement

In addition, on the same date that the Long Term Financing Agreement was entered into, the Bridge Financing Agreement was entered into for an amount of up to EUR 1,000 million, with mostly the same terms and conditions as Tranche B of the Long-Term Financing Agreement, with the following main differences:

- *Borrower*: FinCo and/or the Offeror
- *Guarantor*: MidCo, the Offeror and FinCo as guarantors of the entire financing and, after the settlement of the Offer, Masmovil and the subsidiaries of Masmovil, with the status of material subsidiaries, as guarantors of the entire financing except for the amounts under the Bridge Financing utilised to pay the consideration of the Offer.
- *Creditors*: Banco Santander, S.A., Barclays Bank PLC, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank, Mizuho Bank Europe N.V., Morgan Stanley Senior Funding, INC. and Deutsche Bank AG, London Branch. These entities may assign their participation in the Bridge Financing Agreement to other entities that will acquire the status of creditors, in accordance with the syndication strategy agreed with the Offeror.
- *Agent(s)*: the same as in the Long Term Financing Agreement.
- *Amount of the Bridge Financing*: the total amount of the Bridge Financing is EUR 1,000 million. In the event that the Guarantees presented to guarantee compliance with the obligations resulting from the Offer are executed, such amounts will be understood to be drawn down by virtue of the Long-Term Financing and the Bridge Financing.
- *Nature/repayment*: the financing is set up as short-term financing to be refinanced through the funds obtained by means of a bond issue to be made by FinCo (or any company of the group to which it belongs) after the settlement of the Offer. The terms of such issue (term, margin, etc...) will be determined at the time of issue by reference to market conditions at that time.
- *Purpose and provision*: funding may be made available, among others, for the purposes and uses detailed below:
  - to meet, directly or indirectly, the payment of the consideration for the Offer and/or any costs of the Offer; and
  - to refinance, directly or indirectly, the financial debt of the Masmovil Group that needs to be refinanced and to pay any costs and/or expenses related to such financing.
- *Interests*: cash drawings will bear interest at a rate equal to the sum of the ordinary reference rate (Euribor or Libor) (with zero-floor) plus a margin initially 4.75% and

increasing after 6 months from the date of the first drawdown to 5.25% which reflects market standards for similar arrangements.

- *Maturity*: the initial maturity date is 12 months from the date of the first drawdown and it will be extended up to 84 months (7 years) as of the date of the first drawdown, automatically if on the initial maturity date (i) all the amounts due under the Bridge Financing Agreement have not been repaid and certain non-compliance cases have not occurred; or (ii) FinCo (or any company of the group to which it belongs) has not complied its obligation to issue bonds or debt instruments in the terms agreed and such breach has been notified to the agent by the creditors.
- *Amortization*: fully on the maturity date.
- *Mandatory early redemption scenarios*: as this is a Bridge Financing, no amount relating to cash surplus must be used for early redemption, but any amounts received in connection with the issue of debt instruments must be used for early redemption in the terms and subject to certain conditions and exceptions.
- *Covenants and/or finance ratios*: those applicable to Tranche B of the Long-Term Financing Agreement described in section (C1) above.
- *Guarantees*: the credit rights arising from the Bridge Financing Agreement will have the same rank (*pari passu*) and share the same guarantees that are granted at each moment in favour of the creditors under the Long Term Financing Agreement.

The relationship between the creditors of the Long-Term Financing Agreement and the Bridge Financing Agreement is regulated by a contract between creditors which has been signed on the same date by, among others, the borrowers, guarantors and creditors of both agreements (the *Inter-Creditor Agreement*).

Both Tranche B of the Long Term Financing and the Bridge Financing are expected to be fully drawn by FinCo, which will in turn grant (i) an intra-group loan to the Offeror for the amount necessary for the Offeror to pay the consideration for the Offer (i.e. the Acquisition Debt); and (ii) an intra-group loan to Masmovil and the subsidiaries whose debt is necessary to refinance for the total amount of the Masmovil Group's debt to be refinanced (i.e. the Refinancing Debt).

(iii) Means of refinancing and payment of external financing

The Offeror has cancelled the Interim Financing Agreement with the subscription of the Financing Documents.

In addition, it is expected that the funds drawn down under the Long-Term Financing Agreement and the Bridge Financing Agreement by FinCo will be used, among other things, to pay the consideration for the Offer, as well as to pay the transaction and financing expenses, and the refinancing of Masmovil's Group debt that needs to be refinanced.

The amount of the Acquisition Debt will depend, among others, on the level of acceptance of the Offer, on the amount of the debt to be refinanced, on the equity contributed by the Investors, and on the Offer settlement date.

The rest of the amounts drawn under Tranche B of the Long Term Financing Agreement and the Bridge Financing Agreement will be used to repay Masmovil's Group's debt that needs to be refinanced as well as to pay the transaction and financing expenses.

As a result of the intragroup loan that FinCo will grant Masmovil and some of its subsidiaries for the repayment of the debt to be refinanced, an intra-group debt will arise between FinCo and the borrowers of Masmovil Group under the debt to be refinanced. The amounts of principal

and interests paid to FinCo by the entities that are debtors of the Masmovil Group under this intra-group debt are expected to allow FinCo to meet all the interest and principal payments due by FinCo in connection with Tranche B of the Long Term Finance Agreement and the Bridge Finance Agreement during its term. The leverage will be adjusted to Masmovil Group's cash flow generation profile and will be reduced depending on, among others, the amount of consolidated excess cash destined to repay in advance the Syndicated Financing, and the capital structure will be in line with financing structures for transactions of a similar nature.

The loan FinCo will grant to the Offeror for the payment of the Offer will generate an additional intra-group debt, which may be (i) repaid at maturity (i.e. in 2027) by means of dividends received by the Offeror from the Masmovil Group or the distribution of equity that, if applicable, is distributable, and/or (ii) refinanced at maturity in 2027 depending on the options of the debt market, without there being any financial assistance in any case. However, it is expressly stated that the Offeror does not intend to agree to the distribution of dividends in the short or medium term (3 years) after the settlement of the Offer as indicated in section 4.7.

Likewise, the Revolving Credit of the Long-Term Financing Agreement will be available to the Offeror and the subsidiaries of the Masmovil Group to finance their operating and working capital needs and will replace the credit available under the Existing Syndicated Financing.

