



Madrileña Red de Gas

Consent Solicitation

20th May 2024

Introduction & Overview

Consent Solicitation Requesting to Replace the Existing Guarantor

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Overview of Proposed Amendments

Madrileña Red de Gas (“**MRG**”) is launching today a Consent Solicitation process to replace the Guarantor of the three outstanding bonds issued by Madrileña Red De Gas Finance B.V., substituting Madrileña Red De Gas, S.A.U. (the “**Existing Guarantor**”) with Elisandra Spain V, S.L.U. (the “**New Guarantor**”), which is the sole shareholder of the Existing Guarantor

As a result of the proposed change of Guarantor, MRG is proposing to introduce some ancillary changes to provide investors additional protections, as outlined on the next slide

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Rationale

The proposals are being made in line with the Group’s ongoing intention to remain fully compliant with applicable regulatory requirements, noting recent changes to hydrocarbon sector law and subsequent changes to the Group’s capital structure, including the capitalisation of intercompany loans between the New Guarantor and the Existing Guarantor in 2022 (see the Consent Solicitation Memorandum for further details)

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No Expected Impact on Ratings

The proposed changes are designed to be credit neutral and the Group expects no negative credit rating action to occur by current rating agencies as a result of their implementation

The New Guarantor also maintains strong shareholder commitment to an investment grade rating

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Other Creditors Supportive

Bank lenders and hedge counterparties have already agreed to replace the Existing Guarantor with the New Guarantor as borrower / counterparty in the relevant documentation (subject to the approval of the Consent Solicitations)

Specific Changes Proposed

The Consent Targets all 3 of MRG's Outstanding Bonds

Target Bond Details

Series	ISIN	Issue Date	Amount Outstanding	Coupon	Maturity	First Call Date
2025 Notes	XS1596739364	11 April 2017	€300m	1.375%	11 April 2025	11 January 2025
2029 Notes	XS1596740453	11 April 2017	€300m	2.25%	11 April 2029	11 January 2029
2031 Notes	XS1369649170	03 March 2016	€75m	3.5%	03 March 2031	n/a

Changes Being Requested

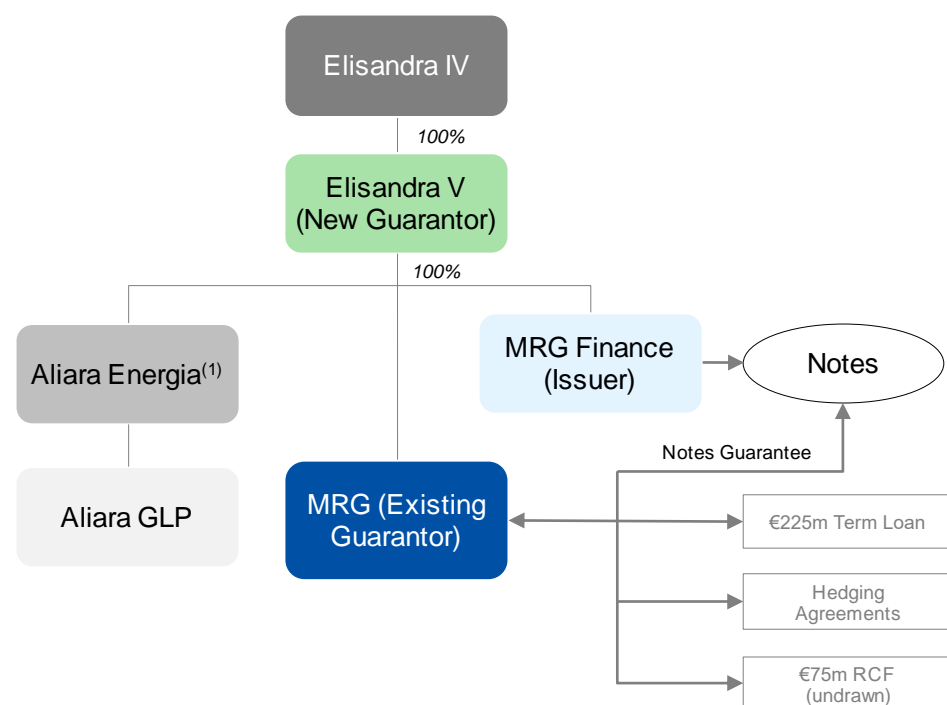
- The key changes being requested are the **entry into by the New Guarantor of the relevant New Deed of Guarantee and to amend Condition 1.(a) of the relevant Conditions (*Introduction – Programme*) to replace the Existing Guarantor with the New Guarantor**
- As a result of the replacement of the Guarantor, and to provide investors extra protections, further ancillary changes would be made in the relevant documentation, namely:
 - Amendment of the definition of “Material Subsidiary”** to change the reference to MRG to the Guarantor
 - Amendment of the definition of “Subsidiary”** to change the reference to MRG to the Guarantor
 - Amendment of Condition 5 (*Negative Pledge*)** to rename it “Negative Pledge and Subsidiary Indebtedness” and to add a new covenant to include certain restrictions on Indebtedness of the Existing Guarantor
 - Amendment of Condition 11 (*Events of Default*)** to include a new event of default to ensure that the New Guarantor maintains 100% ownership of all shares of the Existing Guarantor

