**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus, or as to what action you should take, you should immediately consult an appropriately authorized professional adviser.**

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and its implementing measures, relating to Cellnex Telecom, S.A. ("**Cellnex**" or the "**Company**" and, together with its subsidiaries, the "**Group**", unless otherwise indicated or the context otherwise requires). This Prospectus has been prepared in accordance with Annexes 1 and 11 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019. This Prospectus has been approved by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the "**CNMV**"), as competent authority under the Prospectus Regulation and its implementing measures, on October 9, 2019. Such approval relates only to the offering of the Preferential Subscription Rights (as defined below) and the New Shares (as defined below) that are to be admitted to trading on the Spanish Stock Exchanges (as defined below) as a regulated market for the purposes of the EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"). This Prospectus is available on the CNMV's website (www.cnmv.es) and on the Company's website (www.cellnextelecom.com).

Investing in the New Shares and/or the Preferential Subscription Rights involves certain risks. You should read this Prospectus in its entirety and in particular the risk factors set out in the section of this Prospectus entitled "*Risk Factors*" before investing in the New Shares and/or the Preferential Subscription Rights.

**CELLNEX TELECOM, S.A.**

(incorporated and registered in Spain as a public limited company (*sociedad anónima*))

**OFFERING OF 86,653,476 NEW SHARES**

**BY MEANS OF A RIGHTS OFFERING OF NEW SHARES AT AN OFFERING PRICE OF €28.85 PER SHARE AND ADMISSION TO TRADING ON THE SPANISH STOCK EXCHANGES**

This Prospectus relates to the offering of 86,653,476 ordinary New Shares, each with a par value of €0.25 (the "**New Shares**"), of the Company pursuant to a rights offering (the "**Offering**").

Subject to the terms and conditions set out herein, the Company is granting transferable subscription rights ("**Preferential Subscription Rights**") to existing holders of the Company's ordinary shares (the "**Shares**" or individually, a "**Share**") who acquired their Shares on or before October 10, 2019 and whose transactions are settled on or before October 14, 2019 in Iberclear (as defined below) (the "**Eligible Shareholders**"). Each Share held by the Eligible Shareholders entitles its holder to receive one Preferential Subscription Right. The exercise of 31 Preferential Subscription Rights entitles the relevant Eligible Shareholder to subscribe for 9 New Shares in exchange for payment of a subscription price of €28.85 per New Share, which is referred to as the "**Subscription Price**".

The Shares are listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the "**Spanish Stock Exchanges**") and are quoted on the Automated Quotation System of the Spanish Stock Exchanges (*Sistema de Interconexión Bursátil or Mercado Continuo*) (the "**AQS**") under the symbol "CLNX". The Company expects the Preferential Subscription Rights to be listed on the Spanish Stock Exchanges and to be traded on the AQS during the period from 8:30 a.m. (CET) on October 11, 2019 to 5:30 p.m. (CET) on October 25, 2019. The Company will apply for admission to listing of the New Shares on the Spanish Stock Exchanges and quotation on the AQS (the "**Admission**").

The preferential subscription period will commence on the first calendar day following the publication of the Offering in the Spanish Commercial Registry Official Gazette (*Boletín Oficial del Registro Mercantil* or "**BORME**") and will last up to and including the 15th calendar day thereafter (the "**Preferential Subscription Period**"). During the Preferential Subscription Period, Eligible Shareholders will be able to sell all or part of their Preferential Subscription Rights or, alternatively, to subscribe, in whole or in part, for New Shares, subject to any applicable restrictions on transfer described in this Prospectus, while other investors may acquire Preferential Subscription Rights in the market in the required proportion and subscribe for the corresponding New Shares. Both Eligible Shareholders and other investors that acquire Preferential Subscription Rights and exercise their Preferential Subscription Rights, in whole or in part, may also subscribe for additional New Shares during the additional allocation period (the allocation of additional New Shares is expected to take place by no later than October 31, 2019 the "**Additional Allocation Period**"), as described in this Prospectus.

Preferential Subscription Rights not exercised within the Preferential Subscription Period will expire without value. Assuming the New Shares are fully subscribed, they will represent approximately 22.5% of the Company's issued and paid-up share capital immediately following the Offering.

Any New Shares, net of Committed Shares (as defined herein) (the "**Underwritten New Shares**"), that are not subscribed for during the Preferential Subscription Period or the Additional Allocation Period (the "**Rump Shares**") may then be offered by Morgan Stanley & Co. International plc, Goldman Sachs International and J.P. Morgan Securities plc, each as joint global coordinator and joint bookrunner, (together the "**Joint Global Coordinators**"), and Banca IMI S.p.A., Banco Santander, S.A., BNP PARIBAS, CaixaBank, S.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit Bank AG – Milan Branch, each as joint bookrunner (together the "**Joint Bookrunners**"), and Banco de Sabadell, S.A. and Société Générale, each as co-lead (together the "**Co-Leads**", and together with the Joint Global Coordinators and the Joint Bookrunners, the "**Managers**") in an underwritten international private placement to qualified investors during a discretionary allocation period (the discretionary allocation period is expected to begin at any time after the end of the Additional Allocation Period and end no later than 11:00 a.m. CET on November 4, 2019, the "**Discretionary Allocation Period**"). Any Underwritten New Shares that remain unsold after such Discretionary Allocation Period will, subject to the terms of the Underwriting Agreement (as defined herein), be acquired by the Managers at the Subscription Price. Unless otherwise indicated, all amounts included in this Prospectus assume full subscription of the Offering.

Neither the Preferential Subscription Rights nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction in the United States. The Preferential Subscription Rights and the New Shares may be offered, sold, exercised or otherwise transferred only in the following conditions: (i) within the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act ("**Rule 144A**") ("**QIBs**"), in reliance on an exemption from the registration requirements of the Securities Act, or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). Prospective investors are hereby notified that the sellers of New Shares and Preferential Subscription Rights may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Preferential Subscription Rights and the New Shares, see "*Notice to U.S. Investors*" and "*Transfer and Selling Restrictions*". The Preferential Subscription Rights may only be exercised (i) within the United States by QIBs in reliance on Section 4(a)(2) under the Securities Act and only by persons that have executed and timely returned a QIB Investment Letter (as defined below), or (ii) outside the United States in offshore transactions as defined in Regulation S in reliance on Regulation S. In addition, the Managers may arrange for Rump Shares to be offered and sold (i) within the United States only to persons they reasonably believe are QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or (ii) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S.

The New Shares are expected to be delivered through the book-entry facilities of the Spanish securities, clearance and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.*) ("**Iberclear**"), subject to payment, on or about November 4, 2019 for New Shares subscribed during the Preferential Subscription Period or Additional Allocation Period and on or about November 8, 2019 for Rump Shares, if any, placed during the Discretionary Allocation Period.

**This Prospectus was approved and registered by the CNMV on October 9, 2019. This Prospectus is valid for 12 months following its approval. However, as this Prospectus refers to the offering of the New Shares, its validity will end upon the offering and the admission to trading of such New Shares. Once this Prospectus is no longer valid, the Company will have no obligation to supplement this Prospectus in case of significant new factors, material mistakes or material inaccuracies.**

*Joint Global Coordinators and Joint Bookrunners*

| | | |
|---|---|---|
| **Morgan Stanley** | **Goldman Sachs International** | **J.P. Morgan** |

*Joint Bookrunners*

| | | |
|---|---|---|
| **Banca IMI** | **Banco Santander** | **BNP PARIBAS** |
| **CaixaBank BPI** | **Citigroup Global Markets Limited** | **Deutsche Bank** |
| **HSBC** | **Mediobanca - Banca di Credito Finanziario S.p.A.** | **UniCredit Corporate & Investment Banking** |

*Co-Leads*

| | |
|---|---|
| **Banco Sabadell** | **Société Générale** |

*Financial Advisors to the Company*

| | |
|---|---|
| **AZ Capital** | **STJ Advisors** |

**This Prospectus is dated October 9, 2019**

## IMPORTANT NOTICES

You agree to each of the notices set forth below by accepting delivery of this Prospectus.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR, ANY OF THE NEW SHARES AND/OR THE PREFERENTIAL SUBSCRIPTION RIGHTS 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 CELLNEX OR THE GROUP OR THAT THE INFORMATION SET FORTH HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

In making an investment decision, prospective investors must rely upon their own examination of the Company's business and the terms of this Prospectus, including the merits and risks involved in investing in the New Shares and the Preferential Subscription Rights.

This Prospectus has been prepared by the Company solely for use in the proposed placement through the offering of the New Shares and the Preferential Subscription Rights.

The Company has not authorized any person to give any information or to make any representations other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized.

You are being provided with this Prospectus solely for the purpose of considering an investment in the New Shares and/or the Preferential Subscription Rights described in this Prospectus. All the information in this Prospectus has been furnished by the Company and you acknowledge and agree that the Managers make no representation or warranty, express or implied, regarding the accuracy, completeness or verification of the information given herein, and that nothing contained in this Prospectus is, or shall be relied upon as, a promise, warranty or representation by the Managers or any of their respective affiliates, advisers or selling agents whether as to the past or the future. The Managers do not assume any responsibility for its accuracy, completeness or verification and, accordingly, disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise that they might otherwise be found to have in respect of this Prospectus. 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, (ii) it has relied only on the information contained herein, and (iii) no person has been authorized to give any information or to make any representation concerning the Company, the Preferential Subscription Rights or the New Shares (other than as contained herein and information given by the Company's duly authorized officers and employees in connection with investors' examination of the Company 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 authorized by the Company or the Managers.

Neither the Company nor the Managers nor AZ Capital, S.L. nor STJ Advisors Group Limited (acting as the Group's financial advisor in connection with the Offering), nor any of their respective representatives, is making any representation to any offeree or purchaser of the New Shares and/or the Preferential Subscription Rights regarding the legality of an investment in the New Shares and/or the Preferential Subscription Rights by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the New Shares and/or the Preferential Subscription Rights.

In connection with the Offering, any Manager and any of their respective affiliates may take up a portion of the New Shares and/or the Preferential Subscription Rights as a principal position and, in that capacity, may retain, purchase, sell, offer to sell, or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the New Shares and/or the Preferential Subscription Rights being offered or otherwise dealt with should be read as including any offer to, or dealing by, the Managers or any of them and any of their affiliates acting in such capacity. In addition, certain of the Managers or their affiliates may enter into financing agreements and swaps with investors in connection with which such Managers (or their affiliates) may, from time to time, acquire, hold or dispose of the New Shares and/or the Preferential Subscription Rights. The Managers do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

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

**You may not reproduce or distribute this Prospectus, in whole or in part, and you may not disclose any of the content of this Prospectus or use any information given herein for any purpose other than considering an investment in the New Shares and/or the Preferential Subscription Rights described in this Prospectus.**

**The distribution of this Prospectus and the offering, sale, exercise or transfer of the New Shares and the Preferential Subscription Rights in certain jurisdictions may be restricted by law. Thus, this Prospectus may not be used in connection with any offer or solicitation in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. Other than in Spain, no action has been taken or will be taken by the Company or the Managers that would permit a public offering of the New Shares and the Preferential Subscription Rights or the 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 of, or an invitation or solicitation to subscribe for or purchase, any securities in any jurisdiction in which such offer, invitation or solicitation would be unlawful. The Company and the Managers require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. Neither the Company nor the Managers accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the New Shares and the Preferential Subscription Rights described in this Prospectus, of any of these restrictions.**

## OFFERING RESTRICTIONS

Prospective investors must observe the selling and transfer restrictions set out under "*Transfer and Selling Restrictions*", as well as the other offering restrictions set forth below.

## NOTICE TO U.S. INVESTORS

NONE OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY HAVE APPROVED OR DISAPPROVED OF THE PREFERENTIAL SUBSCRIPTION RIGHTS OR THE NEW SHARES, OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither the New Shares nor the Preferential Subscription Rights have been or will be registered under the Securities Act or the securities laws of any state in the United States. Accordingly, the Preferential Subscription Rights may not be offered, sold, purchased or exercised in the United States, and the New Shares may not be subscribed for, offered or sold in the United States unless they are registered under the Securities Act or an exemption from such registration requirements is available. The New Shares and the Preferential Subscription Rights may be offered, sold, exercised (as it relates to the Preferential Subscription Rights) or otherwise transferred (a) in the United States only to QIBs, in reliance on an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and (b) outside the United States only in "offshore transactions" as defined in, and in accordance with, Regulations S. Any person in the United States wishing to exercise Preferential Subscription Rights to subscribe for New Shares must execute and deliver an investor letter (in the form of QIB Investment Letter separately provided by the Company) to the Company and the Managers to the effect that such person and any account for which it is purchasing New Shares is a QIB and satisfies certain other requirements. Purchasers of New Shares during the Discretionary Allocation Period in the United States, will not be required to provide a QIB Investment Letter. **Prospective purchasers are hereby notified that sellers of the New Shares may be relying on the exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A.** By exercising the Preferential Subscription Rights or purchasing New Shares in the Discretionary Allocation Period, prospective investors will be deemed to have made the acknowledgments, representations, warranties and agreements set out under "*Transfer and Selling Restrictions*".

The information contained in this Prospectus has been provided by the Company and the other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Company and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited. This document is not a prospectus within the meaning of Section 10 of the Securities Act.

## NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at persons in the United Kingdom who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), or (ii) who are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This Prospectus must not be acted on or relied on by any person who is not a relevant person. The New Shares and the Preferential Subscription Rights are only available to, and any investment or investment activity to which this Prospectus relates will only be available to and will only be engaged in with, relevant persons.

The New Shares and the Preferential Subscription Rights may not be offered or sold to any person in the United Kingdom, other than to "qualified investors" (as defined in Section 86(7) of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**")) or otherwise in circumstances that do not require an approved prospectus to be made available to the public, as set out in Section 86 of the FSMA.

## NOTICE TO INVESTORS IN CANADA

The Preferential Subscription Rights may be exercised, and the New Shares may be subscribed, by investors in Canada so exercising or subscribing as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are also permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any sale or resale of the Preferential Subscription Rights or New Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Any person in Canada wishing to exercise Preferential Subscription Rights to subscribe for New Shares must execute and deliver an investor letter (in the form of Canadian investment letter separately provided by the Company) to the Company to the effect that such person is an accredited investor and permitted client and satisfies certain other requirements. Purchasers of New Shares during the Discretionary Allocation Period in Canada will not be required to provide an investor letter.

Securities legislation in certain provinces or territories of Canada may provide a subscriber or purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the subscriber or purchaser within the time limit prescribed by the securities legislation of the subscriber or purchaser's province or territory. The subscriber or purchaser should refer to any applicable provisions of the securities legislation of the subscriber's or purchaser's province or territory for particulars of these rights or should consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the international private placement of the Rump Shares during the Discretionary Allocation Period.

## INFORMATION FOR INVESTORS IN CERTAIN COUNTRIES

For information for investors in certain countries, see "*Transfer and Selling Restrictions*".

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# SUMMARY

*Prepared in compliance with Article 7 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.*

## 1. INTRODUCTION AND WARNINGS

**THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS. ANY DECISION TO INVEST IN THE NEW SHARES AND THE PREFERENTIAL SUBSCRIPTION RIGHTS (PROVISIONAL ISIN CODE ES0105066023 AND ES0605066911, RESPECTIVELY) OF CELLNEX TELECOM, S.A. ("CELLNEX" OR THE "COMPANY" AND, TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP") SHOULD BE BASED ON A CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR. THE INVESTOR COULD LOSE ALL OR PART OF THE INVESTED CAPITAL.**

**WHERE A CLAIM RELATING TO THE INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THE PROSPECTUS IS BROUGHT BEFORE A COURT THE PLAINTIFF INVESTOR MIGHT, UNDER SPANISH LAW, HAVE TO BEAR THE COSTS OF TRANSLATING THE PROSPECTUS BEFORE THE LEGAL PROCEEDINGS ARE INITIATED.**

**CIVIL LIABILITY ATTACHES ONLY TO THOSE PERSONS WHO HAVE TABLED THE SUMMARY INCLUDING ANY TRANSLATION THEREOF, BUT ONLY IF THE SUMMARY IS MISLEADING, INACCURATE OR INCONSISTENT WHEN READ TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS OR IT DOES NOT PROVIDE, WHEN READ TOGETHER WITH OTHER PARTS OF THE PROSPECTUS, KEY INFORMATION IN ORDER TO AID INVESTORS WHEN CONSIDERING WHETHER OR NOT TO INVEST IN THE SHARES OF CELLNEX.**

The address and phone number of the Company (legal entity identifier code (LEI): 5493008T4YG3AQUI7P67) are: Cellnex Telecom S.A., Juan Esplandiú 11-13, 28007 Madrid, Spain, and +34 93 567 8910, respectively.

The Prospectus was approved and registered by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the "**CNMV**") on October 9, 2019. Investors may contact the CNMV at the following telephone number +34 900 535 015.

## 2. KEY INFORMATION ON THE ISSUER

### 2.1. Who is the issuer of the securities?

The legal name of the issuer is Cellnex Telecom, S.A. The commercial name of the issuer is "Cellnex". Cellnex is a Spanish *sociedad anónima* incorporated on June 25, 2008, for an indefinite term. It is registered with the Madrid Commercial Registry. Cellnex's registered office is at Calle Juan Esplandiú, 11-13, Madrid, Spain, and holds Spanish tax identification number A64907306 and its legal entity identifier (LEI) code is 5493008T4YG3AQUI7P67.

Cellnex's business model focuses on the provision of services to mobile network operators ("**MNOs**"), broadcasters and other public and private companies acting as a neutral infrastructure provider (without one or more MNOs as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board). This business model is based on innovative, efficient, sustainable, neutral and quality management to create value for the Company's shareholders, customers, employees and other stakeholders. The Group provides services related to infrastructure management for terrestrial telecommunications through the following three segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure, and (iii) Other Network Services.

- Telecom Infrastructure Services: this is the Group's main segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by MNOs and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers.

- Broadcasting Infrastructure: this is the Group's second main segment by turnover. The Group currently provides broadcasting services only in Spain, where it is the only operator offering nationwide coverage of the digital terrestrial television service (source: CNMC). Its services consist of the distribution and transmission of television and radio signals, the operation and maintenance of broadcasting networks and the provision of connectivity for media content, over-the-top broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop other services within its portfolio.

- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing the following network services: data transport, security and control, Smart communication networks including Internet of Things, Smart Services and managed services and consulting, as well as optic fiber services. As a telecom infrastructure operator, Cellnex can facilitate, streamline and accelerate the deployment of these services through the efficient connectivity of objects and people, in both rural and urban environments, helping to build genuine Smart territories. This constitutes a specialized business that generates relatively stable cash flows with potential for growth.

The following table sets forth publicly available information with respect to the beneficial ownership of voting rights in the Company as of the date of this Prospectus:

| Owner | Total voting rights (%) | |
|---|---|---|
| | Direct | Indirect |
| Edizione S.R.L[(1)] ......................................................................... | - | 29.9% |
| Wellington Management Group LLT [(2)] ..................................... | - | 5.044% |
| Fundacion Bancaria Caixa D' Estalvis i Pensions de Barcelona[(3)] | - | 5.000% |
| Blackrock, Inc[(4)] ......................................................................... | - | 4.974% |
| Canada Pension Plan Investment Board[(*)] .................................. | 3.157% | - |
| Fidelity International Limited ........................................... | - | 1,016% |

| | | |
|---|---|---|
| 40 North Latitude Master Fund LTD .................................. | 1.001% | - |
| **Total**......................................................................................... | 50.092% | |

(1) Indirectly held through ConnecT S.p.A. Sintonia S.p.A. holds 55% of the share capital of ConnecT S.p.A. In turn, Sintonia S.p.A. is wholly-owned by Edizione S.R.L. Edizione S.R.L. is a holding company property of the Benetton family. Each of Infinity Investments, S.A., a wholly owned subsidiary of the Abu Dhabi Investment Authority, and Government of Singapore, through Raffles Infra Holdings Limited, hold 22.5% of ConnecT's share capital.

(2) Indirectly held through Wellington Investment Advisors Holdings LLP and various portfolios and funds.

(3) Indirectly held through Criteria Caixa, S.A.U. The table sets forth publicly available information. However, the Company has been informed that Criteria Caixa, S.A.U. is the beneficial owner of 13,962,095 Shares, which represent 4.675% of the voting rights of the Company.

(4) Indirectly held through Blackrock Advisors, Llc and various portfolios and funds.

(*) The Company has been informed that Canada Pension Plan Investment Board is the beneficial owner of 14,787,595 Shares, which represent to 4.951% of the voting rights of the Company.

The following table sets forth public available information with respect to the beneficial ownership of voting rights in the Company granted by financial instruments as of the date hereof.

| **Owner** | **Total voting rights granted by financial instruments (%)** |
|---|---|
| Atlantia, S.p.A.[(1)] ........................................................................ | 5.980% |
| Blackrock, Inc[(2)]......................................................................... | 0.916% |

(1) Atlantia, S.p.A. holds a right to purchase up to 5.98% of the Company's outstanding Shares, which are currently owned by ConnecT.

(2) Indirectly held through Blackrock Advisors, Llc and various portfolios and funds.

As at the date of this Prospectus, the key directors of the Company are the twelve members of the Board of Directors: Mr. Franco Bernabè (Chairman), Mr. Bertrand Boudewijn Kan (Vice Chairman), Mr. Tobías Martínez Gimeno (Chief Executive Officer), Mr. Giampaolo Zambeletti (Coordinating Director), Ms. Anne Bouverot, Ms. Elisabetta De Bernardi Di Valserra, Ms. Concepción del Rivero Bermejo, Ms. María Luisa Guijarro Piñal, Mr. Carlo Bertazzo, Mr. Pierre Blayau, Mr. Mamoun Jamai and Mr. Peter Shore.

Deloitte, S.L. is the appointed auditor of the Company.

### 2.2. What is the key financial information regarding the issuer?

Selected Balance Sheet Information

| | **As of June 30, 2019** | **As of December 31, 2018** | **As of December 31, 2017** | **As of January 1, 2017** |
|---|---|---|---|---|
| | **(unaudited)** | **(audited)** | **(unaudited) (restated)[(*)]** | **(unaudited) (restated)[(*)]** |
| | **(in thousands of €)** | | | |
| Goodwill.................................................................................. | 582,214 | 582,454 | 566,557 | 380,217 |
| Other intangible assets............................................................. | 1,415,561 | 1,321,878 | 1,353,959 | 1,035,166 |
| Property, plant and equipment ................................................. | 2,040,785 | 1,903,742 | 1,507,259 | 1,048,445 |
| Other non-current assets .......................................................... | 744,365 | 671,233 | 527,727 | 433,029 |
| **Total non-current assets**........................................................ | **4,782,925** | **4,479,307** | **3,955,502** | **2,896,857** |
| **Total current assets**................................................................ | **1,966,326** | **653,886** | **489,901** | **314,923** |
| **Total assets** ............................................................................ | **6,749,251** | **5,133,193** | **4,445,403** | **3,211,780** |
| Share capital ........................................................................... | 74,668 | 57,921 | 57,921 | 57,921 |
| Treasury Shares ...................................................................... | (4,222) | (5,572) | (1,859) | (2,694) |
| Share premium........................................................................ | 1,461,715 | 314,522 | 338,733 | 338,733 |
| Reserves.................................................................................. | 134,307 | 126,002 | 46,384 | 8,874 |
| Profit for the year.................................................................... | (488) | (14,983) | 26,270 | 39,817 |
| **Equity attributable to owners of the parent**........................................ | **1,665,980** | **477,890** | **467,449** | **442,651** |
| Non-controlling interests ........................................................ | 138,437 | 137,476 | 142,158 | 80,275 |
| **Total net equity** ..................................................................... | **1,804,417** | **615,366** | **609,607** | **522,926** |
| Bank borrowings and bond issues........................................... | 3,330,557 | 2,996,773 | 2,505,301 | 1,683,960 |
| Other non-current liabilities.................................................... | 946,826 | 1,011,245 | 923,039 | 726,168 |
| **Total non-current liabilities** ................................................. | **4,277,383** | **4,008,018** | **3,428,340** | **2,410,128** |
| **Total current liabilities**.......................................................... | **667,451** | **509,809** | **407,456** | **278,726** |
| **Total net equity and liabilities**.............................................. | **6,749,251** | **5,133,193** | **4,445,403** | **3,211,780** |

(*) Restated to reflect the impact of IFRS 16

| | **As of December 31,** | | |
|---|---|---|---|
| | **2018 (audited)** | **2017 (audited)** | **2016 (audited)** |
| | **(in thousands of €)** | | |
| Goodwill.......................................................................................... | 582,454 | 566,557 | 380,217 |
| Other intangible assets....................................................................... | 1,321,878 | 1,353,959 | 1,035,166 |
| Property, plant and equipment .......................................................... | 1,903,742 | 1,507,259 | 1,048,445 |

| | | | |
|---|---|---|---|
| Other non-current assets | 671,233 | 104,861 | 80,704 |
| **Total non-current assets** | **4,479,307** | **3,532,636** | **2,544,532** |
| **Total current assets** | **653,886** | **523,530** | **350,947** |
| **Total assets** | **5,133,193** | **4,056,166** | **2,895,479** |
| Share capital | 57,921 | 57,921 | 57,921 |
| Treasury Shares | (5,572) | (1,859) | (2,694) |
| Share premium | 314,522 | 338,733 | 338,733 |
| Reserves | 126,002 | 74,712 | 36,000 |
| Profit for the year | (14,983) | 32,933 | 39,817 |
| Non-controlling interests | 137,476 | 142,474 | 81,424 |
| **Total net equity** | **615,366** | **644,914** | **551,201** |
| Bank borrowings and bond issues | 2,996,773 | 2,505,301 | 1,683,960 |
| Other non-current liabilities | 1,011,245 | 574,997 | 469,381 |
| **Total non-current liabilities** | **4,008,018** | **3,080,298** | **2,153,341** |
| **Total current liabilities** | **509,809** | **330,954** | **190,937** |
| **Total net equity and liabilities** | **5,133,193** | **4,056,166** | **2,895,479** |

Selected Income Statement Information

| | **For the six-month period ended June 30,** | | **For the year ended December 31,** | | | |
|---|---|---|---|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** | **2018 (audited)** | **2017 (unaudited) (restated)(*)** | **2017 (audited)** | **2016 (audited)** |
| | | | **(in thousands of €)** | | | |
| **Operating income** | **486,818** | **437,106** | **897,871** | **789,343** | **789,343** | **704,585** |
| **Operating profit** | **89,263** | **29,994** | **112,530** | **128,562** | **98,426** | **86,729** |
| **Net financial profit/(loss)** | **(109,705)** | **(75,605)** | **(148,824)** | **(109,077)** | **(68,160)** | **(45,775)** |
| **Profit/(loss) before tax** | **(20,409)** | **(45,557)** | **(36,181)** | **19,581** | **30,362** | **41,019** |
| **Consolidated net profit/(loss)** | **(955)** | **(32,141)** | **(17,742)** | **23,779** | **30,793** | **40,386** |
| **Net profit attributable to Cellnex** | **(488)** | **(30,801)** | **(14,983)** | **26,270** | **32,933** | **39,817** |

(*) Restated to reflect the impact of IFRS 16

The Group's operating income increased by approximately 12% to €486,818 thousand in the six-month period ended June 30, 2019 from €437,106 thousand in the six-month period ended June 30, 2018, mainly due to revenues derived from the provision of services in connection with infrastructures acquired during the second half of 2018 and the first half of 2019, including those related to the execution of Bouygues II Transaction and its extensions, together with organic growth. The Group's net profit attributable to the Company for the six-month period ended June 30, 2019 was a loss of €488 thousand compared with a loss a €30,801 thousand for the six-month period ended June 30, 2018, due, mainly, to the decrease of staff costs as a consequence of an employment reorganization plan, and to changes in the perimeter of consolidation.

The Group's operating income increased by 14% to €897,871 thousand in the year ended December 31, 2018 from €789,343 thousand in the year ended December 31, 2017, restated, due to the changes in the Group's perimeter of consolidation together with organic growth. However, the Group's net profit attributable to the Company for the year ended December 31, 2018 decreased by 157% to a loss of €14,983 thousand from a profit of €26,270 thousand for the year ended December 31, 2017, restated, due, mainly, to the increase of staff costs consequence of the employment reorganization plan implemented during the year, to the increase of depreciation and amortization as a consequence of changes in the perimeter of consolidation during the year and the increase of financial costs.

The Group's operating income increased by 12% to €789,343 thousand for the year ended December 31, 2017 from €704,585 thousand for the year ended December 31, 2016 due to the changes in the Group's perimeter together with organic growth. However, the Group's net profit attributable to the Company for the year ended December 31, 2017 decreased by 17% to €32,933 thousand for the year ended December 31, 2017 from €39,817 thousand for the year ended December 31, 2016 due, mainly, to the increase of staff costs as a consequence of the incorporation of staff as a result of the new acquisitions, changes in provisions and the increase of financial costs.

In July 2019, Cellnex issued convertible bonds for an aggregate principal amount of €850,000 thousand (the "**2019 Convertible Bond**"). The underlying number of Shares of the 2019 Convertible Bond is equivalent to c.5.0% of the Company's share capital as of June 30, 2019, based on the initial conversion price of €57.1756 which represented a premium of 70% over the volume weighted average price per Share on the Spanish Stock Exchanges, between market opening and market closing on the day of placement. The 2019 Convertible Bonds will reach maturity in July 2028, and are rated BBB- by Fitch. Also in July, 2019 the Group entered into a financing scheme with a pool of banks, amounting to €2.6 billion (at a variable interest rate, with an average interest rate of approximately 1%), in order to increase its liquidity position and to partially finance the Iliad Acquisition and the Salt Acquisition (as defined herein). The financing scheme is composed of the following three facilities agreements: (i) a syndicated loan of CHF 183,000 thousand, which replaces the existing CHF 190,000 thousand facility while extending the maturity until 2024; (ii) a syndicated facilities agreement entered into by Swiss Towers for CHF 620,000 thousand consisting of a CHF 400,000 thousand term loan and a CHF 220,000 thousand revolving facility, both maturing in 2024 (these facilities replace the existing facility of CHF 180,000 thousand granted in favor of Cellnex Switzerland and include a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers -but not Cellnex- based on leverage levels), and (iii) a syndicated facilities agreement consisting of a €1,500,000 thousand multicurrency revolving credit agreement and a CHF 450,000 thousand term loan, refinancing the existing CHF 190,000 thousand facility. Additionally, in July 2019 the Group signed a €100,000 thousand loan with the Spanish Official Credit Institute (ICO) to finance the Group's international expansion. The loan with ICO has a final maturity of twelve years, including a two-year interest-only period, from the date of signature. Also in July 2019, Cellnex issued bonds under the EMTN Program for an amount of €60.5 million. On October 8, 2019, the Group entered into a commitment and mandate letter in respect of a proposed GBP 2.0 billion (€2.2 billion, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) facilities agreement designed to increase its liquidity position and to partially finance the Arqiva Acquisition (the "**Proposed GBP Facilities**"). As of the date of this Prospectus, the definitive agreement with respect to the Proposed GBP Facilities has not been entered into and no amounts have been drawn thereunder.

### 2.3. What are the key risks that are specific to the issuer?

The most material risk factors specific to the issuer are as follows:

- ***Risks related to the industry and businesses in which the Group operates***
    1. The business of the Group depends on the demand for the services that it provides, which the Group cannot control, and the Group may be adversely affected by any slowdown in such demand, and a substantial portion of the revenue of the Group is derived from a small number of customers
    2. The expansion or development of the business of the Group, including through acquisitions or other growth opportunities, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations
    3. The triggering of a change of control clause contained in the contracts entered into by the Group or a breach of contractual obligations may result in an obligation to repay debt early or to sell back assets
    4. The Group's backlog estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be converted to revenues in any particular fiscal period, if at all, or be a fully accurate indicator of the Group's future revenue or earnings
    5. The business of the Group may be affected by adverse economic and political conditions in the countries where the Group carries out its activities and globally
    6. The Group's status as a "significant market power" ("**SMP**") operator in the digital terrestrial television ("**DTT**") market in Spain imposes certain detrimental obligations on it compared to its competitors
    7. Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products
- ***Risks related to the financial information incorporated by reference in this Prospectus and other financial risks***
    8. The Group is subject to risks related to its indebtedness, including interest rate risks
    9. The historical consolidated financial information only takes into account the transactions completed as of each reporting period
    10. The Group is subject to foreign currency risks
- ***Risks related to the Arqiva Acquisition***
    11. The Arqiva Acquisition may fail to close if certain conditions precedent are not met

## 3. KEY INFORMATION ON THE SECURITIES

### 3.1. What are the main features of the securities?

The 86,653,476 New Shares to be issued pursuant to the Offering are ordinary shares of Cellnex with a nominal value of twenty-five euro cents (€0.25) each, all of the same class and series as Cellnex's existing shares. The New Shares will be denominated in euro. The New Shares will be ordinary shares and their owners will be granted the same economic and voting rights as with respect to the existing ordinary shares of Cellnex, which are set forth in the Spanish Companies Act and in Cellnex's bylaws. There are no restrictions on the free transferability of the Company's ordinary shares in Cellnex's bylaws.

The ISIN Code of the Company's ordinary shares is ES0105066007. The National Numbering Agency, an entity within the CNMV, has assigned the provisional ISIN Code ES0605066911 for the Preferential Subscription Rights and the provisional ISIN Code ES0105066023 for the New Shares. Once the New Shares are listed, all Shares of the Company will be assigned the same ISIN Code.

The Company intends the dividend or cash available to be distributed against distributable reserves and/or against the net profit attributable to the Company for the year ended December 31, 2019, to be equivalent to the dividend distributed against the net profit attributable to the Company for the year ended December 31, 2018, increased by 10% (the "**Dividend Policy**").

This Dividend Policy aims to keep the appropriate balance between shareholder remuneration, the Company's profit generation and the Company's growth strategy, pursuing an adequate capital structure. In the implementation of the Dividend Policy, the Company is focused on distributing an annual dividend in an amount increased by 10% with respect to the dividend distributed the year before. As a result, each year the Company distributes dividends against either net profit or distributable reserves attributable to the Company for the respective financial year. Notwithstanding the above, the Company's ability to distribute dividends against distributable reserves and/or against the net profit attributable to the Company for the period, depends on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Company in any financial year, any limitations on the distribution of dividends included in the Company's financing agreements (as of the date of this Prospectus, there is no covenant limiting the distribution of dividends in any financing agreement entered into by the Company, other than the syndicated facilities agreement entered into by Swiss Towers, which includes a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers -but not Cellnex- based on leverage levels), and the Company's growth strategy. As a result of such or other circumstances and factors, the Company may modify the Dividend Policy.

### 3.2. Where will the securities be traded?

The ordinary shares of the Company are listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the "**Spanish Stock Exchanges**") and are quoted on the Automated Quotation System of the Spanish Stock Exchanges (*Sistema de Interconexión Bursátil or Mercado Continuo*) (the "AQS") under the symbol "CLNX". The Company expects the Preferential Subscription Rights to be listed on the Spanish Stock Exchanges and to be traded on the AQS during the period from 8:30 a.m. (CET) on October 11, 2019 to 5:30 p.m. (CET) on October 25, 2019. The Company will apply for admission to listing of the New Shares on the Spanish Stock Exchanges and quotation on the AQS (the "**Admission**").

### 3.3. Is there a guarantee attached to the securities?

Not applicable.

### 3.4. What are the key risks that are specific to the securities?

The most material risk factors specific to the securities are as follows:

- ***Risks related to the Offering***

1. The Underwriting Agreement between Cellnex and the Managers allows for the agreement to be terminated under certain circumstances. The underwriting commitment of the Managers is also subject to certain conditions precedent
2. The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so)
3. The Offering and the value of the New Shares, the Preferential Subscription Rights and the Shares may be affected by the withdrawal of the United Kingdom from the European Union
4. The Company may at some point in the future issue additional Shares or convertible securities, which may dilute shareholders' interest in the Company

## 4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

### 4.1. Under which conditions and timetable can I invest in this security?

The Offering will be in respect of 86,653,476 New Shares at a Subscription Price of €28.85 per New Share. The Company is granting Eligible Shareholders Preferential Subscription Rights. Each Share held by the Eligible Shareholders entitles its holder to receive one Preferential Subscription Right. The exercise of 31 Preferential Subscription Rights entitles the exercising holder to subscribe for 9 New Shares against payment of the Subscription Price in cash.

Eligible Shareholders will receive Preferential Subscription Rights to subscribe for New Shares and, thus, in the event they exercise such rights in full, they will suffer no dilution of their holdings of the Company's share capital at the record date (the date on which those persons or entities registered in Iberclear as shareholders become Eligible Shareholders). If none of the Company's current shareholders subscribe New Shares in the percentage corresponding to them as a result of their Preferential Subscription Rights, and assuming that the New Shares were fully subscribed by third parties, the ownership interest of the Company's current shareholders would represent 77.5% of the total number of the Shares, which would involve a dilution of 22.5% of the share capital prior to the capital increase.

The Company expects net proceeds from the Offering of approximately €2,462 million (gross proceeds of approximately €2,500 million less total expenses in the amount of approximately €35 million comprising the fees payable to the Managers and other expenses related to the Offering in the amount of approximately €3 million (assuming placement of all the New Shares)).

Subscription of New Shares

- Preferential Subscription Period. The period during which the Eligible Shareholders may exercise their Preferential Subscription Rights will commence on October 11, 2019 and last until October 25, 2019 (in each case inclusive of the start and end dates). Eligible Shareholders may exercise their Preferential Subscription Rights during the AQS Trading Days of this period. In accordance with the envisaged timetable, the AQS Trading Days are expected to begin on and include 8:30 a.m. CET on October 11, 2019 and end on and include 5:30 p.m. CET on October 25, 2019. Alternatively, Eligible Shareholders may sell their Preferential Subscription Rights in the market during the AQS Trading Days within such period, and purchasers of those Preferential Subscription Rights may subscribe for the corresponding number of New Shares, in each case, in compliance with applicable laws and regulations. During the Preferential Subscription Period, Eligible Shareholders or purchasers of Preferential Subscription Rights may exercise or sell their Preferential Subscription Rights, in whole or in part. Those having exercised their Preferential Subscription Rights in full may confirm their agreement to subscribe for additional New Shares in excess of their pro rata entitlement.
- Additional Allocation Period. The allocation of additional New Shares is currently expected to take place no later than 5:00 p.m. CET on the fourth AQS Trading Day immediately following the end of the Preferential Subscription Period (which, according to the envisaged timetable, is expected to be October 31, 2019). To the extent that at the expiration of the Preferential Subscription Period there are New Shares that have not been subscribed for, the Company will allocate them to holders of Preferential Subscription Rights that have exercised all of their Preferential Subscription Rights and have indicated their agreement to subscribe for additional New Shares in excess of the New Shares corresponding to their Preferential Subscription Rights.
- Discretionary Allocation Period and underwriting. If, following the Preferential Subscription Period and the Additional Allocation Period any New Shares remain unsubscribed, the Discretionary Allocation Period is expected to begin at any time after the end of the Additional Allocation Period and end no later than 11:00 a.m. CET on November 4, 2019, without prejudice to the ability of the Managers to terminate it prior to such time.

If there are New Shares, net of Committed Shares, not subscribed for during the Preferential Subscription Period or the Additional Allocation Period (the "**Rump Shares**"), the Managers have agreed, subject to the terms and conditions of the Underwriting Agreement, to use reasonable efforts to procure subscribers for the Rump Shares during a Discretionary Allocation Period and, failing which, to subscribe and pay for such Rump Shares at the Subscription Price pro rata.

Holders of Preferential Subscription Rights who exercise their Preferential Subscription Rights during the Preferential Subscription Period or request for additional New Shares to be allocated during the Additional Allocation Period will not be able to revoke the subscriptions made during that period, except where a supplement to this Prospectus is published, in which case holders that have exercised their Preferential Subscription Rights to subscribe for the New Shares or request for additional New Shares to be allocated during the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, provided that the new factor, mistake or inaccuracy to which the supplement refers arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date). In the event a supplement to this Prospectus is published, investors who had acquired Preferential Subscription Rights in the market and revoke such subscriptions will lose such investment.

Requests for subscription of New Shares in the Discretionary Allocation Period are deemed to be firm, irrevocable and unconditional, except in the event the Underwriting Agreement (described below) is terminated, in which case the requests for subscription of New Shares in the Discretionary Allocation Period will be without effect.

Payment

Payments in respect of New Shares must be made by final shareholders who have subscribed the shares, with respect to:

- New Shares subscribed during the Preferential Subscription Period: upon subscription.
- New Shares subscribed during the Additional Allocation Period: no later than 10:00 a.m. CET on the Execution Date (before the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary). Notwithstanding the above, Participant Entities may require that holders of Preferential Subscription Rights requesting additional New

Shares fund in advance the Subscription Price of additional New Shares requested by them at the time of such request.

- New Shares allocated during the Discretionary Allocation Period: no later than the settlement date, which is expected to be November 8, 2019 (or such earlier time as required by the Managers that receive subscription requests).

The summary timetable set forth below lists certain important dates relating to the Offering:

| **Principal event** | **On or about** |
|---|---|
| Approval of this Prospectus by the CNMV | October 9, 2019 |
| Filing of regulatory information notice announcing the registration of the Prospectus with the CNMV and estimated date of the commencement and end of the Preferential Subscription Period | October 9, 2019 |
| Announcement of the Offering in the BORME and last trading date of Shares "with rights" | October 10, 2019 |
| Commencement of the Preferential Subscription Period and the period to request New Shares to be allocated (if applicable) during the Additional Allocation Period | October 11, 2019 |
| First date of trading of the Shares without rights (ex-date) and first date of trading of the Preferential Subscription Rights | October 11, 2019 |
| Record Date (the date on which those persons or entities registered in Iberclear as shareholders become Eligible Shareholders) | October 14, 2019 |
| End of trading of the Preferential Subscription Rights (guaranteed participation date) | October 25, 2019 |
| End of the Preferential Subscription Period and the period to request New Shares to be allocated (if applicable) during the Additional Allocation Period | October 25, 2019 |
| Additional Allocation Period (if applicable) | October 31, 2019 |
| Filing of regulatory information notice announcing results of the Preferential Subscription Period and Additional Allocation Period (if applicable) | October 31, 2019 |
| Commencement of the Discretionary Allocation Period (if applicable) | October 31, 2019 |
| End of the Discretionary Allocation Period (if applicable) | November 4, 2019 |
| Filing of regulatory information notice announcing results of the Offering and number of New Shares subscribed for in each period (if applicable) | November 4, 2019 |
| Payment by the Participant Entities to the Agent Bank of the New Shares subscribed for during the Preferential Subscription Period and Additional Allocation Period (if applicable) | November 4, 2019 |
| Payment (pre-funding) by the Pre-Funding Banks of the New Shares subscribed for in the Discretionary Allocation Period (if applicable) | November 4, 2019 |
| Approval of the resolution regarding the capital increase to be closed and executed | November 4, 2019 |
| Granting of the notarized deed of capital increase before a public notary (Execution Date) | November 4, 2019 |
| Registration with the Commercial Registry of the notarized deed of capital increase | November 5, 2019 |
| Filing of regulatory information notice announcing registration of notarized deed of capital increase with the Commercial Registry | November 5, 2019 |
| Registration of the New Shares with Iberclear | November 5, 2019 |
| Admission to listing and trading of the New Shares by the CNMV and the Spanish Stock Exchanges | November 6, 2019 |
| Execution of the Special Transaction for the transfer of Rump Shares allocated during the Discretionary Allocation Period (if applicable) | November 6, 2019 |
| Expected commencement of trading of the New Shares on the Spanish Stock Exchanges | November 7, 2019 |
| Settlement date of the Special Transaction for the transfer of Rump Shares allocated during the Discretionary Allocation Period (if applicable) | November 8, 2019 |

Commitments from shareholders, Directors and members of the Senior Management

ConnecT S.p.A. Canada Pension Plan Investment Board and Permian Investment Partners, LP have irrevocably and respectively committed to exercise the Preferential Subscription Rights corresponding to the Shares held by them respectively and to subscribe and pay for 25,933,374, 4,293,171 and 814,536 New Shares, respectively. The Directors and members of the Senior Management holding shares in the Company have also irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held by them respectively (except for 26 Preferential Subscription Rights, which Mr. Javier Martí de Veses has undertaken not to exercise nor to sell in order to allow for the exchange ratio agreed for the Offering to consist of whole numbers), and to subscribe and pay for an aggregate of 47,727 New Shares in the Offering (together with the shares committed by ConnecT S.p.A., Canada Pension Plan Investment Board and Permian Investment Partners, LP., the "**Committed Shares**").