(iv) Summary of the financing of the transaction

The distribution of the funds required for the settlement of the Offer, the payment of the expenses related to the transaction, the refinancing of the Masmovil Group debt that needs to be refinanced and the financing of the working capital needs will depend on (i) the level of acceptance of the Offer and (ii) the amount of the financial debt of the Masmovil Group to be refinanced, taking into account for these purposes the existing financial debt, the generation of cash until the time of refinancing, the costs of the transaction and the financing, the settlement of the 2017 Plan, the impact of the transactions carried out (e.g. the acquisition of Lycamobile) and the date of the settlement of the Offer, among other factors. For these purposes, with the assumption of the Base Case Scenario of an amount of debt to be refinanced of EUR 2,210 million, the equity and external financing distribution for a 100% and a 50% Offer acceptance level are detailed below:

(in million euros)	Final participation in Masmovil	
	100%	50%
<b>EQUITY</b>	<b>2,262</b>	<b>1,165</b>
<b>Investors</b>	<b>2,007</b>	<b>1,023</b>
Cinven	609	311
KKR	669	341
Providence	729	371
<b>Rolling Shareholders</b>	<b>256</b>	<b>141</b>
Onchena	118	61
Key Wolf	118	61
Inveready	20	20
<b>BANKS FINANCING</b>	<b>3,000</b>	<b>2,605</b>
Refinancing Debt	2,210	2,210
Acquisition Debt	790	395
<b>TOTAL AVAILABLE FUNDS</b>	<b>5,262</b>	<b>3,770</b>

The contribution of the equity by the Investors will initially be made in TopCo and will fall through various wholly owned companies to the Offeror, as described in section 1.4.3(b) of the Offer Document.

According to the Financing Documents, the equity must represent at least 40% of the amount resulting from the sum of the following amounts (i) the total equity contributed to the Offeror; (ii) the amount drawn down from the Syndicated Financing to pay the consideration of the Offer (i.e. the Acquisition Debt) and (iii) an amount equal to that resulting from multiplying (y) the percentage that the shares the Offeror acquires from Masmovil represent with respect to Masmovil's share capital by (z) the amount drawn down from the Syndicated Financing to refinance the debt to be refinanced.

Such funds, together with the Acquisition Debt that FinCo will lend to the Offeror through an intragroup loan, will be used to pay the expenses related to the transaction and the consideration for the Offer.

In any event, the funds required for the full payment of the consideration will be available to the Offeror prior to settlement of the Offer.

### 2.6.3 Effects of financing on Masmovil

As a consequence of the change of control resulting from the settlement of the Offer, each creditor, by virtue of the existing syndicated financing agreement of the Masmovil Group entered into on 7 May 2019, as amended and increased to date (the ***Existing Syndicated Financing***), would be entitled to individually claim the early repayment of the Existing Syndicated Financing, and therefore it is foreseen that part of the new Syndicated Financing shall be destined to repay all the outstanding amounts under the Existing Syndicated Financing on the date of, or immediately after, the settlement of the Offer.

The Existing Syndicated Financing is currently guaranteed by the material subsidiaries of the Masmovil Group, as well as with a security over the share capital of these material subsidiaries and some of their subsidiaries, with a pledge over certain bank accounts and intra-group receivables, and with a mortgage promise over certain brands (the ***Guarantees of the Existing Financing***).

Consequently, as part of this Masmovil Group's debt refinancing process, it is expected that the Existing Syndicated Financing and other Masmovil Group's financial debts that need to be refinanced will be replaced by the intra-group debt that FinCo (along with funds from the Syndicated Financing) will grant to the companies of the Masmovil Group. Therefore, the Offer will not lead to an increase in the consolidated indebtedness of the companies belonging to the Masmovil Group, since the new Refinancing Debt will replace the Existing Syndicated Financing and other financial debts of the Masmovil Group. The applicable margin, at any given time, to the new Syndicated Financing, and therefore its interest rate, will be adjusted according to the business of the Masmovil Group, including certain adjustments according to the level of the senior secured debt ratio over the consolidated EBITDA and certain ESG criteria (Environmental, Sustainability and Corporate Governance) of the Masmovil Group as described in section 2.6.2 (ii)(C) above.

Likewise, as part of this Masmovil Group's debt refinancing process, the Guarantees of the Existing Financing will be cancelled and the material subsidiaries of the Masmovil Group will adhere as guarantors and securities will be granted over their shares, accounts and intra-group rights to secure the obligations assumed by FinCo and the guarantors under the Financing Documents (with the exception of the Acquisition Debt). Moreover, the financing of the Offer requires the creation of guarantees after the settlement of the Offer on the Masmovil shares owned by the Offeror and on the intra-group loans that FinCo has granted to Masmovil.



The Syndicated Financing, requires compliance with certain financial ratios and restrictions on a consolidated level to carry out certain transactions (e.g. increase the indebtedness level) for all companies in the Offeror's group, including Masmovil and its subsidiaries (i.e. incurrence covenants). The External Financing will not limit the investment policy of the Masmovil Group so long as the financial ratios that allow the Masmovil Group to increase its indebtedness level are complied with.

This financing will also include a covenant (ratio of senior secured debt over EBITDA on the consolidated level), which shall only be calculated if a certain percentage of the Revolving Credit is drawn down and that, if not complied with, would only result in a breach of the Revolving Credit, but not of the Tranche B. These ratios will affect Grupo Masmovil after the settlement of the Offer for being part of the consolidated group to which the Offeror belongs.

### **3. CHAPTER THREE**

#### **3.1 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER**

##### **3.1.1 Acceptance period of the Offer**

The acceptance period of this Offer is 43 calendar days and will count from the stock exchange trading day following the date of the publication of the first of the announcements referred to in Article 22 of Royal Decree 1066/2007, which shall be published in: (i) the listing bulletins of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges; and, (ii) at least one national newspaper (excluding the digital press). The date of the trading session to which the listing bulletins refer to will be taken as the publication date of the announcements in those bulletins.

For the purposes of calculating the period of 15 calendar days, both the initial and the last day of the period are included. If the first day of the period is not a stock exchange trading day for the purposes of the functioning of the SIBE, the period of acceptance will commence on the first following stock exchange trading day. If the last day of the period is not a stock exchange trading day for the purposes of the functioning of the SIBE, the acceptance period will be extended to the first following stock exchange trading day for such purposes. The acceptance period will end under all circumstances at 24:00 hours on the last day of the period.

The Offeror may extend the acceptance period of the Offer one or more times in accordance with the provisions of Article 23 of Royal Decree 1066/2007, as long as the maximum limit of 70 calendar days is not exceeded and the extension is notified in advance to the CNMV. The extension of the acceptance period, if any, shall be announced through the same channels as those via which the Offer was published, at least three calendar days prior to the end of the initial period or the relevant extension, specifying the reasons that justify it.

The announcement form to be published in the listing bulletins of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and, at least, in one national newspaper is attached as **Annex 15**. Also attached as **Annex 16** is the letter of the Offeror in relation to the publicity of the Offer.

#### **3.2 Formalities to be fulfilled by the addressees of the Offer to express their acceptance and the means and period in which they will receive the consideration**

##### **3.2.1 Statements of acceptance of the Offer**

Statements of acceptance of the Offer by Masmovil's shareholders will be made in accordance with the procedure set out in this Offer Document.

Masmovil's shareholders may accept the Offer with all or part of their shares from the first day until the last day of the acceptance period, both inclusive. Their statements of acceptance may be revoked at any time prior to the last day of the acceptance period and will be void if subject to condition, pursuant to Article 34 of Royal Decree 1066/2007.