Pre- and Post-Consent Corporate Structure

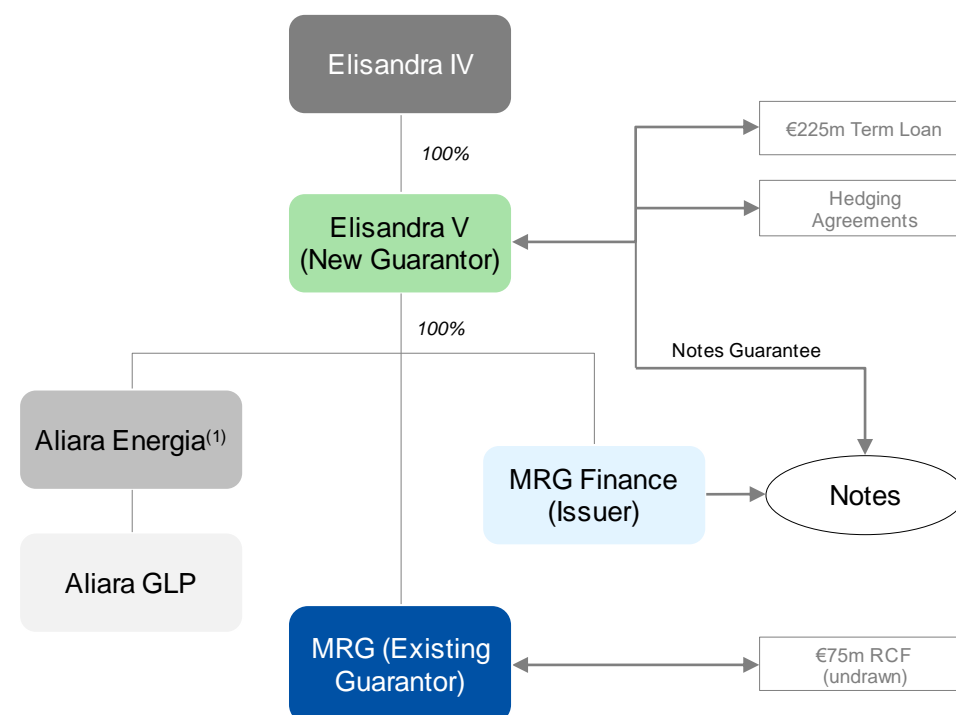
Guarantees, Bank Term-Loan and Associated Hedges Move to Elisandra V

