Arrow Bidco, LLC Announces Early Participation Results of the Exchange Offer and Consent Solicitation in respect of its Senior Secured Notes

10/16/2023

THE WOODLANDS, Texas, Oct. 16, 2023 /PRNewswire/ -- Arrow Bidco, LLC (the "Issuer"), a Delaware limited liability company and an indirect subsidiary of Target Hospitality Corp. ("Target Hospitality") (NASDAQ: TH), today announced the initial results of the previously announced offer to exchange (the "Exchange Offer") any and all of its outstanding 9.50% Senior Secured Notes due 2024 (the "Existing Notes") for cash and for the Issuer's new 10.75% Senior Secured Notes due 2025 (the "New Notes") and solicitation of consents to certain proposed amendments to the indenture governing the Existing Notes (the "Consent Solicitation"), in each case, upon the terms and subject to the conditions described in the Confidential Offering Memorandum and Consent Solicitation Statement, dated September 29, 2023 (as it may be amended or supplemented, the "Offering Memorandum").

As of 5:00 p.m., New York City time, on October 13, 2023 (the "Early Exchange Date"), the Issuer had received valid and unrevoked tenders and related consents, as reported by D.F. King & Co., Inc. (the "Exchange Agent"), representing $181.4 million or 86.6% of the aggregate principal amount of Existing Notes outstanding. The Total Exchange Consideration (as defined in the Offering Memorandum) with respect to the Existing Notes tendered by the Early Exchange Date represents $181.4 million in aggregate principal amount of New Notes and $2.7 million in cash.

Title of Security	CUSIP Number/ISIN	Principal Amount Outstanding	Principal Amount Tendered by the Early Exchange Date	Total Exchange Consideration(1)
9.50% Senior Secured Notes due 2024	CUSIP: 042728AA3 (144A) / U0424NAA2 (Reg. S) ISIN: US042728AA35 (144A) / USU0424NAA29 (Reg. S)	$209,500,000	$181,446,000	$15 in cash and $1,000 in principal amount of New Notes

(1) For each $1,000 principal amount of Existing Notes.

In addition, as of the Early Exchange Date, the Issuer received the requisite number of consents in the concurrent Consent Solicitation from holders of the Existing Notes to adopt certain proposed amendments to the indenture, dated as of March 15, 2019 (as amended, supplemented or otherwise modified prior to the date of the Offering Memorandum, the "Existing Notes Indenture"), by and among the Issuer, the guarantors party thereto from time to

time and Deutsche Bank Trust Company Americas, as trustee and collateral agent (the "Trustee"), governing the Existing Notes to eliminate substantially all of the restrictive covenants contained in the Existing Notes Indenture and the Existing Notes, eliminate certain events of default, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions, including certain provisions relating to future guarantors and defeasance, contained in the Existing Notes Indenture and the Existing Notes (the "Covenant Elimination"). Additionally, as of the Early Exchange Date, the Issuer received the requisite number of consents in the concurrent Consent Solicitation to adopt certain proposed amendments to the Existing Notes Indenture to release all of the collateral securing the Existing Notes (the "Collateral Release"). The Issuer plans to enter into a supplemental indenture with the guarantors party thereto and the Trustee to reflect the Covenant Elimination and the Collateral Release upon the consummation of the Exchange Offer on the Settlement Date (as defined below).

The Issuer may terminate the Exchange Offer and the Consent Solicitation if the conditions specified in the Offering Memorandum are not satisfied. Consummation of the Exchange Offer and the Consent Solicitation is subject to the satisfaction or waiver of certain conditions set forth in the Offering Memorandum. In the event of a termination, the Exchange Offer will not be consummated, the Proposed Amendments will not become effective, no Total Exchange Consideration or Exchange Consideration will be paid, and the Existing Notes tendered pursuant to the Exchange Offer will be promptly returned to the tendering holders. **The Exchange Offer is not conditioned on any minimum amount of Existing Notes being tendered for exchange or the completion of the Consent Solicitation.**

Assuming the satisfaction or waiver by the Issuer (in its sole discretion, subject to applicable law) of the remaining conditions to the Exchange Offer and Consent Solicitation, the Issuer expects to pay the cash consideration and deliver the New Notes in respect of Existing Notes that are accepted for exchange on November 1, 2023, unless extended (such date and time, as it may be extended, the "Settlement Date"). Holders whose Existing Notes are accepted for exchange will also receive a cash payment representing interest that has accrued from the most recent interest payment date in respect of the Existing Notes up to, but not including, the Settlement Date.