### 4.2. Who is the offeror and/or the person asking for admission to trading?

The offeror of the New Shares is the Issuer (see Section 2 of this Summary in relation to the key information about the Issuer).

### 4.3. Why is this prospectus being produced?

The Company expects net proceeds from the Offering of approximately €2,462 million (assuming placement of all the New Shares). The Company intends to use the net proceeds from the Offering to expand its existing portfolio of infrastructures in a way consistent with the Company's current strategy of growth through acquisitions. Subject to market conditions, the Company expects to invest or commit to invest the net proceeds from the Offering within a maximum period of eighteen months following the settlement of the Offering.

The Company intends to continue following its investment criteria in the analysis of future acquisitions, and believes that its past track record has demonstrated its ability to deliver value to its shareholders. As disclosed in the Prospectus dated February 28, 2019, as of that date, the Company had identified a number of market opportunities with an estimated aggregate size of approximately €11 billion (based on enterprise value, assuming acquisition of 100% of the relevant targets and including build-to-suit programs), of which an estimated aggregate size of approximately €4 billion correspond to the Iliad Acquisition and the Salt Acquisition. In relation to the above, the Company is actively evaluating market opportunities for an estimated aggregate size of approximately €7 billion, being such opportunities at different stages. While there are projects in an early stage (origination, auction or due diligence phases), there are others being negotiated on an exclusivity basis with advanced documentation in place, or even already signed (such as the Arqiva Acquisition). The market opportunities, if definitive agreements are entered into, are expected to be financed with the net proceeds from the Offering and/or debt, which may result in changes to the Company's leverage and credit rating. Additionally, the market opportunities should transform the Group and further improve its business risk profile as a result of the increased exposure with new leading MNOs in Europe. The Group expects that 50% of the purchase price of the Arqiva Acquisition will be financed with a portion of the net proceeds from the Offering and the remaining 50% of the purchase price will be financed with a portion of the Proposed GBP Facilities (GBP 1,000,000 thousand and GBP 1,000,000 thousand, respectively, and converted to € on a GBP/€ 1.1 exchange rate, €1,100,000 thousand and €1,100,000 thousand, respectively). In addition, the Cignal Acquisition (€219,000 thousand) and the Iliad Acquisition (€2,000,000 thousand) will be both financed, or partly financed, as applicable, with a portion of the net proceeds of the Offering and with available total liquidity of the Company, each in the amount that the Group decides at its sole discretion. Moreover, the net proceeds of the Offering will be also used to finance other market opportunities identified by the Group.

On October 8, 2019, the Company and the Managers entered into the Underwriting Agreement governed by New York law with respect to the Offering. In consideration of the Managers entering into the Underwriting Agreement and providing the services agreed thereunder, the Company has agreed to pay the Managers certain commissions. To the extent the New Shares, net of Committed Shares, are not fully taken up during the Preferential Subscription Period and the Additional Allocation Period and subject to the terms set forth in the Underwriting Agreement, the Managers have agreed to use reasonable efforts to procure subscribers and, failing which, to subscribe for any New Shares not otherwise subscribed at the Subscription Price. In the event of termination of the Underwriting Agreement, or if the underwriting and pre-funding obligations of the Managers under the Underwriting Agreement do not come into force as a result of the failure to fulfil or not to waiver of any conditions precedent, which are customary in such transactions, this will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date).

From time to time certain of the Managers and their respective affiliates may have provided the Company or their affiliates with investment banking, commercial banking (including the granting of loans) and other advisory services. They may provide the Company or their affiliates with similar or other services, and engage in similar activities, in the future. In connection with the Offering, each Manager and any affiliate acting as an investor for its own account may take up New Shares and in that capacity may retain, purchase or sell such New Shares (or related investments), for its own account and may offer or sell such New Shares (or other investments) otherwise than in connection with the Offering.

# RISK FACTORS

*An investment in the New Shares and/or the Preferential Subscription Rights involves a high degree of risk. You should carefully consider the following risks and uncertainties, together with other information provided to you in this Prospectus, before deciding whether or not to invest in the New Shares and/or the Preferential Subscription Rights. If any of the following risks and uncertainties actually occur, the Company's business, prospects, results of operations, financial condition and cash flows could be materially affected. The trading price of the New Shares and/or the Preferential Subscription Rights could decline due to any of these risks and uncertainties, and investors may lose all or part of their investment.*

*There may also be other risks and uncertainties of which the Company is currently unaware or that the Company does not currently believe are material that could harm the Group's business, prospects, results of operations, financial condition and cash flows and which if they occur could cause the value of the New Shares to decline and you to lose all or part of your investment. Such risks as defined above include, among others, those related to industry trends and technological developments, the decrease of the demand for the services the Company provides, failure to comply with existing or new regulations, litigation or other legal proceedings, the failure to attract and retain high quality personnel, the risk inherent to the distribution of content broadcast by its customers over the Group's network and inflation risk. Consequently, the risks described below are not the only ones the Company is exposed to.*

*This Prospectus contains "forward-looking" statements that involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences are discussed below and elsewhere in this Prospectus. See "Presentation of Financial and Other Information—Forward-looking statements".*

*Investors should carefully review the entire Prospectus and should reach their own views and decisions on the merits and risks of investing in the New Shares and/or the Preferential Subscription Rights. Furthermore, investors shall consult their financial, legal, and tax advisors to carefully review the risks associated with an investment in the New Shares and/or the Preferential Subscription Rights.*

## Risks related to the industry and businesses in which the Group operates

### *The business of the Group depends on the demand for the services that it provides, which the Group cannot control, and the Group may be adversely affected by any slowdown in such demand, and a substantial portion of the revenue of the Group is derived from a small number of customers*

The business of the Group includes the provision of services through its three different segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure and (iii) Other Network Services (see "*Business*" for further information). The Telecom Infrastructure Services segment is highly dependent on the demand for the Group's telecom and broadcast wireless infrastructures and a decrease in such demand may adversely affect the business of the Group. Within the Broadcasting Infrastructure segment, demand for communication services and equipment depends on the coverage needs from the Group's customers, which, in turn, depend on the demand for TV and radio broadcast by their customers. Likewise, for the Other Network Services segment, demand for connectivity, public protection and disaster relief ("**PPDR**") networks, operation and maintenance ("**O&M**"), smart city and Internet of Things ("**IoT**") services depends on the demand from public administrations as well as entities operating in the private and public sectors and optic fiber services. Any factor adversely affecting the demand for such services could potentially have a material adverse effect on the business, prospects, results of operations, financial condition and cash flows of the Group.

The development and commercialization of new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, either by the Group's competitors or the Group itself, could significantly decrease demand for existing infrastructure.

In the Telecom Infrastructure Services segment, the Group cannot anticipate the evolution of its complementary segments (such as 5G, "Small Cells", distributed antenna system ("**DAS**", a network of spatially separated antenna nodes connected to a common source via a transport medium that provides wireless service within a geographic area or structure) data centers/edge computing and optic fiber), which may become dominant technologies in the future and render the current technologies and infrastructure of the Group obsolete.

The Group's main clients are (i) in the Telecom Infrastructure Services segment, telecom operators (mostly mobile network operators ("**MNOs**")), (ii) in the Broadcasting Infrastructure segment, media broadcasters (TV channels and radio stations) and (iii) and in the Other Network Services segment a small number of public administrations, at national, regional and/or local levels, safety and emergency response organizations, companies operating in the utility sector and certain telecom operators.

As European MNOs are moving towards a less infrastructural business model, the share trends in the telecommunications sector are increasing, especially given the upcoming 5G technological cycle. In this context, Cellnex may need to reinforce its offer in order to meet the needs of its customers, increasingly investing in asset-class businesses adjacent to telecommunication towers, such as fiber, edge computing and small cells (see "*Industry Overview*" for further information).

Moreover, the demand for the Group's services may be affected by MNOs utilizing shared equipment (either actively or passively) rather than deploying new equipment. This may result in the decommissioning of equipment on certain existing infrastructures because parts of the customers' networks may become redundant. Any potential merger, strategic alliance (for example, active network sharing) or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example where they are co-customers using the same infrastructure) and in the loss of commercial opportunities resulting in a lower number of potential customers for the Group.

The Group has one customer that contributed 20.8% and 23% of its total operating income for the six-month period ended June 30, 2019 and for the year ended December 31, 2018, respectively. The total operating income from this customer for the six-month period ended June 30, 2019 and for the year ended December 31, 2018 amounted to €101,334 thousand and €205,992 thousand, respectively. The agreement reached with this one customer has a long-term initial maturity and may only be renewed for the entire portfolio and not for a portion thereof. The Group does not have any other customer that contributed more than 10% of its total operating income for the six-month period ended June 30, 2019 or for the year ended December 31, 2018.

The Group is affected by changes in the creditworthiness and financial strength of its major customers. The Group depends on the continued financial strength of its customers, which operate with substantial leverage and many of which are not investment grade or do not have a credit rating. Adverse changes in the creditworthiness and financial strength of one of the Group's significant customers may result in decreased demand for the Group's services, if at all, or expose us to the possibility of one or more breaches of their obligations to us, which may in turn materially adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

The Group cannot guarantee that contracts with its major customers will not be terminated (including contractual agreements to transfer or build sites under the Group's acquisition agreements, purchase commitments and build-to-suit programs), or that these customers will renew their contracts with the Group on the same terms or at all. Further, the Group is exposed to constant renegotiation and renewal processes of its contracts with its customers (especially those related to Broadcasting Infrastructure and Other Network Services due to the contracts relating to such segments generally having shorter maturity periods), which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. In particular, some contracts entered into by the Group provide that certain expenses are passed through to the Group's customers, such as energy costs, and the Group cannot guarantee that the pass through mechanism will protect 100% of the energy cost borne by the Group during the full term of the contract, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, Cellnex could potentially be exposed to fines if Cellnex were found to be engaged in the electricity resale business simply because energy costs are included in the charges for which it bills its customers. Electricity supply is a regulated activity in countries where Cellnex operates.

In the ordinary course of its business, the Group is involved in disputes with its customers, generally regarding the interpretation of terms in the Group's commercial agreements. It is possible that such disputes could lead to a termination of the Group's contracts with its customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. If the Group is forced to resolve any of these disputes through litigation, its relationship with the relevant customer could be terminated or damaged, which could lead to decreased revenue or increased costs, resulting in a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

The Group's reliance on a small group of customers may adversely affect the development of its business. As such, the loss of one or more of any of the Group's main customers, resulting from, amongst others, a merger or a strategic alliance (for example, active network sharing), bankruptcy, insolvency, network sharing, loss of licenses, roaming, joint development, resale agreements or contract early termination may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

***The expansion or development of the business of the Group, including through acquisitions or other growth opportunities, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations***

The Group's strategy is aimed at strengthening and expanding its operations, including through the acquisition of assets, entities or minority interests, joint ventures, mergers and other arrangements in the countries where the Group currently operates or elsewhere, which could require, among other matters, new debt and the issuance of Shares to finance such growth opportunities. Since the Shares were admitted to listing on the Spanish Stock Exchanges, the Company has entered into numerous transactions by virtue of which the Company has invested or committed to invest approximately €10.8 billion in the acquisition or construction of up to 42,700 infrastructures to be acquired or built by 2027, once the Iliad Acquisition and the Arqiva Acquisition are closed (which, together with infrastructures already owned at such time, amount to an aggregate of up to 52,700 infrastructures).

This growth strategy exposes the Group to operational challenges and risks, such as the need to identify potential acquisition opportunities on favorable terms, the diversion of management's attention from existing business, the potential impairment of acquired intangible assets, including goodwill, or the acquisition of liabilities or other claims from acquired businesses, including liabilities under "successor liability" doctrines in connection with employment, pension, tax, regulatory, environmental, accounting and other matters, which may significantly impact the value of the acquired target and the overall viability and success of the intended business.

Prior to entering into an acquisition agreement, the Group generally performs due diligence with respect to the target or the relevant assets, but such inspection is limited by its nature. Any assets acquired by the Group may be subject to hidden material defects that were not apparent or that otherwise the Group failed to discover or consider at the time of the acquisition. To the extent the Group or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, the Group may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling the Group to use the underlying infrastructure as intended, or other environmental, structural or operational defects or liabilities requiring remediation. Failure to identify any such defects, liabilities or risks could result in the Group having acquired assets which are not consistent with its investment strategy, which are difficult to integrate within its portfolio, which fail to perform in accordance with expectations, and/or which adversely affect the Group's reputation, which, in turn, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

The Group's growth strategy is also linked, among other factors, to the capacity to successfully decommission and build new infrastructures. The framework agreements signed with anchor customers may include agreements for the further acquisition or construction of infrastructures over a defined period of time or for the acquisition or construction of a maximum number of infrastructures (such as in the Group's acquisition of Bouygues Telecom S.A. ("**Bouygues Telecom**"), the Iliad Acquisition and the Salt Acquisition (all as defined herein)). Such framework agreements may or may not be implemented, either in whole or in part, due to a potential integration or consolidation of the Group's customers or due to a change in their business strategy. If these circumstances occurred, there is no guarantee that the Group may have enough contractual protection in order to be compensated for such changes, which in turn could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

In the ordinary course of the business, the Group reviews, analyzes and evaluates potential transactions, assets, interests, activities or potential arrangements that the Group believes may add value to its business or its scope of services. Failure to timely identify growth opportunities may adversely affect the expansion or development of the Group's business.

The Group may face delays and contingencies in the implementation of its growth through acquisitions strategy (including due to the lack of suitable acquisitions, the failure to negotiate and agree acceptable purchase agreements or the failure to satisfactorily complete due diligence). In addition, necessary regulatory or administrative authorizations or approvals may be refused, including antitrust approvals, or only be granted on onerous terms, and any such refusal, or the imposition of onerous terms, may preclude the Group's ability to grow the portfolio of assets in a particular market or jurisdiction or may result in significant delays and/or significant unexpected costs in relation to a particular acquisition.

Even if compliant with anti-trust legislation, the Group may not be able to consummate such transactions, undertake such activities or implement new services successfully due to disruptions in its activities, increased risk of operations or other consequences which could negatively impact the Group's business. In particular, sellers of infrastructure assets may be reluctant to enter into joint ventures, mergers, disposals or other arrangements with the Group due to, among other reasons, the accounting impact of the transaction in their financial statements or the rating impact on their financing structure.

Market conditions and other factors, such as the Group's competitors' willingness to also expand their businesses through the acquisition of the same assets, entities or minorities that the Group seeks to acquire, may also adversely affect the Group's ability to identify and execute acquisitions or increase the acquisition costs. Additionally, the Group may experience at any time increased competition in certain areas of activity from established and new competitors, for example as a result of other infrastructure providers entering the European market. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the Group's rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new ones. Higher prices for assets, combined with the competitive pricing pressure on services agreements, could make it more difficult for the Group to achieve its return on investment criteria. Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group's business expansion could make the acquisition of high quality assets significantly more costly and could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. Some competitors are larger than the Group and may have greater financial resources (such as ATC), while other competitors may apply investment criteria with lower return on investment requirements. In addition, some of the Group's customers have set up their own infrastructure companies (such as Telxius Telecom, S.A. or Infrastrutture Wireless Italiane S.p.A.), and if the Group is unable to compete effectively with such customers and other competitors or effectively anticipate or respond to customer needs or consumer sentiment, it could lose existing and potential customers, which could reduce the Group's operating margins and have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Achieving the benefits of new acquisitions depends in part on the timely and efficient integration of the acquired business operations, communications infrastructure portfolio and personnel. Integration may be difficult and unpredictable for many reasons, including, among other things, differing systems and processes, cultural differences, customary business practices and conflicting policies, procedures and operations. In addition, integrating businesses may significantly burden management and internal resources, including the potential loss or unavailability of key personnel.

The Group is also subject to a number of construction, service provision, financing, operating, regulatory and other risks related to the development, expansion and maintenance of its infrastructure, many of which are beyond its control. The operation, administration, maintenance and repair of some of the Group's infrastructures requires coordination and integration of highly sophisticated and specialized hardware and software technologies and equipment, which, consequently, require significant operating expenses and capital expenditures, as well as highly-qualified personnel with the relevant technical know-how. Any failure in the functioning of any of such technologies or equipment may expose the Group to reputational risks, as well as the risk of losing clients, amongst others.

There are additional risks associated with doing business internationally, including changes in a specific country's or region's political or economic conditions, inflation or currency devaluation, expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture, increases in the cost of labor (as a result of unionization or otherwise), power and other goods and services required for the Group's operations and changes in consumer price indexes in foreign countries. See "*The business of the Group may be affected by adverse economic and political conditions in the countries where the Group carries out its activities and globally*".

As a result, the Group is unable to predict the timeline for the successful execution of its growth strategy and there is no guarantee that the Group will be successful in identifying such acquisitions or making any investments in a timely manner or at all. Generally, if the Group cannot identify, implement or integrate attractive acquisition opportunities on favorable terms or at all, or if the Group's foreign operations and expansion initiatives do not succeed as expected, they could adversely affect the Group's ability to execute its growth strategy. Any of the foregoing could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

***The triggering of a change of control clause contained in the contracts entered into by the Group or a breach of contractual obligations may result in an obligation to repay debt early or to sell back assets***

Certain material contracts entered into by the Group, including the Group's material debt agreements and most of the Group's agreements with anchor customers, could be modified or terminated if a change of control clause is triggered. A change of control clause may be triggered if a third-party, either alone or in conjunction with others, obtains "control" (which is generally defined as having (i) more than 50% of shares with voting rights or (ii) the right to appoint or dismiss the majority of the members of the board of directors) of the relevant Group company. A change of control clause may be triggered at the level of Cellnex or only at the level of the relevant subsidiary that has entered into the relevant contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law in the relevant jurisdiction. With regards to the material contracts entered into by the Group with anchor customers, the triggering of a change of control provision is generally limited to the events where the acquiring company is a competitor of the anchor customer. In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). In addition, such buy back option can also be granted in the event that a direct competitor of the anchor customer acquires a significant portion of the Shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer's interests.

Additionally, the bonds issued under the EMTN Program (as defined herein), the Convertible Bonds (as defined herein) and the bank financing contracts of the Group include certain change of control clauses which could trigger an early repayment under the respective debt arrangement. See "*Operating and Financial Review—Borrowings*".

Finally, asset buy back options can also be exercised in case of an explicit breach by a Group company of the contractual obligations under services level agreements with its customers ("**SLAs**"). These asset buy back options will be executed at a price below fair market valuation.

If a change of control clause included in any of the Group's material contracts is triggered, or if a company of the Group fails to comply with its contractual obligations under an SLA, it may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

***The Group's backlog estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be converted to revenues in any particular fiscal period, if at all, or be a fully accurate indicator of the Group's future revenue or earnings***

Expected contracted service revenues from service agreements (backlog) represent management's estimate of the amount of contracted service revenues that the Group expects will result in future revenue from certain existing contracts. Backlog, as included in this Prospectus, is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date, but does not include adjustments for inflation (See "*Operating and Financial Review—Factors affecting the Group's results of operations—Backlog*"). One of the main assumptions for calculating backlog is the automatic renewal of contracts for services with the Group's anchor customers. Most contracts with anchor customers of the Telecom Infrastructure Services segment have term extension clauses including, in some cases, 'all or nothing' extension clauses that only allow the extension of the term of a contract for the entire portfolio (not the extension of a portion thereof) on terms that are generally pre-agreed and the application of which may result in an increase or a decrease in price of the service, within certain parameters.

The earliest contract renewals in the Telecom Infrastructure Services segment are expected to occur in 2022 and 2023 with Telefónica (as defined herein). This will be the first time that a contract containing an 'all or nothing' extension clause is renewed. Contracts with most of the Group's customers in the Broadcasting Infrastructure segment will face a new cycle of renewals in the upcoming year. However, certain contracts for services with customers may be cancelled under certain circumstances by the customer at short notice without penalty. The termination of the contracts with customers in the Telecom Infrastructure Services and Broadcasting Infrastructure segments may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

In addition, the Group's definition and calculation of backlog may not necessarily be the same as that used by other companies engaged in activities similar to that of the Group (See "*Operating and Financial Review—Factors affecting the Group's results of operations—Backlog*"). As a result, the amount of its backlog may not be comparable to the backlog reported by such other companies. The realization of the Group's backlog estimates is further affected by its performance under contracts. The Group's ability to execute its backlog is dependent on its ability to meet its clients' operational needs, and if it is unable to meet such needs, the Group's ability to execute its backlog could be adversely affected, which could materially affect the Group's business, prospects, results of operations, financial condition and cash flows. There can be no assurance that the revenue projected in the Group's backlog will be realized or, if realized, will result in profit. Because of potential changes in the scope or schedule of the services the Group provides to its clients, it cannot predict with certainty when or if the Group's backlog will be realized. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Delays, payment defaults or cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group's business, prospects, results of operations, financial condition and cash flows.

***The business of the Group may be affected by adverse economic and political conditions in the countries where the Group carries out its activities and globally***

Notwithstanding the Group's diversification of its risk exposure through the internationalization of its operations, the Group cannot assure that the countries where it operates will not experience economic or political difficulties in the future.

Customers in Spain and Italy represent a significant portion of the operating income of the Group (for the six-month period ended June 30, 2019, approximately 51% (€247,031 thousand) and 27% (€131,989) thousand, and for the year ended December 31, 2018, approximately 52% (€467,787 thousand) and 28% (€254,393 thousand)) of the Group's operating income was generated in Spain and Italy, respectively), therefore especially exposing it to risks specific to these countries. Additionally, upon completion of the Iliad Acquisition (as defined herein), the Group expects its operating income generated in Italy to increase. Adverse economic conditions may have a negative impact on demand for the services the Group provides and on its customers' ability to meet their payment obligations. In periods of recession, such as the one experienced by Spain and Italy in previous years (e.g. 2008 to 2013), the demand for services provided by the Group tends to decline, adversely affecting the Group's results of operations. For more information on the potential impact of the Iliad Acquisition, please see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group* and *Business–Material contracts*".

Likewise, as the Group has expanded its business in other countries, it is directly exposed to each of such countries political and economic situations. Regarding France, which represents for the six-month period ended June 30, 2019, approximately 10% (€48,610 thousand) (7% and €65,686 thousand, for the year ended December 31, 2018) of the Group's consolidated operating income, or Switzerland, the latter representing for the six-month period ended June 30, 2019, approximately 7% (€32,067 thousand) (6% and €56,041 thousand, for the year ended December 31, 2018) of the Group's consolidated operating income, the Group will significantly expand its business in France upon completion of the Iliad Acquisition (as defined herein), and has significantly expanded its business in Switzerland following the completion of the Salt Acquisition (as defined herein). Therefore, the Group may be adversely affected by potential instability in the countries in which it operates and in which it has expanded its business, while at the same time a more geographically diversified revenue source allows a lower risk exposure to specific country related issues. The Group cannot predict how the economic and political cycle in such locations will develop in the short-term or the coming years or whether there will be a deterioration in political stability. For more information on the potential impact of the Iliad Acquisition and the Salt Acquisition, please see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group* and *Business–Material contracts*".

Because of the Group's growing presence in the United Kingdom (which has increased following the completion of the BT Transaction and is expected to significantly increase in the future following the completion of the Arqiva Acquisition (both as defined herein)), the Group may face the risk of political and economic uncertainty derived from the United Kingdom's decision to leave the European Union (the "**EU**"), particularly in the event of a withdrawal from the EU with few or no agreements in place regarding the prospective relationship between the United Kingdom and the EU (economic, trading, legal or otherwise) after withdrawal of the first from the latter (popularly known as a "hard Brexit" or a "no-deal Brexit"). The timing of, and process for, the negotiations and the resulting terms of the United Kingdom's future economic, trading and legal relationships continue to be uncertain. The withdrawal of the United Kingdom from the EU with no agreements in place to regulate the relationship between them, may have an adverse effect in the United Kingdom's financial services industry, which in turn could trigger volatility for the Group's business, prospects, results of operations, financial condition and cash flows in the United Kingdom. For more information on the BT Transaction, please see *Business–Material contracts*". For more information on the Arqiva Acquisition see "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*".

Due to the Group's growing presence in European countries other than Spain and Italy, it is also increasingly exposed to other global economic and political events. Changes in the international financial markets' conditions pose a challenge to the Group's ability to adapt to them as they may have an impact on its business. Growing public debt, reduced growth rates and any measures of monetary policy that may be implemented in the future in the credit markets all could affect the Group's business. A change in any of these factors could affect the access of the Group to the capital markets and the terms and conditions under which it can access such capital, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

***The Group's status as a "significant market power" ("SMP") operator in the digital terrestrial television ("DTT") market in Spain imposes certain detrimental obligations on it compared to its competitors***

In 2006, when the Spanish terrestrial TV broadcast market was articulated, the Group was classified as a SMP operator by the competition authorities. Given its dominant market position, the National Commission of Markets and Competition (*Comisión Nacional de los Mercados y de la Competencia*, or "**CNMC**", the former *Comisión del Mercado de las Telecomunicaciones*, or "**CMT**") imposed certain conditions (regulatory remedies) on it to allow it to operate in the broadcasting market which, amongst others, set out that if the Group is not able to reach a voluntary commercial agreement with an operator, the CNMC will dictate the commercial conditions of the agreements. The CNMC has introduced certain flexibility to those conditions as per the latest regulation of the market, carried out in 2019 which has concluded on July 17, 2019 with the publication of Resolution approving the definition and analysis of the wholesale market for the television broadcasting transmission service (Market 18/2003) and notified to the European Commission and the European Electronic Communications Regulators Entity. See "*Regulation*" for more details.

The competitors of the Group in the market who are not considered to be a SMP operator because of their low market share and limited coverage capacity are not subject to these obligations. These obligations and potential additional obligations imposed on the Group by the competition authorities vis-à-vis its competitors could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

***Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products***

The Group and its customers are highly dependent on the availability of sufficient spectrum for the provision of certain services. The amount of spectrum available is limited and the process for obtaining it is highly complex and costly.

In the Broadcasting Infrastructure segment, the Group owns the infrastructures and equipment that TV and radio broadcasters use to compress and distribute their signals in Spain. In particular, the Group distributes and transmits signals for DTT, the leading TV platform in Spain. The evolution of technology standards, formats and coding technologies is likely to influence the future spectrum demand for broadcasting services. Even if the Group currently uses "multiplexing", a method by which multiple analogue signals or digital data streams are combined into one signal over a shared medium, with the aim of maximizing the limited capacity of the spectrum, the Group cannot guarantee that it, its customers or DTT broadcasters will have sufficient access to spectrum in the long-term to maintain and develop its services.

The Spanish government is responsible for the allocation of spectrum in Spain. On September 24, 2014 Royal Decree 805/2014, of September 19, was published in the Official Gazette approving the National Technical Plan for DTT (the "**National Technical Plan for DTT**"). Under the so-called "Digital Dividend", in line with all EU countries, the Spanish government released the 800 megahertz ("**MHz**") band of frequencies previously used by DTT, to the benefit of the deployment of fourth generation mobile telecommunications technology ("**LTE**" (long-term evolution), a communication standard for high-speed data mobile devices) used by MNOs. The release of the 800 MHz band as a result of the reallocation of spectrum to MNOs represented a loss of 72 MHz of spectrum originally allocated to broadcasting. The digital migration was completed on March 31, 2015. The National Technical Plan for DTT reduced the number of private multiplex, a system of transmitting several messages or signals simultaneously on the same circuit or channel ("**MUX**") from eight to seven at a national level, and on a general basis, from two to one at the regional level. A second "Digital Dividend" was envisaged to occur in 2020, under the EU Decision 2017/899, in order to constrain the amount of spectrum available for DTT broadcasting while increasing the spectrum for mobile broadband services.

The Decision (EU) 2017/899 of the European Parliament and of the Council, of May 17, 2017, on the use of the 470-790 MHz frequency band in the Union sets up the spectrum usage until 2030 (the second Digital Dividend). As a consequence, the Spanish Government published on June 29, 2018 its national roadmap for the liberalization of the second Digital Dividend and, on June 21, 2019, the Royal Decree 391/2019 approving the new National Technical Plan for DTT and the regulation of certain aspects of the liberalization of the second Digital Dividend was passed. This Royal Decree regulates how the 700 MHz band will be liberalized and how the radio-electric channels and the new digital MUXs will be distributed among the Spanish Public Radio and Television Corporation and other license holders, obligations of minimum range of reception and the technical specifications that the television services have to meet. The current number of MUXs (and their coverages) on the sub 700MHz band will be maintained, as well as the offer of DTT channels. This Royal Decree also states that the DTT service will be offered in the sub-700 MHz band and that the 700 MHz band shall not be used by audiovisual communication service providers by June 30, 2020, in order to make it available for the 5G mobile services from that date onwards. The Royal Decree further establishes that the sub-700 MHz will continue to be used for television broadcasting until, at least, 2030. On the same date, the Spanish Government approved the Royal Decree 392/2019, which regulates the direct granting of subsidies to compensate the costs in the reception of or access to television audiovisual communication services in buildings, as a consequence of the liberalization of frequency bands in the range 694-790 Mhz (see "*Regulation—Broadcasting Infrastructure—Digital Dividend and UHF band*").

Since the allocation of spectrum is decided by the Spanish government, the Group is highly dependent on political decisions for the future of its DTT broadcasting business, which decisions are outside of its control. In the event that the number of MUXs available for DTT is further reduced, the Group's customers could lose some of its current DTT multiplex spectrum currently licensed. See "*Regulation—Broadcasting Infrastructure*" for more details.

The Group depends upon spectrum allocation for many other wireless services that it provides, either in the Broadcasting Infrastructure segment, Telecom Infrastructure Services or Other Network Services segment, such as Frequency Modulation ("**FM**"), Digital Audio Broadcasting ("**DAB/DAB+**"), terrestrial trunked radio ("**TETRA**"), IoT and radio links. The Group cannot guarantee that the spectrum needed to appropriately render its services or the spectrum needed by its customers will be available in the future, and any change in spectrum allocation could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

The licenses and assigned frequency usage rights that the Group uses for services such as connectivity have a finite maturity. The Group could be unable to renew or obtain its licenses and frequency usage rights necessary for its business upon expiration of their terms or it may have to make significant investments to maintain its licenses, either of which could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

**Risks related to the financial information incorporated by reference in this Prospectus and other financial risks**

***The Group is subject to risks related to its indebtedness, including interest rate risks***

The Group's present or future indebtedness could have significant negative consequences on its business, prospects, results of operations, financial condition, corporate rating and cash flows, including:

- placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities;
- requiring the dedication of a substantial portion of cash flow from operations to service Group debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends;
- requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations;
- accepting financial covenants in the Group's financing contracts such as limitations on the incurrence of debt, restrictions in the amount and nature of the Group's investments or the obligation to pledge certain Group's assets;
- a potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive; and
- requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered.

The Group is exposed to interest rate risk through its current and non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk.

As of the date of this Prospectus, the Group's fixed rate debt amounted to €3,789 million, representing 73% of its Gross Financial Debt excluding lease liabilities (€5,214 million), whereas the Group's variable rate debt amounted to €1,426 million, representing 27% of its Gross Financial Debt excluding lease liabilities. As of June 30, 2019, the Group's fixed rate debt amounted to €2,708 million, representing 79% of its Gross Financial Debt excluding lease liabilities (€3,447 million), whereas the Group's variable rate debt amounted to €739 million, representing 21% of its Gross Financial Debt excluding lease liabilities. The Group's Gross Financial Debt as of June 30, 2019 is not equal to the total financial debt as of June 30, 2019 set forth in the Capitalization and Indebtedness table, as Gross Financial Debt does not include any lease liabilities (see "*Capitalization and Indebtedness*"). As of December 31, 2018, the Group's fixed rate debt amounted to €2,507 million representing 81% of its Gross Financial Debt excluding lease liabilities (€3,096 million), whereas the Group's variable rate debt amounted to €589 million representing 19% of its Gross Financial Debt excluding lease liabilities. "Gross Financial Debt" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM.

As of the date of this Prospectus, the Group's weighted average cost of debt (considering both drawn and undrawn borrowings) was 1.4% and the weighted average cost of debt (considering only drawn down borrowings) was 1.7%. As of June 30, 2019, the Group's weighted average cost of debt (considering both drawn and undrawn borrowings) was 1.9% (1.9% as of June 30, 2018) and the weighted average cost of debt (considering only drawn down borrowings) was 2.1% (2.2% as of June 30, 2018). As of December 31, 2018, the Group's weighted average cost of debt (considering both drawn and undrawn borrowings) was 1.9% and the weighted average cost of debt (considering only drawn down borrowings) was 2.2%.

Any increase in interest rates would increase the Group's finance costs relating to its variable-rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt, which could adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

As of the date of this Prospectus, the estimated sensitivity in the Group's financial costs to a 1% change (increase or decrease) in the interest rate, both fixed and variable, is as follows. The amount of the Group's financial costs from fixed gross financial debt excluding lease liabilities remains unchanged. The amount of the Group's financial costs from variable gross financial debt excluding lease liabilities would increase by €14,2 million in the event of a 1% interest rate increase. The amount of the Group's financial costs from variable gross financial debt excluding lease liabilities would remain unchanged in the event of a 1% interest rate decrease, as the Group's financing contracts include minimum interest rate clauses so its interest rate cannot be below 0%.

***The historical consolidated financial information only takes into account the transactions completed as of each reporting period***

In the first half of 2019, the Group entered into, among others, long-term strategic cooperation agreements with Iliad and Salt (the Iliad Acquisition and the Salt Acquisition, respectively) to acquire approximately 10,700 sites in France, Italy and Switzerland and roll out a build-to-suit program of 4,000 new sites, as applicable. In accordance with IFRS 3, as both the Iliad Acquisition and the Salt Acquisition had not been completed as of June 30, 2019, the condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2019 (the "**2019 Interim Consolidated**

**Financial Statements**") do not account for such transactions. In addition, in September 2019 Cellnex acquired 100% of the share capital of Cignal Infrastructure Limited from, amongst others, InfraVia Capital Partners, owner of 546 sites in Ireland, and agreed on the deployment of up to 600 new additional sites by 2026 by Cignal. Likewise, in accordance with IFRS 3, as the Cignal Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction. Moreover, in the second half of 2019, the Group entered into the Arqiva Acquisition, whereby, on the completion date, the Group will acquire the tower operations business segment of the Arqiva Group, comprised of approximately 7,400 held sites and the rights to market approximately 900 sites. In accordance with IFRS 3, as the Arqiva Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction. See "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group*" and *Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*" for additional information).

The Group regularly enters into transactions to acquire additional infrastructures, which are structured as asset acquisitions or share purchases as the case may be, and undertakes build-to-suit programs. Acquisitions are consolidated within the Group as of their respective dates of completion, such that, the corresponding impact of the operations of such acquisitions is reflected in the Group's consolidated income statement from their respective dates of completion and the value of acquisitions is included in the Group's consolidated balance sheet as of the end of the reporting period in which they were or are completed, as applicable. Limited or no historical financial information (audited or unaudited) is typically available for the acquired assets or business units prior to their date of incorporation into the Group.

As the Group regularly enters into these types of transactions and programs, it is difficult to compare the Group's historical and future infrastructure perimeter year-to-year on a like-for-like basis. Furthermore, as a result of these transactions and programs the financial condition and results of operations as of and for the financial periods discussed in this Prospectus are not fully comparable, may not be fully comparable with the Group's financial statements for future periods, and may not be indicative of the Group's current and future business, financial condition or results of operations.

***The Group is subject to foreign currency risks***

As the Group's reporting currency is the euro, fluctuations in the value of other currencies in which borrowings are instrumented and transactions are carried out with respect to the euro may have an effect on future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Furthermore, the Group operates and holds assets in the United Kingdom and in Switzerland, both of which are outside the Eurozone. It is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, on the one hand, and the pound sterling and the Swiss franc, on the other. The Group's strategy for hedging foreign currency risk in investments in non-euro currencies must tend towards a full hedge of this risk, and must be implemented over a reasonable period depending on the market and the prior assessment of the effect of the hedge. Hedging arrangements can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

The majority of the Group's transactions are denominated in euro. However, as of December 31, 2018 the contributions to the Group's income in a functional currency other than the euro amounted to €65,209 thousand (7.3% of the Group's operating income). As of December 31, 2018, the contributions to the Group's total assets in a functional currency other than the euro amounted to €789,685 thousand (15.4% of the Group's total assets). The volatility in the exchange rate between the euro, and, respectively, the pound sterling and the Swiss franc may have negative consequences on the Group, affecting its overall performance, business, results in operations, financial condition and cash flows.

As of the date of this Prospectus, the estimated sensitivity of the consolidated income statement and of the consolidated equity to a 10% change (increase or decrease) in the exchange rate of the main currencies in which the Group operates with regard to the rate in effect at year-end is as follows:

| Functional currency | + 10% | | - 10% | |
|---|---|---|---|---|
| | Income | Equity[(1)] | Income | Equity[(1)] |
| | (in thousands of €) | | | |
| GBP | (743) | (9,323) | 908 | 11,395 |
| CHF | (4,108) | (28,935) | 5,020 | 35,365 |

(1) Impact on equity from translation differences arising in the consolidation process.

***Changes to tax rates or other provisions of the tax law may adversely affect the value of the Group's deferred tax assets and liabilities***

The Group has significant deferred tax liabilities (amounting to €307.5 million as of June 30, 2019 and €333.3 million as of December 31, 2018) and deferred tax assets (amounting to €56.4 million as of June 30, 2019 and amounting to €55.3 million as of December 31, 2018). Changes to tax rates or other provisions of applicable tax laws (for example, the deductibility of items) which may be enacted in the regions where the Group operates, may affect the timing or realization of future deferred tax liabilities or assets. In particular, an increase in tax rates or the elimination of certain deductions could increase the expected future cost of existing deferred tax liabilities, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

In addition to the abovementioned risks, the Group is also exposed to the risk of changes to existing or new tax laws or international tax treaties, methodologies impacting the Group's international operations, or fees directed specifically at the ownership and operation of communications infrastructures or the Group's international acquisitions, which may be applied or enforced retroactively; laws or regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital; increases in the cost of labor (as a result of unionization or otherwise), power and other goods and services required for its operations; and price setting or other similar laws for the sharing of active and passive infrastructure. The occurrence of one or more of these events could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

**Risk related to the Company's ownership structure**

***The Company's significant shareholder's interests may differ from those of the Company***

ConnecT S.p.A. ("**ConnecT**"), which owns 29.9% of Cellnex's share capital, is the largest shareholder of the Company as of the date of this Prospectus. As of the date of this Prospectus, and pursuant to publicly available information, Sintonia S.p.A. ("**Sintonia**") holds approximately 55% of ConnecT's share capital. Sintonia, in turn, is a sub–holding company wholly-owned by Edizione S.R.L ("**Edizione**"). Each of Infinity Investments, S.A. ("**Infinity**"), a wholly owned subsidiary of the Abu Dhabi Investment Authority ("**ADIA**") and the Government of Singapore ("**GIC**") (through Raffles Infra Holdings Limited ("**Raffles**")), hold approximately 22.5% of ConnecT's share capital (for further information, see "*Principal Shareholders–Shareholders' agreements*").

ConnecT has irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held by ConnecT, and to subscribe and pay for 25,933,374 New Shares in the Offering. As a result, ConnecT's equity interest in Cellnex's share capital will not be diluted. See "*Plan of Distribution–Commitments from shareholders, Directors and members of the Senior Management*". ConnecT has a significant influence over those matters requiring shareholders' approval, including the appointment and dismissal of the members of the Board of Directors, the payment of dividends, changes in the issued share capital of the Company and the adoption of certain amendments to the bylaws. In addition, ConnecT has appointed four out of twelve of Cellnex's Directors. There can be no assurance that ConnecT, or any other current or future significant shareholder, will act in a manner that is in the best interest of other shareholders of the Company, which could, in turn, adversely affect the Group's business, prospects results of operations, financial condition and cash flows.

**Risks related to the Offering**

***The Underwriting Agreement between Cellnex and the Managers allows for the agreement to be terminated under certain circumstances. The underwriting commitment of the Managers is also subject to certain conditions precedent***

The amended and restated underwriting agreement entered into by the Company and the Managers on October 8, 2019 in connection with the Offering (the "**Underwriting Agreement**") may be terminated by the Managers under certain circumstances (see "*Plan of distribution—Underwriting Agreement*" for further information). In addition, the Managers' obligations under the Underwriting Agreement are subject to certain conditions precedent, which are common practice in this type of transactions and include the subscription by the Committed Shareholders of the Committed Shares. If these conditions precedent are not fulfilled or waived, the Underwriting Agreement and the underwriting and pre-funding obligations of the Managers will not take effect.

In the event of termination of the Underwriting Agreement, or if the underwriting and pre-funding obligations of the Managers under the Underwriting Agreement do not come into force as a result of the failure to fulfil or not to waive of any conditions precedent, the Offering could be incomplete, which could have an adverse impact on the value of the Shares, the New Shares and the Preferential Subscription Rights. In addition, this will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date).

***The Company may at some point in the future issue additional Shares or convertible securities, which may dilute shareholders' interest in the Company***

Following the Offering, the Company may decide to carry out additional issuances of Shares or issue convertible securities in the future. New Shares could be issued through a capital increase or through the exercise of conversion rights by holders of bonds convertible into Shares or similar instruments convertible into Shares. Shareholders could see their shareholding in Cellnex's share capital diluted by any such capital increases if they do not exercise their preferential subscription rights or if such rights are totally or partially excluded, in accordance with the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July 2 (*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**").

The ordinary general shareholders' meeting of the Company (the "**General Shareholders' Meeting**"), on May 9, 2019, passed a resolution authorizing the Board of Directors, in accordance with Articles 286, 297, 417 and 511 of the Spanish Companies Act, and Article 319 of the Regulations of the Commercial Registry (*Real Decreto 1784/1996, de 19 de julio, por el que se aprueba el Reglamento del Registro Mercantil*) to resolve on the issue of convertible bonds or any other security which could entitle holders thereof either directly or indirectly to subscribe for Shares of the Company without previously convening the General Shareholders' Meeting. In addition, the General Shareholders' Meeting also passed on May 9, 2019, a resolution authorizing the Board of Directors, in accordance with Article 297.1.b) of the Spanish Companies Act, to increase its share capital without previously convening the General Shareholders' Meeting by up to half of the Company's share capital as of the date of the resolution (i.e. €37,334,131.625 nominal value). This authorization included the power to exclude the preferential subscription rights to the shareholders, with respect to a share capital increase of up to 10% of the Company's share capital at the time of the resolution. The Board of Directors may exercise this authorization within five years, on one or more occasions and at any time, and subject to any conditions that it may deem appropriate. The New Shares will be issued pursuant to a share capital increase in exercise of the above authorization, for an amount of €21,663,369 in nominal value. Therefore, €11,954,142.63 of the above authorization will be outstanding, assuming the complete subscription of the New Shares and taking into account the issuance of the 2019 Convertible Bond (as defined herein).

As of the date of this Prospectus, Cellnex has issued Convertible Bonds for an amount of €1,650 million, with an underlying number of Shares equivalent to approximately 12.5% of the Company's share capital. Any conversion at the discretion of the holders of such Convertible Bonds in the future would dilute the stake of the Company's shareholders in Cellnex's share capital at the time of the conversion. See "*Operating and Financial Review—Borrowings*".

***The Offering and the value of the New Shares, the Preferential Subscription Rights and the Shares may be affected by the withdrawal of the United Kingdom from the European Union***

Because of the Group's growing presence in the United Kingdom (which has increased following the completion of the BT Transaction and is expected to significantly increase in the future following the completion of the Arqiva Acquisition (both as defined herein)), the Group faces the risk of political and economic uncertainty derived from the United Kingdom's decision to leave the EU, moreover in the event of a withdrawal from the European Union with few or no agreements in place regarding the prospective relationship between the United Kingdom and the EU (economic, trading, legal or otherwise) after withdrawal of the first from the latter (popularly known as a "hard Brexit" or a "no-deal Brexit"). The timing of, and process for, the negotiations and the resulting terms of the United Kingdom's future economic, trading and legal relationships are currently uncertain due to the lack of an agreement between the parties, to date. For more information on the BT Transaction, please see *Business–Material contracts*". For more information on the Arqiva Acquisition see "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*".

***The price of the Shares may decline as a result of the Offering***

The Offering will be in respect of 86,653,476 New Shares at a Subscription Price of €28.85 per New Share, which represents a 19.58% discount to the theoretical ex-rights price ("**TERP**") based on the closing price of the Shares on October 7, 2019. As a result, the Offering may result in a decline of the trading price of the Shares. Further, given that the trading price of the Preferential Subscription Rights depends on the price of the Shares, a significant decline in the public market trading price of the Shares would negatively affect the trading price of the Preferential Subscription Rights. In addition, there can be no assurance that the public market trading price of the Shares will not decline below the Subscription Price following such holders' exercise of their Preferential Subscription Rights. Should this occur, such holders will have committed to buy the New Shares at a price above the prevailing market price of the Company's Shares, and such holders will suffer an immediate unrealized loss as a result. In addition, there can be no assurance that, following the exercise of such Preferential Subscription Rights, holders of Preferential Subscription Rights will be able to sell their New Shares at a price equal to or greater than the Subscription Price.

