



## Ferrovial Emisiones, S.A.

*(incorporated with limited liability in The Kingdom of Spain)*

### **€650,000,000 1.382 per cent. Notes due 2026** **Guaranteed by Ferrovial, S.A.** **Issue price: 100 per cent.**

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The issue price of the €650,000,000 1.382 per cent. Notes due 2026 (the “**Notes**”) of Ferrovial Emisiones, S.A. (the “**Issuer**”) is 100 per cent. of their principal amount. The payment of all amounts due in respect of the Notes will, subject as described herein, be unconditionally and irrevocably guaranteed by Ferrovial, S.A. (the “**Parent**” or the “**Guarantor**”, as applicable). The Parent, together with the Issuer and the consolidated subsidiaries of the Parent, the “**Group**” or, unless otherwise indicated or the context otherwise requires, “**Ferrovial**”.

Unless previously redeemed or cancelled, the Notes will be redeemed at their redemption amount on 14 May 2026. The Notes are subject to redemption in whole at their redemption amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Kingdom of Spain. See Condition 7(b) (*Redemption for taxation reasons*) in Section 7 (*Terms and Conditions of the Notes*). Upon the occurrence of a Change of Control followed by a Rating Downgrade during the Change of Control Period (as defined in Condition 5 (*Definitions*) in Section 7 (*Terms and Conditions of the Notes*)), each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes, in whole or in part, at their principal amount plus accrued and unpaid interest up to (but excluding) the date for such redemption or purchase. See 7(c) (*Early redemption at the option of the Noteholders upon a Change of Control*) in Section 7 (*Terms and Conditions of the Notes*). The Notes may be redeemed at the option of the Issuer in whole (but not only some) at their principal amount on any date that is not earlier than three months prior to the Final Maturity Date. See Condition 7(d) (*Residual maturity redemption*) in Section 7 (*Terms and Conditions of the Notes*). Upon the occurrence of a Substantial Purchase Event, the outstanding Notes may be redeemed at the option of the Issuer in whole (but not only some) at their principal amount. See Condition 7(e) (*Redemption following a Substantial Purchase Event*) in Section 7 (*Terms and Conditions of the Notes*). The Notes may be redeemed at the option of the Issuer, in whole or in part, at their Make-Whole Redemption Amount (as defined in Condition 7(f) (*Make-Whole redemption*)). See Condition 7(f) (*Make-Whole redemption*) in Section 7 (*Terms and Conditions of the Notes*).

The Notes bear interest from and including the Closing Date (as defined below) at the rate of 1.382 per cent. per annum payable annually in arrear on 14 May each year commencing on 14 May 2021. Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under Condition 9 (*Taxation*) in Section 7 (*Terms and Conditions of the Notes*). The offering of the Notes (the “**Offering**”) is further described under this prospectus (the “**Prospectus**”).

This Prospectus constitutes a listing prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union of 14 June 2017 (the “**Prospectus Regulation**”) and has been prepared in accordance with, and including the information required by, Annexes 7, 15 and 21 of Delegated Regulation (EU) 2019/980 of 14 March 2019. This Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “**CNMV**”) as competent authority under the Prospectus Regulation. The CNMV has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer or the Parent or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made for the Notes to be admitted to trading on the Spanish AIAF Fixed Income Securities Market (“**AIAF**”). AIAF is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments directive (as amended, “**MiFID II**”). The Notes may also be admitted to trading on any other secondary market or multilateral trading facility as may be agreed by the Issuer.

Title to the Notes is evidenced by book-entries, and each person shown in the central registry of the Spanish settlement system managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (“**Iberclear**”) and in the registries maintained by the participating entities (*entidades participantes*) in Iberclear (“**Iberclear Members**” and each an “**Iberclear Member**”) as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein (a “**Holder**”).

**The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.**

**An investment in the Notes involves certain risks. For a discussion of these risks, see Section 1 (*Risk Factors*).**

**The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act (“**Regulation S**”) and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.**

The Parent and the Notes are rated BBB by S&P Global Ratings Europe Limited (“**Standard & Poor’s**”) and BBB by Fitch Ratings Limited (“**Fitch**”). Fitch and Standard & Poor’s are established in the European Union (the “**EU**”) or the United Kingdom (the “**UK**”) and are registered under Regulation (EC) No. 1060/2009 (as amended) on credit rating agencies (the “**CRA Regulation**”). Standard & Poor’s and Fitch appear on the latest update of the list of registered credit rating agencies (as of 14 November 2019) on the European Securities and Markets Authority website. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigned rating agency.** Standard & Poor’s is established in the EU and registered under the CRA Regulation. Fitch is established in the UK and registered under the CRA Regulation.

**The period of validity of this Prospectus is up to (and including) the time when trading of the Notes on AIAF begins. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the time when trading of the Notes on AIAF begins.**

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*Joint Lead Managers and Bookrunners*

**BBVA**

**Barclays**

**CaixaBank**

**NatWest Markets**

**Société Générale Corporate & Investment Banking**

*Co-Lead Managers*

**Banco Sabadell**

**Bankinter**

**Crédit Agricole CIB**

**RBC Capital Markets**

**Santander**

**Scotiabank**

The date of this Prospectus is 14 May 2020.

## IMPORTANT NOTICES

**This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.**

**Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the affairs of the Issuer, the Parent or its subsidiaries or that the information set forth herein is correct as of any date subsequent to the date hereof.**

The Issuer, the Parent and the Joint Lead Managers and Bookrunners and the Co-Lead Managers as previously listed (together, the “**Managers**”) reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes being offered in the proposed Offering. This Prospectus is personal to the offeree to whom it has been delivered by the Managers and does not constitute an offer to any person or to the public in general to purchase or otherwise acquire the Notes. Distribution of this Prospectus to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of any of its contents, without the Issuer or the Parent’s prior written consent, is prohibited.

Neither the Issuer nor the Parent has authorised the making or provision of any representation or information regarding the Issuer, the Parent or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer or the Parent, as applicable.

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. None of the Managers, nor any of their respective affiliates, has separately verified the information contained or incorporated by reference in this Prospectus. None of the Managers accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Parent in connection with the offering of the Notes or their distribution. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Parent since the date of this Prospectus or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Each person receiving this Prospectus acknowledges that (i) such person has not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of such information or its investment decision and (ii) no person has been authorised to give any information or to make any representation concerning the Issuer, the Parent or the Notes (other than as contained herein and information given by the Issuer and the Parent’s duly authorised officers and employees in connection with investors’ examination of the Issuer, the Parent and the terms of this Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Parent or the Managers.

None of the Managers undertakes to review the financial condition or affairs of the Issuer or the Parent during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

In making an investment decision, investors must rely on their own examination and analysis of the Issuer, the Parent and the terms of the Offering, including the merits and risks involved.

The Managers are acting exclusively for the Issuer and the Parent and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Issuer or the Parent for

providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used in connection with any offer or solicitation in any such jurisdiction, or to any person to whom it is unlawful to make such offer or solicitation. No action has been or will be taken in any jurisdiction by the Issuer, the Parent or the Managers that would permit a public offering of the Notes or possession or distribution of a Prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, and does not constitute an offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus may come are required by the Issuer, the Parent and the Managers to inform themselves about and to observe these restrictions. Neither the Issuer, the Parent nor any of the Managers accepts any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Issuer's Notes, of any of these restrictions.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. The Notes are being offered outside the United States in accordance with Regulation S and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

In this Prospectus, unless otherwise specified or the context requires, references to "€" and "euro" are to the currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to "£" and "pound sterling" are to the lawful currency of the UK, references to "US\$" are to the lawful currency of the United States of America, references to "C\$" are to the lawful currency of Canada, references to "AUD" are to the lawful currency of Australia, references to "CHF" are to the lawful currency of Switzerland and references to "JPY" are to the lawful currency of Japan. References to "billions" are to thousands of millions.

In connection with this issue, each of the Managers and any of their respective affiliates acting as an investor for its own account may take up Notes and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with this issue. Accordingly, references in this Prospectus to the Notes being issued, offered or placed should be read as including any issue, offering or placement of securities to the Managers and any of their affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UK**

This Prospectus has been prepared on the basis that all offers of Notes using this Prospectus in any Member State of the European Economic Area (the "EEA") and the UK (each, a "Relevant State") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant State of Notes which are the subject of the Offering contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Issuer, the Parent or any of the Managers to produce a prospectus for such offer. None of the Issuer, the Parent or the Managers has authorised, and neither of the Issuer or the Parent authorises, the making of any offer of Notes through any financial intermediary, other than offers made by the Managers that constitute the final placement of Notes contemplated in this Prospectus.

Words and expressions defined in the Conditions (as defined in Section 7 (*Terms and Conditions of the Notes*)) shall have the same meanings when used elsewhere in this Prospectus unless otherwise specified.

In this Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the EEA.

## NOTICE TO POTENTIAL INVESTORS

Potential investors are advised to exercise caution in relation to any purchase of the Notes. If a potential investor is in any doubt about any of the contents of this Prospectus, it should obtain independent professional advice. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus or incorporated by reference herein.

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors.

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus, taking into account that the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

The Notes are rated BBB by Standard & Poor’s and BBB by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal, at any time, by the assigning rating organisation. Potential investors should not rely on any rating of the Notes and should make their investment decision in light of its own circumstances. Similar ratings assigned to different types of securities do not necessarily mean the same thing and any rating assigned to the Notes does not address the likelihood that interest or any other payments in respect of the Notes will be made on any particular date or at all. Credit ratings also do not address the marketability or market price of securities.

## **LEGAL INVESTMENT CONSIDERATIONS MAY RESTRICT CERTAIN INVESTMENTS**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

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## 1. RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the Guarantor and the industries in which each of them operates together with all other information contained in this Prospectus, including, in particular the risk factors described below.*

*The Issuer and the Guarantor have identified in this Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes and believes that the factors described below represent the principal risks inherent in investing in the Notes.*

*The following are not all risks which investors may face when making an investment in the Notes. Additional risks and uncertainties relating to the Issuer and the Guarantor that are not currently known to the Issuer and the Guarantor, or that either currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Guarantor and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.*

*Risks that apply generally to negotiable securities such as those related to the secondary market in general (for instance, illiquidity or price fluctuations) and those related to the credit ratings assigned to the Notes (such as changes in the credit ratings or the assignment of unsolicited ratings) have not been included herein. However, such additional risks may affect the value and liquidity of the Notes.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below, or elsewhere in this Prospectus, have the same meanings in this section.*

### **Risks relating to the Issuer and the Guarantor**

#### **Risks Relating to the Issuer**

The Issuer is a direct and indirectly wholly-owned subsidiary of the Parent, whose corporate purposes are, inter alia, to borrow, lend and raise funds, including the issue of bonds, and therefore the proceeds of the issue of the Notes will be made available to the Parent. See Section 8 (*Use of Proceeds*). This means that any payments, whether principal or interest, under the Notes may be adversely affected if the Parent suffers from any of the risks set out in the section below. Therefore, the risks relating to the Issuer could be deemed to be the same as those relating to Ferrovia, as set forth in the section below.

#### **Risks relating to Ferrovia’s business and the market in which it operates**

***Ferrovia’s business is subject to risks related to its international operations and could be adversely affected by the deterioration of global economic conditions.***

In the past, Ferrovia’s business performance has been closely linked to the economic cycle in the countries, regions and cities in which it operates. Normally, robust economic growth in those areas where the Group is located results in greater demand for its services, while slow economic growth or economic contraction adversely affects demand for its services. For example, the waste management business is cyclical by nature and is connected to general economic conditions.

As a result of its process of geographical diversification, for the year ended 31 December 2019, over 83.3 per cent. of Ferrovia’s revenues were generated outside of Spain, in countries such as the US, Poland, UK and Canada, where 31.9, 30.1, 6.5 and 1.0 per cent. of Ferrovia’s revenues were generated, respectively. Unless stated otherwise, figures throughout the Prospectus related to revenue and EBITDA on consolidated basis do not include Ferrovia’s services business division (the “**Services Business Division**” or “**Ferrovia Services**”). For further information, see “*Description of Ferrovia—Ferrovia’s Business—Divestment of Services Business Division*” below.

All revenues, dividends and investments from subsidiaries within the Group are exposed to risks inherent to the countries where they operate.

The operations in some of the countries where Ferrovial is present are exposed to various risks related to investments and business, such as: fluctuations in local economic growth, changes in inflation rates, devaluation, depreciation or excessive appreciation of local currencies, foreign exchange controls or restrictions on profit repatriation, changing interest rate environment, changes in financial, economic and tax policies, instances of fraud, compliance, bribery or corruption, social conflicts, political and macroeconomic instability and changes in law.

Economic growth, globally and in the EU, has remained fragile and subject to constraints on private sector lending and concerns about cost of financing increases. Downside risks to the global economy are clear: the spread of the novel coronavirus (named COVID-19 by the World Health Organisation), an economic slowdown in China (exacerbated by the dispute between China and the United States (the “US”) which intensified with the imposition of tariffs on a large number of goods), the sharp reduction in oil price, the tighter and more volatile global financial conditions, continuing uncertainty about the future of the EU and continued weakness in many emerging economies. In addition, political uncertainty and instability risks have been on the rise across many developed economies with inward-looking policies and protectionism possibly leading to increased pressures for policy reversals or failure to implement needed reforms.

By regions, a divided US Congress is expected to lead to greater uncertainty around fiscal policy deadlines, as proven by the partial government shutdown in 2019. In particular, the political stalemate raises doubts about the capacity of the US government to avoid a sharp fiscal tightening (fiscal cliff) over the forecast horizon. While monetary policy normalisation in the US went on last years, expectations of further tightening have been significantly fading in recent months. US politics in 2020 will focus on the November 2020 presidential election, which will likely reflect a highly polarised electorate. In the EU, the growth of political ideology and changing priorities in EU Member States that could be contrary to the EU (where 60.8 per cent. of Ferrovial’s revenues were generated for the year ended 31 December 2019) could affect the political and economic situation in the Eurozone.

In Spain, a number of concerns continue to exist in respect of the Spanish economy (where 16.7 per cent. of Ferrovial’s revenues for the year ended 31 December 2019 were generated), beyond the effects of the spread of COVID-19. Unemployment levels remain high (and are increasing) and the bank credit shortage linked to the deleveraging process may affect the economic recovery negatively, since bank lending is the main source of finance for smaller Spanish non-financial corporations. Growth prospects may also be affected due to uncertainties arising from the political situation within Spain, which may slow the pace of reform or result in changes to laws, regulations and policies. The Catalanian region has experienced several social and political movements calling for the region's secession from Spain. Increasing political tension has been accompanied by growing social unrest. As of the date of this Prospectus, uncertainty exists regarding the outcome of political tensions in Catalonia.

Chile, one of the main markets for Ferrovial in the Latin America region, is exposed, as well as other countries in the region, not only to changes in the global economy, given its vulnerability and exposure to unexpected change in commodity prices, but also to an abrupt hardening of global financial conditions. On the domestic side, both the existing political instability and the possibility of new episodes of social unrest could have a negative impact in the short and medium term.

In addition, other factors or events may affect global economic conditions, such as heightened geopolitical tensions, war, acts of terrorism, natural disasters, pandemics or other similar events outside Ferrovial’s control.

Even in the absence of an economic downturn, Ferrovial is exposed to substantial risk stemming from volatility in areas such as consumer spending, business investment, government spending, capital markets conditions and price inflation, which affect the business and economic environment and, consequently, the size and profitability of its business. Unfavourable economic conditions could lead to lower prices for toll road projects, reduced air travel, reduced investment in the construction sector and reduced demand for the services provided by the Group. Furthermore, any financial difficulties suffered by Ferrovial’s sub-contractors or suppliers could increase its costs or adversely affect its project schedules.

Any deterioration of the economies of the countries in which Ferrovial operates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***Ferrovial's business could be adversely affected by the significant uncertainties and disruptions caused by COVID-19***

The World Health Organization declared the COVID-19 a global pandemic in March 2020. The majority of Ferrovial's operations are concentrated in countries that have been, and are expected to continue to be, exposed to the COVID-19 outbreak in a similar manner as many European and American countries.

Certain governments, as in Spain, have introduced measures to compensate the damages caused as a result of the application of the actions and decisions taken to contain the spread of the virus. However, Ferrovial cannot make any assurances that under such mechanisms it would be sufficiently compensated for loss of income derived from the lockdown measures imposed.

The COVID-19 pandemic, which is ongoing as of the date of this Prospectus, has negatively impacted the global economy, disrupted global supply chains, lowered equity and capital markets valuations, created significant volatility and disruption in financial markets and increased unemployment levels. The outbreak has led to a weakening in gross domestic product in many of the regions in which Ferrovial operates, and the probability of a more adverse economic scenario is higher than at 31 December 2019.

As a result, the demand for the Group's products and services has been and may in the future continue to be significantly impacted, particularly in its Toll Roads and Airports business divisions (the **"Toll Roads Business Division"** and the **"Airports Business Division"**, respectively).

In respect of the Toll Roads Business Division, traffic levels decreased sharply the last two weeks of March, as governmental measures to restrict the movement of citizens extended across Europe and North America. During April, traffic remained impacted by those restrictions, with similar traffic level decreases during the first days of the month (i.e., from 28 March to 3 April), but with a slight improvement at the end of the month (i.e., from 25 April to 1 May), following the limited reopening. The COVID-19 pandemic's impact on traffic has evolved during the last weeks as follows:

- In March 2020, (i) in the 407 ETR toll road in Toronto (Canada) (the **"407 ETR"**), traffic decreased 39 per cent.; and (ii) among the Managed lanes' traffic, the North Tarrant Expressway (**"NTE"**) decreased 32 per cent.; the Lyndon B. Johnson Expressway (the **"LBJ"**) decreased 30 per cent.; and the extension to the NTE (the **"NTE 35W"**) decreased 24 per cent.
- The last days of March and first days of April (i.e., from 28 March to 3 April) 2020, (i) in the 407 ETR, traffic decreased 76 per cent.; and (ii) among the Managed lanes' traffic, NTE decreased 67 per cent.; LBJ decreased 74 per cent.; and NTE 35W decreased 61 per cent.
- The last days of April (i.e., from 25 April to 1 May) 2020, (i) in the 407 ETR, traffic decreased 76 per cent.; and (ii) among the Managed lanes' traffic, NTE decreased 61 per cent.; LBJ decreased 69 per cent.; and NTE 35W decreased 49 per cent.

In respect of the Airports Business Division, in Heathrow airport, the number of passengers decreased 52.4 per cent. during March 2020 and around 97 per cent. in April 2020. The effects of the COVID-19 pandemic has also affected Aberdeen, Southampton and Glasgow airports (the **"AGS Airports"**), with 57.3 per cent. decrease in their traffic levels in March 2020.

For further information in relation to the last developments regarding the effects of the COVID-19 pandemic in Ferrovial's business, see Section 6 (*Recent developments and facts which may have a material effect on the Issuer's and or the Parent's prospects*).

Ferrovial's liquidity (which, as of 31 March 2020, stood at €5.9 billion, including available liquidity lines in amount of €283 million, excluding infrastructure projects) could sharply deteriorate as a result of the COVID-19 pandemic and its impact on Ferrovial's capacity to refinance its debt and Ferrovial's main assets cash generation capacity. In particular, a sharp decrease in the Group's companies and infrastructure's assets revenues, which mainly derived from operations, may have an impact on (i) their capacity to refinance maturing debt, (ii)

their relevant financing contracts, including a potential breach of covenants which could eventually cause an event of default, permitting the creditors to accelerate the relevant financing, (iii) their ability to make distributions, leaving little or no cash flows available for distribution to the Group, and even (iv) their capacity to service their payment obligations when due, requiring in such case additional funding sources (including any kind of external resources as debt financing and equity contributions from shareholders).

In 2019, SNC-Lavalin announced the sale of the 10.01 per cent. stake of the 407 ETR to Canada Pension Plan Investment Board (“**CPPIB**”) after a favourable court judgement. In May 2019, CPPIB, which already owned a 40.2 per cent. stake in the 407 ETR, exercised its right of first refusal. Cintra filed an appeal against such judgement and the appeal judgement is expected to be issued in 2020. If as a consequence of such appeal judgment, Ferrovial would end up buying such stake (for a price which is estimated to be of approximately C\$1.6 billion) and the effects of the COVID-19 pandemic continue to deteriorate Ferrovial’s liquidity, the disbursement of the price for the acquisition of such stake could have a material adverse effect on its liquidity position.

As of 31 March 2020, Ferrovial reported a consolidated net loss (attributed) of €111 million, mainly due to (i) a negative contribution from the Airports Business Division, which is equity-accounted; (ii) a provision related to the implementation of its cost reduction program (the “**Horizon 24 Strategic Plan**”); (iii) the negative result registered on discontinued operations; and (iv) the limited effects caused by the COVID-19 pandemic during such period, to the extent that the disruptions caused by it impacted on Ferrovial’s operations mainly during the second half of March.

However, the COVID-19 outbreak is likely to continue to adversely affect the global economy and the markets in which Ferrovial operates and could result in a significant negative impact on the Group’s business, financial condition, results of operations and prospects. The effects of the COVID-19 outbreak are highly uncertain, including the duration of the outbreak, new information that may emerge concerning the severity of the infection, the scope, duration and economic impact of actions taken to contain the spread of the virus or treat its impact, and the impact of each of these items on macroeconomic conditions and financial markets globally including changes of patterns and behaviours.

Any of these factors could have a material adverse effect on Ferrovial’s business, financial condition, results of operations and prospects.

#### ***The UK's departure from the EU could adversely affect Ferrovial.***

The UK held a referendum on 23 June 2016 in which a majority voted to exit the EU (“**Brexit**”) and the UK formally left the EU on 31 January 2020. Following such exit, the UK has entered into a transition period ending on 31 December 2020 (if not extended), for the purpose of negotiating its future relationship with the EU. During the transition period, for most practical intents and purposes, the UK is subject to EU rules.

Under the withdrawal agreement, which sets out the basic terms of the UK’s departure, the UK and EU may agree before 1 July 2020 to extend the transition period for one or two years but the House of Common voted on 20 December 2019 against any further extension. In the event that no agreement is reached between the UK and EU in negotiations, nor any extension to the transition period is agreed, a no-deal exit will occur on 31 December 2020.

Brexit has also given rise to calls for certain regions within the UK to preserve their place in the EU by separating from the UK, as well as the potential for other EU Member States to consider withdrawal.

The continuing uncertainty surrounding the outcome of the UK’s exit from the EU had an effect on the UK economy throughout 2019. The economy started to contract in 2019, with manufacturing in particular struggling. Furthermore, the results of the referendum and Brexit have had a significant impact on the exchange rate between the pound sterling and other currencies, including the euro. Any of these effects of Brexit, and any other unforeseen consequences thereof, could adversely affect Ferrovial’s business, financial condition and results of operations.

The outcome of the UK’s exit from the EU remains unclear; however, an end to the transition period with no deal agreed continues to remain a possibility and the consensus view is that this would have a negative impact on the UK economy, affecting its growth prospects, based on scenarios put forward by such institutions as the

Bank of England, the HM Government and other economic forecasters. While the longer-term effects of the UK's departure from the EU are difficult to predict, there is short term political and economic uncertainty. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate.

The current uncertainty regarding the outcome of this negotiation is generating short and medium-term economic instability in the UK and in the rest of the EU. Brexit could affect the profitability and value-creation capability of Ferrovial's assets.

In the case of Heathrow airport, the main asset in which Ferrovial holds a shareholding stake in the UK, this uncertainty could impact the progress of the project for the airport's expansion. In addition, any stagnation or slowdown of the British economy could affect the overall activity of the airports, impacting on the companies through which Ferrovial currently participates in the airport industry (HAH and AGS, as defined below). For further information regarding the potential impact of Brexit on Ferrovial, see Note 5.4 h) of 2019 Consolidated Annual Financial Statements.

For the year ended 31 December 2019, 6.5 per cent. of Ferrovial's revenues (5.9 per cent. for the year ended 31 December 2018), were generated by its assets and businesses located in the UK.

***Decreases in the funds allocated to public sector projects may harm Ferrovial's business, financial condition and results of operations.***

Current economic conditions (which are being deteriorated as a result of the COVID-19 pandemic) that have followed the global financial crisis which begun in 2008 have led to a sharp reduction in projects for the public sector. To a large extent, Ferrovial's business depends on its relations with the public administrations of the countries in which it operates.

The policies of fiscal consolidation being carried out in some of the countries where Ferrovial operates such as Spain and the UK is weakening the financial capacity of the public authorities that are Ferrovial's clients, which may adversely impact in operations and margins and contracting volumes of certain projects. Such conditions would harm mainly the Toll Roads Business Division, Ferrovial's construction business division (the "**Construction Business Division**") and the value of the Services Business Division to the extent their main clients are public administrations, affecting therefore the Group's financial condition and results of operations.

Regarding the Construction Business Division and the Services Business Division, tenders for public sector construction and services projects depend mainly on two factors: the budgetary policies of the relevant government and the economic conditions existing at the time. In Spain, several projects of the Construction Business Division have been suspended or delayed due to the decrease in investments from the public sector. In relation to the Services Business Division, although political instability has slightly decreased, public authorities are facing difficulties to amend budgetary policies and regulations and reach agreements, which has led to delays in tender processes for public services projects. Several tender processes amounting to €5 billion of tenders submitted were still pending to be awarded as of 31 December 2019 (which represents 64.6 per cent. of total tenders submitted by the Services Business Division in Spain in 2019). The total volume of awards related to tender processes decreased by 17 per cent. in 2019. In the UK, the Services Business Division is highly dependent on the public sector. The British government committed to increase public investment and expenditure in order to mitigate the impact of Brexit. However, if such increase in the public investment and expenditure in the UK would not take place, it would affect the Group's financial condition and results of operations.

Another example would be Ferrovial Agroman, S.A. ("**Ferrovial Agroman**"), the head company of the Construction Business Division. According to its order book (defined as the part of the contracts signed pending execution), as of 31 December 2019, clients from the public sector accounted for 55 per cent. of the total order book which amounted to €6.8 billion.

The toll road industry depends mainly on the continued availability of attractive levels of government subsidies and incentives to attract private investments. Such subsidies can be granted for the construction and/or operation of toll roads.

Among other public investment programmes, Ferrovial benefits indirectly from funds granted by the EU to public entities, particularly relevant in Poland, where 30.1 per cent. of Ferrovial's revenues were generated for the year ended 31 December 2019 and the main clients of the Construction Business Division are public entities. Ferrovial also has benefited in the past and currently benefits from the TIFIA (Transportation Infrastructure Finance and Innovation Act) credit assistance granted by the US Department of Transport to support the Managed lanes projects (as explained in "*Description of Ferrovial—Ferrovial's Business—Continued Operations—Toll roads Business Division—Activities—United States*"). Ferrovial's projects in the US have been granted over €3.8 billion through different financial instruments under the TIFIA credit assistance.

If due to political, economic or other considerations, these funds may no longer be available or are delays in funds being received, such a cancellation or delay in receipt of funds may have a material adverse effect on Ferrovial's business, financial condition and results of operations.

In addition, decreases in the funds allocated to public sector projects may force private sector construction companies to halt projects that are already underway due to a lack of funds and may impact the renewal and/or scope of service contracts performed by the Services Business Division.

For these reasons, a further decrease in the spending on development and execution of public sector projects by governments and local authorities in the markets in which Ferrovial already operates or in those in which could operate would adversely affect Ferrovial's business, financial condition and results of operations.

***Ferrovial operates in highly competitive industries and its failure to accurately estimate risks, the availability and cost of resources and time when bidding on projects could adversely affect its profitability.***

Ferrovial, in its ordinary course of business, competes against various groups and companies that may have more experience, resources or local awareness than Ferrovial does.

Furthermore, the economic slowdown in Europe and the financial difficulties facing emerging countries are negatively affecting public and private clients' investment capacity and, by extension, business opportunities in those parts of the world. This lack of investment opportunities has pushed capital flows towards markets with greater availability of resources in which Ferrovial operates, increasing the competitive tension and the consequent pressure on prices and margins in projects in which transfer of risk is not balanced.

In recent years, the construction sector has been experiencing, at international level, low profitability margins due to excessively aggressive commercial strategies, imbalances in transfer of risk with customers and cost inflation. In 2019, such strong competitiveness affected the profitability of Ferrovial Agroman, which registered losses, mainly due to a €345 million provision made in the first quarter of 2019 to cover potential losses in some projects in the US as a result of the increase in prices in subcontracting and raw materials, as well as the extension of the approval periods in the design phase.

In addition, the increase in infrastructure-focused investment funds in a low interest rate environment and these funds' readiness to take on more segments of the value chain of projects is increasing competition in Ferrovial's target markets.

If Ferrovial is unable to obtain contracts for new projects in order to sustain an order book in line with the current one, or if these projects are only awarded under less favourable terms, Ferrovial's business, financial condition and results of operations may be adversely affected.

The identification of key risks that are inherent to large-scale construction projects, such as shortages, and increased costs, of materials, machinery and labour, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts are an inherent part of Ferrovial's business. Factors such as the availability and cost of materials, equipment and labour, wage inflation, unexpected project modifications, local weather conditions or other natural disasters, unanticipated technical or geological problems including issues with regard to design or engineering of projects, changes in local laws or delays in regulatory approvals and the cost of capital maintenance or replacement of assets are highly variable and difficult to predict. If any of Ferrovial's contractors and sub-contractors fails to meet agreed deadlines and budgets, or if there are any interruptions arising from adverse weather conditions, accidents or unexpected technical or environmental

difficulties, there may be resulting delays and excess construction costs. However, in the context of these projects, Ferrovial should estimate all of these circumstances when binding for such project.

Ferrovial, particularly under fixed fee contracts, realises a profit only if it can successfully estimate its costs and prevent cost overruns on contracts. Cost overruns can result in lower profits or operating losses on projects, as the above-mentioned losses in respect of projects in the US, which may have an adverse effect on Ferrovial's business, financial condition and results of operations.

Ferrovial's estimates and predictions can be particularly difficult to make, particularly in a highly competitive environment, and may turn out to be inaccurate. If Ferrovial fails to identify key risks or effectively estimate costs for projects where it is exposed to the risk of cost overruns, this may have an adverse effect on its business, financial condition and results of operations.

***Ferrovial's joint venture and partnership operations could be adversely affected by its reliance on its partners' financial condition, performance and decisions.***

A relevant number of Ferrovial's operations are conducted through joint ventures and partnerships, including holding minority stakes in companies which operates the main Ferrovial's infrastructure assets as the Heathrow airport and the 407 ETR toll road. For further information in respect of Ferrovial associates, i.e. those companies accounted for using the equity method, see Appendix II of 2019 Consolidated Annual Financial Statements.

Investment partners have economic or other interests that may be not aligned with Ferrovial's interests and are in a position to take or influence actions contrary to the Ferrovial's interests and plans, which may create impasses on decisions and affect the Ferrovial's ability to implement its strategies and/or dispose of the concession or entity.

In the cases where Ferrovial doesn't have a controlling stake, payment of dividends to the Group may be blocked by Ferrovial's partners. In addition, as a result of these differences between the partners, disputes may develop, resulting in Ferrovial incurring litigation or arbitration costs and distracting Ferrovial's management from its other tasks. Any of these factors may adversely impact Ferrovial's business, financial condition and results of operations.

Such is the case of two of the Ferrovial's main assets, the Group holds a 25 per cent. ownership interest in Heathrow Airport Holdings ("HAH", formerly BAA Limited), the company that owns Heathrow airport in London (UK) and a 43.23 per cent. ownership interest in 407 ETR, the concession operator of the 407 ETR.

For the year ended 31 December 2019, Ferrovial's total dividends received from its infrastructure assets amounted to €729 million, of which €199 million were received from consolidated entities (27% of such total dividends) and €529 million from joint venture and partnership operations (73% of such total dividends). In turn, €454 million of such €729 million (62% of such total dividends) corresponded to the dividends received from HAH (€145 million) and 407 ETR (€309 million).

In addition, the success of Ferrovial's joint ventures and partnerships depends on the satisfactory performance by its partners of their obligations. If Ferrovial's partners fail to satisfactorily perform their obligations as a result of financial or other difficulties, the joint venture or partnership may be unable to adequately perform contracted services. Under these circumstances, Ferrovial may be required to make additional investments to ensure the adequate performance of the contracted services.

Furthermore, mainly in connection with the Construction Business Division, Ferrovial could be jointly and severally liable for both its obligations and those of its partners. In addition, in the normal course of business, Ferrovial undertakes to provide guarantees and indemnities in respect of the performance of the contractual obligations of its joint venture entities and partnerships. These guarantees and obligations give rise to a liability to the extent the respective entity fails to perform its contractual obligations. A partner may also fail to comply with applicable laws, rules, or regulations.

Any of the above factors could have a material adverse effect on the Ferrovial's business, financial condition, results of operations and prospects.

***Ferrovial's insurance cover may not be adequate or sufficient.***

In carrying on its activities, which are mainly related to high-value infrastructure assets such as toll roads and airports, Ferrovial is subject to possible contingent liabilities arising from the performance of the various contracts that constitute the activity of its business divisions. In particular, Ferrovial has insurance cover in relation to property damage and business interruption caused by direct material damage, general liability, employers' liability, directors' and officers' liability, environmental liability and employer practice liability (only in the US).

Accidents may occur at the Group's infrastructure projects which may severely disrupt the operations and damage the reputation of the Group. In particular, the Group's toll roads and other infrastructure assets as the airports may suffer damages as a consequence of disruptions caused by natural disasters (as for example occurred in certain toll roads in Chile back in 2010 following an earthquake), epidemics or pandemics (as the effects of the COVID-19), extreme weather, wars, riots or political action or acts of terrorism or cybersecurity attacks resulting in losses (including loss of revenue) which may not be compensated for by insurance, either fully or at all. In addition, certain types of losses (generally of a catastrophic nature, such as wars, acts of terrorism, earthquakes and floods), may be uninsurable or are not economically insurable.

For example, the impact on Ferrovial's revenues of the authorities' measures to mitigate the effects of COVID-19 is not covered under current insurance policies, as the trigger of such insurance (physical damage to assets) is not an effect of the COVID-19 pandemic.

In addition, Ferrovial may also be unable to recover losses, in part or at all, in the event of the insolvency of its insurers. Moreover, there can be no assurance that if the Group's current insurance cover is cancelled or not renewed replacement cover will be available on commercially reasonable terms or at all.