##### **3.2.2 Procedure for acceptance of the Offer**

Shareholders of Masmovil who intend to accept the Offer must submit their statement of acceptance in writing to the entity in which they have their shares deposited in person, by electronic means, or by any other means admitted by the depositary entities.

The shares in respect of which the Offer is accepted must be accompanied of all the political and economic rights, whatever their nature, that may correspond thereto. The shares must be

transferred (i) with all of their economic and political rights, free of charges and encumbrances and of third party rights that limit their political or economic rights or their free transferability, and (ii) by a person entitled to transfer them according to the entries (*asientos*) in the corresponding accounting register (*registro contable*), so that the Offeror acquires irrevocable ownership of the shares in accordance with Article 11 of the Spanish Securities Market Act.

The statements of acceptance of the Offer will be sent to the governing companies (*sociedades rectoras*) of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, through the depositary entities participating in Iberclear in which the corresponding shares are deposited, which will be responsible for collecting said written acceptances in person, by electronic means, or by any other means admitted by the depositary entities and will be accountable, in accordance with their detail registries (*registros de detalle*), for the ownership and possession of the shares the acceptances refer to, as well as for the absence of charges and encumbrances or third party rights that limit the political or economic rights of the shares or their free transferability.

The statements of acceptance of Masmovil's shareholders will be accompanied by sufficient documentation to enable the transfer of the shares and must contain all the identification data required by the applicable regulations for this type of transaction, which includes but is not limited to: (i) full name or company name; (ii) registered address; and (iii) tax identification number (*número de identificación fiscal*) or, in the case of shareholders who are not resident in Spain and do not have a Spanish tax identification number, their passport or identification number, nationality and place of residence.

During the acceptance period of the Offer, the entities participating in Iberclear receiving the statements of acceptance will submit on a daily basis to the Offeror, through the representative appointed for this purpose indicated below, and to the governing companies of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, the data relating to the number of shares included in the statements of acceptance submitted and not revoked by Masmovil's shareholders.

The Offeror's representative, for the purposes of the notification of said statements of acceptance, is the following entity:

Banco Santander, S.A. (BIC: BSCHEMXXXX)

C/ Juan Ignacio Luca de Tena, 11

28027 Madrid.

To: Carlos Sanz / Carlos López

emisores.madrid@gruposantander.com

The Offeror and the governing companies of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges shall provide the CNMV, when so requested, with information on the number of acceptances submitted and not revoked which they are aware of.

The market participants (*miembros del mercado*) who intervene in the transactions on behalf of the accepting shareholders and the Offeror itself, as well as the depositary institutions of the securities, are reminded of the obligation to submit to the respective governing companies and the Offeror (through its representative, Banco Santander, S.A.), on a daily basis, the acceptances made during the acceptance period, in accordance with Article 34.2 of Royal Decree 1066/2007.

Under no circumstance will the Offeror accept shares acquired after the last day of the acceptance period of the Offer. That is to say, those shares offered for sale must have been acquired no later than the last day of the acceptance period of the Offer.

Masmovil's shareholders may accept the Offer for all or part of the shares held by them. Any statement made by them must include at least one share of Masmovil.

### **3.2.3 Publication of the result of the Offer**

Pursuant to Article 36 of Royal Decree 1066/2007, once the acceptance period provided for in section 3.1 has elapsed, or, if applicable, the period resulting, from any extension or modification thereof, and within a period not exceeding 7 business days as of the aforementioned date, the Governing Companies of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, the *Sociedad de Bolsas*, will publish such result in the Official Listing Bulletins in the terms and in the session indicated by the CNMV.

The date of publication of the result of the Offer shall be deemed to be the date of the session referred to in above-mentioned Official Listing Bulletins that publish the result of the Offer.

### **3.2.4 Intervention, settlement and payment of the Offer consideration**

The acquisition of the shares subject to the Offer will be intermediated and settled by Banco Santander, S.A., in its capacity as a member of the Spanish Stock Exchanges and as a participating entity in Iberclear and an intermediary in the transaction on behalf of the Offeror.

The settlement and payment of the price of the share shall be carried out pursuant to Article 37 of Royal Decree 1066/2007, in accordance with the procedure established for this purpose by Iberclear, considering as closing date (*fecha de contratación*) of the corresponding stock exchange transaction the date of the session referred to in the Official Listing Bulletins of the Stock Exchanges in which the result of the Offer is published.

### **3.3 Costs of acceptance and settlement of the Offer**

Masmovil's shareholders who accept the Offer through Banco Santander, S.A. will not bear the brokerage expenses arising from the intervention of a market participant in the trading, nor the liquidation fees of Iberclear, nor the trading fees of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, which will be paid in full by the Offeror.

In the event that market participants other than Banco Santander, S.A. intervene on behalf of the shareholder accepting the Offer, the brokerage expenses and other expenses of the selling party in the transaction, including the liquidation fees of Iberclear and those of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, shall be paid by the accepting shareholder.

The expenses incurred by the Offeror for the acquisition and settlement of the shares shall be borne by the Offeror.

The Offeror will not, under any circumstances, be responsible for any fees and expenses that the shares' depositary and administrative entities may charge their clients for the processing of orders of acceptance of the Offer and the maintenance of the account balances.

In accordance with Article 33.5 of Royal Decree 1066/2007, once the withdrawal of the Offer or the cause that invalidates it has been published, the acceptances submitted will lose effect, and the Offeror shall bear the expenses incurred by Masmovil's shareholders in accepting the Offer and, in accordance with Article 39 of Royal Decree 1066/2007, all the expenses incurred

in returning to the accepting shareholders the documents evidencing the ownership of the shares that had been submitted by the accepting shareholders.

Any expenses other than those mentioned above shall be borne by whoever incurs them.

### **3.4 Time limits for waiver of the Conditions to which the effectiveness of the Offer is subject**

If the Minimum Acceptance Condition is not met, the Offeror will communicate its decision to waive this condition or not no later than the end of the stock trading day following the day on which CNMV informs of the number of shares included in the acceptance statements of the Offer.

If the Bank of Spain Condition is not met, the Offeror will notify its decision to waive it or not the day before the acceptance period elapses at the latest.

If any of the Conditions is not met and the Offeror does not notify its decision to waive the Condition or Conditions or not within the periods indicated in the paragraphs above, it shall be understood that the Offeror does not waive the aforementioned conditions, and the negative result of the Offer shall be published, rendering the Offer ineffective.

### **3.5 Financial intermediary acting on behalf of the Offeror in the acquisition of shares and settlement of the Offer**

The Offeror has appointed Banco Santander, S.A., with registered office at Paseo de Pereda, 9-12, Santander, with N.I.F. A-39000013, registered in the Commercial Registry of Santander, in volume (*tomo*) 448, page (*folio*) 1, sheet (*hoja*) S-1960, as the entity in charge of the intermediation and settlement of the Masmovil shares acquisition transactions that may result from the Offer.

Likewise, Banco Santander, S.A. will be the entity in charge of intervening in and settling the squeeze-out transactions in the case the requirements are met, in the terms described in this Offer Document.