***Eligible Shareholders and investors who exercise their Preferential Subscription Rights or who request additional New Shares during the Preferential Subscription Period will not be able to cancel their requests***

Holders of Preferential Subscription Rights who exercise their Preferential Subscription Rights during the Preferential Subscription Period described herein or request for additional New Shares to be allocated during the Additional Allocation Period described herein, will not be able to revoke the subscriptions made during that period, except where a supplement to this Prospectus is published, in which case holders that have exercised their Preferential Subscription Rights to subscribe for the New Shares or request for additional New Shares to be allocated during the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, provided that the new factor, mistake or inaccuracy to which the supplement refers arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date).

Requests for subscription of New Shares in the Discretionary Allocation Period are deemed to be firm, irrevocable and unconditional, except in the event the Underwriting Agreement is terminated, in which case the requests for subscription of New Shares in the Discretionary Allocation Period will be without effect.

In the event of termination of the Underwriting Agreement, or if the underwriting and pre-funding obligations of the Managers under the Underwriting Agreement do not come into force as a result of the failure to fulfil or not to waive of any conditions precedent (which are customary in such transactions), this will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date). (See "*Plan of Distribution–Underwriting Agreement*" for more information on the events and consequences of termination of the Underwriting Agreement).

***The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so)***

If there are any distributable profits, declaration of a dividend requires a resolution of the General Shareholders' Meeting upon the recommendation of the Board of Directors In the implementation of the Company's Dividend Policy (as defined herein), Cellnex is focused on distributing an annual dividend in an amount increased by 10% with respect to the dividend distributed the year before. However, the Company's ability to distribute dividends in an amount increased by 10% with respect to the dividend distributed the year before, depends on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Company in any financial year, any limitations to the distribution of dividends included in the Company's financing agreements and the Company's growth strategy. In the future, the Company may not have cash available to pay dividends in an amount increased by 10% with respect to the dividend distributed the year before or have the reserves legally required for the Company to be able to do so. Even if the Company does have adequate cash and reserves, the Company's shareholders and Board of Directors may choose not to distribute dividends in an amount increased by 10% with respect to the dividend distributed the year before. In addition, the Company's ability to distribute dividends at all, depends on the same circumstances and factors and even if the Company does have adequate cash and reserves, the Company's shareholders and Board of Directors may choose not to distribute dividends at all.

Consequently, the Company cannot assure that it will pay a dividend in the future in compliance with the Company's Dividend Policy, or that it will pay any dividend. See "*Dividend Policy*".

*Investors in countries with currencies other than the euro are exposed to exchange rate fluctuations*

The Preferential Subscription Rights and New Shares have been priced in euro on their primary trading market and any future payments of dividends on the New Shares will be denominated in euros. Any investment in Preferential Subscription Rights or New Shares by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange risk. Fluctuations in the value of the euro against other currencies will affect the currency equivalent value of the price of the Preferential Subscription Rights, the New Shares or the dividends or other distributions paid on the New Shares.

***The New Shares will not be freely transferable in the United States***

Any New Shares offered and sold to investors located in the United States will be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and such shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) outside the United States in accordance with Rule 904 under Regulation S; (ii) to a QIB in a transaction that is exempt from registration under the Securities Act and that meets the requirements of Rule 144A; (iii) pursuant to an effective registration statement under the Securities Act; (iv) in accordance with Rule 144 under the Securities Act; or (v) in another transaction not requiring registration under the Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. The Preferential Subscription Rights will also be "restricted securities".

**Risks related to the Arqiva Acquisition**

***The Arqiva Acquisition may fail to close if certain conditions precedent are not met***

Completion of the Arqiva Acquisition is subject to the satisfaction of certain conditions precedent, some of which are not within the Group's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the Arqiva Acquisition. Such conditions precedent include, among other conditions, the completion of the Carve-Out (involving the successful transfer of the telecoms towers business of the Arqiva Group (the "**UK Tower Business**")) activity, assets and liabilities to Arqiva TowerCo and its subsidiaries, and the transfer of the non-telecoms towers business of the Arqiva Group UK (the "**non-UK Tower Business**") activity, assets and liabilities from Arqiva TowerCo and its subsidiaries back to the Arqiva Group), certain authorizations of the Arqiva Acquisition from the Arqiva Group's finance providers and the execution of a key agreement with a third party on the terms specified in the Arqiva SPA (as defined herein) (for more information on the Arqiva Acquisition see "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*").

As such, there is no assurance that the Arqiva Acquisition will be completed or, if completed, that it will be completed on the same terms as are described in the Transaction Agreements. The closing of this Offering is not conditioned on, and is expected to be consummated before, the closing of the Arqiva Acquisition. Accordingly, investors who exercise Preferential Subscription Rights or subscribe for New Shares should be willing to do so whether or not the Arqiva Acquisition is completed.

Failure to complete the Arqiva Acquisition could result in significant costs to the Company, which could materially and adversely affect the value of the Company's shares and the Group's expansion plans, business, prospects, results of operations, financial condition and cash flows. In the event of failure to complete the Arqiva Acquisition, the Company will continue to actively evaluate suitable market opportunities to deploy the net proceeds from the Offering. For more information, see "*Use of Proceeds*".

***The UK Tower Business perimeter may substantially differ upon closing and the Group may not be able to execute the final consideration price adjustments in relation thereto.***

Under the Arqiva SPA, the Group will pay an aggregate consideration of approximately GBP 2 billion (€2.2 billion, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) in connection with the Arqiva Acquisition, subject to certain potential price adjustments. Pursuant to the price adjustment provisions of the Arqiva SPA, the price will be adjusted, among other things (i) if a key agreement with a third party is terminated by a specified date prior to closing, (ii) if another key agreement is not renewed between signing and completion of the Arqiva Acquisition, on similar terms as the contract currently has in terms of value, or at all, and (iii) if certain contracts are unable to be transferred, or are transferred on different terms. In addition, there are other price adjustments in order to account for the working capital position and certain balance sheet items of the UK Tower Business at closing of the Arqiva Acquisition. For more information on the Arqiva Acquisition see "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*".

Such price adjustments may result from potential material changes in the UK Tower Business's perimeter assessed within the Arqiva Acquisition, which could differ at the time of the closing of the Arqiva Acquisition. Therefore, the Group may not be able to obtain the complete upside of the business expansion, which could in turn materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. Moreover, the Group may fail to sufficiently assess the price adjustments that should be effected to account for the changes in the perimeter, or may fail to successfully effect them, which could imply significant costs to the Company and could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

***Liabilities and defects may emerge that were hidden or unknown at the time of the Arqiva Acquisition***

Prior to entering into any agreements relating to the Arqiva Acquisition, the Group performed due diligence on the UK Tower Business to identify any risks, including any potential liability arising out of the business and defects of the acquired towers. However, the Group's capacity to physically inspect the acquired towers was limited and such towers may be subject to defects or risks that were unknown at the time of the execution or completion of the Arqiva Acquisition.

In addition, the Group will assume all rights and liabilities attached to the UK Tower Business upon the closing of the Arqiva Acquisition, including liabilities under "successor liability" doctrines in connection with employment, pension, tax, regulatory, environmental, accounting and other matters. The Group may be subject to unknown or non-disclosed liabilities or contingencies, including those resulting from tax, labor, regulatory or accounting matters, as well as new contingencies derived from past events which the Group was unaware or could not anticipate.

To the extent that the Group failed to identify such risks in connection with the Arqiva Acquisition, the Group may incur unexpected liabilities and further costs, relating to, among others, property, environmental, labor, tax or regulatory matters, as well as structural and operational defects.

The Group may be unable to adequately address any such risks and the realization of any such risks could expose the Group to unanticipated costs and liabilities and prevent or limit the Group from realizing the projected benefits of the Arqiva Acquisition, which could adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

***The Group could not independently verify the accuracy or completeness of the information on the UK Tower Business***

The Group's analysis and risk evaluation prior to entering into any agreements relating to the Arqiva Acquisition with the Arqiva Group was based on the accuracy and completeness of the information available to the Group. The Group could not independently verify the accuracy or completeness of all the information and as a result, investors are cautioned not to place undue reliance on all the information.

***The Group may be unable to successfully integrate the UK Tower Business into the Company from an operational perspective***

The operational integration of the UK Tower Business into the Group could prove to be difficult and complex, and the benefits and synergies from such integration may not be in line with the Group's expectations. This may imply difficulties and costs in integrating the UK Tower Business into the Group which are beyond the Group's control and exceed those foreseen at the time of the execution of the Arqiva Acquisition.

Difficulties may arise as a result of conflicts between control structures, procedures, standards, business cultures and policies, or compensation structures of the Group and those of the UK Tower Business, or the need to implement, integrate and harmonize diverse business operating procedures and financial, accounting, reporting, information technology and other systems, which could adversely affect the Group's ability to maintain relationships with the UK Tower Business's customers, employees, suppliers and other business partners following the acquisition.

There is also an integration risk related to the commercialization of the space where the sites operated by the UK Tower Business are located, as well as in connection with the transition of the payments, the retention of existing customers on sites operated by the UK Tower Business, including obtaining the necessary prior consents to assign the relevant service agreements and the maintenance of the Group's standards, controls, procedures and policies with regards to towers operated by the UK Tower Business. The Group may have difficulty managing its expansion into the United Kingdom where, in comparison with other countries in which the Group is present, its knowledge and understanding of the local market is less developed and the Group has fewer business relationships and less familiarity with the local governmental procedures and regulations.

The Group may also face the risk of failing to efficiently and effectively integrate the new assets into the Group's existing business or to use such assets to their full capacity. The Group expects to successfully combine both businesses; however, in the event it cannot reach its objectives within the anticipated timeframe, or at all, or if the underlying assumptions for its expectations were incorrect, the anticipated benefits and cost savings of the Arqiva Acquisition may not be fully realized, which could materially and adversely affect the Group’s business and the value of the Company’s shares, prospects, results of operations, financial condition and cash flows.

Additionally, the significant demands on the attention of the Group’s management arising from the integration of Arqiva TowerCo could result in other areas of the Group’s business not receiving the attention they require, which could have an adverse effect on its business. If the Group is unable to manage the expanded organization efficiently, this could result in a loss of market share and of key customers, in addition to any other difficulties that could arise if full integration of assets and resources of Arqiva TowerCo is not achieved, which could have a material adverse effect on the Group’s business, prospects, results of operations, financial condition and cash flows.

## DECLARATION OF RESPONSIBILITY AND COMPETENT AUTHORITY

### Declaration of responsibility

Mr. José Manuel Aisa Mancho, Chief Financial Officer of Cellnex, acting in the name and on behalf of the Company as duly empowered representative of the Company by means of the power of attorney granted by the Company on June 16, 2017, accepts responsibility for the information contained in this Prospectus. To the best of his knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

### Competent authority

a) This Prospectus has been approved by the CNMV, as competent authority under the Prospectus Regulation, on October 9, 2019.

b) The CNMV only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

c) Such approval should not be considered as an endorsement of Cellnex and the quality of the securities that are the subject of this Prospectus.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Prospectus contains financial statements that have been prepared in accordance with IFRS-EU.

**Consolidated financial statements**

The following documentation is incorporated by reference in this Prospectus (i) the Company's interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2019 (which include the unaudited comparative financial statements as of and for the six-month period ended June 30, 2018) (the "**2019 Interim Consolidated Financial Statements**"), (ii) the Company's annual audited consolidated financial statements as of and for the financial year ended December 31, 2018 (which include the unaudited restated comparative financial information as of and for the financial year ended December 31, 2017, and as of January 1, 2017, as explained below) the "**2018 Audited Consolidated Financial Statements**"), (iii) the Company's annual audited consolidated financial statements as of and for the financial year ended December 31, 2017 (which include the audited comparative financial information as of and for the financial year ended December 31, 2016) (the "**2017 Audited Consolidated Financial Statements**"), and (iv) the Company's annual audited consolidated financial statements as of and for the financial year ended December 31, 2016 (which include the audited comparative financial information as of and for the financial year ended December 31, 2015) (the "**2016 Audited Consolidated Financial Statements**", and together with the 2017 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements and the 2019 Interim Consolidated Financial Statements are jointly referred to in this Prospectus as the "**Financial Statements**".

The Financial Statements are accompanied by the respective consolidated directors' reports including their respective annexes. The 2019 Interim Consolidated Financial Statements have been subject to limited review by Deloitte, S.L. ("**Deloitte**") and the Audited Consolidated Financial Statements have been audited by Deloitte. The respective audit reports on the Audited Consolidated Financial Statements were unqualified. The Financial Statements have been translated from Spanish to English, and in case of any discrepancy between the English version and the Spanish version, the Spanish version shall prevail. The above documentation is also incorporated by reference in this Prospectus.

Except as otherwise indicated herein, (i) the consolidated balance sheet as of December 31, 2017, (ii) the consolidated balance sheet as of January 1, 2017 and (iii) each of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2017, all of which are included in the 2018 Audited Consolidated Financial Statements as comparative unaudited financial information to the financial information as of and for the year ended December 31, 2018, have been restated to give effect to the early adoption of IFRS 16 and thus, the financial information presented therein as of dates prior to December 31, 2018 and for periods prior to the year ended December 31, 2018, is comparable with the financial information presented in the 2018 Audited Consolidated Financial Statements as of and for the year ended December 31, 2018.

The Financial Statements have been prepared in accordance with IFRS-EU. The 2019 Interim Consolidated Financial Statements have been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34. For more information on the basis of presentation of the financial information included herein, see Note 2 to each of the Financial Statements.

Investors are strongly cautioned that the consolidated directors' reports contain information as of various historical dates and do not contain a full description of the Company's business, affairs or results. The information contained in the consolidated directors' reports has not been prepared for the specific purpose of this Prospectus. Accordingly, the consolidated directors' reports should be read together with the other portions of this Prospectus, and in particular the sections of this Prospectus entitled "*Risk factors*" and "*Operating and financial review*". Furthermore, the consolidated directors' reports include certain forward-looking statements that are subject to inherent uncertainty (see "*Forward-looking statements*" below). The consolidated directors' reports accompanying the Financial Statements have not been audited by Deloitte, although Deloitte has reviewed the coherence of the information presented therein with regards to the information contained in each of the respective Financial Statements.

See "*Additional Information–Documents on display*" for further information on certain documents of the Company.

**Segment reporting**

The Group's segment information included in its Financial Statements is presented in accordance with the disclosure requirements set forth in IFRS 8, Operating Segments. This information is structured, firstly, following a geographic distribution and, secondly, by business segment.

The Company has expanded its business in Europe and its strategic objectives include the continuation of this growth initiative through the acquisition of assets and businesses, along with other growth opportunities both in the countries in which the Company' is currently present and others. In this regard, as the Company continues to acquire sites in existing markets and is continuing to expand into new ones, its management analyzes the results of operations by geographical location.

In addition, the Company has organized its business in three different customer-focused segments, supported by an operations division and central corporate functions: (i) Telecom Infrastructure Services; (ii) Broadcasting Infrastructure; and (iii) Other Network Services.

**Presentation of line items**

The nomenclature used for certain line items included in the Financial Statements incorporated by reference in this Prospectus varies in the years presented herein. Unless otherwise indicated, the Company has used the nomenclature used in the 2019 Interim Consolidated Financial Statements and accompanying consolidated directors' report.

**Alternative performance measures**

In addition to the financial information presented herein and prepared under IFRS-EU, the Company has included in this Prospectus certain alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**" and the "**APMs**"). The Group believes that the presentation of the APMs included herein complies with the ESMA Guidelines.

The Company has presented these APMs, which are unaudited, as supplemental information because they are used by the Group's management in making financial, operational and planning decisions and provide useful financial information that should be considered in addition to the financial statements prepared in accordance with the applicable accounting regulations (IFRS-EU), in assessing the Group's performance. In addition, Cellnex believes that the APMs presented herein may contribute to a better understanding of its results of operations by providing additional information on what the Company considers to be some of the drivers of its financial performance and because these APMs are in line with the main indicators used by the majority of the community of analysts and investors in the capital markets.

APMs are not defined under IFRS-EU, and should not be considered in isolation and may be presented on a different basis than the financial information included in the Financial Statements. In addition, they may differ significantly from similarly titled information reported by other companies, and may not always be comparable.

Prospective investors are cautioned not to place undue reliance on these measures, which should be considered as supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS-EU included herein. The APMs included herein have not been audited by the Company's auditors or by any independent expert. The definition and determination of the APMs included herein are disclosed in the respective management reports to each of the Financial Statements, and their calculation has been validated by Deloitte.

Some of the limitations of these APMs are:

- they may not reflect the Company's cash expenditures or future requirements for capital expenditures or contractual commitments;
- they may not reflect changes in, or cash requirements for, the Company's working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on the Company's debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements that would be required for such replacements;
- some of the exceptional items that are eliminated in calculating Adjusted EBITDA reflect cash payments that were made, or will be made in the future; and
- the fact that other companies in the industry may calculate Adjusted EBITDA differently than the Company does, which limits their usefulness as comparative measures.

As a result of the limitations of these APMs, investors are cautioned not to place undue reliance on these measures. Such measures should be reviewed by investors in conjunction with the section titled "*Operating and Financial Review*".

**Rounding**

Certain financial information contained in this Prospectus has been rounded. For this reason, in some cases, the sum of the figures in a given column may not conform exactly to the total figure presented in that same column. Figures that are represented in percentages in this Prospectus have not been calculated on the basis of rounded figures, but rather on those values prior to rounding.

## Market and industry data

This Prospectus includes market share and industry data, which the Group has obtained from industry publications and surveys, industry reports prepared by governments, regulators, consultants, internal surveys and customer feedback. Market and industry data is principally based on, where available, official government or industry bodies. In particular, the Group has included market and industry data from the following third-party sources, among others: (i) ABI Research; (ii) Arthur D. Little; (iii) Cisco VNI Index; and (iv) the CNMC.

All third-party information, as outlined above has, to the Group's knowledge, been accurately reproduced and, as far as the Group is aware and has been able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Group has not independently verified the information and cannot guarantee its accuracy. As the Group does not have access to all of the facts and assumptions underlying such market and industry data, it is unable to verify such information and cannot guarantee its accuracy or completeness. The Group believes that this third-party market and industry data, to the extent quoted or referred to herein, are reliable, but it has not independently verified it and cannot guarantee its accuracy or completeness.

In addition, in cases where third-party data does not cover the market or type of service or product, third- party data is not available or when the Group's operations constitute the majority of the market in a specific geography, the Group has included certain market and industry data reflecting its management's best estimates based upon information obtained from regulators, trade and business organizations and associations, consultants and other contacts within the industries in which the Group operates as well as its senior management team's business experience and experience in the industry. For example, certain market share information and other statements presented herein regarding the Group's position relative to its competitors are not based on published statistical data or information obtained from independent third parties, but reflects its best estimates. The Group has based these estimates upon information obtained from its customers, trade and business organizations and associations and other contacts in the respective industries in which the Group operates.

Elsewhere in this Prospectus, statements regarding the Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services segments, position in the respective industries and geographies in which the Group operates, its respective market share and the market shares of various industry participants are based solely on its experience, its internal studies and estimates, and its own investigation of market conditions.

Any and all of the information set forth in this Prospectus relating to the operations, financial results or market share of the Group's competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from the Group's experience, internal studies, estimates and investigation of market conditions.

The Group believes that these internal surveys and market and industry estimates, to the extent included in this Prospectus, are reliable, but the Group has not independently verified this information and cannot guarantee its accuracy or completeness. The Group cannot assure you that any of the assumptions that it has made in compiling this data are accurate or correctly reflect its position in its markets or other matters relating to its business.

## Forward-looking statements

This Prospectus includes forward-looking statements that reflect the Group's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which the Group operates. The Group has tried to identify these and other forward-looking statements by using the words "may", "could", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "guidance", "project", "future", "potential", "believe", "seek", "plan", "aim", "expect", "objective", "goal", "project", "strategy", "target", "continue" and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business and the environment in which the Group expects to operate in the future. Forward-looking statements may be found in the sections of this Prospectus entitled "*Risk Factors*", "*Operating and Financial Review*", "*Industry Overview*" and "*Business*" and elsewhere in this Prospectus.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause the Group's actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets the Group serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Investors should read section entitled "*Risk Factors*" and the description of the Group's segments in section entitled "*Business*" for a more complete discussion of the factors that could affect the Group.

In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur. Additional risks that the Group may currently deem immaterial or that are not presently known to the Group could also cause the forward-looking events discussed in this Prospectus not to occur. These forward-looking statements speak only as of the date of this Prospectus. Except as otherwise required by Spanish, U.S. federal and other applicable securities law and regulations and by any applicable stock exchange regulations, the Group undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Prospectus. Given the uncertainty inherent in forward-looking statements the Group cautions prospective investors not to place undue reliance on these statements.

# THE OFFERING

## General

The Offering will be in respect of 86,653,476 New Shares at a Subscription Price of €28.85 per New Share (nominal amount of €0.25 plus a premium of €28.60).

The New Shares will be Shares with a nominal value of twenty-five euro cents (€0.25) each, all of the same class and series as the Shares, represented in book-entry form and registered in the accounting records of Iberclear, with registered office at Plaza de la Lealtad 1, 28014, Madrid, and of its Participant Entities. The Shares are listed on the Spanish Stock Exchanges and are quoted on the AQS.

The New Shares will be issued pursuant to:

(i) the resolution adopted by the ordinary General Shareholders' Meeting of the Company, on May 9, 2019, authorizing the Board of Directors, in accordance with Article 297.1.b) of the Spanish Companies Act, to increase through cash contributions its share capital without previously convening the General Shareholders' Meeting on one or more occasions and at any time, within a period of five years, by up to half of the Company's share capital as of the date of the resolution. This authorization includes the power to exclude preferential subscription rights with respect to a share capital increase of up to 10% of the Company's share capital at the time of the resolution; and

(ii) the resolution of the Company's Board of Directors of October 7, 2019, approving the use of the authorization granted to the Board of Directors referred to in (i) above, to increase the share capital of Cellnex through the issue and placement into circulation of the New Shares. The capital increase has been agreed to be carried out with Preferential Subscription Rights in favor of Cellnex's shareholders. The possibility of an incomplete subscription (*suscripción incompleta*) has been expressly foreseen.

The Shares are, and the New Shares will be, subject to the provisions of Spanish legislation and, particularly, the provisions of the Spanish Companies Act and the restated text of the Securities Market Act approved by Royal Legislative Decree 4/2015, dated October 23 (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) (the "**Securities Market Act**"), and applicable implementing regulations. The Offering, including the exercise of Preferential Subscription Rights, the request for additional New Shares and subscription requests for Rump Shares shall be governed and interpreted in accordance with Spanish legislation. By exercising Preferential Subscription Rights, the request for additional New Shares and subscription requests for Rump Shares, shareholders and investors irrevocably and unconditionally accept that the Courts and Tribunals of the city of Madrid shall have exclusive jurisdiction to resolve any disputes that might arise in relation to the Offering. Notwithstanding the foregoing, Cellnex and the Managers have agreed to submit any dispute which may arise under the Underwriting Agreement to the non-exclusive jurisdiction of the Courts and Tribunals of the City of New York, New York.

The ISIN Code of the Shares is ES0105066007. The National Numbering Agency, an entity within the CNMV, has assigned the provisional ISIN code ES0605066911 for the Preferential Subscription Rights and the provisional ISIN code ES0105066023 for the New Shares. Notwithstanding the foregoing, once the New Shares are listed, all Shares of the Company will be assigned the same ISIN code.

### *General terms of the Offering*

The Company is granting Preferential Subscription Rights to Eligible Shareholders. Each Share held by the Eligible Shareholders entitles its holder to receive one Preferential Subscription Right. The exercise of 31 Preferential Subscription Rights entitles the exercising holder to subscribe for 9 New Shares against payment of the Subscription Price in cash.

The Subscription Price, which must be paid in euros, is €28.85 per New Share. The Subscription Price represents an implied discount of 19.58% on the theoretical ex-rights price (TERP) (€35.87 per Share based on the Share's closing price of €37.91 as of October 7, 2019).

The Offering, if all the New Shares are fully subscribed, will result in an increase of 86,653,476 issued Shares from 298,673,053 Shares to 385,326,529 Shares, corresponding to an increase of 29.0% before the Offering and an increase of 22.5% following the Offering.

Eligible Shareholders who do not participate in the Offering will have their ownership interest diluted. If none of the Company's current shareholders subscribe New Shares in the percentage corresponding to them as a result of their Preferential Subscription Rights, and assuming that the New Shares were fully subscribed by third parties, the ownership interest of the Company's current shareholders would represent 77.5% of the total number of the Shares, which would involve a dilution of 22.5% of the share capital prior to the capital increase.

The expenses charged to the subscriber or purchaser of Preferential Subscription Rights will be those determined by their Participant Entity. The Participant Entities will charge, if applicable, fees in relation to the acquisition or transfer of Preferential Subscription Rights as well as, if applicable, any fees for the custody of the New Shares, all in accordance with the tariff brochures published by the Participant Entities, which are available at the Bank of Spain and the CNMV.

***Preferential Subscription Rights***

The Offering provides Eligible Shareholders with Preferential Subscription Rights to subscribe for New Shares in order to, among other things, maintain their current level of ownership in the Company, if they so choose. The Preferential Subscription Rights are options to subscribe for and purchase the New Shares and may be sold, subject to applicable laws and the restrictions set forth herein, to third parties, which the Company refers to as purchasers of Preferential Subscription Rights. In accordance with Article 306.2 of the Spanish Companies Act, the Preferential Subscription Rights will be freely transferable on the same terms as the New Shares in respect of which they are exercisable and will be tradable on the Spanish Stock Exchanges. Eligible Shareholders may, therefore, subscribe for New Shares at the Subscription Price, sell their Preferential Subscription Rights through banks or brokers in Spain, subject, in each case, to applicable laws and the restrictions set forth herein or a combination of both. The Preferential Subscription Rights to subscribe for New Shares offered hereby do not have an established trading market. Although the Preferential Subscription Rights offered hereby will be admitted to listing on the Spanish Stock Exchanges for trading through the AQS during the Preferential Subscription Period described herein, the Company cannot assure holders of Preferential Subscription Rights that an active trading market will develop for these rights on Spanish Stock Exchanges or that any over-the-counter trading market in the Preferential Subscription Rights will develop or that there will be sufficient liquidity for such rights during such period.

Pursuant to Article 304 of the Spanish Companies Act, Eligible Shareholders may exercise, during the Preferential Subscription Period, their right to subscribe a number of New Shares in proportion to the nominal value of the Shares they hold. Eligible Shareholders who do not fully exercise their Preferential Subscription Rights during the Preferential Subscription Period described herein in the percentage to which their Preferential Subscription Rights entitle them will have their equity interest diluted by approximately 22.5% with respect to their interest in the Company's share capital on the record date (the date on which those persons or entities registered in Iberclear as shareholders become Eligible Shareholders), assuming all of the New Shares are subscribed for in full by other Eligible Shareholders or third parties. Even where an Eligible Shareholder sells unexercised Preferential Subscription Rights prior to the expiration of the Preferential Subscription Period, the consideration received by such Eligible Shareholder may not be sufficient to fully compensate such Eligible Shareholder for the dilution of their percentage ownership of the Shares that may result from the Offering. Furthermore, after the Preferential Subscription Period ends, Preferential Subscription Rights that have not been exercised will expire and holders that have not exercised those Preferential Subscription Rights will not receive compensation for any expired Preferential Subscription Rights.

Cellnex owns, directly, 199,943 treasury Shares, representing approximately 0.067% of its share capital, as of the date hereof. Pursuant to Article 148 of the Spanish Companies Act, directly held treasury shares do not generate Preferential Subscription Rights. The rights that would have accrued to these treasury Shares, accrue directly to the other shareholders. So as not to alter the calculation of the Preferential Subscription Rights needed for the subscription of the New Shares, Cellnex shall hold, directly, the same number of treasury Shares from the registration date of this Prospectus until the end of the Preferential Subscription Period.

The calculations performed to determine the number of Preferential Subscription Rights necessary in order to subscribe the New Shares are included below:

- Total number of Shares prior to the Offering: 298,673,053.
- Number of directly held treasury Shares as of the date hereof: 199,943.
- Number of Shares with Preferential Subscription Rights: 298,473,084 (excluding also 26 Preferential Subscription Rights, which one member of the Company's management team has undertaken not to exercise nor to sell in order to allow for the exchange ratio agreed for the Offering to consist of whole numbers).
- Number of New Shares: 86,653,476.

Based on the value of each Share prior to the Offering, amounting to €37.91 per Share (the closing price per Share on the Spanish Stock Exchanges on October 7, 2019), the underlying carrying amount of the Preferential Subscription Rights would be €2.04 which is the result of applying the following formula:

$$UCA = \frac{(CPS - SPE) \times NSI}{PNS + NSI}$$

Where:

UCA: Underlying carrying amount of the Preferential Subscription Rights.

CPS: Closing price per Share on the AQS on October 7, 2019 (i.e. €37.91 per Share).

SPE: Subscription price per Share (€28.85).

PNS: Number of Shares prior to the Offering (298,673,053 Shares).

NSI: Number of Shares to be issued (86,653,476 Shares).

However, Preferential Subscription Rights will be freely traded and it is therefore impossible to anticipate the future market value of these rights.

***New Shares***

The issue of the New Shares will be governed by, and construed in accordance with, Spanish law. The issue and Admission of the New Shares does not require any authorization or administrative pronouncement other than the general provisions on the CNMV's approval and registration of this Prospectus, and the registration of the public deed of capital increase with the Commercial Registry of Madrid, according to the provisions established in the Securities Market Act and its implementing regulations, and the Spanish Companies Act.

The Shares are listed on the Spanish Stock Exchanges and are quoted on the AQS under the symbol "CLNX". The bylaws of the Company do not contain any restrictions on the free transferability of the Shares. However, the acquisition, exercise and holding of Preferential Subscription Rights and Shares by an investor may be affected by legal or regulatory requirements of its own jurisdiction, which may include restrictions on the free transferability of such securities. Investors should consult their own advisors prior to making any investment in the Preferential Subscription Rights and/or the New Shares. Pursuant to the Offering, the Company is offering New Shares that are fungible with the Company's outstanding Shares as of the date of this Prospectus. The New Shares will be listed on the Spanish Stock Exchanges and quoted on the AQS. The owners of the New Shares will be able to liquidate their investment through its sale on the respective trading markets. However, liquidity problems could arise and sell orders may not be promptly matched by adequate buy orders.

There are no special regulations on mandatory takeover bids or squeeze-out and sell-out rules with respect to the Shares, except those deriving from regulations on public takeover bids set down in the Securities Market Act and its implementing regulations (currently, Royal Decree 1066/2007, of July 27, on public takeover bids).

The Company expects the New Shares issued in the Offering to start trading on the Spanish Stock Exchanges from on or about November 7, 2019. When issued, the New Shares will enjoy the same economic and voting rights and will rank *pari passu* with the Shares.

In particular, holders of the New Shares will have the following rights, in the terms foreseen in the bylaws of Cellnex and, as the case may be, in the applicable legislation:

(a) Dividend rights:

- Date or dates on which dividend rights accrue: the New Shares will grant their owners the same right to participate in the distribution of corporate earnings and net assets resulting from liquidation under the same conditions as the Shares. The New Shares will give shareholders a right to participate in the dividends, remuneration and any other form of distribution that Cellnex might agree or pay to its shareholders from the date on which the Offering is declared to be subscribed and paid up (expected to be on November 4, 2019) (the "**Execution Date**").
- Time limit after which entitlement to dividend lapses and person in whose favor the lapse operates: according to Article 947 of the Spanish Commercial Code, the right to receive payment of an already declared and paid out dividend lapses and reverts to the Company if it is not claimed within five years from the date it becomes payable.
- Dividend restrictions and procedures for non-resident holders: the Company is not aware of any legal restrictions in Spain on the collection of dividends by non-resident holders, without prejudice to any withholdings which may be required under the non-resident income tax.
- Rate of dividend or method for its calculation, periodicity and cumulative or non-cumulative nature of payments: as with the Shares, the New Shares will not give their holders any right to receive a minimum dividend, as they are all Shares. Therefore, the right to a dividend for these Shares shall only arise from the moment that the General Shareholders' Meeting or Board of Directors, as the case may be, agrees a distribution of earnings.

(b) Voting rights:

The New Shares will be Shares with voting rights. Their owners will be entitled to attend and vote at any General Shareholders' Meeting, and also to contest corporate resolutions, as provided for under the general regime of the Spanish Companies Act, but subject to the provisions set forth under the bylaws of Cellnex, and the applicable law, as the case may be, as set out below.

With regard to the right to attend any General Shareholders' Meeting, the Company's bylaws establish that shareholders holding at least 100 Shares who are duly registered in the book-entry records maintained by Iberclear and its Participant Entities at least five days prior to the day on which a General Shareholders' Meeting is scheduled may, in the manner provided in the notice for such meeting, attend and vote at such meeting.

The Company's shareholders may be represented by another person, whether another shareholder or not. The bylaws of Cellnex do not establish any restrictions on the maximum number of votes which a given shareholder or companies belonging to the same group may cast. The attendees at the General Shareholders' Meeting are entitled to one vote for every Share held.

Notwithstanding the above, in certain circumstances mandatory restrictions on voting may be applicable to the Shares to the extent the holders thereof may be affected by certain conflicts of interest as provided for under article 190.1 of the Spanish Companies Act.

(c) Preferential rights in offers for subscription of securities of the same class:

Pursuant to the Spanish Companies Act, all Shares grant their holders a preferential subscription right in capital increases with issue of new Shares (ordinary and preferential), charged against cash contributions, and in the issue of bonds convertible into Shares, except in the event of the total or partial exclusion of such preferential subscription rights as provided for under Articles 308, 504, 505 and 506 (for capital increases), and 417 and 511 (for issues of convertible bonds) of the Spanish Companies Act.

Holders of Shares are also entitled to the free allocation right set forth in the Spanish Companies Act in the case of increases in the fully-paid up share capital of the Company.

(d) Right to share in the issuer's profits:

All of the Shares grant their owners the right to share in the Company's profits, in proportion to their nominal value.

(e) Rights to share in any surplus in the event of liquidation:

The New Shares will be Shares of the Company, and belong to the same class and series as the Shares currently outstanding. Therefore, the New Shares will grant the right, from the Execution Date, to share in any surplus resulting from liquidation, in the same terms and conditions as the Shares, pursuant to the Spanish Companies Act and the Company's bylaws.

### Expected timetable of principal events

The summary timetable set forth below lists certain important dates relating to the Offering:

| Principal event | On or about |
|---|---|
| Approval of this Prospectus by the CNMV | October 9, 2019 |
| Filing of regulatory information notice announcing the registration of the Prospectus with the CNMV and estimated date of the commencement and end of the Preferential Subscription Period | October 9, 2019 |
| Announcement of the Offering in the BORME and last trading date of Shares "with rights" | October 10, 2019 |
| Commencement of the Preferential Subscription Period and the period to request New Shares to be allocated (if applicable) during the Additional Allocation Period | October 11, 2019 |
| First trading date of the Shares without rights (ex-date) and first date of trading of the Preferential Subscription Rights | October 11, 2019 |
| Record Date (the date on which those persons or entities registered in Iberclear as shareholders become Eligible Shareholders) | October 14, 2019 |
| End of trading of the Preferential Subscription Rights (guaranteed participation date) | October 25, 2019 |
| End of the Preferential Subscription Period and the period to request New Shares to be allocated (if applicable) during the Additional Allocation Period | October 25, 2019 |
| Additional Allocation Period (if applicable) | October 31, 2019 |
| Filing of regulatory information notice announcing results of the Preferential Subscription Period and Additional Allocation Period (if applicable) | October 31, 2019 |
| Commencement of the Discretionary Allocation Period (if applicable) | October 31, 2019 |
| End of the Discretionary Allocation Period (if applicable) | November 4, 2019 |

| Principal event | On or about |
|---|---|
| Filing of regulatory information notice announcing results of the Offering and number of New Shares subscribed for in each period (if applicable) | November 4, 2019 |
| Payment by the Participant Entities to the Agent Bank of the New Shares subscribed for during the Preferential Subscription Period and Additional Allocation Period (if applicable) | November 4, 2019 |
| Payment (pre-funding) by the Pre-Funding Banks of the New Shares subscribed for in the Discretionary Allocation Period (if applicable) | November 4, 2019 |
| Approval of the resolution regarding the capital increase to be closed and executed | November 4, 2019 |
| Granting of the notarized deed of capital increase before a public notary (Execution Date) | November 4, 2019 |
| Registration with the Commercial Registry of the notarized deed of capital increase | November 5, 2019 |
| Filing of regulatory information notice announcing registration of notarized deed of capital increase with the Commercial Registry | November 5, 2019 |
| Registration of the New Shares with Iberclear | November 5, 2019 |
| Admission to listing and trading of the New Shares by the CNMV and the Spanish Stock Exchanges | November 6, 2019 |
| Execution of the Special Transaction for the transfer of Rump Shares allocated during the Discretionary Allocation Period (if applicable) | November 6, 2019 |
| Expected commencement of trading of the New Shares on the Spanish Stock Exchanges | November 7, 2019 |
| Settlement date of the Special Transaction for the transfer of Rump Shares allocated during the Discretionary Allocation Period (if applicable) | November 8, 2019 |

The specific dates for actions to occur in connection with the Offering that are set forth above and throughout this Prospectus are indicative only. There can be no assurance that the indicated actions will in fact occur on the cited dates or at all. If that is the case, the Company will as soon as possible publicly announce, via a regulatory information notice (*hecho relevante*), such new dates and a revised expected timetable of principal events. Information will also be made available on the Company's website (www.cellnextelecom.com).

**Notice**

The Company expects to announce the capital increase and, therefore, the commencement of the Offering on October 10, 2019 in the BORME and the Spanish Stock Exchanges Official Gazette. The Company will communicate significant developments in the Offering via regulatory information notices (*hechos relevantes*) through the CNMV website in accordance with Spanish law. Information will also be made available on the Company's website (www.cellnextelecom.com).

**Record date and time**

Eligible Shareholders (that is, shareholders (other than the Company) who acquired their Shares on or before October 10, 2019 and whose transactions are settled on or before October 14, 2019 in Iberclear) are entitled to Preferential Subscription Rights. Such Eligible Shareholders will be allocated one right for each Share owned.

The exercise of 31 Preferential Subscription Rights entitles the exercising holder to subscribe for 9 New Shares against payment of the Subscription Price in cash.

**Subscription of New Shares**

The Company has established a three-staged procedure for the subscription of the New Shares.

***Preferential Subscription Period***

The period during which the Eligible Shareholders may exercise their Preferential Subscription Rights, or Preferential Subscription Period, will last 15 calendar days, beginning on the first calendar day following the publication of the notice of the Offering in the BORME. According to the envisaged timetable, this period will commence on October 11, 2019 and last until October 25, 2019 (in each case inclusive of the start and end dates). Eligible Shareholders may exercise their Preferential Subscription Rights during the AQS Trading Days of this period. In accordance with the envisaged timetable, the AQS Trading Days are expected to begin on and include 8:30 a.m. CET on October 11, 2019 and end on and include 5:30 p.m. CET on October 25, 2019. Alternatively, Eligible Shareholders may sell their Preferential Subscription Rights in the market during the AQS Trading Days within such period, and purchasers of those Preferential Subscription Rights may subscribe for the corresponding number of New Shares, in each case, in compliance with applicable laws and regulations. During the Preferential Subscription Period, Eligible Shareholders or purchasers of

Preferential Subscription Rights may exercise or sell their Preferential Subscription Rights, in whole or in part. Those having exercised their Preferential Subscription Rights in full may confirm their agreement to subscribe for additional New Shares in excess of their pro rata entitlement.

To exercise Preferential Subscription Rights, Eligible Shareholders and purchasers of Preferential Subscription Rights during the Preferential Subscription Period should contact the Participant Entity in whose register such securities are registered, indicating their intention to exercise some or all of their Preferential Subscription Rights, and if they have elected to exercise their Preferential Subscription Rights in full, indicating whether they request additional New Shares in the Additional Allocation Period and, if so, specifying the whole number of additional New Shares. Holders of Preferential Subscription Rights may exercise all or part of their rights at their discretion.

Holders of Preferential Subscription Rights that have exercised all of their Preferential Subscription Rights in the Preferential Subscription Period may request the allocation of additional New Shares in excess of their pro rata entitlement in the Additional Allocation Period at the time they exercise their Preferential Subscription Rights. Holders of rights' requests are not subject to any maximum number of additional New Shares. While requests for additional New Shares may not be satisfied in full or at all, such requests shall nevertheless be considered firm and unconditional.

To request additional New Shares, holders of Preferential Subscription Rights should contact the Participant Entity with whom their Preferential Subscription Rights are deposited. The Participant Entities will be responsible for verifying that each holder of Preferential Subscription Rights taking up additional New Shares has exercised his Preferential Subscription Rights in respect of all of the Preferential Subscription Rights deposited by such holders with such Participant Entity.

During the Preferential Subscription Period, the Participant Entities will notify Banco Santander, S.A., as the agent bank (the "**Agent Bank**") of the aggregate total number of New Shares in respect of which subscription orders have been made in accordance with the exercise of Preferential Subscription Rights by their holders and the number of additional New Shares requested since the start of the Preferential Subscription Period on each day of the Offering, no later than 5:00 p.m. CET by email or fax.

The Participant Entities should communicate to the Agent Bank, on behalf of their clients or in their own name (as applicable), the aggregate amount of subscription orders for New Shares received by them in accordance with the exercise of Preferential Subscription Rights and, separately, the total volume of additional New Shares requested, no later than 10:00 a.m. CET on the fourth AQS Trading Day following the end of the Preferential Subscription Period (which, according to the envisaged timetable, is expected to be October 31, 2019) in accordance with the operative instructions established by the Agent Bank.

The communications to be sent by the Participant Entities to the Agent Bank containing the details of the New Shares subscribed for during the Preferential Subscription Period and of the request for additional New Shares must comply with the Practical Guide for Communication between Depositary Entities and the Agent Entity for the Processing of Corporate Events produced by AEB-CECA on September 1, 2017 (the "**Practical Guide**"). The files must be received by the Agent Bank with the breakdown of investors described in the aforementioned Practical Guide, without the Agent Bank being responsible under any circumstances for verifying the integrity and accuracy of the data provided by the Participant Entities. Only the Participant Entities will be responsible for errors or omissions in the information provided by Participant Entities, defects in the files or electronic transmissions sent and, in general, any failure on the part of the Participant Entities to comply with the provisions of this section, without the Agent Bank assuming any responsibility in this regard.

The Agent Bank is entitled to not accept communications from the Participant Entities that are submitted after the relevant deadline, or which do not comply with relevant current legislation or the relevant requirements set out in this Prospectus. If this occurs, neither the Agent Bank nor the Company accepts any responsibility, without prejudice to the potential responsibility of the relevant Participant Entity towards parties who have submitted their orders within the required timeframe or in the correct format.

Once the Preferential Subscription Period has ended and in the event that all New Shares are fully subscribed for during such Preferential Subscription Period, the Company may early terminate the Offering. In that case, the Agent Bank will inform the relevant Participant Entities of the definitive allocation of the New Shares during the Preferential Subscription Period upon the end of the Preferential Subscription Period. The Participant Entities will in turn inform each investor of the definitive New Shares allocated to such investor.

The possibility of reducing subscription orders already submitted in the Preferential Subscription Period has not been envisaged. Orders to take up New Shares received during the Preferential Subscription Period and requests to subscribe for additional New Shares will be deemed to be irrevocable, firm and unconditional and may not be cancelled or modified by holders of Preferential Subscription Rights (except where a supplement to this Prospectus is published, in which case investors who have already agreed to subscribe for New Shares will have the right, exercisable within two AQS Trading Days after publication of such supplement, to withdraw their subscriptions of New Shares in exercise of Preferential Subscription Rights and their request, if applicable, for additional New Shares, provided that the new factor, mistake or inaccuracy to which the supplement refers arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date). In the event a supplement to this Prospectus is published, investors who had acquired Preferential Subscription Rights in the market and revoke such subscriptions will lose such investment.

***Additional Allocation Period***

To the extent that at the expiration of the Preferential Subscription Period there are New Shares that have not been subscribed for, the Company will allocate them to holders of Preferential Subscription Rights that have exercised all of their Preferential Subscription Rights and have indicated at the time of such exercise their agreement to subscribe for additional New Shares in excess of the New Shares corresponding to their Preferential Subscription Rights. This is currently expected to take place no later than 5:00 p.m. CET on the fourth AQS Trading Day immediately following the end of the Preferential Subscription Period (which, according to the envisaged timetable, is expected to be October 31, 2019).