Any material uninsured losses may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The level of Ferrovial's contributions to pension schemes in the UK may vary.***

Ferrovial's British subsidiaries have defined benefit pension schemes for their employees amounting to £5.5 billion. Contribution to such benefit pension schemes are made annually and revisions are carried out every three years. The funding position of Ferrovial's pension schemes in the UK may vary from time to time (including due to fluctuations in investment fair values, inflation, interests rates, credit ratings or changes to actuarial assumptions), thereby affecting the level of Ferrovial's pension costs. Increased pension costs would have a material adverse effect on its business, financial condition and results of operations.

***Risks of accidents and infections.***

Accidents may occur at Ferrovial's projects, which may severely disrupt the operations of Ferrovial and cause harm to Ferrovial's employees.

In 2019, Ferrovial established a strategy to align the health and safety management systems of each business area and function, making sure the necessary resources and tools were available to deliver safer operations. However, despite a positive progress, the number of fatalities has not followed the downward trend.

Ferrovial's projects and facilities, such as the toll roads, the airports and the constructions projects, may be exposed to incidents and accidents such as fires, explosions, toxic product leaks and environmental incidents with a large potential impact. In addition, their respective employees may be exposed also to accidents from for example falls from height, people being hit by vehicles and machinery, overturning of heavy plants and contact with electricity. Any of such accidents may cause death and injury to employees, contractors, residents in surrounding areas, as well as damage to the assets and property owned by Ferrovial and third parties as well as damage to the environment. Therefore, Ferrovial is exposed to impacts from any type of damage or temporary interruption of service associated with accidents in operations or involving land and air transport vehicles for people, substances, goods and equipment.

If an accident occurs in a Ferrovial's facility or project, in addition to the internal investigation which should be carried out in accordance with the internal policies and protocols, a legal proceeding could be initiated by the relevant authorities to identify the causes of the accident and any civil or criminal liability. Such legal

proceeding could result in the relevant facility or project being closed whilst the investigation is conducted, disrupting during the time of such closure Ferrovia's operations.

If any of Ferrovia's employees are identified as a possible source of spreading COVID-19 or similar epidemic, Ferrovia may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees. Ferrovia may also be required to disinfect its affected premises, which could cause a temporary suspension of the Ferrovia's projects, thus adversely affecting its operations and leading to delays in the completion of project.

Any accidents, infections and any consequential claims for damages (including any reputational damages) in respect of any of the above events could therefore have a material adverse effect on the business, financial condition and results of operations of Ferrovia.

## **Financial risks relating to Ferrovia**

***Ferrovia's business, financial condition and results of operations may be adversely affected if it does not effectively manage its exposure to foreign exchange rate risks.***

For the year ended 31 December 2019, 75.8 per cent. of Ferrovia's revenues (76.9 per cent. for the year ended 31 December 2018) were in currencies other than the euro, such as the US dollar, the Canadian dollar, the Polish zloty and the sterling pound. Foreign exchange rate risk arises primarily from: (i) Ferrovia's international presence, through its investments and businesses, in countries that use currencies other than the euro; (ii) debt denominated in currencies other than that of the country where the business is conducted or the home country of the company incurring such debt; and (iii) trade receivables or payables in a foreign currency to the currency of the company with which the transaction was registered.

Ferrovia's foreign exchange rate risk is due to the imbalance of the currencies in which it generates cash (mainly in the currencies mentioned above) and its debt and equity payment obligations.

Although Ferrovia enters into foreign exchange derivatives to cover its significant future expected operations and cash flows, any current or future hedging contracts or foreign exchange derivatives entered into by Ferrovia may not adequately protect its operating results from the effects of exchange rate fluctuations which could have a material adverse effect on Ferrovia's business, financial condition and results of operations.

***Ferrovia's business, financial condition and results of operations may be adversely affected by its ability to effectively manage the exposure of its projects' liquidity risk.***

Ferrovia's infrastructure assets must be able to secure significant levels of financing to be able to carry out its operations. Certain of the industries in which Ferrovia operates, such as airports and toll roads, require a high level of financing. The development and operation of infrastructure concession assets is a capital-intensive business.

For example, in 2019, a subsidiary of Cintra Infrastructures SE ("**Cintra**") was part of a consortium that was awarded and closed the financing of the Silvertown project in London, a greenfield project with an investment of over £1.2 billion, which required over £1.1 billion of debt.

Ferrovia's ability to secure financing depends on several factors, many of which are beyond its control, including general economic conditions, adverse effects in the debt or capital markets, the availability of funds from financial institutions and monetary policy in the markets in which it operates. If Ferrovia is unable to secure additional financing on favourable terms, or at all, its growth opportunities would be limited and its business, financial condition and results of operations may be materially adversely affected.

In addition, Ferrovia may seek to refinance the existing debt of its infrastructure assets and can give no assurance as to the availability of financing or its availability on acceptable terms. This interest rate fluctuation risk is particularly important in the financing of infrastructure projects, which are heavily leveraged in their early stages and the performance of which depends on possible changes in the interest rate.

***The Parent's ability to pay amounts due under the Guarantee will depend on dividends and other payments received from subsidiaries.***

The Parent's results of operations and financial condition are substantially dependent on the trading performance of members of the Group, which are being adversely affected by the effects of the COVID-19 pandemic. The Parent's ability to pay amounts due under the relevant indebtedness, including the Guarantee (as defined in Section 2 (*Overview of the Notes*)), will depend upon the level of distributions, interest payments and loan repayments, if any, received from the Parent's operating subsidiaries and associated undertakings, any amounts received on asset disposals and the level of cash balances.

As of 31 December 2019, 93 per cent. of the individual net revenues generated by the Parent, which amounted to €812 million, was related to dividends received by the Parent from its subsidiaries (94 per cent. as of 31 December 2018).

Certain of the Parent's operating subsidiaries and associated undertakings are and may, from time to time, be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with the other shareholders of such subsidiaries or associated undertakings.

The development and operation of infrastructure concession assets is a capital-intensive business. The financing structure for a concession is selected based on cash flow projections that Ferrovial models for that concession. A new project is typically financed through a project finance structure, which involves the creation of a legally independent project company financed with debt on a non-recourse basis and with equity contributed by Ferrovial and, in some cases, other investors. As a result of the high rate of leverage, during the initial years of a concession, the costs of financing consume most of a concession's available cash flows, leaving little or no cash flows available for distribution to the Group. In addition, since cash flows constitute the main security for the repayment of project borrowings, credit agreements usually limit the use of funds by shareholders until certain conditions have been met, which is assessed each year. As a result, it is unlikely that cash generated from newer concessions will be available to meet the cash needs of other Group companies, including repayment of amounts due under the Notes. Furthermore, it is possible that Ferrovial's cash flow projections for a concession will not be met which could decrease the resources available to other Group companies to meet their financial obligations, including those under the Notes. Such a decrease may have a material adverse effect on the business, financial condition and results of operations of Ferrovial.

## **Legal and Regulatory risks relating to Ferrovial**

***Ferrovial operates in highly regulated environments which are subject to changes in regulations and its business, financial condition and results of operations are subject to risks related to contracts with government authorities and may be adversely affected if it fails to obtain or renew, or if there are any material delays in obtaining, requisite government approvals for its projects.***

Ferrovial must comply with both specific airport, toll road, waste management and treatment, public procurement and construction sector regulations, as well as general regulations in the various jurisdictions where it operates. The rise of protectionist policies in some areas where Ferrovial operates and political instability in others may lead to regulatory changes that adversely impact management of assets and expose the company to new risks. As in all highly regulated sectors, any regulatory changes in these sectors could adversely affect the business, financial condition and results of operations of Ferrovial.

In the countries where Ferrovial operates, there are local, regional, national and EU bodies which regulate its activities and establish applicable environmental regulations. These laws may impose strict liability in the event of damage to natural resources, pollution over established limits or threats to public safety and health. Strict liability may mean that Ferrovial could be held jointly and severally liable with other parties for environmental damage regardless of whether it has acted negligently, or that it owes fines whether or not effective or potential damage exists or is proven. Significant liability could be imposed on Ferrovial for damages, clean-up costs or penalties in the event of certain discharges into the environment and/or environmental contamination and damage.

In addition, Ferrovial's concessions are granted by government authorities and are subject to special risks, including the risk that the sovereign government will take action contrary to the Group's interests or rights under the concession agreement, for example by unilaterally terminating, amending or expropriating the concessions in the public interest or imposing additional restrictions on the tariff rates.

In August 2019, the Denver City and County notified the concession company, participated by a subsidiary of Ferrovial Airports, the exercise of its right to terminate for convenience the development agreement for the refurbishment, operation and management of the Jeppesen terminal at Denver International Airport and such termination became effective in November 2019. For further information, see "*Description of Ferrovial—Ferrovial's Business—Airports Business Division—Summary*". In 2015, the Government of Catalonia amended the concession operator's payment regime through the enactment of Decrees 161/2015 and 337/2016, with a direct impact in Ferrovial's toll road Autema. For further information, see "*Description of Ferrovial—Legal Proceedings—Toll roads legal proceedings—Autopista Terrasa Manresa (Autema)*".

In case any such actions are taken, there is no certainty that an adequate compensation for any losses arising from such risks is recognised by the relevant government and this could have a material adverse effect on the business, financial condition and results of operations of Ferrovial.

In order to bid, develop and complete a construction project, the developer may need to obtain permits, licences, certificates and other approvals from the relevant administrative authorities. There is no assurance that Ferrovial will be able to obtain or maintain such governmental approvals or fulfil the conditions required for obtaining the approvals or adapt to new laws, regulations or policies that may come into effect from time to time, without undue delay or at all. The obtention of environmental permits and the acquisition of the relevant rights of way are key elements in the construction phase of many toll road and transmission line projects in which Ferrovial is or may be involved in the future.

The same occurs with the land rights Ferrovial needs to obtain in order to build or extend the toll roads or develop the infrastructure assets for the concessions in which Ferrovial has an interest. Obtainment of such land rights often relies on governmental authority to expropriate the land on which the relevant infrastructure asset is to be constructed.

The entry into force of new regulations and the imposition of new or more stringent requirements as part of permits or authorisations or a stricter application of existing regulations, may increase Ferrovial's costs or impose new responsibilities, leading to lower earnings and liquidity available for its activities and the business, financial condition and results of operations of Ferrovial may be materially adversely affected.

### ***Ferrovial is subject to litigation risks.***

Ferrovial is, and may in the future be, a party to judicial, arbitration and regulatory proceedings which arise in the ordinary course of business. Ferrovial's strategy is focused on technically complex projects with long periods of maturation and whose development may involve many risks that are difficult to foresee, which may lead to non-compliance of agreed quality levels and/or committed deadlines. These may give rise to disputes with clients or counterparties. In addition, the budgetary constraints faced by some of the Ferrovial's public clients are increasing exposure to the risk of contractual disputes on construction and maintenance projects, which can negatively impact the return on investment.

A number of types of claims may arise, including claims relating to compulsory land purchases required for toll road construction, claims relating to defects in construction projects performed or services rendered, claims for third party liability in connection with the use of Ferrovial's assets or the actions of Ferrovial employees, employment-related claims, environmental claims and tax claims. As of 31 December 2019, Ferrovial's provisions to cover possible risks resulting from lawsuits, litigation and tax claims in progress amounted to €378 million (€323 million as of 31 December 2018) (excluding provisions to cover possible risk resulting from tax claims related to the Business Services Division as of 31 December 2019, which amounted to €33 million (€33 million as of 31 December 2018)). For a summary of certain legal proceedings relating to Ferrovial, see Section 5 (*Description of Ferrovial – Legal Proceedings*). An unfavourable outcome (including an out-of-court settlement) in one or more of such proceedings beyond Ferrovial's total litigation provisions could have a material adverse effect on Ferrovial's business, financial condition and results of operations.

## **Risks relating to the Toll Roads Business Division**

***Reduced vehicle use on the toll roads operated by Ferrovial's toll road concession companies could adversely affect the Group's business, financial condition and results of operations.***

For the year ended 31 December 2019, the Group's revenues from the Toll Roads Business Division were approximately €617 million, representing 10.2 per cent. of the Group's total revenues. The Group (excluding its consolidated toll road concession companies (the "**Concession Companies**")) received €327 million in dividends from its toll road concession companies.

If Ferrovial's Concession Companies are unable to maintain an adequate level of vehicle traffic on their toll roads, the Group's toll receipts and profitability will suffer. The tolls collected by the Concession Companies on their toll roads depend on the number of vehicles using such toll roads, their capacity to absorb traffic and their tariffs. In turn, traffic volumes and toll receipts depend on a number of factors, including the quality, convenience and travel time on toll-free roads or toll roads that are not part of the Group's portfolio, the quality and state of repair of the toll roads, the economic climate and fuel prices, environmental legislation (including measures to restrict motor vehicle use) and the viability and existence of alternative means of transportation, such as air and rail transport, buses and urban mass transportation. In addition, traffic volumes and toll receipts may be affected by the occurrence of natural disasters and other exceptional events such as earthquakes and forest fires and meteorological conditions in the countries in which the Concession Companies operate (particularly in Canada). The COVID-19 pandemic, which is ongoing as of the date of this Prospectus, is having and is expected to still have an adverse impact in this respect due to the travel restrictions and the institution of social distancing measures in the countries in which the Concession Companies operate.

The revenues generated by, and dividends distributed from, Ferrovial's toll road business is dependent in part on its tariff rates and the tariff structure is usually established under each individual concession agreement. In certain cases, the Concession Companies have limited or no ability to independently raise tariffs beyond the rate of inflation.

In addition, competition from alternative transport routes could affect the volume of traffic on the toll roads operated by the Concession Companies. In certain cases, the creation of new roads which create an alternative transport route to a toll road may give the concession company the right to require that the economic balance of their concessions be restored and request compensation. However, an increase in the number and convenience of alternative routes could reduce traffic on the toll roads they operate to a greater degree than that for which they receive compensation, if any.

If the Concession Companies are unable to maintain an adequate level of traffic or traffic rates, the business, financial condition and results of operations of the Group may be adversely affected.

## **Risks relating to the Airports Business Division**

***Aeronautical and non-aeronautical income could decline as a result of a reduction in flights, passengers or other factors outside Ferrovial's control.***

HAH and AGS Airports Holdings Limited ("**AGS**" and, together with HAH, the "**Airport Companies**"), the companies through which Ferrovial currently participates in the airport industry, generate (i) aeronautical income from airport fees and traffic charges through the operation of Heathrow airport (in the case of HAH) and Glasgow, Aberdeen and Southampton airports (in the case of AGS), (together, the "**Airports**"), and (ii) non-aeronautical income from retail concession fees, car parking income, property rental income, rail income and income from the provision of operational facilities and utilities.

Given that the Airports are located in the UK, Brexit may have a material adverse effect on their business, financial condition and results of operations, affecting negatively to Ferrovial's financial condition. For further information in respect of the relevant impacts that Brexit may have on Ferrovial's business, financial conditions and results of operations, see risk "*The UK's departure from the EU could adversely affect Ferrovial*" above.

Ferrovial owns 25 per cent. of HAH and 50 per cent. of AGS, so according to International Financial Reporting Standards as adopted by the EU ("**IFRS - EU**"), both companies are equity accounted (HAH since

2011 and AGS since its acquisition). In 2019, the dividends distributed to Ferrovial from HAH amounted to €145 million and from AGS amounted to €17 million.

These charges are principally levied on the basis of passenger numbers, maximum total aircraft weight, aircraft noise and emission characteristics and the length of time for which an aircraft is parked at the airport. At Heathrow airport only these charges are regulated and also linked to the rate of inflation, which is liable to change. There are no specific operating contracts with the airlines operating at Heathrow airport. Decisions by, legal disputes with, financial difficulties at, or the failure of, a significant airline customer, or the withdrawal of its landing rights, could lead to a reduction in flights and passenger numbers and/or failure or delay in recovering airport fees or landing charges. The effect of decisions by or events at airlines that have a major presence at Heathrow airport (such as British Airways, which in 2019 accounted for approximately 42 per cent. of the airport's aeronautical income) could have a material adverse effect on the Airports Business Division.

The number of passengers using the Airports may be affected by a number of other factors, including:

- health scares, epidemics or pandemics across the globe, such as the COVID-19 pandemic which is ongoing as of the date of this Prospectus and is having and expected to still having an adverse impact in this respect due to the travel restrictions and the institution of social distancing measures in the countries in which the Airports are based;
- shocks to the macroeconomic environment (including changes in fuel prices and currency exchange rates) whether affecting the global economy, the UK economy, the Greater London economy or the Scottish economy in which the Airports are based;
- route operators facing financial difficulties or becoming insolvent, such as the collapse of Thomas Cook in September 2019 and of Flybe in March 2020;
- an increase or decrease in competition from UK and non-UK airports;
- disruptions caused by natural disasters, events as epidemics or pandemics, extreme weather, wars, riots or political action or acts of terrorism or cybersecurity threats and attacks;
- an increase in airfares due to increased airline costs;
- decisions by airlines regarding the number, type and capacity of aircraft (including the mix of premium and economy seats), as well as the routes utilised (for instance, the decision by Ryanair in 2018 to suspend the operation of routes to and from Glasgow airport);
- additional security measures;
- changes in domestic or international regulation, for instance international trade liberalisation developments such as Open Skies or government intervention, such as the powers vested in the UK Secretary of State for Transport under the Airports Act 2006 to give directions to airport operators in the interests of national security, including orders requiring the closure of airports; and
- the development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology and the increased use of communications technology.

There can be no guarantee that the Airports' contingency plans would be effective to anticipate the effects of the factors noted above. Any of these factors could negatively impact the Airports' reputation, day-to-day operations and result in a decrease in the number of passengers using the Airports which could in turn have a material adverse effect on Ferrovial's business, financial condition and results of operations.

Retail concession fees are also driven by passenger numbers and propensity of passengers to spend in the shops at the Airports. Levels of retail income at the Airports may also be affected by changes in the mix of long- and short-haul and transfer and origin and destination passengers; economic factors; retail tenant failures; lower retail yields on lease re-negotiations; redevelopments or reconfigurations of retail facilities at the Airports, which can lead to a temporary or permanent decline in retail concession fees; reduced competitiveness of the airport

retail offering; stricter hand luggage and other carry-on restrictions; and reduced shopping time as a result of more rigorous and time consuming security procedures.

Car parking income could be reduced as a result of increased competition from other modes of transport to the Airports, such as buses and trains (for example following the expected commencement of services on the Elizabeth line (formerly known as Crossrail) in 2021 connecting Heathrow airport to central London), as well as increased competition from off-site car parks. Other non-aeronautical income could be reduced as a result of a decrease in demand from airport users, such as car rental operators and airlines leasing check-in counters. Any of these factors could have a material adverse effect on Ferrovial's business, financial condition and results of operations.

***The successful implementation of the capital investment programme of each of the Airport Companies could be affected by unanticipated construction and planning issues.***

The capital investment programme of each of the Airport Companies includes major construction projects and is subject to a number of risks. For example, if HAH is not able to achieve a consensus amongst its airline customers in support of capital investment projects, this could affect the willingness of the Civil Aviation Authority ("CAA") to include the costs of such projects in the Regulatory Asset Base ("RAB"). Difficulties in obtaining any requisite permits, consents, including environmental consents, licences, planning permissions, compulsory purchase orders or easements could adversely affect the design or increase the cost of the capital expenditure projects or delay or prevent the completion of a project or the commencement of its commercial operation.

Although contractors typically share in cost and schedule risks, HAH may face higher-than-expected construction costs and delays, not all of which may be permitted by the CAA to be included in Heathrow airport's RAB, and possible shortages of equipment, materials and labour due to the number of major construction projects in the London area. The commencement of commercial operation of a newly constructed facility may also give rise to start-up problems, such as the breakdown or failure of equipment or processes, or lack of readiness of airline operators, closure of facilities and disruptions of operations. The construction contracts of the Airport Companies may contain restricted remedies or limitations on liability such that any such sums claimed or amounts paid may be insufficient to cover the financial impact of breach of contract. The ability of contractors to meet their financial or other liabilities cannot be assured.

The failure of the Airport Companies to recognise, plan for and manage the extent of the impact of construction projects could result in projects overrunning budgets, operational disruptions, capital expenditure trigger rebates to airlines, unsatisfactory facilities, safety and security performance deficiencies, and higher-than-expected operating costs.

Any of these could affect the Airports' day-to-day operations and impact their reputation and, consequently, have a material adverse effect on Ferrovial's business, financial condition and results of operations.

Following the judicial review relating to the UK government's decision to back Heathrow's expansion under the Airports National Policy Statement ("ANPS"), on 27 February 2020, the Court of Appeal concluded that the Paris climate agreement under the United Nations Framework Convention on Climate Change (the "**Paris Climate Agreement**") was not considered adequately when the UK's government prepared the ANPS. The Paris Climate Agreement seeks to strengthen the global response to the threat of climate change.

The ANPS is now suspended whilst the government undertakes a review, specifically to address the climate change ground. Heathrow anticipates the judgement should be revisited during 2020. Whilst the ANPS is suspended, Heathrow is unable to submit a Develop Consent Order (DCO) application as there is no enabling policy in place.

Heathrow records assets reflecting the capacity increase in the amount of £450 million for a 100 per cent. ownership interest. If this expansion would not finally be approved, this asset should be written off and an impairment loss recognised, despite the fact that it would be included in the RAB and could be recovered by applying higher tariffs. In this case, the net result impact for Ferrovial could be close to €102 million, once considered Ferrovial's ownership interest in HAH and the impairment loss tax impact. As of 31 December 2019,

Ferrovial considered that the probability conditions established in International Accounting Standard 16 were met and did not register any accounting impact in the 2019 Consolidated Annual Financial Statements. This will be revisited in 2020 based on the evolution of the expansion process.

If Heathrow's expansion would not be approved, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***Heathrow is subject to economic regulation by the Civil Aviation Authority, which is subject to adverse change.***

HAH's operations at Heathrow are subject to regulatory review that results in, among other things, the setting of the price caps on certain of Heathrow's charges by the CAA. This regulatory review generally takes place every five years. There can be no assurance that the current or future price caps set by the CAA will be sufficient to allow Heathrow to operate at a profit; nor that the present price caps will be increased or at least maintained at current levels; nor that the methodology of the review process at subsequent reviews would not have a material adverse effect on the income of HAH. The CAA has established performance-linked requirements which can negatively impact aeronautical income. For instance, the CAA can reduce the permitted yield in respect of airport charges at Heathrow if prescribed milestones are not met on certain capital investment projects. Under the service quality rebate schemes at Heathrow for the current regulatory period, failure to meet specified targets relating to, among other things, airport cleanliness, security queuing times, flight information displays and stand and jetty availability can result in rebates to airline customers of up to 7 per cent. of airport charges. Any of these factors could have a material adverse effect on Ferrovial's business, financial condition and results of operations.

**Risks Relating to the Services Business Division**

***The divestment of the Services Business Division is subject to risks inherent to the divestment of businesses***

As mentioned above and further explained in Section 5 (*Description of Ferrovial*), the operations of the Services Business Division have been classified as discontinued operations as of 31 December 2018, following Ferrovial's commitment to divest such division. As a result, the risks described in this section and applicable to the Services Business Division, should be read in the context of discontinued operations. For the year ended 31 December 2019, the Group's revenues from the Services Business Division were €7.0 billion.

As part of the ongoing process of divesting, in December 2019, Ferrovial reached an agreement for the sale of Broadspectrum Limited ("**Broadspectrum**") (services business subsidiary in Australia and New Zealand) to an equity controlled by Ventia Services Group Pty Limited for a total of AUD485.5 million (€303 million) subject to certain adjustments. Certain international businesses are being transferred to the rest of Ferrovial from Broadspectrum, with an estimated cash outflow for Ferrovial of €60 million. The completion of the transaction is subject to usual conditions precedent in this kind of operations, including obtaining the regulatory and antitrust authorisations and it is expected to be closed in 2020.

Such divestment (and any others which occur in the future) is subject to a number of risks, for example:

- Ferrovial may incur substantial costs, delays or other operational or financial problems;
- divestments may divert management's attention from the operation of Ferrovial's existing businesses;
- Ferrovial's credit rating may be negatively affected;
- Ferrovial may encounter legal liabilities;
- Ferrovial may obtain a sale price lower than the fair market value, which would result in a loss;
- Ferrovial's rationale may be based on incorrect assumptions or conclusions and it may not realise the anticipated benefits; and
- Ferrovial may be subject to counterparty risk with respect to the payment of divested businesses.

Any of these factors could have a material adverse effect on Ferrovial's business, financial condition and results of operations.

## **Risks related to the Notes**

### ***The Guarantee will be subject to certain limitations on enforcement and may be limited or subject to certain defences that may limit their validity and enforceability.***

The Guarantee has not been granted as a separate instrument but under the Conditions of the Notes. The Guarantee has been constructed as a first demand guarantee (*garantía a primer requerimiento*) under Spanish law, providing holders with a direct claim against the Parent in respect of the Issuer's obligations under the Notes. However, the enforcement of the Guarantee would be subject to certain generally available defences.

The figure of a first demand guarantee (*garantía a primer requerimiento*) is not specifically regulated in the Spanish Civil Code but its validity and effectiveness has been admitted and regulated by Spanish jurisprudence as an autonomous guarantee, detached from the underlying agreement whose obligations are being guaranteed, acknowledging therefore the validity of the provision pursuant to which the guarantor has renounced to call on exceptions different to those arising from the guarantee.

Notwithstanding this, Spanish law may also include regulations or defences which affect the rights of creditors generally.

In addition, Spanish case law has admitted the possibility that, with certain limitations, the guarantor can object to the guarantee the exception of fraud, bad faith or abuse of right in the events where the beneficiary enforces the guarantee in a fraudulent manner or with bad faith.

If a court were to find the Guarantee void or unenforceable as a result of such defences, or to the extent that any limitations on the Guarantee apply, holders would cease to have any claim in respect of the Parent and would be creditors solely of the Issuer.

### ***Certain limitations on acceleration.***

Spanish courts have in the past ruled that the remedy of resolution or acceleration may only be recognised in a contract in the event of a material breach of its terms or in cases where the breach affects an obligation which is deemed to be an essential condition of the contract or that affects the ability of a contracting party to comply with its obligations under the contract. Although Condition 10 (*Events of Default*) is expressly stated to be an essential condition (*causa*) for the issue, subscription and holding of the Notes, a Spanish court could interpret some of the Events of Default in light of the above considerations.

### ***The Issuer may redeem the Notes prior to maturity.***

The Conditions of the Notes provide that the Issuer may at its option redeem the Notes prior to maturity, if there is any change in or amendment to the laws or regulations of a Tax Jurisdiction (as defined in Condition 5 (*Definitions*)).

In addition, the Notes also contain other features allowing the Issuer to redeem the Notes at its option (see Condition 7(d) (*Residual maturity redemption*), Condition 7(e) (*Redemption following a Substantial Purchase Event*) and Condition 7(f) (*Make-Whole redemption*)).

Generally, an optional redemption feature of the Notes may in certain circumstances be likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Such redemption may take place at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and/or may forgo a capital gain in respect of the Notes that would have otherwise arisen but for such redemption.

***The claims of Noteholders may be structurally subordinated to some senior creditors (including holders of other debt securities of the Issuer) and to creditors of Non-Recourse Financing.***

The operations of the Group are principally conducted through the Parent and its subsidiaries. Accordingly, the Issuer is and will be dependent on the operations of the Group to service its payment obligations in respect of the Notes. The Notes could be structurally subordinated to the claims of some holders of debt securities and other creditors (such as the debt securities of the Issuer currently outstanding), including trade creditors, of the Group, and to all secured creditors of the Group. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding-up of the business of the Parent or any subsidiary of the Parent, creditors of the Parent or such subsidiary generally will have the right to be paid in full before any distribution is made to the Parent.

In addition, the claims of Noteholders are structurally subordinated to claims made by creditors of Infrastructure Project Indebtedness (as defined herein). The Group's consolidated annual financial statements include, as assets, its equity interests in entities which have raised Infrastructure Project Indebtedness and the Group usually grants security over these equity interests in favour of the relevant creditors. If these creditors were to enforce this security, the Group's assets would be depleted by the value attributable to such equity interests and it would no longer be entitled to the revenues generated by such assets.

***Modification.***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The matters which may be considered in the meetings of Noteholders may refer to any proposal to reduce or cancel the amount of principal, interest or any other amount in respect of the Notes, to modify any provision of the Guarantee, to change the currency in which any amount due in respect of the Notes is payable, to change or waive the provisions of the Notes set out in Condition 4 (*Negative Pledge*), to change the law governing the Notes and/or the courts to the jurisdiction of which the Issuer has submitted in the Notes, set out in Condition 16 (*Governing Law and Jurisdiction*), among others.

For further information in respect of the meetings of Noteholders and the matters which may be considered, see Condition 12 (*Meetings of Noteholders*) in Section 7 (*Terms and Conditions of the Notes*).

## 2. OVERVIEW OF THE NOTES

The following constitutes the summary of the essential characteristics and risks associated with the Issuer, the Parent and the Notes. This overview should be read as an introduction to this Prospectus. Any decision by an investor to invest in the Notes should be based on consideration of this Prospectus as a whole, including any documents incorporated by reference and any supplements hereto.

<b>Issuer</b>	Ferrovial Emisiones, S.A.
<b>Parent</b>	Ferrovial, S.A.
<b>Guarantor</b>	<p>The Notes will (subject to Condition 3 (<i>Guarantee</i>) in Section 7 (<i>Terms and Conditions of the Notes</i>)), benefit from a guarantee by the Guarantor, who hereby guarantees claims of the Noteholders under the Notes. The guarantee hereby given by the Guarantor is referred to as the “<b>Guarantee</b>”.</p> <p>See Condition 3 (<i>Guarantee</i>) in Section 7 (<i>Terms and Conditions of the Notes</i>).</p>
<b>Joint Lead Managers and Bookrunners</b>	Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, CaixaBank, S.A., NatWest Markets N.V. and Société Générale.
<b>Co-Lead Managers</b>	Banco de Sabadell, S.A., Banco Santander, S.A., Bankinter, S.A., Crédit Agricole Corporate and Investment Bank, RBC Europe Limited and Scotiabank Europe plc.
<b>Issue size</b>	€650,000,000
<b>Issue details</b>	€650,000,000 1.382 per cent. Notes due 2026
<b>Form, denomination and title</b>	The Notes have been issued in uncertificated, dematerialised book-entry form ( <i>anotaciones en cuenta</i> ) in euro in an aggregate nominal amount of €650,000,000 and denomination of €100,000 (pursuant to which 6,500 Notes have been created).
<b>Registration, clearing and settlement</b>	The Notes have been registered with Iberclear as managing entity of the central registry of the Spanish clearance and settlement system (the “ <b>Spanish Central Registry</b> ”). Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV (“ <b>Euroclear</b> ”) and Clearstream Banking, S.A. (“ <b>Clearstream Luxembourg</b> ”) with Iberclear.
<b>Use and expected net amount of proceeds</b>	<p>Expected net amount of proceeds: €647,325,794.</p> <p>The net proceeds of the issue of the Notes will be made available to the Parent for the general corporate purposes of the Group.</p> <p>See Section 8 (<i>Use of Proceeds</i>).</p>
<b>Title and transfer</b>	Title to the Notes is evidenced by book-entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the Iberclear Members as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In Section 7 ( <i>Terms and Conditions of the Notes</i> ), the Holder of a Note means the person in whose name such Note is for the time being registered in the Spanish Central

Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

The Notes are issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Holder will (except as otherwise required by Spanish law) be treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.

**Issue and Maturity Date**

The Notes were issued and paid for on 14 May 2020 (the “**Issue Date**”) and will mature on 14 May 2026 (the “**Maturity Date**”).

**Listing and admission to trading**

Application has been made for the Notes to be admitted to trading on AIAF.

**Status of the Notes**

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) in Section 7 (*Terms and Conditions of the Notes*)) unsecured obligations (*créditos ordinarios*) of the Issuer ranking at least equally, without any preference among themselves, with all other present and future unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, save for such exceptions as may be provided by applicable legislation.

**Status of the Guarantee**

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) in Section 7 (*Terms and Conditions of the Notes*)) unsecured obligations (*créditos ordinarios*) of the Guarantor ranking at least equally with all other present and future unsecured and unsubordinated obligations (*créditos ordinarios*) of the Guarantor, save for such exceptions as may be provided by applicable legislation.

**Negative pledge**

The Notes have the benefit of a negative pledge as described in Condition 4 (*Negative Pledge*) in Section 7 (*Terms and Conditions of the Notes*).

**Interest**

The Notes bear interest from and including the Closing Date at the rate of 1.382 per cent. per annum (the “**Rate of Interest**”), payable in arrear on 14 May in each year commencing on 14 May 2021 (each, an “**Interest Payment Date**”), subject as provided in Condition 8 (*Payments*) in Section 7 (*Terms and Conditions of the Notes*). The Notes’ indication of yield is that of 1.382 per cent. per annum, which has been calculated at the Issue Date on the basis of the Issue Price and is not an indication of future yield.

**Payments**

Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the

relevant Noteholder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Payment Day on which the payment of principal or interest, as the case may be, falls due. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer, the Paying Agents (as defined below) or any of the Managers will have any responsibility or liability for the records relating to payments made in respect of the Notes.

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) in Section 7 (*Terms and Conditions of the Notes*).

## **Redemption and purchase**

### ***Redemption at maturity***

Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed in euro at their Redemption Amount on the Maturity Date. The Redemption Amount in respect of each Note shall be €100,000.

### ***Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time in the event of certain changes affecting taxes as more fully described in Condition 7(b) (*Redemption for taxation reasons*) in Section 7 (*Terms and Conditions of the Notes*).

### ***Redemption at the option of the Noteholders***

Upon the occurrence of a Change of Control followed by a Rating Downgrade during the Change of Control Period (as these terms are defined in Condition 5 (*Definitions*) in Section 7 (*Terms and Conditions of the Notes*)), each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes, in whole or in part, at their principal amount plus accrued and unpaid interest up to (but excluding) the date for such redemption or purchase.

See Condition 7(c) (*Early redemption at the option of the Noteholders upon a Change of Control*) in Section 7 (*Terms and Conditions of the Notes*).