A copy of the letter of acceptance of Banco Santander, S.A. as a member of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and the entity in charge of the intermediation and settlement of the Offer is attached as **Annex 17**.

## **3.6 FORMALITIES FOR SQUEEZE-OUT TRANSACTIONS**

### **3.6.1 Requirements for compulsory sales**

Pursuant to Article 136 of the Spanish Securities Market Act and Article 47 of Royal Decree 1066/2007, the relevant requirements for the right of compulsory sale to arise will be fulfilled if, on the date of the settlement of the Offer, the following conditions are met: (i) the Offer has been accepted by holders of shares representing at least 90% of the voting rights of Masmovil to which it is addressed; and (ii) the Offeror is the holder of shares representing at least 90% of the voting share capital of Masmovil.

The above requirements will be deemed to be fulfilled if the acceptances of the Offer, other than (i) the acceptance of Providence Holdings VII in respect of the 12,061,890 shares in Masmovil held by it and to which it has irrevocably undertaken to accept the Offer, (ii) the acceptance by Onchena and Key Wolf in respect of the number of shares in Masmovil (valued at the Offer Price) which correspond to the amount which each of them has undertaken to invest

in JVCo within three business days of settlement of the Offer (see section 1.4.3 of this Offer Document for a description of such investment commitments) and (iii) Inveready's acceptance in respect of 888,889 Masmovil shares (which, valued at the Offer Price, correspond to the amount which it has undertaken to invest in JVCo (see section 1.4.3 of this Offer Document for a description of such investment commitment)), comprise 90% of the result of deducting from the total number of Masmovil shares the number of shares referred to in sections (i), (ii) and (iii) above.

Thus, for a level of acceptance of 90% of Masmovil's share capital and assuming a debt to be refinanced of EUR 2,210 million (as in the Base Case Scenario) the amount to be invested in JVCo by Onchena and Key Wolf would be EUR 106.4 million (each), and the requirements would be deemed to be fulfilled if the acceptances of the Offer, other than (i) the acceptance of Providence Holding with respect to the 12,061,890 shares of Masmovil owned by it (ii) the acceptance of Onchena and Key Wolf in respect of 4,730,470 shares of Masmovil (each) and (iii) the acceptance of Inveready in respect of 888,889 shares of Masmovil, comprise a minimum number of 98,372,561 shares of Masmovil, which represent 74.69% of the share capital of Masmovil. Said minimum number of shares, added to the 12,061,890 shares of Providence Holdings VII, which are attributed to the Offeror for the purposes of Article 5 of Royal Decree 1066/2007 and the 10,349,829 shares of Masmovil (valued at the Offer Price) which would correspond to the amount that Onchena, Key Wolf and Inveready have committed to invest in JVCo, represent 91.70% of the share capital of Masmovil. As described in section 1.4.3, the amount to be invested in JVCo by Onchena and Key Wolf depends on a number of factors such as the level of acceptance of the Offer or the amount of the Masmovil Group's debt that needs to be refinanced and therefore the above calculations will need to be adjusted once these factors are known. The Offeror will notify the CNMV and the market within three working days of the publication of the result of the Offer if the requirements described above are met.

In the event that (i) Masmovil does not accept the Offer with the shares in treasury stock; (ii) such shares are held as treasury stock on the date of settlement of the Offer; and (iii) the Offeror decides to promote the redemption of such shares, decreasing Masmovil's share capital and immobilising such shares in the meantime, the thresholds referred to in the previous paragraph will be adjusted.

If these thresholds are met, (i) as stated in paragraph 4.11 of the Offer Document, the Offeror will require the compulsory sale by the remaining shareholders of Masmovil of all its shares, in exchange for a cash consideration per share equal to the price at which the Offer is settled, adjusted downwards by the gross amount per share of any distributions (of dividends, reserves or share premium, or any other distribution) paid to its shareholders between the settlement of the Offer and the date on which the compulsory sale transaction is settled (including if the ex-dividend date for such distribution coincides with or precedes the settlement of the compulsory sale transaction) (the **Compulsory Sale Price**); and (ii) any of the shareholders of Masmovil may require the Offeror to purchase all of its shares in Masmovil at the Compulsory Sale Price although, in this case, the downward adjustment derived from any distributions to the shareholders to the shareholders will take place between the settlement of the Offer and the respective dates on which the various compulsory sale transactions are settled (including where the ex-dividend date for such distribution coincides with, or is prior to, the settlement of each compulsory sale transaction) and all expenses incurred in relation to such transactions will be satisfied by the selling shareholders.



In accordance with the above, and considering the formalities relating to the squeeze-out right set out in section 3.6.2 of the Offer Document, Masmovil's shareholders shall bear in mind the following before requiring the Offeror to squeeze-out their shares:

- (i) The requirements for the right of the Offeror to request the compulsory sale of the shares of the remaining shareholders are the same as those required by the regulations for the exercise of the right to demand compulsory purchase by the remaining Masmovil's shareholders.
- (ii) The consideration to be received by the remaining shareholders will be the same both in the event that the Offeror requests the compulsory sale and in the event that such shareholders demand compulsory purchase, as in both cases they will receive the Offer consideration in cash, subject to a possible downward adjustment that might take place in accordance with the abovementioned.
- (iii) In the compulsory sale process, all the expenses arising from the transfer and settlement of the shares will be borne by the Offeror, while in the compulsory purchase process such expenses will be borne by the selling shareholders.
- (iv) If, in view of the date of receipt by the Offeror of any compulsory purchase request of Masmovil shares, its settlement was subsequent to that of the compulsory sale transaction, the request will lose effect, and such shares will be included in the compulsory sale transaction.

### **3.6.2 Squeeze-out transactions procedure**

As soon as possible and no later than three business days following the publication of the result of the Offer by the CNMV on its website, the Offeror shall notify the CNMV for public dissemination whether or not the requirements for compulsory purchases and sales indicated in section 3.6.1 of the Offer Document have been met, specifying the number of shares in Masmovil's treasury stock and the decision to redeem such shares and to proceed to freeze them until their effective redemption.

In the event that the aforementioned requirements have been met, the Offeror will notify the CNMV, within a maximum of three months following the end of the acceptance period, of its decision to request the compulsory sale of the shares, setting the date of the transaction between 15 and 20 stock exchange trading days after said notification to the CNMV, which the latter will publish.

Within a maximum period of five business days following the date of the aforementioned publication by the CNMV, the Offeror shall provide public and general information on the characteristics of the squeeze-out by means similar to those used to publicise the Offer, in accordance with Article 22 of Royal Decree 1066/2007.

If the requirements for the exercise of the squeeze-out right by the Offeror are met, Masmovil's shareholders may exercise their compulsory purchase right.

Settlement shall be made within the same period as the settlement of the Offer, from the date of the squeeze-out transaction or, where applicable, from the date of receipt of each of the squeeze-out requests.