Depending on the number of New Shares taken up in the Preferential Subscription Period and the applications the Company receives for additional New Shares, holders of Preferential Subscription Rights may receive fewer additional New Shares than they have requested or none at all (but, in any event, not more additional New Shares than those requested by them).

On the date of the Additional Allocation Period (which, according to the envisaged timetable, is expected to be October 31, 2019), the Agent Bank will determine the number of New Shares that have not been taken up in the Preferential Subscription Period. The Agent Bank will allocate the New Shares not taken up on the date of the Additional Allocation Period subject to the following allocation criteria:

- If the number of additional New Shares requested by holders of Preferential Subscription Rights who have exercised in full their Preferential Subscription Rights is equal to or less than the additional New Shares available, then the additional New Shares will be assigned to the holders of Preferential Subscription Rights who requested additional New Shares until their requests are fully satisfied.
- If the number of additional New Shares requested by holders of Preferential Subscription Rights who have exercised in full their Preferential Subscription Rights is greater than the additional New Shares available, the Agent Bank will apply the following pro rata allocation:
- The number of New Shares will be allocated pro rata to the volume of additional New Shares requested by each holder of Preferential Subscription Rights. To this end, the Agent Bank will calculate the percentage, which will be rounded down to three decimals, of the number of additional New Shares a given holder of Preferential Subscription Rights has requested, divided by the aggregate of additional New Shares requested.
- The Agent Bank will then allocate to the holders of Preferential Subscription Rights the number of additional New Shares that this percentage represents on the additional News Shares available, rounded down to the nearest whole number of additional New Shares.
- If after the pro rata allocation, all available additional New Shares have not been allocated due to rounding, the Agent Bank will allocate these remaining additional New Shares, one by one, starting with the holder of Preferential Subscription Rights who has solicited the greatest number of additional New Shares. If two or more holders of Preferential Subscription Rights have requested the same number of additional New Shares, the Agent Bank will determine allocations by alphabetical order, taking the first letter of the field "name and last name or corporate name".

Allocation of the additional New Shares will take place by no later than 5:00 p.m. CET on the date of the Additional Allocation Period (which, according to the envisaged timetable, is expected to be October 31, 2019). Any additional New Shares allocated to holders of Preferential Subscription Rights during the Additional Allocation Period will be deemed subscribed during the Additional Allocation Period, not the Preferential Subscription Period. In no circumstances shall more additional New Shares be assigned to Eligible Shareholders or investors than those they have requested. The Agent Bank will inform the relevant Participant Entities of the definitive allocation of the additional New Shares during the Additional Allocation Period on the day of the Additional Allocation Period. The Participant Entities will in turn inform each investor of the definitive New Shares allocated to such investor.

If there are no New Shares remaining unsubscribed at the end of the Additional Allocation Period, the Discretionary Allocation Period will therefore not open and the Agent Bank will notify the Participant Entities no later than by 6:00 p.m. CET on such date. Likewise, promptly after the end of the Additional Allocation Period, the Company will publicly announce, via a regulatory information notice (*hecho relevante*), the results of subscriptions during the Preferential Subscription Period and, as applicable, the number of additional New Shares requested in the Additional Allocation Period, results of prorating (if relevant) and the number of additional New Shares assigned.

The termination of the Underwriting Agreement, or if the underwriting and pre-funding obligations of the Managers under the Underwriting Agreement do not come into force as a result of the failure to fulfil or not to waive of any conditions precedent (which are customary in such transactions), will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date).

***Discretionary Allocation Period and underwriting***

If, following the Preferential Subscription Period and the Additional Allocation Period any New Shares remain unsubscribed, the Agent Bank will notify the Managers by no later than 5:00 p.m. CET on the fourth AQS Trading Day following the end of the Preferential Subscription Period (which, in accordance with the envisaged timetable, is expected to take place on October 31, 2019) of the number of Rump Shares to be allocated during the Discretionary Allocation Period. The Discretionary Allocation Period, if any, is expected to begin at any time after the end of the Additional Allocation Period (which, according to the envisaged timetable, is expected to be October 31, 2019) and end no later than 11:00 a.m. CET on November 4, 2019, without prejudice to the ability of the Managers to terminate it prior to such time.

The Company will announce the commencement of the Discretionary Allocation Period in a regulatory information notice (*hecho relevante*).

If there are Rump Shares, the Managers have agreed, subject to the terms and conditions of the Underwriting Agreement, to use reasonable efforts to procure subscribers for the Rump Shares during the Discretionary Allocation Period and, failing which, to subscribe and pay for such Rump Shares at the Subscription Price pro rata to their respective underwriting commitments. The commitment of the Managers is subject to the satisfaction of certain conditions precedent, which are customary in such transactions, and the Underwriting Agreement and its underwriting commitments may be terminated by the Managers in certain circumstances. See "*Plan of Distribution*".

During the Discretionary Allocation Period, only persons who: (i) are in Spain and have the status of qualified investors in Spain, as this term is defined in Article 2(e) of the Prospectus Regulation, (ii) are in the United States and are QIBs within the meaning of Rule 144A or (iii) who are outside Spain and the United States and have the status of qualified investors pursuant to the applicable legislation in the relevant country (so that complying with the relevant regulations, the subscription and payment of the Rump Shares do not require registration or approval of any kind) may submit proposals to the Managers to subscribe for Rump Shares.

The subscription proposals will be deemed to be firm, unconditional and irrevocable and shall include the number of Rump Shares that each investor is willing to subscribe at the Subscription Price, except where the Underwriting Agreement does not become effective due to non-compliance of the conditions precedent or where the Underwriting Agreement is resolved. In such events, requests for subscription of New Shares in the Discretionary Allocation Period will be without effect.

The Managers receiving proposals to subscribe for Rump Shares must communicate to the Company, on behalf of the submitting parties, prior to 8:00 a.m. CET on the day corresponding to the end of the Discretionary Allocation Period the total volume of Rump Shares subscription proposals received by them in accordance with the Underwriting Agreement. The Company shall determine after consultation with the Managers the definitive allocation of the Rump Shares to subscribers on the basis of their subscription requests notified by the Managers (acting reasonably, provided that the Company may only reject allocations to investors in the book for the Rump Shares so long as the Managers would not be forced as a result of any such rejection to purchase any such Rump Shares), which shall be communicated to the Managers and the Agent Bank not later than 8:00 a.m. CET on November 4, 2019. In turn, the Managers will communicate the definitive allocation of the Rump Shares to the submitting parties.

The transfer to qualified investors or the Managers, as the case may be, of New Shares allocated during the Discretionary Allocation Period (if any) will be effected by the Pre-Funding Banks (as defined below) by means of one or more "special transactions" (*operación bursátil especial*) (the "**Special Transaction**") outside of market hours. In accordance with the envisaged timetable, and if the case may be, it is expected that the Special Transaction will be executed on November 6, 2019 and settled on November 8, 2019.

Notwithstanding the above, the Managers and the Company may agree to terminate the Discretionary Allocation Period at any time prior to its end, provided that the capital increase has been fully subscribed. If there are Rump Shares once the Additional Allocation Period for additional New Shares has ended, the Joint Global Coordinators may decide not to open the Discretionary Allocation Period or to close it early, in which case the Managers will subscribe directly the appropriate New Shares at the Subscription Price in proportion to their respective underwriting obligations.

Promptly after the end of the Discretionary Allocation Period, if any, the Company will publicly announce, via a regulatory information notice (*hecho relevante*), the final results of the Offering, specifying the number of New Shares taken up or allocated in each period.

**Payment**

***New Shares subscribed during the Preferential Subscription Period***

Subscribers must make payment in full of the Subscription Price, comprising the nominal value and premium value, at the time of subscription for each New Share subscribed for during the Preferential Subscription Period. Subscribers should make payment to the Participant Entity through which they have filed their subscription orders. Applications for New Shares in exercise of Preferential Subscription Rights for which payment is not received in accordance with the foregoing shall be deemed not to have been made. Preferential Subscription Rights not exercised or sold during the Preferential Subscription Period will lapse automatically and holders will not be compensated.

If an authorized Participant Entity has not received full payment of the Subscription Price for New Shares on or before the expiration date of the Preferential Subscription Period which, in accordance with the envisaged timetable, is expected to be October 25, 2019, the related Preferential Subscription Rights will lapse. Holders of Preferential Subscription Rights that lapse will not be compensated.

The Participant Entity with whom orders for the subscription of New Shares in exercise of Preferential Subscription Rights have been placed, shall pay in an account with the Agent Bank all amounts payable with respect to such New Shares, for same-day value, such that they are received by the Company no later than 10:00 a.m. CET on the Execution Date (before the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary).

If any of the Participant Entities, having paid up the amounts corresponding to these subscriptions within the aforementioned period, does not report the list of subscribers to the Agent Bank under the terms envisaged in this Prospectus, the Agent Bank will allocate the New Shares paid on behalf of the aforementioned Participant Entity to such Participant Entity, without the Agent Bank or the Company assuming any liability and without prejudice to any possible liability that may be incurred by the infringing Participant Entity with regard to the holders that have timely placed their subscription orders for New Shares with such Participant Entity.

***New Shares subscribed during the Additional Allocation Period***

Full payment of the Subscription Price for each New Share allocated during the Additional Allocation Period will be made by each holder of Preferential Subscription Rights having been allocated additional New Shares, no later than 10:00 a.m. CET on the Execution Date (before the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary), via the Participant Entity through which such holder of Preferential Subscription Rights solicited the additional New Shares. Applications for additional New Shares in respect of which payment is not received in accordance with the foregoing will be deemed not to have been made.

Notwithstanding the above, Participant Entities may require that holders of Preferential Subscription Rights requesting additional New Shares fund in advance the Subscription Price of the additional New Shares requested by them at the time of such request. If a requesting holder of Preferential Subscription Rights prefunds and the number of additional New Shares finally allocated to such requesting holder of Preferential Subscription Rights is less than the number of additional New Shares requested and prefunded by the requesting holder, the Participant Entity will return to such holder of Preferential Subscription Rights, without deduction for expenses and fees, the amount corresponding to the excess subscription monies or, as the case may be, the whole Subscription Price for any additional New Shares the subject of such a revocation, all in accordance with the procedures applicable to such Participant Entity. If a delay in the return occurred, the Participant Entity must pay the late payment interest at the applicable legal rate, which will accrue from the date on which the funds should have been returned until this return effectively takes place.

The Participant Entities receiving requests for additional New Shares shall pay all amounts payable, for same-day value, through the channels made available by Iberclear, such that they are received by the Company in an account with the Agent Bank no later than 11:00 a.m. CET on the Execution Date.

If any of the Participant Entities that has made the payment in full of the Subscription Price subsequently fails to confirm to the Agent Bank the list of subscribers on behalf of whom such payment has been made, the Agent Bank shall allocate the New Shares subscribed to such Participant Entity, without any liability whatsoever for the Agent Bank or the Company, without prejudice to any claim the holder of Preferential Subscription Rights(s) in question may have against the defaulting Participant Entity.

### *New Shares allocated during the Discretionary Allocation Period*

Full payment of the Subscription Price for each Rump Share allocated during the Discretionary Allocation Period shall be made by the qualified institutional investors that have subscribed for such Rump Shares by no later than the settlement date (which, according to the envisaged timetable, is expected to be November 8, 2019), without prejudice to the pre-funding obligations envisaged in this section.

Managers that receive subscription requests for any Rump Shares may ask investors to provide funds in advance in order to ensure payment for the Subscription Price of any Rump Shares that may be allocated to them, where applicable. If their subscription proposal is rejected, the corresponding funds provided by such investors must be returned to them, free of any expenses or fees, with a value date of the working day following the end of the Discretionary Allocation Period. If a subscription proposal is partially rejected, only the funds provided that affect the portion of the subscription proposal that was rejected will be returned. If there is a delay in returning the funds, the Managers must pay the late payment interest at the applicable legal interest rate, which will accrue from the date on which the funds should have been returned until this return effectively takes place.

For operational purposes, to allow the admission of the New Shares to listing to take place as soon as possible, the Joint Global Coordinators (the "**Pre-Funding Banks**") have agreed to subscribe for and prefund in full the subscription monies corresponding to the Rump Shares allocated to qualified institutional investors during the Discretionary Allocation Period or otherwise to be acquired by the Managers pursuant to their underwriting commitments, subject to the satisfaction of the conditions contained in the Underwriting Agreement. Such prefunded subscription monies must be received by the Company, without deduction of any underwriting or other commissions and expenses, by no later than 10:00 a.m. CET on November 4, 2019 (the "**Pre-funding Time**").

This payment must be made all at once on the same value date through a funds transfer order. The total amount corresponding to the payment of the New Shares subject to pre-funding will be deposited by the Pre-Funding Banks in a bank account opened in the name of the Company with the Agent Bank.

### **Registrations, delivery, admission to trading and commencement of trading in Spain of the New Shares**

Following receipt of subscription monies due, the Company shall declare the share capital increase executed (fully or partially, as the case may be) and proceed to the granting of the corresponding capital increase deed before a Spanish public notary for its subsequent registration with the Commercial Registry.

Registration of the capital increase with the Commercial Registry of Madrid is, in accordance with the envisaged timetable, expected to take place on November 5, 2019. Following the registration, the public deed of capital increase will be delivered to the CNMV, Iberclear and the Madrid Stock Exchange, as the lead stock exchange for the listing of the Shares. New Shares issued as a result of exercising Preferential Subscription Rights and pursuant to the allocation of New Shares in the Additional Allocation Period and the Rump Shares in the Discretionary Allocation Period will be registered with Iberclear as soon as practicable after registration of the public deed of capital increase with the Commercial Registry of Madrid.

The Company will request verification of compliance with the requirements for admission to trading of the New Shares by the CNMV and the admission to trading on the Spanish Stock Exchanges and on the AQS (which, in accordance with the envisaged admission timetable is expected to take place on November 6, 2019). Iberclear will notify the Eligible Shareholders and investors of the book-entry references of their respective holdings of New Shares (subscribed during the Preferential Subscription Period and the Additional Allocation Period) via the Participant Entities. Iberclear will also notify the Pre-Funding Banks, on a temporary basis, of the book entry-references of their holdings of New Shares (allocated during the Discretionary Allocation Period), in accordance with their pre funding obligations or underwriting commitments, as applicable. The Pre-Funding Banks will transfer the New Shares subject to pre-funding to the final investors or the Managers, as the case may be, through the execution of the Special Transaction, as these types of transactions are defined in Royal Decree 1416/1991, of September 27, on special stock market transactions and on over-the-counter transfer of listed securities and weighted average share prices.

The Special Transaction described is expected to take place on November 6, 2019. In turn, the Managers must send the Agent Bank files with the information on the final successful bidders for the New Shares corresponding to the Discretionary Allocation Period (or, if applicable, the relevant information on the Managers), which must comply with the specifications indicated in the Practical Guide, no later than 5:30 p.m. CET on the day it occurs, the date corresponding to the execution of the aforementioned Special Transaction.

Following the transfer of New Shares allocated during the Discretionary Allocation Period from the Pre-Funding Banks to the investors or the Managers, as the case may be, the Agent Bank will notify Iberclear via the Spanish Stock Exchanges of the information relating to the entities that have been allocated New Shares, so that registration is made in accordance with the information received from the Managers.

The New Shares will be registered with the Iberclear Central Registry once the public deed of capital increase is registered with the Commercial Registry of Madrid. On the same day as the registration with the Iberclear Central Registry, the Participant Entities will carry out the corresponding registrations in their accounting records in favor of the investors or the Managers who subscribed the New Shares.

The new shareholders will have the right to obtain the certificates of ownership corresponding to their Shares from the Participant Entities in which the New Shares are registered, in accordance with the provisions of Royal Decree 878/2015, of October 2. Participant Entities must issue these certificates prior to the end of the AQS Trading Day following that on which they were requested by the subscribers.

**Announcement of the result of the Offering**

The Company will report the results of the Preferential Subscription Period and the Additional Allocation Period for New Shares through the publication of the related regulatory information notice (*hecho relevante*) on or around October 31, 2019, indicating whether the Discretionary Allocation Period will be opened. If opened, the results of the Offering will be reported after the end of the Discretionary Allocation Period (i.e. on or prior to November 4, 2019).

**Withdrawal and termination**

No grounds for termination or revocation of the Offering that is the subject matter of this Prospectus are envisaged other than those that may arise from the application of the law or compliance with a court or administrative ruling or with that set forth below.

The Underwriting Agreement may be terminated by the Joint Global Coordinators (on behalf of the Managers) (thereby terminating the envisaged underwriting and pre-funding obligations of the Managers), if, at any time between October 8, 2019 and the granting of the notarial deed relating to the capital increase, there has been (i) a breach by the Company of any of the representations or warranties contained in the Underwriting Agreement or any of such representations and warranties is not, or has ceased to be, true and correct, or (ii) a material breach by the Company of any of the undertakings contained in the Underwriting Agreement, or (iii) a withdrawal of admission to listing or suspension of trading of the Shares on the Spanish Stock Exchanges for more than 48 consecutive hours, or (iv) a serious outbreak or escalation of hostilities, or any major act of terrorism or war, or any unforeseeable event that severely affects the financial markets, the political or the economic conditions, which has a direct impact in Spain, provided in the case of (iii) and (iv), that such event or change, in the good faith opinion of the Joint Global Coordinators, is material and makes it impracticable or inadvisable in the view of the Joint Global Coordinators to market or complete the Offering.

The underwriting and pre-funding obligations of the Managers under the Underwriting Agreement are subject to compliance with certain conditions precedent, which are customary in such transactions, which include the subscription by the Committed Shareholders of the Committed Shares, and which must be met no later than the Pre-Funding Time on the Execution Date, the date on which the capital increase deed is expected to be executed. If these conditions precedent are not fulfilled or waived, the underwriting and pre-funding obligations of the Managers shall not enter into force. The termination of the Underwriting Agreement will be reported by the Company through a regulatory information notice (*hecho relevante*) as soon as it occurs.

If any such conditions are not satisfied or any of the specified circumstances arises, or the Underwriting Agreement is otherwise terminated, then the subscription of Rump Shares during the Discretionary Allocation Period by investors or the Managers, as applicable, will not occur and requests for the subscription of such Rump Shares will be without effect. In such a case, any amounts funded in advance by investors will be returned by the Managers, free of any expenses or fees, with a value date of the next working day. If there is a delay in returning the funds, the Managers must pay the late payment interest at the applicable legal interest rate, which will accrue from the date on which the funds should have been returned until this return effectively takes place

In addition, the termination of the Underwriting Agreement, or if the underwriting and pre-funding obligations of the Managers under the Underwriting Agreement do not come into force as a result of the failure to fulfil or not to waive of any conditions precedent, will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date). Any amounts funded in advance by the holders of Preferential Subscription Rights which have exercised their Preferential Subscription Rights or that have requested additional New Shares will be returned by the Participant Entity, without deduction for expenses and fees, all in accordance with the procedures applicable to such Participant Entity. If a delay in the return occurred, the Participant Entity must pay the late payment interest at the applicable legal rate, which will accrue from the date on which the funds should have been returned until this return effectively takes place. Investors who had acquired Preferential Subscription Rights in the market and revoke such subscriptions will lose such investment.

**Shareholders resident in certain unauthorized jurisdictions**

No action has been taken, or will be taken, in any jurisdiction other than Spain that would permit a public offering of the Preferential Subscription Rights or the New Shares, or possession or distribution of this Prospectus or other offering or publicity materials issued in connection with this Offering, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Preferential Subscription Rights and the New Shares may not be exercised, offered or sold, directly or indirectly, and neither this Prospectus nor any other offering or publicity materials issued in connection with this Offering may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

## USE OF PROCEEDS

The Company expects net proceeds from the Offering of approximately €2,462 million (gross proceeds of approximately €2,500 million less total expenses in the amount of approximately €35 million comprising the fees payable to the Managers and other expenses related to the Offering in the amount of approximately €3 million (assuming placement of all the New Shares)).

The Company intends to use the net proceeds from the Offering to expand its existing portfolio of infrastructures in a way consistent with the Company's current strategy of growth through acquisitions as disclosed in "*Business—Strategy*". Subject to market conditions, the Company expects to invest or commit to invest the net proceeds from the Offering within a maximum period of eighteen months following the settlement of the Offering.

Following the Company's investment criteria in the analysis of acquisitions, since 2015 the Company has invested or committed to invest approximately €10.8 billion in the acquisition or construction of up to 42,700 infrastructures to be acquired or built by 2027, once the Iliad Acquisition and the Arqiva Acquisition are closed (which, together with infrastructures already owned at such time, amount to an aggregate of up to 52,700 infrastructures), resulting in a historical investment pace of approximately €2.4 billion and approximately 9,600 infrastructures per year and with an estimated average run-rate Adjusted EBITDA multiple of approximately 14x (consistently, since the beginning of 2018, the Company has invested or committed to invest approximately €7.5 billion, with an estimated average run-rate Adjusted EBITDA multiple of approximately 14x). The average run-rate Adjusted EBITDA multiple is calculated as the total investments that the Group estimates are needed for the complete acquisition and deployment of the infrastructures related to historical investments (both made and pending), divided by the total annual Adjusted EBITDA that the Group estimates such investments will generate upon completion of all related purchase commitments and build-to-suit programs, as appropriate. "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. Run-rate Adjusted EBITDA is based on management's estimates and is subject to assumptions that could cause actual Adjusted EBITDA to differ from those reflected in this forward-looking metric. For further information on forward-looking statements and why investors should not place on them undue reliance, see "*Presentation of Financial and Other Information—Forward-looking Statements*".

The Company intends to continue following its investment criteria in the analysis of future acquisitions, and believes that its past track record has demonstrated its ability to deliver value to its shareholders. As disclosed in the Prospectus dated February 28, 2019, as of that date, the Company had identified a number of market opportunities with an estimated aggregate size of approximately €11 billion (based on enterprise value, assuming acquisition of 100% of the relevant targets and including build-to-suit programs), of which an estimated aggregate size of approximately €4 billion correspond to the Iliad Acquisition and the Salt Acquisition.

In relation to the above, the Company is actively evaluating market opportunities for an estimated aggregate size of approximately €7 billion, being such opportunities at different stages. While there are projects in an early stage (origination, auction or due diligence phases), there are others being negotiated on an exclusivity basis with advanced documentation in place, or even already signed (such as the Arqiva Acquisition). See "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*" for more information on the Arqiva Acquisition.

The Group expects that 50% of the purchase price of the Arqiva Acquisition will be financed with a portion of the net proceeds from the Offering and the remaining 50% of the purchase price will be financed with a portion of the Proposed GBP Facilities (GBP 1,000,000 thousand and GBP 1,000,000 thousand, respectively, and converted to € on a GBP/€ 1.1 exchange rate, €1,100,000 thousand and €1,100,000 thousand, respectively). In addition, the Cignal Acquisition (€219,000 thousand) and the Iliad Acquisition (€2,000,000 thousand) will be both financed, or partly financed, as applicable, with a portion of the net proceeds of the Offering and with available total liquidity of the Company, each in the amount that the Group decides at its sole discretion.

The market opportunities, if definitive agreements are entered into, are also expected to be financed with the net proceeds from the Offering and/or debt, which may result in changes to the Company's leverage and credit rating. Additionally, the market opportunities should transform the Group and further improve its business risk profile as a result of the increased exposure with new leading MNOs in Europe.

Cellnex is committed to assess these market opportunities following the same M&A criteria, which are focused on substantially increasing the Recurring Leveraged Free Cash Flow per Share (RLFCF per Share).

Pending the Company's use of the net proceeds of the Offering on one or more acquisitions as described herein, the Company plans to hold such proceeds as cash and cash equivalents.

## DIVIDEND POLICY

The Company intends the dividends to be distributed against distributable reserves and/or against the net profit attributable to the Company for the year ended December 31, 2019, to be equivalent to the dividend distributed corresponding to the year ended December 31, 2018, increased by 10% (the "**Dividend Policy**").

This Dividend Policy aims to keep the appropriate balance between shareholder remuneration, the Company's profit generation and the Company's growth strategy, pursuing an adequate capital structure. In the implementation of the Dividend Policy, the Company is focused on distributing an annual dividend in an amount increased by 10% with respect to the dividend distributed the year before. As a result, each year the Company distributes dividends against either net profit or distributable reserves attributable to the Company for the respective financial year.

The payment of these dividends distributed against distributable reserves and/or against the net profit attributable to the Company for the period, will be made on the specific dates to be determined in each case and will be duly announced.

Notwithstanding the above, the Company's ability to distribute dividends against distributable reserves and/or against the net profit attributable to the Company for the period, depends on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Company in any financial year, any limitations on the distribution of dividends included in the Company's financing agreements (as of the date of this Prospectus, there is no covenant limiting the distribution of dividends in any financing agreement entered into by the Company, other than the syndicated facilities agreement entered into by Swiss Towers, which includes a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers –but not Cellnex– based on leverage levels), and the Company's growth strategy. As a result of such or other circumstances and factors, the Company may modify the Dividend Policy. See "*Risks related to the Offering—The Company cannot assure that it will be able to pay dividends or that, even if able, the Company would do so*". In any case, the Company will duly announce any future amendment to the Dividend Policy.

The conditions under which the Company may declare to distribute dividends against distributable reserves and/or against the net profit attributable to the Company for the period, in accordance with Spanish law and the Company's bylaws are described under "*Description of Capital Stock—Dividend and liquidation rights*". There can be no assurance that any additional dividends distributed against distributable reserves and/or against the net profit attributable to the Company for the period, will be declared and paid with respect to the year ending December 31, 2019 or any future periods. Any dividends or cash available to be distributed against distributable reserves and/or against the net profit attributable to the Company for the period paid in the future will be subject to tax under Spanish law. See "*Taxation—Spanish tax considerations*". Spanish law requires companies incorporated in Spain to contribute at least 10% of their net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of the respective company's issued share capital. A company's legal reserve is not available for distribution to its shareholders except upon such company's liquidation. The Company's legal reserve as of June 30, 2019 was €11,584 thousand (below the minimum legal threshold).

On December 16, 2016, an interim dividend distributed against the net profit attributable to the Company for the financial year ended December 31, 2016 was paid in the amount of €10,194 thousand (€0.044 gross per Share). On May 11, 2017, the final dividend distributed against the net profit attributable to the Company for the financial year ended December 31, 2016 was paid in the amount of €9,806 thousand (€0.042 gross per Share). On December 14, 2017, the Company paid an interim dividend of €10,194 thousand (€0.044 gross per Share), against the net profit attributable to the Company for the financial year ended December 31, 2017.

On May 31, 2018, the General Shareholders' Meeting approved a distribution against the share premium reserve of Cellnex amounting up to €63,000 thousand, to be paid upfront or through installments during the years 2018, 2019 and 2020, and delegated in the Board of Directors the determination of the exact amount and date of each distribution, always within the above limit.

During 2018, in accordance with the Company's Dividend Policy and pursuant to the authority granted by resolution of the General Shareholders' Meeting of May 31, 2018, the Board of Directors, approved the distribution of cash against the share premium reserve in the amount of €11,816 thousand, which represented €0.051 gross per Share. In addition, on November 8, 2018, the Board of Directors approved the distribution of an additional distribution of cash against the share premium reserve account in the amount of €12,395 thousand, which represented €0.0535 gross per Share.

During 2019, in accordance with the Company's Dividend Policy and pursuant to the authority granted by resolution of the General Shareholders' Meeting of May 31, 2018, the Board of Directors approved a distribution of cash against the share premium reserve in the amount of €11,816 thousand, which represented €0.040 gross per Share.

Thus, the total dividend distributed against net profit or distributable reserves for the financial year ended December 31, 2016 was €0.086 gross per Share (€0.044 + €0.042), amounting to an aggregate distribution of €20,000 thousand. The total dividend distributed against net profit or distributable reserves for the financial year ended December 31, 2017 was €0.095 gross per Share (€0.044 + €0.051), amounting to an aggregate distribution of €22,010 thousand, and the total dividend distributed against net profit or distributable reserves for the financial year ended December 31, 2018 as of the date of this Prospectus is €0.09306 (€0.0535+€0.03956) gross per Share, amounting to an aggregate distribution of €24,211 thousand.

**Dividend payments per Share for each fiscal year corresponding to the historical financial information**

The following table sets forth the dividend per Share distributed by the Company against net profit or reserves for each financial year ended December 31, 2018, 2017 and 2016:

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| **Dividend Per Share (in euro)** | 0.093 | 0.095 | 0.086 |

**Other information relating to dividends**

Any dividends will be paid in euros. Dividends are declared and paid pro rata according to the number of Shares held by each shareholder. Dividends declared but not yet paid do not bear interest. Dividends paid on the Shares are subject, if this is the case according to the applicable legislation (See "*Taxation*" for further information), to deduction of Spanish withholding tax. Therefore, the amount of dividends paid to shareholders will be reduced in the withholding tax amount that may be applied.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth (i) the Company's capitalization and indebtedness as of June 30, 2019, (ii) the Company's capitalization and indebtedness as of August 31, 2019 prior to implementation of the Offering, (iii) the adjustments to the Company's capitalization and indebtedness required to reflect the Offering and the net proceeds thereof as well as the impact of the Cignal Acquisition, the Iliad Acquisition the Arqiva Acquisition and the Proposed GBP Facilities, and (iv) the Company's total capitalization and indebtedness as of August 31, 2019 adjusted to reflect the Offering and the net proceeds thereof as well as the impact of the Cignal Acquisition, the Iliad Acquisition, the Arqiva Acquisition and the Proposed GBP Facilities. See "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*" for more information on the Arqiva Acquisition.

The Company believes that its working capital currently available, together with the working capital that the Company expects to generate over the next 12 months, are sufficient to meet the Company's business needs. Other than as disclosed in this Prospectus and in the 2019 Interim Consolidated Financial Statements, no significant change in the financial or trading position of the Company has occurred since December 31, 2018.

| | **As of June 30, 2019[(1)]** | **Actual (as of August 31, 2019)[(2)]** | **Adjustments for the net proceeds from the placement of the New Shares as well as for the impact of the Cignal Acquisition, the Iliad Acquisition, the Arqiva Acquisition and the Proposed GBP Facilities [(3)]** | **As adjusted (as of August 31, 2019)** |
|---|---|---|---|---|
| | | | **(in thousands of €)** | |
| **Liquidity** | | | | |
| Cash and cash equivalents | 1,702,262 | 2,520,236 | (857,000) | 1,663,236 |
| **Total liquidity** | **1,702,262** | **2,520,236[(4)]** | **(857,000)[(5)]** | **1,663,236** |
| **Debt** | | | | |
| Bank borrowings | 735,238 | 1,434,215[(6)] | 550,000 | 1,984,215 |
| Guaranteed | - | - | - | - |
| Secured | - | - | - | - |
| Unguaranteed / unsecured | 735,238 | 1,434,215 | 550,000 | 1,984,215 |
| Other financial liabilities[(7)] | 3,275,186 | 4,201,966[(8)] | 550,000 | 4,751,966 |
| Guaranteed | - | - | - | - |
| Secured | - | - | - | - |
| Unguaranteed / unsecured | 3,275,186 | 4,201,966 | 550,000 | 4,751,966 |
| **Total financial debt** | **4,010,424** | **5,636,181** | **1,100,000** | **6,736,181** |
| **Net borrowings[(9)]** | **2,308,162** | **3,115,945** | **1,957,000** | **5,072,945** |
| **Equity** | | | | |
| Share capital | 74,668 | 74,668 | 21,663 | 96,331 |
| Treasury Shares | (4,222) | (4,222) | - | (4,222) |
| Share premium | 1,461,715 | 1,439,023 | 2,478,289 | 3,917,312 |
| Reserves | 134,307 | 258,428 | - | 258,428 |
| Profit/(loss) for the period | (488) | (4,471) | - | (4,471) |
| Non-controlling interests | 138,437 | 347,480 | - | 347,480 |
| **Total equity** | **1,804,417** | **2,110,906** | **2,499,952** | **4,610,858** |
| **Total capitalization[(10)]** | **5,814,841** | **7,747,087** | **3,599,952** | **11,347,039** |
| **Net capitalization[(11)]** | **4,112,579** | **5,226,851** | **4,456,952** | **9,683,803** |

(1) Consolidated financial data as of June 30, 2019 extracted from the 2019 Interim Consolidated Financial Statements which were subject to limited review by Deloitte.

(2) Unaudited consolidated financial data as of August 31, 2019.

(3) The Company is actively evaluating market opportunities for an estimated aggregate size of approximately €7 billion, being such opportunities at different stages. While there are projects in an early stage (origination, auction or due diligence phases), there are others being negotiated on an exclusivity basis with advanced documentation in place, or even already signed (such as the Arqiva Acquisition). See "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*" for more information on the Arqiva Acquisition. The market opportunities, if definitive agreements are entered into, are expected to be financed with the net proceeds from the Offering and/or debt. The Group expects that 50% of the purchase price of the Arqiva Acquisition will be financed with a portion of the net proceeds from the Offering and the remaining 50% of the purchase price will be financed with a portion of the Proposed GBP Facilities (GBP 1,000,000 thousand and GBP 1,000,000 thousand, respectively, and converted to € on a GBP/€ 1.1 exchange rate, €1,100,000 thousand and €1,100,000 thousand, respectively). In addition, the Cignal Acquisition (€219,000 thousand) and the Iliad Acquisition

(€2,000,000 thousand) will be both financed, or partly financed, as applicable, with a portion of the net proceeds of the Offering and with available total liquidity of the Company, each in the amount that the Group decides at its sole discretion. Moreover, the net proceeds of the Offering will be also used to finance other market opportunities identified by the Group.

(4) Total liquidity as of August 31, 2019 mostly reflects the effect of the following movements in net borrowings, a cash source of €700,000 thousand from banking facilities, a cash source of €850,000 thousand of aggregate principal amount related to the issuance of the 2019 Convertible Bond, a cash source of €60.5 million from the bonds issuance under the EMTN, and a cash use of €800,000 thousand relating to the Salt Acquisition and the On Tower Netherlands Acquisition.

(5) The adjustment regarding the total liquidity includes a cash source of €2,462,000 thousand relating to the net proceeds of the Offering (net of fees amounting to approximately €38,000 thousand), a cash source of GBP 1,000,000 thousand of the Proposed GBP Facilities (GBP 500,000 thousand from the bridge facility and GBP 500,000 thousand from the term loan), a cash use of €(219,000) thousand relating to the Cignal Acquisition, a cash use of €(600,000) thousand relating to the Iliad Acquisition (Italy), a cash use of €(1,400,000) thousand relating to the Iliad Acquisition (France), and a cash use of GBP (2,000,000) thousand relating to the Arqiva Acquisition. The amounts relating to the Arqiva Acquisition and the Proposed GBP Facilities were calculated in GBP and converted to € on a GBP/€ 1.1 exchange rate, amounting to €(2,200,000) thousand of the Arqiva Acquisition and €1,100,000 thousand of the Proposed GBP Facilities (€550,000 thousand from the bridge facility and €550,000 thousand from the term loan).

(6) Regarding bank borrowings, between June 30, 2019 and August 31, 2019, the Company arranged an aggregate of €2.6 billion in credit facilities of which (i) €1,500,000 thousand is still undrawn, and therefore not accounted for in the table above; (ii) €400,000 thousand has been drawn and used to repay other banking facilities, and therefore not accounted for in the table above; and (iii) the remaining €700,000 thousand has been drawn and used for the financing of the Salt Acquisition. In addition, between June 30, 2019 and August 31, 2019, the Company arranged a €100,000 thousand loan with ICO, which is still undrawn and therefore not accounted for in the table above.

(7) Other financial liabilities includes bond issues and other loans, derivative financial instruments, other financial liabilities and lease liabilities (real estate).

(8) Regarding other financial liabilities, between June 30, 2019 and August 31, 2019, the Company mainly issued (i) the 2019 Convertible Bond for an aggregate principal amount of €850,000 thousand and (ii) bonds under the EMTN Program for an amount of €60.5 million. Both issuances are drawn and therefore accounted for in the table in their entirety.

(9) Net borrowings is equal to total financial debt less total liquidity.

(10) Total capitalization is equal to the sum of total financial debt and total equity.

(11) Net capitalization is equal to the sum of net borrowings and total equity.

The information as of August 31, 2019 in the table above reflects the effect of transactions that have been completed as of August 31, 2019, including, but not limited to, the On Tower Netherlands Acquisition, the Salt Acquisition, the 2019 Convertible Bond, certain financing arrangements amounting to €2.6 billion, a €100,000 thousand loan with the Spanish Official Credit Institute (ICO) and an issuance of bonds under the EMTN Program for an amount of €60.5 million. Regarding the debt-related transactions mentioned above, only drawn amounts have been taken into account in the above table. In order to reflect in the table above the effect of transactions that had not yet been completed as of August 31, 2019, namely the Cignal Acquisition, the Iliad Acquisition, the Arqiva Acquisition and the Proposed GBP Facilities, an adjustment has been performed. For additional information, see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group*" and "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*".

## SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial information as of and for each of the six-month periods ended June 30, 2019 and 2018 and as of and for each of the years ended December 31, 2018, 2017 and 2016.

The selected unaudited condensed consolidated interim financial statements as of June 30, 2019 and for each of the six-month periods ended June 30, 2019 and 2018 is derived from, and should be reviewed in conjunction with, the 2019 Interim Consolidated Financial Statements, in each case with the related notes, prepared in accordance with the requirements of the International Accounting Standards (IAS) 34. The selected audited consolidated financial information as of and for each of the years ended December 31, 2018, 2017, and 2016 is derived from, and should be reviewed in conjunction with, the Audited Consolidated Financial Statements, in each case with the related notes, prepared in accordance with IFRS-EU. The Financial Statements are incorporated by reference into this Prospectus.

The 2019 Interim Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements reflect the adoption of IFRS 16. The 2018 Audited Consolidated Financial Statements include unaudited restated comparative financial information to reflect the impact of IFRS 16 on prior periods. The columns labelled as “restated” reflect such restatement. See “*Presentation of Financial and Other Information*.”

Except as otherwise indicated herein, (i) the consolidated balance sheet as of December 31, 2017, (ii) the consolidated balance sheet as of January 1, 2017, and (iii) each of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2017, all of which are included in the 2018 Audited Consolidated Financial Statements as comparative financial information to the financial information as of and for the year ended December 31, 2018, have been restated to give effect to the early adoption of IFRS 16. See “*Presentation of Financial and Other Information*.”

The following tables should be read in conjunction with “*Presentation of Financial and Other Information*,”, “*Operating and Financial Review*” and the Financial Statements and the related notes thereto incorporated by reference in this Prospectus.