### ***Residual maturity redemption***

The Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders redeem all (but not only some) of the outstanding Notes at their principal amount together with interest accrued to, but excluding, the date fixed for redemption, which shall be no earlier than three months before the Final Maturity Date as more fully described in Condition 7(d) (*Residual maturity redemption*) in Section 7 (*Terms and Conditions of the Notes*).

### ***Redemption following a Substantial Purchase Event***

If a Substantial Purchase Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 30 days' irrevocable notice to the Noteholders redeem all (but not only some) of the outstanding Notes at their principal amount together with interest accrued to, but excluding, the date

fixed for redemption as more fully described in Condition 7(e) (*Redemption following a Substantial Purchase Event*) in in Section 7 (*Terms and Conditions of the Notes*).

***Make-Whole redemption***

The Notes may be redeemed at the option of the Issuer, in whole or in part, at their Make-Whole Redemption Amount (together with interest accrued to, but excluding, the date fixed for redemption) on the Issuer giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders as more fully described in Condition 7(f) (*Make-Whole redemption*) in Section 7 (*Terms and Conditions of the Notes*).

**Taxation**

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. See Condition 9 (*Taxation*) in Section 7 (*Terms and Conditions of the Notes*).

**Prescription**

Claims in respect of the principal amount or interest on Notes will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date, as defined in Condition 5 (*Definitions*) in Section 7 (*Terms and Conditions of the Notes*).

**Events of default**

The events of default under the Notes are as specified in Condition 10 (*Events of Default*) in Section 7 (*Terms and Conditions of the Notes*). In particular, the Notes will have the benefit of a cross-default provision in relation to other indebtedness of the Issuer, the Guarantor or any Relevant Subsidiary (as defined in Condition 5 (*Definitions*), as described in Condition 10(c) in Section 7 (*Terms and Conditions of the Notes*)).

**Paying Agents**

Deutsche Bank AG, London Branch having its registered office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom as principal paying agent (the “**Principal Paying Agent**”) and Deutsche Bank, S.A.E. having its registered office at Rosario Pino 14-16, 28020, Madrid, Spain as local paying agent (the “**Local Paying Agent**”). The Issuer is entitled to vary or terminate the appointment with Deutsche Bank AG, London Branch and Deutsche Bank, S.A.E., in their role of principal and local paying agents, respectively, and/or appoint additional or other paying agents (together with the Principal Paying Agent and the Local Paying Agent, the “**Paying Agents**” and each of them a “**Paying Agent**”) in accordance with the terms of the Agency Agreement.

**Meetings**

A summary of the provisions for convening meetings of Holders to consider matters relating to their interests as such is set out in Condition 12 (*Meetings of Noteholders*) in Section 7 (*Terms and Conditions of the Notes*).

**Notices**

So long as the Notes are listed on AIAF, notices to the Noteholders will also be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*). Any such notice will be

deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

**Further issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions in all respects as the outstanding Notes or the same in all respects except for the date of the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding Notes.

**Governing law and submission to jurisdiction**

***Governing law***

The Notes and any non-contractual obligations arising out of or in connection with them and the Agency Agreement are, subject as provided below, governed by, and shall be construed in accordance with, Spanish law. The status of the Guarantee as described in Condition 3(b) (*Status of the Guarantee*) in Section 7 (*Terms and Conditions of the Notes*) shall be construed in accordance with Spanish law.

***Submission to jurisdiction***

The courts of the city of Madrid are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection the Notes may be brought in such courts.

**Ratings**

The Parent and the Notes are rated BBB by Standard & Poor's and BBB by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The credit ratings included or referred to in this Prospectus will be treated for the purposes of the CRA Regulation as having been issued by Fitch and Standard & Poor's. Fitch and Standard & Poor's are established in the EU or the UK and are registered under the CRA Regulation. As such both Fitch and Standard & Poor's are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such CRA Regulation. Standard & Poor's is established in the EU and registered under the CRA Regulation. Fitch is established in the UK and registered under the CRA Regulation.

**Risk Factors**

For a discussion of certain risk factors relating to the Issuer and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see Section 1 (*Risk Factors*).

**Selling Restrictions**

See Section 10 (*Subscription and Sale*).

### 3. DOCUMENTS INCORPORATED BY REFERENCE

Each document incorporated herein by reference is current only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, the Parent or the Group, as the case may be, since the date thereof or that the information contained therein is current as of any time subsequent to its date. Any statement contained in any document incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus.

The following documents which have been previously published and have been filed with the CNMV are incorporated in, and form part of, this Prospectus:

- (a) the summarised audited unconsolidated annual financial statements of the Issuer, the notes to the summarised audited unconsolidated annual financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles in Spain (“**Spanish GAAP**”) and the Auditor’s reports as of and for the years ended 31 December 2018 and 31 December 2019, together with the directors’ reports in respect thereof, available on Ferrovial’s website: (<https://www.ferrovial.com/wp-content/uploads/2020/05/ferrovial-emisiones-2018-eng.pdf> and <https://www.ferrovial.com/wp-content/uploads/2020/05/ferrovial-emisiones-2019-eng.pdf>, respectively);
- (b) the audited consolidated annual financial statements of the Group, the notes to the audited consolidated annual financial statements, which have been prepared in accordance with IFRS - EU and the Auditor’s reports as of and for the years ended 31 December 2018 (the “**2018 Consolidated Annual Financial Statements**”) and 31 December 2019 (the “**2019 Consolidated Annual Financial Statements**” and, together with the 2018 Consolidated Annual Financial Statements, the “**Consolidated Annual Financial Statements**”) together with the management report in respect of the 2018 Consolidated Annual Financial Statements (which includes the Appendix entitled “*Alternative Performance Measures*”, available on Ferrovial’s website ([https://static.ferrovial.com/wp-content/uploads/2019/11/22171527/apm-english-dec-2018-v-web\\_.pdf](https://static.ferrovial.com/wp-content/uploads/2019/11/22171527/apm-english-dec-2018-v-web_.pdf))) (the “**2018 Management Report**”), available on Ferrovial’s website (<https://static.ferrovial.com/wp-content/uploads/2020/03/06122725/consolidated-financial-statements-2018.pdf>) and the management report in respect of the 2019 Consolidated Annual Financial Statements (which includes the Appendix entitled “*Alternative Performance Measures*”, available on Ferrovial’s website (<https://www.ferrovial.com/wp-content/uploads/2020/02/apm-2019-english-december.pdf>)) (the “**2019 Management Report**”), available on Ferrovial’s website ([https://static.ferrovial.com/wp-content/uploads/2020/03/06122632/2019-integrated-annual-report-ferrovial\\_eng-1.pdf](https://static.ferrovial.com/wp-content/uploads/2020/03/06122632/2019-integrated-annual-report-ferrovial_eng-1.pdf)) and on the CNMV website ([www.cnmv.es](http://www.cnmv.es)) which are set out in the integrated annual reports of the Parent for the year ended 31 December 2019 (the “**2019 Annual Report**”) and 31 December 2018 (the “**2018 Annual Report**”);
- (c) the unaudited consolidated financial results report for the three months ended 31 March 2020 of the Group (which includes the Appendix entitled “*Alternative Performance Measures*”, available on Ferrovial’s website (<https://www.ferrovial.com/wp-content/uploads/2020/05/apm-march-2020-english.pdf>)) (the “**2020 Three Months Consolidated Financial Results Report**”). The 2020 Three Months Consolidated Financial Results Report is available on Ferrovial’s website (<https://www.ferrovial.com/wp-content/uploads/2020/05/ferrovial-january-march-2020-results.pdf>) and on the CNMV website ([www.cnmv.es](http://www.cnmv.es)); and
- (d) the English translation of the additional information provided by the Parent in respect of the 2018 Consolidated Annual Financial Statements at the request of the CNMV, which is available on Ferrovial website (<https://www.ferrovial.com/wp-content/uploads/2020/04/cnmv-2018-annual-accounts-and-june-2019-interim-consolidated-accounts-request.pdf>) and on the CNMV website ([www.cnmv.es](http://www.cnmv.es)).

The information contained in the documents incorporated by reference other than the information listed above is for information purposes only and does not form part of this Prospectus. For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, the information contained on CNMV's website and Ferrovial's website, respectively, does not form part of this Prospectus. The information contained on CNMV's website and Ferrovial's website, respectively, has not been scrutinised or approved by the CNMV as competent authority under the Prospectus Regulation.

The documents referred to in paragraphs (a), (b), (c) and (d) above are English translations of the original Spanish versions and the Issuer confirms that such translations are accurate translations of the original Spanish text, which have also been filed with the CNMV.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus are available as long as the Notes are outstanding from the registered office of the Parent.

## 4. DESCRIPTION OF THE ISSUER

### General Information

The Issuer is a limited liability company (*sociedad anónima*) incorporated under the laws of Spain and subject to the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the “**Spanish Companies Act**”) directly and indirectly wholly owned by the Parent. The Issuer was incorporated in Madrid on 9 May 2006 for an indefinite period under the name of Baroslia, S.A. and changed its name to Ferrovial Emisiones, S.A. on 7 July 2008. It is currently registered in the Mercantile Register (*Registro Mercantil*) of Madrid in volume 22873, sheet 84, page M-409577 and entry 1 and its Legal Entity Identifier (LEI) Code is 95980020140005209562. The constitutional documents of the Issuer can be inspected at the Mercantile Register of Madrid.

The Issuer’s current registered office is located at Calle Príncipe de Vergara 135, 28002 Madrid, Spain, with telephone number +34 91 586 25 00.

### Share capital and major shareholders

As of 31 December 2019, the Issuer’s issued and paid-up share capital was €60,200 made up of 60,200 ordinary shares with a nominal value of €1 each. The Issuer is a directly and indirectly wholly owned subsidiary of the Parent.

### Business

The net proceeds from the issuance of the Notes will be deposited with the Parent and used for the general corporate purposes of the Group.

The objects of the Issuer are the issue of preferred securities (*participaciones preferentes*) and/or other debt securities.

On 7 June 2013, the Issuer issued €500,000,000 3.375 per cent. notes due 2021 guaranteed by the Parent and certain of the subsidiaries of the Parent (the “**June 2013 Notes**”).

In April 2014, the subsidiaries of the Parent which guaranteed the June 2013 Notes, were released as guarantors in accordance with and pursuant to their respective terms and conditions.

On 15 July 2014, the Issuer issued €300,000,000 2.500 per cent. notes due 2024 guaranteed by the Parent (the “**July 2014 Notes**”).

On 14 September 2016, the Issuer issued €500,000,000 0.375 per cent. notes due 2022 guaranteed by the Parent (the “**September 2016 Notes**”).

On 29 March 2017, the Issuer issued €500,000,000 1.375 per cent. notes due 2025 guaranteed by the Parent (the “**March 2017 Notes**”).

The Issuer has not engaged, since its incorporation, in any activities, whether trading activities or otherwise, other than those incidental to its incorporation, matters referred to as contemplated in this Prospectus, including the issue of the June 2013 Notes, the July 2014 Notes, the September 2016 Notes and the March 2017 Notes and matters which are incidental or ancillary to the above.

### Management

The governing body of the Issuer consists of two (2) Joint Directors. The Joint Directors of the Issuer as of the date hereof are as follows:

Name	Position
Ernesto López Mozo	Joint Director

The business address of the Joint Directors of the Issuer is Calle Príncipe de Vergara 135, 28002 Madrid, Spain.

The Joint Directors of the Issuer mentioned above are employees of the Parent. Notwithstanding, there are no potential conflicts of interest between the private interests or other duties of the Joint Directors listed above and their duties to the Issuer.

## 5. DESCRIPTION OF FERROVIAL

Ferrovial is a leading infrastructure group, operating through its Toll Roads, Services, Construction and Airports Business Divisions. It is present in over 25 countries and owns or operates some of the world's most significant infrastructure assets, such as the 407 ETR in Toronto and Heathrow airport in London. The Parent is part of Spain's IBEX-35 as well as the Dow Jones and FTSE4Good Sustainability Indexes.

This Prospectus (and the documents incorporated by reference in this Prospectus) contain certain management measures of performance, such as EBITDA, net debt, order book, managed investment, liquidity, comparable (like for like growth), fair value adjustments, working capital variation, total Shareholder return and proportional results which are used by management to evaluate Ferrovial's overall performance. For an explanation of these, see "*Description of Ferrovial—Alternative Performance Measures*" below.

### Group Structure

The Issuer was incorporated in 2006 as a directly and indirectly wholly owned subsidiary of Grupo Ferrovial, S.A. ("**Grupo Ferrovial**"), the then parent of the Group.

In 2009, Grupo Ferrovial underwent a merger with Cintra Concesiones de Infraestructuras de Transporte, S.A. ("**Cintra Concesiones**"), the completion of which was registered before the Mercantile Registry on 3 December 2009. The merger was structured as a "reverse" merger (*fusión inversa*) where the subsidiary, Cintra Concesiones, increased its capital to absorb the parent, Grupo Ferrovial. This resulted in the extinguishment by means of dissolution without liquidation of Grupo Ferrovial and the transfer in block of all its assets and liabilities to Cintra Concesiones. Consequently, Cintra Concesiones acquired by universal succession (*sucesión universal*) all the rights and obligations of Grupo Ferrovial. Following the merger, Cintra Concesiones became the parent of the Group and changed its corporate name to Ferrovial, S.A. One of the consequences of this merger on the Group was that the minority shareholders of Cintra Concesiones became shareholders of the Parent.

At the same time as completion of the merger between Cintra Concesiones and Grupo Ferrovial, Cintra Concesiones transferred to Cintra – formerly, Cintra Infraestructuras, S.A. – most of the shareholdings it held in concessionaires through which the Group conducts its infrastructure concession business. This transfer was made by means of a segregation of assets and was registered with the Mercantile Registry on 3 December 2009. Following such transfer of assets, Cintra became the parent company of the infrastructure concession business.

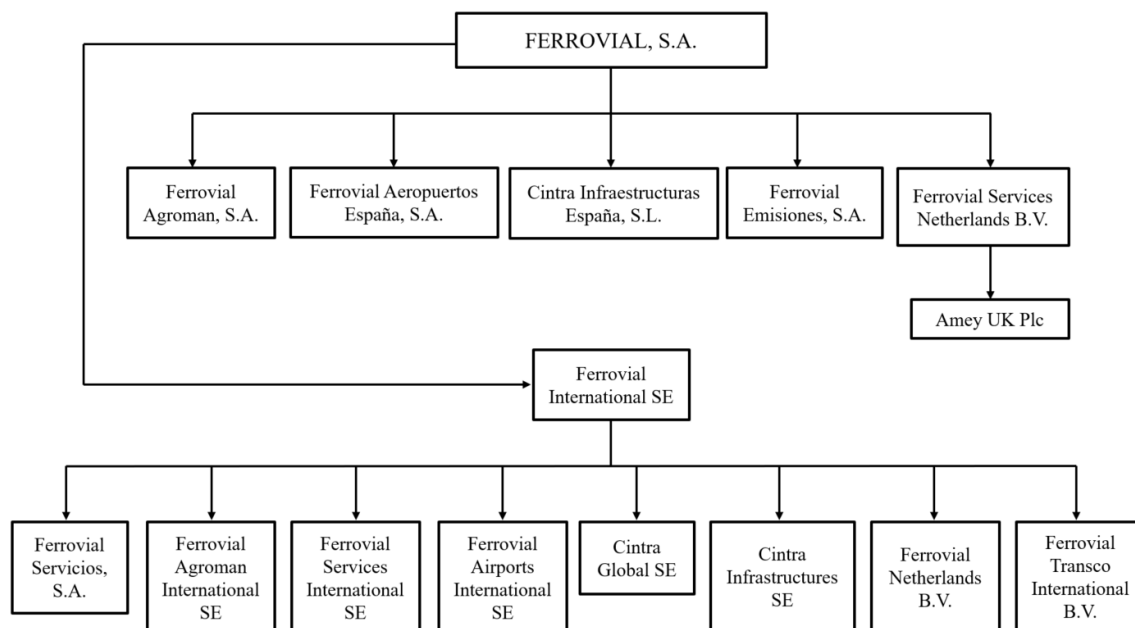
Ferrovial implemented a reorganisation of the Group's corporate structure which was completed in 2019. This corporate reorganisation aimed at splitting Ferrovial's national and international activities in order to benefit from the cross-capabilities of the different businesses in each country and with respect to each client. By means of the reorganisation, Ferrovial's non-Spanish businesses are consolidated into one subgroup of companies, whose head company is a Dutch one: Ferrovial International SE ("**Ferrovial International**"), wholly owned by Ferrovial, S.A. Ferrovial International is the parent company of a series of subsidiaries which are largely the head companies of the non-Spanish businesses within each of Ferrovial's business divisions.

### The Parent

The following corporate chart of the Group shows the major companies and the head companies of the subgroups that make up Ferrovial as of the date of this Prospectus (including the relevant companies of those businesses that have been classified as discontinued operations or held for sale)<sup>1</sup>:

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<sup>1</sup> Except Ferrovial Servicios, S.A., which was transferred into Ferrovial International in the context of the divestment of the Services Business Division. The corporate chart below also shows that Ferrovial International holds the shares in Ferrovial Netherlands B.V. Nevertheless, this is not the head company of any international business division, but a company which basically (i) issues bonds and (ii) provides intragroup financing.



For a complete list of the Group's subsidiaries and associated companies please see Appendix II to the 2019 Consolidated Annual Financial Statements.

### *Ferrovial, S.A.*

#### General Information

Ferrovial, S.A. is a Spanish publicly listed limited liability company (*sociedad anónima cotizada*) incorporated under the laws of Spain and subject to the Spanish Companies Act. Its commercial name, together with its consolidated subsidiaries, is Ferrovial. The Parent was incorporated in Madrid on 3 February 1998 as a public limited liability company (*sociedad anónima*) for an indefinite period under the name of Cintra Concesiones de Infraestructuras de Transporte, S.A., and on 3 December 2009 it merged with Grupo Ferrovial and changed its corporate name to Ferrovial, S.A. It is currently registered in the Mercantile Register of Madrid in volume 12,744, folio 196, section 8, sheet M-204873 and entry 1<sup>a</sup> and its Legal Entity Identifier (LEI) Code is 95980020140005757903. The constitutional documents of the Parent can be inspected at the Mercantile Register of Madrid.

The Parent's current registered office is located at Calle Príncipe de Vergara 135, 28002 Madrid, Spain, with telephone number +34 91 586 25 00. For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, the information contained on Ferrovial's website ([www.ferrovial.com](http://www.ferrovial.com)) does not form part of this Prospectus. Ferrovial's website has not been scrutinised or approved by the CNMV as competent authority under the Prospectus Regulation.

#### Share capital and major shareholders

As of 31 December 2019, the Parent's share capital was €147,043,088.60, made up of 735,215,443 ordinary shares of nominal value €0.20 each, represented by book-entries and forming a single class. The Parent's share capital is fully subscribed and paid up.

The general shareholders meeting of the Parent held on 17 April 2020 approved, within its scrip dividend programme, two share capital increases against the reserves of the Parent to enable it to offer shareholders the option of receiving the complementary dividends corresponding to the 2019 financial year and the interim dividends corresponding to the 2020 financial year in cash or in shares.

At the same general shareholders meeting, a share capital reduction was approved by means of the redemption of (i) up to 2,755,960 of the Parent's own shares held as treasury shares; and (ii) the own shares, with a maximum of 25 million, to be acquired through a buy-back programme. The buy-back programme was approved by the Board of Directors of the Parent on 27 February 2020, by virtue of the authorisation granted the general shareholders meeting of the Parent on 5 April 2017.

On its meeting held on 7 May 2020, the Board of Directors of the Parent, in accordance with resolution six of the agenda of the general shareholders meeting held on 17 April 2020, agreed to proceed with the first share capital increase of the scrip dividend programme. The capital increase is expected to be executed in the coming weeks.

As of the date of this Prospectus, neither the second share capital increases nor the share capital reduction have been executed by the Board of Directors of the Parent (or by the other corporate bodies which have the power to execute it by means of the sub-delegations in force), which has the power to execute them within one year from the date of the approval by the general shareholders meeting and to establish their relevant conditions in any respect not stipulated by the shareholders. The execution of the second capital increase, as well as its timing and the size of both the share capital increases and share capital reduction, will be decided by the Board of Directors of the Parent.

The Parent's shares have been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “**Spanish Stock Exchanges**”) and quoted on the Automated Quotation System (“**AQS**”) of the Spanish Stock Exchanges since 26 October 2004. The Parent is the result of a reverse merger (*fusión inversa*) (see “*Description of Ferrovial—Group Structure*” above) between Grupo Ferrovial and Cintra Concesiones completed and registered on 3 December 2009. Grupo Ferrovial was listed on the Spanish Stock Exchanges and quoted on the AQS on 5 May 1999.

As of the date hereof, the significant shareholders of the Parent (as defined by Spanish regulations, i.e. those who hold a stake on the Parent's share capital representing 3 per cent. or more of the total voting rights (both attached to shares and through financial instruments), or 1 per cent. or more if the relevant significant shareholder is established in a tax haven) are, according to the information available on the website of the CNMV, (i) Mr. Rafael del Pino y Calvo-Sotelo, with a 20.226 per cent. stake; (ii) Ms. María del Pino y Calvo-Sotelo, with an 8.118 per cent. stake; (iii) Mr. Leopoldo del Pino y Calvo-Sotelo, with a 4.154 per cent. stake; (iv) Christopher Anthony Hohn, with a 3.656 per cent. stake; (v) Blackrock Inc, with a 3.009 per cent. stake; (vi) Lazard Asset Management, with a 3.082 per cent. stake and (vii) Fidelity International Limited, with a 1.032 per cent. stake. As of the date of this Prospectus, the Parent is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Parent in accordance with article 5 of Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Spanish Securities Market Act (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the “**LMV**”) (which is referred to article 42 of the Spanish Code of Commerce (*Real Decreto de 22 de agosto de 1885 por el que se publica el Código de Comercio*)).

## **Ferrovial's Business**

### *General Overview*

Ferrovial was founded as a construction group focusing on railway infrastructure. Ferrovial later expanded its business into other activities and has been active internationally for over 40 years and has approximately 90,000 employees (approximately 72,000 of which are from the Services Business Division).

Ferrovial is one of the world's leading infrastructure groups with operations in a range of sectors including development, construction and operation of toll roads and airports. Since 2000, Ferrovial has invested in diversifying its business and expanding internationally. Ferrovial's infrastructure assets have enabled it to have differential knowledge in the management of urban congestion (as compared to its competitors). This competitive advantage relates mainly to toll roads with dynamic pricing schemes where users are willing to pay different tariffs depending on the level of congestion. In 2019, infrastructure assets accounted for 80 per cent. of Ferrovial's value and generated cash to provide €677 million in dividends.

Ferrovial undertakes its activities through the following business divisions:

- (a) Toll Roads;
- (b) Airports;
- (c) Construction; and

(d) Services.

The Toll Roads and Airports Business Divisions are the main divisions of Ferrovial financed through non-recourse financing. In addition to the above business divisions, Ferrovial continues developing new businesses such as mobility, electrification and water.

*Divestment of Services Business Division*

Having completed the strategic review of its Services Business Division announced in October 2018, Ferrovial decided to classify it as “held for sale” as of 31 December 2018. This decision is framed within an strategy of focusing on the development of its infrastructure business. In the context of this strategic decision, an agreement was reached to divest Broadspectrum in December 2019.

This reclassification of the Services Business Division had the following impact on Ferrovial’s consolidated financial statements: (i) the profit/(loss) after tax generated by the Services Business Division is not reported in each line of the income statement, instead it is reported in one line named “Net profit/(loss) from discontinued operations” and (ii) for the purposes of the balance sheet, all assets and liabilities attributable to the Services Business Division have been reclassified as “Assets/Liabilities classified as held for sale and from discontinued operations” both in the 2018 Consolidated Annual Financial Statements and in the 2019 Consolidated Annual Financial Statements. This reclassification was made with effect as of 31 December 2018 and, in accordance with IFRS 5, does not require the restatement of the comparative statement of Ferrovial’s financial position for 2017.

The reclassification implies valuing the assets of the Services Business Division at the lower of the carrying amount and fair value less costs to sell. As of 31 December 2019, the application of this fair value criteria resulted in the recognition of a €1.3 billion provision, mainly related to the UK business unit, which fair value has been affected by the development and outlook of the UK market, and the sale of Broadspectrum.

Following the resolution of Ferrovial deciding to classify the Services Business Division as discontinued operations in 2018, the continued operations of Ferrovial are the Construction Business Division, the Toll Roads Business Division and the Airports Business Division. Figures related to revenue and EBITDA on consolidated basis do not include the Services Business Division.

For the year ended 31 December 2019, Ferrovial’s EBITDA was €121.3 million and EBITDA Margin and EBIT Margin were 2.0 per cent. and -1.0 per cent., respectively. For the year ended 31 December 2018, Ferrovial’s EBITDA was €478.7 million and EBITDA Margin and EBIT Margin were 8.4 per cent. and 6.1 per cent., respectively. In this section, “EBITDA Margin” means the ratio of EBITDA to revenue and “EBIT Margin” means the ratio of EBIT to revenue.

The table below sets out the entities that head up each business division (except the Services Business Division), the activities of each business division and each business division’s EBITDA on a consolidated basis as of and for the years ended 31 December 2019 and 2018:

Business Division	Group Companies	Description	Year ended 31 December <sup>(1)</sup>	
			2019	2018 <sup>(2)</sup>
			EBITDA (millions of euros)	EBITDA (millions of euros)
Toll Roads.....	Cintra Infraestructuras España, S.L., Cintra Infraestructuras SE, Cintra Global SE and subsidiaries	Development, financing and operation of toll road infrastructure	435.5	319.2
Airports.....	Ferrovial Airports International SE, Heathrow Airport Holdings Limited,	Development, financing and operation of airports	(16.1)	(15.6)

Business Division	Group Companies	Description	Year ended 31 December <sup>(1)</sup>	
			2019	2018 <sup>(2)</sup>
			EBITDA (millions of euros)	EBITDA (millions of euros)
Construction <sup>(3)</sup> .....	AGS Airports Holdings Limited and subsidiaries			
	Ferrovial Agroman, S.A., Ferrovial Agroman International SE, Budimex, S.A., Ferrovial Agroman US Corp, W.W. Webber, LLC and subsidiaries	Construction and execution of civil engineering, building and industrial projects, including waste treatment, water desalination and drinking water plants	(286.0)	189.2
Other <sup>(3)</sup> .....		Mainly consolidation adjustments and overheads	(12.1)	(14.1)
<b>Total .....</b>			<b>121.3</b>	<b>478.7</b>

Note:

- (1) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the 2019 Consolidated Annual Financial Statements and 2018 Consolidated Annual Financial Statements, respectively.
- (2) Figures as of and for the year ended 31 December 2018 have been restated due to intercompany reclassification from continued to discontinued operations, with a negative impact of €4.9 million.
- (3) Figures as of and for the year ended 31 December 2018 have been restated due to Real Estate business included in the Construction division, with a positive impact of €19.4 million.

The table below sets out Ferrovial's total assets (including the Services Business Division), revenues and EBITDA distribution by geographical area as of and for the years ended 31 December 2019 and 31 December 2018:

Geographic Area	As of and for the year ended					
	Total assets <sup>(1)</sup>		Revenues <sup>(1)</sup>		EBITDA <sup>(2)</sup>	
	2019	2018	2019	2018	2019	2018
	(millions of euros)		(millions of euros)		(millions of euros)	
Spain.....	5,239.3	5,596.2	1,012.7	1,007.4	221.1	189.6
United Kingdom .....	2,578.9	2,422.8	396.5	337.2	(53.5)	(32.0)
United States and Canada .....	11,986.9	10,487.3	1,993.2	1,747.3	(127.1)	168.1
Poland.....	1,625.3	1,437.3	1,819.8	1,732.4	109.8	111.2
Australia .....	1,008.5	1,215.6	89.5	271.4	(58.2)	(24.1)
Other .....	1,669.2	1,653.6	742.2	640.8	29.2	65.9
<b>Total.....</b>	<b>24,108.1</b>	<b>22,812.8</b>	<b>6,053.9</b>	<b>5,736.5</b>	<b>121.3</b>	<b>478.7</b>

Note:

- (1) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the 2019 Consolidated Annual Financial Statements and 2019 Consolidated Annual Financial Statements, respectively.

- (2) Figures as of and for the year ended 31 December 2018 have been restated due to intercompany reclassification from continued to discontinued operations, with an impact of €4.9 million

For the year ended 31 December 2019, 83 per cent. of Ferrovial's revenues were generated outside of Spain.

As a result of its business and geographical diversification, Ferrovial has a broad and diversified client base and has no significant dependence on any single client account.

Ferrovial's order book, defined as the part of the contracts signed pending execution, was approximately €11.4 billion for the Construction Business Division, as of 31 December 2019.

## **Continued Operations**

### **Toll Roads Business Division**

#### *Summary*

Ferrovial's activities in the Toll Roads Business Division include the development, financing, execution and operation of toll road projects. The Group conducts its operations in this business division through Cintra, a wholly owned subsidiary of the Parent, which is one of the leading toll roads development and management companies in the world in terms of number of projects, investment volume and kilometres managed (source: Public Works Financing). As of 31 December 2019, Cintra's concession portfolio consisted of 23 concessions, comprising close to 1,474 kilometres of motorway with 498 kilometres under construction, and with a total managed investment of approximately €22 billion. Cintra's portfolio of concessions is internationally diversified with interests in toll road concessions located in Canada, the US, Australia, Colombia, Spain, Portugal, Slovakia, Ireland and the UK and with approximately 80 per cent. of its net revenues (equity-accounted projects included) coming from outside of Spain. The toll concession portfolio of Ferrovial includes the 407 ETR concession in Toronto, Canada, which is perceived to be a reference asset in the toll road concession business worldwide. Cintra's current strategy for the Toll Roads Business Division focuses on growth through both the award of new concessions and the efficient management of its existing portfolio. In addition, as its toll roads mature there is potential for increased returns on equity through selling its stake.

In October 2018, Cintra reached the financial close of the project Ruta del Cacao in Colombia. The concession involves the construction of new roads, the improvement of existing roads, and the construction of 16 bridges, two viaducts and two tunnels. Total project length is around 152 kilometres. This concession has a 25-year duration.

In May 2019, a consortium in which Cintra holds a 22.50 per cent. stake was selected to manage the Silvertown tunnel in London, UK. The contract is worth approximately £1 billion and includes the design of a 1.4-kilometre twin-bore road tunnel under the River Thames, as well as 0.6 kilometres of access ramps. In November 2019, the consortium achieved the financial close. The concession term is 25 years after its opening, which is expected in 2025.

In August 2019, Cintra agreed to sell an 11.75 per cent. stake in Concesionaria Ruta del Cacao, S.A.S., the concession company of Ruta del Cacao, to John Laing for €28.6 million. Following the transaction, Cintra holds a 30 per cent. stake in the concession.

During 2019, three toll roads were opened to traffic: Toowoomba in Australia (September 2019), I77 in Charlotte, (November 2019) and 407 East Extension Phase II, in Toronto (November 2019).

In December 2019, Cintra completed the transfer of 65 per cent. of the share capital of Ausol for €451 million (100 per cent. equity value c. €700 million). Cintra retains a 15 per cent. ownership interest in Ausol, on which it has reserved a put option and has granted a call option on this 15 per cent.

### Division results of operations

As of 31 December 2019, Cintra had 23 toll roads, 17 in operation and 6 in construction, in 9 countries. The following table sets forth the revenues and EBITDA for each of Cintra's toll road concessions for the years ended 31 December 2019 and 31 December 2018:

Country	Toll Road	Year ended 31 December			
		Revenues		EBITDA	
		(millions of euros)		(millions of euros)	
		2019	2018	2019	2018
<b>Fully consolidated assets<sup>(1)</sup></b>					
United States .....	NTE	137	99	116	83
United States .....	LBJ	137	107	114	87
United States .....	NTE 35W	81	31	48	23
United States .....	I-77 ("I-77")	21	2	14	—
Spain .....	Ausol <sup>(2)</sup>	66	66	55	56
Spain .....	Autema	113	109	105	100
Portugal.....	Azores	29	28	26	25
Portugal.....	Via Livre	15	14	2	2
Other <sup>(3)</sup> .....		18	15	(44)	(57)
<b>Total<sup>(1)</sup> .....</b>		<b>617</b>	<b>471</b>	<b>436</b>	<b>319</b>
<b>Equity Accounted<sup>(4)</sup></b>					
Canada <sup>(5)</sup> .....	407 ETR	1,017	908	884	791
Canada .....	407 Extension I	12	10	7	7
Canada .....	407 Extension II	21	15	17	13
Ireland.....	Eurolink M4-M6	31	30	17	17
Ireland.....	Eurolink M3	22	20	14	14
Australia.....	Toowoomba	27	4	8	4
United Kingdom .....	M8	33	26	22	26
Portugal.....	Norte-Litoral	42	43	36	38
Portugal.....	Via do Infante	37	38	33	33
Spain .....	Benavente-Zamora (A66)	24	24	22	22
Spain .....	Serrano Park <sup>(6)</sup>	6	6	3	3

#### Notes:

- (1) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the consolidated management books of the Parent for the respective years then ended.
- (2) Ausol: Revenues and EBITDA as of and for the year ended 31 December 2019 are accounted until November due to the change in scope of consolidation.
- (3) "Others" includes mainly the headquarters.
- (4) Figures as of and for the years ended 31 December 2019 and 201 show total revenues and EBITDA generated by these toll road concessions. Ferrovial owns 43.23 per cent. of the 407 ETR, 20 per cent. of Eurolink M4, 20 per cent. of Eurolink M3, 49 per cent. of Norte-Litoral, 48 per cent. of Via do Infante, 25 per cent. of Benavente-Zamora (A-66), 50 per cent. of Serrano Park, 50 per cent. of 407 EDG, 40 per cent. of M8 and 40 per cent. of Toowoomba, respectively, and accounts for each of them under the equity method.

- (5) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the 2019 Consolidated Annual Financial Statements and 2018 Consolidated Annual Financial Statements, respectively.
- (6) Serrano Park is a car park facility.

For the year ended 31 December 2019, the Group's revenues from the Toll Roads Business Division were €617 million, representing 10.2 per cent. of the Group's total revenues.