The Issuer reserves the right to extend, amend or terminate the Exchange Offer and the Consent Solicitation for any reason or for no reason at any time prior to the Expiration Date (as defined below). The Issuer will not receive any cash proceeds from the Exchange Offer.

The Exchange Offer will expire at 5:00 p.m., New York City time, on October 30, 2023, unless extended (such date and time, as it may be extended, the "Expiration Date"), unless earlier terminated. Holders tendering Existing Notes after the Early Exchange Date and on or before the Expiration Date will be eligible to receive $950 in principal amount of New Notes and $15 in cash payable for each $1,000 principal amount of Existing Notes tendered for exchange. Withdrawal rights for the Existing Notes expired at the Early Exchange Date and, accordingly, any Existing Notes that were validly tendered may no longer be withdrawn except where additional withdrawal rights are required by law.

The Exchange Offer is being made only to holders of Existing Notes that have certified, by submitting an instruction to the clearing system, that they are either (i) "qualified institutional buyers" as defined in Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act"), or (ii) are located outside the United States and are not "U.S. persons" as defined in Rule 902 under the Securities Act (such holders, "Eligible Holders"). Only Eligible Holders are authorized to receive or review the
Offering Memorandum or to participate in the Exchange Offer. Non U.S.-persons may also be subject to additional eligibility criteria.

Information Relating to the Exchange Offer and the Consent Solicitation

The complete terms and conditions of the Exchange Offer and the Consent Solicitation are set forth in the Offering Memorandum. The Offering Memorandum contains important information, and Eligible Holders are encouraged to read it in its entirety. The Offering Memorandum will only be distributed to Eligible Holders who complete and return an eligibility form confirming that they are either a "qualified institutional buyer" under Rule 144A or not a "U.S. person" under Regulation S under the Securities Act for purposes of applicable securities laws.

Holders of Existing Notes who desire to complete an eligibility form should either visit www.dfking.com/arrowbidco or request instructions by sending an e-mail to arrow@dfking.com or by calling D.F. King & Co., Inc., the information and exchange agent (the "Exchange Agent") for the Exchange Offer, at (toll-free) (866) 356-7813 (toll-free) or (banks and brokers) (212) 269-5550.

None of the Issuer, Target Hospitality, Topaz Holdings, their affiliates, their respective boards of directors and stockholders, the Exchange Agent or Deutsche Bank Trust Company Americas, as trustee and collateral agent for the Existing Notes and New Notes, are making any recommendation as to whether holders should tender any Existing Notes in response to the Exchange Offer and the Consent Solicitation. Holders must make their own decision as to whether to tender any of their Existing Notes, and, if so, the principal amount of Existing Notes to tender.

This press release is for informational purposes only and is neither an offer to buy nor a solicitation of an offer to sell any of the Existing Notes, the New Notes or any other securities. The Exchange Offer and the Consent Solicitation are not being made to holders of Existing Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. The Exchange Offer and the Consent Solicitation are only being made pursuant to the Offering Memorandum. Eligible Holders are strongly encouraged to read the Offering Memorandum carefully because it will contain important information.

The New Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and may not be offered or sold in the United States or to or for the account of any U.S. person absent registration or an applicable exemption from the registration requirements. Non U.S.-persons may also be subject to additional eligibility criteria. The New Notes have not been approved or disapproved by any regulatory authority, nor has any such authority passed upon the accuracy or adequacy of the Offering Memorandum.

Forward-Looking Statements

Certain statements made in this release are "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the Issuer's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. More information about potential risks and uncertainties that could materially affect our business and results of operations is included in the "Risk Factors" and "Forward-Looking Statements" sections of Target Hospitality Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, filed with the Securities and Exchange Commission ("SEC") on August 9, 2023 and Target Hospitality Corp.'s Annual Report on Form 10-K for the year

ended December 31, 2022, filed with the SEC on March 10, 2023, as well as other risks and uncertainties specified in the "Risk Factors" section of the Offering Memorandum. You should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly or to revise them in light of new information or future events.

About the Issuer

The Issuer is a Delaware limited liability company that provides workforce housing and hospitality solutions, as well as transportation and logistics services in the United States. It is a direct wholly-owned subsidiary of Topaz Holdings.

Contacts:

Mark Schuck
(832) 702 – 8009
ir@targethospitality.com

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