### Consolidated balance sheet

***Consolidated balance sheet as of June 30, 2019, December 31, 2018, December 31, 2017 and January 1, 2017***

| | As of June 30, 2019 | As of December 31, 2018 | As of December 31, 2017 | As of January 1, 2017 |
|---|---|---|---|---|
| | (unaudited) | (audited) | (unaudited) (restated) | (unaudited) (restated) |
| | | (in thousands of €) | | |
| **Assets** | | | | |
| Non-current assets: | | | | |
| Goodwill | 582,214 | 582,454 | 566,557 | 380,217 |
| Other intangible assets | 1,415,561 | 1,321,878 | 1,353,959 | 1,035,166 |
| Right-of-use assets | 644,595 | 573,565 | 454,735 | 370,903 |
| Property, plant and equipment | 2,040,785 | 1,903,742 | 1,507,259 | 1,048,445 |
| Investments in associates | 2,898 | 2,803 | 3,280 | 3,551 |
| Financial investments | 26,407 | 19,593 | 17,694 | 11,640 |
| Derivative financial instruments | - | - | 164 | - |
| Trade and other receivables | 14,089 | 19,950 | 10,985 | 7,872 |
| Deferred tax assets | 56,376 | 55,322 | 40,869 | 39,063 |
| **Total non-current assets** | **4,782,925** | **4,479,307** | **3,955,502** | **2,896,857** |
| Current assets: | | | | |
| Inventories | 3,986 | 3,864 | 1,277 | 2,023 |
| Trade and other receivables | 257,984 | 193,152 | 192,452 | 119,015 |
| Receivables from associates | 79 | 79 | 78 | 113 |
| Financial investments | 2,015 | 921 | 921 | 921 |
| Cash and cash equivalents | 1,702,262 | 455,870 | 295,173 | 192,851 |
| **Total current assets** | **1,966,326** | **653,886** | **489,901** | **314,923** |
| **Total assets** | **6,749,251** | **5,133,193** | **4,445,403** | **3,211,780** |

| | As of June 30, 2019 | As of December 31, 2018 | As of December 31, 2017 | As of January 1, 2017 |
|---|---|---|---|---|
| | (unaudited) | (audited) | (unaudited) (restated) | (unaudited) (restated) |
| | | (in thousands of €) | | |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Share capital and attributable reserves | | | | |
| Share capital | 74,668 | 57,921 | 57,921 | 57,921 |
| Treasury Shares | (4,222) | (5,572) | (1,859) | (2,694) |
| Share premium | 1,461,715 | 314,522 | 338,733 | 338,733 |
| Reserves | 134,307 | 126,002 | 46,384 | 8,874 |
| Profit for the year | (488) | (14,983) | 26,270 | 39,817 |
| **Equity attributable to owners of the parent** | **1,665,980** | **477,890** | **467,449** | **442,651** |
| Non-controlling interests | 138,437 | 137,476 | 142,158 | 80,275 |
| **Total net equity** | **1,804,417** | **615,366** | **609,607** | **522,926** |
| **Liabilities** | | | | |
| Bank borrowings and bond issues | 3,330,557 | 2,996,773 | 2,505,301 | 1,683,960 |
| Lease liabilities | 441,479 | 423,955 | 349,480 | 257,330 |
| Derivative financial instruments | 3,684 | 1,255 | - | - |
| Provisions and other liabilities | 179,342 | 236,533 | 217,984 | 176,061 |
| Employee benefit obligations | 14,780 | 16,196 | 5,646 | 2,496 |
| Deferred tax liabilities | 307,541 | 333,306 | 349,929 | 290,281 |
| **Total non-current liabilities** | **4,277,383** | **4,008,018** | **3,428,340** | **2,410,128** |
| Bank borrowings and bond issues | 122,605 | 130,833 | 69,615 | 17,732 |
| Lease liabilities | 112,099 | 102,382 | 76,502 | 87,789 |
| Provisions and other liabilities | 93,206 | - | - | - |
| Employee benefit obligations | 31,372 | 35,465 | 23,593 | 6,276 |
| Payables to associates | - | 2 | 171 | - |
| Trade and other payables | 308,169 | 241,127 | 237,575 | 166,929 |
| **Total current liabilities** | **667,451** | **509,809** | **407,456** | **278,726** |
| **Total net equity and liabilities** | **6,749,251** | **5,133,193** | **4,445,403** | **3,211,780** |

### *Consolidated balance sheet as of December 31, 2018, 2017 and 2016*

| | As of December 31, | | |
|---|---|---|---|
| | 2018 (audited) | 2017 (audited) | 2016 (audited) |
| | | (in thousands of €) | |
| **Assets** | | | |
| Non-current assets: | | | |
| Goodwill | 582,454 | 566,557 | 380,217 |
| Other intangible assets | 1,321,878 | 1,353,959 | 1,035,166 |
| Right-of-use assets | 573,565 | - | - |
| Property, plant and equipment | 1,903,742 | 1,507,259 | 1,048,445 |
| Investments in associates | 2,803 | 3,280 | 3,551 |
| Financial investments | 19,593 | 17,694 | 11,640 |
| Derivative financial instruments | - | 164 | - |
| Trade and other receivables | 19,950 | 55,888 | 36,332 |
| Deferred tax assets | 55,322 | 27,835 | 29,181 |
| **Total non-current assets** | **4,479,307** | **3,532,636** | **2,544,532** |
| Current assets: | | | |
| Inventories | 3,864 | 1,277 | 2,023 |
| Trade and other receivables | 193,152 | 226,081 | 155,039 |
| Receivables from Group undertakings and associates | 79 | 78 | 113 |
| Financial investments | 921 | 921 | 921 |
| Cash and cash equivalents | 455,870 | 295,173 | 192,851 |
| **Total current assets** | **653,886** | **523,530** | **350,947** |
| **Total assets** | **5,133,193** | **4,056,166** | **2,895,479** |

| | As of December 31, | | |
|---|---|---|---|
| | 2018 (audited) | 2017 (audited) | 2016 (audited) |
| | | (in thousands of €) | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital and attributable reserves | | | |
| Share capital | 57,921 | 57,921 | 57,921 |
| Treasury Shares | (5,572) | (1,859) | (2,694) |
| Share premium | 314,522 | 338,733 | 338,733 |
| Reserves | 126,002 | 74,712 | 36,000 |
| Profit for the year | (14,983) | 32,933 | 39,817 |
| **Equity attributable to owners of the parent** | **477,890** | **502,440** | **469,777** |
| Non-controlling interests | 137,476 | 142,474 | 81,424 |
| **Total net equity** | **615,366** | **644,914** | **551,201** |
| **Liabilities** | | | |
| Bank borrowings and bond issues | 2,996,773 | 2,505,301 | 1,683,960 |
| Lease liabilities | 423,955 | - | - |
| Derivative financial instruments | 1,255 | - | - |
| Provisions and other liabilities | 236,533 | 219,422 | 176,604 |
| Employee benefit obligations | 16,196 | 5,646 | 2,496 |
| Deferred tax liabilities | 333,306 | 349,929 | 290,281 |
| **Total non-current liabilities** | **4,008,018** | **3,080,298** | **2,153,341** |
| Bank borrowings and bond issues | 130,833 | 69,615 | 17,732 |
| Lease liabilities | 102,382 | - | - |
| Employee benefit obligations | 35,465 | 13,135 | 6,276 |
| Payables to associates | 2 | 171 | - |
| Trade and other payables | 241,127 | 248,033 | 166,929 |
| **Total current liabilities** | **509,809** | **330,954** | **190,937** |
| **Total net equity and liabilities** | **5,133,193** | **4,056,166** | **2,895,479** |

## Consolidated income statement

### *Consolidated income statement for the six-month periods ended June 30, 2019 and 2018*

| | For the six-month period ended June 30, | |
|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) |
| | (in thousands of €) | |
| Services | 470,992 | 421,992 |
| Other operating income | 15,826 | 15,114 |
| **Operating income** | **486,818** | **437,106** |
| Staff costs | (67,596) | (111,052) |
| Other operating expenses | (112,497) | (100,362) |
| Changes in provisions | (119) | 842 |
| Losses on fixed assets | (216) | (42) |
| Depreciation and amortization charge | (217,127) | (196,498) |
| **Operating profit** | **89,263** | **29,994** |
| Financial income | 426 | 805 |
| Financial costs | (78,824) | (49,857) |
| Interest expense on lease liabilities | (31,307) | (26,553) |
| **Net financial profit/(loss)** | **(109,705)** | **(75,605)** |
| Profit of companies accounted for using the equity method | 33 | 54 |
| **Profit/(loss) before tax** | **(20,409)** | **(45,557)** |
| Income tax | 19,454 | 13,416 |
| **Consolidated net profit/(loss)** | **(955)** | **(32,141)** |
| Attributable to non-controlling interests | (467) | (1,340) |
| **Net profit attributable to Cellnex** | **(488)** | **(30,801)** |

### *Consolidated income statement for the years ended December 31, 2018, 2017 and 2016*

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2018 (audited)** | **2017 (unaudited) (restated)** | **2017 (audited)** | **2016 (audited)** |
| | (in thousands of €) | | | |
| Services | 867,449 | 757,605 | 757,605 | 670,413 |
| Other operating income | 30,422 | 31,738 | 31,738 | 34,172 |
| **Operating income** | **897,871** | **789,343** | **789,343** | **704,585** |
| Staff costs | (172,650) | (107,354) | (107,354) | (97,471) |
| Other operating expenses | (209,807) | (203,047) | (359,483) | (343,680) |
| Changes in provisions | 983 | 1,517 | 1,517 | 250 |
| Losses on fixed assets | (1,021) | (215) | (215) | (176) |
| Depreciation and amortization charge | (402,846) | (351,682) | (225,382) | (176,779) |
| **Operating profit** | **112,530** | **128,562** | **98,426** | **86,729** |
| Financial income | 3,461 | 1,397 | 1,397 | 1,179 |
| Financial costs | (97,831) | (69,557) | (69,557) | (46,954) |
| Interest expense on lease liabilities | (54,454) | (40,917) | - | - |
| **Net financial losses** | **(148,824)** | **(109,077)** | **(68,160)** | **(45,775)** |
| Profit of companies accounted for using the equity method | 113 | 96 | 96 | 65 |
| **Profit before tax** | **(36,181)** | **19,581** | **30,362** | **41,019** |
| Income tax | 18,439 | 4,218 | 431 | (633) |
| **Consolidated net profit/(loss)** | **(17,742)** | **23,779** | **30,793** | **40,386** |
| Attributable to non-controlling interests | (2,759) | (2,471) | (2,140) | 569 |
| **Net profit attributable to Cellnex** | **(14,983)** | **26,270** | **32,933** | **39,817** |

## Consolidated cash flow statement

### *Consolidated cash flow statement for the six-month periods ended June 30, 2019 and 2018*

| | For the six-month period ended June 30, | |
|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** |
| | (in thousands of €) | |
| **Profit/(loss) for the year before tax** | (20,409) | (45,557) |
| **Adjusted profit** | | |
| Depreciation and amortization charge | 217,127 | 196,498 |
| Gains/(losses) on derecognition and disposals of non-current assets | 216 | 42 |
| Changes in provisions | 119 | (842) |
| Interest and other income | (426) | (805) |
| Interest and other expenses | 110,131 | 76,410 |
| Share of results of companies accounted for using the equity method | (33) | (54) |
| Other income and expenses | 1,097 | 1,467 |
| **Changes in current assets/current liabilities** | | |
| Inventories | (122) | (1,028) |
| Trade and other receivables | (42,177) | (8,754) |
| Other current assets and liabilities | 53,585 | 22,542 |
| **Other cash flows from operating activities** | | |
| Interest paid | (78,097) | (64,392) |
| Interest received | 426 | - |
| Income tax received / (paid) | (2,282) | (9,403) |
| Employee benefit obligations and current provisions | 2,134 | 20,166 |
| Other receivables and payables | - | - |
| **Total net cash flows from operating activities (I)** | **241,289** | **186,290** |
| Business combinations and changes in scope of consolidation | (4,346) | (3,542) |
| Purchases of property, plant and equipment and intangible assets | (386,390) | (224,391) |
| Non-current financial investments | (3,307) | (4,236) |
| **Total net cash flows from investing activities (II)** | **(394,043)** | **(232,169)** |
| Acquisition of treasury Shares | - | (5,035) |
| Issue of equity instruments (capital increase) | 1,175,756 | - |
| Issue of equity instruments (convertible bond) | 21,367 | 62,480 |
| Proceeds from issue of bank borrowings | 479,979 | 297,920 |
| Bond issue | 200,120 | 572,308 |
| Repayment and redemption of bank borrowings | (329,559) | (391,307) |
| Net repayments of other borrowings (Profits) | (25,725) | (34,984) |
| Net payment of lease liabilities | (113,400) | (71,443) |
| Dividends paid | - | - |
| Dividends to non-controlling interests | (808) | (998) |

| | For the six-month period ended June 30, | |
|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) |
| | (in thousands of €) | |
| Dividends received | 109 | 713 |
| **Total net cash flows from financing activities (III)** | **1,407,839** | **429,654** |
| Foreign exchange differences | (8,693) | (6,567) |
| **Net (decrease) / increase in cash and cash equivalents from continuing operations (I)+(II)+(III)** | **1,246,392** | **377,208** |
| Cash and cash equivalents at beginning of period | 455,870 | 295,173 |
| **Cash and cash equivalents at period-end** | **1,702,262** | **672,381** |

## *Consolidated cash flow statement for the years ended December 31, 2018, 2017 and 2016*

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | 2018 (audited) | 2017 (unaudited) (restated) | 2017 (audited) | 2016 (audited) |
| | (in thousands of €) | | | |
| **Profit for the year before tax** | (36,181) | 19,581 | 30,362 | 41,019 |
| **Adjusted profit** | | | | |
| Depreciation and amortization charge | 402,846 | 351,682 | 225,382 | 176,779 |
| Gains/(losses) on derecognition and disposals of non-current assets | 1,021 | 215 | 215 | 176 |
| Changes in provisions | (983) | (1,517) | (1,517) | (250) |
| Interest and other income | (3,461) | (1,397) | (1,397) | (1,179) |
| Interest and other expenses | 152,285 | 110,474 | 69,557 | 46,954 |
| Share of results of companies accounted for using the equity method | (113) | (96) | (96) | (65) |
| Other income and expenses | 1,487 | 1,011 | 1,011 | 890 |
| **Changes in current assets/current liabilities** | | | | |
| Inventories | (2,316) | 746 | 746 | 2,282 |
| Trade and other receivables | 1,585 | (28,552) | (35,588) | 29,884 |
| Other current assets and liabilities | 2,765 | 38,692 | 38,218 | (14,235) |
| **Other cash flows from operating activities** | | | | |
| Interest paid | (119,797) | (82,311) | (41,394) | (24,311) |
| Interest received | 840 | 453 | 453 | 1,103 |
| Income tax received / (paid) | (20,219) | (13,349) | (13,349) | (11,477) |
| Employee benefit obligations and current provisions | 16,519 | (20,819) | (663) | (2,864) |
| Other receivables and payables | | | (9,211) | 7,200 |
| **Total net cash flows from operating activities (I)** | **396,278** | **374,813** | **262,729** | **251,906** |
| Business combinations and changes in scope of consolidation | (38,154) | (471,697) | (471,697) | (525,358) |
| Purchases of property, plant and equipment and intangible assets | (575,912) | (462,552) | (462,552) | (228,563) |
| Non-current financial investments | (10,967) | (12,050) | (37,813) | (16,087) |
| **Total net cash flows from investing activities (II)** | **(625,033)** | **(946,299)** | **(972,062)** | **(770,008)** |
| Acquisition of treasury Shares | (5,035) | 1,587 | 1,587 | (2,949) |
| Issue of equity instruments (capital increase) | - | - | - | - |
| Issue of equity instruments (convertible bond) | 62,480 | - | - | - |
| Proceeds from issue of bank borrowings | 543,404 | 689,996 | 689,996 | 271,745 |
| Bond issue | 591,615 | 467,159 | 467,159 | 801,804 |
| Repayment and redemption of bank borrowings | (603,663) | (330,274) | (330,274) | (381,619) |
| Net repayments of other borrowings (Profits) | (11,220) | (1,188) | (1,188) | (6,608) |
| Net payment of lease liabilities | (151,596) | (137,847) | - | - |
| Dividends paid | (24,211) | (20,000) | (20,000) | (21,083) |
| Dividends to non-controlling interests | (6,987) | (998) | (998) | (1,996) |
| Dividends received | 713 | 367 | 367 | 28 |
| **Total net cash flows from financing activities (III)** | **395,500** | **668,802** | **806,649** | **659,322** |
| Foreign exchange differences | (6,048) | 5,006 | 5,006 | 631 |
| **Net (decrease) / increase in cash and cash equivalents from continuing operations (I)+(II)+(III)** | **160,697** | **102,322** | **102,322** | **141,851** |
| Cash and cash equivalents at beginning of year | 295,173 | 192,851 | 192,851 | 51,000 |
| **Cash and cash equivalents at period-end** | **455,870** | **295,173** | **295,173** | **192,851** |

# OPERATING AND FINANCIAL REVIEW

*The following discussion and analysis should be read together with the Financial Statements, including the accompanying notes, incorporated by reference in this Prospectus, as well as the respective accompanying consolidated directors' reports and auditors' reports, which are all incorporated by reference in this Prospectus. The 2019 Interim Consolidated Financial Statements have been prepared in accordance with the requirements of the International*

*Accounting Standards (IAS) 34 and the Audited Consolidated Financial Statements have been prepared in accordance with IFRS-EU. This discussion and analysis should also be read together with the information contained in the section titled "Business". Some of the information in the discussion and analysis set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See "Presentation of Financial and Other Information —Forward-looking statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Prospectus.*

**Overview**

The Group provides services related to infrastructure management for terrestrial telecommunications through the following three segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure, and (iii) Other Network Services.

- Telecom Infrastructure Services: this is the Group's main segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by MNOs and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers. The Telecom Infrastructure Services segment contributed 66.2% of the Group's operating income in the six-month period ended June 30, 2019, amounting to €322,542 thousand, and contributed 65% of the Group's operating income in the year ended December 31, 2018, amounting to €582,758 thousand.
- Broadcasting Infrastructure: this is the Group's second main segment by turnover. The Group currently provides broadcasting services only in Spain, where it is the only operator offering nationwide coverage of the DTT service (source: CNMC). Its services consist of the distribution and transmission of television and radio signals, the operation and maintenance of broadcasting networks and the provision of connectivity for media content, over-the-top ("**OTT**") broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop other services within its portfolio. The Broadcasting Infrastructure segment contributed 24.1% of the Group's operating income in the six-month period ended June 30, 2019, amounting to €117,198 thousand, and contributed 26% of the Group's operating income in the year ended December 31, 2018, amounting to €232,773 thousand.
- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing the following network services: data transport, security and control, Smart communication networks including IoT, Smart Services and managed services and consulting, as well as optic fiber services. As a telecom infrastructure operator, Cellnex can facilitate, streamline and accelerate the deployment of these services through the efficient connectivity of objects and people, in both rural and urban environments, helping to build genuine Smart territories. This constitutes a specialized business that generates relatively stable cash flows with potential for growth. The Other Network Services segment contributed 9.7% of the Group's operating income in the six-month period ended June 30, 2019, amounting to €47,078 thousand, and contributed 9.2% of the Group's operating income in the year ended December 31, 2018, amounting to €82,340 thousand.

**Recent Trading**

The Group currently expects its results of operations for the nine-month period ended September 30, 2019 to show broadly the same trends compared to the same period of 2018 as shown in the Group's results of operations for the six-month period ended June 30, 2019 compared to the same period of 2018, with primarily acquisitions driving changes in results.

The Group expects to disclose its results of operations for the nine-month period ended September 30, 2019 on or about November 14, 2019.

**Acquisition of the Arqiva Group's tower operations business**

On October 8, 2019, Cellnex and Cellnex UK Limited entered into an agreement with Arqiva Holdings Limited, a company of the Arqiva Group (the "**Arqiva Group**"), for the sale and purchase of 100% of the issued and paid up share capital of Arqiva Services Limited ("**Arqiva TowerCo**" and the "**Arqiva Acquisition**", respectively), a company to which the Arqiva Group will carve-out the UK Tower Business, following a full reorganization of assets, liabilities and activities between the Arqiva Group and Arqiva TowerCo, that will take place between signing and completion of the Arqiva Acquisition (the "**Carve-Out**"). Completion of the Arqiva Acquisition is subject to certain conditions precedent, as described in more detail below, and closing is expected in the second half of 2020.

The description of, and certain financial information relating to, the Arqiva Acquisition presented below is derived from information obtained from the Arqiva Group, publicly and non-publicly available information, including the audited consolidated annual accounts of the Arqiva Group for the years ended June 30, 2019, June 30, 2018 and June 30, 2017, as well as the Group's management estimates and projections.

***Structure and rationale of the Arqiva Acquisition***

The UK Tower Business has historically been part of the Telecoms & M2M business unit of the Arqiva Group, and includes 7,400 sites and related assets of single use (used exclusively for telecoms) and 900 sites and related assets of mixed-use (used for a combination of telecoms, M2M (as defined herein) and broadcasting). There is no audited historical financial information on a standalone basis or audited reported segment information available for the UK Tower Business, as the UK Tower Business has historically been combined with other businesses of the Arqiva Group for purposes of financial reporting.

The UK Tower Business's activity and assets have historically been held in, and its operations conducted through, several different entities within the Arqiva Group. As a condition precedent to the closing of the Arqiva Acquisition, the Arqiva Group will carry out the reorganization of the UK Tower Business activity, assets and liabilities, in order to consolidate the Carve-Out by transferring the UK Tower Business and assets to Arqiva TowerCo and its subsidiaries, and transferring the non-UK Tower Business and assets of Arqiva TowerCo and its subsidiaries back to the Arqiva Group. Following the Carve-Out, the UK Tower Business will be held by Arqiva TowerCo and several wholly-owned subsidiaries of Arqiva TowerCo.

Through the Arqiva Acquisition, the Group expects to grow its presence in the United Kingdom and to position itself as a leading independent tower operator. Pursuant to the Arqiva Acquisition, the Group will acquire approximately 7,400 held sites and the rights to market approximately 900 sites), with a tenancy ratio of 1.4 per site. Following the Arqiva Acquisition, the Group will operate over 8,000 sites in the United Kingdom (excluding sites which the Group has the rights to market).

The Group will pay an aggregate consideration of approximately GBP 2 billion (€2.2 billion, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) in connection with the Arqiva Acquisition, subject to certain potential price adjustments as described below. The Group expects to finance the Arqiva Acquisition with a combination of the net proceeds from the Offering (see "*Use of Proceeds*") and with the Proposed GBP Facilities (as defined below).

***Information on Arqiva TowerCo and the UK Tower Business***

*Overview*

Arqiva TowerCo is a private limited company incorporated under the laws of the United Kingdom on May 9, 1996. It is registered with the United Kingdom's Companies House with number 03196207. Its registered office is at Crawley Court, Winchester, Hampshire, SO21 2QAand its corporate name is Arqiva Services Limited.

*UK Tower Business operations and properties*

The UK Tower Business owns and operates a portfolio of wireless sites, which it licenses to MNOs and other wireless network operators. These sites provide MNOs with elevated structures in geographically favorable locations and in particular in rural areas, enabling their wireless customers to benefit from both voice and data cellular services. The Arqiva Group owns most of the physical infrastructure and offers site sharing, site operation and maintenance and installation and decommissioning services of passive equipment for its customers.

As of June 30, 2019, the UK Tower Business had approximately 7,400 held sites and the rights to market approximately 900 sites in the United Kingdom, with a tenancy ratio of 1.4 per site.

The rural site portfolio provides the UK Tower Business with a strong position in rural areas. In urban areas, the UK Tower Business installs passive equipment on rooftops. In densely populated urban areas where macro sites and rooftops are congested, the UK Tower Business also installs Small Cells equipment on street-level infrastructure (such as lampposts and CCTV locations) pursuant to UK Tower Business's concession rights. In terms of urban infrastructure, which is evolving through new technology such as Small Cells, the UK Tower Business has also built up a strong position, winning rights to street infrastructure in 14 of the 16 London boroughs which have come to market.

As of June 30, 2019 approximately 91% of the total sites within the UK Tower Business were located in rural and suburban areas and approximately 9% in urban areas. As of June 30, 2019, sites located on ground represented approximately 80% of the total sites within the UK Tower Business and sites set up on rooftops represented approximately 20% of the total sites within the UK Tower Business.

Upon completion of the Arqiva Acquisition, the Group expects to hold ownership of, or leasehold access to, the majority of its UK Tower Business sites and own the site infrastructure providing site sharing, site operation, maintenance and installation of passive equipment and decommissioning services for its customers. On the remaining active sites of the

UK Tower Business, the Group will have contractual rights to provide these services. However, active equipment ownership, installation, operation and performance will be the responsibility of the customer. The Group expects to rent space on the UK Tower Business sites under contracts with national MNOs such as Vodafone, EE, Three UK, and O2, and joint ventures between MNOs such as MBNL and CTIL, as well as a broad base of non-MNO customers such as BT and Airwave. The Group also expects to receive revenue from space and equipment licensing. Energy, business rates and installation costs will be re-charged to the customer directly. The UK Tower Business's contracts in the Small Cells business will serve both landlords and network operators. The UK Tower Business currently has two MNOs as customers for Small Cells and potential opportunities are being discussed with others.

*Description of the UK Tower Business*

Key competitors of Arqiva's Telecom business division (which is the core business included within the UK Tower Business, and is part of the Telecoms & M2M business unit) include the joint ventures between the MNOs such as MBNL and CTIL, as well as other independent wireless site operators in the United Kingdom, the largest of which is the Wireless Infrastructure Group, an independent infrastructure provider with approximately 1,800 active sites as of June 30, 2018. The key competitors in the Small Cells area include JCDecaux, Transport for London, CTIL and BT.

*Regulatory Framework*

The tower segment activity that the UK Tower Business develops in the United Kingdom is not subject to sector-specific regulation.

***Material Contracts of the Arqiva Acquisition***

Certain Cellnex and Arqiva group companies have entered into, or will enter into on or prior to the closing date, as applicable, the following agreements in the context of the Arqiva Acquisition (each of which, is further described below) (the "**Transaction Agreements**"):

- a sale and purchase agreement, dated October 8, 2019, for the sale and purchase of 100% of the entire issued share capital of Arqiva TowerCo, between Cellnex UK Limited, Cellnex Telecom S.A. and Arqiva Holdings Limited (the "**Arqiva SPA**");
- a master site share agreement, to be entered into at closing, permitting Arqiva Limited rights of access to and use of the UK Tower Business sites for its broadcast and M2M businesses and the provision by Arqiva TowerCo of related site services (the "**Arqiva MSSA**");
- a portfolio management agreement, to be entered into at closing, permitting Arqiva TowerCo rights of access to and use of Arqiva Limited sites for its customer equipment and services and for certain exclusive rights to market site space to MNOs and to receive 100% of all revenues in relation thereto (the "**Arqiva PMA**");
- a transitional services agreement, to be entered into at closing, for the provision of certain transitional services to Arqiva TowerCo by Arqiva Limited from closing of the Arqiva SPA (the "**Arqiva TSA**"); and
- a sub-lease agreement, to be entered into on or prior to the closing date, for the lease of office space for the employees of Arqiva TowerCo with facilities services ("**Arqiva MSA**").

*Arqiva SPA*

Pursuant to the Arqiva SPA, Arqiva Holdings Limited will sell to Cellnex UK Limited the entire issued share capital of Arqiva TowerCo for approximately GBP 2 billion (€2.2 billion, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), subject to certain potential price adjustments:

(i) to account for the working capital position and certain balance sheet items of the UK Tower Business at closing of the Arqiva Acquisition;

(ii) if a key agreement with a third party is terminated by a specified date prior to closing, the total consideration will be adjusted;

(iii) if another key agreement is not renewed between signing and completion of the Arqiva Acquisition, on similar terms as the contract currently has in terms of value, or at all, the total consideration will be adjusted; and

(iv) if certain contracts are unable to be transferred, or are transferred on different terms, the total consideration will be adjusted.

In addition, the closing of the Arqiva SPA, which is expected to take place within twelve months of signing, is subject to the following conditions precedent:

- The United Kingdom Government not issuing a public interest intervention notice ("**PIIN**") in relation to the Arqiva Acquisition or, if a PIIN is issued, that the Arqiva Acquisition is cleared.
- Clearance of the Arqiva Acquisition by the United Kingdom Competition and Markets Authority ("**CMA**").
- Release of the UK Tower Business companies from the undertakings given by the Arqiva Group and the Macquarie Group to the CMA pursuant to Section 82 of the Enterprise Act 2002 and accepted on September 1, 2008.
- Completion of the Carve-Out, as described above.
- The release of the UK Tower Business from the security perimeter of the Arqiva Group's current financing arrangements.
- Execution of a key agreement with a third party on the terms specified in the Arqiva SPA.

As a result of the foregoing, no assurance can be provided that the foregoing transaction will be consummated, or the final terms thereof.

*Arqiva MSSA*

Pursuant to the Arqiva MSSA, Arqiva TowerCo will provide Arqiva Limited with access to and use of the UK Tower Business site portfolio for Arqiva Limited's broadcast and M2M business. The initial term of the MSSA is 20 years commencing on closing of the Arqiva SPA, with an automatic extension of 10 years. Arqiva Limited can request works and space on sites based on a demand planning process. The price to be paid by Arqiva Limited in exchange for the above services in accordance with the Arqiva MSSA involves a rate card for works (annually adjusted to the CPI). In addition, rental costs are included in site license fees, and business rates, power and payaway charges are passed through.

*Arqiva PMA*

Pursuant to the Arqiva PMA, Arqiva Limited will provide Arqiva TowerCo with: (i) rights of access to and use of the existing Arqiva Limited site portfolio (including active and inactive sites) upon closing of the Arqiva SPA, for Arqiva TowerCo customer equipment and services; and (ii) exclusive rights to market site space for MNO customers and to receive 100% of revenues. The initial term of the PMA is 30 years commencing on closing of the Arqiva SPA, with recurring and automatic extensions of five years until Arqiva TowerCo notifies Arqiva Limited that it does not wish to extend for a further extension term. Arqiva TowerCo can make requests for Arqiva Limited to construct additional masts on existing sites or strengthen existing masts and has a right of first and last offer over the sites no longer required by Arqiva Limited. The price to be paid by Arqiva TowerCo in exchange for the above services in accordance with the Arqiva PMA involves a rate card for works (annually adjusted to the CPI). TowerCo is responsible for payment of rent and payaway (though Arqiva Limited pays any payaway directly to the landlord). Business rates shall be divided between the parties and power charges are passed through.

*Arqiva TSA*

Pursuant to the Arqiva TSA, Arqiva Limited will provide transitional services to Arqiva TowerCo from the closing of the Arqiva Acquisition, until Arqiva TowerCo has achieved complete separation and does not rely on Arqiva Limited. The transitional services are related to: IT (initial term of 18 months), (ii) procurement (utilities meter transfer and utilities billing services) (initial term of 12 months), (iii) office space and facilities management (initial term of 18 months), (iv) safety, health, and environment – risk factor engineering (initial term of 12 months), (v) engineering consultancy (initial term of 6 months), (vi) generator and electrical maintenance (initial term of 6 months), (vii) technical site facilities services (initial term of 6 months), (viii) inspection and maintenance of antenna support structures (initial term of 6 months), and (ix) financial services (initial term of 12 + 6 months). The term of the TSA for the above services is extendable for pre-defined periods and Arqiva TowerCo may terminate services for convenience.

*Arqiva MSA*

Pursuant to the Arqiva MSA, Arqiva Limited will lease office space to Arqiva TowerCo for its employees with facilities services. The term of the MSA is 10 years (terminable by Arqiva TowerCo on six months' notice and terminable by

Arqiva Limited (the landlord) on the fifth anniversary of the term). No rent will be charged to Arqiva TowerCo until the fifth anniversary of the term, at which point the rent will be the open market rent, but a service including insurance costs will be charged by Arqiva TowerCo.

***Financial information of the Arqiva Acquisition***

*Basis of financial information provided*

The UK Tower Business has historically been part of the Telecoms & M2M division of the Arqiva Group, including towers and related assets of single use (used exclusively for telecoms) or mixed-use (used for a combination of telecoms, M2M and broadcasting). There is no audited historical financial information on a standalone basis or audited reported segment information available for the UK Tower Business, as the UK Tower Business has historically been combined with other businesses of the Arqiva Group for purposes of financial reporting.

Based on the information provided by the Arqiva Group in connection with the Arqiva Acquisition, the Group estimates the Arqiva Acquisition would generate the following financial items for the Group. The Group has not independently verified the information provided by the Arqiva Group and cannot guarantee its accuracy or completeness and therefore, the accuracy or completeness of the following financial estimates.

*Certain income statement line items*

Firstly, the Group estimates that the majority of UK Tower Business's revenues will result from long-term, inflation-linked contracts with MNOs for site sharing arrangements. The Group estimates that total site sharing revenues of the UK Tower Business would have amounted to approximately GBP 197 million for the year ended June 30, 2019 (approximately €217 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 192 million for the year ended June 30, 2018, and approximately €211 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), comprising the revenue recognized from different customers. The Group estimates that the three largest customers in terms of revenues would have represented approximately 91% of such revenues for the year ended June 30, 2019 (approximately 90% for the year ended June 30, 2018) with the largest customer representing approximately 65% of such revenues for the year ended June 30, 2019 (approximately 63% for the year ended June 30, 2018).

The Group estimates that the UK Tower Business's revenues from power recharges and rates from customers would have amounted to approximately GBP 31 million for the year ended June 30, 2019 (approximately €34 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 23 million for the year ended June 30, 2018, and approximately €25 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus). UK Tower Business's revenues related to the upgrade or replacement of sites would have amounted to approximately GBP 27 million for the year ended June 30, 2019 (approximately €30 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 51 million for the year ended June 30, 2018, and approximately €56 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus). The Group estimates that the UK Tower Business's remaining revenues from (i) the installation and leasing of localized infrastructures for Small Cells, (ii) MIP revenues in relation to grants received pursuant to a government program to encourage mobile network infrastructure in rural areas, and (iii) other revenues, would have amounted to approximately GBP 12 million in aggregate for the year ended June 30, 2019 (approximately €13 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 12 million in aggregate for the year ended June 30, 2018, and approximately €13 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus).

As a result of the above, the Group estimates that the total revenue of the UK Tower Business would have amounted to approximately GBP 268 million for the year ended June 30, 2019 (approximately €295 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 278 million for the year ended June 30, 2018, and approximately €306 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus).

Furthermore, the Group estimates that the annual costs to be borne by the UK Tower Business for the year ended June 30, 2019, would have amounted to (i) approximately GBP 118 million as cost of sales including rent, materials, rates, labor, power costs, related to the installations activity (approximately €130 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 126 million for the year ended June 30, 2018, and approximately €139 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), and (ii) approximately GBP 32 million as operating costs, including headcount costs and third party costs (operational, marketing & communications, facilities charges, legal and professional fees, among others, approximately €35 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 32 million for the year ended June 30, 2018, and approximately €35 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus).

*Certain balance sheet line items*

The Group estimates that the assets of the UK Tower Business would have had a total book-value of approximately GBP 921 million as of June 30, 2019 (approximately €1,013 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 959 million as of June 30, 2018, and approximately €1,055 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), of which approximately GBP 864 million would have corresponded to non-current assets as of June 30, 2019 (approximately €950 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 885 million as of June 30, 2018, and approximately €974 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) and approximately GBP 57 million would have corresponded to current assets as of June 30, 2019 (approximately €63 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) (approximately GBP 75 million as of June 30, 2018, and approximately €83 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus).

*IFRS 16*

In relation to the above, and pursuant to the information provided to the Group by the Arqiva Group, IFRS 16's impact on UK Tower Business's balance sheet as of July 1, 2019 is estimated as follows: (i) the recording of a right of use asset amounting to approximately GBP 255 million (approximately €281 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), (ii) the elimination of prepayments amounting to approximately GBP 7 million approximately €8 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), and (iii) the recording of lease liabilities amounting to approximately GBP 247 million (approximately €272 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus). Moreover, pursuant to the information provided to the Group by the Arqiva Group, IFRS 16's impact on UK Tower Business's income statement business plan for 2020 financial year is estimated as follows: (i) the elimination of rent expenses amounting to GBP 46 million (approximately €51 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), (ii) the recording of depreciation expenses amounting to approximately GBP 40 million (approximately €44 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), and (iii) the recording of interest expenses amounting to approximately GBP 17 million (approximately €19 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus).

*Significant contributions to key financial metrics*

Based on information provided by the Arqiva Group in connection with the Arqiva Acquisition, the Group has prepared the following projections. Pursuant to the Arqiva Acquisition, the Group will acquire approximately 7,400 held sites and the rights to market approximately 900 sites in the United Kingdom. The UK Tower Business is expected to generate up to an estimated GBP 170 million of annual Adjusted EBITDA (approximately €187 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), and up to an estimated GBP 105 million of Recurring Leveraged Free Cash Flow (approximately €116 million, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) in 2020, with the Group accounting for the Arqiva Transaction from the date of completion (which is expected in the second half of 2020). "Adjusted EBITDA" and "Recurring Leveraged Free Cash Flow" are APMs (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on these APMs.

The above projections are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the actual results to materially differ from that expressed in, or suggested by, the such projections. For further information on forward-looking statements and why investors should not place on them undue reliance, see "*Presentation of Financial and Other Information—Forward-looking Statements*".

## Description of the Proposed GBP Facilities

On October 8, 2019 the Group entered into a commitment and mandate letter with reputable banks in respect of a proposed GBP 2.0 billion (€2.2 billion, assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus) facilities agreement designed to increase its liquidity position and to partially finance the Arqiva Acquisition (the "**Proposed GBP Facilities**"). As of the date of this Prospectus, the definitive agreement with respect to the Proposed GBP Facilities has not been entered into and no amounts have been drawn thereunder. Pursuant to such commitment and mandate letter, the Proposed GBP Facilities will follow standard LMA terms and conditions, will bear interest at a margin above LIBOR, will be unsecured and unsubordinated and will be composed of the following tranches: (i) a term loan facility of GBP 1,500 million that could be reduced to up to GBP 1,250 million (€1,650 million, and €1,375 million, respectively assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), with a maturity of up to 3 years and which is intended to be repaid with certain bond issuances and/or cash available; and (ii) a term loan facility of GBP 500 million that could be increased to up to GBP 750 million (€550 million, and €825 million, respectively assuming a GBP/€ 1.1 exchange rate as of the date of this Prospectus), with a 5-year bullet maturity. The Proposed GBP Facilities will be cancelled, among other reasons, upon any termination of the Arqiva Acquisition. The entry into the Proposed GBP Facilities is subject to various conditions set forth in the commitment and mandate letter.

## Factors affecting comparability of the results of operations of the Group

As a result of the following events, the financial condition and results of operations as of and for certain of the financial periods presented in this Prospectus may not be directly comparable with the Group's financial condition and results of operations as of and for other financial periods discussed herein or future financial periods. See also "*Operating and Financial Review—Factors affecting the Group's results of operations*".

### *Changes in the scope of consolidation*

See Note 2 to each of the Financial Statements for a description of the most significant changes in the scope of consolidation and in the companies included in it during each financial period.

The legal entities acquired have been fully consolidated within the Group as of their respective acquisition dates such that the corresponding impact of the operations of such entities has been reflected in the Group's consolidated income statement since their respective acquisition dates and the value of all of their assets and liabilities has been included in the Group's consolidated balance sheet, as of the end of the reporting period in which they were acquired. Given the significance of these acquisitions, the financial condition and results of operations as of and for the financial periods discussed in this Prospectus are not fully comparable and may not be indicative of the Group's future business, financial condition or results of operations.

See below a description of the most significant changes in the scope of consolidation and in the companies included in it during each financial period.

*Acquisition of Xarxa Oberta de Catalunya*

During the second half of 2018, Cellnex reached an agreement for the acquisition of 100% of the share capital of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A. ("**XOC**") from Imagina, S.A. ("**Imagina**"), a subsidiary of the Mediapro Group for a total of approximately €33 million. XOC is a concessionary company dedicated to the management, maintenance and construction of the optic fiber network of the Generalitat de Catalunya, and the expiration date of the concession is 2031. Additionally, through this agreement, Cellnex acquired a set of assets for an amount of €3 million, which were owned by companies of the Mediapro Group. As a result, the total acquisition price of the transaction amounted to €36 million. The actual cash outflow in relation to this transaction (Enterprise Value) has been €34 million following the incorporation of €2 million of cash balances on the balance sheet of the acquired company.

*Acquisition of Zenon Digital Radio, S.L.*

During the first half of 2018, Tradia Telecom, S.A.U. ("**Tradia**") acquired, from Palol Inversiones, S.L.U., 100% of Zenon Digital Radio, S.L. ("**Zenon**") for a total of €2 million. The main corporate purpose of the acquired company, located in Barcelona, includes the commercialization, development, installation and maintenance of TETRA systems.

*Infracapital Alticom Subgroup*

In the second half of 2017, the Group signed a contract with Infracapital F1 S.à.r.l. to purchase 100% of the share capital of Infracapital Alticom B.V. ("**Alticom**") (the "**Alticom Acquisition**"); owner of 30 sites located in the Netherlands for a total amount of €133 million. The transaction was completed following the grant of several administrative authorizations. The actual cash outflow for the Group in relation to this transaction (Enterprise Value) was €129 million following the incorporation of €4 million of cash balances on the balance sheet of the acquired company.

*Swiss Towers AG*

In the second half of 2017, Cellnex Switzerland, AG (a subsidiary in which the Group has a 54% stake, ("**Cellnex Switzerland**") acquired, from Sunrise Communications International S.A. ("**Sunrise**") and Skylight S.à.r.l., 100% of the share capital of Swiss Towers AG ("**Swiss Towers**"), a subsidiary of the Swiss mobile operator for a total amount of €438 million, in a consortium with Swiss Life and Deutsche Telekom Capital Partners ("**DTCP**") (the "**Swiss Towers Acquisition**"). This acquisition has involved the integration of 2,239 telecommunication sites located in Switzerland. The actual cash outflow for Cellnex Switzerland in relation to this transaction (Enterprise Value) was €400 million following the incorporation of €38 million of cash balances on the balance sheet of the acquired company.

*Galata full acquisition*

In the first half of 2017, pursuant to the put option agreement entered into with Wind Tre S.p.A. ("**Wind**") on February 27, 2015, the latter exercised its rights to transfer the total amount of its shareholding in Galata S.p.A. ("**Galata**") to Cellnex Italia, SpA. ("**Cellnex Italia**"). As a result, Cellnex Italia acquired an additional 10% of the share capital of Galata for an amount of €88 million. Following this acquisition, Cellnex Italia holds 100% of the share capital of Galata. In addition, in the first quarter of 2019, the Company has (through its subsidiary Cellnex Italia) entered into an extension of the agreement with Wind through an increase in the build-to-suit project of up to 800 additional sites (increasing the agreement to build sites from up to 400 to up to 1,200), which Galata will build in a 10-year term from the 2015 agreement. Galata will be the beneficial owner of these additional sites and Wind will be entitled to operate its DAS nodes on these additional sites.

*Shere Acquisition*

In the second half of 2016, the Group entered into an agreement with funds managed by Arcus Infrastructure Partners and other minority shareholders for the acquisition of 100% of Shere Group Limited ("**Shere**" or the "**Shere Group**") for a total consideration (Enterprise Value) of €393 million (the "**Shere Acquisition**"). Shere's assets include a portfolio of 1,004 infrastructures, 464 in the Netherlands, distributed evenly throughout the country, and 540 located in the United Kingdom, concentrated mainly in England and Wales.

*Bouygues Acquisition*

In the second half of 2016, Cellnex France, S.A.S. ("**Cellnex France**") reached an agreement with Bouygues Telecom to acquire approximately 500 infrastructures in two phases (the "**Bouygues I Transaction**"). The Group signed an agreement with Bouygues Telecom for the acquisition of 230 telecom infrastructures for a total consideration of approximately €80 million and, in the final quarter of 2016, it closed with Bouygues Telecom the second phase of the agreement, with the acquisition of 270 additional telecom infrastructures for a total consideration of €67 million.

*Protelindo Acquisition*

In the second half of 2016, the Group entered into an agreement with Protelindo Luxemburg S.à r.l., a subsidiary of the Indonesian telecommunications towers group PT Sarana Menara Nusantara, and Management Tower Europe S.à r.l. for the acquisition of 100% of the share capital of Protelindo Netherlands B.V. for a consideration of €112 million (the "**Protelindo Acquisition**"). The Enterprise Value in relation to this transaction was €109 million considering the incorporation of €3 million of cash balances and receivables on the balance sheet of the acquired company. The transaction added 261 mobile telecom infrastructures in the Netherlands to the portfolio of Cellnex.

*CommsCon Acquisition*

In the first half of 2016, Cellnex Italia acquired 100% of CommsCon Italia s.r.l. ("**CommsCon**"), an Italian operator and provider of innovative Small Cell solutions for mobile broadband coverage in large open and closed spaces for a total consideration of €20 million (the "**CommsCon Acquisition**"). The actual cash outflow for the Group in relation to this transaction was €19 million (Enterprise Value) following the incorporation of €1 million of cash balances on the balance sheet of the acquired company.

*British Telecommunications Transaction*

In the first half of 2019, the Group entered into an agreement with British Telecommunications PLC ("**BT**") to acquire the rights to operate and market 220 high towers located in the United Kingdom for a period of 20 years (the "**BT Transaction**"). The consideration amounted to approximately GBP 70 million (approximately €79 million as of the date of the BT Transaction). The BT Transaction was completed on June, 2019. Additionally, the BT Agreement includes the pre-emptive right of Cellnex to acquire of up to 3,000 sites from BT during the next six years. In addition, Cellnex will have a period of time in which to make a further and final offer, to match with a third-party offer that BT could receive regarding these 3,000 sites. The corresponding value assigned by Cellnex in relation to both rights mentioned amounted to GBP 30 million, approximately (approximately €34 million as of the date of the BT Transaction).

***Subsequent events affecting comparability of the historical and future results of operations of the Group***

The Group has entered into certain transactions which are not reflected in the 2019 Interim Consolidated Financial Statements, including transactions to acquire additional infrastructures and to finance such acquisitions and its operations generally, due to accounting principles (such transactions are accounted for as of their respective dates of completion, such that the corresponding impact of such transactions is included in the Group's consolidated balance sheet as of the end of the reporting period in which they are completed). Given the significance of these transactions, the financial condition and results of operations as of and for the financial periods discussed in this Prospectus are not fully comparable, may not be fully comparable with the Group's financial statements for future periods, and may not be indicative of the Group's current and future business, financial condition or results of operations.

*Cignal Acquisition*

In September 2019, Cellnex acquired 100% of the share capital of Cignal Infrastructure Limited from InfraVia Capital Partners, owner of 546 sites in Ireland and agreed on the deployment of up to 600 new additional sites by 2026 by Cignal (the "**Cignal Acquisition**"), for a total consideration (Enterprise Value) of approximately €210 million paid by Cellnex. Such acquisition, together with the 600 additional sites to be deployed, are expected to contribute up to an estimated approximately €20 million of annual Adjusted EBITDA once the sites are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. In accordance with IFRS 3, as the Cignal Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction. For more information, see "*Business–Material contracts—Cignal Acquisition*".

*Bond issues and other loans*

In July 2019, Cellnex issued convertible bonds for an aggregate principal amount of €850,000 thousand (the 2019 Convertible Bond, as defined below). The underlying number of Shares of the 2019 Convertible Bond is equivalent to c. 5.0% of the Company's share capital as of June 30, 2019, based on the initial conversion price of €57.1756 which represented a premium of 70% over the volume weighted average price per Share on the Spanish Stock Exchanges, between market opening and market closing on the day of placement.

Also in July 2019, the Group entered into a financing arrangement with a pool of banks, amounting to €2.6 billion, in order to increase its liquidity position and to partially finance the Iliad Acquisition and the Salt Acquisition and a €100,000 thousand loan with the Spanish Official Credit Institute (ICO) to finance the Group's investments in Spain and France. In addition, in July 2019 Cellnex issued bonds under the EMTN Program for an amount of €60.5 million.

For additional information, see "*Operating and Financial Review—Borrowings*".

*On Tower Netherlands Acquisition*

In July 2019, Cellnex Telecom reached an agreement to acquire 100% of the share capital of On Tower Netherlands BV ("**On Tower Netherlands**") from its shareholders (the "**On Tower Netherlands Acquisition**") which, in turn, owns all the shares of six other On Tower Netherlands subsidiaries, for a total consideration (Enterprise Value) of €40 million. The actual cash outflow for the Group in relation to this transaction was €39 million (Enterprise Value) following the incorporation of €1 million of cash balances on the balance sheet of the acquired subgroup. As a result of this acquisition, Cellnex acquired 114 additional infrastructures. Such acquisition is expected to contribute up to an estimated approximately €5 million of annual Adjusted EBITDA (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. In accordance with IFRS 3, as the On Tower Netherlands Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction. For more information, see "*Business–Material contracts—On Tower Netherlands Acquisition*".

*Salt Acquisition*

In the first half of 2019 the Group also entered into a long-term industrial alliance with Matterhorn Telecom SA ("**Matterhorn**") by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra Services SA ("**Swiss Infra**") owner of approximately 2,800 sites located in the Switzerland for a total consideration of approximately €770 (the "**Salt Acquisition**"). Additionally, Cellnex agreed to the deployment of 500 sites in Switzerland in an eight-year term. Such acquisition, together with the 500 additional sites to be deployed, are expected to contribute up to an estimated €105 million of annual Adjusted EBITDA once the sites are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The Salt Acquisition was completed on August 5, 2019, following the satisfaction of the closing conditions, which included the granting of several administrative authorizations. In accordance with IFRS 3, as the Salt Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction. For more information, see "*Business–Material contracts—Salt agreements*".

*Iliad Acquisition*

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad7 group of companies by virtue of which, upon closing, the Group will acquire approximately 2,200 sites located in Italy, and purchase 70% of the share capital of ILIAD 7, S.A.S. ("**ILIAD7**"), owner of approximately 5,700 sites located in France (the "**Iliad Acquisition**"). Additionally, Cellnex has agreed, upon closing, to the deployment of 2,500 and 1,000 sites in France and Italy, respectively, in a seven-year term. Such acquisition, together with the 3,500 additional sites to be deployed in France and Italy, are expected to contribute up to an estimated €410 million of annual Adjusted EBITDA, once the sites in France and Italy are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The transaction will be completed once the conditions precedent are satisfied, which include the obtainment of several administrative authorizations. In accordance with IFRS 3, as the Iliad Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction. For more information, see "*Business–Material contracts—Iliad agreements*".