### *Inception*

Ferrovial first began its toll road activities in 1968 with the AP-8 Bilbao–Behobia toll road concession, and over the next 50 years the Group continued to develop and expand its toll road business. On 3 February 1998, Grupo Ferrovial, the parent of the Group, incorporated Cintra Concesiones, in which it held a 100 per cent. stake, with the aim of consolidating and optimising the infrastructure development business. In 1999, it was awarded the 407 ETR toll road concession in Canada. The Group continued to develop its infrastructure business through Cintra Concesiones, which had its initial public offering in October 2004.

In 2009, Grupo Ferrovial merged with Cintra Concesiones and created the Parent (see “*Description of Ferrovial—Group Structure*” above).

### *Customers and Type of Contracts*

Ferrovial operates its toll road business through concession agreements. Concession agreements are contracts under which a public sector entity agrees with a private company to construct and operate certain infrastructure for a period of time in consideration for the right to collect tolls (or to be paid shadow tolls by the grantor of the concession or availability payments if there is no demand risk), with the company returning the infrastructure to the public sector entity at the end of the concession life.

Toll road concession projects are long-term, capital-intensive projects that can typically be divided into two distinct phases: the construction phase and the operation phase. The construction phase, involving the design and construction of the toll road, typically ranges from two to five years and is characterised by large capital expenditures, during which usually no revenues are received, except for projects that include transferred sections already in operation.

Once the construction phase is complete, the operation phase begins, which involves operating and maintaining the toll road and tolling equipment related to the concession. In a few cases, the operation phase may commence while certain parts of the toll road are still under construction, allowing tolls to be collected on the operational sections of the motorway. The operation phase is characterised by a generally increasing level of revenues as tolls are collected, a lower level of capital expenditures and the incurrence of operating expenses and generally increasing cash flows. Revenues from toll road concessions with demand risk depend on the tariffs charged, which are typically set by the relevant governmental authority in the concession agreement. The tariffs usually increase in line with inflation, except in the case of the 407 ETR, where tariff increases can exceed the rate of inflation; in the same way, it applies to the Managed lanes (as explained below) in the US (NTE, LBJ, NTE 35W and I77). The revenues also depend on the level of traffic on the road, which can be affected by general economic conditions, weather and other factors. Revenues from availability payment roads concessions (no demand risk) are pre-determined in the concession contract and normally linked to inflation. Expenses during the operation phase consist principally of financing expenses, which depend primarily on interest rates and operating expenses, which, in turn, are affected by the length and age of the toll road, as well as factors such as traffic volumes and weather conditions.

The industry is principally debt-financed, as long-term concession agreements generally provide a basis for non-recourse long-term debt (“project finance”), which results in high financing expenses. However, as the concession matures once the construction phase is over, and a traffic growth pattern is established and its risk profile improves, there are usually opportunities to refinance and reduce financing costs.

Cintra has a young portfolio of toll roads with a weighted average remaining life close to 41 years. Cintra manages such portfolio with the objective of maximising its EBITDA, that is (i) generating the maximum operating revenues from its contractual rights, and, at the same time, (ii) efficiently complying with its

contractual obligations. For that purpose, Cintra operates its toll roads following a “premium operator” approach, that is (i) using a hands-on approach with a common management strategy, (ii) building know-how on lessons learned across portfolio and (iii) continuously looking for new technologies and their potential benefits to the business. In addition, as its toll roads mature there is also potential for increased returns on equity through refinancing and re-leveraging.

#### Activities

The table below sets forth the traffic volume for each of the Group’s toll road concessions with traffic risk for the years ended 31 December 2019 and 31 December 2018:

Country	Toll Road	Year ended 31 December	
		Average Daily Traffic Intensity <sup>(5)</sup>	
		(VKT <sup>(2)</sup> /Highway Length/Day)	
		2019	2018
United States .....	NTE <sup>(1)</sup>	33,883	29,536
United States .....	LBJ <sup>(1)</sup>	48,141	44,110
United States .....	NTE 35W <sup>(1)(4)</sup>	32,669	—
Spain.....	Ausol I	18,232	17,440
Spain.....	Ausol II	19,199	18,667
Portugal .....	Azores	10,735	10,275
<b>Equity Accounted</b>			
Canada.....	407 ETR <sup>(3)</sup>	69,571	69,721

#### Notes:

- (1) Traffic information regarding NTE, LBJ and NTE 35W is presented in thousands of transactions. A transaction is defined as a vehicle passing through a toll gantry on the Managed lanes. Multiple transactions may occur on a single trip by a vehicle within the Managed lanes.
- (2) VKT means vehicle kilometres travelled.
- (3) In publicly available information, traffic information in relation to the 407 ETR toll road is usually presented in terms of VKT (in 1000 units) rather than in terms of Average Daily Traffic Intensity (ADTI). This metric unit can be calculated by multiplication of the ADTI by the length of the toll road (108 kilometres for tolling) and then by the number of days in the year (365 days). VKT (in 1000 units) for the year ended 31 December 2019 was 2,741,564 and for the year ended 31 December 2018 was 2,747,483.
- (4) Fully opened since July 2018.
- (5) Unaudited information.

A brief description of Cintra’s main concessions, by geographical area, is as follows:

#### Canada

- The 407 ETR

The 407 ETR concession in Canada, in which the Group holds a 43.23 per cent. interest, is the first all-electronic open access toll road in the world. It covers 108 kilometres in an east-west direction, traversing Canada’s largest and most affluent urban centre, the Greater Toronto Area.

In May 1999, the 407 ETR was privatised and Cintra was awarded the concession, which involves the construction or completion of seven interchanges, the construction of the east (15 kilometres) and west (24

kilometres) extensions of the highway (both completed in 2001) and the financing, maintenance and operation of the entire stretch of the 407 ETR for a period of 99 years (ending in 2098).

On 5 October 2010, Ferrovial entered into an agreement with CPPIB for the sale of 10 per cent. of the share capital of the 407 ETR for C\$894.3 million. The share transfer took place on 18 November 2010. After the mentioned transaction, Cintra holds a 43.23 per cent. interest in the 407 ETR.

The 407 ETR has new lanes in construction almost every year. Due to the existence of very high volumes of traffic, Cintra tends to begin construction before it has a contractual obligation to do so. Since the extensions completed in 2001, 287 kilometres of total new lanes have been added and the capacity could still be increased by 16 per cent.

The 407 ETR passes through some of the fastest growing and most affluent municipalities in Canada and provides an alternative route to one of the most congested roads in North America. Traffic levels on the 407 ETR have increased in the majority of years since its privatisation in May 1999.

The 407 ETR is also the world's first all-electronic open access toll highway whereby tolls are calculated while vehicles are in motion, by means of vehicle identification at entry and exit points either through transponders or video-based licence plate imaging. By removing the need for toll barriers, this toll collection system enables free flow of traffic along the highway, allowing high traffic volumes to be handled without long queues.

The 407 ETR has an innovative tariff structure which provides the possibility of freely raising prices without prior authorisation from the Ontario Ministry of Transportation, provided that the traffic is maintained above a certain threshold. This system makes it possible for Ferrovial to optimise revenues, by adjusting toll fees to the time savings offered to drivers by the toll highway (tariff CAGR (as defined below) was by 8.7 per cent. for the years 2009 to 2019).

For the year ended 31 December 2019, the 407 ETR concession generated revenues of €1 billion (which has been equity-accounted since the fourth quarter of 2010). The CAGR (as defined below) for the years 2009 to 2019 was 10.4 per cent. in respect of revenues and 11.4 per cent. in respect of EBITDA.

“**CAGR**” means the year over year growth rate over a specified period of time. This is calculated by dividing the value of the figure at the end of the period in question by its value at the beginning of that period, raising the result to the power of one divided by the period length, and subtracting one from the subsequent result  $((\text{Current Value}/\text{Base Value})^{(1/\# \text{ of years})} - 1)$ .

- 407 EDG: 407 East Extension (Phase 1).

The 407 East Development Group (the “**407 EDG**”), in which the Group holds a 50 per cent. interest, is the first project in North America under the availability payment scheme, with no toll rates or traffic risk. This concession is 35 kilometres long and will be a key factor for the economic development of the eastern part of the city of Toronto (more than 13,000 new jobs have been created). In June 2016, the toll road was opened to traffic.

- 407 Black Bird: 407 East Extension (Phase 2)

The 407 East Extension (Phase 2) is a prolongation of the 407 East Extension (Phase 1) toll road. This concession is 32 kilometres long. The concession was opened to traffic by segments, the first one being opened in 2018. The full opening took place in November 2019. Cintra holds a 50 per cent. stake in the concession.

## United States

- Managed lanes

“Managed lanes” offer a solution to the problem of congestion in urban areas that are unable to develop new roadways due to lack of space.

Under the “Managed lanes” system, tariffs charged are dynamic and may be changed every five minutes to manage traffic volume and ensure a minimum speed. Cintra has different projects under this model: NTE, LBJ, NTE 35W and I77 (under operation), and I66 (under construction).

- NTE

The NTE is a 21.4-kilometre highway located in the Dallas-Fort Worth area in north Texas in the US. It is dedicated to improving mobility along a series of highways vital to the region, including IH-820 and SH 121/183. The project was fully opened in October 2014. The concession agreement ends in 2061. Cintra holds a 62.97 per cent. stake in the concession

The NTE highway generated revenues of €137 million for the year ended 31 December 2019, which accounted for 22 per cent. of Cintra's total revenues for the year ending 31 December 2019.

- LBJ

The LBJ provides a solution to the congestion problems on interstates IH-35E and IH-635 in Dallas, Texas in the US. This project increases capacity in the corridor with the creation of six new express toll lanes.

The LBJ is 21.4 kilometres in length located between IH-35E and US-75, and interstate IH-35E, between Loop 12 and the LBJ, north of Dallas (Texas). The project opened fully in September 2015. The concession agreement ends in 2061. Cintra holds a 54.60 per cent. stake in the concession.

The LBJ highway generated revenues of €137 million for the year ended 31 December 2019, which accounted for 22 per cent. of Cintra's total revenues for the year ending 31 December 2019.

- NTE 35W

The NTE 35W project serves to link downtown Fort Worth in the US with the surrounding residential and business areas while also providing vital congestion relief by using Managed lanes on this major transportation corridor.

It comprises three different segments. Segments 3A and 3B were fully opened to traffic in July 2018. In August 2019, the concession was awarded with the new 11-kilometre segment, the 3C, with an investment of roughly US\$1 billion and a concession term of nearly 50 years. The agreement includes renovation of existing lanes, which will remain toll free and the construction of two Managed lanes in each direction. This new segment is expected to be opened to traffic at the end of 2023.

The project comprises a total of 27.2 kilometres in length, including Segment 3C's 11 kilometres currently under construction. Cintra holds a 53.67 per cent. stake in the concession.

The NTE 35W toll road generated revenues of €81 million for the year ended 31 December 2019, which accounted for 13 per cent. of Cintra's total revenues for the year ending 31 December 2019.

- I-77

The I-77 express lanes in North Carolina connect the metropolitan area in the northern part of Charlotte with the residential area of Lake Norman, over a distance of 41.8 kilometres.

The express lanes operate based on a variable toll system which facilitates demand management. A minimum speed of 45 miles per hour (approximately 72 kilometres per hour) is ensured. The 50-year concession began once the road was opened to traffic in November 2019. Cintra holds a 50.10 per cent. stake in the concession.

- I-66

The I-66 project comprises the construction of three toll free lanes and two express lanes in each direction between Capital Beltway and Gainesville (Virginia). The 50-year concession began once the commercial agreement was reached in 2016. It is expected to be opened to traffic in 2022 Cintra holds a 50 per cent. stake in the concession.

## Spain

- Ausol

Cintra's Spanish Ausol I and Ausol II (together "**Ausol**") concessions cover 105.1 kilometres of toll roads and 28 kilometres of toll-free roads on the Costa del Sol motorway in southern Spain.

The Ausol I concession was awarded in 1996 and became operational in June 1999. Ausol II was awarded in June 1999 and became operational in August 2002. The Ausol concessions have 50- and 55-year terms, ending in 2046 and 2054, respectively.

The Ausol concessions provide a toll road in one of the corridors with the highest population growth in Spain, providing an alternative route in a highly congested semi-urban corridor.

As the Costa del Sol motorway is located along a popular vacation destination, traffic levels are subject to seasonal fluctuations, with higher traffic levels recorded in the summer and around the Easter holiday. Accordingly, the tariff structure of the Ausol concessions provides high and low season tariffs that vary according to vehicle type and motorway sections travelled. The toll rates are inflation indexed with an adjustment in the case of traffic exceeding established thresholds.

In December 2019, Cintra completed the transfer of 65 per cent. of the share capital of Ausol for €451 million (100 per cent. equity value c. €700 million). Cintra retains a 15 per cent. ownership interest in Ausol, on which it has reserved a put option and has granted a call option on this 15 per cent.

The Ausol concessions generated revenues of €66 million for the year ended 31 December 2019, which accounted for 11 per cent. of Cintra's total revenues for the year ending 31 December 2019.

- Autema

Cintra's Spanish concession for the 48-kilometre Autema toll road from Sant Cugat to Manresa ("**Autema**") in Catalonia is one of its more mature assets. The concession for the Terrassa to Manresa segment of C-16 motorway was awarded in 1986 and was modified in 1989 to include the 12-kilometre segment between Sant Cugat and Terrassa. Construction was completed in 1991 and the project has been fully operational as a toll road for the last 21 years. The concession, the term of which was increased by 15 years in 1993 to a total of 50 years, will expire on 31 December 2036. Cintra holds a 76.28 per cent. stake in the concession. The Autema motorway is one of the roads leading to Barcelona and is a commuter corridor.

The Autema concession is operated under a user-paid toll regime, charging tolls according to the day of the week and vehicle type. Tariffs are set and adjusted annually for inflation, subject to approval by the Catalanian government.

The Autema concession generated revenues of €113 million for the year ended 31 December 2019, which accounted for 18 per cent. of Cintra's total revenues for the year ending 31 December 2019.

For more information see "*Description of Ferroviál—Legal Proceedings—Toll roads legal proceedings*".

- Benavente-Zamora

The concession is a 49-kilometre section of the A-66 between Benavente and Zamora ("**Benavente-Zamora**") completes the arterial road that connects Gijon and Seville – the "Silver Route". This 30-year concession, in which Cintra holds a stake of 25 per cent., is divided into three sections, and runs as closely as possible to the N-630 to minimise environmental impact. The Autovía de la Plata highway runs under an availability payment regime, with no toll rates for users. This project came into service in May 2015.

## Portugal

- Norte-Litoral

The Portuguese Norte-Litoral concession involves the operation and maintenance of the existing motorway and the design and construction, maintenance and operation of an extension to that motorway. The concession expires in 2031.

The existing motorway is 119 kilometres long. The motorway was conceived as a means to provide an express route between the main towns and cities near the northern coast of Portugal, as well as providing a link to the border with Spain.

Tolls for this concession were initially paid under a shadow toll regime, whereby the Portuguese government paid Cintra tolls based on the annual traffic volume on the operative section of the motorway. Since

October 2010, this system has been replaced with an availability toll system under which payment is calculated based on the number of days on which the highway is operating, with penalisation for lane closures, where the daily rates are indexed according to the consumer price index for mainland Portugal.

In 2015, Norte-Litoral reached an agreement with the Portuguese government, to modify the availability contract, improving the risk profile of the asset and reducing the investment in capital expenditure managed by the concession.

In June 2016, Cintra reached an agreement to sell 51 per cent. of the Norte-Litoral highway and currently holds a 49 per cent. stake in the concession. The sale was completed in April 2017 at a price of €104 million.

- Via do Infante

This toll road is 129.8 kilometres long. This concession was initially bid as a shadow toll regime, whereby the Portuguese government paid tolls based on the annual traffic volume on the operative section of the motorway. In 2015, Via do Infante reached an agreement with the Portuguese government to modify the availability contract, improving the risk profile of the asset and reducing the investment in capital expenditure managed by the concession. The concession was classified as a financial asset.

In June 2016, Cintra reached an agreement to sell 49 per cent. of the Via do Infante toll road and currently holds a 48 per cent. stake in the concession. The sale was completed in September 2017 at a price of €57.6 million.

- Azores

Cintra has an 89 per cent. stake in the concession for the construction and operation of the Euroscut Azores (“**Azores**”) toll road, which has been awarded until 2036. This toll road length is 93.7 kilometres and is located in the central and eastern parts of the island of San Miguel in Azores, Portugal. This highway entered into service in December 2011.

The toll road is operated under a shadow toll system, under which terms payment is made by the authority granting the concession and not by the highway users. Traffic above a certain threshold will not pay tolls and tolls will be applied under a system of varying rates divided into traffic bands. Toll rates are linked to the consumer price index for the Azores.

Azores generated revenues of €29 million for the year ended 31 December 2019, which accounted for 5 per cent. of Cintra’s total revenues for the year ending 31 December 2019.

## Colombia

- Ruta del Cacao (Bucaramanga-Barrancabermeja-Yondó)

Ferrovial, in a consortium led by its subsidiary Cintra, was awarded the design, construction, financing, operation and maintenance of approximately 152 kilometres of the motorway in Colombia. The infrastructure will improve the connections between the east of the country and its most important oil-producing areas. Cintra has a 30 per cent. interest in this project.

The concession has a duration of 25 years (with a possibility of a four-year extension) from the date of signing. The project will run under an availability payment model, explicit tolls and toll revenues guaranteed by the administration. The project has a total estimated investment of around €880 million.

## Australia

- Toowoomba

Ferrovial, in a consortium integrated by its subsidiary Cintra, designed, constructed, financed, operates and maintains the Toowoomba highway in Queensland (Australia). Cintra has a 40 per cent. interest in this project. This project involves the construction of 41 kilometres of a new 4-lane highway (2 lanes in each direction), with a concession period of 25 years after it opens to traffic. The concession was opened to traffic in September 2019.

- OSARs

Ferrovial, in a consortium led by its subsidiary Cintra, was awarded the OSARs project in October 2017. An availability payment project with a concession term of 22 and a half years, which consists of the improvement and maintenance of the Melbourne toll road and inter-city motorway network. The commercial and financial close took place in December 2017.

The project comprises eight high-priority road upgrades, which includes road widenings, intersection upgrades and more than 260 kilometres of road rehabilitation and maintenance across western Melbourne. This project will help to support the rapid population growth in western Melbourne and increase capacity on the network. It will also create jobs for local workers and invest heavily in the local supply chain.

As of 31 December 2019, the project had a total estimated investment of around AUD1.8 billion.

## Ireland

- Eurolink M3

Cintra holds a 20 per cent. stake in a 50-kilometre toll road that provides a strategic link between Dublin and the Northeast of Ireland, the term of which ends in 2052.

- Eurolink M4-M6

Cintra holds a 20 per cent. stake in a 36-kilometre toll road that forms part of the east-west corridor, one of the busiest and most economically important roadways in Ireland and connects the cities of Dublin and Galway, the term for which ends in 2033.

## Other Countries

Ferrovial also operates (i) two concessions in the UK: (1) the M8 (Cintra has a 20 per cent. stake), a 29-kilometre road in Central Scotland highway network between the country's two main cities, Glasgow and Edinburgh, the term for which ends in 2047; and (2) the Silvertown tunnel (Cintra has a 22.5 per cent. stake). In November 2019, RiverLinx consortium reached the commercial and financial closing in relation to the Silvertown tunnel, which is not yet under operation. The contract includes the design, construction, financing, operation and maintenance of the tunnel; and (ii) one concession in Slovakia: D4-R7 (Cintra has a 35 per cent. stake), a ring road to the east of Bratislava which will connect the existing radial roads, a 59-kilometre road, the term for which ends in 2050 and the first sections should be open in late 2020.

## Airports Business Division

### *Summary*

Ferrovial's activities in the Airports Business Division include the development, financing and operation of airports and, now also, the construction, operation and exploitation of power transmission lines.

Ferrovial participates in the airport industry principally through HAH since 2006, when it acquired a stake of 55.87 per cent. in HAH. On 26 October 2011, Ferrovial completed the sale of 5.88 per cent. of its interest and started to consolidate it in Ferrovial's Group accounts under the equity method.

On 31 October 2012, Ferrovial reduced its share in HAH through the sale of a 5.72 per cent. share to Stable Investments Corporation (a wholly owned subsidiary of China Investment Corporation International Co. Limited ("CIC")), and of 10.62 per cent. to Qatar Holding LLC ("**Qatar Holding**").

On 22 October 2013, Ferrovial announced the sale of 8.65 per cent. of HAH to the Universities Superannuation Scheme Limited ("**USS**").

Ferrovial indirectly holds 25 per cent. of HAH's share capital. The remaining stakes are held by Qatar Holding (20 per cent.), Caisse de Dépôt et Placement du Québec (12.62 per cent.), investment vehicles controlled by the Government of Singapore Investment Corporation (11.2 per cent.), Alinda Capital Partners LLC (11.18 per cent.), CIC (10 per cent.) and USS (10 per cent.).

In December 2014, a consortium, owned 50 per cent. by Ferrovial Airports International SE ("**Ferrovial Airports**") and 50 per cent. by Macquarie European Infrastructure Fund 4 LP, entered into an agreement with HAH for the acquisition of Aberdeen, Glasgow and Southampton airports in the UK, through AGS. The

transaction was completed on 18 December 2014 and entailed an investment by Ferrovial of €360 million, of which €50 million was disbursed in the form of capital of the newly-formed company and €310 million was paid in the form of a loan to the company that acquired the assets.

On 24 August 2017, Denver Great Hall Holding LLC, a consortium owned 80 per cent. by Ferrovial Airport Great Hall Partners, LLC, a subsidiary of Ferrovial Airports and 20 per cent. by Saunders Construction and JLC (an investment management firm created by Loop Capital and Magic Johnson Enterprises), entered into a development agreement (the “**Development Agreement**”) with Denver City and County for the refurbishment, operation and management of the Jeppesen terminal at Denver International Airport, through a company called Denver Great Hall LLC (the “**Project**”). On 12 August 2019, the Denver City and County notified the exercise of its right to terminate for convenience the Development Agreement and such termination became effective on 12 November 2019. The termination of convenience entitles Denver Great Hall Holding LLC to a compensation, which includes, amongst other amounts, i) repayment of the debt issued to finance the Project, ii) return of the equity and iii) payment of the construction works performed. Denver City and County signed a final settlement agreement with Denver Great Hall, LLC to resolve all the matters related to the termination of convenience. Following the termination of the Development Agreement, the excess cash flow was distributed to the shareholders, receiving Ferrovial €21 million in dividends.

The table below sets out the revenues and EBITDA for the key airports of the Group and the Heathrow Express rail operations (“**Heathrow Express**”) for the years ended 31 December 2019 and 31 December 2018 (considering the 100 per cent.):

Airports	Year ended 31 December			
	Revenues		EBITDA	
	2019	2018	2019	2018
	<i>(millions of pound sterling)</i>			
Heathrow SP .....	3,069.7	2,970.1	1,920.6	1,837.5
Others .....	(0.2)	0.1	1.9	2.4
<b>Total Heathrow<sup>(1)</sup></b> .....	<b>3,069.5</b>	<b>2,970.2</b>	<b>1,922.5</b>	<b>1,839.9</b>
Aberdeen.....	56.5	55.9	21.7	22.4
Glasgow.....	132.7	126.8	64.8	63.5
Southampton.....	27.7	30.4	7.9	11.1
<b>Non-Regulated Airports<sup>(2)</sup></b> .....	<b>216.9</b>	<b>213.1</b>	<b>94.4</b>	<b>97.0</b>
<b>Total</b> .....	<b>3,286.4</b>	<b>3,183.3</b>	<b>2,016.9</b>	<b>1,936.9</b>

Notes:

- (1) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the 2019 Consolidated Annual Financial Statements and 2018 Consolidated Annual Financial Statements, respectively.
- (2) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the consolidated management books of the Parent for the respective years then ended.

In 2019, HAH revenues and EBITDA were approximately £3.1 billion and £1.9 billion, respectively (considering the 100 per cent.). AGS revenues and EBITDA were £217 million and £94 million, respectively (considering the 100 per cent.). As mentioned before, Ferrovial owns 25 per cent. of HAH and 50 per cent. of AGS, so according to IFRS - EU, both companies are equity accounted (HAH since 2011 and AGS since its acquisition).

EBITDA shown in the table above, net of (i) Depreciation and amortisation charge, (ii) Impairment and non-current asset disposals, (iii) Financial result, (iv) Income tax and (v) Profit/Loss discontinued operations, and adjusted for the percentage of equity ownership held by the Parent in the relevant company, is part of the

results recorded in the line “Share of profits of companies accounted for using the equity method” in the consolidated statement of profit and loss in the Consolidated Annual Financial Statements and the 2020 Three Months Consolidated Financial Results Report; and EBITDA shown in page 34 regarding the Airports Business Division mainly represents overhead costs.

### *Inception*

The origins of the Airports Business Division date back to 1998, but it was only in 2006, with the acquisition of HAH, that it gained its current relevance.

### *Customers and Type of Contracts*

Please see “*Description of Ferrovial—Ferrovial’s Business—Airports Business Division—Activities*” below.

### *Activities*

The Airports Business Division generates two primary types of income: aeronautical income and non-aeronautical income. Aeronautical income is generated from airport fees and traffic charges. These charges are principally levied on the basis of passenger numbers, maximum total aircraft weight, aircraft noise and emission characteristics and the length of time during which an aircraft is parked at the airport (in the case of Heathrow only these charges are regulated by the CAA). Non-aeronautical income is generated mainly from retail concession fees, car parking income, advertising revenue and other services supplied by the airport’s operators, such as the rental of aircraft hangars, cargo storage facilities, maintenance facilities and the provision of facilities such as baggage handling and passenger check-in. HAH also generates income from the Heathrow Express rail operations.

The Airports Business Division’s assets are divided into regulated and non-regulated assets. The regulated assets are comprised of Heathrow, and the non-regulated assets are Glasgow, Aberdeen and Southampton airports (the “**Non-Regulated Airports**”).

Following the acquisition of Transchile Charrúa Transmisión, S.A. (“**Transchile**”) in October 2016, the area diversified its businesses with the incorporation of electricity transmission (see “*Description of Ferrovial—Ferrovial’s Business—Airports Business Division—Electricity Transmission*” below).

### *Heathrow Airport*

Located 24 kilometres west of central London, Heathrow is the principal airport for long-haul routes in the UK and is Europe’s busiest airport in terms of total passengers. In 2019, 80.9 million passengers travelled through Heathrow, of which approximately 6 per cent. were domestic passengers, 53 per cent. were international long-haul passengers and 41 per cent. were European passengers. Heathrow hosts most of the world’s major international airlines and is the worldwide hub of British Airways and the main European hub of the Oneworld Alliance (which includes British Airways, Iberia, American Airlines, Finnair, Japan Airlines, Qantas and Royal Jordanian). It also hosts the other two principal alliances of SkyTeam (which includes Air France, KLM, Alitalia, China Southern and Kenya Airways) and Star Alliance (which includes Air Canada, Air New Zealand, Air China, Egyptair, Lufthansa and Turkish Airlines).

Heathrow has an air transport movements (known as “**ATMs**”) annual capacity limit set by the Department of Transport. Heathrow is served by two parallel runways which together have maximum permitted ATMs of 480,000 per year. For the year ended 31 December 2019, actual passenger ATMs (cargo and passenger traffic) totalled 475,874, and PATMs (passenger only ATMs) totalled 473,235. In 2019, approximately 77 per cent. of Heathrow’s passenger traffic was origin and destination traffic and 23 per cent. was transfer traffic. Heathrow has four terminals with a total retail space of more than 58,600 square metres and provides a wide range of passenger services, including passenger-handling facilities, shops, bars, restaurants and over 22,000 public car park spaces. Heathrow is served by extensive bus services, London Underground services and the dedicated Heathrow Express rail link to and from London Paddington station.

Heathrow has maintained a strong focus over recent years on operational performance, improving passenger experience and investing in new and upgraded facilities. Service standards remain high, despite passenger growth putting pressure on some key processes such as check in, security, immigration and baggage.

As a result, Heathrow has risen to become one of the top performing major European hubs in terms of overall passenger satisfaction. In 2019, Heathrow achieved a record Airport Service Quality (ASQ) rating of 4.17 out of 5.00 compared to 4.15 out of 5.00 in 2018 and 82 per cent. of passengers rated their Heathrow experience 'Excellent' or 'Very good' compared to 81.9 per cent. in 2018.

The above scores illustrate not only the strength and resilience of its operations but also the benefits of its continued investments. The Heathrow investment programme has amounted over £12 billion during the last decade. Terminal 5 at Heathrow has provided additional terminal passenger capacity for up to 33.1 million passengers per year and has enabled Heathrow to begin rebuilding and renovating its other terminals. In June 2014, Heathrow Terminal 2 was reopened. The new infrastructure is able to handle up to 16.7 million additional passengers. Following the reopening of Terminal 2, all of Heathrow's terminals are either new or have been recently refurbished.

Given its relative scale, Heathrow is very important for the Airports business, accounting in 2019 for approximately 86 per cent. of the total passengers in the airports participated by Ferrovial and approximately 86 per cent. of the division's revenues. In November 2019, the CAA extended Heathrow's economic licence until the end of 2021.

#### AGS Airports

AGS airports as of 31 December 2019 consist of Glasgow, Aberdeen and Southampton airports.

Unlike Heathrow, AGS airports do not have an ATM annual capacity limit established by the Department of Transport.

AGS airports serve a catchment area in Scotland and England's South Coast within 60 minutes of 6.8 million people. The regions served by these airports have shown strong economic growth anchored upon financial services, energy and logistics industries. After a period of high growth, market is consolidating, specially for cost-sensitive airlines, with 13.6 and 14.8 million passengers in 2019 and 2108, respectively.

Glasgow airport, Scotland's second busiest airport after Edinburgh, is also Scotland's principal long-haul airport as well as Scotland's largest charter hub, with 8.9 and 9.7 million passengers in 2019 and 2018, respectively. It has a catchment area within 60 minutes of 2.9 million people and it offers a balanced mix of domestic (44 per cent.) and international (56 per cent.) traffic. It is served by 23 airlines that fly to more than 100 destinations. The infrastructure in place would support 15 million passengers per year.

Aberdeen airport is one of the world's busiest commercial heliports, providing services for approximately 446,070 helicopter passengers in support of the North Sea oil and gas industry. Aberdeen airport is used by 20 airlines serving more than 40 destinations.

Southampton has a large catchment area within 60 minutes of over 3.5 million people and serves around 40 destinations with 7 airlines using this airport. It provides short-haul air links to mainland Europe, large UK cities and the Channel Islands.

The table below sets out the number of passengers by airport for the years ended 31 December 2019 and 31 December 2018:

Airport	Year ended 31 December	
	2019	2018
	<i>(million passengers)</i>	
Heathrow .....	80.9	80.1
Glasgow .....	8.9	9.7
Aberdeen .....	3.0	3.1
Southampton .....	1.8	2.0
<b>Total</b> .....	<b>94.6</b>	<b>94.9</b>

### *Financing Activity*

Heathrow continues to focus on maintaining a strong liquidity position and optimising its long-term cost of debt as well as ensuring duration, diversification and resilience in its debt financing. In 2019, Heathrow raised approximately £2.1 billion of debt financing globally from a diverse range of sources. This funding underpins its robust liquidity position and provides additional duration and diversification to its £14 billion debt portfolio. Funding activities carried out in 2019 comprised around £1 billion in Class A, including a JPY note representing its eighth currency of issuance, £75 million in Class B and £1 billion of debt raised at Heathrow Finance Plc (“**Heathrow Finance**”).

- Class A financing activities included:
  - (a) a €650 million 15-year Class A bond maturing in 2034;
  - (b) a €86 million 20.5-year Class A zero coupon bond maturing in 2039;
  - (c) a CHF210 million 7.5-year Class A bond maturing in 2026, marking the third Swiss Franc-issuance;
  - (d) a £140 million Class A term debt maturing in 2037;
  - (e) an inaugural JPY10 billion 20-year Class A note maturing in 2039; and
  - (f) the repayment of the C\$400m bond.
- Class B financing activities included a £75 million 15-year Class B private placement maturing in 2035 to be drawn in April 2020.
- Financing activities at Heathrow Finance included:
  - (a) £700 million new loan facilities, with various maturities out to 2035, which are partially drawn;
  - (b) a £300 million 10-year Heathrow Finance bond maturing in 2029;
  - (c) the early repayment of £267 million 2019 Heathrow Finance bond on 4 March 2019;
  - (d) the repayment of £325 million of term loans; and
  - (e) the migration of £75 million raised by ADI Finance 2 Limited to Heathrow.

### *Investment in modern airport facilities*

In 2019, Heathrow invested £856 million across the airport in a variety of programmes to improve the passenger experience, airport resilience and for asset replacement and also to expand Heathrow with an additional investment of £236 million in the period. Heathrow continued investing in airfield and resilience programmes. Works to meet the next-generation security requirements mandated by the Department for Transport (“**DfT**”) are underway. Significant investment continues in automating the passenger journey with the roll-out of self-bag drops and self-boarding gates across all terminals. Further investment has also been made to increase capacity in Terminal 5, with 20 new carriages now on order to double the capacity on the Track Transit System, linking the main terminal to satellite buildings. The Hold Baggage Screening (HBS) upgrade works are progressing well, with the Terminal 5 programme now fully complete. The works in Terminal 4 are progressing well and scheduled to achieve the DfT compliance date in September 2020.

### *Electricity Transmission*

Following the acquisition of Transchile in October 2016, the Airports Business Division diversified its businesses with the construction, operation and exploitation of electricity transmission lines businesses. Transchile is the concessionaire of a 204-kilometre 220kV twin transmission line with a 500MVA transportation capacity per circuit, connecting the Charrúa and Cautín power sub-stations in the Bío-Bío and Araucanía regions of southern Chile and serving 300,000 homes.

In addition, on 30 November 2018, Centella Transmisión, S.A., a subsidiary of Ferrovial International, won the concession agreement to build and operate a 250-kilometre 220kV twin transmission line with a

580MVA transportation capacity per circuit, connecting the Nueva Pan de Azúcar and Nueva los Pelambres power sub-stations in central Chile. The project represents an investment of US\$153 million.