- **Lenders under the Existing Guarantor's €225m Sustainability-Linked Term Facilities Agreement dated 3 August 2022, have already agreed to implement changes to the Bank Facility to replace the Existing Guarantor with the New Guarantor** as borrower under the Bank Facility (subject to the approval of the Consent Solicitations)
- The **hedging counterparties related to the above Bank Facility have also agreed to the replacement of the Existing Guarantor by the New Guarantor** as counterparty under the Hedging Agreements (subject to the changes being implemented to the Bank Facility)
- As a result of the above and the proposed changes to the bonds conditions, the Group's corporate structure would change as per the below:

Current Structure



Proposed Structure Post Consent Solicitation



(1) Aliara has set up a new subsidiary called Inspira which Aliara holds a 33% stake.

Incentives for Participation

0.25% Consent Fee Available to Bondholders Voting in Favour by the 31st May

Consent Fee

- In recognition of their support, MRG is offering a **Consent Fee of 0.25%** to investors voting in favour of the proposals
- The fee is **calculated on the outstanding principal amount of bonds voted on** by each holder
- Subject to the relevant Extraordinary Resolution being passed and the Consent Solicitation not being terminated, **only holders who vote in favour of the proposals and submit a valid Solicitation Instruction to the Tabulation Agent that is received at or before 5pm CET on 31st May 2024*** (the “Consent Fee Deadline”) will be eligible to receive a fee. Late submissions will not be eligible
- This **fee will be paid no later than the tenth Business Day following the date of the Final Meeting Date**
- Bondholders should note that MRG has also discussed with the CNMC a number of alternative options in addition to the Consent Solicitations, including corporate transactions such as a merger between Madrileña Red de Gas, S.A.U. and Elisandra Spain V, S.L.U., and will further consider those other options if the Consent Solicitations are unsuccessful