***Changes in accounting policies relating to the adoption of IFRS 9, 15 and 16***

*Introduction*

The 2019 Interim Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements have been prepared applying IFRS 9 "Financial Instruments" ("**IFRS 9**"), IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**") and IFRS 16 "Leases" ("**IFRS 16**").

The Group adopted IFRS 9, IFRS 15 (with no material impact) and IFRS 16 as of January 1, 2018, with IFRS 16 the only standard that has significantly impacted the 2018 Audited Consolidated Financial Statements (see "*Impacts on the comparative information derived from the adoption of IFRS 16*"). The 2018 Audited Consolidated Financial Statements, including the adoption of IFRS 9, IFRS 15 and IFRS 16 have been audited by Deloitte.

*IFRS 9 "Financial Instruments"*

On January 1, 2018, the Group began to apply the new classification and measurement requirements introduced by IFRS 9, Financial Instruments. The Group adopted the standard retrospectively, with the practical expedients allowed under the standard, without re-expressing the comparative figures for the year 2017.

In relation to the financial assets of the Group, once the requirements of this new standard have been initially evaluated, the values for which they are recognized as of December 31, 2017 should only be modified as a result of the application of the new model of impairment for loans and accounts receivable, in particular for the effect of considering the expected loss in certain customers. The adoption of IFRS 9 has reduced the "Trade and Other Receivables" caption and the "Reserves" caption of the consolidated net equity by €7,047 thousand, as of January 1, 2018. IFRS 9 had no effect on the Group's financial liabilities.

See Note 2.b. to the 2018 Audited Consolidated Financial Statements for more information on the adoption of IFRS 9.

*IFRS 15 "Revenue from Contracts with Customers"*

IFRS 15 is applicable to annual periods beginning on or after January 1, 2018. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and is based on the principle that income is recognized when the control of a good or service is transferred to the customer. The Group has decided to adopt IFRS 15 retroactively, in line with the manner in which the Group has decided to adopt IFRS 16.

The Group has analyzed the different types of transactions through which it has historically generated revenues in order to identify the impact from the adoption of IFRS 15 and has concluded that there is no material impact deriving from the adoption of IFRS 15.

See Note 2.b. to the 2018 Audited Consolidated Financial Statements for more information on the adoption of IFRS 15.

*IFRS 16 "Leases"*

IFRS 16 was issued by the International Accounting Standards Board (IASB) in January 2016 and endorsed by the European Union in November 2017. IFRS 16 modifies the fundamentals of accounting of lease agreements by lessees. The adoption of IFRS 16 is mandatory in annual reporting periods beginning on or after January 1, 2019. The Group has applied IFRS 16 in the 2019 Interim Consolidated Financial Statements and in the 2018 Audited Consolidated Financial Statements.

Except as otherwise indicated herein, (i) the consolidated balance sheet as of December 31, 2017, (ii) the consolidated balance sheet as of January 1, 2017, and (iii) each of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2017, all of which are included in the 2018 Audited Consolidated Financial Statements as comparative financial information to the financial information as of and for the year ended December 31, 2018, have been restated to give effect to the early adoption of IFRS 16 and thus, the financial information presented therein as of dates prior to December 31, 2018 and for periods prior to the year ended December 31, 2018, is comparable with the financial information presented in the 2018 Audited Consolidated Financial Statements as of and for the year ended December 31, 2018. See "*Presentation of Financial and Other Information*."

In accordance with IFRS 16, except in those cases in which a lease agreement refers to a low-value asset or the term of the relevant lease agreement is one year or less, the lessee must: (i) recognize a financial liability equivalent to the current value of the fixed payments to be made during the term of the lease; (ii) recognize in the balance sheet an asset for the right to use the corresponding asset, which will be valued taking as reference the amount of the associated financial liability, to which will be added the direct expenses incurred to enter the contract, the payments that have been made in advance, as well as future dismantling costs; (iii) reflect in the income statement the depreciation of the recognized asset and the annual financial charge associated with the financial liability (these two items together give the total lease expense associated with the fixed payments reflected in the income statement); and (iv) reflect the tax effect associated with the difference between the criteria of IFRS 16 and that applicable for tax purposes, both in the balance sheet and in the income statement.

In those cases in which the lease agreements have been incorporated in the context of a business combination, the lease liability will be valued at the present value of the remaining lease payments, as if the lease acquired was a new lease on the date of the acquisition of the business. The right-of-use asset will be recorded for the same amount as the lease liability, adjusted to reflect the favorable or unfavorable terms of the lease with respect to market conditions. The assets associated with the rights of use will be subject to the corresponding impairment tests, as will the rest of the assets with a defined useful life. In relation to the statement of cash flows, cash payments for the principal part of the lease liability will be classified as a financing payment.

For the purpose of applying IFRS 16, the Group has applied the practical solution indicated in paragraph C3 of appendix C of IFRS 16 in relation to transition and effective date, which stipulates that it is not necessary to re-evaluate whether a contract is, or contains a lease on the date of initial application. As a result of adopting IFRS 16 retroactively, those leases that have been renegotiated and have been affected in general by circumstances that have triggered the need to reassess the lease at later dates, have been recalculated on the dates on which such circumstances occurred.

See Note 2.b. and 4 to the 2018 Audited Consolidated Financial Statements for more information on the main policies, estimates and criteria used in applying IFRS 16.

**Impacts on the comparative information derived from the adoption of IFRS 16**

The reconciliation of the key figures of the Group's consolidated balance sheet and consolidated equity as of January 1, 2017 and December 31, 2017, and the consolidated income statement and consolidated statement of cash flows for the year ended December 31, 2017 obtained under IFRS-EU before applying IFRS 16 and after applying IFRS 16, is shown below:

*Impact on the consolidated balance sheet as of January 1, 2017 (transition date)*

| | **January 1, 2017 (audited)** | **Impact of adopting IFRS 16 (unaudited)** | **January 1, 2017 (unaudited) (restated)** |
|---|---|---|---|
| | | **(in thousands of €)** | |
| Right-of-use assets | - | 370,903 | 370,903 |
| Trade and other receivables | 36,332 | (28,460) | 7,872 |
| Deferred tax assets | 29,181 | 9,882 | 39,063 |
| Other non-current assets | 2,479,019 | - | 2,479,019 |
| **Non-current assets** | **2,544,532** | **352,325** | **2,896,857** |
| Trade and other receivables | 155,039 | (36,024) | 119,015 |
| Other current assets | 195,908 | - | 195,908 |
| **Current assets** | **350,947** | **(36,024)** | **314,923** |
| **Total assets** | **2,895,479** | **316,301** | **3,211,780** |
| **Net equity** | **551,201** | **(28,275)** | **522,926** |
| Lease liabilities | - | 257,330 | 257,330 |

| | January 1, 2017 (audited) | Impact of adopting IFRS 16 (unaudited) | January 1, 2017 (unaudited) (restated) |
|---|---|---|---|
| | | (in thousands of €) | |
| Other non-current liabilities | 2,153,341 | (543) | 2,152,798 |
| **Non-current liabilities** | **2,153,341** | **256,787** | **2,410,128** |
| Lease liabilities | - | 87,789 | 87,789 |
| Other current liabilities | 190,937 | - | 190,937 |
| **Current liabilities** | **190,937** | **87,789** | **278,726** |
| **Total net equity and liabilities** | **2,895,479** | **316,301** | **3,211,780** |

*Impact on the consolidated balance sheet as of December 31, 2017*

| | December 31, 2017 (audited) | Impact of adopting IFRS 16 (unaudited) | December 31, 2017 (unaudited) (restated) |
|---|---|---|---|
| | | (in thousands of €) | |
| Right-of-use assets | - | 454,735 | 454,735 |
| Trade and other receivables | 55,888 | (44,903) | 10,985 |
| Deferred tax assets | 27,835 | 13,034 | 40,869 |
| Other non-current assets | 3,448,913 | - | 3,448,913 |
| **Non-current assets** | **3,532,636** | **422,866** | **3,955,502** |
| Trade and other receivables | 226,081 | (33,629) | 192,452 |
| Other current assets | 297,449 | - | 297,449 |
| **Current assets** | **523,530** | **(33,629)** | **489,901** |
| **Total assets** | **4,056,166** | **389,237** | **4,445,403** |
| **Net equity** | **644,914** | **(35,307)** | **609,607** |
| Lease liabilities | - | 349,480 | 349,480 |
| Other non-current liabilities | 3,080,298 | (1,438) | 3,078,860 |
| **Non-current liabilities** | **3,080,298** | **348,042** | **3,428,340** |
| Lease liabilities | - | 76,502 | 76,502 |
| Other current liabilities | 330,954 | - | 330,954 |
| **Current liabilities** | **330,954** | **76,502** | **407,456** |
| **Total net equity and liabilities** | **4,056,166** | **389,237** | **4,445,403** |

*Impact on the consolidated equity for the period from January 1, 2017 to December 31, 2017*

| Impact at transition date January 1, 2017 | Share capital | Treasury Shares | Share premium | Reserves | Profit for the year | Non-controlling interests | January 1, 2017 |
|---|---|---|---|---|---|---|---|
| | | | | (in thousands of €) | | | |
| **Equity prior to the application of IFRS 16** | **57,921** | **(2,694)** | **338,733** | **36,000** | **39,817** | **81,424** | **551,201** |
| Impact: | | | | | | | |
| IFRS 16 | - | - | - | (27,126) | - | (1,149) | (28,275) |
| **Equity following the application of IFRS 16** | **57,921** | **(2,694)** | **338,733** | **8,874** | **39,817** | **80,275** | **522,926** |

The amounts for the adjustments to equity are shown net of the related tax effects, if any, including the amounts both for fully consolidated companies as well as for those accounted for using the equity method, as applicable.

| Accumulated impact at December 31, 2017 | Share capital | Treasury Shares | Share premium | Reserves | Profit for the year | Non-controlling interests | December 31, 2017 |
|---|---|---|---|---|---|---|---|
| | | | | (in thousands of €) | | | |
| **Equity prior to the application of IFRS 16** | **57,921** | **(1,859)** | **338,733** | **74,712** | **32,933** | **142,474** | **644,914** |

| Accumulated impact at December 31, 2017 | Share capital | Treasury Shares | Share premium | Reserves | Profit for the year | Non-controlling interests | December 31, 2017 |
|---|---|---|---|---|---|---|---|
| | | | | (in thousands of €) | | | |
| Impact: | | | | | | | |
| IFRS 16 | - | - | - | (28,294) | (6,697) | (316) | (35,307) |
| **Equity following the application of IFRS 16** | **57,921** | **(1,859)** | **338,733** | **46,418** | **26,236** | **142,158** | **609,607** |

The amounts for the adjustments to equity are shown net of the related tax effects, if any, including the amounts both for fully consolidated companies as well as for those accounted for using the equity method, as applicable.

*Impact on the consolidated income statement for the year ended on December 31, 2017*

| | December 31, 2017 (audited) | Impact of adopting IFRS 16 (unaudited) | December 31, 2017 (unaudited) (restated) |
|---|---|---|---|
| | | (in thousands of €) | |
| Services | 757,605 | - | 757,605 |
| Other operating income | 31,738 | - | 31,738 |
| **Operating income** | **789,343** | **-** | **789,343** |
| Staff costs | (107,354) | - | (107,354) |
| Other operating expenses | (359,483) | 156,436 | (203,047) |
| Change in provisions | 1,517 | - | 1,517 |
| Losses on fixed assets | (215) | - | (215) |
| Depreciation and amortization | (225,382) | (126,300) | (351,682) |
| **Operating profit** | **98,426** | **30,136** | **128,562** |
| Financial income | 1,397 | - | 1,397 |
| Financial costs | (69,557) | (40,917) | (110,474) |
| **Net financial profit/(loss)** | **(68,160)** | **(40,917)** | **(109,077)** |
| Profit of companies accounted for using the equity method | 96 | - | 96 |
| **Profit before tax** | **30,362** | **(10,781)** | **19,581** |
| Income tax | 431 | 3,787 | 4,218 |
| **Consolidated net profit/(loss)** | **30,793** | **(6,994)** | **23,799** |
| Attributable to non-controlling interests | (2,140) | (331) | (2,471) |
| **Net profit attributable to Cellnex** | **32,933** | **(6,663)** | **26,270** |

*Impact on the consolidated statement of cash flows for the year ended on December 31, 2017*

| | December 31, 2017 (audited) | Impact of adopting IFRS 16 (unaudited) | December 31, 2017 (unaudited) (restated) |
|---|---|---|---|
| | | (in thousands of €) | |
| **Profit for the period before tax** | **30,362** | **(10,781)** | **19,581** |
| **Adjustments to profit** | | | |
| Depreciation | 225,382 | 126,300 | 351,682 |
| Gains/(losses) on derecognition and disposals of non-current assets | 215 | - | 215 |
| Changes in provisions | (1,517) | - | (1,517) |
| Interest and other income | (1,397) | - | (1,397) |
| Interest and other expenses | 69,557 | 40,917 | 110,474 |
| Share of results of companies accounted for using the equity method | (96) | - | (96) |
| Other income and expenses | 1,011 | - | 1,011 |
| **Changes in current assets/current liabilities-** | | | |
| Inventories | 746 | - | 746 |
| Trade and other receivables | (35,588) | 7,036 | (28,552) |
| Other current assets and liabilities | 38,218 | 474 | 38,692 |
| **Other cash flows from operating activities** | | | |
| Interest paid | (40,941) | (40,917) | (81,858) |
| Income tax received/(paid) | (13,349) | - | (13,349) |

| | December 31, 2017 (audited) | Impact of adopting IFRS 16 (unaudited) | December 31, 2017 (unaudited) (restated) |
|---|---|---|---|
| | | (in thousands of €) | |
| Employee benefit obligations and current provisions | (663) | - | (663) |
| Other receivables and payables | (9,211) | (10,945) | (20,156) |
| **Total net cash flow from operating activities (I)** | **262,729** | **112,084** | **374,813** |

| | December 31, 2017 (audited) | Impact of adopting IFRS 16 (unaudited) | December 31, 2017 (unaudited) (restated) |
|---|---|---|---|
| | | (in thousands of €) | |
| Business combinations and changes in the scope of consolidation | (471,697) | - | (471,697) |
| Purchases of property, plant and equipment and intangible assets | (462,552) | - | (462,552) |
| Non-current financial investments | (37,813) | 25,763 | (12,050) |
| **Total net cash flow from investing activities (II)** | **(972,062)** | **25,763** | **(946,299)** |
| Sale/(Acquisition) of treasury Shares | 1,587 | - | 1,587 |
| Proceeds from issue of bank borrowings | 689,996 | - | 689,996 |
| Bond issue | 467,159 | - | 467,159 |
| Repayment and redemption of bank borrowings | (330,274) | - | (330,274) |
| Net repayment of other borrowings | (1,188) | - | (1,188) |
| Net payment of lease liabilities | - | (137,847) | (137,847) |
| Dividends paid | (20,000) | - | (20,000) |
| Dividends to-non controlling interests | (998) | - | (998) |
| Dividends received | 367 | - | 367 |
| **Total net cash flow from financing activities (III)** | **806,649** | **(137,847)** | **668,802** |
| Foreign exchange differences | 5,006 | - | 5,006 |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)** | **102,322** | **-** | **102,322** |
| Cash and cash equivalents at beginning of period | 192,851 | - | 192,851 |
| **Cash and cash equivalents at end of period** | **295,173** | **-** | **295,173** |

## Factors affecting the Group's results of operations

The Group's results of operations and financial condition are affected by a variety of factors, a number of which are outside its control. Set out below is a discussion of the most significant factors that have affected the Group's results during the periods under review and which the Group expects to affect its financial results in the future. Factors other than those set forth below could also have a significant impact on the Group's results of operations and financial condition in the future. See "*Risk Factors*".

### *Demand for telecom and broadcasting infrastructures*

The Group's business depends on the demand for services that it provides through three different segments. The customers' demand for such services depends in turn on end-users' demand for wireless voice and data services as well as TV and radio broadcast bandwidth and the availability of spectrum to deploy their services. In particular, the Telecom Infrastructure Services segment is highly dependent on the demand for the Group's telecom and broadcasting infrastructures and a decrease in such demand may adversely affect the Group's business. Within the Broadcasting Infrastructure segment, demand for communications depends on the population coverage needs from the Group's customers, which, in turn, depend on the demand for TV and radio broadcast by their customers. For the Other Network Services segment, demand for connectivity, PPDR networks, O&M, smart city and IoT services depends on the demand from public administrations as well as entities operating in the private and public sectors.

The willingness of the Group's customers to use the Group's communications infrastructures, contract its services, or renew or extend existing contracts on the Group's communications infrastructures on the same terms, can be affected by numerous factors.

Within the Telecom Infrastructure Services segment, the market demand for coverage related services such as antenna space translates into revenue growth for the Group, which may be supported by an increase in the number of infrastructures, points of presence (which refers to an artificial demarcation point or interface point between communicating entities, each tenant on a given site is considered a point of presence ("**PoP**")) and/or prices linked to a consumer price index ("**CPI**"); while the overall market need for more antennas is driven by 4G/Long-Term Evolution ("**LTE**") deployment and improvement of current 3G coverage. The Group's overall growth will depend on the Group's ability to capture a share of this market growth. Within the Broadcasting Infrastructure segment, the Group relies on CPI-linked revenue growth, as there is limited additional demand for coverage-related services such antenna space. Within the Other Network Services segment, revenue growth is linked to the Group's ability to secure new contracts with private and local government administrations (basically smart city and IoT services projects).

***Number of infrastructures in operation***

The Telecom Infrastructure Services segment's revenues are generated from service contracts with MNOs in relation to the Group's telecom and broadcast wireless infrastructures. The annual payments vary considerably depending upon numerous factors, such as the number of infrastructures related to service contracts, infrastructure location, the number and type of equipment on the infrastructure or at the infrastructure, ground space required by the customer, the customer ratio (the average number of customers per infrastructure, taking into account changes in the consolidation perimeter), and the remaining infrastructure capacity. The Group's global network of existing infrastructures (i.e. excluding infrastructures committed to be acquired or built and infrastructures under management but not owned) consisted of 25,797 infrastructures as of June 30, 2019 (25,032 infrastructures as of December 31, 2018). Further, the number of infrastructures has increased since June 30, 2019 as a result of additional infrastructure acquisitions completed after June 30, 2019 (see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group* and *Business–Material contracts*"). The Group's believes that its growth will depend on its ability to identify and consummate additional acquisitions of infrastructures in the future. The Group follows a proven partnership-driven approach of pursuing attractive targets through a diligent and selective acquisition strategy, which it believes will support its future growth strategy.

***Customer ratio and impact on co-location by MNOs***

The Group can generate additional revenues by attracting new customers at existing infrastructures and by adding additional services and equipment to existing infrastructures with little additional cost. This phenomenon of providing services to several MNOs at a single infrastructure is known as "co-location". The Group's main customers in the Telecom Infrastructure Services segment are MNOs who increasingly seek to reduce their costs through infrastructure sharing. The Group aims to increase its customer ratios and its return on investment by adding new customers, adding new services and installing new equipment for existing customers. As of June 30, 2019 the Group had a 1.57x customer ratio (defined as the average number of customers per infrastructure, without taking into account changes in the consolidation perimeter) for the total telecom infrastructures (1.60x as of December 31, 2018). Due to the relatively fixed nature of the Group's costs, accommodating additional customers in an infrastructure or adding additional equipment to such infrastructures, may create significant value for the Group's business.

When acquiring infrastructures from MNOs, the Group enters into long-term agreements under which it assigns the selling MNOs a reserved configuration in the acquired infrastructures, while the Group remains neutral in terms of technology and frequency to allow infrastructure sharing.

***Availability and allocation of spectrum***

The Group and its customers are highly dependent on the availability of sufficient spectrum for the provision of services that require information technology. The amount of spectrum available is limited and the process for obtaining it is highly complex and costly. For further information, see "*Industry Overview*".

The Group depends upon spectrum allocation for other wireless services that it provides, either in the Broadcasting Infrastructure segment or Other Network Services segment, such as FM, DAB/DAB+, TETRA, IoT and radio links. Any change in this spectrum allocation may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. See "*Risk factors— Risks related to the industry and businesses in which the Group operates—Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products*" for more details.

***Backlog***

The Group benefits from strong visibility of its future revenues. The Group measures its estimated backlog presented in this Prospectus as the estimated amount of the contracted revenues that it expects will result in future revenue from certain existing contracts, excluding any inflation adjustment. On the foregoing basis, the estimated backlog as of June 30, 2019 was €14.7 billion (€13.9 billion as of December 31, 2018), assuming contracts were renewed to their maximum permitted terms by the Group, counterparties or both, as the case may be and not including the effect of the infrastructures committed (including after such date) to be acquired or built that had not yet been transferred to Cellnex as of that date. If such infrastructures were to be considered, the estimated backlog of the Group would increase to approximately €38 billion, on a run-rate basis, as of June 30, 2019, compared to €18 billion as of December 31, 2018, mainly as a result of the management's estimated effect of (i) the acquisition of the initial perimeter of approximately 10,700 sites under the Iliad Acquisition and the Salt Acquisition (excluding related build-to-suit programs), both of which acquisitions were signed in the first half of 2019 but had not been completed as of June 30, 2019, and (ii) the acquisition of approximately 7,400 held sites and the rights to market approximately 900 sites under the Arqiva Acquisition, signed in the second half of 2019. The amount relating to the Arqiva Acquisition was calculated in GBP and converted to € on a GBP/€ 1.1 exchange rate. For additional information on these agreements, see "*Business–Material contracts*" and "*Operating and Financial Review–Acquisition of the Arqiva Group's tower operations business*".

Run-rate backlog is a forward-looking metric based on management's estimates, and is therefore subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the Group's actual backlog to materially differ from that expressed in, or suggested by, this forward-looking metric. For further information on forward-looking statements and why investors should not place on them undue reliance, see "*Presentation of Financial and Other Information—Forward-looking Statements*".

Backlog at any point in time is affected by the timing of entry into new contracts. Due to the long-term nature of some of the contracts, portions of the Group's backlog may not be completed. Additionally, contracts for services are occasionally modified by mutual consent of the parties and in some instances may be cancelled under certain circumstances by the customer on short notice without penalty. As a result, the Group's estimated backlog as of any particular date may not be indicative of the actual operating results for any future period. See "*Risk factors— Risks related to the industry and businesses in which the Group operates— The Group's backlog estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be converted to revenues in any particular fiscal period, if at all, or be a fully accurate indicator of the Group's future revenue or earnings*".

#### *Regulatory matters*

All of the Group's activities are subject to various regulations, such as competition law, regulatory decisions on network sharing, regulations related to electromagnetic emission and other regulations.

Key regulations applicable to the Group include the availability and licensing of spectrum and on-going charges for its utilization, electromagnetic emissions, the commercial framework for the commercialization of the terrestrial broadcast assets and the obligations imposed on the Group by the Spanish antitrust authorities for the Broadcasting Infrastructure segment. For a general overview of regulation of the communications industry in the countries in which the Group operates, see "*Regulation*".

### Critical accounting policies

The preparation of the Financial Statements requires the Group to make certain estimates, judgments and assumptions under IFRS-EU that the Group believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Furthermore, changes to IFRS-EU or interpretations thereof may cause the Group's future reported results of operations and financial position to differ significantly from its historical results or from current expectations regarding its future results. Furthermore, changes to IFRS-EU or interpretations thereof may cause its historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. The Group believes that the following significant accounting policies involve a high degree of judgment: property, plant and equipment; goodwill and other intangible assets; impairment losses on non-financial assets; derivative financial instruments; financial liabilities; income tax; employee benefits; provisions and contingencies and leases.

See Note 3 to each of the Financial Statements for a description of the main accounting policies used when preparing the Financial Statements, in accordance with IFRS-EU, as well as the interpretations in force when drawing up these consolidated accounts (namely regarding property, plant and equipment, provision for asset retirement obligation, goodwill and other intangible assets, impairment losses on non-financial assets, investments and other financial assets (excluding derivative financial instruments), derivative financial instruments, inventories, net equity, earnings per share, cash and cash equivalents, financial liabilities, income tax, employee benefits, government grants, provisions and contingences, revenue recognition, expense recognition, leases, activities affecting the environment, related party transactions, consolidated statement of cash flows and transactions in foreign currencies).

The main critical accounting policies identified by the Group are detailed below:

*Intangible assets in telecom infrastructures*

The intangible assets are disclosed at their acquisition cost minus the accumulated amortization as well as any impairment losses. The useful life of such assets is assessed on the basis of prudent estimates. In the case of intangible assets in telecom infrastructures, the Group records the amounts paid in the business combinations that correspond to the fair value of the net assets acquired, mainly consisting of:

- *Concession intangible assets*. The contracts signed with MNOs and the locations of the telecom infrastructures used which are subject to administrative concession. The amount recognized represents the discounted cash flow that the site where the infrastructure is located will generate from the various operators. This asset is depreciated in the period over which the Group is able to obtain income from the network coverage area. In this case, the only intangible asset recorded by the Group corresponds to the business combination of the company TowerCo S.p.A. ("**TowerCo**") and it is amortized on a straight-line basis until 2038.
- *Customer Network Services Contracts.* This intangible asset relates to the customer base existing at the acquisition date due to the infrastructure service contracts with the anchor customer and to the future returns expected to be generated because of the relationships with customers beyond the periods covered by the contracts.
- *Network Location.* This intangible asset represents the incremental revenues and cash flows from additional infrastructure service agreements with carriers not yet present at the date of acquisition. The Network Location is considered an intangible asset, valued independently from the remaining intangible assets, because it meets the requirement of separability, given that the excess available capacity can be used to offer network access services to third parties.

For the valuation of these intangible assets, the Company has used the multi-period earnings methodology, according to the financial projections of the different businesses affected. This method considers the use of other assets in the generation of the projected cash flows of a specific asset in order to isolate the economic benefit generated by the intangible asset. The contribution of the other assets such as fixed assets, working capital, labor and other intangible assets to the total cash flows is estimated through charges for contributing assets. This adjustment is made to separate the value of the specific assets from the portion of the purchase price that has already been allocated to net tangible assets and other intangible assets used. Therefore, the value of intangible assets is the present value of cash flows after potentially attributable taxes, net of the return on the fair value attributable to the tangible and intangible assets.

Acquired Customer Network Services and Network Location intangibles are amortized over the shorter of the term of the corresponding ground lease taking into consideration lease renewals or up to 20 years, since the Group considers these intangibles to be directly related to the infrastructure assets.

*Current and non-current financial investments*

This heading of the consolidated balance sheet includes, with regards to the acquisitions of telecom infrastructures undertaken by the Group, the multi-annual commercial costs assumed by the Group, in order to obtain the service provision services agreements with the MNO that will generate future economic profit, through the purchase, from these operators, of the telecom infrastructures, the dismantling of which has been agreed to along with the related cost. It must be noted that the dismantling expenses do not represent a legal obligation to dismantle the telecom infrastructures, but rather a commercial decision made by the Group and these costs will be capitalized as they are incurred.

These amounts are recognized as an advance of the subsequent services agreement with the MNO, which is recognized in the accompanying consolidated income statement on a straight-line basis as a reduction to "revenue from services rendered" according to the term of the services agreement entered into with the operator.

*Provision for asset retirement obligation*

This relates to the Group's best estimate of the legal obligation in relation to the retirement of tangible assets with long useful lives, such as, for example, infrastructures for MNOs. It is calculated using estimates of the present value of the cash payments required to dismantle the assets, taking into consideration all the information available at the balance sheet date.

Due to the uncertainties inherent to the estimations necessary for determining the amount of the provision, the actual expenses may differ from the amounts originally recognized on the basis of the estimates made.

**Explanation of income statement items**

In order to better understand the discussion of the Group's operating results, details regarding certain line items have been provided below.

*Services*

Services primarily include the Group's revenues derived from the provision of services and the hosting of equipment from MNOs, radio and TV broadcast companies, government agencies and municipalities and customers in a number of other industries, distributing and transmitting digital TV and radio signals and providing complementary services such as connectivity and O&M services, net of deferred commercial costs relating to decommissioned sites.

Most of the Group's revenue relates to income earned on a recurrent basis as it derives from services provided under the terms of medium- or long-term contracts. Revenues from services are recognized when the service is provided and there are no material seasonal effects.

*Other operating income*

Other operating income includes mainly income from re-charging costs related to activities for providing services to third parties in relation to the Group's infrastructures.

*Staff costs*

Staff costs consist mainly of wages and salaries, Social Security contributions, accruals related to share-based payment, retirement benefits and other contingencies, commitments or employee benefits.

*Other operating expenses*

Other operating expenses include items such as repairs and maintenance, leases and fees, utilities, taxes other than income tax and other operating costs such as legal and other consultancy expenses and professional insurance. Other operating costs include non-recurrent expenses and do not represent a cash flow.

*Change in provisions*

Change in provisions includes allowance for doubtful debts, provisions for on-going litigation and other non-current provisions.

*Depreciation and amortization*

This line item mainly includes property, plant and equipment depreciation charges and amortization of intangible assets, such as goodwill.

*Financial income*

Financial income consists mainly of interest and other financial income such as income earned on deposits.

*Financial costs*

Financial costs represent mainly the interest expense on loans, bonds and credit facilities of credit entities, the interest expense on lease liabilities and others.

*Income tax*

Income tax consists of current tax payable on the taxable profit for the year after applying allowable deductions, changes in deferred tax assets and liabilities, and tax credits.

### Results of operations

***Comparison of the six-month periods ended June 30, 2019 and June 30, 2018***

The following table shows the Group's results of operations for the periods indicated below.

| | **For the six-month period ended June 30,** | | |
|---|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** | **% change** |
| | | **(in thousands of €)** | |
| Services | 470,992 | 421,992 | 11.6% |
| Other operating income | 15,826 | 15,114 | 4.7% |
| **Operating income** | **486,818** | **437,106** | 11.4% |
| Staff costs | (67,596) | (111,052) | 39.1% |
| Other operating expenses | (112,497) | (100,362) | 12.1% |
| Changes in provisions | (119) | 842 | (114.1%) |
| Losses on fixed assets | (216) | (42) | 414.3% |
| Depreciation and amortization charge | (217,127) | (196,498) | 10.5% |
| **Operating profit** | **89,263** | **29,994** | 197.6% |
| Financial income | 426 | 805 | (47.1%) |
| Financial costs | (78,824) | (49,857) | 58.1% |
| Interest expense on lease liabilities | (31,307) | (26,553) | 17.9% |
| **Net financial profit/(loss)** | **(109,705)** | **(75,605)** | 45.1% |
| Profit of companies accounted for using the equity method | 33 | 54 | (38.9%) |
| **Profit/(loss) before tax** | **(20,409)** | **(45,557)** | 55.2% |
| Income tax | 19,454 | 13,416 | 45% |

| | For the six-month period ended June 30, | | |
|---|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) | % change |
| | | (in thousands of €) | |
| **Consolidated net profit/(loss)** | **(955)** | **(32,141)** | 97% |
| Attributable to non-controlling interests | (467) | (1,340) | 65.1% |
| **Net profit attributable to Cellnex** | **(488)** | **(30,801)** | 98.4% |

*Services*

Services increased by approximately 12% to €470,992 thousand in the six-month period ended June 30, 2019 from €421,992 thousand in the six-month period ended June 30, 2018. This increase was mainly due to revenues derived from the provision of services in connection with infrastructures acquired during the second half of 2018 and first half of 2019, including those related to the execution of Bouygues II Transaction and its extensions, together with organic growth. The Group's global network of existing infrastructures (i.e. excluding infrastructures committed to be acquired or built and infrastructures under management but not owned) increased by approximately 10% to 25,797 infrastructures as of June 30, 2019 from 23,451 as of June 30, 2018.

*Other operating income*

Other operating income increased by approximately 5% to €15,826 thousand in the six-month period ended June 30, 2019 from €15,114 thousand in the six-month period ended June 30, 2018. This increase was mainly due to an increase in the price of electricity which affected the pass through mechanism included in some of the contracts entered into by the Group (by which certain expenses are passed through to the Group's customers, such as energy costs).

*Operating income*

As a result of the above, operating income increased by approximately 12% to €486,818 thousand in the six-month period ended June 30, 2019 from €437,106 thousand in the six-month period ended June 30, 2018. This increase was mainly due to an increase in Services as described above.

For the six-month period ended June 30, 2019, approximately 51% of the Group's total operating income was generated in Spain (€247,031 thousand), approximately 27% was generated in Italy (€131,989 thousand), approximately 10% was generated in France (€48,610 thousand), approximately 7% was generated in Switzerland (€32,067 thousand), approximately 5% was generated in the Netherlands (€21,930 thousand), and approximately 1% was generated in other countries (€5,191 thousand). For additional information, see Note 19 to the 2019 Interim Consolidated Financial Statements.

For the six-month period ended June 30, 2018, approximately 52% of the Group's total operating income was generated in Spain (€229,189 thousand), approximately 29% was generated in Italy (€126,207 thousand), approximately 5% was generated in The Netherlands (€22,256 thousand), approximately 6% was generated in France (€27,550 thousand), approximately 6% was generated in Switzerland (€27,164 thousand), and approximately 1% was generated in other countries (€4,740 thousand).

*Staff costs*

Staff costs decreased by approximately 39% to €67,596 thousand in the six-month period ended June 30, 2019 from €111,052 thousand in the six-month period ended June 30, 2018. This decrease was mainly due to the lower retirement fund and other contingencies and commitments in the six-month period ended June 30, 2019 than the prior period, during which an employment reorganization plan was agreed and correspondingly a significant change made (the "**Employment Reorganization Plan**", please see "*Operating and Financial Review—Results of operations— Comparison of the years ended December 31, 2018 and December 31, 2017—Staff costs*").

As of June 30, 2019, the impact of the collective redundancy procedure on the 2019 Interim Consolidated Financial Statements amounted to €6.8 million, with a cost of €55 million. During the six-month period ended June 30, 2019 and following the continued execution of this agreement, 17 employees were made redundant under the Employment Reorganization Plan with a related payment of €4.4 million. For further information on the Employment Reorganization Plan, see Note 16.b) to the 2019 Interim Consolidated Financial Statements.

The table below shows the composition of the Group's staff costs for the periods discussed.

| | For the six-month period ended June 30, | | |
|---|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) | % change |
| | (in thousands of €) | | |
| Wages and salaries | (45,865) | (42,588) | 7.7% |

| | | | |
|---|---|---|---|
| Social Security contributions | (10,622) | (9,656) | 10% |
| Retirement fund and other contingencies and commitments | (8,009) | (56,153) | (85.7%) |
| Other employee benefit costs | (3,100) | (2,655) | 16.8% |
| **Total** | **(67,596)** | **(111,052)** | **(39.1%)** |

*Other operating expenses*

Other operating expenses increased by approximately 12% to €112,497 thousand in the six-month period ended June 30, 2019 from €100,362 thousand in the six-month period ended June 30, 2018. This increase was mainly due to new expenses in connection with infrastructures acquired during the second half of 2018 and the first half of 2019, including those related to the execution of the Bouygues II Transaction and its extensions and the extension of the agreement between Cellnex Switzerland and Sunrise, partially offset by cost savings achieved as a result of the continuing implementation of an efficiency plan for the year ended December 31, 2018, which mainly comprises the renegotiation of the ground services contracts to achieve better terms.

| | **For the six-month period ended June 30,** | | |
|---|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** | **% change** |
| | **(in thousands of €)** | | |
| Repair and maintenance | (16,847) | (14,819) | 13.7% |
| Leases and fees | (5,666) | (4,110) | 33.7% |
| Utilities | (40,544) | (34,710) | 16.8% |
| Other operating costs | (49,440) | (46,723) | 6.2% |
| **Total** | **(112,497)** | **(100,362)** | **12.1%** |

*Change in provisions*

Changes in provisions decreased to negative €119 thousand in the six-month period ended June 30, 2019, from positive €842 thousand in the six-month period ended June 30, 2018, due to the net change in allowances for doubtful debts and changes in other non–current provisions.

*Depreciation and amortization*

Depreciation and amortization increased by approximately 11% to €217,127 thousand in the six-month period ended June 30, 2019 from €196,498 in the six-month period ended June 30, 2018. This increase was due to new acquisitions of infrastructures during the second half of 2018 and first half of 2019, including those related to the execution of the Bouygues II Transaction and its extensions and the extension of the agreement between Cellnex Switzerland and Sunrise, and the amortization of sites.

The table below shows the split of the depreciation and amortization charges between intangible assets and property, plant and equipment, as well as right-of-use assets.

| | **For the six-month period ended June 30,** | | |
|---|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** | **% change** |
| | **(in thousands of €)** | | |
| Property, plant and equipment | (101,278) | (90,774) | 11.6% |
| Right-of-use assets | (73,127) | (66,042) | 10.7% |
| Intangible assets | (42,722) | (39,682) | 7.7% |
| **Total** | **(217,127)** | **(196,498)** | **10.5%** |

*Net financial losses*

Financial income decreased by approximately 47% to €426 thousand in the six-month period ended June 30, 2019 from €805 thousand in the six-month period ended June 30, 2018.

Financial costs increased by approximately 58% to €78,824 thousand in the six-month period ended June 30, 2019 from €49,857 thousand in the six-month period ended June 30, 2018. This increase was mainly due to interest payments associated with new bonds (€3 million) and expenses related to the impact of updating the value of the DTCP Put Option, in accordance with the DTCP Put Option Agreement, for the six-month period ended June 30, 2019 (€26 million).

Interest expense on lease liabilities increased by approximately 18% to €31,307 thousand in the six-month period ended June 30, 2019 from €26,553 thousand in the six-month period ended June 30, 2018. This increase was mainly due to the increase of lease liabilities accounted for during the second half of 2018 and first half of 2019 in relation to the execution of the Bouygues II Transaction and its extensions and the extension of the agreement between Cellnex Switzerland and Sunrise.

As a result of the above, net financial loss increased by approximately 45% to €109,705 thousand in the six-month period ended June 30, 2019 from €75,605 thousand in the six-month period ended June 30, 2018.

*Profit/(loss) before tax*

As a result of the foregoing (primarily, the effect of the continued implementation of the Employment Reorganization Plan and resulting decrease of staff costs) the Group's loss before tax decreased to a loss of €20,409 thousand in the six-month period ended June 30, 2019 from a loss of €45,557 thousand in the six-month period ended June 30, 2018.

*Income tax*

The Group's total income tax increased by 45% to €19,454 thousand in the six-month period ended June 30, 2019 from €13,416 thousand in the six-month period ended June 30, 2018, primarily due to the impact of updating the tax rate in certain subsidiaries, which has resulted in a positive impact in the consolidated income statement.

*Consolidated net profit/(loss) for the year*

As a result of the foregoing, the Group's consolidated loss for the six-month period ended June 30, 2019 decreased by approximately 97% to a loss of €955 thousand from a loss of €32,141 thousand for the six-month period ended June 30, 2018.

*Attributable to non-controlling interests*

Net profit attributable to non-controlling interests was a loss of €467 thousand in the six-month period ended June 30, 2019, compared to a loss of €1,340 thousand in the six-month period ended June 30, 2018.

***Comparison of the years ended December 31, 2018 and December 31, 2017***

The following table shows the Group's results of operations for the years indicated below.

| | **For the year ended December 31,** | | |
|---|---|---|---|
| | **2018 (audited)** | **2017 (unaudited) (restated)** | **% change** |
| | | **(in thousands of €)** | |
| Services | 867,449 | 757,605 | 14,5% |
| Other operating income | 30,422 | 31,738 | (4.1%) |
| **Operating income** | **897,871** | **789,343** | 13.7% |
| Staff costs | (172,650) | (107,354) | 60.8% |
| Other operating expenses | (209,807) | (203,047) | 3.3% |
| Changes in provisions | 983 | 1,517 | (35.2%) |
| Losses on fixed assets | (1,021) | (215) | 374.9% |
| Depreciation and amortization charge | (402,846) | (351,682) | 14.5% |
| **Operating profit** | **112,530** | **128,562** | (12.5%) |
| Financial income | 3,461 | 1,397 | 147.7% |
| Financial costs | (97,831) | (69,557) | 40.6% |
| Interest expense on lease liabilities | (54,454) | (40,917) | 33.1% |
| **Net financial losses** | **(148,824)** | **(109,077)** | **36.4%** |
| Profit of companies accounted for using the equity method | 113 | 96 | 17.7% |
| **Profit before tax** | **(36,181)** | **19,581** | **(284.8%)** |
| Income tax | 18,439 | 4,218 | 337.2% |
| **Consolidated net profit/(loss)** | **(17,742)** | **23,799** | **(174.5%)** |
| Attributable to non-controlling interests | (2,759) | (2,471) | 11.7% |
| **Net profit attributable to Cellnex** | **(14,983)** | **26,270** | **(157.0%)** |

*Services*

Services increased by 15% to €867,449 thousand in the year ended December 31, 2018 from €757,605 thousand in the year ended December 31, 2017, restated. This increase was mainly due to the changes in the Group's perimeter of consolidation (new acquisitions of infrastructures during the period), together with organic growth.

*Other operating income*

Other operating income decreased by 4% to €30,422 thousand in the year ended December 31, 2018 from €31,738 thousand in the year ended December 31, 2017, restated.

*Operating income*

As a result of the above, operating income increased by 14% to €897,871 thousand in the year ended December 31, 2018 from €789,343 thousand in the year ended December 31, 2017, restated.

For the year ended December 31, 2018, approximately 52% of the Group's total operating income was generated in Spain (€467,787 thousand), approximately 28% was generated in Italy (€254,393 thousand), approximately 5% was generated in the Netherlands (€44,796 thousand), approximately 7% was generated in France (€65,686 thousand), approximately 6% was generated in Switzerland (€56,041 thousand), and approximately 1% was generated in other countries (€9,168 thousand). For additional information, see Note 19 to the 2018 Audited Consolidated Financial Statements.

*Staff costs*

Staff costs increased by 61% to €172,650 thousand in the year ended December 31, 2018 from €107,354 thousand in the year ended December 31, 2017, restated. This increase was mainly due to the Employment Reorganization Plan, which resulted in a €31 million change during such year and changes in the Group's perimeter of consolidation (new acquisitions during the period).

The Employment Reorganization Plan refers to the plan carried out by the Group in agreement with the workers' representatives of Retevisión-I, S.A.U. ("**Retevisión**") and Tradia, regarding a collective redundancy procedure to conclude up to 180 employment contracts in 2018 and 2019. This Employment Reorganization Plan fits into the reorganization process relating to the broadcasting business that is being undertaken by the Group's subsidiaries, under which the Group is seeking to adapt its structure to the new business models, which have been widely modernized in recent years with the introduction of equipment, which can be maintained remotely, without the necessity to physically travel to the sites where the equipment is installed. The Employment Reorganization Plan comprises: (i) income plans for employees who were 57 or older as of December 31, 2017 and, (ii) the lump-sum indemnity payments as a result of the voluntary termination of employment contracts for other employees not included in the annuity plan. As of December 31, 2018, a provision was recognized for this collective redundancy procedure, with a cost of €55 million. During the year ended December 31, 2018 and following execution of part of this agreement, 111 employees were made redundant under the Employment Reorganization Plan with a related payment of €31 million. For further information on the Employment Reorganization Plan, see Note 18.b) to the 2018 Audited Consolidated Financial Statements.

The table below shows the composition of the Group's staff costs for the years discussed.

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018 (audited)** | **2017 (unaudited) (restated)** | **% change** |
| | **(in thousands of €)** | | |
| Wages and salaries | (90,407) | (80,557) | 12.2% |
| Social Security contributions | (19,529) | (18,336) | 6.5% |
| Retirement fund and other contingencies and commitments | (56,837) | (3,201) | 1,675.6% |
| Other employee benefit costs | (5,877) | (5,260) | 11.7% |
| **Total** | **(172,650)** | **(107,354)** | **60.8%** |

*Other operating expenses*

Other operating expenses increased by 3% to €209,807 thousand in the year ended December 31, 2018 from €203,047 thousand in the year ended December 31, 2017, restated. This increase was mainly due to changes in the perimeter of consolidation (new acquisitions during that period), partially offset by cost savings achieved as a result of the implementation of an efficiency plan which mainly comprises the renegotiation of the ground services contracts to achieve better terms.

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018 (audited)** | **2017 (unaudited) (restated)** | **% change** |
| | **(in thousands of €)** | | |
| Repair and maintenance | (32,223) | (28,307) | 13.8% |
| Leases and fees | (11,537) | (11,878) | (2.9%) |
| Utilities | (72,312) | (74,073) | (2.4%) |
| Other operating costs | (93,735) | (88,789) | 5.6% |
| **Total** | **(209,807)** | **(203,047)** | **3.3%** |

*Change in provisions*

Changes in provisions decreased by 35% to €983 thousand in the year ended December 31, 2018, from €1,517 thousand in the year ended December 31, 2017, restated, due to the net change in allowances for doubtful debts and changes in other non–current provisions.