## Construction Business Division

### Summary

Ferrovial conducts its construction activities through Ferrovial Agroman, a wholly owned subsidiary of the Parent, a leading Spanish construction company with over 80 years of experience in the industry. Ferrovial Agroman is involved in all areas of civil engineering, residential building and non-residential building in Spain as well as internationally. Ferrovial Agroman is also involved in water treatment plant engineering and construction through its wholly owned subsidiary, Cadagua, S.A. (“**Cadagua**”), recognised internationally for seawater desalination plants.

Ferrovial has been a pioneer in leading the expansion of Spanish construction companies into stable international markets. For example, the Group has established a strong presence in Poland and the US, where it functions through its local subsidiaries, Budimex, S.A. (“**Budimex**”) and Webber, LLC (“**Webber**”), respectively. The Group also functions through permanent branch offices and subsidiaries in markets such as the UK, the US, Canada, Puerto Rico, Chile, Colombia, Australia, France, Oman, Saudi Arabia, Portugal and Slovakia.

During 2019, Ferrovial was awarded, amongst others, NTE 3C in Texas (amounting to €523 million); Silvertown tunnel in London (amounting to €444 million); Railway access to Gdynia Port (amounting to €322 million) and L139 Czechowice-Dziedzice (amounting to €300 million), both in Poland; and a section of the US-IH35 road in Waco, Texas (amounting to €298 million).

### Division results of operations and order book

The table below sets out the revenues, EBITDA and order book for the key construction companies of the Group as of and for the years ended 31 December 2019 and 31 December 2018:

	Year ended 31 December					
	Revenues <sup>(1)</sup>		EBITDA <sup>(2)</sup>		Order book (unaudited)	
	2019	2018	2019	2018	2019	2018
	(millions of euros)		(millions of euros)		(millions of euros)	
Ferrovial Agroman <sup>(3)(4)</sup> .....	2,769	2,783	(426)	59	6,756	7,092
Budimex <sup>(4)</sup> .....	1,819	1,730	102	100	2,830	2,362
Webber.....	824	739	38	30	1,838	1,511
Total.....	5,412	5,252	(286)	189	11,424	10,965

#### Notes:

- (1) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the 2019 Consolidated Annual Financial Statements and 2018 Consolidated Annual Financial Statements, respectively.
- (2) Figures as of and for the year ended 31 December 2019 were extracted from the 2019 Management Report and include IFRS 16 impact. Figures as of and for the year ended 31 December 2018 were extracted from the 2019 Management Report.
- (3) Figures as of and for the years ended 31 December 2019 and 2018 for Ferrovial Agroman include Cadagua and other adjustments.
- (4) Figures as of and for the year ended 31 December 2018 for Ferrovial Agroman and Budimex have been restated due to real estate business included in the Construction Business Division, with a positive impact of €59 million and €19 million in revenues and EBITDA, respectively.

The Group's international strategy continued in 2019, with the growth of the international business. As of and for the year ended 31 December 2019, it accounted for 85 per cent. of sales and 88 per cent. of the order book. Furthermore, more than 74 per cent. of international sales and 81 per cent. of the international order book was generated by the main strategic markets: the US, Poland, Canada, the UK, Chile and Australia, all of which are stable markets involving a relatively low country risk.

Revenues for the Construction Business Division for the year ended 31 December 2019 were €5.4 billion, which represents 89.4 per cent. of Ferrovial's total revenue. The order book as of 31 December 2019 totalled €11.4 billion.

The table below sets out the order book by project type for the years ended 31 December 2019 and 31 December 2018:

	Year ended 31 December (unaudited)	
	2019	2018
	<i>(millions of euros)</i>	
Civil work .....	9,002.2	8,567.4
Residential work .....	416.4	345.7
Non-residential work .....	939.6	1,451.2
Industrial and Services .....	1,066.0	601.0
Total .....	11,424.2	10,965.3

As of 31 December 2019, the order book was €11.4 billion, with the order book for countries other than Spain amounting to €10.0 billion, or 88 per cent. of the total order book, representing a 4.2 per cent. increase compared to the 2018 figure, due to its awarding activity that allowed the Construction Business Division to keep higher levels in the US, the UK and Poland, compensating some reductions in Slovakia and Colombia. The order book still represents 27.5 months of guaranteed production at current rates of execution. The US accounts for 50.8 per cent. of the order book for countries other than Spain, followed by Poland, representing 28.3 per cent., the UK, representing 9.2 per cent., Chile, representing 4.2 per cent. and the remaining 7.5 per cent. mainly relating to other countries members of the Organisation for Economic Co-operation and Development (OECD).

The civil works represented 79 per cent. of total order book as of 31 December 2019, with only 12 per cent. coming from residential and non-residential building and the remaining 9 per cent. coming from industrial and services.

### *Inception*

Ferrovial was founded in 1952, since when it has developed and expanded its Construction Business Division nationally and internationally, mainly through the award of several contracts in countries such as the UK, the US, Canada, etc. and through strategic acquisitions such as Budimex in Poland and Webber in the US.

Ferrovial has a great expertise in large and complex international projects, mainly through working for its Group companies, such as Cintra or HAH (as defined in "*Description of Ferrovial—Ferrovial's Business—Airports Business Division*"), but also through working for third party clients.

In 1985, Ferrovial expanded its national expertise to include the field of engineering and construction of water purification and treatment plants, through the acquisition of a 100 per cent. holding in the Spanish company Cadagua.

In 1995, Ferrovial acquired a 98.27 per cent. interest in Agroman Empresa Constructora, S.A. ("**Agroman Constructora**"), a Spanish construction company founded in 1927. On 5 October 1999, Ferrovial merged with Agroman Constructora and incorporated Ferrovial Agroman, which became Spain's largest construction company. Ferrovial then acquired the remaining interest in Ferrovial Agroman, therefore becoming the sole

shareholder of Ferrovial Agroman and completing the integration process of the construction business into the Group.

Ferrovial continued to expand its international Construction Business Division through the acquisition of a 59.06 per cent. holding in the Polish construction company Budimex in 2000, and the acquisition of a 100 per cent. holding in the US company Webber in 2005.

### *Customers and Type of Contracts*

According to Ferrovial Agroman's order book as of 31 December 2019, clients from the public sector accounted for 55 per cent. of the total order book, with Group companies representing 31 per cent. and private customers representing 14 per cent.

### *Activities*

#### **Ferrovial Agroman**

Ferrovial Agroman is the Group company that heads up Ferrovial's Construction Business Division and is involved in all areas of construction, including civil works and building and industrial works, both in Spain and internationally. Within the context of civil works, the company designs and builds all types of infrastructure including roads, railways, hydraulic works, maritime works, hydroelectric works and industrial projects. Ferrovial Agroman's building activities include the construction of non-residential buildings (including airports, sports facilities, health centres, schools and cultural buildings, shopping and leisure centres, museums, hotels, building refurbishment projects, offices, factories and industrial warehouses) and residential construction. Ferrovial Agroman, through Cadagua, is one of the top international companies in the engineering and construction of water treatment plants, mainly seawater desalination plants, but also sewage treatment, water purification and waste treatment plants.

Ferrovial Agroman reported total revenues of €2.8 billion for the year ended 31 December 2019, with revenues from international activities totalling €2.0 billion, which represented 71.9 per cent. of Ferrovial Agroman's total revenue. The order book as of 31 December 2019 totalled €6.8 billion, with an extraordinary negative EBITDA of €426 million mainly due to loss provision recorded in the US in the first quarter of 2019 to cover potential losses in some projects in the US due to the increase in prices in subcontracting and raw materials, as well as the extension of the approval periods in the design phase.

#### **Budimex**

Budimex, a company founded in 1968, has been listed on the Warsaw stock exchange since 1995. It is currently the leading construction company in Poland in terms of revenue.

Budimex is focused on the construction of civil works (such as roads, highways, railways, airports and bridges), industrial construction, residential building and non-residential building. It has managed a steady increase in diversification, both in projects other than roads and in new activities such as PPPs and infrastructure and facility management. Civil works and industrial construction together represented 58.9 per cent. of Budimex's revenue and 69.5 per cent. of its order book in the year ended 31 December 2019.

Budimex reported total revenues of €1.8 billion for the year ended 31 December 2019. The order book at the close of the year amounted to €2.8 billion and the EBITDA Margin was 5.6 per cent.

#### **Webber**

Webber specialises in the construction of infrastructure works, such as roads, highways, bridges and airport runways. In 2009, it was named as the leading transport infrastructure company in the State of Texas in the US according to Engineering News Record magazine. Webber is also a market leader in the production and distribution of recycled construction aggregates and asphalt in the Houston city area of Texas. In 2016, Webber acquired Pepper Lawson Construction, a specialised company in water infrastructure and commercial construction, enhancing the capabilities and resources of Webber in these segments.

Webber reported total revenues of €824 million for the year ended 31 December 2019. The order book as of 31 December 2019 totalled €1.8 billion and the EBITDA Margin was 4.6 per cent.

## Discontinued operations

### Services Business Division

#### Summary

The Parent has decided to classify the Services Business Division as discontinued operations, as the strategic review process initiated in October 2018 has been completed, with the aim of focusing on the development of its infrastructure business.

The Services Business Division has been active since 1992, and acquired its current structure through a combination of organic and inorganic growth in the different countries in which it operates. It is worth highlighting the acquisition of Amey plc (“**Amey**”) and Compañía Española de Servicios Públicos Auxiliares, S.A. (“**Cespa**”, as formerly known prior to its integration into Ferrovial Servicios, S.A. (“**Ferrovial Servicios**”)) in the UK and Spain, respectively, in 2003 and Enterprise Limited and Steel in UK and Chile, respectively, in 2013. In 2016, Ferrovial Services acquired for €499 million the Australian company Broadspectrum, that comprised activities in Australia, New Zealand and Americas. In 2017, activities in the Americas region (US, Canada and Chile) were transferred to the Ferrovial Services international business unit. In December 2019, Ferrovial reached an agreement for the sale of Australia and New Zealand businesses, which completion is subject to usual conditions in this kind of transactions, including competition and regulatory authorisations and it is expected to be closed in 2020. The equity value of the transaction is AUD485.5 million (€303 million) (transaction value is AUD524.5 million (€327 million)) and is subject to certain adjustments. Certain international businesses are being transferred to the rest of Ferrovial from Broadspectrum, with an estimated cash outflow for Ferrovial of €60 million.

The general shareholders’ meeting of the Parent held on 17 April 2020 authorised its Board of Directors to continue the divestment process of the Business Services Division, through (i) competitive or non-competitive total or partial sale processes (the latter, either by geographic business line or by line of business and being necessary a fairness opinion issued by a specialised entity of recognised prestige); or (ii) a public listing in one or several transactions of all or part of the remaining Services Business Division’s assets.

#### Division results of operations and order book

The table below sets out the revenues, EBITDA (including IFRS 16 impact as of and for the year ended 31 December 2019) and order book for Ferrovial Services, geographically, for the years ended 31 December 2019 and 31 December 2018:

	As of and for the year ended 31 December					
	Revenues <sup>(1)</sup>		EBITDA <sup>(2)</sup>		Order book (unaudited)	
	2019	2018	2019	2018	2019	2018
	(millions of euros)		(millions of euros)		(millions of euros)	
Ferrovial Servicios .....	2,020.1	1,950.5	232.3	202.1	4,265.6	4,669.5
Amey .....	2,749.3	2,610.3	23.1	(163.1) <sup>(2)</sup>	8,035.9	9,251.4
Broadspectrum .....	1,672.2	1,683.8	86.8	60.7	4,064.0	4,128.8
International .....	553.6	540.0	40.2	35.9	1,290.7	1,361.2
Total .....	6,995.2	6,784.6	382.4	135.6	17,656.2	19,410.9

#### Notes:

- (1) Figures as of and for the years ended 31 December 2019 and 2018 were extracted from the 2019 Consolidated Annual Financial Statements and 2018 Consolidated Annual Financial Statements, respectively.
- (2) Figures as of and for the year ended 31 December 2019 were extracted from the 2019 Management Report and include IFRS 16 impact. Figures as of and for the year ended 31 December 2018 were extracted from the 2018 Management Report.

- (3) Includes a €235 million negative impact associated with the Birmingham project.

For the year ended 31 December 2019, the Group's revenues from the Services Business Division were €7.0 billion.

As of 31 December 2019, the order book for the Services Business Division reached €17.7 billion, which represents a decrease of 9 per cent. (6.9 per cent. without Exchange Rate effect) when compared with 31 December 2018 (€19.4 billion). The reduction is centred in the UK due to the decrease of activity on the UK market (mainly as a consequence of the impact of Brexit) and the negative impact of the exit of the Birmingham City Council contract (€834 million) and in Spain, due to delays in large contract awards (typically 3-5 years) that are compensated by prorogues of them (typically from six months to one year).

### *Inception*

This business division has been active since 1992, and acquired its current structure through the acquisition of Amey and Cespa in the UK and Spain, respectively, in 2003.

### *Customers and Type of Contracts*

Ferrovial typically operates its business in the Services Business Division through multi-year contracts signed with the public sector (such as the Highways Agency, Network Rail, Renfe, the Scottish Executive and ministries of transportation, defense, health or justice) in all geographies or local councils (such as the Madrid, Barcelona, Murcia and Huelva local councils in Spain and Sheffield, Cambridge or North Yorkshire in the UK), industrial clients, hospitals, and other public and private corporations, as further described below.

### *Activities*

The activities of Ferrovial Services are focused on six broad segments: facility management, environmental services (waste treatment), transport and infrastructure (roads and railway mainly), utilities and industry, mining, oil and gas and consulting. Within those segments, there is a wide range of services performed, such as maintenance activities, operations of assets and consulting.

Ferrovial Services carries out these activities through four business units:

- Spain;
- UK;
- International (North America, Chile, Portugal and Qatar); and
- Broadspectrum (until completion of the sale process).

### *Spain*

In Spain, the Group conducts its infrastructure and facility maintenance and management activities, as well as its waste management and urban services activities, primarily through Ferrovial Servicios. Ferrovial Services in Spain is the result of the integration of activities performed by Cespa (environmental services) into Ferrovial Servicios (infrastructure management and facility management). As a result of this integration, Ferrovial Servicios provides end-to-end solutions which meet clients' current and future needs, with a broad range of services split into three business lines:

- **Local Government:** For the provision of services to municipalities, including waste collection, street and parks cleaning, gardening, infrastructure maintenance (building and streetlighting).
- **Treatment and Environmental Management:** Includes waste treatment design, construction and operation of treatment plants, landfills, waste recovery, collection and treatment of industrial waste for public and private clients.
- **Infrastructure:** Facility management, energy efficiency, infrastructure maintenance, social and healthcare services and industrial sector.

Revenues of the Services Business Division in Spain increased for the year ended 31 December 2019 by 3.6 per cent. compared with the year ended 2018, despite the fewer public tendering processes, due to the successive elections, and uncertainty throughout much of the year regarding the formation of a government. The growth in revenues comes from the greater revenues from infrastructure maintenance, mainly in relation to industrial facilities, and from waste treatment. The order book as of 31 December 2019 amounted to €4.3 billion and the EBITDA Margin was 11.5 per cent for the year ended 31 December 2019. The order book contraction was due to a lower volume of new awards during the year as a result of the slowdown in public tendering, which is being compensated by an increase in prorogues.

## United Kingdom

In the UK, the Group conducts its services activities through Amey. Amey is one of the leading companies in the UK support services sector active in transport, roads, railways, bridges, schools, airports, public spaces and office areas. Since its acquisition by Ferrovial in 2003, it has experienced considerable success in recovering a preeminent position in the infrastructure and facility management industry. Amey, as core business, provides integrated operation and maintenance of all types of rail and road assets (pavements, tracks, signalling systems and information displays), local government infrastructure (such as roads, footways, streetlighting assets, schools or vehicle fleets), facilities management services (such as mechanical and electrical maintenance, cleaning, gardening, catering or security of working spaces, relocation planning, energy efficiency or waste minimisation) and consulting related to the real estate market and infrastructure asset management. Amey also provides related consulting and logistics services and other non-core activities such as operation and maintenance of utilities network, waste collection and treatment and disposal of all types of waste, street and beach cleaning and gardening, which are carried out by Amey Cespa Limited, a partnership between Amey and Cespa.

Amey's revenues for the year ended 31 December 2019 were 5.3 per cent. higher than for the year ended 31 December 2018 boosted by the Ministry of Defense facility management contracts, by virtue of which Amey acquired Carillion's 50 per cent. stake in September 2018. This increase compensates the decrease in utilities (highly impacted by the UK market situation) and rail services business, where construction work decreased in parallel with the five-year national investment network rail plan consumption. EBITDA was below expectations due to costs overruns in finished rail projects, the decreasing activity in Utilities and an increase in construction costs (Isle of White) and start-up costs (Milton Keynes) treatment plants. Without those impacts and the negative impact of €235 million related to the Birmingham City Council contract in 2018, EBITDA would have been in line with 2018. As of 31 December 2019, the order book amounted to €8.0 billion, a 13.1 per cent. decrease from December 2018 mainly due to the difficult UK market conditions (Brexit) and the Birmingham City Council contract exit, whose exit had a €834 million negative impact in backlog. Among the contracts awarded to Amey in 2019, the most notable were: the extension of facility management contracts with the Ministry of Defense for two years (€886 million), the repair and maintenance of sewage water in North England for six years (amounting to €183.2 million) or the improvement works in Bent Cross Station for two years (amounting to €85.1 million).

## International

The international business unit incorporates all the Ferrovial Services activities outside Spain, the UK, Australia and New Zealand. Ferrovial Services, through the international division, provides similar services (infrastructure and facility maintenance, waste management, urban and industrial services, services to oil, gas and mining companies) in North America, Portugal, Chile and Qatar. The breakdown of revenue by country for the year ended 31 December 2019 was as follows: North America (€376.7 million), Chile (€130.6 million) and Portugal (€46 million). With respect to revenue from Ferrovial Services activity in Qatar, such revenues are not incorporated into the international business unit as they are consolidated using the equity method.

## Broadspectrum

In 2016, Ferrovial Services acquired Broadspectrum, that comprised activities in Australia, New Zealand and Americas. Comprised activities in Australia, New Zealand and Americas. In 2017, activities in the Americas Region (US, Canada and Chile) were transferred to the Ferrovial Services international business unit. As stated in *"Description of Ferrovial—Services Business Division—Summary"* above, in December 2019, Ferrovial reached an agreement for the sale of Australia and New Zealand business, which completion is subject to usual conditions in this kind of operation, including competition and regulatory authorisations.

## Research Development and Innovation

The development of innovation becomes effective through the Strategic Innovation Plan. Developed and presented to the Board of Directors of the Parent in 2018, Ferrovial's Innovation Strategy is headed and steered by Innovation Committee, comprising the Parent's CEO, its CIIO, the CEOs of the Business Units, the Head of Human Resources and the Head of Corporate Strategy. Moving down a level, Ferrovial's Innovation Strategy is coordinated by the Global Innovation Steering Council, which is chaired by the Chief Innovation and Digital Strategy Officer and comprises the innovation officers of all the company's business units. Expert working groups have also been set up to tackle specific subjects.

The plan rests on five main pillars: anticipation and exploration; collaboration and transversal approach; focus and impact; globality and ecosystem; and agility and swiftness. In order to give focus to the innovation activity a set of transversal themes were established data-driven management, mobility, health and safety, sustainability, engineering, automation and digitisation, it also includes vehicles to manage the incubation of new digital businesses.

The company coordinates a broad consolidated portfolio of projects focused on defined priority themes and that is appropriately proportioned between disruptive, strategic and incremental innovation. In 2019, more than 100 projects have been developed, with an investment close to €45 million in research and development.

### *Disruptive innovation: anticipate the future of transport*

Ferrovial takes a proactive approach towards disruptive innovation in order to anticipate and adapt dynamically to change. Through its "What if?" programme it periodically analyses plausible future scenarios to determine the key lines of action to respond to threats and take advantage of any opportunities that have been identified, such as Hyperloop or Urban Air Mobility.

In addition, Ferrovial has the Venture Lab, its corporate launchpad of business models with a high uncertainty and disruptive capacity. Some of the ventures launched in recent years include (i) the Wondo Mobility as a service platform, (ii) KUIKO, the digital market of facility management services for SMEs and freelancers and (iii) Zity, an electric carsharing service whose business model is based on renting 100 per cent.-electric vehicles by the minute in Madrid.

### *Strategic innovation: increasing the value of assets*

Ferrovial undertakes both strategic intelligence projects to help its business units understand the impact of technology on infrastructure management as well as projects to generate additional added value in the promotion, design, construction, operation and maintenance of these assets. The first type includes its studies on the impact of autonomous and connected cars, 5G technology and new means of payment. The second type include its projects with innovative technologies such as virtual or augmented reality, drones and artificial intelligence applied to its business operations.

### *Incremental innovation: at the service of business units*

A large proportion of its project portfolio is aimed at achieving short-term impact on its traditional business models through, for example, automation, digitisation or data processing and analytics. Ferrovial's methodical and incremental innovation has allowed the company to consistently achieve improvements in profitability, sustainability and efficiency in its operations; increase the safety of users and employees and, ultimately, generate additional competitive advantages for its businesses

### *Promoting and innovative culture*

Ferrovial undertakes a wide range of technology and trend watch activities that are reflected in its monthly Innovation Insights newsletter, its Infobits reports on periodic trends and its White Papers, in which it discusses both the opportunities generated by the trends and the potential use cases for its business units. Ferrovial's internal knowledge ecosystem is completed with the Digital Hub, the Centres of Excellence in the areas of data and mobility and the multiple specialised technical offices of the different business units. These units' function as nodes of the organisation's network of experts centralising knowledge, skills and experience and providing consulting and technical advice.

The insight, talent and knowledge of the immense innovation community disseminated throughout the organisation are added to the analysis work and the initiative of these teams devoted entirely to innovation. Every two years the Zuritanken programme captures the creative explosion of all company employees, prioritising and providing resources to prototype ideas with the greatest potential.

In addition, as far as innovative talent is concerned, Ferrovial has launched the Play the Future initiative to train its employees in digital skills and new technologies. The company also launched the Executive Forum, an annual meeting of executives to analyse emerging trends and define projects on topics such as mobility or data-based management.

#### *Growing an open and collaborative ecosystem*

Ferrovial Open Innovation teams work to expand and enhance the organisation's network of collaborations and alliances in major global innovation centres such as Israel, the US, Finland and Singapore. This network includes public innovation agencies and programs such as H2020, the European Innovation Council, Innovate UK and the Climate-KIC and Digital-KIC communities of the European Institute of Innovation and Technology; research centres and universities such as the Massachusetts Institute of Technology and Stanford University and, of course, accelerators, incubators and startups. In particular, in 2019 Ferrovial had 11 collaboration agreements in place with universities and research centres and conducted 32 pilot projects with start-ups.

#### **Legal Proceedings**

In carrying on its activities the Group is exposed to possible contingent liabilities of varying kinds. The detail of the most significant litigation, in terms of amount, in the Group's various business divisions is as follows.

#### ***Toll roads legal proceedings***

##### *Autopista Terrasa Manresa (Autema).*

Contentious-administrative action against Decrees 161/2015 and 337/2016 approved by the Government of Catalonia:

On 14 July 2015, the Government of Catalonia published Decree 161/2015, which radically amended the rules governing the concession for the project originally established in Decree 137/1999. This legislative change was carried out in December 2016 via Decree 337/2016 (both referred to collectively as the “**Decrees**”).

The change introduced by the new legislation entailed moving from a regime under which the Government of Catalonia paid the concession operator the difference between the tolls collected and the operating surplus established in the Economic and Financial Plan, to a system whereby the remuneration earned by the concession operator (Autema) will depend on the number of the infrastructure's users, with the Government of Catalonia subsidising a portion of the toll paid by the user, reducing Autema's revenues by between 50 per cent. and 43 per cent.

In this regard, the concession operator considers that there are solid arguments to conclude that the grantor has clearly exceeded the limits of its power to amend the public arrangements by issuing these Decrees. Accordingly, Autema filed an appeal against the aforementioned Decrees at the High Court of Catalonia (TSJC).

Over the course of 2017, the co-defendants (the Catalan Government and Bages Regional Council) filed their written submissions in reply to the complaint and, during first half of 2018, evidence was heard. Following the submission of written conclusions by Autema in July and by the co-defendants in September 2018, the conclusions phase of the trial was brought to an end.

On 18 March 2019, Autema was notified of the Catalan High Court's judgement rejecting Autema's contentious-administrative appeal against the Decrees. Autema then filed a cassational appeal with the Spanish Supreme Court against this judgement, which is still pending to be ruled. The effects of the judgement are suspended until the Spanish Supreme Court rules on the appeal. The first stage in the filing of the cassational appeal has been completed, as the Catalan High Court has agreed to submit the appeal to the Spanish Supreme Court. It is now up to the Spanish Supreme Court whether or not to give the appeal “leave to proceed”. The concession operator estimates that this decision could be issued within the following six months. If the appeal is

granted “leave to proceed”, the Supreme Court will decide whether to admit it or not, which the concession operator estimates will take approximately two years from the start of preparations (i.e. from June 2019). The final procedural stage completed in 2019 was the Spanish Supreme Court’s acceptance of the case from the Catalan High Court, with the appearance of the parties before the Spanish Supreme Court and the appointment of the Presiding Judge, so that the Court may decide whether or not to admit the appeal for process.

Following an analysis of the available information on the proceedings, as of 31 December 2019 the concession operator believed that there was a strong basis for the case to be admitted in cassation and for the merits of the action to be subsequently upheld, and it has therefore continued to treat this asset as a financial asset.

It is felt that the aforementioned judgement could be an indication of the additional impairment of the assets connected with this project, to the extent that although it is believed that the action will be won on its merits, recovery of the outstanding unpaid amounts will be delayed until the cassational appeal has been resolved and enforcement of the judgement is subsequently achieved, so an impairment of €58 million has therefore been entered in 2019.

#### *M-203 toll road*

Legal action filed by the concession operator seeking the termination of the concession agreement on the grounds of a breach by the Administration:

On 24 April 2014, the concession operator instigated a proceeding at the Madrid High Court of Justice requesting the termination of the concession arrangement due to a breach by the grantor and the annulment of the penalties imposed on the concession operator due to the halting of the construction work.

Following the favourable judgement by the Madrid High Court, in an Order from the Community of Madrid’s Ministry of Transport, Infrastructure and Housing dated 3 November 2017 (the Order for Termination), the Community of Madrid (“CAM”) terminated the concession agreement. In 2018, the CAM took over the works and refunded the bank bonds provided as a definitive guarantee (which amounted to €6 million).

With regard to the Authority’s subrogation to the expropriation proceedings and compensation both for the investment made (Net Investment Value - NIV) and for the damage suffered, in April 2019 the concession operator filed a complaint with the CAM, citing the Authority’s failure to act and demanding that it complies with its obligation to issue a ruling on the NIV.

As the CAM did not respond to the concession operator's demand within 3 months, the concession operator filed a contentious-administrative appeal on 15 July 2019 in which it cited the CAM's failure to act and included an interim injunction asking the court to order the CAM to issue its ruling expeditiously.

This interim injunction was rejected in October 2019, and the legal procedure seeking to have the CAM hand down its ruling on the NIV has continued its course. The concession operator filed a claim at the Madrid High Court on 17 December, and on 11 February 2020 notification was received of the CAM's response, giving the concession operator a period of time to submit its written conclusions.

In addition, on 27 January 2020, the concession operator was notified via administrative channels of the CAM’s valuation report on the amount of the NIV, in which it puts this figure at €56 million (excluding VAT) plus the interest that accrues until payment is effectively made. An allegations period was granted and the concession operator presented its allegations on 12 February 2020, referring to the previous arguments and statements of claim, requesting that a ruling should be issued as soon as possible, and reserving the right to take action as admissible to claim the difference between the amount claimed (€60 million, which the concession operator has recognised in its balance sheet) and the amount recognised in the report. The concession operator has decided not to set aside any provision for the amount that has yet to be received, given that its legal advisers believe that it has strong arguments for claiming its recovery.

Regarding the damages payable by the CAM due to the early termination of the concession agreement, the CAM must initiate a separate action from the one relating to the NIV. This action for damages has not been initiated by the Authorities, and therefore the concession operator, which has not accounted any amount relating to this item in its balance sheet, filed a claim on 7 August 2019 for damages and lost profit with the CAM,

seeking the amount that it believes it is owed and submitting documentation in support of its case. As six months had elapsed without a reply from the relevant Authorities to the claim filed on 7 August 2019, the concession operator lodged a contentious-administrative appeal on 14 February 2020 against the rejection of the claim due to administrative silence.

As a result of the termination of the concession arrangement, on 31 December 2019 the concession operator reclassified the carrying amount of the asset (€76 million) as an account receivable from the grantor and includes the €60 million mentioned above, as well as €13 million in VAT and €3 million in interest.

#### *Radial 4 toll roads*

With regard to Radial 4, in June 2013 a group of financial institutions from the banking syndicate that was financing the project filed court proceedings with Madrid Court of First Instance No. 61 against the shareholders of the concession operator that had guaranteed the contribution of contingent capital in certain circumstances, namely Cintra and Sacyr Concesiones, S.L.

In that lawsuit, they sought the enforcement of a guarantee that had been put in place by the shareholders, on the grounds of an alleged breach of certain ratios. This corporate guarantee amounts to a total of €23 million, of which Cintra's share amounts to €14.9 million. In their reply to the action, Cintra and Sacyr argued, inter alia, that the banks did not have active locus standi (a legitimate right to act), believing that they could not file an action against the shareholders but should instead file it against the company that was the investor in the project. They also argued that the purpose of the guarantee was not to afford the borrower funds to cover payments relating to the financing, but rather to ensure its financial solvency in order to meet obligations arising from a refinancing process that has not taken place.

In the end, the Spanish First Instance Court accepted the plea for the lack of active locus standi on the part of the claimants, dismissing the banks' claim without entering into the merits of the case. The banks appealed this judgement before the Madrid Court of Appeal, which upheld the first instance judgement in December 2016. Against this judgement, the financial institutions filed an extraordinary appeal for procedural infringement with the Spanish Supreme Court.

Notice of the Spanish Supreme Court's ruling admitting the banks' appeal was given on 12 July 2019, and the banks' active locus standi to make a direct claim against the Sponsors (Cintra and Sacyr) was recognised. The Spanish Court of Appeal was thus forced to enter into the merits of the case.

#### *SH-130 toll road*

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the US Bankruptcy Court Western District of Texas against the Parent, Cintra, Ferrovial Agroman and other companies of the Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65 per cent. owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the Concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the return of these payments, which amount to a total of US\$329 million.

It also accuses Ferrovial, Cintra and other companies in the Group of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the mercantile law of the State of Delaware, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the return of the profits earned under the agreements for services for which the

defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Group defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the Court allowed the motions to dismiss relating to the Group companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants.

On 5 August 2019, the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At present, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases.

The analysis carried out so far by the legal advisors of the affected companies, based on the information available throughout the process, may lead to the conclusion that the Group companies named as defendants in the process have strong arguments to defend their interests, and it is reasonable to think that they could succeed in having the actions brought against them rejected by the Court. Based on the above, Ferrovial has not set aside any provision in Group companies as a result of these legal proceedings.

### ***Construction legal proceedings***

The Group's Construction Division is involved in various lawsuits relating primarily to possible defects in the construction of completed projects and claims for third-party liability.

The provisions recognised in relation to these risks at 31 December 2019 totalled €112 million (€82 million at 31 December 2018) and relate to a total of approximately 87 lawsuits. The main lawsuit relates to the SH-130 toll road construction works in Texas, as detailed below, and this is in addition to the complaint described in the previous section relating to the toll road business.

#### ***Construction works at the SH-130 toll road in Texas***

In addition to the legal action mentioned in the section relating to lawsuits in the toll road business, the concession operator for the SH-130 toll road (SH-130 Concession Company, LLC) filed a request for the submission to arbitration of a dispute against Central Texas Highway Contractors, LLC, the toll road's constructor (in which Ferrovial Agroman holds a stake), and against the companies Zachry Industrial, INC. and Ferrovial Agroman, as the joint guarantors of the aforementioned company. In the request for arbitration, the Concession operator claimed in both general and specific terms that there were failings and defects during the construction, mainly in the aggregates used to surface the toll road, which it valued at no less than US\$130 million. Of this, 50 per cent. (US\$65 million) would be attributed to Ferrovial's stake in the company, though there is no joint and several liability with regard to the other stakeholder's involvement.

In March 2019, the company SH-130 Concession Company LLC, filed a statement of claim for US\$161 million (which added to the initial US\$130 million, amounts to a total of approximately US\$291 million), which consists of the amounts that SH-130 Concession Company, LLC alleges it has incurred or will incur to repair the damages claimed.

Of this amount, 50 per cent. (US\$145 million) would be attributable to the stake held by the Group.

To date, following the submission of the respondent's statement of defence, SH-130 Concession Company, LLC has filed its statement of reply in December 2019, in which it basically maintains the same claims but has reduced the amount to US\$280 million (US\$140 million would be attributed to the Group's share). The hearing started on 9 March 2020 but was suspended on 13 March due to COVID-19 effects. It is scheduled to resume mid-August. After analysing all of the documentation that they have had access to over the course of the year, the legal advisors of the affected companies still believe that construction work at the toll road was carried out in accordance with the terms of the contract and industry best practices, and that, in any case, any liability that may result from this lawsuit could be reduced by certain factors, such as:

- The existence of insurance policies to the benefit of the construction company.

- Where applicable, liability for the defects being alleged should rest with the companies that were subcontracted by the construction company, both with regard to design and as regards the work done to lay the road surface.
- It would appear that the Texas Department of Transport and the concession operator have reached an agreement to carry out the work required to repair the defects at a value of US\$60 million, which represents much less than the amount being claimed.

A mediation process has begun with SH-130 Concession Company, LLC (which also involves the partner in the project, Zachry, insurance companies, designers and subcontractors connected with the alleged construction defects), with the aim of bringing this claim to an end in a negotiated manner. Any agreement that might be reached would also entail the ending of the lawsuit that relates to the same project and is described in the section relating to lawsuits in the toll road business. As of the date on which the 2019 Consolidated Annual Financial Statements were drawn up, no results had been achieved in this mediation process.