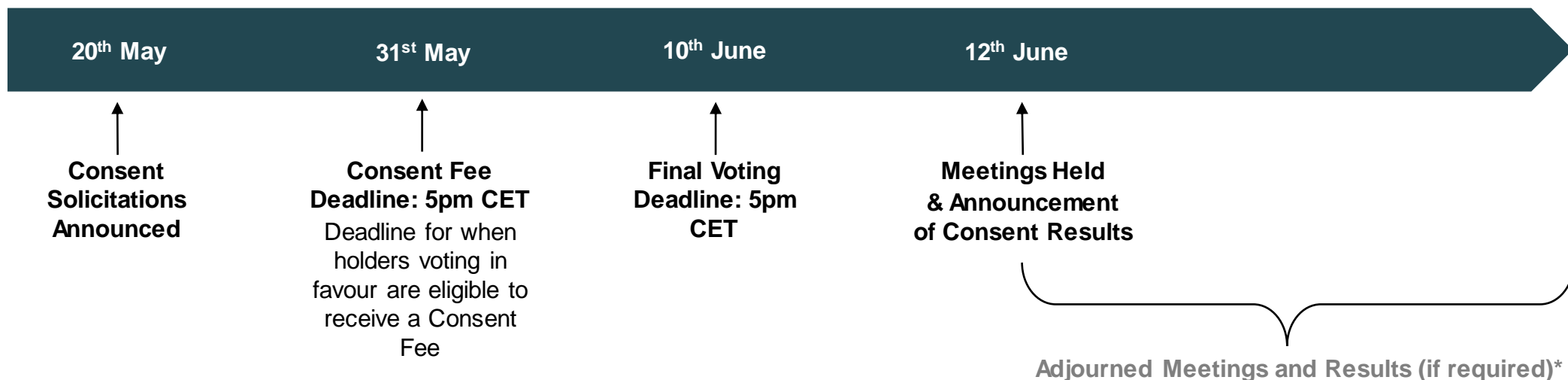
Investor Protection

- In order to prevent any risk of structural subordination following implementation of the proposals, MRG is including a “**Pari Passu Condition**” that needs to be met before the proposed changes can be made effective
- This Pari Passu Condition states that the **Extraordinary Resolutions will only be implemented to the extent that (i) the relevant changes to the Bank Facility and Hedging Agreements are implemented, (ii) following such implementation all the payment obligations of the New Guarantor in respect of the guarantee of the relevant Series of Notes rank at least pari passu with (x) its payment obligations under its guarantee of each Series of Notes, (y) its payment obligations under the Bank Facility and the Hedging Agreements, and (z) the claims of any of its other unsecured and unsubordinated creditors (except for obligations mandatorily preferred by law applying to companies generally), and (iii) the Existing Guarantor does not guarantee any Series of Notes**

**Note: This deadline can be extended at MRG's sole discretion*

Indicative Timeline & Thresholds

Consent Fee Deadline on 31st May, With the Final Voting Deadline on 10th June



Payment Date: No later than the tenth Business Day following the “Final Meeting Date”, being the date for which each Meeting has been convened (12th June 2024), or, if any of the Meetings is adjourned, the latest date on which an adjourned Meeting is convened

Execution and delivery of each Amendment Document: As soon as reasonably practicable (following compliance with the Pari Passu Condition) and, in any case, no later than the Longstop Date

Longstop Date: No later than the day falling three months after the Final Meeting Date

Thresholds for the Consent Solicitation to pass:

- **Quorum:** 75% of the amount outstanding (or 25% at an adjourned meeting)
- **Majority:** 75% of votes cast being in favour

*If the initial meeting is adjourned, the adjourned meeting can occur a minimum of 14 days after the initial meeting

Procedures for Participating

Investors can Vote via Submitting a Solicitation Instruction

- ❖ To be eligible for the Consent Fee, investors should deliver, or arrange to have delivered, through the relevant Clearing System, a valid Solicitation Instruction in favour of the relevant Extraordinary Resolution that is received by the Tabulation Agent (Kroll) by the Consent Fee Deadline at 5pm CET on 31st May 2024
- ❖ Only Direct Participants (a person who is shown in the records of the Clearing Systems as a holder of the Notes) may submit Solicitation Instructions. Each investor that is not a Direct Participant must arrange for the Direct Participant through which it holds the bonds to submit a Solicitation Instruction on its behalf to the relevant Clearing System before the deadlines specified by the relevant Clearing System
- ❖ Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold their Notes when such intermediary would need to receive such instructions in order to participate in the Consent Solicitations before the specified deadlines
- ❖ **The deadlines set by any such intermediary and each Clearing System for the submission of Solicitation Instructions will be earlier than the relevant deadlines of the Consent Solicitation**
- ❖ Further questions on the procedure to submit votes should be directed to the Tabulation Agent:
 - Kroll Issuer Services Limited (madrilena@is.kroll.com / +44 (0) 20 7704 0880)

Key Contact Details

Where to Find Further Information

- ❖ Bondholders should refer to the Consent Solicitation Memorandum dated 20th May 2024, available from the Tabulation Agent, for full terms and conditions and applicable restrictions of the Consent Solicitations
- ❖ Relevant documentation, including the Consent Solicitation Memorandum, Notice of Meetings, the Solicitation Instructions form and the Amendment Documents are also available on the website of the Tabulation Agent at <https://deals.is.kroll.com/madrilena>
- ❖ Any questions on the Consent Solicitations can be directed to the Structuring and Solicitation Agents:
 - **Santander Corporate & Investment Banking** (liabilitymanagement@gruposantander.com)
 - **BBVA** (liabilitymanagement@bbva.com)
 - **CaixaBank** (lm.originacion@caixabank.com)
- ❖ Questions on the procedure to submit votes and requests for documentation should be directed to the Tabulation Agent:
 - Kroll Issuer Services Limited (madrilena@is.kroll.com / +44 (0) 20 7704 0880)

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