The acquisitions of shares resulting from the squeeze out shall be mediated and settled by Banco Santander, S.A.

Prior to the date of the squeeze-out transaction, the Offeror shall attest to the CNMV the creation of the guarantees ensuring compliance with the obligations resulting from the exercise of the squeeze-out right.

In accordance with the provisions of Article 136 of the Spanish Securities Market Act, if the Masmovil shares subject to purchase or forced sale are seized as a result of administrative acts or judicial resolutions, or if there is any type of charge on them, including liens, limited real rights or financial guarantees, the aforementioned shares will be disposed of free of such charges, and these will fall on the consideration received. The depositary of the shares shall be obliged to keep the purchase price in deposit, informing the judicial or administrative authority that has ordered the seizures, or the holder of any other charges or rights, of the application of these proceedings. If, once the provisions of this paragraph have been applied, there is any part of the price that is unnecessary for the satisfaction of the obligations guaranteed by the seizure or seizures carried out, or by the existing charges on the shares, it shall be placed immediately at the disposal of the holder of the shares.

The performance of the compulsory sale transaction resulting from the exercise of the aforementioned right shall in turn give rise, in accordance with the provisions of Article 48 of the Royal Decree 1066/2007 and with the applicable regulations, to the delisting of Masmovil's shares from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. Such delisting shall be effective as from the settlement of the compulsory sale transaction.

### **3.6.3 Formalities to be fulfilled by the shareholders of Masmovil in order to request the compulsory purchase of their shares**

Once the Offeror has notified the fulfilment of the conditions to require compulsory purchase, and in any case not before the settlement of the Offer, Masmovil shareholders who intend to request the compulsory purchase of their shares must contact the entity participating in Iberclear where they have their shares deposited. Requests for squeeze-out will be made in writing to the Offeror by such entities through Banco Santander, S.A. The entities participating in Iberclear where the shares are deposited will be accountable in accordance with their records of the details of ownership and holding of the securities to which the squeeze-out requests refer. All shareholders who request, if applicable, the squeeze-out must include in their requests all the Masmovil shares they own.

The entities participating in Iberclear in which Masmovil shares are deposited and which receive the squeeze-out requests shall submit on a daily basis to the Offeror, through Banco Santander, S.A., the data relating to the number of shares included in the squeeze-out requests submitted, where appropriate, by Masmovil's shareholders.

Compulsory purchase requests made by Masmovil's shareholders shall be accompanied by sufficient documentation to enable the transfer of the shares and must contain all the identification data required by the legislation in force for this type of transaction.

### **3.6.4 Expenses arising from compulsory sale**

In the compulsory sale transaction, the expenses derived from the sale and settlement of the shares will be borne by the Offeror, while in the purchase transactions, these expenses shall be borne by the selling shareholders. The Offeror shall in no case be obliged to assume the fees

for administration or custody of securities that the depository and administrative entities may charge to shareholders.

## 4. CHAPTER FOUR

The statements of the Offeror included in this Chapter 4 will be assumed to have been made by Cinven, KKR Advisor and Providence.

### 4.1 PURPOSE OF THE TRANSACTION

The Offeror intends to acquire all of the shares of Masmovil with the aim of delisting them from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The purpose of the Offeror is to actively contribute, through its experience and knowledge, to the development and growth of Masmovil Group and to promote its opportunities as a telecommunications operator.

Masmovil Group is the fourth largest telecommunications operator in Spain<sup>14</sup> offering fixed line, mobile, and internet services to residential customers, businesses and operators through trademarks including Yoigo, MASMOVIL, Pepephone, Embou, Llamaya and Lebara, having entered into an agreement in order to use the Lycamobile brand in Spain during the following three years after the acquisition of Lycamobile, S.L.U. The Offeror views Masmovil as a unique success story in the communications industry and finds it a compelling long-term investment proposition, despite existing short-term uncertainty caused by the economic impact of COVID-19, due to the following reasons:

- (i) outstanding management team with a proven track-record of value creation for shareholders;
- (ii) one of the fastest growing telecommunication operators in Europe;
- (iii) attractive competitive positioning underpinning a high growth profile in a sector benefiting from resilient characteristics despite current economic environment;
- (iv) attractive infrastructure strategy with a unique mix of owned, shared and third party network covering the full Spanish territory; and
- (v) strong commercial momentum and clear levers of future growth.

The Offeror is very supportive of management's plans and future strategy for the business which includes the following initiatives which will be set as strategic objectives and will strengthen Masmovil's business, therefore justifying the Offer:

- (i) continuous investment in the Spanish telecommunications infrastructure with a focus on 5G and rural areas to provide high quality connectivity services throughout Spain;
- (ii) continuing the growth and expansion strategy in other international markets such as Portugal;
- (iii) focus on customer experience and satisfaction to drive growth;
- (iv) strengthen internal processes to enable further growth and scalability;
- (v) further digitalize operations to increase Masmovil's ability to cross-sell to its customers; and

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<sup>14</sup> Source: National Commission for Markets and Competition. Resolution of 13 November 2019, National Commission for Markets and Competition establishing and publishing, for the purposes of Article 34 of Royal Decree Law 6/2000 of 23 June, the relationships of the main operators in the national markets for fixed and mobile

- (vi) leverage brand recognition and trust to offer additional services.

#### **4.2 STRATEGIC PLANS AND INTENTIONS REGARDING FUTURE ACTIVITIES AND THE LOCATION OF MASMOVIL'S ACTIVITY CENTRES**

The Offeror agrees to support the growth strategy implemented by the current management team of the Company over the recent years and proactively explore accretive acquisition and market consolidation opportunities. In this sense, the Offeror has access to further equity funding necessary to support any such organic and inorganic growth.

After the settlement of the Offer, the Offeror will participate in the preparation of the new strategic plan of Masmovil, which will be in line with the current business strategy and which may undergo the appropriate adjustments to reflect the result of the strategic review process carried out by the Offeror after acquiring control of Masmovil. Likewise, the strategic plan may also be adjusted to take into account, among other things, the impact of COVID-19 on the economy and possible variations resulting from recent changes in the market and business. The Offeror, through the active control of Masmovil, will promote the approval by Masmovil of this new strategic plan and intends to work together with Masmovil's management team, deploying the Offeror's operational and financial capabilities, intellectual resources and experienced team to achieve the objectives of the new strategic plan.

The Offeror does not intend to substantially modify the nature of the activities currently carried out by Masmovil Group nor to modify the location of its activity centres within the 12 months following the settlement of the Offer.

#### **4.3 STRATEGIC PLANS AND INTENTIONS WITH RESPECT TO MASMOVIL'S PERSONNEL AND EXECUTIVES**

The Offeror considers that Masmovil's personnel is one of its main assets and the management of its human resources a fundamental priority. The Offeror expects to attract and retain talent in order to ensure that Masmovil has the appropriate personnel to carry out its activities. To this end, it will carry out actions such as the optimization of incentive programs, the strengthening of central functions or the implementation of professional development programs.