It was concluded that upon closing the accounts in December 2019, the risk arising from these proceedings could amount to US\$25 million, and a supplementary allowance of US\$15 million was therefore set aside during the 2019 financial year, in addition to the US\$10 million already set aside.

### *Construction Business in Spain*

On 1 October 2018, the Spanish National Markets and Competition Commission (*Comisión Nacional de los Mercados y de la Competencia*) (the “CNMC”) Competition Division (“CD”) agreed to bring sanctions proceedings against a number of companies, one of them being Ferrovial Agroman, for alleged prohibited behaviour that is contrary to competition regulations.

As outlined by the CD, this behaviour ostensibly consists of the exchange of certain information between companies for the purposes and/or with the effect of restricting competition during the course of the competitive tendering processes organised by Public Authorities in Spain for the construction and refurbishment of infrastructure and buildings.

The list of charges drawn up by the CD was received in October 2019. This document contains the conclusions reached in the investigation that was carried out and it gives details of the events that could constitute an infringement of the competition regulations. A statement of defence arguments was filed in December, arguing that the infringements indicated by the CD had not occurred. Subsequently, following completion of the necessary instruction process, notice of the proposed ruling will be given so that the relevant arguments may be put forward.

Lastly, the CNMC Board was expected to hand down its decision on the proceedings in April 2020. However, due to COVID-19 effects, this decision could suffer a delay.

This decision may be appealed in the Spanish National Court and, where applicable, in the Spanish Supreme Court. This risk is covered by the provisions mentioned in the 2019 Consolidated Annual Financial Statements.

### *Services legal proceedings*

#### *Regarding the Services Business Division in Spain:*

- Litigation relating to the Ruling of the CNMC in relation to the solid waste sector:

On 12 June 2019, the CNMC set forth a list of the established facts in which it outlined anti-trust conduct or practices consisting in market sharing agreements, recommendations in the municipal solid waste sector and punctual bilateral agreements in the non-hazardous industrial waste sector in some places or territories.

As reported in the 2018 Consolidated Annual Financial Statements, Ferrovial has filed a contentious-administrative appeal with the Spanish National Court on the grounds that the initiation of these new proceedings violates the basic right of Cespa and Cespa Gestión de Residuos (“**Cespa Gestión**”) not to be tried twice for the same offence, since proceedings were previously initiated for the same reason and later dismissed by the Courts. The appeal has been concluded and is now pending a date to be set for the voting and handing down of the

judgement. On 31 July 2019, the CNMC handed down its ruling on a proposed penalty, and on 30 August 2019 Cespa and Cespa Gestión filed claims against this ruling. On 19 September 2019, the CNMC Board ordered the suspension of the term allocated to resolve the proceedings until the Spanish National Court has ruled on the contentious-administrative appeal for the protection of basic rights. The Group has decided not to set aside any provision, given that its legal advisors believe that the arguments set out in the appeal seeking protection for basic rights are robust.

- Litigation relating to the penalty proceedings opened by CNMC in relation to the road maintenance sector

Following a period of investigation into reserved information, on 16 July 2019, the CNMC initiated penalty proceedings against Ferrosur Infraestructuras, S.A. and the Parent, along with other companies in the sector (ACS, ACCIONA, FCC, OHL, SACYR, ELECENOR, and others), due to potential antitrust practices during tendering for providing maintenance and operations services for the State Road Network, arranged by the Ministry of Public Works (*Ministerio de Fomento*). The CNMC has only announced initiation and has provided access to part of the proceedings. In relation to the investigation period related to the reserved information, the Group has filed a contentious-administrative appeal with the National Court seeking protection for basic rights, essentially based on the fact that the Inspection order was very generalised and that the indicators of the investigation were not provided, and this has been admitted for process and has been challenged by the Public Prosecutor, pending a date for a vote and ruling. For the same reasons, on 11 January 2019, an appeal was filed with the Madrid High Court, asking for the Court Ruling that authorised the inspection to be revoked, though the appeal was definitively dismissed.

- EMESA

As set out in the 2018 Consolidated Annual Financial Statements, the Group, through the company Empresa de Mantenimiento y Explotación M-30, S.A. ("**Emesa**") in which it holds a 50 per cent. stake, is operating the contract for the maintenance of the M-30 infrastructure, and it holds a 20 per cent. stake in the mixed financial holding company Madrid Calle 30, which is the holder of the concession agreement for this infrastructure. During the 2017 financial year, Madrid City Council, which also holds a stake in Madrid Calle 30, formed a municipal Investigation Commission whose main recommendations (insofar as they affect the Group) are to reverse the management model for Madrid Calle 30 to one in which the company is 100 per cent. municipally owned and to request the relevant City Council bodies to determine who is liable for paying for the electricity supply, which to date has been paid for by Madrid Calle 30. On 31 December 2018, Emesa filed an appeal against the resolution in which the Madrid City Council approved the Report by the Investigation Commission.

On 3 June 2019, a judgement was issued on the appeal, declaring that it was inadmissible due to a lack of legal standing on the part of the appellant (Emesa). The judgement has been appealed by EMESA. Nonetheless, although it was not given "leave to proceed", point of law four of the appeal states that the Investigation Committee's rulings are mere recommendations and are not binding on Emesa. In other words, the company could only be affected by any possible rulings that may be issued in the future that contain said recommendations. In the opinion of the legal advisors, this judgement is positive for the company's interests.

## **Tax proceedings**

Ferrovial has accounted provisions for taxes for a total amount of €266 million. In relation to the companies in the Services Business Division, located in the discontinued operations line item, these tax provisions amount to €33 million.

These provisions primarily correspond to on-going tax-based legal actions relating to tax inspections in Spain, the most significant being those concerning corporate income tax and VAT for the periods 2002 to 2015. Therefore, the total amount for litigation in Spain amounts to €363 million, of which the Group believes that it has strong arguments to defend its procedural position, therefore it has set aside partial allowance provisions to cover the risk that could arise from these actions in the amount of €250 million, as well as €24 million associated with companies in the Services Business Division, which are classified under discontinued operations.

These actions include one that relates to the tax write-down of financial goodwill resulting from the acquisition of Amey and Swissport. Ferrovial has filed an appeal against the decision by the European

Commission in 2014 (Third Decision), in which this kind of tax measure is classified as constituting state aid. Although the Parent feels there are sound grounds supporting the Group's procedural stance, if a favourable court judgement is not issued, the amount of €84 million will be payable to the Treasury of Spain, including the expected Corporate Income Tax for 2019, of which €37 million was already settled in 2017 and €5 million is expected to be paid in 2020. In this most unfavourable scenario, the impact on the income statement would be €0.5 million, having accounted the corresponding deferred tax liability of €127 million, which is offset by applying tax credits available to the Parent in the amount of €42 million.

### **Other litigation**

In addition to the litigation discussed above, of particular note is the Group continuing to maintain its contractual position vis-à-vis certain tax claims that had been filed by Promociones Habitat, S.A., which was sold by Ferrovial Fisa, S.L. in 2016. These claims are currently pending resolution or payment and a provision for the amount thereof has been duly recognised in the consolidated financial statements.

### **Environmental Matters**

Ferrovial's activities are subject to environmental regulation. This requires, among other requirements, that the Group commissions environmental impact studies for future projects, and that it obtains the licences, permits and other authorisations required to construct and operate relevant projects. In recent years there has been a significant increase in environmental regulation in Spain, the EU and other jurisdictions in which Ferrovial operates. These include regulations in relation to carbon emissions and limitations on polluting emissions from large plants and facilities. In this context, the Group has been extremely proactive in implementing a "climate strategy", which has been recognised as world leading by analysts (e.g. Ferrovial scores 100/100 A in the Carbon Disclosure Project as described further below). More broadly, Ferrovial has implemented environmental management systems ("EMSs") worldwide, which are focused on managing and monitoring legal compliance of its activities. In 2019, 86 per cent. of total sales worldwide were certified according to the international standards ISO 14001 and/or the EU Eco-management and Audit Scheme ("EMAS").

Ferrovial has established a "Sustainability Policy" which has been implemented worldwide and across all business divisions. Each Group company and each business division has adapted this policy according to the risks and regulatory environment of its business activity. At the Group level, such policy is deployed by means of a "Sustainability Strategy" focused on several programmes, including:

- "Ferrovial Deep Decarbonisation Path". Ferrovial's programme cornerstone regarding its climate strategy, which has been recently updated and upgraded in relation to 2050 Carbon Neutrality commitment and the reduction targets agreed with the Science Based Targets Initiative (SBTi). The Group's strategy on climate involves: (a) the control and mitigation of regulatory risks, (b) an adaptation programme responding to the impacts of climate change on Ferrovial's assets worldwide, including those areas particularly sensitive to extreme climatological events, and (c) an integrated and proactive approach to position the Group to benefit from business opportunities worldwide (i.e. energy efficiency, low carbon infrastructures, water management, carbon sinks, biodiversity and natural resources, etc.). Concerning Ferrovial's own emissions, procedures for calculating and monitoring the carbon footprint have been implemented since 2007, currently involving 100 per cent. of activities worldwide. Moreover, ambitious targets for the reduction of greenhouse gases have been set since 2009 at both business and Group levels. In 2019, the Group achieved an emissions reduction rate of 59 per cent. compared to 2009 levels (in terms of carbon intensity), way beyond the 35.4 per cent. committed reduction by 2020. In absolute terms, Ferrovial has reduced its carbon footprint 19.5 per cent. compared to 2009 base-year emissions. Carbon emissions and targets are yearly audited and verified by third party. In 2017, Ferrovial became the first Spanish based company delivering emission reduction targets according to the Science Based Targets Initiative (SBTi), committing ambitious reduction targets: 32 per cent. by 2030 in absolute terms (Scope 1&2), and 20 per cent. on Scope 3. Additionally, Ferrovial is committed to Carbon Neutrality by 2050, following its long-term Deep Decarbonisation Path.

- “Ferrovial Water Footprint”. Since 2017, Ferrovial reports its “water footprint” under a consistent approach, including 100 per cent. of activities and subsidiaries worldwide. The scheme also considers compensation of the net impact on water resources.
- “Ferrovial, Natural Capital”, dedicated to managing biodiversity impacts and opportunities. In 2016 Ferrovial performed a pioneer “corporate ecosystems valuation” scheme in accordance with the “**Natural Capital Protocol**”). In 2018 and 2019, in partnership with several research institutions and the Academia, the scheme has been upgraded to providing monetisation of risk/opportunities based upon Ferrovial’s impact on natural capital and biodiversity.

Moreover, since 2002, Ferrovial has been consistently rated within the Dow Jones Sustainability Indexes (in both European and World ratings) performing in 2019 as sector leader on environmental matters. Additionally, analysts at the Carbon Disclosure Project (CDP) rated Ferrovial’s strategy on climate change as clearly outperforming all competitors in its sector. Once again, in 2019, Ferrovial has been listed in the highest rating, positioning the company as the best-in-class within the heavy construction and transport infrastructure sectors

### **Intellectual Property**

Ferrovial implements intellectual property (“**IP**”) protection policies and procedures. The measures taken by the Group to protect its IP include the registration of trademarks and Internet domain names to protect the Group’s interest, as appropriate, and the dissemination throughout the Group of a corporate code of ethics.

In order to prevent third parties from being able to use and benefit from the Group’s trademarks or Internet domain names, the mentioned Ferrovial’s policy applies to all its subsidiaries, which are required thereby to (i) proceed with an early registration of trademarks and Internet domain names whenever it is expected that the Group enters a new industry or commences activities in a new country; and (ii) properly define the relevant products and services to ensure an adequate protection of its trademarks.

### **Insurance**

Under its risk management policy, Ferrovial maintains insurance which provides cover against various risks, such as third party damage (aviation, environmental and civil liability, in general), construction defects, management’s and employees’ liability and risks to which its property, plant and equipment are subject. Ferrovial’s risk management policy also includes the assessment of tools for risk transfer that are alternative to insurance cover.

### **Risk management**

Ferrovial has implemented a comprehensive risk management system called Ferrovial Risk Management (“**FRM**”). The system, which is oriented towards associating risks analysed with the objectives these risks threaten, is applied to all the Group’s lines of business, including subsidiaries in which Ferrovial has management capacity.

Ferrovial operates in countries with different social and economic situations and regulatory frameworks. In general, Ferrovial believes that significant risks are those that may compromise the viability of its businesses, their profitability and their corporate reputation, particularly any factor that may compromise the safety of its employees or third parties affected by its business activities, or that might impact on the environment in which those activities are performed.

### **Employees**

As of 31 December 2019, the Group had approximately 90,000 employees (of which over 72,000 employees belong to the Services Business Division).

## Management

### *Management of the Parent*

#### Board of Directors of the Parent

The Board of Directors of the Parent, as of the date hereof, is composed of the following twelve (12) Directors:

<b>Name</b>	<b>Position</b>
Rafael del Pino y Calvo-Sotelo .....	Chairman – Chief Executive Officer
Óscar Fanjul Martín .....	Vice Chairman
Ignacio Madridejos Fernández .....	Chief Executive Officer
María del Pino y Calvo-Sotelo .....	Director
Santiago Fernández Valbuena.....	Director
José Fernando Sánchez-Junco Mans .....	Director
Joaquín del Pino y Calvo-Sotelo .....	Director
Philip Bowman.....	Director
Hanne Birgitte Breinbjerg Sørensen .....	Director
Bruno Di Leo.....	Director
Juan Hoyos Martínez de Irujo .....	Director
Gonzalo Urquijo Fernández de Araoz .....	Director
Santiago Ortiz Vaamonde .....	Secretary non-Director

The business address of the members of the Board of Directors of the Parent is Calle Príncipe de Vergara 135, 28002, Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Board of Directors listed above and their duties to the Parent.

#### Management Structure of the Parent

The Management Committee is made up of the following:

<b>Name</b>	<b>Position</b>
Ignacio Madridejos Fernández .....	Chief Executive Officer
Carlos Cerezo Paredes.....	Human Resources General Director
Alejandro de la Joya Ruiz de Velasco .....	General Director of the Toll Roads Business Division
Federico Flórez Gutiérrez.....	Chief Information and Innovation Officer
Ignacio Gastón Najarro .....	General Director of the Construction Business Division
Ernesto López Mozo .....	Chief Financial Officer
Fidel López Soria .....	General Director of the Services Business Division
Santiago Ortiz Vaamonde .....	General Counsel
Jorge Gil Villén .....	General Director of the Airports Business Division
Maria Teresa Pulido Mendoza .....	Director of Corporate Strategy

The business address of the members of the Management Committee of the Parent is Calle Príncipe de Vergara 135, 28002, Madrid Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Management Committee listed above and their duties to the Parent.

### **Alternative Performance Measures**

This Prospectus (and the documents incorporated by reference in this Prospectus) contains certain management measures of performance or alternative performance measures (“APMs”), which are used by management to evaluate Ferrovial’s overall performance. These APMs are not audited, reviewed or subject to a pro forma review by Ferrovial’s auditors and are not measurements required by, or presented in accordance with, IFRS - EU. Accordingly, these APMs should not be considered as alternatives to the information in the Consolidated Annual Financial Statements or the 2020 Three Months Consolidated Financial Results Report or to any performance measures prepared in accordance with IFRS - EU. Many of these APMs are based on Ferrovial’s internal estimates, assumptions, calculations, and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore, these APMs, as used by Ferrovial, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS - EU, as indications of operating performance or as measures of Ferrovial’s profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS - EU and investors are advised to review these APMs in conjunction with the Consolidated Annual Financial Statements or, as the case may be, the 2020 Three Months Consolidated Financial Results Report, incorporated by reference in this Prospectus.

The descriptions (including definitions, explanations and reconciliations) of all APMs are set out in the Appendix entitled “*Alternative Performance Measures*” to the 2018 Management Report, the 2019 Management Report and the 2020 Three Months Consolidated Financial Results Report, as appropriate.

Ferrovial believes that the description of these management measures of performance in this Prospectus follows and complies with the “European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM)” dated 5 October 2015.

### **Rounding**

Certain numerical figures set out in this Prospectus have been subject to rounding adjustments and, as a result, the totals of the information in this Prospectus may vary slightly from the actual arithmetic totals of such information.

## **6. RECENT DEVELOPMENTS AND FACTS WHICH MAY HAVE A MATERIAL EFFECT ON THE ISSUER'S AND OR THE PARENT'S PROSPECTS**

### **COVID-19**

The World Health Organization declared the COVID-19 a global pandemic in March 2020. The majority of Ferrovial's operations are concentrated in countries that have been, and are expected to continue to be, exposed to the COVID-19 outbreak in a similar manner as many European and American countries.

Many countries have declared state of emergency, closed their borders to international travellers, and restricted movements of their citizens with a view to contain the pandemic and there is no assurance how effective such measures will be. Citizens in many affected countries and areas are being advised or required to stay at their homes subject to limited exceptions. The reduced consumption, commercial activities and industrial production will severely disrupt their economies and may result in recessions in these economies, which would cause a reduction in the demand for the services provided by the Group, in particular those related to airports and toll roads.

Governments and central banks around the globe have introduced, or are planning, fiscal and monetary stimulus measures including direct subsidies, rates cut, bond repurchase programs and suspension or relaxation of prudential bank capital requirements. The implementation of these measures and others which may be adopted in the future by the governments would increase their intervention in the economies and could lead to higher levels of public indebtedness (including beyond the budget deficits) which could cause, among others, cost cutting to keep their budgets in line and tax increases. There is no assurance that such measures have been or may be introduced in time or will be sufficient or effective in delivering their policy objectives. There is no assurance that these measures will be successful in containing the economic impact of the pandemic or stabilising the markets.

Regarding the effects caused by the COVID-19 pandemic on Ferrovial's businesses, the Parent has disclosed to the market (i) the main impacts and disruptions that such effects may cause on its business, (ii) the main measures taken by the Parent and its main businesses to face such effects, and (iii) its liquidity position (including also information in respect of the position of its main assets) through the release of the 2020 Three Months Consolidated Financial Results Report, published on the CNMV's website on 7 May 2020 and incorporated by reference in this Prospectus.

As of 31 March 2020, Ferrovial reported a consolidated net loss (attributed) of €111 million, mainly due to (i) a negative contribution from the Airports Business Division, which is equity-accounted; (ii) a provision related to the implementation of the Horizon 24 Strategic Plan; (iii) the negative result registered on discontinued operations; and (iv) the limited effects caused by the COVID-19 pandemic during such period, to the extent that the disruptions caused by it impacted on Ferrovial's operations mainly during the second half of March.

Throughout the COVID-19 pandemic, Ferrovial is undertaking all necessary measures to safeguard the health and safety of its employees and clients as its main priority while is maintaining its activity and assets opened. Contributions to face the effects caused by the COVID-19 pandemic include, among others, large measures such as the provision of essential services (e.g. maintaining hospitals, operating ambulances, setting up quarantine centres and hospital beds, operating critical transport infrastructures or maintaining the cleaning services of cities) and the development of a mobile application for supporting potential COVID-19 positive cases. In addition, Ferrovial has created a fund named "*Ferrovial together Covid-19*" to financially contribute to alleviate the impact of the effects of the COVID-19 pandemic. Ferrovial's main assets have also taken their own individual measures.

Ferrovial faces the current macroeconomic situation with record-high liquidity. As of 31 March 2020, Ferrovial's liquidity position stood at €5.9 billion, including available liquidity lines for an amount of €283 million excluding infrastructure projects.

Regarding Ferrovial's operations, the COVID-19 pandemic started to impact on Ferrovial's activities mainly during the second half of March 2020, with different degrees among the different business divisions:

- Toll Roads Business Division: Traffic levels decreased sharply the last two weeks of March, as governmental measures to restrict the movement of citizens extended across Europe and North America. During April, traffic remained impacted by those restrictions, with similar traffic level decreases during the first days of the month (i.e., from 28 March to 3 April), but with a slight improvement at the end of the month (i.e., from 25 April to 1 May), following the limited reopening. The COVID-19 pandemic's impact on traffic has evolved during the last weeks as follows:
  - In March 2020, (i) in the 407 ETR, traffic decreased 39 per cent.; and (ii) among the Managed lanes' traffic, NTE decreased 32 per cent.; LBJ decreased 30 per cent.; and NTE 35W decreased 24 per cent.
  - The last days of March and first days of April (i.e., from 28 March to 3 April) 2020, (i) in the 407 ETR, traffic decreased 76 per cent. and (ii) among the Managed lanes' traffic, NTE decreased 67 per cent.; LBJ decreased 74 per cent.; and NTE 35W decreased 61 per cent.
  - The last days of April (i.e., from 25 April to 1 May) 2020, (i) in the 407 ETR, traffic decreased 76 per cent. and (ii) among the Managed lanes' traffic, NTE decreased 61 per cent.; LBJ decreased 69 per cent.; and NTE 35W decreased 49 per cent.

However, these assets have a strong financial position and liquidity in excess of their debt obligations for 2020.

- Airports Business Division: In Heathrow airport, the number of passengers decreased 52.4 per cent. during March 2020 and around 97 per cent. in April 2020. Heathrow has enough resources to remain open despite weak passenger demand for at least the next 12 months. The effects of the COVID-19 pandemic has also affected the AGS Airports, with 57.3 per cent. decrease in their traffic levels in March 2020. Following a drawdown of £38 million of undrawn facilities in March 2020, AGS holds a cash position of £61 million. Financial ratios will be affected for COVID-19, therefore AGS is in active discussion with its lenders.
- Construction Business Division: Impact of the COVID-19 pandemic has been limited, with lock-outs and execution deceleration of several projects mainly impacting the business in Spain during the last part of the first quarter of 2020.
- Services Business Division: Impact of the COVID-19 pandemic has affected mainly the Spanish business and has had a more limited impact in other geographies.

Ferrovial as a group is adapting to the current pandemic circumstances through several cost reduction, restructuring and capital expenditure revision measures. Ferrovial is going ahead with the Horizon 24 Strategic Plan, announced in the "Horizon 24" strategic presentation. The new operating model will allow cost reductions of €50 million a year from 2021 and a cost reduction of €20 million in 2020. In addition, all business divisions have taken their own measures to adapt to the current situation caused by the COVID-19 pandemic and the measures adopted by the relevant governments. These measures include a review of operating and capital expenditure plans, while maintaining the required levels of quality and safety. Among the different measures undertaken in the different business divisions, all non-essential operational expenditures have been eliminated, staffing has been adjusted, new hires frozen, outsourced services and remuneration have been reduced, the operations in the Airports Business Division have decreased and other operations have been reorganised. Within the Construction Business Division, Ferrovial has adjusted project calendars to recover working hours, claims for time relief and potential compensation costs due to force majeure and "change in law" clauses. Ferrovial will use the flexibility measures provided by governments, including temporary layoffs and tax payment delays adopted in Spain or the government's job retention scheme, furloughs, in the UK. In terms of capital expenditures, all non-essential plans have been delayed.

## **Sale of Broadspectrum**

The Australian Competition & Consumer Commission (ACCC) authorised on 23 April 2020 the sale of Broadspectrum's Australian and New Zealand business. Closing of the transaction is just pending authorisation from the Foreign Investment Review Board and is expected to be closed in 2020.

## **Heathrow's expansion**

Regarding Heathrow's expansion, on 27 February 2020, the Court of Appeal concluded that the UK's government did not consider adequately the Paris Climate Agreement when it prepared the ANPS. HAH and other interested parties have applied for a review of the Court of Appeal ruling.

As for other regulatory developments on Heathrow, in December 2019 HAH submitted its Initial Business Plan (the "**IBP**") to the CAA. The IBP included Heathrow's proposals for the regulatory framework for the H7 price control period ("**H7**"), due to begin on 1 January 2022. The CAA continues progressing on the regulatory framework for H7 and published its latest consultation in April 2020. The document provides an update on the H7 timetable, confirming the need for Heathrow to submit a final or revised business plan (RBP) in Autumn 2020, in order to set up the H7 price control in 2022. Finally, in March 2020, HAH submitted its response to the CAA's consultation on the early design and construction costs associated with expanding Heathrow (category B and early category C costs). As of the date of this Prospectus, HAH is expecting the CAA to provide an update on the treatment of these costs in the second quarter of 2020.

## 7. TERMS AND CONDITIONS OF THE NOTES

The issue of the €650,000,000 1.382 per cent. Notes due 2026 (the “**Notes**”, which expression shall, unless otherwise indicated, include any further notes issued pursuant to Condition 15 (*Further Issues*) and consolidated and forming a single series with the Notes) was (save in respect of any such further notes to be issued pursuant to Condition 15 (*Further Issues*)) authorised by resolution of the joint administrators (*administradores mancomunados*) of Ferrovial Emisiones, S.A. (the “**Issuer**”), passed on 27 April 2020. The guarantee of the Notes was authorised by resolution of the board of directors of Ferrovial, S.A. (the “**Parent**”) passed on 17 April 2020. The Notes have the benefit of an agency agreement dated 14 May 2020 (the “**Agency Agreement**”) that has been entered into in relation to the Notes between the Issuer, the Parent, Deutsche Bank AG, London Branch as principal paying agent (the “**Principal Paying Agent**”) and Deutsche Bank, S.A.E. as local paying agent (the “**Local Paying Agent**” together with the Principal Paying Agent, the “**Paying Agents**” and each of them a “**Paying Agent**”, which expression shall include any successor as paying agent under the Agency Agreement).

Capitalised terms used but not defined in these terms and conditions (the “**Conditions**”) shall have the meanings attributed to them in the Agency Agreement unless the context otherwise requires or unless otherwise stated.

### 1 FORM, DENOMINATION AND TITLE

#### (a) *Form and denomination*

The Notes have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €650,000,000 and denominations of €100,000.

#### (b) *Registration, clearing and settlement*

The Notes have been registered with the Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (“**Iberclear**”) as managing entity of the central registry of the Spanish clearance and settlement system (the “**Spanish Central Registry**”). Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear and Clearstream Luxembourg with Iberclear.

Iberclear manages the settlement and clearing of the Notes, notwithstanding the Issuer’s commitment to assist, when appropriate, on the clearing and settlement of the Notes through Euroclear and Clearstream Luxembourg.

The Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) has assigned the following International Securities Identification Number (ISIN) to identify the Notes: ES0205032032. The Common Code for this issue is 217671701.

#### (c) *Title and transfer*

Title to the Notes is evidenced by book-entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the “**Iberclear Members**”) as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the “**Noteholder**” means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and Noteholder shall be construed accordingly.

One or more certificates (each a “**Certificate**”) attesting to the relevant Noteholder’s holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder is itself an Iberclear Member, by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant Iberclear Member’s or, as the case may be, Iberclear’s procedures) to such Noteholder upon such Noteholder’s request.

The Notes are issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Noteholder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Noteholder.

## 2 STATUS OF THE NOTES

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of the Issuer ranking at least equally, without any preference among themselves, with all other present and future unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, save for such exceptions as may be provided by applicable legislation.

Interest on the Notes accrued but unpaid as of the commencement of any insolvency proceeding (*concurso*) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, no further interest on the Notes shall be deemed to accrue from the date of the declaration of any insolvency proceeding (*concurso*) relating to the Issuer.

## 3 GUARANTEE

### (a) Guarantee

#### i. Guarantee and indemnity

The Guarantor hereby unconditionally and irrevocably guarantees on first demand (*garantía a primer requerimiento*) to each Noteholder the due and punctual payment of all sums expressed to be payable from time to time by the Issuer in respect of such Note as and when the same shall become due and payable and agrees unconditionally to pay to such Noteholder, forthwith on demand (*a primer requerimiento*) by such Noteholder and in the manner and currency prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to such Note and which the Issuer shall have failed to pay at the time such demand is made.

The Guarantor hereby unconditionally and irrevocably undertakes to each Noteholder that, should any amount referred to in the above paragraph not be recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Note or any provision of any Note being or becoming void, unenforceable or otherwise invalid under any applicable law) then, notwithstanding that the same may have been known to such Noteholder, the Guarantor will, forthwith on demand by such Noteholder, pay such amount by way of a full indemnity in the manner and in the currency prescribed by the Conditions for payments under the Notes. This indemnity constitutes a separate and independent obligation of the Guarantor and shall give rise to a separate and independent cause of action.

The Guarantor expressly represents that this irrevocable and unconditional Guarantee is an autonomous and independent obligation (*garantía abstracta*) and is not ancillary in respect to the obligations of the Issuer, under the Notes, so that the Guarantor shall be bound to comply with the obligations contained herein upon the written demand of the relevant Noteholder, not needing such Noteholder to express or demonstrate any other requirement of whatsoever nature.

The Guarantor expressly represents that this irrevocable and unconditional Guarantee is given in respect of any Notes and is constructed as a first demand guarantee (*garantía a primer requerimiento*) instead of a guarantee (*fianza*) pursuant to article 1822 et seq. of the Spanish Civil Code.

This Guarantee must be construed in the sense of Supreme Court Judgments of 21 April 1989, 14 November 1989 and 27 October 1992, among others.

Due to the autonomous and independent nature of this first demand guarantee, no invalidity or unenforceability of the Issuer's payment obligations nor any of the circumstances which might otherwise constitute a defence available to, or discharge of the Guarantor shall affect, impair or be a defence to this Guarantee, which therefore constitutes a primary obligation of the Guarantor.

The Guarantor may not oppose and expressly waives any benefits of excision, division and order (*beneficios de orden, división y excusión*), provided in the Spanish Civil Code.

*ii. Preservation rights*

The obligations of the Guarantor under the Guarantee shall be deemed to be undertaken as sole principal debtor and not merely a surety.

The obligations of the Guarantor under the Guarantee shall constitute and be continuing obligations notwithstanding any settlement of account or other matters or things whatsoever and, in particular but without limitation, shall not be considered satisfied by any partial payment or satisfaction of all or any of the Issuer's obligations under the Notes and shall continue in full force and effect in respect of the Notes until final repayment in full of all amounts owing by the Issuer thereunder and total satisfaction of all the Issuer's actual and contingent obligations thereunder.

The obligations expressed to be assumed by the Guarantor under the Guarantee will not be discharged, nor will its liability under such obligations be affected, by anything which would not discharge its obligations or affect its liability if it were the sole principal debtor, including:

- (i) the insolvency, winding-up (*liquidación*), dissolution (*disolución*), amalgamation, reconstruction or reorganisation of the Issuer or any analogous proceeding in any jurisdiction or any change in its status, function, control or ownership; or
- (ii) any of the obligations of the Issuer under the Notes being or becoming illegal, invalid or unenforceable in any respect; or
- (iii) time or other indulgence being granted or agreed to be granted to the Issuer in respect of its obligations under any of the Notes; or
- (iv) any amendment to, or any variation, waiver or release of, any obligation of the Issuer under the Notes or to any security or other guarantee or indemnity; or
- (v) the enforcement or absence of enforcement of any obligation of the Issuer under the Notes or of any security or other guarantee or indemnity; or
- (vi) the taking, existence or release of any security, guarantee or indemnity.

Any settlement or discharge between the Guarantor and the Noteholders or any of them shall be conditional upon no payment to the Noteholders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Noteholders shall each be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

No Noteholder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Guarantee or by law:

- (i) to make any demand of the Issuer, other than the presentation of the Note; or
- (ii) to take any action or obtain judgment in any court against the Issuer; or
- (iii) to make or file any claim or proof in a winding-up (*liquidación*) or dissolution (*disolución*) of the Issuer and, save as aforesaid, the Guarantor hereby expressly waives, in respect of each Note, presentment, demand, protest and notice of dishonour.

The Guarantor agrees that so long as any sums are or may be owed by the Issuer under the Notes or the Issuer is under any other actual or contingent obligations thereunder, the Guarantor shall not exercise rights which the Guarantor may at any time have by reason of the performance of the obligations expressed to be assumed by the Guarantor under the Guarantee:

- (i) to be indemnified by the Issuer; and/or
- (ii) to claim any contribution from any other guarantor of the Issuer's obligations under the Notes; and/or
- (iii) to take the benefit (in whole or in part) of any security enjoyed in connection with the Notes by any Noteholder; and/or
- (iv) to be subrogated to the rights of any Noteholder against the Issuer in respect of amounts paid by the Guarantor pursuant to the provisions of this Guarantee.

The obligations of the Guarantor hereunder will at all times rank as described in Condition 3(b) (*Status of the Guarantee*).

*iii. Currency Indemnity*

If any sum due from the Guarantor under this Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under this Guarantee or such order or judgment into another currency (the “**second currency**”) for the purpose of (i) making or filing a claim or proof against the Guarantor, (ii) obtaining an order or judgment in any court or other tribunal, or (iii) enforcing any order or judgment given or made in relation to this Guarantee, the Guarantor shall indemnify each Noteholder on demand against any loss suffered as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency, and (b) the rate of exchange quoted on the same day at or around 11.00 a.m. (London time) on the appropriate Reuters, Bloomberg or equivalent screen which such Noteholder may in the ordinary course of business use for the sale of the second currency against a purchase of the first currency, upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Guarantor and shall give rise to a separate and independent cause of action.

*iv. Benefit of Guarantee*

The obligations expressed to be assumed by the Guarantor herein shall be for the benefit of each Noteholder, and each Noteholder shall be entitled severally to enforce such obligations against the Guarantor.

The Guarantor may not assign or transfer all or any of its rights, benefit and obligations hereunder.

*v. Partial Invalidity*

If at any time any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

*vi. Modification*

This Guarantee may be modified by the Guarantor in respect of the Notes with the approval of an Extraordinary Resolution of the Noteholders.

*vii. Execution*

By signing this Prospectus, the Guarantor hereby acknowledges and agrees that the Guarantee is executed and given by it in respect of the Notes.

#### *viii. Notices*

Notices to the Guarantor shall be in the English language and shall be by letter or fax and shall be delivered to the Guarantor at:

Ferrovial, S.A.  
Calle Príncipe de Vergara, 135,  
28002 Madrid  
Spain

Fax Number: +34 91 586 27 49

Attention of: Alejandro Veramendi B

or any other address of which written notice has been given to the Noteholders. Such communications will take effect, in the case of a letter, when delivered or, in the case of fax, when the relevant delivery receipt is received by the sender; provided that any communication which is received outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place.

#### *ix. Enforcement*

It is expressly agreed for purposes of enforcement in judicial or out-of-court proceedings that the liquid, due and payable amount will be the one resulting from the liquidation carried out by the Noteholder, reflecting the balance of the amounts due by the Issuer.