*Depreciation and amortization*

Depreciation and amortization increased by 15% to €402,846 thousand in the year ended December 31, 2018 from €351,682 thousand in the year ended December 31, 2017, restated. This increase was exclusively due to changes in the perimeter of consolidation (new acquisitions during the period) and the amortization of sites.

The table below shows the split of the depreciation and amortization charges between intangible assets and property, plant and equipment, as well as right-of-use assets.

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018 (audited)** | **2017 (unaudited) (restated)** | **% change** |
| | **(in thousands of €)** | | |
| Property, plant and equipment | (185,677) | (157,351) | 18% |
| Right-of-use assets | (135,929) | (126,300) | 7.6% |
| Intangible assets | (81,240) | (68,031) | 19.4% |
| **Total** | **(402,846)** | **(351,682)** | **14.5%** |

*Net financial losses*

Financial income increased by 148% to €3,461 thousand in the year ended December 31, 2018 from €1,397 thousand in the year ended December 31, 2017, restated.

Financial costs increased by 41% to €97,831 thousand in the year ended December 31, 2018 from €69,557 thousand in the year ended December 31, 2017, restated. This increase was mainly due to interest payments associated with new bonds and expenses related to entering into new debt arrangements to finance the Group's growth.

Interest expense on lease liabilities increased by 33.1% to €54,454 thousand in the year ended December 31, 2018 from €40,917 thousand in the year ended December 31, 2017, restated. This increase was mainly due to the increase of lease liabilities accounted for during that period (associated mainly with the increase of the perimeter).

As a result of the above, net financial losses increased by 36% to €148,824 thousand in the year ended December 31, 2018 from €109,077 thousand in the year ended December 31, 2017, restated.

*Profit before tax*

As a result of the foregoing (primarily, the effect of the Employment Reorganization Plan and increase of staff costs, the effect of changes to the perimeter of consolidation and the increase in depreciation and amortization), the Group's profit before tax decreased to a loss of €36,181 thousand in the year ended December 31, 2018 from a loss of €19,581 thousand in the year ended December 31, 2017, restated.

*Income tax*

The Group's total income tax increased by 337% to €18,439 thousand in the year ended December 31, 2018 from €4,218 thousand in the year ended December 31, 2017, restated, primarily due to the tax effect of the Employment Reorganization Plan reached during the year ended December 31, 2018.

*Consolidated net profit for the year*

As a result of the foregoing, the Group's consolidated net profit for the year ended December 31, 2018 decreased by 175% to a loss of €17,742 thousand from a profit of €23,799 thousand for the year ended December 31, 2017, restated.

*Attributable to non-controlling interests*

Net profit attributable to non-controlling interests was a loss of €2,759 thousand in the year ended December 31, 2018, compared to a loss of €2,471 thousand in the year ended December 31, 2017, restated.

***Comparison of the years ended December 31, 2017 and December 31, 2016***

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2017 (audited)** | **2016 (audited)** | **% change** |
| | **(in thousands of €)** | | |
| Services | 757,605 | 670,413 | 13.0 |
| Other operating income | 31,738 | 34,172 | (7.1) |
| **Operating income** | **789,343** | **704,585** | 12.0 |
| Staff costs | (107,354) | (97,471) | 10.1 |
| Other operating expenses | (359,483) | (343,680) | 4.6 |
| Change in provisions | 1,517 | 250 | 506.8 |

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2017 (audited) | 2016 (audited) | % change |
| | (in thousands of €) | | |
| Losses on fixed assets | (215) | (176) | 22.2 |
| Depreciation and amortization | (225,382) | (176,779) | 27.5 |
| **Operating profit** | **98,426** | **86,729** | 13.5 |
| Financial income | 1,397 | 1,179 | 18.5 |
| Financial costs | (69,557) | (46,954) | 48.1 |
| **Net financial loss** | **(68,160)** | **(45,775)** | 48.9 |
| Profit of companies accounted for using the equity method | 96 | 65 | 47.7 |
| **Profit before tax** | **30,362** | **41,019** | (26.0) |
| Income tax | 431 | (633) | (168.1) |
| **Consolidated net profit** | **30,793** | **40,386** | (23.8) |
| Attributable to non-controlling interests | (2,140) | 569 | (476.1) |
| **Net profit attributable to Cellnex** | **32,933** | **39,817** | **(17.3)** |

*Services*

Services increased by 13.0% to €757,605 thousand for the year ended December 31, 2017 from €670,413 thousand for the year ended December 31, 2016. This increase was mainly due to the additional business contributed to the Group by the acquisitions of infrastructures during 2016 and 2017, together with organic growth.

*Other operating income*

Other operating income decreased by 7.1% to €31,738 thousand for the year ended December 31, 2017 from €34,172 thousand for the year ended December 31, 2016.

*Operating income*

As a result of the above, operating income increased by 12.0% to €789,343 thousand for the year ended December 31, 2017 from €704,585 thousand for the year ended December 31, 2016.

For year ended December 31, 2017, approximately 58% of the Group's total operating income was generated in Spain (€455,778 thousand), approximately 31% was generated in Italy (€243,844 thousand), approximately 4% was generated in the Netherlands (€34,868 thousand), approximately 3% was generated in France (€22,812 thousand), approximately 3% was generated in Switzerland (€22,651 thousand), and approximately 1% was generated in other countries (€9,390 thousand). For additional information, see Note 19 to the 2017 Audited Consolidated Financial Statements.

*Staff costs*

Staff costs increased by 10.1% to €107,354 thousand for the year ended December 31, 2017 from €97,471 thousand for the year ended December 31, 2016. This increase was mainly due to the incorporation of staff as a result of the new acquisitions during 2016 and 2017 (see Note 5 to the 2017 Audited Consolidated Financial Statements). The following table shows the composition of the Group's staff costs for the periods discussed.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2017 (audited) | 2016 (audited) | % change |
| | (in thousands of €) | | |
| Wages and salaries | 80,557 | 74,981 | 7.4 |
| Social Security contributions | 18,336 | 16,502 | 11.1 |
| Retirement fund and other contingencies and commitments | 3,201 | 1,394 | 129.6 |
| Other employee benefit costs | 5,260 | 4,594 | 14.5 |
| **Staff Costs** | **107,354** | **97,471** | **10.1** |

*Other operating expenses*

Other operating expenses increased by 4.6% to €359,483 thousand for the year ended December 31, 2017 from €343,680 thousand for the year ended December 31, 2016. This increase was mainly due to the increase in leases and utilities for the period as a result of the acquisitions completed during 2016 and 2017. The following table shows the composition of the Group's other operating expenses for the periods discussed.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2017 (audited) | 2016 (audited) | % change |
| | (in thousands of €) | | |
| Repair and maintenance | 28,307 | 26,522 | 6.7 |
| Leases | 146,170 | 127,490 | 14.7 |

| | | | |
|---|---|---|---|
| Utilities | 74,073 | 72,604 | 2.0 |
| Other operating costs | 110,933 | 117,064 | (5.2) |
| **Total** | **359,483** | **343,680** | **4.6** |

The table below shows details of estimated future minimum operating lease payments required to be made by the Group as of December 31, 2017 and 2016.

| | **As of December 31,** | | |
|---|---|---|---|
| | **2017 (audited)** | **2016 (audited)** | **% change** |
| | **(in thousands of €)** | | |
| Less than 1 year | 97,937 | 78,270 | 25.1 |
| Between one and 5 years | 185,692 | 132,093 | 40.6 |
| More than 5 years | 119,215 | 96,791 | 23.2 |
| **Total** | **402,844** | **307,154** | **31.2** |

The reporting of other operating expenses in future periods is expected to be affected by the early adoption of IFRS 16 (Leases).

*Changes in provisions*

Changes in provisions increased by 506.8% from €250 thousand for the year ended December 31, 2016 to €1,517 thousand for the year ended December 31, 2017. See Note 17. d) to the 2017 Audited Consolidated Financial Statements.

*Depreciation and amortization*

Depreciation and amortization increased by 27.5% to €225,382 thousand for the year ended December 31, 2017 from €176,779 thousand for the year ended December 31, 2016. This increase was mainly due to changes in the perimeter of consolidation (new acquisitions) during 2016 and 2017.

The table below shows the split of the depreciation and amortization charges between intangible assets and property, plant and equipment.

| | **For the year ended December 31,** | | |
|---|---|---|---|
| | **2017 (audited)** | **2016 (audited)** | **% change** |
| | **(in thousands of €)** | | |
| Intangible assets | 68,031 | 41,497 | 63.9 |
| Property, plant and equipment | 157,351 | 135,282 | 16.3 |
| **Total** | **225,382** | **176,779** | **27.5** |

*Net financial loss*

Financial income increased by 18.5% to €1,397 thousand for the year ended December 31, 2017 from €1,179 thousand for the year ended December 31, 2016.

Financial costs increased by 48.1% to €69,557 thousand for the year ended December 31, 2017 from €46,954 thousand for the year ended December 31, 2016. This increase was mainly due to the financial costs and interest arising from additional debt incurred during 2016 and 2017, to finance the Group's growth.

The table below shows the breakdown of finance income and finance costs.

| | **For the year ended December 31,** | | |
|---|---|---|---|
| | **2017 (audited)** | **2016 (audited)** | **% change** |
| | **(in thousands of €)** | | |
| Finance income and interest from third parties | 676 | 1,179 | (42.7) |
| Exchange gains / (losses) | 773 | - | - |
| Derivative financial instruments | (52) | - | - |
| **Financial income** | **1,397** | **1,179** | **18,5** |
| Finance costs and interest arising from third parties | 6,545 | 2,780 | 135.4 |
| Interest expense | 49,935 | 25,910 | 92.7 |
| Bond issue cost | - | 4,983 | - |
| Exchange losses | - | 39 | - |
| Interest cost relating to provisions | (807) | 503 | (260.4) |
| Settlements of derivative financial instruments | 129 | - | - |
| Other finance costs | 13,755 | 12,739 | 8.0 |
| **Financial costs** | **69,557** | **46,954** | **48.1** |

As a result of the above, the net financial loss increased by 48.9% to €(68,160) thousand for the year ended December 31, 2017 from €(45,775) thousand for the year ended December 31, 2016.

*Profit before tax*

As a result of the foregoing, the Group's profit before tax decreased by 26.0%, to €30,362 thousand for the year ended December 31, 2017 from €41,019 thousand for the year ended December 31, 2016.

*Income tax*

The Group's total income tax was income of €431 thousand for the year ended December 31, 2017 compared to an expense of €633 thousand for the year ended December 31, 2016, primarily due to the availability of certain tax incentives in 2017, such as the reduction in the income derived from certain intangible assets (in particular, income derived from the transfer of know-how) and deductions in respect of the notional interest on capital contributions carried out pursuant to the provisions of Italian tax law.

*Consolidated net profit for the year*

As a result of the foregoing, the Group's consolidated net profit for the year decreased by 23.8% to €30,793 thousand for the year ended December 31, 2017 from €40,386 thousand for the year ended December 31, 2016.

*Attributable to non-controlling interests*

Net profit attributable to non-controlling interests was a loss of €2,140 thousand for the year ended December 31, 2017, compared to a profit of €569 thousand for the year ended December 31, 2016. This was attributable mainly to the changes in the scope of consolidation during 2017.

**Segment information**

The segment information included in the Financial Statements is presented in accordance with the disclosure requirements set forth in IFRS 8 "Operating Segments". This information is structured, firstly, following a geographic distribution and, secondly, by business segment.

The Group has expanded its business in Europe and its strategic objective is to continue growing through the acquisition of assets and businesses, along with other growth opportunities both in the countries in which the Group is currently present and others. In this regard, as the Group continues to acquire sites in existing markets and it is continuing to expand into new ones, the Group's management analyzes its results of operations by geographical location.

In addition, the Group has organized its business in three different customer-focused segments, supported by an operations division and central corporate functions: (i) Telecom Infrastructure Services; (ii) Broadcasting Infrastructure; and (iii) Other Network Services.

***Geographic reporting***

*Net profit/(loss) for the six-month periods ended June 30, 2019 and 2018 by country*

The tables below show the reporting of the Group's net profit/(loss) for the six-month periods ended June 30, 2019 and 2018 by country.

| | For the six-month period ended June 30, 2019 (unaudited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Spain** | **Italy** | **Netherlands** | **France** | **Switzerland** | **Other countries** | **Total[(*)]** |
| | (in thousands of €) | | | | | | |
| Operating income | 247,031 | 131,989 | 21,930 | 48,610 | 32,067 | 5,191 | **486,818** |
| Operating expenses | (116,649) | (41,357) | (5,659) | (9,668) | (5,275) | (1,820) | **(180,428)** |
| Depreciation and amortization | (69,101) | (63,461) | (17,475) | (39,197) | (24,119) | (3,774) | **(217,127)** |
| Net Interest | (80,728) | (14,087) | (402) | (10,272) | (3,835) | (381) | **(109,705)** |
| Profit of companies accounted for using the equity method | 33 | - | - | - | - | - | **33** |
| Income tax | 2,630 | (6,153) | 19,256 | 2,421 | 229 | 1,071 | **19,454** |
| Attributable non-controlling interest | (36) | - | - | - | (431) | - | (467) |
| **Net profit/(loss) attributable to Cellnex** | **(16,748)** | **6,931** | **17,650** | **(8,106)** | **(502)** | **287** | **(488)** |

[(*)] Corresponds to the contribution of each country segment to the consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the six-month period ended on June 30, 2019. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 1.3 of the Consolidated Management Report corresponding to the 2019 Interim Consolidated Financial Statements.

| | For the six-month period ended June 30, 2018 (unaudited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Spain** | **Italy** | **Netherlands** | **France** | **Switzerland** | **Other countries** | **Total(*)** |
| | | | | (in thousands of €) | | | |
| Operating income | 229,189 | 126,207 | 22,256 | 27,550 | 27,164 | 4,740 | **437,106** |
| Operating expenses | (156,422) | (39,070) | (4,765) | (5,810) | (3,334) | (1,213) | **(210,614)** |
| Depreciation and amortization | (67,287) | (62,875) | (17,286) | (24,347) | (21,470) | (3,233) | **(196,498)** |
| Net Interest | (53,298) | (12,266) | (439) | (4,571) | (5,209) | 178 | **(75,605)** |
| Profit of companies accounted for using the equity method | 54 | - | - | - | - | - | **54** |
| Income tax | 13,891 | (2,552) | 1,756 | 544 | (236) | 13 | **13,416** |
| Attributable non-controlling interest | 85 | - | - | - | (1,425) | - | **(1,340)** |
| **Net profit attributable to Cellnex** | **(33,958)** | **9,444** | **1,522** | **(6,634)** | **(1,660)** | **485** | **(30,801)** |

(*) Corresponds to the contribution of each country segment to the consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the six-month period ended on June 30, 2018. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 1.3 of the Consolidated Management Report corresponding to the 2019 Interim Consolidated Financial Statements.

*Net profit for the years ended December 31, 2018, 2017 and 2016 by country*

The tables below show the reporting of the Group's net profit for the years ended December 31, 2018, 2017 and 2016 by country.

| | For the year ended December 31, 2018 (audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Spain** | **Italy** | **Netherlands** | **France** | **Switzerland** | **Other countries** | **Total(*)** |
| | | | | (in thousands of €) | | | |
| Operating income | 467,787 | 254,393 | 44,796 | 65,686 | 56,041 | 9,168 | **897,871** |
| Operating expenses | (263,620) | (82,495) | (10,513) | (14,272) | (8,133) | (3,462) | **(382,495)** |
| Depreciation and amortization | (135,021) | (126,397) | (32,996) | (56,073) | (45,588) | (6,771) | **(402,846)** |
| Net Interest | (105,421) | (22,566) | (484) | (11,086) | (9,315) | 48 | **(148,824)** |
| Profit of companies accounted for using the equity method | 113 | - | - | - | - | - | **113** |
| Income tax | 15,053 | (2,741) | 3,097 | 2,160 | 823 | 47 | **18,439** |
| Attributable non-controlling interest | 94 | - | - | - | (2,853) | - | **(2,759)** |
| **Net profit attributable to Cellnex** | **(21,203)** | **20,194** | **3,900** | **(13,585)** | **(3,319)** | **(970)** | **(14,983)** |

(*) Corresponds to the contribution of each country segment to the consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the year ended on December 31, 2018. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 2 of the Consolidated Management Report corresponding to the 2018 Audited Consolidated Financial Statements.

| | For the year ended December 31, 2017 (unaudited) (restated) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Spain** | **Italy** | **Netherlands** | **France** | **Switzerland** | **Other countries** | **Total(*)** |
| | | | | (in thousands of €) | | | |
| Operating income | 455,777 | 243,844 | 34,868 | 22,812 | 22,651 | 9,391 | **789,343** |
| Operating expenses | (210,472) | (81,009) | (3,792) | (5,732) | (5,923) | (2,171) | **(309,099)** |
| Depreciation and amortization | (132,799) | (141,678) | (29,369) | (21,764) | (19,526) | (6,546) | **(351,682)** |
| Net Interest | (81,788) | (16,901) | (957) | (5,787) | (3,448) | (197) | **(109,077)** |
| Profit of companies accounted for using the equity method | 96 | - | - | - | - | - | **96** |
| Income tax | (635) | 900 | 1,322 | 97 | (84) | 2,618 | **4,218** |
| Attributable non-controlling interest | 471 | | | | (2,942) | | **(2,471)** |
| **Net profit attributable to Cellnex** | **29,708** | **5,156** | **2,072** | **(10,374)** | **(3,388)** | **3,095** | **26,270** |

(*) Corresponds to the contribution of each country segment to the consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the year ended on December 31, 2017. Additionally, this income statement by country incorporates all of the non-recurring and

| | For the year ended December 31, 2017 (unaudited) (restated) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Spain | Italy | Netherlands | France | Switzerland | Other countries | Total(*) |
| | (in thousands of €) | | | | | | |

non-cash items detailed in section 2 of the Consolidated Management Report corresponding to the 2017 Audited Consolidated Financial Statements.

| | For the year ended December 31, 2016 (audited) | | | | |
|---|---|---|---|---|---|
| | Spain | Italy | Netherlands | Other countries | Total(*) |
| | (in thousands of €) | | | | |
| Operating income | 454,134 | 238,994 | 7,927 | 3,530 | **704,585** |
| Operating expenses | (267,344) | (171,142) | (1,057) | (1,534) | **(441,077)** |
| Depreciation and amortization | (98,693) | (68,690) | (6,597) | (2,799) | **(176,779)** |
| Net Interest | (40,673) | (4,272) | (318) | (512) | **(45,775)** |
| Profit of companies accounted for using the equity method | 65 | - | - | - | **65** |
| Income tax | (8,460) | 7,245 | 467 | 115 | **(633)** |
| **Consolidated net profit** | **39,029** | **2,135** | **422** | **(1,200)** | **40,386** |
| Attributable non-controlling interest | 1,028 | (459) | - | - | **569** |
| **Net profit attributable to Cellnex** | **38,001** | **2,594** | **422** | **(1,200)** | **39,817** |

(*) Corresponds to the contribution of each country segment to the consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the year ended on December 31, 2016. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 1.3 of the Consolidated Management Report corresponding to the 2016 Audited Consolidated Financial Statements.

### *Business segment reporting*

*Operating income for the six-month periods ended June 30, 2019 and 2018 by business segment*

The tables below show the reporting of the Group's operating income for the six-month periods ended June 30, 2019 and 2018 by business segment:

| | For the six-month period ended June 30, 2019 (unaudited) | | | |
|---|---|---|---|---|
| | Telecom Infrastructure Services | Broadcasting Infrastructure | Other Network Services | Total |
| | (in thousands of €) | | | |
| Services (gross) | 308,563 | 117,198 | 47,078 | **472,839** |
| Advances to customers | 15,826 | - | - | **15,826** |
| Other income | (1,847) | - | - | **(1,847)** |
| **Operating income** | **322,542** | **117,198** | **47,078** | **486,818** |

| | For the six-month period ended June 30, 2018 (unaudited) | | | |
|---|---|---|---|---|
| | Telecom Infrastructure Services | Broadcasting Infrastructure | Other Network Services | Total |
| | (in thousands of €) | | | |
| Services (gross) | 268,819 | 116,386 | 38,434 | **423,639** |
| Advances to customers | 15,114 | - | - | **15,114** |
| Other income | (1,647) | - | - | **(1,647)** |
| **Operating income** | **282,286** | **116,386** | **38,434** | **437,106** |

*Operating income for the years ended December 31, 2018, 2017 and 2016 by business segment*

The tables below show the reporting of the Group's operating income for the years ended December 31, 2018, 2017 and 2016 by business segment:

| | For the year ended December 31, 2018 (audited) | | | |
|---|---|---|---|---|
| | Telecom Infrastructure Services | Broadcasting Infrastructure | Other Network Services | Total |
| | (in thousands of €) | | | |
| Services (gross) | 555,719 | 232,773 | 82,340 | **870,832** |
| Advances to customers | (3,383) | - | - | **(3,383)** |
| Other income | 30,422 | - | - | **30,422** |
| **Operating income** | **582,758** | **232,773** | **82,340** | **897,871** |

| | For the year ended December 31, 2017 (unaudited) (restated) | | | |
|---|---|---|---|---|
| | Telecom Infrastructure Services | Broadcasting Infrastructure | Other Network Services | Total |
| | (in thousands of €) | | | |
| Services (gross) | 442,618 | 237,258 | 80,500 | **760,376** |
| Advances to customers | (2,771) | - | - | **(2,771)** |
| Other income | 31,738 | - | - | **31,738** |
| **Operating income** | **471,585** | **237,258** | **80,500** | **789,343** |

| | For the year ended December 31, 2016 (audited) | | | |
|---|---|---|---|---|
| | Telecom Infrastructure Services | Broadcasting Infrastructure | Other Network Services | Total |
| | (in thousands of €) | | | |
| Services (gross) | 351,443 | 235,234 | 86,326 | **673,003** |
| Advances to customers | (2,590) | - | - | **(2,590)** |
| Other operating income | 33,686 | - | 486 | **34,172** |
| **Operating income** | **382,539** | **235,234** | **86,812** | **704,585** |

## Liquidity and capital resources

The Group's liquidity policy consists of maintaining sufficient cash and cash equivalents available and relying on existing credit facilities of financial institutions and cash generated from its operations. The Group uses these sources of liquidity primarily to fund its organic and inorganic growth, optimize and maintain its network as well as to make dividend payments. At the date of this Prospectus, the Company's management believes that Group has liquidity and access to medium and long-term financing that allows it to ensure the necessary resources to meet its commitments in respect of its pending acquisitions as well as for future investments.

The Group manages its capital to ensure that it will be able to continue to deliver returns to its shareholders and seek to maintain an optimal capital structure and low costs. The Group monitors its capital resources using a leverage ratio along with other financial ratios (e.g., net debt as a multiple of EBITDA) in line with standard industry practice.

The Group's capital management strategy changed significantly from 2016, resulting in an increase of indebtedness primarily to finance asset purchases and business combinations carried out to date, which has had an overall significant impact on its leverage ratio as of June 30, 2019 compared to December 31, 2016.

### *Cash flow analysis*

Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. The following table sets forth details of the Group's cash and cash equivalents as of June 30, 2019 and as of December 31, 2018, 2017 and 2016.

| | As of June 30, | As of December 31, | | |
|---|---|---|---|---|
| | 2019 (unaudited) | 2018 (audited) | 2017 (audited) | 2016 (audited) |
| | (in thousands of €) | | | |
| Cash on hand and at banks | 252,262 | 405,870 | 240,157 | 133,720 |
| Term deposits at credit institutions maturing in less than three | 50,000 | 50,000 | 55,016 | 59,131 |

| | | | | |
|---|---|---|---|---|
| months | | | | |
| Other short term deposits[(1)] | 1,400,000 | - | - | - |
| **Cash and cash equivalents** | **1,702,262** | **455,870** | **295,173** | **192,851** |

(1) The Group made a short-term deposit of €1.4 billion in favor of Cellnex France Groupe in connection with the consideration payable by Cellnex France Groupe under the Iliad France SPA (as defined below).

The following table sets forth consolidated cash flow data for the six-month periods ended June 30, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016.

| | **For the six-month period ended June 30,** | | **For the year ended December 31,** | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** | **2016** |
| | **(unaudited)** | **(unaudited)** | **(audited)** | **(unaudited) (restated)** | **(audited)** |
| | **(in thousands of €)** | | | | |
| Net cash generated by operating activities | 241,289 | 186,290 | 396,278 | 374,813 | 251,906 |
| Net cash from/(used) in investing activities | (394,043) | (232,169) | (625,033) | (946,299) | (770,008) |
| Net cash from/(used) in financing activities | 1,407,839 | 429,654 | 395,500 | 668,802 | 659,322 |
| Cash and cash equivalents at beginning of period | 455,870 | 295,173 | 295,173 | 192,851 | 51,000 |
| Foreign exchange differences | (8,693) | (6,567) | (6,048) | 5,006 | 631 |
| **Cash and cash equivalents at period-end** | **1,702,262** | **672,381** | **455,870** | **295,173** | **192,851** |

For purposes of the consolidated statements of cash flows, operating activities include the Company's principal revenue-producing activities and other activities that are not investing or financing activities.

The tables below shows the components of net cash generated by operating, investing and financing activities.

| | **For the six-month period ended June 30,** | |
|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** |
| | **(in thousands of €)** | |
| **Profit/(loss) for the year before tax** | (20,409) | (45,557) |
| **Adjusted profit** | | |
| Depreciation and amortization charge | 217,127 | 196,498 |
| Gains/(losses) on derecognition and disposals of non-current assets | 216 | 42 |
| Changes in provisions | 119 | (842) |
| Interest and other income | (426) | (805) |
| Interest and other expenses | 110,131 | 76,410 |
| Share of results of companies accounted for using the equity method | (33) | (54) |
| Other income and expenses | 1,097 | 1,467 |
| **Changes in current assets/current liabilities** | | |
| Inventories | (122) | (1,028) |
| Trade and other receivables | (42,177) | (8,754) |
| Other current assets and liabilities | 53,585 | 22,542 |
| **Other cash flows from operating activities** | | |
| Interest paid | (78,097) | (64,392) |
| Interest received | 426 | - |
| Income tax received / (paid) | (2,282) | (9,403) |
| Employee benefit obligations and current provisions | 2,134 | 20,166 |
| Other receivables and payables | - | - |
| **Total net cash flows from operating activities (I)** | **241,289** | **186,290** |
| Business combinations and changes in scope of consolidation | (4,346) | (3,542) |
| Purchases of property, plant and equipment and intangible assets | (386,390) | (224,391) |
| Non-current financial investments | (3,307) | (4,236) |
| **Total net cash flows from investing activities (II)** | **(394,043)** | **(232,169)** |
| Acquisition of treasury Shares | - | (5,035) |
| Issue of equity instruments (capital increase) | 1,175,756 | - |
| Issue of equity instruments (convertible bond) | 21,367 | 62,480 |
| Proceeds from issue of bank borrowings | 479,979 | 297,920 |
| Bond issue | 200,120 | 572,308 |
| Repayment and redemption of bank borrowings | (329,559) | (391,307) |
| Net repayments of other borrowings (Profits) | (25,725) | (34,984) |
| Net payment of lease liabilities | (113,400) | (71,443) |
| Dividends paid | - | - |
| Dividends to non-controlling interests | (808) | (998) |
| Dividends received | 109 | 713 |
| **Total net cash flows from financing activities (III)** | **1,407,839** | **429,654** |
| Foreign exchange differences | (8,693) | (6,567) |
| **Net (decrease) / increase in cash and cash equivalents from continuing operations (I)+(II)+(III)** | **1,246,392** | **377,208** |
| Cash and cash equivalents at beginning of year | 455,870 | 295,173 |

| | For the six-month period ended June 30, | |
|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) |
| | (in thousands of €) | |
| **Cash and cash equivalents at period-end** | **1,702,262** | **672,381** |

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | 2018 (audited) | 2017 (unaudited) (restated) | 2017 (audited) | 2016 (audited) |
| | | (in thousands of €) | | |
| **Profit for the year before tax** | (36,181) | 19,581 | 30,362 | 41,019 |
| **Adjusted profit** | | | | |
| Depreciation and amortization charge | 402,846 | 351,682 | 225,382 | 176,779 |
| Gains/(losses) on derecognition and disposals of non-current assets | 1,021 | 215 | 215 | 176 |
| Changes in provisions | (983) | (1,517) | (1,517) | (250) |
| Interest and other income | (3,461) | (1,397) | (1,397) | (1,179) |
| Interest and other expenses | 152,285 | 110,474 | 69,557 | 46,954 |
| Share of results of companies accounted for using the equity method | (113) | (96) | (96) | (65) |
| Other income and expenses | 1,487 | 1,011 | 1,011 | 890 |
| **Changes in current assets/current liabilities** | | | | |
| Inventories | (2,316) | 746 | 746 | 2,282 |
| Trade and other receivables | 1,585 | (28,552) | (35,588) | 29,884 |
| Other current assets and liabilities | 2,765 | 38,692 | 38,218 | (14,235) |
| **Other cash flows from operating activities** | | | | |
| Interest paid | (119,797) | (82,311) | (41,394) | (24,311) |
| Interest received | 840 | 453 | 453 | 1,103 |
| Income tax received / (paid) | (20,219) | (13,349) | (13,349) | (11,477) |
| Employee benefit obligations and current provisions | 16,519 | (20,819) | (663) | (2,864) |
| Other receivables and payables | - | - | (9,211) | 7,200 |
| **Total net cash flows from operating activities (I)** | **396,278** | **374,813** | **262,729** | **251,906** |
| Business combinations and changes in scope of consolidation | (38,154) | (471,697) | (471,697) | (525,358) |
| Purchases of property, plant and equipment and intangible assets | (575,912) | (462,552) | (462,552) | (228,563) |
| Non-current financial investments | (10,967) | (12,050) | (37,813) | (16,087) |
| **Total net cash flows from investing activities (II)** | **(625,033)** | **(946,299)** | **(972,062)** | **(770,008)** |
| Acquisition of treasury Shares | (5,035) | 1,587 | 1,587 | (2,949) |
| Issue of equity instruments (capital increase) | - | - | - | - |
| Issue of equity instruments (convertible bond) | 62,480 | - | - | - |
| Proceeds from issue of bank borrowings | 543,404 | 689,996 | 689,996 | 271,745 |
| Bond issue | 591,615 | 467,159 | 467,159 | 801,804 |
| Repayment and redemption of bank borrowings | (603,663) | (330,274) | (330,274) | (381,619) |
| Net repayments of other borrowings (Profits) | (11,220) | (1,188) | (1,188) | (6,608) |
| Net payment of lease liabilities | (151,596) | (137,847) | - | - |
| Dividends paid | (24,211) | (20,000) | (20,000) | (21,083) |
| Dividends to non-controlling interests | (6,987) | (998) | (998) | (1,996) |
| Dividends received | 713 | 367 | 367 | 28 |
| **Total net cash flows from financing activities (III)** | **395,500** | **668,802** | **806,649** | **659,322** |
| Foreign exchange differences | (6,048) | 5,006 | 5,006 | 631 |
| **Net (decrease) / increase in cash and cash equivalents from continuing operations (I)+(II)+(III)** | **160,697** | **102,322** | **102,322** | **141,851** |
| Cash and cash equivalents at beginning of year | 295,173 | 192,851 | 192,851 | 51,000 |
| **Cash and cash equivalents at period-end** | **455,870** | **295,173** | **295,173** | **192,851** |

*Operating activities*

The Group’s cash generated by operating activities increased by 30% to €241,289 thousand for the six-month period ended June 30, 2019 from €186,290 thousand for the six-month period ended June 30, 2018. This change was mainly due to organic growth and the acquisitions completed between June 30, 2018 and June 30, 2019 (the Group’s global network of existing infrastructures (i.e. excluding infrastructures committed to be acquired or built and infrastructures under management but not owned) increased by approximately 10% to 25,797 infrastructures as of June 30, 2019 from 23,451 as of June 30, 2018) and the decrease of the employee benefit obligations and current provisions (see “*Operating and Financial Review—Results of operations— Comparison of the six-month periods ended June 30, 2019 and June 30, 2018—Staff costs*”), partly offset mainly by higher interest payments. The main items are the following:

- Interest and other expenses (positive €110,131 thousand), which include the total interest and other financial expenses of the six-month period ended June 30, 2019 accrued but not paid. It also includes the impact of updating the value of the DTCP Put Option (as defined herein) in accordance with the DTCP Put Option Agreement, during the first half of 2019.

- Trade and other receivables (negative €42,177 thousand), which mainly include outstanding receivables and current tax receivables.
- Other current assets and liabilities (positive €53,585 thousand), which mainly include the amounts payable for trade purchases made by the Group, other taxes payable to the tax authorities and deferred revenues.
- Interest paid (negative €78,097 thousand), which includes payments for financial expenses during the six-month period ended June 30, 2019 as a result of increases in the Group's average debt levels.
- Income tax paid (negative €2,282 thousand), which mainly includes both payments on account of the corporate income tax 2019 and outstanding payments of corporate income tax relating to 2018.
- Employee benefit obligations and current provisions (positive €2,134 thousand), which mainly include other receivables, partly offset mainly by the payment of phase 2017-2018 of the Long-term Incentive Plan (2017-2019) (the "**2017-2019 LTIP**").

The Company's cash generated by operating activities increased by 6% to €396,278 thousand in the year ended December 31, 2018 from €374,813 thousand in the year ended December 31, 2017, restated. This change was mainly due to changes in the perimeter of consolidation (new acquisitions) as well as due to the normal course of business, partly offset by the higher interest payments as well as due to the decrease of the employee benefit obligations and related current provisions (see "*Operating and Financial Review—Results of operations— Comparison of the years ended December 31, 2018 and December 31, 2017—Staff costs*"). The main items are the following:

- Interest and other expenses (positive €152,285 thousand), which include the total interest and other financial expenses of the year ended December 31, 2018 accrued but not paid.
- Trade and other receivables (€1,585 thousand), which mainly include outstanding receivables.
- Other current assets and liabilities (positive €2,765 thousand), which mainly include the recognition of deferred income derived from the issue in advance of invoices to some customers, in the ordinary course of business.
- Interest paid (negative €119,797 thousand), which includes payments for financial expenses during the year ended December 31, 2018 as a result of increases in the Group's average debt levels.
- Income tax paid (negative €20,219 thousand), which mainly includes both payments on account of corporate income tax 2018 and outstanding payments of corporate income tax relating to 2017.
- Employee benefit obligations and current provisions (positive €16,519 thousand), which mainly include an outstanding provision recognized in relation to the Employment Reorganization Plan, partly offset by the payment of the first Long-term Incentive Plan (the "**2015-2017 LTIP**").

The Group's cash generated by operating activities increased by 4.3% to €262,729 thousand in 2017 (audited) from €251,906 thousand in 2016. This change was mainly due to the changes in the perimeter of consolidation (new acquisitions). The main items are the following:

- Interest and other expenses (positive €69,557 thousand), which include the total interest and other financial expenses accrued but not paid.
- Trade and other receivables (negative €35,588 thousand), which include prepayments and trade receivables due to the changes in the perimeter of consolidation (new acquisitions).
- Other current assets and liabilities (positive €38,218 thousand), which include outstanding payables due to the changes in the perimeter of consolidation (new acquisitions) as well as other outstanding payables.
- Interest paid (negative €41,394 thousand), which includes payments for financial expenses during 2017 as a result of increases in the Group's average debt levels.
- Income tax paid (negative €13,349 thousand), which mainly includes payments on account of corporate income tax relating to 2017.
- Other receivables and payables (negative €9,211 thousand), which include mainly impacts due to the changes in the perimeter of consolidation (new acquisitions), partly offset by the increase in non-recourse factoring agreements.

*Investing activities*

For purposes of the Group's consolidated statements of cash flows, investing activities include the acquisition and disposal of fixed assets and other investments not included in cash and cash equivalents.

The table below shows the components of net cash generated by investing activities.

| | For the six-month period ended June 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) | 2018 (audited) | 2017 (unaudited) (restated) | 2016 (audited) |
| | | | (in thousands of €) | | |
| **Net cash flows from investing activities** | | | | | |
| Business combinations and changes in scope of consolidation | (4,346) | (3,542) | (38,154) | (471,697) | (525,358) |
| Purchases of property, plant and equipment and intangible assets | (386,390) | (224,391) | (575,912) | (462,552) | (228,563) |
| Non-current financial investments | (3,307) | (4,236) | (10,967) | (12,050) | (16,087) |
| **Total net cash flows from investing activities (II)** | **(394,043)** | **(232,169)** | **(625,033)** | **(946,299)** | **(770,008)** |

The Group's cash used in investing activities increased to negative €394,043 thousand in the six-month period ended June 30, 2019 from negative €232,169 thousand in the six-month period ended June 30, 2018. This increase responded mainly to M&A capital expenditures and build-to-suit programs related to the execution of the Bouygues II Transaction and its extensions and the extensions of the agreement between Cellnex Switzerland and Sunrise. In the six-month period ended June 30, 2019, business combinations and changes in the scope of consolidation includes the investment in the shareholding of companies, after integrating into the consolidated balance sheet mainly, the cash and cash equivalents of the acquired companies and the contribution of minority shareholders. In the six-month period ended June 30, 2019, purchases of property, plant and equipment and intangible assets mainly includes the acquisitions of sites during the period as well as the acquisition of rights of use. In the six-month period ended June 30, 2019, non–current financial investments relate mainly to investments in the decommissioning of duplicated infrastructures.

The Group's cash used in investing activities decreased to negative €625,033 thousand in the year ended December 31, 2018 from negative €946,299 thousand in the year ended December 31, 2017, restated. The Group's cash used in investing activities increased to negative €972,062 thousand in 2017 from negative €770,008 thousand in 2016. Such increases responded to acquisitions signed and commitments acquired in previous periods, specifically the increase in purchase of property, plant and equipment and intangible assets was primarily due to the acquisition by the Group during these periods of sites in France, in accordance with the agreements reached with Bouygues during the financial years ended December 31, 2017 and December 31, 2016. For additional information on these agreements, see "*Business–Material contracts*".

In the year ended December 31, 2018, business combinations and changes in the scope of consolidation includes the investment in the shareholding of companies, after integrating into the consolidated balance sheet mainly, the cash and cash equivalents of the acquired companies and the contribution of minority shareholders. It also mainly corresponds to the acquisition of XOC and Zenon (see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group*"). In the year ended December 31, 2018, purchases of property, plant and equipment and intangible assets mainly includes acquisitions of sites during the period, primarily in relation to the Bouygues Telecom Extension agreement (see "*Business–Properties*").

In the year ended December 31, 2017, business combinations and changes in the scope of consolidation includes the investment in the shareholding of companies, after integrating into the consolidated balance sheet mainly, the cash and cash equivalents of the acquired companies and the contribution of minority shareholders. It also mainly corresponds to the Swiss Towers Acquisition, the Alticom Acquisition and the acquisition of an additional 10% of the share capital of Galata (see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group*", and for more detail on the Swiss Towers Acquisition and the acquisition of part of Galata's share capital see "*Business–Material contracts*"). In the year ended December 31, 2017, purchases of property, plant and equipment and intangible assets mainly includes acquisitions of sites during the period, due to the agreement relating to the Bouygues II Transaction and its extensions (see "*Business–Properties*"). In the year ended December 31, 2016, business combinations and changes in the scope of consolidation includes the investment in the shareholding of companies, after integrating into the consolidated balance sheet mainly, the cash and cash equivalents of the acquired companies and the contribution of minority shareholders. It also mainly corresponds to the Shere Acquisition, the Protelindo Acquisition and the CommsCon Acquisition (see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group*"). In the year ended December 31, 2016, purchases of property, plant and equipment and intangible assets mainly includes acquisitions of sites during the period, due to the Bouygues I Transaction (see caption "*Business–Material contracts*").

In the years ended December 31, 2018 and 2017, restated, non–current financial investments relate to advances to customers and deposits. In the years ended December 31, 2018 and 2017, non–current financial investments relate to cash advances to landlords and advances to customers, as well as deposits.

*Financing activities*

For purposes of the Group's consolidated statements of cash flows, financing activities include activities that result in changes in the size and composition of the Group's equity and borrowings.

The table below shows the components of net cash generated by financing activities.

| | For the six-month period ended June 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| | (unaudited) | (unaudited) | (audited) | (unaudited) (restated) | (audited) |
| | (in thousands of €) | | | | |
| **Net cash flows from financing activities** | | | | | |
| Acquisition of treasury Shares | - | (5,035) | (5,035) | 1,587 | (2,949) |
| Issue of equity instruments (capital increase) | 1,175,756 | - | - | - | - |
| Issue of equity instruments (convertible bond) | 21,367 | 62,480 | 62,480 | - | - |
| Proceeds from issue of bank borrowings | 479,979 | 297,920 | 543,404 | 689,996 | 271,745 |
| Bond issue | 200,120 | 572,308 | 591,615 | 467,159 | 801,804 |
| Repayment and redemption of bank borrowings | (329,559) | (391,307) | (603,663) | (330,274) | (381,619) |
| Net repayments of other borrowings (Profits) | (25,725) | (34,984) | (11,220) | (1,188) | (6,608) |
| Net payment of lease liabilities | (113,400) | (71,443) | (151,596) | (137,847) | - |
| Dividends paid | - | - | (24,211) | (20,000) | (21,083) |
| Dividends to non-controlling interests | (808) | (998) | (6,987) | (998) | (1,996) |
| Dividends received | 109 | 713 | 713 | 367 | 28 |
| **Total net cash flows from financing activities (III)** | **1,407,839** | **429,654** | **395,500** | **668,802** | **659,322** |

The Group's net cash generated by financing activities increased to €1,407,839 thousand in the six-month period ended June 30, 2019 from €429,654 thousand in the six-month period ended June 30, 2018. This increase was attributable to an increase in the issue of equity instruments. The Group's net cash generated by financing activities decreased to €395,500 thousand in the year ended December 31, 2018 from €668,802 thousand in the year ended December 31, 2017, restated. This decrease was attributable to a lower amount of net additional borrowings (for additional information, see "*Operating and Financial Review—Borrowings*"). The Group's net cash generated by financing activities increased to €806,649 thousand in 2017 from €659,322 thousand in 2016. The change was mainly due to the impact proceeds from issue of bank borrowings mainly related to the issue of bonds and the drawdown in loans and credit facilities.

In the six-month period ended June 30, 2019, issue of equity instruments includes the equity associated with the issuance of new shares on March 25, 2019 pursuant to a rights offering, by means of which the share capital was increased by €16,747,453.25, and 66,989,813 new Shares were issued, with a nominal value of €0.25 each of them, proceeds from issue of bank borrowings includes mainly the issuance of credit facilities and bond issue mainly includes the issuance of the 2019 Convertible Bond. For the same six-month period, repayment and redemption of bank borrowings includes the repayment of credit facilities, and net repayment of other borrowings includes the repayment of a recourse factoring agreement reached during 2018 in relation to balances for VAT receivables derived from acquisitions of mobile telecom infrastructures in France. (For more information on the above, please see "*Operating and Financial Review–Borrowings–Other financial liabilities*"). Also for the same six-month period, net payment of lease liabilities includes the cash outflows in relation to lease agreements relating to payments of lease installments in the ordinary course of business and cash advances to landlords. Also, dividends to non–controlling interests includes the dividends paid by Adesal Telecom, S.L., subsidiary of Cellnex, to its non–controlling interests.

In the year ended December 31, 2018, issue of equity instruments includes equity associated with the issuance of the Original Convertible Bond, proceeds from issue of bank borrowings includes proceeds from credit facilities of Cellnex and Cellnex Switzerland and bond issue includes the issuance of the Original Convertible Bond, excluding the equity component, and net of the arrangement expenses paid in relation to the bond issued, as well as the promissory notes and commercial paper issued. For the same year, repayment and redemption of bank borrowings includes the repayment of loans' principal as well as the cancellation of credit facilities, mainly of Cellnex Telecom and Cellnex Switzerland, due to the refinancing of its syndicated facility, and net repayment of other borrowings includes the net of the proceeds and repayment of other financial liabilities, which include the liabilities in relation to the PROFIT Program (as defined herein), as well as the agreements reached for recourse factoring in relation to balances for tax receivables. (For more information on the above, please see "*Operating and Financial Review–Borrowings*"). Also for the same year, net payment of lease liabilities includes the total amount of cash outflows in relation to lease agreements, excluding the interest payments on lease liabilities. Dividends paid includes the amounts paid by Cellnex to its shareholders as dividend distribution during the financial year ended December 31, 2018. Also, dividends to non–controlling interests includes the dividends paid by Cellnex Switzerland and Adesal Telecom, S.L., subsidiaries of Cellnex, to its non–controlling interests, and dividends received includes dividends paid to Cellnex by associated companies during the year ended December 31, 2018.