The Offeror does not expect to make any changes to the working conditions of the employees and executives of Masmovil, and in general it is expected that the existing jobs will be maintained over the next 12 months, without prejudice to possible changes arising from the performance of the business.

The Offeror acknowledges and does not oppose the 2020 Plan referred to in section 1.3.2(b) of this Offer Document, which has been approved by the General Shareholders' Meeting of Masmovil held on 8 July 2020. If the delisting of Masmovil's shares takes place as a result of the Offer the Offeror has undertaken to negotiate with the management team (represented for these purposes by the current Chief Executive Officer) the terms of an incentive plan, that will adjust to Masmovil's new status as a delisted company, at least in equivalent economic terms to those of the 2020 Plan, aimed at aligning the long term incentives of the management team and employees of Masmovil with those of the Investors and applicable to the same beneficiaries. Thus, the Offeror intends to implement a new management incentive plan in the future in line with the 2020 Plan, but its content has not been agreed yet.

#### **4.4 PLANS FOR THE USE OR DISPOSAL OF MASMOVIL'S ASSETS; ANTICIPATED CHANGES IN ITS NET FINANCIAL DEBT**

##### **4.4.1 Plans for the use or disposal of the Masmovil's assets**

The Offeror does not intend to substantially modify the strategy of the management team for the use and disposal of Masmovil's assets which will be maintained in line with current activities (including the disposal of assets in line with Project Uclés, described in section 1.5.1 of the Offer Document).

Likewise, the Offeror has committed to promote that Masmovil and certain material subsidiaries within its Group provide the securities and guarantees described in section 2.6.2 of the Offer Document after settlement of the Offer to secure the payment obligations resulting from the Long-Term Financing Agreement (other than the Acquisition Debt).

The Offering Company intends to redeem the shares that Masmovil has in treasury stock after the settlement of the Offer by means of a share capital decrease. As of the date of this Offer Document, Masmovil has 348,525 shares in treasury stock, representing 0.26% of its share capital.

##### **4.4.2 Anticipated changes in Masmovil's net financial debt**

Based on information provided by Masmovil, some current financing arrangements, including the Existing Syndicated Financing, contain change of control clauses that will be triggered upon settlement of the Offer. In the Base Case Scenario, the amount of the debt to be refinanced amounts to EUR 2,210 million. For further detail regarding the Long Term Financing, see section 2.6 of the Offer Document.

As described in section 2.6.2(ii) of the Offer Document, the Offeror will promote the refinancing of Masmovil's Group financial debt, including for this purpose without limitation the Existing SFA, with the funds it receives from the external financing and for that purpose has entered into the relevant financing commitment documents with the Financial Institutions, to cover the financing needs to settle the Offer and the refinancing of Masmovil Group's current financing arrangements as well as to finance ordinary course of business financing needs.

The refinancing will not entail a change in the consolidated net indebtedness of the companies within the Masmovil Group, prior to the settlement of the Offer, as the new Refinancing Debt will replace the financing that needs to be refinanced (including the Existing Syndicated Financing), as described in section 2.6.3 of the Offer Document. As a result of the inorganic growth forecast for Masmovil, the aforementioned net indebtedness may be increased.

#### **4.5 PLANS RELATING TO THE ISSUANCE OF SECURITIES OF ANY KIND**

The Offeror has no intentions to promote the issuance of securities of Masmovil or of Masmovil's subsidiaries.

#### **4.6 CORPORATE RESTRUCTURING OF ANY KIND**

The Offeror has no plans to undertake any corporate restructuring transaction involving the Offeror, Masmovil or any company of their respective groups. With respect to Masmovil Group, the Offeror intends to carry out a detailed review of Masmovil and its subsidiaries'



corporate structure following the Offer in order to analyze the convenience of conducting any restructuring transaction to simplify and optimize it.

#### **4.7 DIVIDEND POLICY AND MASMOVIL'S SHAREHOLDER REMUNERATION**

Masmovil has not distributed dividends to its shareholders since its shares were listed until the date of this Offer Document. The Offeror does not plan to approve a new dividends policy with regard to Masmovil and has no intention of promoting the distribution of dividends nor to remunerate shareholders in any other way in the short or medium term (3 years).

#### **4.8 PLANS CONCERNING THE ADMINISTRATIVE, MANAGEMENT AND CONTROL BODIES OF MASMOVIL**

The Offeror intends to appoint a number of directors to represent the majority shareholding it obtains following the Offer to Masmovil's administrative, management and control bodies, proceeding towards the appointment of a number of members of the Board of Directors and of its different Commissions, as far as possible, corresponding to such majority shareholding. After delisting of the Masmovil shares from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, should it occur, the Offeror also intends to adopt the necessary changes to adapt the Board of Directors to that of an unlisted company (with the presence of independent directors not being envisaged regardless of the number of third-party shareholders and their participation in Masmovil - although no decision has been taken in this regard). The Board of Directors of Masmovil will remain in Spain.

As long as Masmovil's shares remain listed, the Offeror shall ensure that Masmovil maintains the number of independent directors necessary to comply with the applicable regulations.

#### **4.9 PROVISIONS RELATING TO THE ARTICLES OF ASSOCIATION OF MASMOVIL**

Prior to the delisting of the shares of Masmovil, the Offeror will not pursue the amendment of the articles of association or other internal regulations. Following the delisting of Masmovil's shares from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, should it occur, the Offeror will promote the amendment of such regulations as appropriate to adapt them to Masmovil's status as an unlisted company.

#### **4.10 INTENTIONS REGARDING THE DELISTING OF THE SHARES OF MASMOVIL**

The Offeror has the intention to promote the delisting of Masmovil's shares from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. If the threshold provided for in Article 47.10 of Royal Decree 1066/2007 is not met and, therefore, the squeeze-out right cannot be executed as set out in Section 4.11 of the Offer Document, but the Offer has a positive outcome due to fulfilment of the Minimum Acceptance Condition, the delisting will be pursued through the exception provided for in Article 11.d) of Royal Decree 1066/2007.

In this second scenario, in accordance with Article 11.d) of Royal Decree 1066/2007, the Offeror shall promote the holding of a General Shareholders' Meeting of Masmovil to agree on the delisting of its shares and shall facilitate the sale of the remaining shares of Masmovil through a sustained purchase order on all outstanding shares for a minimum period of one month.

The delisting of the shares of Masmovil will take place as soon as possible after its approval by the General Shareholders' Meeting, the authorization of the CNMV and, in any case, within 6 months after the settlement of the Offer. The price of said purchase order will be equal to the Offer price. Such price will be adjusted downwards by the gross amount per share corresponding to any distributions made between the settlement of the Offer and the date on which each purchase order is executed.

The valuation report on the price of the Offer issued by PwC in accordance with the provisions of Articles 10.5 and 10.6 of Royal Decree 1066/2007, for the purposes of Articles 9 and 11.d) of Royal Decree 1066/2007 and in Article 137.2 of the Spanish Securities Market Act, is described in Section 2.2.3 of the Offer Document and attached to this Offer Document as **Annex 13**.