In the event that the Noteholder decides to commence enforcement proceedings, the Guarantor and the Noteholder expressly agree for purposes of article 517 et seq. of the Spanish Civil Procedure Act (*Ley de enjuiciamiento civil*) that enforcement may be made against the Guarantor for the amounts due by it under this Guarantee following notification to the Guarantor of the amount due and payable. Therefore, the following shall be sufficient for the commencement of the summary proceedings: (i) a copy of this Prospectus; (ii) a public document evidencing that the liquidation has been carried out in the manner agreed in the preceding paragraph; and (iii) a certified document providing evidence of the prior notice to the Guarantor of the amount due as a result of settlement.

All taxes, costs, expenses and duties that accrue or that are incurred by reason of the notarial instruments and the enforcement proceedings referred to in the preceding paragraph shall be for the account of the Guarantor.

#### *(b) Status of the Guarantee*

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of the Guarantor and shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations (*créditos ordinarios*), save for such exceptions as may be provided by applicable legislation.

### **4 NEGATIVE PLEDGE**

So long as any of the Notes remain outstanding, neither the Issuer nor the Guarantor will create or permit to subsist, and the Issuer will ensure that no Relevant Subsidiary will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a “**Security Interest**”) upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness unless, in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

- (i) all amounts payable under the Notes are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or

- (ii) any other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable under the Notes as shall be approved by an Extraordinary Resolution (as defined below) of the Noteholders,

provided that:

- (i) any Relevant Subsidiary acquired after the Closing Date may have outstanding Security Interests with respect to Relevant Indebtedness and/or any guarantee or indemnity in respect of such Relevant Indebtedness of such Relevant Subsidiary, so long as any such Security Interest was outstanding on the date on which any such Relevant Subsidiary became a Subsidiary and was not created in contemplation of any such Relevant Subsidiary becoming a Subsidiary or any such Security Interest was created in substitution for or to replace either any such outstanding Security Interest or any such substituted or replacement Security Interest and is not increased in amount after the date that any such Relevant Subsidiary became a Subsidiary of the Parent;
- (ii) any entity which becomes a Relevant Subsidiary or is merged, consolidated or amalgamated into a Relevant Subsidiary on or after the Closing Date may have outstanding Security Interests with respect to Relevant Indebtedness and/or any guarantee or indemnity in respect of such Relevant Indebtedness of such Relevant Subsidiary, so long as any such Security Interest (i) was outstanding on the date on which any such entity became a Relevant Subsidiary or was merged, consolidated or amalgamated into a Relevant Subsidiary; (ii) was not created in contemplation of any such entity becoming a Relevant Subsidiary or being merged, consolidated or amalgamated into a Relevant Subsidiary; and (iii) is not increased in amount after the date that any such Relevant Subsidiary became a Relevant Subsidiary or was merged, consolidated or amalgamated into a Relevant Subsidiary; and
- (iii) the Issuer, the Guarantor or any Relevant Subsidiary may have, at any time, any Security Interest to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness to the extent that such Security Interest arises by operation of law.

## 5 DEFINITIONS

In these Conditions, unless otherwise provided:

“**business day**” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“**Basic Terms Modification**” means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to modify any provision of the Guarantee;
- (c) to change the currency in which any amount due in respect of the Notes is payable;
- (d) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (e) to change this definition, the definition of “**Extraordinary Resolution**”, the definition of “**outstanding**” or the definition of “**Written Resolution**” in the Conditions;
- (f) to change or waive the provisions of the Notes set out in Condition 4 (*Negative Pledge*);
- (g) to change the law governing the Notes and/or the courts to the jurisdiction of which the Issuer has submitted in the Notes, set out in Condition 16 (*Governing Law and Jurisdiction*);

- (h) to approve any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person; or
- (i) in connection with any proposed exchange, substitution or conversion of the type referred to in subparagraph (h) to amend any of the provisions of the Notes describing circumstances in which Notes may be redeemed or declared due and payable prior to their scheduled maturity date.

A “**Change of Control**” shall be deemed to have occurred at each time that any person or group of persons acting in concert, in each case other than a Relevant Person or group of Relevant Persons acting in concert, acquires control, directly or indirectly, of the Parent.

“**Change of Control Period**” means the period commencing on the date that is the earlier of: (1) the date of the occurrence of the relevant Change of Control; and (2) the date of the first relevant Potential Change of Control Announcement (if any), and ending on the date which is 90 days after the date of the occurrence of the relevant Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

“**Clearstream Luxembourg**” means Clearstream Banking, S.A.

“**Closing Date**” means 14 May 2020.

“**control**” means (a) the acquisition or control of more than 50 per cent. of the Voting Rights or (b) the right to appoint and/or remove all or the majority of the members of the Parent's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise and “**controlled**” shall be construed accordingly.

“**EBITDA**” (which is reported in a line in the consolidated statement of profit and loss in the Consolidated Annual Financial Statements and the Interim Financial Statements as “**gross profit from operations**”) means the operating result before charges for fixed asset depreciation and amortisation and is calculated as total operating income minus total operating expenses (excluding those by reference to the amount of fixed asset depreciation and amortisation).

“**Euroclear**” means Euroclear Bank SA/NV.

“**Event of Default**” has the meaning provided in Condition 10 (*Events of Default*).

“**Final Maturity Date**” means 14 May 2026.

“**Group**” means the Parent and its Subsidiaries.

“**Guarantor**” means the Parent.

“**Iberclear**” has the meaning provided in Condition 1 (*Form, Denomination and Title*).

“**Iberclear Member**” has the meaning provided in Condition 1 (*Form, Denomination and Title*).

“**IFRS-EU**” means International Financial Reporting Standards as adopted by the European Union.

“**Infrastructure Project**” means any project carried out by an entity pursuant to one or more contracts for any of the construction, upgrading, operation and maintenance of infrastructure or for the performance of other services, where the entity is one in which the Group has interest (whether alone or together with other partners) and which finances the investment required in the project with Infrastructure Project Indebtedness and its share capital or other equity contribution made to it.

“**Infrastructure Project Indebtedness**” means indebtedness where the recourse of the creditors thereof is limited to any or all of (a) the relevant Infrastructure Project (or the concession or assets related thereto); (b) the share capital of, or other equity contribution to, the entity or entities developing, financing or otherwise directly involved in the relevant project; and (c) other credit support (including, without limitation, completion guarantees and contingent equity obligations) customarily provided in support of such indebtedness.

**“Infrastructure Project Subsidiary”** means any Subsidiary of the Parent:

- (a) that develops Infrastructure Projects as its sole activity; or
- (b) whose sole purpose is to incur Infrastructure Project Indebtedness in connection with an Infrastructure Project; or
- (c) whose sole purpose is to facilitate the investment by the Group and its partners in the share capital of, or other equity contribution to, a Subsidiary falling within paragraph (a) or (b) above; or
- (d) which is also a direct or indirect wholly owned Subsidiary of a Subsidiary falling within paragraphs (a) to (c) above.

For the avoidance of doubt, FGP Topco Limited (an English registered company with number 05723691) and its Subsidiaries as of the Closing Date, and any other entity (not previously being a member of the Group) which becomes its Subsidiary on or after the Closing Date are each considered Infrastructure Project Subsidiaries.

**“Investment Grade Rating”** means: (a) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (b) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); and (c) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories).

**“Material Subsidiary”** means, at any relevant time, a Subsidiary of the Parent:

- (a) whose total assets or EBITDA plus dividends and other distributions received from Infrastructure Project Subsidiaries (as derived from the relevant financial statements) at any relevant time represent no less than 7 per cent. of the total assets or EBITDA plus dividends and other distributions received from Infrastructure Project Subsidiaries (as derived from the relevant financial statements), respectively, of the Reduced Group, as calculated by reference to, in the case of the Reduced Group, the contribution of the Reduced Group to and, in the case of the relevant Subsidiary, its contribution to, in each case, the total assets or EBITDA plus dividends and other distributions received from Infrastructure Project Subsidiaries (as derived from the relevant financial statements) of the Group as determined from the then latest audited consolidated annual accounts of the Parent prepared in accordance with IFRS-EU provided that, if the then latest audited consolidated accounts of the Parent show EBITDA plus dividends and other distributions received from Infrastructure Project Subsidiaries as a negative number for the relevant financial period then there shall be substituted for the words “EBITDA plus dividends and other distributions received from Infrastructure Project Subsidiaries” the words “total operating income” (*total ingresos de explotación*) for the purposes of this definition; or
- (b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

**“Make-Whole Redemption Margin”** means 0.35%.

**“Make-Whole Redemption Rate”** means the yield to maturity on the third business day preceding the relevant Make-Whole Redemption Date of the Make-Whole Reference Bond.

**“Make-Whole Reference Bond”** means the 0.5% Bundesobligationen of the Bundesrepublik Deutschland (Bund) due 15 February 2026 (ISIN: DE0001102390) or, if not available, any other bond customarily used in the financial markets on the date on which the Make-Whole Redemption Rate is to be determined for pricing new issues of corporate debt securities with a maturity comparable with the remaining maturity of the Notes, as determined by the Issuer or a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the relevant Make-Whole Redemption Amount.

**“Noteholders”** has the meaning provided in Condition 1(c) (*Title and transfer*).

**“Officer’s Certificate”** means a certificate of a duly authorised officer of the Issuer or, as the case may be, the Guarantor whose responsibilities extend to the subject matter of such certificate.

**“outstanding”** means, in relation to the Notes, all the Notes issued other than:

- (a) those Notes which have been redeemed pursuant to Condition 7 (*Redemption and Purchase*);
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders under Condition 14 (*Notices*)) and remain available for payment (against presentation of the relevant Notes, if required);
- (c) those Notes which have been purchased and cancelled pursuant to Condition 7 (*Redemption and Purchase*);
- (d) those Notes in respect of which claims have become prescribed under Condition 11 (*Prescription*);

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders or the right to sign or authorise the signature of any Written Resolution or passing any Extraordinary Resolution by way of electronic consents given through the relevant Clearing System(s) and/or through the relevant Iberclear Member(s); and
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Conditions 12 (*Meetings of Noteholders*) and 13 (*Modification*);

those Notes (if any) which are for the time being held by any person (including, but not limited to, the Issuer or any of its Subsidiaries, the Parent or any of its other Subsidiaries) for the benefit of the Issuer or any of its Subsidiaries, the Parent or any of its other Subsidiaries shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

A **“person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

**“Potential Change of Control Announcement”** means any public announcement or public statement by the Parent, or any actual or bona fide potential bidder relating to any potential Change of Control.

**“Put Period”** means 30 days after a Put Event Notice has been published in accordance with Condition 14 (*Notices*).

**“Rating Agency”** means any of the following: (a) Standard & Poor’s Credit Market Services Europe Limited (**“S&P”**); (b) Moody’s Investors Service Limited (**“Moody’s”**); or (c) Fitch Ratings Limited (**“Fitch Ratings”**), and, in each case, their respective successors.

A **“Rating Downgrade”** shall be deemed to have occurred in respect of a Change of Control if: (a) within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is: (i) withdrawn; (ii) ceases to be an Investment Grade Rating; or (iii) if the rating assigned to the Notes by any Rating Agency which is current at the time the Change of Control Period begins is below an Investment Grade Rating, that rating is lowered one full rating notch by any Rating Agency (for example BB+ to BB by S&P), provided that a Rating Downgrade shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing or lowering the rating does not publicly announce or confirm in writing to the Issuer that the reduction or withdrawal was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; or (b) at the time the Change of Control occurs there is no rating assigned to the Notes.

**“Reduced Group”** means the Parent and its Subsidiaries (other than Infrastructure Project Subsidiaries).

**“Relevant Date”** means, in respect of any Note, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if the full amount payable has not been received by any Paying Agent on or prior to such date, the date on which, the full amount of such due payment having been so received, notice is duly given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*).

**“Relevant Indebtedness”** means any present or future indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which for the time being are, or are intended to be (with the consent of the issuer thereof), quoted, listed or ordinarily dealt in or traded on any recognised stock exchange or other recognised securities market, except that in no event shall indebtedness in respect of any Infrastructure Project Indebtedness (or any guarantee or indemnity of the same) be considered as Relevant Indebtedness.

**“Relevant Person”** means each of Menosmares, S.L.U., Rijn Capital BV, Soziancor, S.L.U., Casa Grande de Cartagena, S.A.U. and/or Siemprelara, S.L.U., or any of their respective current direct or indirect shareholders, or, in each case, any of their respective affiliates, successors or descendants, as the case may be, or any persons or entities which directly or indirectly control or are controlled by any of them, in each case whether acting individually or as a group.

**“Relevant Subsidiary”** means each Material Subsidiary but excluding any Material Subsidiary which is also (a) an Infrastructure Project Subsidiary; or (b) Budimex, S.A., any of its Subsidiaries as at the Closing Date, and any other entity (not previously being a member of the Group) which becomes its Subsidiary on or after the Closing Date.

**“Spanish Central Registry”** has the meaning provided in Condition 1 (*Form, Denomination and Title*).

**“Subsidiary”** of any person means (i) a company of which more than 50 per cent. of the voting rights are owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other person in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

**“TARGET2 Business Day”** means a day on which the TARGET2 System is operating.

**“TARGET2 System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

**“Tax Jurisdiction”** means any jurisdiction under the laws of which the Issuer or the Guarantor is organised or in which it is resident for tax purposes, or any political subdivision or any authority thereof or therein having power to tax.

**“Voting Rights”** means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## **6 INTEREST**

### *(a) Interest Rate*

Subject to the following paragraph in this Condition 6(a) (*Interest Rate*), the Notes bear interest from and including the Closing Date at the rate of 1.382 per cent. (the **“Rate of Interest”**) per annum. Interest shall be payable annually in arrear on 14 May each year (an **“Interest Payment Date”**), commencing with the Interest Payment Date falling on 14 May 2021 and ending on the Final Maturity Date in respect of the period from (and including) the preceding Interest Payment Date (or, if none, the Closing Date) to (but excluding) the next succeeding Interest Payment Date (each an **“Interest Period”**). The amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on such Interest Payment Date shall be €1,382 per €100,000 in principal amount of the Notes.

Save as provided above in relation to the amounts of interest payable per €100,000 in principal amount of the Notes, if interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last), rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

*(b) Accrual of Interest*

Each Note will cease to bear interest where such Note is being redeemed or repaid pursuant to Condition 7 (*Redemption and Purchase*) or Condition 10 (*Events of Default*), from the due date for redemption thereof unless, upon due presentation thereof, payment of the principal amount of the Notes is improperly withheld or refused, in which event interest will continue to accrue as provided in Condition 6(a) (*Interest Rate*) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (ii) the day 7 (seven) days after the Local Paying Agent and/or Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

## **7 REDEMPTION AND PURCHASE**

*(a) Final Redemption*

Unless previously purchased and cancelled or redeemed as herein provided, the Notes will be redeemed at their principal amount on the Final Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 7 (*Redemption and Purchase*).

*(b) Redemption for taxation reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then be due. Prior to the publication of any notice of redemption pursuant to this Condition 7(b) (*Redemption for taxation reasons*), the Issuer shall deliver to the Principal Paying Agent to make available at its specified offices to the Noteholders an Officer's Certificate of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

*(c) Early redemption at the option of the Noteholders upon a Change of Control*

If a Change of Control occurs and, during the Change of Control Period, a Rating Downgrade occurs (together a "**Put Event**"), each Noteholder shall have the option (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes in accordance with Condition 7(b) (*Redemption for taxation reasons*)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) in whole or in part his Notes at their principal amount plus accrued and unpaid interest up to (but excluding) the Put Date (the "**Put Option**").

If a Put Event occurs, then the Issuer shall, without undue delay, after becoming aware thereof, give notice of the Put Event (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the Put Option contained in this Condition 7(c) (*Early Redemption at the option of the Noteholders upon a Change of Control*) as well as the date upon which the Put Period will end.

To exercise the Put Option, a Noteholder must within the Put Period give notice to the Paying Agents (a “**Put Notice**”) of such exercise in accordance with the standard procedures of Iberclear (which may include notice being given on his instruction by Iberclear, or any Iberclear Member, to the Paying Agents by electronic means) in a form acceptable to Iberclear from time to time.

The Issuer shall redeem, or at its option, purchase (or procure the purchase of) the relevant Note(s) on the date (the “**Put Date**”) seven days after the expiration of the Put Period unless previously redeemed or purchased and cancelled. A Put Notice, once given, shall be irrevocable.

*(d) Residual maturity redemption*

The Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (which notice shall specify the date fixed for redemption (the “**Residual Maturity Redemption Date**”)) in accordance with Condition 14 (*Notices*), redeem all (but not only some) of the outstanding Notes at their principal amount together with interest accrued to, but excluding, the Residual Maturity Redemption Date, which shall be no earlier than three months before the Final Maturity Date.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7(d).

*(e) Redemption following a Substantial Purchase Event*

If a Substantial Purchase Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (which notice shall specify the date fixed for redemption) in accordance with Condition 14 (*Notices*), redeem all (but not only some) of the outstanding Notes at their principal amount together with interest accrued to, but excluding, the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7(e).

In these Conditions, “**Substantial Purchase Event**” means an event that shall be deemed to have occurred if at least 80 per cent. of the aggregate principal amount of the Notes is purchased by the Issuer, the Guarantor or any of its Subsidiaries (and in each case is redeemed and cancelled in accordance with Condition 7(i) (*Cancellation*)).

*(f) Make-Whole redemption*

The Notes may be redeemed at the option of the Issuer, in whole or in part, at any time prior to (but no later than the Residual Maturity Redemption Date (as defined in Condition 7(d) (*Residual maturity redemption*) above) the Final Maturity Date (the “**Make-Whole Redemption Date**”) at their Make-Whole Redemption Amount (as defined below) on the Issuer giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (which notice shall specify the Make-Whole Redemption Date) in accordance with Condition 14 (*Notices*).

In case of a partial redemption, the notice to the Noteholders shall also contain the number of Notes to be redeemed, the Make-Whole Redemption Amount (as defined below) and the manner in which redemption will be effected, subject to compliance with any applicable laws and Iberclear, CNMV, AIAF or other relevant authority requirements.

The “**Make-Whole Redemption Amount**” means in respect of any Notes to be redeemed on a Make-Whole Redemption Date an amount, calculated by a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the relevant Make-Whole Redemption Amount, and notified to the Noteholders in accordance with Condition 14 (*Notices*), equal to the greater of:

- (i) 100 per cent. of the principal amount outstanding of the Notes so redeemed; and
- (ii) the sum of the then present values of the remaining scheduled payment(s) of principal and interest on the Notes so redeemed (not including any interest accrued on the Notes to, but excluding, the Make-Whole Redemption Date) discounted to the Make-Whole Redemption Date on an annual basis at a rate equal to the aggregate of the Make-Whole Redemption Rate and the Make-Whole Redemption Margin;

plus in each case of (i) and (ii) above, any interest accrued on the Notes to, but excluding, the Make-Whole Redemption Date.

*(g) Notice of redemption*

All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

*(h) Purchase*

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, each of the Issuer or the Guarantor, or any of their respective Subsidiaries, may at any time purchase Notes in the open market or otherwise at any price. Such Notes may be held, re-sold or reissued or, at the option of the relevant purchaser, cancelled and while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of the calculating quorums at meetings of the Noteholders or for the purposes of Condition 12 (*Meetings of Noteholders*).

*(i) Cancellation*

All Notes which are redeemed will be cancelled and may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries may, at the option of the relevant purchaser, be cancelled.

## **8 PAYMENTS**

*(a) Method of payment*

Payments of principal and interest in respect of the Notes will be made by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the date on which the payment of principal or interest, as the case may be, falls due. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer or the Paying Agents will have any responsibility or liability for the records relating to payments made in respect of the Notes.

*(b) Payments subject to fiscal laws*

Without prejudice to the application of the provisions of Condition 9 (*Taxation*), payments will be subject in all cases to any other applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer, or the Parent or the Paying Agents agree to be subject and neither the Issuer nor the Parent will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

*(c) Delay in payment*

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a business day.

(d) *Business Days*

In this Condition, “business day” means a day (other than a Saturday or Sunday) which is a TARGET2 Business Day, on which commercial banks and foreign exchange markets are open for business in the place of the specified office of the Paying Agents.

(e) *Paying Agents*

The initial specified offices of the initial Paying Agents are Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom, in the case of Deutsche Bank AG, London Branch and Rosario Pino 14-16, 28020, Madrid, Spain in the case of Deutsche Bank, S.A.E. The Issuer reserves the right under the Agency Agreement at any time to vary or terminate the appointment of the Paying Agents, in their role of paying agents, and appoint additional or other paying agents in accordance with the terms of the Agency Agreement. Notice of any change in the paying agents or their specified offices will promptly be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*).

## 9 TAXATION

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by applicable laws or regulations. In that event the Issuer or, as the case may be, the Guarantor (subject to the terms of the Guarantee) shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or, as the case may be, under the Guarantee:

- (a) to, or to a third party on behalf of, a Noteholder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Spain other than (i) the mere holding of such Note, or (ii) the receipt of principal, interest, or other amounts in respect of such Note; or
- (b) to a Noteholder, or to a third party on behalf of, who is (or is deemed as) an individual resident for tax purposes in Spain (or any political subdivision or any authority thereof or therein having power to tax); or
- (c) where taxes are imposed by Spain that are (i) payable otherwise than by withholding from a payment under, or with respect to, the Notes; or (ii) any estate, inheritance, gift, sales, transfer, personal property or similar taxes imposed by Spain (or any political subdivision or any authority thereof or therein having power to tax); or (iii) solely due to the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent, person or entity acting on behalf of the investor of the Notes or similar person in relation to such Notes; or
- (d) to, or to a third party on behalf of, a Noteholder in respect of whom the Issuer (or an agent acting on behalf of the Issuer) has not received such information as may be necessary to allow payments on such Note to be made free and clear of withholding tax or deduction on account of any taxes imposed by Spain, including when the Issuer (or an agent acting on behalf of the Issuer) does not receive such information concerning such Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities.

Notwithstanding any other provision of these Conditions, in no event will the Issuer or the Guarantor be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

If a payment of any additional amounts is made by the Issuer or, as the case may be, the Guarantor pursuant to this Condition 9 (*Taxation*) and a Noteholder subsequently obtains, utilises and retains a refund of taxes or a tax credit in its country of residence for tax purposes by reason of the Issuer or the Guarantor having made a withholding or payment of Taxes on account of that Noteholder in respect of the relevant payment to the Noteholder by the Issuer or the Guarantor, the relevant Noteholder shall reimburse the Issuer or the Guarantor for the amount of any such refund or tax credit by payment of such amount to the Issuer or the Guarantor promptly on receipt (which payment shall be made in the currency in which the refund or tax credit is received), but only provided that such reimbursement does not and will not otherwise affect the ability of the Noteholder to obtain such refund or tax credit.

## 10 EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) shall have occurred and is continuing:

- (a) *Non-Payment*: default is made in the payment on the due date of principal or interest in respect of any of the Notes and such failure continues for a period of 7 (seven) days in the case of principal (other than on the Final Maturity Date) and 14 (fourteen) days in the case of interest; or
- (b) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in respect of the Notes or, as the case may be, the Guarantee, which default is incapable of remedy or is not remedied within 30 (thirty) days after written notice of such default shall have been given to the Principal Paying Agent at its specified office by any Noteholder; or
- (c) *Cross-Default*: any other present or future indebtedness of the Issuer, the Guarantor or any Relevant Subsidiary for or in respect of any moneys borrowed or raised:
  - (i) becomes or is declared due and payable prior to its stated maturity otherwise than (A) at the option of the Issuer, the Guarantor or the Relevant Subsidiary or (B) at the option of the creditor of such indebtedness in circumstances where no event of default (howsoever described) has occurred; or
  - (ii) any such present or future indebtedness of the Issuer, the Guarantor or any Relevant Subsidiaries is not paid when due or, as the case may be, within any applicable grace period; or
  - (iii) the Issuer, the Guarantor or any Relevant Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the indebtedness, guarantees or indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €50,000,000 or its equivalent; or

  - (iv) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, the Guarantor or any Relevant Subsidiary and is not discharged or stayed within 30 (thirty) days provided that the aggregate amount of property, assets and/ or revenues involved in any such distress, attachment, execution or legal process equals or exceeds €50,000,000 or its equivalent; or
  - (v) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Relevant Subsidiary in respect of an obligation the principal amount of which equals or exceeds €50,000,000 or its equivalent is enforced (including by the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person);
- (d) *Insolvency*: the Issuer, the Guarantor or any Relevant Subsidiary is insolvent or bankrupt (*concurso*) or unable to pay its debts, or is declared insolvent or bankrupt or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an

arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Issuer, the Guarantor or any Relevant Subsidiary; or

- (e) *Winding-up*: an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of the Issuer, the Guarantor or any Relevant Subsidiary, or the Issuer, the Guarantor or any Relevant Subsidiary ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, restructuring, merger, consolidation or other similar arrangements (i) on terms approved by an Extraordinary Resolution; (ii) where all or substantially all the undertakings or assets are transferred to or otherwise vested in any other members of the Group on a solvent basis, provided that until the next audited consolidated annual financial statements of the Parent are available, except in the case of the companies and entities referred to in (a) or (b) of the definition of Relevant Subsidiary which shall under no circumstances become or be deemed to be Relevant Subsidiaries, both the transferee and the transferor shall be deemed to be Relevant Subsidiaries for the purposes of these Conditions; or (iii) where all or substantially all the undertakings or assets are transferred to any other person provided that the undertakings and assets are transferred to that person on an arm's length basis; or
- (f) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to exercise their respective rights and perform and comply with their respective obligations under the Notes and the Guarantee; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes and the Guarantee admissible in evidence is not taken, fulfilled or done; or
- (g) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has a similar effect to any of the events referred to in any of the foregoing paragraphs; or
- (h) *Illegality*: it is or will become unlawful for the Issuer or the Parent to perform or comply with any of its obligations under or in respect of the Notes or its Guarantee (as the case may be); or
- (i) *Ownership*: the Issuer ceases to be a wholly owned Subsidiary of the Parent,  
  
then any Note may, by notice in writing given to the Issuer at the specified office of the Principal Paying Agent, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount, together with accrued interest, without further formality. This right to declare immediately due and payable any Note if an Event of Default shall have occurred is essential (*causa*) for the issue, subscription and holding of the Notes.

## 11 PRESCRIPTION

Claims for payment in respect of principal and interest shall be prescribed and become void unless made within 10 (ten) years (in the case of principal) or 5 (five) years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal interest or other sums payable in respect of such Notes shall be forfeited and revert to the Issuer.

## 12 MEETINGS OF NOTEHOLDERS

### (a) Definitions

As used in this Condition 12 (*Meetings of Noteholders*) the following expressions shall have the following meanings unless the context otherwise requires:

**“Block Voting Instruction”** means an English language document issued by a Clearing System or by an Iberclear Member and received by a Paying Agent in which:

- (i) it is confirmed that on the date thereof Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a Clearing System and/or the relevant Iberclear Member and that no such Notes will cease to be so blocked until the first to occur of:
  - (A) the conclusion of the meeting specified in such Block Voting Instruction; and
  - (B) the Notes ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with Condition 12(c)(iv) of the necessary amendment to the Block Voting Instruction;
- (ii) it is certified that each Noteholder holding such Notes has instructed the relevant Clearing System (to the extent possible) and/or the relevant Iberclear Member that the vote(s) attributable to the Notes so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (iii) the aggregate principal amount of the Notes so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (iv) one or more persons named in such Block Voting Instruction (each hereinafter called a “**proxy**”) is or are authorised and instructed by the relevant Clearing System (to the extent possible) and/or the Iberclear Member(s) to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (iii) above as set out in such Block Voting Instruction;

“**Clearing System**” means Iberclear and any additional or alternative clearing system in which the relevant Notes are from time to time accepted for clearance and includes in respect of any Note any clearing system on behalf of which such Note is held or which is the holder of a Note, in each case whether alone or jointly with any other Clearing System(s);

“**Eligible Person**” means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (i) a bearer of any Voting Certificate; and
- (ii) a proxy specified in any Block Voting Instruction;

“**Extraordinary Resolution**” means:

- (i) a resolution passed at a meeting duly convened and held in accordance with the provisions of this Condition 12 (*Meetings of Noteholders*) by a majority consisting of not less than three-fourths of the Eligible Persons voting thereon upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll;
- (ii) a resolution in writing signed by or on behalf of Noteholders holding not less than three-fourths in principal amount of the Notes for the time being outstanding (a “**Written Resolution**”) which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders; or
- (iii) consent given by way of electronic consents received by the Principal Paying Agent through the relevant Clearing System(s) (to the extent possible) and/or through the relevant Iberclear Member(s) by or on behalf of Noteholders holding not less than three-fourths in principal amount of the Notes for the time being outstanding;

“**Voting Certificate**” means an English language certificate issued by the relevant Iberclear Member or Clearing System and received by a Paying Agent in which it is stated:

- (i) that on the date thereof Notes (not being Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a Clearing System and/or with the relevant Iberclear Member and that no such Notes will cease to be so blocked until the first to occur of:
  - (A) the conclusion of the meeting specified in such Voting Certificate; and
  - (B) the surrender of the Voting Certificate to the relevant Iberclear Member or Clearing System that issued the same; and
- (ii) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate;

**“24 Hours”** means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of a day upon which banks are open for business in all of the places where the Paying Agents have their specified offices; and

**“48 Hours”** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of two days upon which banks are open for business in all of the places where the Paying Agents have their specified offices.

For the purposes of calculating a period of **“Clear Days”** in relation to a meeting, no account shall be taken of the day on which the notice of such meeting is given (or, in the case of an adjourned meeting, the day on which the meeting to be adjourned is held) or the day on which such meeting is held.

All references in this Condition 12 (*Meetings of Noteholders*) to a “meeting” shall, where the context so permits, include any relevant adjourned meeting.

*(b) Evidence of Entitlement to Attend and Vote*

A Noteholder may require an Iberclear Member or a Clearing System to procure the issue of Voting Certificates and Block Voting Instructions in accordance with the terms of Condition 12(c) (*Procedure for Issue of Voting Certificates and Block Voting Instructions*).

For the purposes of Condition 12(c) (*Procedure for Issue of Voting Certificates and Block Voting Instructions*), the Principal Paying Agent and each Paying Agent shall be entitled to rely, without further enquiry, on any information or instructions received from a Clearing System (to the extent possible) or from an Iberclear Member and shall have no liability to any Noteholder or other person for any loss, damage, cost, claim or other liability occasioned by its acting in reliance thereon, nor for any failure by a Clearing System or an Iberclear Member to deliver information or instructions to the Principal Paying Agent or any Paying Agent.

The holder of any Voting Certificate or the proxies named in any Block Voting Instruction shall for all purposes in connection with the relevant meeting be deemed to be the Noteholder holding the Notes to which such Voting Certificate or Block Voting Instruction relates and the relevant Clearing System and/or Iberclear Member in which such Notes have been blocked shall be deemed for such purposes not to be the Noteholder of those Notes.

*(c) Procedure for Issue of Voting Certificates and Block Voting Instructions*

*(i) Voting Certificate*

A Noteholder holding a Note (not being a Note in respect of which instructions have been given to the Clearing System or the relevant Iberclear Member in accordance with Condition 12(c)(ii) (*Block Voting Instructions*)) may procure the delivery of a Voting Certificate in respect of such Note

by giving notice to the Clearing System or the relevant Iberclear Member through which such Noteholder's interest in the Note is held specifying by name a person (an “**Identified Person**”) (which need not be the Noteholder himself) to collect the Voting Certificate and attend and vote at the meeting. The relevant Voting Certificate will be made available at or shortly prior to the commencement of the meeting by the Principal Paying Agent against presentation by such Identified Person of the form of identification previously notified by such Noteholder to the Clearing System or the relevant Iberclear Member (as communicated to the Principal Paying Agent by the Iberclear Member or the Clearing System). The Clearing System or the relevant Iberclear Member may prescribe forms of identification (including, without limitation, a passport or driving licence) which it deems appropriate for these purposes. Subject to receipt by the Principal Paying Agent from the Clearing System or the relevant Iberclear Member, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Notes to be represented by any such Voting Certificate and the form of identification against presentation of which such Voting Certificate should be released, the Principal Paying Agent shall, without any obligation to make further enquiry, make available Voting Certificates against presentation of the form of identification corresponding to that notified.

(ii) **Block Voting Instruction**

A Noteholder holding a Note (not being a Note in respect of which a Voting Certificate has been issued) may require the Clearing System or relevant Iberclear Member to issue a Block Voting Instruction in respect of such Note by first instructing the relevant Iberclear Member or (to the extent possible) the Clearing System through which such Noteholder's interest in the Note is held to procure that the votes attributable to such Note should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the Clearing System then in effect or as agreed with the relevant Iberclear Member. Subject to receipt by the Principal Paying Agent of instructions from the relevant Iberclear Member or (to the extent possible) the Clearing System, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Notes in respect of which instructions have been given and the manner in which the votes attributable to such Notes should be cast, the Principal Paying Agent shall, without any obligation to make further enquiry, appoint a proxy to attend the meeting and cast votes in accordance with such instructions.

(iii) Each Block Voting Instruction shall be deposited by the relevant Paying Agent at such place specified by the Principal Paying Agent for the purpose not less than 24 Hours before the time appointed for holding the meeting at which the proxy or proxies named in the Block Voting Instruction or form of proxy proposes to vote, and in default the Block Voting Instruction or form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting proceeds to business. A copy of each Block Voting Instruction shall (if so requested by the Issuer) be deposited with the Issuer before the commencement of the meeting but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxy or proxies named in any such Block Voting Instruction or form of proxy.

(iv) Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the instructions of the relevant Noteholder through the relevant Iberclear Member or the relevant Clearing System (as the case may be) pursuant to which it was executed provided that no indication in writing of such revocation or amendment has been received from the relevant Paying Agent by the Issuer at its registered office by the time being 24 Hours before the time appointed for holding the meeting at which the Block Voting Instruction is to be used.