#### **4.11 INTENTIONS WITH RESPECT TO FORCED SALE RIGHTS**

The Offeror will exercise the squeeze-out right in a maximum term of 3 months of the expiry of the acceptance period if the thresholds provided for in Article 47.1 of Royal Decree 1066/2007 are reached, which would result in the delisting of Masmovil's shares, as stated in Article 48.10 of Royal Decree 1066/2007.

#### **4.12 INTENTIONS REGARDING THE TRANSFER OF SECURITIES OF MASMOVIL**

The Offeror has no intention of transferring any share of Masmovil following the settlement of the Offer, nor is there any agreement, commitment or negotiation in this regard with any third party.

#### **4.13 INFORMATION CONTAINED IN THIS CHAPTER CONCERNING THE OFFEROR ITSELF AND ITS GROUP**

The Offeror is a newly established company created to acquire Masmovil shares to which the Offer is addressed and will be in charge of promoting the strategic management of Masmovil Group after the settlement of the Offer. The acquisition of Masmovil is therefore within the objectives of the Offeror, in its capacity as an investment company established to formalize the Consortium Agreement among the Investors for the settlement of the Offer, as well as to facilitate potential future co-investment together with the Investors and investment alongside the shareholders who will invest part of their sale proceeds in accordance with section 1.5.1 of this Offer Document.

With regard to the information in this Chapter 4 relating to the Offeror and its group, neither the Offeror nor Cinven Management GP, KKR Ultimate GP, Providence VII Ultimate GP or Providence VIII Ultimate GP, nor any of the companies comprising the investment structure described in section 1.4.2 of the Offer Document will be affected by the Offer, save as provided for in section 1.4 of the Offer Document.

## 5. CHAPTER FIVE

### 5.1 ANTITRUST AUTHORISATIONS

#### 5.1.1 Authorisation by the European Commission

In order to duly protect the interests of the Offeror and its shareholders, as well as Masmovil, its subsidiaries and its shareholders, on 5 June 2020 the Offeror proceeded to initiate pre-notification contacts with the European Commission to obtain authorisation for the acquisition of control of Masmovil and its subsidiaries by the Offeror as a result of the Offer, according to the Council Regulation (CE) No.139/2004 of 20 January 2004 on the control of concentrations between undertakings (the *Concentrations Regulation*).

On 24 July 2020, the European Commission indicated in a letter that, on the basis of the information provided, it has concluded that the acquisition of control of Masmovil and its subsidiaries by the Offeror as a result of the Offer does not give rise to an economic concentration transaction pursuant to the Concentrations Regulation, since there is no joint control of the Investors over Masmovil as a result of the Offer.

A copy of the letter sent by the European Commission is attached as **Annex 18**.

#### 5.1.2 Other antitrust authorisations

The acquisition of control over Masmovil as a result of the Offer is subject to notification and authorisation procedures in the following additional jurisdictions

- (a) **China:** the control takeover of Target by the Offeror as a result of the Offer is subject to authorisation by the State Administration for Market Regulation (*SAMR*), as it reaches the applicable concentration control thresholds under the Antimonopoly Act of the People's Republic of China and its implementation rules, such as the Regulation of the Council of State on Concentration Notification Thresholds.

On 22 June 2020, the SAMR of the People's Republic of China approved it.

- (b) **Turkey:** the control takeover of Target by the Offeror resulting from the Offer is subject to authorisation by the Turkish Competition Council (*Turkish Competition Council*), as it reaches the applicable concentration control thresholds under the applicable law (Law on the Defence of Competition No. 4054 of 13 December 1994 and its implementing regulations, such as Notice 2010/4 on mergers and acquisitions subject to authorization by the Competition Council) in Turkey.

Turkish local competition law contains a solution similar to that provided for in article 7.2 of the Concentrations Regulation, by virtue of which the effective transfer of Masmovil shares could be carried out after the settlement of the Offer, provided that the voting rights of such shares are not exercised before obtaining the relevant authorisation.

The Offeror filed on 5 June 2020 the relevant notification before the Turkish Competition Council.

- (c) **Serbia:** the control takeover of Target by the Offeror resulting from the Offer is subject to authorisation by the Serbian Commission for the protection of the Competition, as it reaches the applicable concentration control thresholds under the applicable law (Law

for the Protection of the Competition number 51/2009 and 95/2013) and its implementation rules.

On 23 June 2020, the Serbian Commission for the protection of the Competition approved it.

- (d) **Israel:** the control takeover of Masmovil by the Offeror resulting from the Offer is subject to authorisation by the Israeli Competition Authority, as it reaches the applicable concentration control thresholds under the Economic Competition Law number 5748-1988 and its implementation rules.

On 11 June 2020, the Israeli Competition Authority approved it.

The supporting documentation for the competition authorizations obtained from the Competition Authority of Israel, the SAMR of the People's Republic of China and Commission for the Protection of Competition of Serbia and of the notification submitted to the Turkish Competition Council are attached as **Annex 18**.

## **5.2 OTHER ADMINISTRATIVE AUTHORISATIONS OR VERIFICATIONS**

### **5.2.1 Authorisation from the Spanish Secretariat of State for Telecommunications and Digital Infrastructure of the Ministry of Economic Affairs and Digital Transformation**

In accordance with the criteria followed by the Ministry of Economic Affairs and Digital Transformation in recent precedents, and in order to duly protect the interests of the Offeror and its shareholders, as well as those of Masmovil, its subsidiaries and its shareholders, the Offeror submitted before the Secretariat of State for Telecommunications and Digital Infrastructure of the Ministry of Economic Affairs and Digital Transformation on 2 June 2020 the request for authorisation provided for in articles 71 et seq. of the Regulation on the use of the radioelectric public domain, approved by Royal Decree 123/2017, of 24 February, for the indirect transfer of the radioelectric public domain administrative concessions held by Masmovil's subsidiary, Xfera Móviles, S.A.U. Such request comprises the fixed broadband service concessions of Xfera Móviles, S.A.U., as well as the following mobile service concessions :

- 3 concessions in the frequency band 1,800 MHz granted on 15 June 2011 (DGZZ-1104638, DGZZ-1104639 and DGZZ-1104640);
- 4 concessions in the frequency band 2,6 GHz, granted on 30 July 2014 (DGZZ-1400278, DGZZ 1400279, DGZZ-1400280 and DGM-1400281);
- 1 concession in the frequency band 2,1 GHz, granted on 19 April 2000 (M ZZ-0020006); and
- 2 concessions in the frequency band 3,4-3,8 GHz, also granted on 19 April 2000 (M ZZ-0020008 and M ZZ-0020009).

On 16 July 2020, authorisation was obtained from the Secretariat of State for Telecommunications and Digital Infrastructures of the Ministry of Economic and Digital Transformation of Spain, as set out in **Annex 18** to this Offer Document.

### **5.2.2 Non-opposition from the Bank of Spain**

In accordance with Article 17 of Act 10/2014 of 26 June on the Organisation, Supervision and Solvency of Credit Institutions (*Act 10/2014*) to which Article 7 of Act 5/2015 of 27 April on the Promotion of Business Financing (*Act 5/2015*) refers, the Offeror is obliged to notify in advance the Bank of Spain, for its evaluation and, if appropriate, non-opposition, of the indirect acquisition of a significant shareholding in Xfera Consumer Finance, E.F.C., S.A. – a company indirectly part-owned by Masmovil (49%, through its subsidiary Xfera Móviles, S.A.U.) and by Banco Cetelem S.A.U. (51%) – which would arise as a result of the settlement of the Offer.

The Offeror filed the application for non-opposition with the Bank of Spain on 21 July 2020. Attached as Annex 18 is a copy of the first page of said document which bears the entry stamp of the Bank of Spain's Register. In accordance with the provisions of article 25.3 of Royal Decree 84/2015 of 13 February, which implements Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, on 23 July 2020 the Bank of Spain sent the Offeror the corresponding acknowledgement of receipt.

Although the Offeror is confident that the Bank of Spain will express its non-opposition prior to the end of the period of acceptance of the Offer, it cannot be ruled out that, if the non-opposition is not obtained prior to the end of such period and with the Offeror having having waived such condition, the Offeror and the Investors would acquire a significant indirect stake in the credit financial establishment payment entity Xfera Consumer Finance, E.F.C., S.A. without the period for its evaluation by the Bank of Spain having elapsed. Consequently, in accordance with Article 20 of the Law 10/2014, among other possible effects, the Offeror might not be able to exercise the political rights corresponding to Masmovil's 49% stake in Xfera Consumer Finance, E.F.C., S.A., in addition to being subject to the sanctions regime set out in Title IV of the aforementioned Law 10/2014 for the commission of a very serious infraction.

### **5.2.3 Authorisation from the Council of Ministers**

In order to duly protect the interests of the Offeror and its shareholders, as well as those of Masmovil, its subsidiaries and its shareholders, on 11 June 2020, the Offeror submitted to the Directorate General for International Trade and Investment of the Ministry of Industry, Trade and Tourism, an application for authorisation from the Council of Ministers for direct foreign investment in Spain by the Offeror, and indirect investment by its shareholders, in Masmovil, as provided for in Article 7 bis of Law 19/2003, of 4 July, on the legal regime governing capital movements and economic transactions abroad and on certain measures to prevent money laundering.

The authorisation requested from the Ministry of Industry, Trade and Tourism, as referred to in section 2.4 of this Offer Document, was granted by Agreement of the Council of Ministers of 7 July 2020, as shown on the official website of the Council of Ministers: <https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2020/refc20200707.aspx#Inversiones>.

## **5.3 PLACES WHERE THE OFFER DOCUMENT AND ACCOMPANYING DOCUMENTS CAN BE CONSULTED**

In accordance with Article 22.3 of Royal Decree 1066/2007, this Offer Document and the accompanying documentation will be available to interested parties at the following addresses

at the latest from the day following the publication of the first of the announcements referred to in Article 22.1 of Royal Decree 1066/2007:

Entity	Address
National Securities Market Commission	
CNMV Madrid	Calle Edison 4, Madrid
CNMV Barcelona	Paseo de Gracia 19, Barcelona
Governing Entities of the Stock Exchanges ( <i>Sociedades Rectoras de las Bolsas de los Valores</i> )	
Sociedad Rectora de la Bolsa de Valores de Madrid	Plaza de la Lealtad 1, Madrid
Sociedad Rectora de la Bolsa de Valores de Barcelona	Paseo de Gracia 19, Barcelona
Sociedad Rectora de la Bolsa de Valores de Bilbao	Calle José María Olabarri, Bilbao
Sociedad Rectora de la Bolsa de Valores de Valencia	Calle Libreros 2-4, Valencia
Offeror and Masmovil	
Offeror	Calle Maldonado 4, Bajo D, Madrid
Masmovil	Parque Empresarial Zuatzu, Edificio Easo, 2ª planta, San Sebastián, Guipúzcoa

Likewise, the Offer Document and its Annexes will be available on the Masmovil website ([www.grupomasmovil.com](http://www.grupomasmovil.com)) and on the CNMV's website ([www.cnmv.es](http://www.cnmv.es)) as of the day following the publication of the first of the announcements of the Offer referred to in Article 22.1 of Royal Decree 1066/2007.

#### 5.4 TERRITORIAL RESTRICTION

The Offer is made exclusively in the Spanish market and is addressed to all shareholders of Masmovil holding Target Shares. This Offer Document and its contents do not constitute an extension of the Offer to any jurisdiction where the filing of the Offer may require the distribution or registration of documentation in addition to this Offer Document or compliance with the applicable law in such jurisdiction.

**The Offer is not being made in or into, and is not capable of acceptance in or from, the United States, and is not being made in or into, and is not capable of acceptance in or from, Canada, Australia, New Zealand, the Republic of South Africa or Japan (*Other Restricted Jurisdictions*), and this Offer Document and all other documents relating to the Offer do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any Other Restricted Jurisdiction.**

Those shareholders of Masmovil resident outside Spain who decide to tender their shares in the Offer are hereby informed that the Offer may be subject to legal and regulatory restrictions other than those provided for under Spanish law. In this sense, it will be the sole responsibility of those shareholders resident abroad who decide to tender their shares in the Offer to comply with such rules and, therefore, the verification, applicability and implications of such rules.

In particular, the Offer is not being made, directly or indirectly, in or into, or by the use of e-mail, mail or any other means or instrumentality (including, but not limited to, facsimile or other electronic transmission or telephone) of interstate commerce, or of any facility of a national, state or other securities exchange, of the United States (including its territories and possessions, any state of the United States and the District of Columbia) and no person may



accept the Offer by any such use, means, instrumentality or facilities. In addition, the Offer is not being made, directly or indirectly, in or into any of the Other Restricted Jurisdictions, and no person may accept the Offer from any such Other Restricted Jurisdiction. Accordingly, copies of this Offer Document and any other documents relating to the Offer must not, directly or indirectly, be mailed or otherwise forwarded, distributed or sent in or into or from the United States or any Other Restricted Jurisdiction, and persons receiving copies of this Offer Document or such other documents or otherwise learning of the Offer (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send copies of this Offer Document or such other documents in or into or from the United States. Forms of acceptance mailed from the United States or any Other Restricted Jurisdiction will not be accepted, and acceptances indicating an address or bank account in the United States or any Other Restricted Jurisdiction will similarly not be accepted. Accordingly, this Offer Document will not be distributed by any means in the United States of America nor in the Other Restricted Jurisdictions.

This Offer Document for the voluntary takeover bid over the shares of Masmovil Ibercom, S.A is signed in Madrid on 27 July 2020.

**Lorca Telecom BidCo, S.A.U.**

P.p.

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Mr. Miguel Juan Segura Martín

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Mr. Jorge Lluch Pauner

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Mr. Stefano Bosio