(d) *Convening of Meetings, Quorum and Adjourned Meetings*

(i) The Issuer or the Parent may at any time, and the Issuer shall upon a requisition in writing in the English language signed by the Noteholders of not less than ten per cent. in principal amount of

the Notes for the time being outstanding, convene a meeting and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the requisitionists. Whenever the Issuer or the Parent is about to convene any such meeting the Issuer or the Parent, as the case may be, shall forthwith give notice in writing to the Principal Paying Agent of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place as approved by the Principal Paying Agent.

- (ii) At least 21 Clear Days' notice specifying the place, day and hour of meeting shall be given to the Noteholders prior to any meeting in the manner provided by Condition 14 (*Notices*). Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened, shall include the forms of Block Voting Instruction and Voting Certificate and, where an Extraordinary Resolution will be proposed at the meeting, shall either specify in such notice the terms of such resolution or state fully the effect on the Noteholders of such resolution, if passed. Such notice shall include statements as to the manner in which Noteholders may arrange for Voting Certificates or Block Voting Instructions to be issued. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer) and to the Parent (unless the meeting is convened by the Parent). The Principal Paying Agent shall forward a copy of the notice to Iberclear for the attention of Iberclear Members in accordance with the provisions of the Agency Agreement.
- (iii) A person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at the relevant meeting, but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
- (iv) At any such meeting one or more Eligible Persons present and holding or representing in the aggregate more than 50 per cent. in principal amount of the Notes for the time being outstanding shall (subject as provided below) form a quorum for the transaction of business (including the passing of an Extraordinary Resolution) PROVIDED THAT at any meeting the business of which includes any Basic Terms Modification (which shall subject only to Condition 13 (*Modification*) only be capable of being effected after having been approved by Extraordinary Resolution) the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds of the principal amount of the Notes for the time being outstanding. No business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the relevant business.
- (v) If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Noteholders be dissolved. In any other case it shall stand adjourned for such period, being not less than 13 Clear Days nor more than 42 Clear Days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Principal Paying Agent. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve such meeting or adjourn the same for such period, being not less than 13 Clear Days (but without any maximum number of Clear Days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Principal Paying Agent, and the provisions of this sentence shall apply to all further adjourned such meetings.

- (vi) At any adjourned meeting one or more Eligible Persons present (whatever the principal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the quorum for the transaction of business comprising any Basic Terms Modification shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third of the principal amount of the Notes for the time being outstanding.
- (vii) Notice of any adjourned meeting shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in Condition 12(d)(ii) and such notice shall state the required quorum.

(e) *Conduct of Business At Meetings*

- (i) Every question submitted to a meeting shall be decided in the first instance by a show of hands. A poll may be demanded (before or on the declaration of the result of the show of hands) by the Chairman, the Issuer, the Parent or any Eligible Person (whatever the amount of the Notes so held or represented by him).
- (ii) At any meeting, unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (iii) Subject to Condition 12(e)(v), if at any such meeting a poll is so demanded it shall be taken in such manner and, subject as provided below, either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
- (iv) The Chairman may, with the consent of (and shall if directed by) any such meeting, adjourn the same from time to time and from place to place; but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
- (v) Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
- (vi) Any director or officer of the Issuer or, as the case may be, the Parent, their lawyers and financial advisers and any director or officer of any of the Paying Agents may attend and speak at any meeting. Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting unless he is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Notes which are deemed to be not outstanding by virtue of the proviso to the definition of “outstanding” in Condition 5 (*Definitions*).
- (vii) At any meeting:
  - (A) on a show of hands every Eligible Person present shall have one vote; and
  - (B) on a poll every Eligible Person present shall have one vote in respect of each €1.00 in principal amount of the Notes held or represented by such Eligible Person.

Without prejudice to the obligations of the proxies named in any Block Voting Instruction, any Eligible Person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

- (viii) The proxies named in any Block Voting Instruction need not be Noteholders. Nothing herein shall prevent any of the proxies named in any Block Voting Instruction from being a director, officer or representative of or otherwise connected with the Issuer or the Parent.
- (ix) The Noteholders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject, in the case of an Extraordinary Resolution to be proposed at a meeting, to the provisions relating to quorum contained in Conditions 12(d)(iv) and 12(d)(vi)) namely:
  - (A) Power to approve any compromise or arrangement proposed to be made between the Issuer, the Parent, the Noteholders or any of them.
  - (B) Power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders, the Issuer or the Parent against any other or others of them or against any of their property whether such rights arise under the Agency Agreement, these Conditions, the Notes, the Guarantee or otherwise.
  - (C) Power to agree to any modification of the provisions contained in the Agency Agreement, these Conditions, the Notes or the Guarantee which is proposed by the Issuer or the Parent.
  - (D) Power to give any authority or sanction which under the provisions of this Condition 12 (*Meetings of Noteholders*), the Notes or the Guarantee is required to be given by Extraordinary Resolution.
  - (E) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.
  - (F) Power to approve any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or the Parent or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Noteholders to execute an instrument of transfer of the Notes held by them in favour of the persons with or to whom the Notes are to be exchanged or sold respectively.
  - (G) Power to approve the substitution of any entity for the Issuer and/or the Parent (or any previous substitute) as the principal debtor in respect of the Notes or guarantor, as the case may be.
- (x) Any Extraordinary Resolution (i) passed at a meeting of the Noteholders duly convened and held (ii) passed as an Extraordinary Resolution in writing or (iii) passed by way of electronic consents given by Noteholders through the relevant Iberclear Member and/or through the relevant Clearing System(s) (to the extent possible), in accordance with the provisions of this Condition 12 (*Meetings of Noteholders*), shall be binding upon all the Noteholders whether or not present or whether or not represented at any meeting and whether or not voting on such Extraordinary Resolution and each of them shall be bound to give effect to the Extraordinary Resolution accordingly and the passing of any such Extraordinary Resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of the voting on any Extraordinary Resolution duly considered by the Noteholders shall be published in accordance with Condition 14 (*Notices*) by the Issuer within 14 days of such result being known, PROVIDED THAT the non-publication of such notice shall not invalidate such result.

- (xi) Minutes of all resolutions and proceedings at every meeting shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted, shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted at the meeting to have been duly passed or transacted.
- (xii) Subject to all other provisions of this Condition 12 (*Meetings of Noteholders*), the Principal Paying Agent may without the consent of the Noteholders prescribe such further or alternative regulations regarding the requisitioning and/or the holding of meetings and attendance and voting at them as the Principal Paying Agent may in its discretion think fit (including, without limitation, the substitution for periods of 24 Hours and 48 Hours referred to in this Condition 12 (*Meetings of Noteholders*) of shorter periods). Such regulations may, without prejudice to the generality of the foregoing, reflect the practices and facilities of any relevant Clearing System. Notice of any such further or alternative regulations may be given to Noteholders in accordance with Condition 14 (*Notices*) at the time of service of any notice convening a meeting.

### 13 MODIFICATION

The Principal Paying Agent, the Issuer and the Parent may agree, without the consent of the Noteholders, to:

- (a) any modification of the Notes or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law, or
- (b) any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above)) of the Notes or the Agency Agreement which is not prejudicial to the interests of the Noteholders.

Any modification shall be binding on the Noteholders and, unless the Principal Paying Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

### 14 NOTICES

The Issuer shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading (including so long as the Notes are listed on AIAF, the communication of all notices to the market through a communication of inside information (*comunicación de información privilegiada*) or a communication of other relevant information (*comunicación de otra información relevante*), as applicable, to be filed with the CNMV and to be published at the CNMV's official website at [www.cnmv.es](http://www.cnmv.es)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Principal Paying Agent may approve.

So long as the Notes are listed on AIAF, notices to the Noteholders will also be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*). Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries in Iberclear, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

For the sake of clarity, when a notice is published (i) through a communication of inside information (*comunicación de información privilegiada*) or a communication of other relevant information (*comunicación de otra información relevante*), as applicable, at the CNMV's official website and (ii) in the official bulletin of

AI AF (*Boletín de Cotización de AI AF*) in different dates, the notice shall be deemed to have been given on the date on which the first of the publications was made.

## 15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Notes) or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Notes) or upon such terms as to interest, conversion, redemption and otherwise as the Issuer may determine at the time of their issue.

## 16 GOVERNING LAW AND JURISDICTION

### (a) *Governing Law*

Save as described below, the Notes, the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Spanish law. The status of the Guarantee as described in Condition 3(b) (*Status of the Guarantee*) shall be construed in accordance with Spanish law.

### (b) *Jurisdiction*

The courts of the city of Madrid are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not), in each case to the extent allowed by law.

## **8. USE OF PROCEEDS**

The net proceeds of the issue of the Notes, expected to amount to €647,325,794 after deduction of €2,674,206 consisting of commissions and other estimated expenses in connection with the issue of the Notes, will be made available to the Parent for the general corporate purposes of the Group.

## 9. TAXATION

### Introduction

The following summary describes the main Spanish tax implications arising in connection with the acquisition and holding of the Notes by individuals or entities who are the beneficial owners of the Notes. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Iberclear.

Prospective purchasers of the Notes should consult their own tax advisers as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes.

The summary set out below is based upon Spanish law as in effect on the date of this Prospectus and is subject to any change in such law that may take effect after such date, including changes with retroactive effect.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Prospectus:

- (i) of general application, Law 10/2014, as well as Royal Decree 1065/2007;
- (ii) for individuals resident for tax purposes in Spain which are subject to the Personal Income Tax (“**PIT**”), Law 35/2006, dated 28 November 2006, on PIT and partial amendment of Corporate Income Tax Law and Non Residents Income Tax Law, as amended (the “**PIT Law**”), and Royal Decree 439/2007, dated 30 March 2007, enacting the PIT Regulations (the “**PIT Regulations**”), along with Law 19/1991, dated 6 June 1991, on Wealth Tax, as amended, and Law 29/1987, dated 18 December 1987, on Inheritance and Gift Tax;
- (iii) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax (“**CIT**”), Law 27/2014, of November 27, on CIT, as amended (the “**CIT Law**”), and Royal Decree 634/2015, dated 10 July 2015, promulgating the CIT Regulations (the “**CIT Regulations**”); and
- (iv) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax (“**NRIT**”), Royal Legislative Decree 5/2004, dated 5 March 2004, promulgating the Consolidated Text of the NRIT Law, as amended, along with Law 19/1991, dated 6 June 1991, on Net Wealth Tax, as amended (the “**Net Wealth Tax Law**”), and Royal Decree 1776/2004, dated 30 July 2004 promulgating, the NRIT Regulations, and Law 29/1987, dated 18 December 1987, on Inheritance and Gift Tax (“**IGT**”).

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, dated 24 September 1993 and exempt from Value Added Tax, in accordance with Law 37/1992, dated 28 December 1992 regulating such tax.

The Issuer understands that the Notes should be deemed as financial assets with an explicit yield for Spanish tax purposes, according to article 91 of the PIT Regulations and article 63 of the CIT Regulations.

#### *Individuals with tax residency in Spain*

##### *Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas)*

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of a person’s own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the investor’s PIT savings taxable base, which is taxed at the rate applicable from time to time, currently at a flat rate of 19 per cent. for the first €6,000, 21 per cent. between €6,000.01 and €50,000 and 23 per cent. for any amount in excess of €50,000.

A (current) 19 per cent. withholding on account of PIT will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to PIT.

However, income derived from the transfer of the Notes should not be subject to withholding on account of PIT provided that the Notes are:

- (i) registered in book-entry form (*anotaciones en cuenta*); and
- (ii) traded in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Notwithstanding the above, 19 per cent. withholding tax shall apply on the part of the transfer price that corresponds to the accrued interest when the transfer of the Notes takes place within the 30-day period prior to the moment in which such interest is due when the following requirements are fulfilled:

- (i) the acquirer would be a non-resident or a CIT taxpayer;
- (ii) the explicit yield derived from the transfer of the notes is exempt from withholding tax.

In any event, the individual holder may credit the withholding tax applied by the Issuer against his or her final PIT liability for the relevant tax year.

### Reporting Obligations

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are individuals resident in Spain for tax purposes.

### Net Wealth Tax (*Impuesto sobre el Patrimonio*)

According to the Net Wealth Tax Law, as amended from time to time by Royal Decree-law 13/2011, dated 16 September 2011, as amended, (and subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), all Spanish resident individuals are liable for Net Wealth Tax. This tax is levied on the net worth of an individual's assets and rights, which exceed €700,000. The marginal rates range between 0.2 per cent. and 2.5 per cent. and some reductions could apply. Individuals with tax residency in Spain who are under the obligation to pay Net Wealth Tax must take into account the amount of the Notes which they hold as at 31 December in each year, when calculating their Net Wealth Tax liabilities.

In accordance with article 3 of Royal Decree-Law 18/2019, of 27 December (*Real Decreto-Ley 18/2019, de 27 de diciembre*), from year 2021 a full exemption (*bonificación del 100%*) on Net Wealth Tax will apply unless such exemption is revoked or postponed.

### Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish IGT in accordance with the applicable Spanish regional and state rules. The applicable state tax rates range between 7.65 per cent. and 81.6 per cent., depending on relevant factors. Those rates do not include any rate increase or decrease that might be ruled by the relevant Autonomous Community authorities.

### Legal entities with tax residency in Spain

#### Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes are subject to CIT at the general tax rate of 25 per cent. in accordance with the rules for such tax. However, this general rate will not be applicable to all CIT taxpayers and, for instance, it will not apply to banking institutions (which will be taxed at the rate of 30 per cent.).

No withholding on account of CIT will be imposed on interest payments or on income derived from the transfer, redemption or repayment of the Notes, by Spanish CIT taxpayers provided that certain requirements are met (including that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement

with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below). Please see “*Taxation—Introduction—Compliance with certain requirements in connection with income payments*” below.

Additionally, in accordance with article 61.q of the CIT regulations, there is no obligation to withhold on income obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

- (i) registered by way of book-entries (*anotaciones en cuenta*); and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

#### Reporting Obligations

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

#### Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes are not subject to Spanish Net Wealth Tax.

#### Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the IGT but generally must include the market value of the Notes in their taxable income for CIT purposes.

#### *Individuals and legal entities that are not tax resident in Spain*

- (1) *Investors that are not resident in Spain for tax purposes, acting in respect of the Notes through a permanent establishment in Spain*

#### Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those set forth above for Spanish CIT taxpayers. Please see “*Taxation—Introduction—Legal entities with tax residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*” above.

Ownership of the Notes by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

#### Reporting Obligations

The Issuer will comply with the reporting obligations set forth under Spanish tax laws with respect to beneficial owners of the Notes that are individuals or legal entities not resident in Spain for tax purposes and that act with respect to the Notes through a permanent establishment in Spain.

- (2) *Investors that are not resident in Spain for tax purposes, not acting in respect of the Notes through a permanent establishment in Spain*

#### (A) Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)

Both interest payments periodically received under the Notes and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met.

In order to be eligible for the exemption from NRIT, certain requirements must be met (including that, in respect of interest payments from the Notes carried out by the Issuer, the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with

a duly executed and completed Payment Statement, as defined below), as set forth in article 44 of Royal Decree 1065/2007. Please see “*Taxation—Introduction—Compliance with certain requirements in connection with income payments*” below.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of interest under the Notes, the Issuer will withhold Spanish withholding tax at the applicable rate (currently 19 per cent.) on such payment of income on the Notes and the Issuer will not pay additional amounts with respect to any such withholding tax.

A beneficial owner who is not resident in Spain for tax purposes and entitled to exemption from NRIT, but to whom payment was not exempt from Spanish withholding tax due to a failure on the delivery of a duly executed and completed Payment Statement to the Issuer, will receive a refund of the amount withheld, with no need for action on the beneficial owner’s part, if the Issuer receives a duly executed and completed Payment Statement no later than the tenth calendar day of the month immediately following the relevant payment date.

In addition, beneficial owners of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law and its regulations.

(B) Net Wealth Tax (*Impuesto sobre el Patrimonio*)

According to the Net Wealth Tax Law, as amended from time to time by Royal Decree-law 13/2011, dated 16 September 2011, as amended, (and subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), non-Spanish tax resident individuals holding Notes will be subject to Net Wealth Tax to the extent that such Noteholders own Notes (along with other property located in Spain and rights which could be exercised in Spain) valued at a combined net amount in excess of €700,000 as of 31 December. Spanish Net Wealth Tax state rates vary between 0.2 per cent. and 2.5 per cent. Those rates do not include any rate increase or decrease that might be ruled by the relevant Autonomous Community authorities.

To the extent that income deriving from the Notes is exempt from Non-Resident Income Tax, individuals who do not have tax residency in Spain who hold such Notes on the last day of the year will be exempt from Net Wealth Tax.

Furthermore, individuals resident in a country with which Spain has entered into a double tax treaty in relation to Net Wealth Tax will generally be exempt from Net Wealth Tax. If the exemptions outlined do not apply, individuals who are not tax residents in Spain will be subject to Net Wealth Tax to the extent that the Notes are located in Spain or the rights deriving from the Notes can be exercised in Spain.

In accordance with article 3 of Royal Decree-Law 18/2019, of 27 December (*Real Decreto-Ley 18/2019, de 27 de diciembre*), from year 2021 a full exemption (*bonificación del 100%*) on Net Wealth Tax will apply unless such exemption is revoked or postponed.

(C) Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy will be subject to IGT in accordance with the applicable Spanish state rules, unless they reside in a country for tax purposes with which Spain has entered into a treaty for the avoidance of double taxation in relation to IGT. In such case, the provisions of the relevant treaty for the avoidance of double taxation will apply.

If no treaty for the avoidance of double taxation in relation to IGT applies, applicable IGT rates would range between 7.65 per cent. and 81.6 per cent., depending on relevant factors. In addition, non-Spanish tax resident individuals may be entitled to apply the tax benefits approved by the relevant Autonomous Community authorities.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to IGT. Such acquisitions may be subject to NRIT (as described above), unless otherwise applicable under the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain. In general, treaties for the avoidance of double taxation provide for the taxation of this type of income in the country of tax residence of the beneficiary.

### *Compliance with certain requirements in connection with income payments*

As described under “—Individuals and legal entities that are not tax resident in Spain”, “—Legal entities with tax residency in Spain—Corporate Income Tax (*Impuesto sobre Sociedades*)”, provided the conditions set forth in Law 10/2014 are met, interest payments made by the Issuer in respect of the Notes for the benefit of non-Spanish tax resident investors, or for the benefit of Spanish CIT taxpayers, will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a “**Payment Statement**”), in accordance with section 4 of article 44 of Royal Decree 1065/2007, containing the following information:

1. Identification of the Notes.
2. Total amount of the income paid by the Issuer.
3. Amount of the income corresponding to individual residents in Spain that are PIT taxpayers.
4. Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, currently at the rate of 19 per cent.

If this were to occur, affected beneficial owners will receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the tenth calendar day of the month immediately following the relevant payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

**Prospective investors should note that the Issuer does not accept any responsibility relating to the lack of delivery of a duly executed and completed Payment Statement by the Iberclear Members in connection with each payment of income under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Payment Statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.**

### **Payments under the Guarantee**

On the basis that payments of principal and interest made by the Guarantor under the Guarantee are characterised as an indemnity under Spanish law, such payments may be made free of withholding or deduction on account of any Spanish tax. However, although there is no precedent or regulation on the matter, if the Spanish tax authorities take the view that the Guarantor has effectively assumed the obligations of the Issuer under the Notes (whether contractually or by any other means), the Spanish tax authorities may determine that payments made by the Guarantor, relating to interest on the Notes, will be subject to the same tax rules set out above for payments made by the Issuer.

### **The proposed European financial transactions tax (“EU FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has stated that it will no longer participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the EU FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In the Economic and Financial Affairs Council (ECOFIN) meeting of 17 June 2016, the EU FTT was discussed between the EU Member States. It was reiterated in this meeting that participating Member States envisage introducing an EU FTT by means of the so-called enhanced cooperation process.

The proposed Directive defines how the EU FTT would be implemented in participating Member States. It involves a minimum 0.1 per cent. tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01 per cent. tax rate.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT based on a system already in place in France. Under the new proposal, the tax obligation would apply only to transactions involving shares issued by domestic companies with a market capitalisation of over €1 billion.

However, the Commission's Proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the EU FTT.

### **The proposed Spanish financial transactions tax ("FTT")**

In Spain, on 30 April 2019, the interim government submitted to the European Commission the "Update of the Stability Programme 2019-2022" (*Actualización del Programa de Estabilidad 2019-2022*). This report is not equivalent to a draft law, but it includes the economic projections for 2019-2022 and confirms the intention of the new government to approve the Spanish FTT, stating that "*the creation of the Tax on Financial Transactions will be relaunched*".

In this vein, on 18 February 2020 the Spanish government passed a draft law for introducing the FTT in Spain (the "**Spanish FTT**") which was submitted for discussions to the Spanish Parliament on 28 February 2020. In principle, the Spanish FTT should not affect transactions involving bonds or debt or analogous instruments. Nevertheless, it would likely tax the acquisition of listed shares (including the transfer or conversion) of Spanish companies with a market capitalisation of more than €1 billion, at a tax rate of 0.2 per cent., regardless of the jurisdiction of residence of the parties involved in the transaction.

Therefore, once the Spanish FTT is in force, it is expected that an indirect tax, at a rate of 0.2 per cent., will apply on acquisitions of shares of Spanish listed companies, regardless of the residence of the agents that intervene in the transactions, provided the market value of the capitalisation thereof is greater than €1 billion. The taxpayer will be the financial traders that transfer or execute the purchase order and must submit an annual tax return.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the Spanish FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the US Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer and the Guarantor may be foreign financial institutions for these purposes. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to, intergovernmental agreements with the US to implement

FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for US federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the US Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “*Terms and Conditions of the Notes—Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## 10. SUBSCRIPTION AND SALE

Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Santander, S.A., Bankinter, S.A., Barclays Bank PLC, CaixaBank, S.A., Crédit Agricole Corporate and Investment Bank, NatWest Markets N.V., RBC Europe Limited, Scotiabank Europe plc and Société Générale have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 11 May 2020, jointly and severally agreed with the Issuer and the Parent to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the nominal amount of the Notes, less certain commissions as agreed with the Issuer.

In addition, the Issuer may, at its discretion, pay the Managers a discretionary performance related fee. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

### General

This Prospectus does not constitute an offer by, or an invitation by or on behalf of, the Issuer, the Parent or the Managers or any other person to subscribe for any of the Notes, or the solicitation of an offer to subscribe for any of the Notes. Each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms. Persons into whose hands this Prospectus comes are required by the Issuer, and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

### Prohibition of Sales to EEA and UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or in the UK. For the purpose of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### Spain

Each Manager has represented and agreed that the Notes have not been offered or sold in Spain other than by institutions authorised under the LMV and related legislation, to provide investment services in Spain, and as agreed between the Issuer and the Managers, offers of the Notes in Spain have only been directed specifically at or made to professional clients (*clientes profesionales*) as defined in Article 205 of the LMV and Article 58 of Royal Decree 217/2008, of 15 February, and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the LMV.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes (a) as part of their distribution at any

time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph shall have the same meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Manager has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the United Kingdom Financial Services and Markets Act 2000 (“**FSMA**”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to the Issuer or the Parent.

## 11. SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK-ENTRY SECURITIES

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry securities such as the Notes of the Issuer.

The Spanish clearing, settlement and recording system of securities transactions has undergone a significant reform to align it with the EU practices and standards and prepare it for the implementation of future integration projects (the “**Reform**”). Following the Reform, which implementation was completed by 18 September 2017, the Spanish clearing, settlement and registry procedures of securities transactions allows the connection of the post-trading Spanish systems to the European system TARGET2 Securities.

The Reform has introduced three main changes that, in turn, involve a number of operating modifications. These changes include (i) a new recording system based on balances, (ii) the introduction of a central clearing counterparty (BME Clearing, S.A., “**BME Clearing**” or the “**CCP**”), and (iii) the integration of CADE (*Central de Anotaciones de Deuda Pública*) and SCLV (*Servicio de Compensación y Liquidación de Valores*) into a single platform managed by Iberclear which operates under the trade name of ARCO.

### Iberclear and BME Clearing

Iberclear is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the clearing and settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), the Book-Entry Public Debt Market, the Alternative Stock Market (MAB), Alternative Fixed Income Market (MARF) and AIAF. To achieve this, Iberclear uses the technical platform named ARCO.

Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (“**BME**”), a holding company, which holds a 100 per cent. interest in each of the Spanish official secondary markets and settlement systems. The corporate address of Iberclear is Plaza de la Lealtad 1, 28014 Madrid, Spain.

The securities recording system of Iberclear is a two tier registry: the keeping of the central record corresponds to Iberclear and the keeping of the detail records correspond to the Iberclear Members.

Access to become an Iberclear Member is restricted to (i) credit institutions, (ii) investment firms which are authorised to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorised central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorised to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects (i) one or several proprietary accounts which show the balances of the Iberclear Members’ proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the Iberclear Members hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each Iberclear Member, in turn, maintains the detail records of the owners of the securities held in their general third-party accounts.

According to the above, Spanish law considers the owner of the securities to be:

- the Iberclear Member appearing in the records of Iberclear as holding the relevant securities in its own name;
- the investor appearing in the records of the Iberclear Member as holding the securities; or
- the investor appearing in the records of Iberclear as holding securities in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The

CCP then generates and send to Iberclear the relevant settlement instructions. BME Clearing is also owned by BME.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO (for both equity securities and fixed-income securities as from September 2017), receives the settlement instructions from BME Clearing and forwards them to the relevant Iberclear Members involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

To evidence title to securities, at the owner's request the relevant Iberclear Member must issue a legitimization certificate (*certificado de legitimación*). If the owner is an Iberclear Member or a person holding securities in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the securities held in their name.

## **Market Information in relation to the Notes**

### **Iberclear settlement of securities traded in AIAF**

Iberclear and the Iberclear Members have the function of keeping the book-entry register of securities traded on AIAF.

Securities traded in AIAF are fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds) and bonds issued by the Spanish Treasury and Spanish regions, among others, represented either in a dematerialised form or by certificates.

In the AIAF settlement system, transactions may be settled spot, forward (settlement date more than five days after the relevant trade date), with a repurchase agreement on a fixed date and double or simultaneous transactions (two trades in opposite directions with different settlement dates).

The settlement system used for securities admitted for trading in AIAF is the Model 1 delivery versus payment system, as per the classification of the Bank for International Settlements: that is, it is a “transaction-to-transaction” cash and securities settlement system with simultaneity in its finality.

Transactions are settled on the stock-exchange business day agreed by participants at the moment of the trade.

### **Euroclear and Clearstream**

Investors who do not have, directly or indirectly through their custodians, a participating account with Iberclear may hold their investment in the Notes through bridge accounts maintained by each of Euroclear and Clearstream Luxembourg with Iberclear Members.

## 12. ADDITIONAL INFORMATION

Below are the disclosure requirements of Annex 7, Annex 15 and Annex 21 of Delegated Regulation (EU) 2019/980 of 14 March 2019, which have not been covered in the preceding sections of this Prospectus, including the documents incorporated by reference in accordance with Section 3 (*Documents Incorporated by Reference*):

### **Key information. Interest of natural and legal persons involved in the issue**

The Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Parent or their affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of its business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Parent or their affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer or the Parent routinely hedge their credit exposure to the Issuer or the Parent, as the case may be, consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or the Parent's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Responsibility**

The Issuer and the undersigned, Mr. Ernesto López Mozo, in its capacity as attorney in fact of the Issuer and acting under a special power of attorney granted by the Joint Directors of the Issuer, and the Parent and the undersigned, Mr. Ernesto López Mozo, in his capacity as Chief Financial Officer of the Parent and acting under a special power of attorney granted by the Board of Directors of the Parent, accept responsibility for the information contained in this Prospectus. The information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and this Prospectus makes no omissions likely to affect its import.

### **Admission to trading and dealing arrangements**

The issue of the Notes was duly authorised by a resolution of the Joint Directors of the Issuer passed on 27 April 2020 and the giving of the Guarantee was duly authorised by the resolutions of the Boards of Directors of the Parent on 17 April 2020.

### **Statement of the capacity in which the advisers have acted**

In addition to the Managers, the following entities have provided advisory services in relation with the Offering of the Notes:

- Allen & Overy has acted as legal adviser to the Managers on Spanish law; and
- Linklaters, S.L.P. has acted as legal adviser to the Issuer and the Parent on Spanish law.

### **Expenses related to the Offering and admission to trading**

For informative purposes only, an approximate estimate of the expenses payable by the Issuer in relation to the Offering and admission to trading is as follows:

<b>Type of expense</b>	<b>Euro (estimated amount)</b>
Charges and fees of AIAF and Iberclear .....	€13,000
CNMV fees (listing).....	€61,206
Other .....	€2,600,000
<b>Total</b> .....	<b>€2,674,206</b>

## **Listing**

This Prospectus has been approved by the CNMV as competent authority under the Prospectus Regulation. The CNMV has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Issuer or the Parent or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to trading on AIAF. AIAF is a regulated market for the purposes of MiFID II. The Notes may also be admitted to trading on any other European regulated market or multilateral trading facility as may be agreed by the Issuer.

## **Ratings**

The Parent and the Notes are rated BBB by Standard & Poor's and BBB by Fitch.

In accordance with Standard & Poor's ratings definitions, a rating of "BBB" indicates an adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.

In accordance with Fitch's ratings definitions, a rating of "BBB" indicates that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

## **Clearing**

The Notes have been accepted for clearance through Iberclear. The ISIN for this issue is ES0205032032 and the Common Code is 217671701.

## **Stabilisation**

In connection with the issue of the Notes, NatWest Markets N.V. (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and any other applicable laws and rules.

## **Governmental, legal or arbitration proceedings**

Save as disclosed under “*Description of Ferrovial–Legal Proceedings*” on pages 53 to 59 above, there are no, and there have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Parent is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of any of the Parent or, the Group.

There are no, and there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Parent is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

## **Financial and trading position**

There has been no material adverse change in the prospects of the Issuer since 31 December 2019.

There has been no material adverse change in the prospects of the Parent since 31 December 2019.

There has been no significant change in the financial position or in the financial performance of the Group since 31 March 2020.

## **Financial information**

Deloitte, S.L., independent auditors on the *Registro Oficial de Auditores de Cuentas* whose address is Plaza Pablo Ruiz Picasso, 1, 28020 Madrid, Spain, audited the unconsolidated annual financial statements of the Issuer and the consolidated annual financial statements of the Group for the years ended 31 December 2018 and 31 December 2019. The reports in respect of such annual financial statements were unqualified.

On 17 April 2020, the general shareholders’ meeting of the Parent approved the appointment of Ernst&Young Auditores, S.L. as auditors for the years ended 31 December 2021, 2022 and 2023.

## **Basis for statements made by Ferrovial regarding its competitive position**

This Prospectus and the information incorporated by reference thereto contain statements made by Ferrovial regarding its competitive position. Although such statements do not contain the relevant sources are made by Ferrovial based on publicly available information (such as information published by Forbes, Deloitte, Engineering News-Record or El Economista).

## **Documents on display**

For the term of this Prospectus, the following documents, where applicable, can be inspected:

- (a) the by-laws of the Issuer and of the Parent, on Ferrovial’s website ([www.ferrovial.com](http://www.ferrovial.com)); and
- (b) a copy of this Prospectus, from the registered office of the Parent, on Ferrovial’s website ([www.ferrovial.com](http://www.ferrovial.com)) and on the CNMV website ([www.cnmv.es](http://www.cnmv.es)).

For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, the information contained on CNMV’s website and Ferrovial’s website, respectively, does not form part of this Prospectus. The information contained on CNMV’s website and Ferrovial’s website, respectively, has not been scrutinised or approved by the CNMV as competent authority under the Prospectus Regulation.

### **13. SIGNATURES**

In witness to their knowledge and approval of the contents of this Prospectus drawn up according to Annexes 7, 15 and 21 of Delegated Regulation (EU) 2019/980 of 14 March 2019, it is hereby signed by Mr. Ernesto López Mozo, in its capacity as attorney in fact of the Issuer, acting under a special power of attorney granted by the Joint Directors of the Issuer, and by Mr. Ernesto López Mozo, in his capacity as Chief Financial Officer, of the Parent, acting under a special power of attorney granted by the Board of Directors of the Parent, in Madrid, on 14 May 2020.

## THE JOINT LEAD MANAGERS AND BOOKRUNNERS

### **Banco Bilbao Vizcaya Argentaria, S.A.**

Calle Saucedo 28  
Edificio Asia  
28050 Madrid  
Spain

### **CaixaBank, S.A.**

Calle del Pintor Sorolla, 2–4  
46002, Valencia  
Spain

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

### **NatWest Markets N.V.**

Claude Debussylaan 94  
Amsterdam 1082 MD  
The Netherlands

### **Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

## THE CO-LEAD MANAGERS

### **Banco de Sabadell, S.A.**

Avenida Óscar Esplá 37  
03007 Alicante  
Spain

### **Banco Santander, S.A.**

C/ Juan Ignacio Luca de Tena 11  
28027 Madrid  
Spain

### **Bankinter, S.A.**

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28046, Madrid  
Spain

### **Crédit Agricole Corporate and Investment Bank**

12, Place des Etats-Unis  
CS 70052  
92547 – Montrouge Cedex  
France

### **RBC Europe Limited**

Riverbank House  
2 Swan Lane London  
EC4R 3BF  
United Kingdom

### **Scotiabank Europe plc**

201 Bishopsgate  
London EC2M 3NS  
United Kingdom

## THE ISSUER

### **Ferrovial Emisiones, S.A.**

Príncipe de Vergara, 135  
28002 Madrid  
Spain

## THE PARENT

### **Ferrovial, S.A.**

Príncipe de Vergara, 135  
28002 Madrid  
Spain

## **PRINCIPAL PAYING AGENT**

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London, EC2N 2DB

## **LOCAL PAYING AGENT**

### **Deutsche Bank, S.A.E.**

Rosario Pino 14-16  
28020 Madrid  
Spain

## **LEGAL ADVISERS**

*To the Issuer and the Parent as to Spanish law*

### **Linklaters, S.L.P.**

Calle Almagro, 40  
28010 Madrid  
Spain

*To the Managers as to Spanish law*

### **Allen & Overy**

Serrano 73  
28006 Madrid  
Spain

## **INDEPENDENT AUDITORS OF THE ISSUER AND THE PARENT**

### **Deloitte, S.L.**

Plaza Pablo Ruiz Picasso, 1  
Torre Picasso  
28020 Madrid  
Spain