In the year ended December 31, 2017, proceeds from issue of bank borrowings includes proceeds from loan agreements and credit facilities of Cellnex and Cellnex Switzerland and bond issue includes the issuance of bonds during that period, net of the arrangement expenses paid in relation to the bonds issued. For the same year, repayment and redemption of bank borrowings includes the repayment of loans' principal as well as the cancellation of credit facilities, mainly of Cellnex, and net repayment of other borrowings includes the net of the proceeds and repayment of other financial liabilities, which include liabilities related to the PROFIT Program (as defined herein). (For more information on the above, please see "*Operating and Financial Review–Borrowings*"). Also for the same year, net payment of lease liabilities includes the total amount of cash outflows in relation to lease agreements, excluding the interest payments on lease liabilities. Dividends paid includes the amounts paid by Cellnex to its shareholders as dividend distribution during the financial year ended December 31, 2017. Also, dividends to non–controlling interests includes the dividends paid by Adesal Telecom, S.L., subsidiary of Cellnex, to its non–controlling interests, and dividends received includes dividends paid to Cellnex by associated companies during the year ended December 31, 2017.

In the year ended December 31, 2016, proceeds from issue of bank borrowings includes proceeds from loan agreements and credit facilities of Cellnex and bond issue includes the issuance of bonds during that period, net of the arrangement expenses paid in relation to the bonds issued. For the same year, repayment and redemption of bank borrowings includes the repayment of loans' principal as well as the cancellation of credit facilities, mainly of Cellnex, and net repayment of other borrowings includes the net of the proceeds and repayment of other financial liabilities, which include liabilities related to the PROFIT Program (as defined herein), as well as due to the financial lease agreement from Adesal Telecom, S.L. (For more information on the above, please see "*Operating and Financial Review–Borrowings*"). Dividends paid includes the amounts paid by Cellnex to its shareholders as dividend distribution during the financial year ended December 31, 2016. Also, dividends to non–controlling interests includes the dividends paid by Adesal Telecom, S.L., subsidiary of Cellnex, to its non–controlling interests, and dividends received includes dividends paid to Cellnex by associated companies during the year ended December 31, 2016.

***Borrowings***

The following table sets forth the Group's contractual obligations as of the dates indicated below. The contractual obligations set forth in the table below reflect mainly those agreements and obligations the Group believes that in the ordinary course of its operations are customary and necessary in light of the activities in which it engages. In particular, many of the obligations set forth below are designed to maintain or grow the Group's operations through medium- to long-term investments. The Group believes that its cash flow from operations will be sufficient to satisfy the obligations set forth below, as well as its other operating costs and remuneration to its shareholders.

| | **As of June 30,** | | | **As of December 31,** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2019 (unaudited)** | | | **2018 (audited)** | | | **2017 (audited)** | | | **2016 (audited)** | | |
| | **(in thousands of €)** | | | | | | | | | | | |
| | **Non-current** | **Current** | **Total** | **Non-current** | **Current** | **Total** | **Non-current** | **Current** | **Total** | **Non-current** | **Current** | **Total** |
| Bond issues(*).... | 2,594,393 | 117,406 | 2,711,799 | 2,410,286 | 99,890 | 2,510,176 | 1,869,145 | 29,474 | 1,898,619 | 1,397,939 | 12,527 | 1,410,466 |
| Loans and credit facilities(*)......... | 733,051 | 2,187 | 735,238 | 582,730 | 2,831 | 585,561 | 630,858 | 2,331 | 633,189 | 278,660 | 3,179 | 281,839 |
| Derivative financial instruments ....... | 3,684 | 176 | 3,860 | 1,255 | 180 | 1,435 | - | 181 | 181 | - | - | - |
| Other financial liabilities ........... | 3,113 | 2,836 | 5,949 | 3,757 | 27,932 | 31,689 | 5,298 | 37,629 | 42,927 | 7,361 | 2,026 | 9,387 |
| **Borrowings ......** | **3,334,241** | **122,605** | **3,456,846** | **2,998,028** | **130,833** | **3,128,861** | **2,505,301** | **69,615** | **2,574,916** | **1,683,960** | **17,732** | **1,701,692** |

(*) These concepts are net of arrangement expenses, and are calculated by subtracting the respective "Arrangement expenses" caption. See "*Borrowings–Borrowings by maturity*".

During the six-month period ended at June 30, 2019, the Group increased its borrowings from bond issues and loans and credit facilities (which do not include any debt held by Group companies registered using the equity method of consolidation, such as borrowings related to derivative financial instruments or other financial liabilities) by €351,300 thousand to €3,447,037 thousand.

The increase in the Group's borrowings from bond issues and loans and credit facilities position as of June 30, 2019 is mainly due to the issuance of the 2019 Convertible Bond (for additional information, see "*Operating and Financial Review—Bond issues and other loans*"), which shows a carrying amount of €200,000 thousand as of June 30, 2019. During the six-month period ended June 30, 2019, Cellnex has amended various facilities for a total of €350,000 and GBP 100,000 to extend their maturities and reduce their margins.

As of June 30, 2019 and 2018, the average interest rate of all available borrowings would have been 1.9% and 1.9% respectively, in the event they had been entirely drawn down. The average weighted interest rate as of June 30, 2019 of all available borrowings drawn down was 2.1% (2.2% as of June 30, 2018).

The Group's bank borrowings were arranged under market conditions and, therefore, their fair value does not differ significantly from their carrying amount.

In accordance with the foregoing and with regard to the financial policy approved by the Board of Directors, the Group prioritizes securing sources of financing at the Cellnex (parent company) level. The aim of this policy is to secure financing at a lower cost and longer maturities while diversifying its funding sources. In addition, this encourages access to capital markets and allows greater flexibility in financing contracts to promote the Group's growth strategy.

As of June 30, 2019 and as of December, 31 2018, the breakdown, by maturity, type of debt and by currency of the Group's borrowings (excluding debt with companies accounted for using the equity method of consolidation) is as follows.

*Borrowings by maturity*

The maturities of the Group's borrowings based on the stipulated repayment schedule as of June 30, 2019 are shown in the table below.

| | | **Current** | **Non-current** | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Limit** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 3 years** | **Between 3 and 4 years** | **Between 4 and 5 years** | **More than 5 years** | **Total** |
| | | | | **(in thousands of €)** | | | | |
| Bond issues and other loans | 2,777,183 | 122,310 | - | - | 600,000 | 750,000 | 1,266,962 | **2,739,272** |
| Arrangement expenses | - | (4,904) | (4,566) | (5,314) | (4,230) | (4,168) | (4,291) | **(27,473)** |
| Loans and credit facilities | 1,610,597 | 3,210 | 97,173 | 128,289 | 269,859 | 140,827 | 99,625 | **738,983** |
| Arrangement expenses | - | (1,023) | (1,033) | (898) | (432) | (89) | (270) | **(3,745)** |
| Derivative financial instruments | - | 176 | - | - | - | - | 3,684 | **3,860** |
| Other financial liabilities | - | 2,836 | 919 | 694 | 509 | 497 | 494 | **5,949** |
| **Total** | **4,387,780** | **122,605** | **92,493** | **122,771** | **865,706** | **887,067** | **1,366,204** | **3,456,846** |

The maturities of the Group's borrowings based on the stipulated repayment schedule as of December 31, 2018 are shown in the table below.

| | | **Current** | **Non-current** | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Limit** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 3 years** | **Between 3 and 4 years** | **Between 4 and 5 years** | **More than 5 years** | **Total** |
| | | | | **(in thousands of €)** | | | | |
| Bond issues and other loans | 2,552,835 | 104,445 | - | - | 600,000 | - | 1,833,631 | **2,538,076** |
| Arrangement expenses | - | (4,555) | (4,746) | (4,949) | (4,568) | (3,942) | (5,140) | **(27,900)** |
| Loans and credit facilities | 1,606,398 | 3,793 | 90,057 | 30,625 | 78,498 | 308,534 | 77,750 | **589,257** |
| Arrangement expenses | - | (962) | (827) | (782) | (585) | (225) | (315) | **(3,696)** |
| Derivative financial instruments | - | 180 | - | - | - | - | 1,255 | **1,435** |
| Other financial liabilities | - | 27,932 | 1,281 | 694 | 707 | 509 | 566 | **31,689** |
| **Total** | **4,159,233** | **130,833** | **85,765** | **25,588** | **674,052** | **304,876** | **1,907,747** | **3,128,861** |

*Borrowings by type of debt*

| | **As of June 30, 2019** | | | **As of December 31, 2018** | | |
|---|---|---|---|---|---|---|
| | **Limit** | **Drawn (notional)** | **Undrawn** | **Limit** | **Drawn (notional)** | **Undrawn** |
| | | | **(in thousands of €)** | | | |
| Bond issues(*) | 2,777,183 | 2,777,183 | - | 2,552,835 | 2,552,835 | - |
| Loans and credit facilities(*) | 1,610,597 | 736,617 | 873,980 | 1,606,398 | 586,471 | 1,019,927 |
| **Total** | **4,387,780** | **3,513,800** | **873,980** | **4,159,233** | **3,139,306** | **1,019,927** |

(*) These concepts include the notional value of each caption, and are not the gross or net value of the caption. See "*Borrowings*".

As of June 30, 2019, the total limit of loans and credit facilities available was €1,610,597 thousand (€1,606,398 thousand as of December 31, 2018), of which €1,289,648 thousand corresponded to credit facilities and €320,949 thousand corresponded to loans (€1,287,415 thousand corresponded to credit facilities and €318,983 thousand corresponded to loans as of December 31, 2018).

Furthermore, of the €1,610,597 thousand of loans and credit facilities available (€1,606,398 thousand as of December 31, 2018), €794,722 thousand (€640,523 thousand as of December 31, 2018) can be drawn down either in Euros (€) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and U.S. dollar (USD).

As of June 30, 2019 the total amount drawn down of the loans and credit facilities was €736,617 thousand (€586,471 thousand drawn down as of December 31, 2018).

*Borrowings by currency*

| | As of June 30, 2019 | As of December 31, 2018 |
|---|---|---|
| | (in thousands of €) | |
| Euro | 2,851,161 | 2,664,708 |
| GBP | 307,204 | 167,909 |
| CHF | 329,699 | 327,840 |
| **Borrowings** | **3,488,064** | **3,160,457** |

The foreign exchange risk on the net investment of operations of the Group companies denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency.

In this regard, as of June 30, 2019 and December 31, 2018, the Group maintained borrowings in GBP, which acted as a natural hedge of the net investment in Cellnex UK Limited (previously Shere Group). These borrowings amounted to GBP 275,424 thousand with a Euro value of €307,204 thousand (GBP 150,200 thousand with a Euro value of €167,909 thousand as of December 31, 2018) and are held by means of various credit facilities denominated in GBP. These non-derivative financial instruments are assigned as net investment hedges against the net assets of Cellnex UK Limited (formerly Shere UK Group). The maturities of these borrowings are between 2022 and 2023.

In addition, as of June 30, 2019, the Group maintained borrowings in CHF, which acted as a natural hedge of the net investment in Cellnex Switzerland. Such borrowings amounted to CHF 210,854 thousand with a Euro value of €189,873 thousand (CHF 212,035 thousand with a Euro value of €188,157 thousand as of December 31, 2018) and are held by means of various facilities denominated in CHF. These non-derivate financial instruments are assigned as net investment hedges against the net assets of Cellnex Switzerland. The maturity of these borrowings is in 2023.

Furthermore, in the context of the Swiss Towers Acquisition, the Group also maintained through its subsidiary Cellnex Switzerland additional borrowings in CHF amounting to CHF 155,277 thousand with a Euro value of €139,826 thousand (CHF 157,409 thousand with a Euro value of €139,683 thousand as of December 31, 2018).

*Bond issues and Other Loans*

*a) EMTN Program*

In May 2015, the Group established a Euro Medium Term Note Program (the "**EMTN Program**") through Cellnex. This program is registered on the Irish Stock Exchange plc, trading as Euronext Dublin, and is renewed annually. As of June 30, 2019, the EMTN Program allowed for the issue of bonds up to an aggregate amount of €5,000 million and the latest renewal date was May 2019. In March 2016 Cellnex was added to the list of companies whose corporate bonds are eligible for discount at the European Central Bank.

Since July 2015, under the aforementioned EMTN Program, the Group has issued the bonds described in the table below, addressed to qualified investors.

| Issue | Term | Maturity | Fitch / S&P rating | Coupon | Initial Notional (thousands of €) | Notional as of December 31, 2017 (thousands of €) |
|---|---|---|---|---|---|---|
| 27/07/2015 | 7 years | 27/07/2022 | BBB-/BB+ | 3.125% | 600,000 | 600,000 |
| 10/08/2016 | 8 years | 16/01/2024 | BBB-/BB+ | 2.375% | 750,000 | 750,000 |
| 16/12/2016 | 16 years | 20/12/2032 | BBB-/NA | 3.875% | 65,000 | 65,000 |
| 18/01/2017 | 8 years | 18/04/2025 | BBB-/BB+ | 2.875% | 335,000 | 335,000 |
| 07/04/2017 | 9 years | 07/04/2026 | BBB-/NA | Eur 6M+2,27%(1) | 80,000 | 80,000 |
| 03/08/2017 | 10 years | 03/08/2027 | BBB-/NA | Eur 6M+2,20% | 60,000 | 60,000 |
| **Total** | | | | | 1,890,000 | **1,890,000** |

(1) Coupon hedged by Interest Rate Swaps. See Derivative financial instruments section.

During the six-month period ended June 30, 2019 and the year ended December 31, 2018, there were no issuances of bonds under the EMTN Program. In July 2019, Cellnex issued bonds under the EMTN Program for an amount of €60.5 million.

The bond issues have certain associated costs, customary in this type of transaction such as arrangement expenses and advisers' fees, which amounted to €1,942 thousand as of June 30, 2019 in relation to the bonds issued, which the Group defers over the life of the bonds and are taken to the consolidated income statement following a financial criteria. In this regard, an amount of €27,473 thousand and €27,900 thousand was deducted from bond issues in the consolidated balance sheet as of June 30, 2019 and December 31, 2018, respectively. The arrangement expenses and adviser's fees accrued in the consolidated income statement for the six-month period ended June 30, 2019 in relation to the bond issues amounted to €2,369 thousand (€4,339 thousand as of December 31, 2018).

*b) Convertible Bonds*

In January 2018, Cellnex issued a convertible bond for an aggregate principal amount of €600,000 thousand (the "**2018 Convertible Bond**"). The underlying number of Shares of the 2018 Convertible Bond is equivalent to c.5.6% of the Company's share capital adjusted to take into account the share capital increase executed on March 25, 2019, based on the conversion price of €35.8205, adjusted from the initial conversion price of 38.0829 (which represented a premium of 70% over the volume weighted average price per Share on the Spanish Stock Exchanges between market opening at the date of issue and pricing of such offering) to take into account the share capital increase executed on March 25, 2019. The 2018 Convertible Bond had a carrying amount of €547,281 thousand as of June 30, 2019.

Additionally, in January 2019, Cellnex resolved to carry out an additional tap issuance of convertible bonds, under the same terms and conditions applicable to the 2018 Convertible Bond, which consolidated and currently forms a single series with it, for an aggregate principal amount of €200,000 thousand (the "**Additional Convertible Bond**"). The underlying number of Shares of the Additional Convertible Bond is equivalent to c.1.9% of the Company's share capital adjusted to take into account the share capital increase executed on March 25, 2019, based on the conversion price of €35.8205, adjusted from the initial conversion price of 38.0829 (which represented a premium of 60% over the volume weighted average price per Share on the Spanish Stock Exchanges between market opening at the date of issue and pricing of such offering) to take into account the share capital increase executed on March 25, 2019. The Additional Convertible Bond had a carrying amount of €179,680 thousand as of June 30, 2019.

The 2018 Convertible Bond and the Additional Convertible Bond have the same terms and conditions (the "2018 Convertible Bond" and together with the "Additional Convertible Bond", the "**Original Convertible Bonds**"). The Original Convertible Bonds carry a coupon of 1.5% of the notional amount payable annually in arrears (resulting in an implied yield to maturity of approximately 1.45%). Cellnex may opt to redeem all (but not part) of the Original Convertible Bonds on or after July 18, 2022, if the market value of the underlying Shares per €100,000 of principal amount of the Original Convertible Bonds exceeds €130,000 during a specified period of time, or, at any time, if more than 85% of the aggregate principal amount of the Original Convertible Bonds has been converted and/or redeemed and/or purchased and cancelled. The Original Convertible Bonds will reach maturity in January 2026, and are rated BBB- by Fitch. Any Original Convertible Bonds which have not been previously converted, redeemed or repurchased and cancelled by then, will be redeemed in full at a redemption price equal to 100% of their principal amount, implying a yield to maturity of 1.5% per annum.

Furthermore, in July 2019, Cellnex issued convertible bonds for an aggregate principal amount of €850,000 thousand (the "**2019 Convertible Bond**" and together with the "Original Convertible Bonds", the "**Convertible Bonds**"). The underlying number of Shares of the 2019 Convertible Bond is equivalent to c.5.0% of the Company's share capital as of June 30, 2019, based on the initial conversion price of €57.1756 which represented a premium of 70% over the volume weighted average price per Share on the Spanish Stock Exchanges, between market opening and market closing on the day of placement. Bondholders may request Cellnex to repurchase the 2019 Convertible Bond (i) in the event of a change of control of the Company; (ii) in the event that a tender offer is made with respect to the Shares which leads to a change of control of Cellnex, or (iii) on January 5, 2027.

The 2019 Convertible Bond has a coupon of 0.5% of the notional amount payable annually in arrears. Cellnex may opt to redeem all (but not part) of the 2019 Convertible Bonds on or after July 26, 2026, if the market value of the underlying Shares per €100,000 of principal amount of the Convertible Bonds exceeds 150% of the accreted principal amount of the 2019 Convertible Bonds during a specific period of time or, at any time, if more than 85% of the aggregate principal amount of the Original Convertible Bonds have been converted and/or redeemed and/or purchased and cancelled. The 2019 Convertible Bonds will reach maturity in July 2028, and are rated BBB- by Fitch. Any 2019 Convertible Bonds which have not been previously converted, redeemed or repurchased and cancelled by then, will be redeemed in full at a redemption price equal to 108.57% of their principal amount, implying a yield to maturity of 1.40% per annum. The Convertible Bonds are trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

*Clauses regarding changes of control*

The terms and conditions of the bonds to be issued under the EMTN Program and of the Convertible Bonds include a change of control put clause (at the option of bondholders), which could result in their respective early repayment.

For the bonds issued under the EMTN Program, the put option can only be triggered if a change of control event occurs and there is a rating downgrade caused by the change of control event (as defined in the terms and conditions of the EMTN Program). For the Convertible Bonds, the put option can only be triggered if a change of control occurs or if a tender offer triggering event occurs (as defined in the terms and conditions of the Convertible Bonds).

Under the EMTN Program and the Convertible Bonds, a "change of control event" is defined as the acquisition of more than 50% of the voting rights in respect of Cellnex or the right to appoint or dismiss all or the majority of the members of the Board of Directors of Cellnex.

*Bonds obligations and restrictions*

As of the date of this Prospectus, Cellnex had no restrictions regarding the use of proceeds from its bond offerings, had not provided any collateral for any obligations in connection with its outstanding bonds and the bonds ranked *pari passu* with the rest of Cellnex's unsecured and unsubordinated borrowings.

*c) Euro-Commercial Paper Programme – (ECP) Program*

In June 2018 Cellnex established an ECP Program with the Irish Stock Exchange, plc. trading as Euronext Dublin, which was renewed in June 2019. The ECP Program has a limit of €500 million or its equivalent in GBP, EUR, USD and CHF. As of June 30, 2019 the amount utilized under the ECP Program was €53,000 thousand, 20,000 thousand in CHF with a Euro value of €18,010 thousand and GBP 14,500 thousand with a Euro value of €16,173 thousand.

*d) Loans and credit facilities*

During the year ended December 31, 2018, the Company arranged two credit facilities of €100,000 thousand each, with maturities in 2022 and 2023, respectively. In addition, the Company repaid a €50,000 thousand loan, cancelled credit facilities amounting to €50,000 thousand, and refinanced the CHF 190,000 thousand syndicated loan (notional) into a CHF 150,000 thousand loan and a CHF 40,000 thousand revolving facility (after a temporary limit of CHF 40,449 thousand). As of December 31, 2018, Cellnex Switzerland refinanced and amended the CHF 170,000 thousand syndicated facility into a CHF 180,000 thousand revolving facility with a maturity of five years (2023). As a result of the refinancing, the new CHF revolving facility does not have any covenants nor share pledges requirements.

As of June 30, 2019, the total limit of loans and credit facilities available was €1,610,597 thousand (€1,606,398 thousand as of December 31, 2018), of which €1,289,648 thousand corresponded to credit facilities and €320,949 thousand corresponded to loans (€1,287,415 thousand corresponded to credit facilities and €318,983 thousand corresponded to loans as of December 31, 2018).

In July, 2019 the Group entered into a financing scheme with a pool of banks, amounting to €2.6 billion (at a variable interest rate, with an average interest rate of approximately 1%), in order to increase its liquidity position and to partially finance the Iliad Acquisition and the Salt Acquisition. The financing scheme is composed of the following three facilities agreements: (i) a syndicated loan of CHF 183,000 thousand, which replaces the existing CHF 190,000 thousand facility while extending the maturity until 2024; (ii) a syndicated facilities agreement entered into by Swiss Towers for CHF 620,000 thousand consisting of a CHF 400,000 thousand term loan and a CHF 220,000 thousand revolving facility, both maturing in 2024 (these facilities replace the existing facility of CHF 180,000 thousand granted in favor of Cellnex Switzerland and include a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers - but not Cellnex- based on leverage levels); and (iii) a syndicated facilities agreement consisting of a €1,500,000 thousand multicurrency revolving credit agreement and a CHF 450,000 thousand term loan, refinancing the existing CHF 190,000 thousand facility.

Additionally, in July 2019 the Group signed a €100,000 thousand loan with the Spanish Official Credit Institute (ICO) to finance the Group's international expansion. The loan with ICO has a final maturity of twelve years, including a two-year interest-only period, from the date of signature. On October 8, 2019, the Group entered into a commitment and mandate letter in respect of the Proposed GBP Facilities (as defined herein). As of the date of this Prospectus, the definitive agreement in respect of the Proposed GBP Facilities has not been entered into and no amounts have been drawn thereunder. See "*Operating and Financial Review– Description of the Proposed GBP Facilities*" for more information on the Proposed GBP Facilities.

During the six-month period ended June 30, 2019, the Company has amended certain credit facilities for a total of €350,000 thousand and GBP 100,000 thousand to extend its maturities and reduce margins.

*Clauses regarding changes of control*

For the loans and credit facilities entered into by Cellnex, the change of control trigger is at the Cellnex level. For the syndicated facilities agreement entered into by Cellnex Switzerland, the change of control trigger is measured with respect to Cellnex Switzerland and Swiss Towers. For the syndicated facilities agreement entered into by Swiss Towers, the change of control trigger is measured with respect to Cellnex Switzerland, Swiss Towers and Swiss Infra (as defined below). A "change of control event" is generally triggered when a third party, alone or together with others, acquires either 50% of shares with voting rights, or obtains the right to appoint or dismiss the majority of the members of the board of directors of the relevant company.

*Loans and credit facilities obligations and restrictions*

As of the date of this Prospectus, Cellnex's outstanding loans and credit facilities generally do not impose restrictions on the use of available funds.

*Submitted guarantees and financial ratios*

The outstanding loans and credit facilities entered into by Cellnex and its subsidiaries are unsecured and unsubordinated and rank *pari passu* with the rest of the Group's unsecured and unsubordinated borrowings. Most of these contracts are subject to cross-default provisions and generally do not require Cellnex nor its subsidiaries to comply with any financial ratio. Certain loan and credit facilities are subject to various restrictions, including but not limited to, (i) requiring Cellnex to maintain a minimum rating of Ba2 by Moody's Investors Service, Inc., or BB by Fitch Ratings Ltd. or Standard & Poor's Financial Services LLC, (ii) requiring shares to be pledged and provided as collateral if certain financial ratios are not satisfied, and (iii) imposing restrictions on additional indebtedness. The financing contracts of the Group do not contain any limitations on the distribution and payment of dividends, other than the syndicated facilities agreement entered into by Swiss Towers, which includes a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers –but not Cellnex– based on leverage levels.

*Derivative financial instruments*

From time to time the Group considers hedging the interest rate risk on the portion of its Euro financing bearing floating interest rates through interest rate swaps ("**IRS**"). In a floating-to-fixed IRS, interest rates are swapped so that the Company receives a floating interest rate (EURIBOR) from the bank in exchange for a fixed interest rate payment for the same nominal amount. The floating interest rate received for the IRS offsets the floating interest rate payment on the borrowings. The end result is a fixed interest rate payment on the hedged borrowings.

In addition, from time to time the Group assesses the need to hedge the foreign exchange risk with the aim of minimizing the exposure to possible adverse variations in exchange rates.

The Group determines the fair value of interest rate or foreign exchange derivatives by discounting cash flows on the basis of the implicit Euro interest rate and exchange rate calculated on the basis of market conditions at the measurement date and adjusting this by the bilateral credit risk with the objective of reflecting its own and its counterpart's credit risk.

The Group performs potential interest rate and foreign exchange rate hedging operations in accordance with its risk management policy. These operations are intended to mitigate the effect that changes in interest and exchange rates could have on the future cash flows of the bonds, loans and credit facilities linked to variable interest rates, cash flows in foreign currencies and variations in investments in foreign currencies.

As mentioned above, the bonds issued in April 2017 under the EMTN Program in an aggregate principal amount of €80 million and maturing in April 2026 have been hedged with floating-to-fixed IRS, in practice converting the floating rate of the bond into a fixed rate. The notional amount and the maturity of the IRS match those of the underlying bond. As a result of the contracted IRS the final interest rate on the €80 million tranche is 2.945%.

*Other financial liabilities*

"Other financial liabilities" relates mainly to certain grants awarded (arranged as repayable advances) to other Group companies (Retevisión and Tradia) under the Ministry for Industry, Tourism and Trade's PROFIT program (*Programa de Fomento de la Investigación Técnica* in Spanish). According to the technical-financial terms of the grant resolutions, the repayable advances bear no interest.

As of December 31, 2018, the Group reached agreements for recourse factoring in relation to balances for VAT receivables derived from the acquisition of mobile telecom infrastructures in France amounting to €25,268 thousand. In addition, during 2017, the Group reached agreements for recourse factoring for a total amount of €35 million as of December 31, 2017, in relation to balances for tax receivables. This related to VAT receivable derived from the acquisition of mobile telecom infrastructures in France and in Spain, amounting to €30,325 thousand and current tax assets amounting to €4,402 thousand as of December 31, 2017. As of June 30, 2019, no amount has been recorded in this caption of the accompanying balance sheet in relation to the aforementioned, given that the total amount has been collected during the year ended December 31, 2018.

*Corporate rating*

As of the date of this Prospectus, Cellnex holds a long-term "BBB-" (Investment Grade) with negative outlook according to the international credit rating agency Fitch Ratings Ltd. and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC.

***Guarantees provided to third parties, other contingent assets and liabilities and other commitments***

The latest available information regarding the guarantees provided to third parties, contingent assets and liabilities and other commitments is as of June 30, 2019.

*Direct and indirect guarantees*

As of June 30, 2019, guarantees with third parties amounting to €61,019 thousand (€56,327 thousand as of December 31, 2018) have been granted on behalf of the Group by banking entities. These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

Additionally, as of June 30, 2019, Cellnex has provided three guarantees amounting to €32.5 million in the aggregate to cover the dispute with the CNMC described in "*Business—Legal proceedings*".

The Group considers that any additional liabilities arising from guarantees given as of June 30, 2019 should not be material.

*Contingent assets*

In December 2014, the Group filed a liability claim for damages incurred due to the shutdown of nine national DTT channels pursuant to a decision of the Spanish Supreme Court. The damage caused was initially quantified at €143 million, and subsequently recalculated to €77 million. On March 21, 2018, the Supreme Court issued a judgment rejecting the contentious-administrative appeal. Therefore, as of June 30, 2019, the Group had not recognized any amount in relation to this claim.

*Contingent liabilities*

Regarding the DTCP Put Option Agreement (as defined herein), as of June 30, 2019, the Group has recorded a provision of €93,206 thousand to cover the purchase price of the DTCP Put Option in the event of its exercise (€67 million as at December 31, 2018 in the long-term). It is reasonable to expect that DTCP will soon exercise the DTCP Put Option. The impact on the accompanying consolidated income statement for the six-month period ended June 30, 2019 amounted to €26 million (€6 million as at December 31, 2018). As a provision in relation to asset retirement obligations, the Group has accounted for €93,074 thousand to comply with the contractual obligation to dismantle and decommission the mobile telecom infrastructures. In addition, with regards to the possible sanctions levied by the CNMC, the Group has provisioned €29,755 thousand (see "*Business—Legal proceedings*" for more information on these sanctions). The Group has also provisioned €32,003 thousand regarding contingent liabilities from business combinations, and €24,510 thousand for claims in ongoing litigation from Group companies and contingent considerations from an acquisition contract. See Note 16 of the 2019 Interim Consolidated Financial Statements for additional information on the sources of these contingent liabilities.

*Purchase commitments*

As of June 30, 2019, the Group had purchase commitments for property, plant and equipment amounting to €789,566 thousand (€952,659 thousand as of December 31, 2018). These purchase commitments are mainly related to the agreements reached with Bouygues Telecom to acquire up to approximately 5,250 additional sites that will be gradually transferred to Cellnex up until 2024, including the agreement whereby it may acquire up to 62 additional strategic telecom centers. With regards to the payment of each commitment, the Group generally analyzes the different financing alternatives at the time each payment is due, which may include the issuance of debt or equity securities or the entering into of a loan or credit facility. As of the date of this Prospectus, the Group has entered into additional purchase commitments. For more information, see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group*", "*Business–Material contracts*" and "*Business –Competitive strengths*".

**Quantitative and qualitative disclosure about market risk**

The Group is exposed to various types of financial risks, the most significant of which are foreign currency risk, interest rate risk, credit risk, liquidity risk and inflation risk. To manage this exposure, the Group employs risk management strategies including the use of derivatives such as interest rate swap agreements, and employ risk management systems such as risk identification, measurement, concentration limitation and supervision systems. Financial risk management is controlled by the Corporate Finance and Treasury Department following authorization by the most senior executive officer of the Company, as part of the respective policies adopted by the Board of Directors. See Note 1 to the 2019 Interim Consolidated Financial Statements and Note 5 to the 2018 Audited Consolidated Financial Statements for further details on the referred risks.

***Foreign currency risk***

As the Group's reporting currency is the euro, fluctuations in the value of other currencies in which borrowings are instrumented and transactions are carried out with respect to the euro may have an effect in future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Furthermore, the Group operates and holds assets in the United Kingdom and in Switzerland following completion of the Swiss Towers Acquisition, both countries outside the Eurozone. The Group is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, the pound sterling and the Swiss franc. The Group's strategy for hedging foreign currency risk in investments in non-euro currencies tends towards a full hedge of this risk, and must be implemented over a reasonable period of time depending on the market and the prior assessment of the effect of the hedge. This hedge can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

The majority of the Group's transactions are denominated in euros. However, as of December 31, 2018 the contributions to the Group's income and total assets in a functional currency other than the euro amounted to €65,209 thousand and €789,685 thousand, respectively. The volatility in converting into euro agreements denominated in pound sterling and Swiss franc may have negative consequences to the Group, affecting its overall business, prospects, results of operations, financial condition and cash flow generation.

***Interest rate risk***

The Group is exposed to interest rate risk through its current and non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally, any increase in interest rates would increase the Group's finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt. As of June 30, 2019 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 12 of the 2019 Interim Consolidated Financial Statements). See "*Liquidity and Capital Resources–Borrowings–Derivative financial instruments*".

Any increase in interest rates would increase the Group's finance costs relating to its variable-rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt. Any of these factors could adversely affect the Group's business, prospects, results of operations financial condition and cash flows.

***Credit risk***

A significant portion of the revenues of each of the Group's main business segments is obtained from a limited number of customers (see "*Risk factors—Risks related to the industry and businesses in which the Group operates — The business of the Group depends on the demand for the services that it provides, which the Group cannot control, and the Group may be adversely affected by any slowdown in such demand, and a substantial portion of the revenue of the Group is derived from a small number of customers*"), many of which are long-term customers and have high-value contracts with the Group.

The Group is sensitive to changes in the creditworthiness and financial strength of its customers. The Group depends on the continued financial strength of its customers, such as MNOs, media broadcasters and public administrations which operate with substantial leverage, and many of which are not investment grade or do not have a credit rating.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including unsettled receivables and committed transactions.

The loss of significant customers, or the loss of all or a portion of the Group's expected services agreements revenues from certain customers and an increase in the Group's level of exposure to credit risk, or the Group's failure to actively manage it, could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

***Liquidity risk***

Liquidity risk arises from a mismatch between the Group's cash requirements and the sources thereof. The Group carries out a prudent management of liquidity risk and, given the dynamic nature of its businesses, the Group's policy is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy, the Group had available liquidity of over €2.6 billion, considering cash and available credit lines, as of June 30, 2019.

However, the Company has significant payment obligations, including in respect of pending acquisitions (see "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group*") and the Group may not be able to draw down or access liquid funds in a sufficient amount and at a reasonable cost to meet its payment obligations at all times. Failure to maintain adequate liquidity levels may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows, and, in extreme cases, threaten its future as a going concern and lead to insolvency.

***Inflation risk***

A significant portion of the Group's operating costs could rise as a result of higher inflation. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, the Group's results of operations could be affected by inflation and/or deflation.

**Alternative performance measures**

In addition to financial information presented or incorporated by reference herein and prepared under IFRS-EU, this Prospectus includes certain APMs as defined in the ESMA Guidelines, including "**Adjusted EBITDA**", "**Adjusted EBITDA margin**", "**Gross and Net Financial Debt**" "**Maintenance, Expansion and M&A capital expenditure**" and "**Recurring Leveraged Free Cash Flow**". The Group believes that the presentation of the APMs included herein complies with the ESMA Guidelines. The 2019 Interim Consolidated Financial Information and the 2018 Audited Consolidated Financial Information also include these APMs. The calculation of these APMs has been validated by the Group's auditor (Deloitte).

Prospective investors are cautioned not to place undue reliance on these measures, which should be considered as supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS-EU included or incorporated by reference herein. Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for certain information on the limitations of APMs.

The criteria used to calculate Adjusted EBITDA, Gross Financial Debt, Net Financial Debt and Recurring Leveraged Free Cash Flow as of and for the six-month period ended June 30, 2019 and as of and for the year ended December 31, 2018 differs from the criteria used in prior periods (other than the APMs presented as of and for the year ended December 31, 2017 which have been restated for comparative purposes) as a result of the early adoption of IFRS 16. Therefore, the APMs presented in prior periods are not fully comparable to the ones as of and for the year ended December 31, 2018 and year ended December 31, 2017 (restated). See "*Operating and Financial Review– Changes in accounting policies relating to the adoption of IFRS 9, 15 and 16— IFRS 16 "Leases"*" and *"Operating and Financial Review– Impacts on the comparative information derived from the adoption of IFRS 16*".

***Adjusted EBITDA***

Adjusted EBITDA, as used in this Prospectus, relates to the "Operating profit" before "Depreciation and amortization charge" and after adding back (i) certain non-recurring items (such as costs related to acquisitions and contract renegotiations) or (ii) certain non-cash items (such as advances to customers and prepaid expenses).

The Company uses Adjusted EBITDA as an operating performance indicator as it is considered the measure that best represents the cash generation of its business units and is widely used as an evaluation metric among analysts, investors, rating agencies and other stakeholders. At the same time, it is important to highlight that Adjusted EBITDA is not a measure adopted in accounting standards and, therefore, should not be considered an alternative to cash flow as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, therefore, cannot be compared to the Adjusted EBITDA of other companies.

One commonly used metric that is derived from Adjusted EBITDA is Adjusted EBITDA margin, as described below.

The following table sets forth a reconciliation of Adjusted EBITDA to the Group's operating profit for the same years.

| | **For the six-month period ended June 30,** | | **For the year ended December 31,** | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** | **2017** | **2016** |
| | **(unaudited)** | **(unaudited)** | **(audited)** | **(unaudited) (restated)** | **(audited)** | **(audited)** |
| | **(in thousands of €)** | | | | | |
| Operating profit | 89,263 | 29,994 | 112,530 | 128,562 | 98,426 | 86,729 |

| | For the six-month period ended June 30, | | For the year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** | **2017** | **2016** |
| | **(unaudited)** | **(unaudited)** | **(audited)** | **(unaudited) (restated)** | **(audited)** | **(audited)** |
| | | | **(in thousands of €)** | | | |
| Depreciation and amortization charge ................ | 217,127 | 196,498 | 402,846 | 351,682 | 225,382 | 176,779 |
| Non-recurring expenses[(1)] .................................... | 13,036 | 62,404 | 72,067 | 17,014 | 27,959 | 23,458 |
| Advances to customers ........................................ | 1,847 | 1,647 | 3,383 | 2,771 | 2,771 | 2,590 |
| **Adjusted EBITDA** ............................................ | **321,273** | **290,543** | **590,826** | **500,029** | **354,538** | **289,556** |

(1) Non-recurring expenses as broken down below

| **Non-recurring expenses and advances to customers breakdown** | For the six-month period ended June 30, | | For the year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** | **2017** | **2016** |
| | **(unaudited)** | **(unaudited)** | **(audited)** | **(unaudited) (restated)** | **(audited)** | **(audited)** |
| | | | **(in thousands of €)** | | | |
| Costs related to acquisitions[(1)] ............................ | 6,228 | 5,469 | 13,607 | 10,877 | 10,877 | 7,392 |
| Tax associated with acquisitions [(2)] .................... | - | 735 | | | - | 2,344 |
| Contract renegotiation [(3)] .................................... | - | - | - | 3,825 | 3,825 | - |
| Lease cancellation costs [(4)] ................................. | - | - | - | - | - | 5,631 |
| Prepaid expenses [(5)] ............................................ | - | - | - | 2,312 | 13,257 | 8,091 |
| Advances to customers [(6)] .................................. | 1,847 | 1,647 | 3,383 | 2,771 | 2,771 | 2,590 |
| Redundancy provision [(7)] .................................... | 6,808 | 56,200 | 56,160 | - | - | - |
| LTIP remuneration payable in shares [(8)] ............. | - | - | 2,300 | - | - | - |
| **Total non-recurring expenses and advances to customers** ..................................................... | **14,883** | **64,051** | **75,450** | **19,785** | **30,730** | **26,048** |

(1) Mainly includes expenses incurred in acquisitions during the corresponding years and the amounts recorded in connection with the Employment Reorganization Plan.

(2) In 2016 this item relates to Real Estate Transfer Tax (or RETT, is a tax levied on the transfer of legal or beneficiary title to real estate assets. This tax is calculated on the gain between the fair value of the real estate asset transferred and the transaction price), paid on the transfer of infrastructures in the Netherlands and stamp duty paid on the acquisitions in the United Kingdom.

(3) This item relates to the cancellation expenses concerning the renegotiation of certain contracts with services providers. These renegotiations took place in order to achieve significant savings in costs in subsequent years (non-recurring item)

(4) This item relates to the non-cash provision made in relation to the consolidation of the corporate offices in Madrid. This reorganization took place in 2016 in order to achieve significant savings in rental costs in subsequent years.

(5) This item mainly includes prepaid energy or other operating costs which have been prepaid in advance (non-cash items). Prior to the early adoption of IFRS 16 this item mainly included prepaid ground rental costs, prepaid energy and agency fees incurred to renegotiate rental contracts and which were taken to the consolidated income statement over the life of the corresponding ground lease contract (non-cash item).

(6) This item includes the amortization of amounts paid for infrastructures to be dismantled and their corresponding dismantling costs, which are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (MNOs). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures (non-cash item).

(7) This item mainly includes the amounts recorded in accordance with the Employment Reorganization Plan detailed in Note 16.b to the 2019 Interim Consolidated Financial Statements and Note 18.b to the 2018 Audited Consolidated Financial Statements (non-recurring item).

(8) This item corresponds to the LTIP remuneration accrued as of December 31, 2018, which is payable in Cellnex shares. See Note 16.b to the 2019 Interim Consolidated Financial Statements and Note 18.b of to the 2018 Audited Consolidated Financial Statements.

***Adjusted EBITDA margin***

Adjusted EBITDA margin corresponds to Adjusted EBITDA (as defined above), divided by total revenues excluding elements passed through to customers from both expenses and revenues (mostly electricity costs) which amount to €320,410 thousand for the six-month period ended June 30, 2019 (€470,492 thousand for the six-month period ended June 30, 2018) and 867,449 thousand for the year ended December 31, 2018 (€757,605 thousand for the year ended December 31, 2017, restated).

According to the above, the Adjusted EBITDA margin for the six-month periods ended June 30, 2019 and 2018 was 68% and 66%, respectively. The Adjusted EBITDA margin for the year ended December 31, 2018 and the year ended December 31, 2017, restated, was 68% and 66%, respectively. The Company uses Adjusted EBITDA margin as an operating performance indicator and it is widely used as an evaluation metric among analysts, investors, rating agencies and other stakeholders.

***Gross Financial Debt***

The Gross Financial Debt corresponds to "Bond issues and other loans", "Loans and credit facilities" and "Lease liabilities", which does not include any debt held by Group companies registered using the equity method of consolidation, "Derivative financial instruments" and "Other financial liabilities". "Lease liabilities" is calculated as the present value of the lease payments payable over the lease term, discounted at the rate implicit or at the incremental borrowing rate.

The Gross Financial Debt calculation as of June 30, 2019 and as of December 31, 2018, 2017 and 2016 was as follows:

| | As of June 30, | As of December 31, | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 (restated) | 2017 | 2016 |
| | (unaudited) | (audited) | (unaudited) | (audited) | (audited) |
| | | (in thousands of €) | | | |
| Bond issues and other loans(*) | 2,711,799 | 2,510,176 | 1,898,619 | 1,898,619 | 1,410,466 |
| Loans and credit facilities | 735,238 | 585,561 | 633,189 | 633,189 | 281,839 |
| Lease liabilities | 553,578 | 526,337 | 425,982 | - | - |
| **Gross Financial Debt** | **4,000,615** | **3,622,074** | **2,957,790** | **2,531,808** | **1,692,305** |

(*) These concepts are net of arrangement expenses, and are calculated by subtracting the respective "Arrangement expenses" caption. See "*Borrowings–Borrowings by maturity*".

### *Net Financial Debt*

The Net Financial Debt corresponds to "Gross Financial Debt" less "Cash and cash equivalents". Together with Gross Financial Debt, the Company uses Net Financial Debt as a measure of its solvency and liquidity as it indicates the current cash and equivalents in relation to its total debt liabilities. One commonly used metric that is derived from Net Financial Debt is "Net Financial Debt / Adjusted annualized EBITDA" which is frequently used by analysts, investors and rating agencies as an indication of financial leverage.

The Net Financial Debt calculation as of June 30, 2019 and as of December 31, 2018, 2017 and 2016 was as follows:

| | As of June 30, | As of December 31, | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 (audited) | 2017 (restated) | 2017 | 2016 |
| | (unaudited) | | (unaudited) | (audited) | (audited) |
| | | (in thousands of €) | | | |
| Gross Financial Debt | 4,000,615 | 3,622,074 | 2,957,790 | 2,531,808 | 1,692,305 |
| Cash and cash equivalents | (1,702,262) | (455,870) | (295,173) | (295,173) | (192,851) |
| **Net Financial Debt** | **2,298,353** | **3,166,204** | **2,662,617** | **2,236,635** | **1,499,454** |

As of June 30, 2019, the Group's Net Financial Debt amounted to €2,298 million (€3,166 million in 2018), including a consolidated cash and cash equivalents position of €1,702 million (€456 million in 2018).

As of December 31, 2018, the Group's Net Financial Debt amounted to €3,166 million (€2,663 million as of December 31, 2017, restated), including a consolidated cash and cash equivalents position of €456 million (€295 million as of December 31, 2017, restated). The ratio of Net Financial Debt to Adjusted annualized EBITDA (calculated as Net Financial Debt as of December 31, 2018 divided by 12-month forward-looking Adjusted EBITDA) amounts to 4.9x as of December 31, 2018 (4.6x as of December 31, 2017, restated).

As of December 31, 2017 the Group's Net Financial Debt amounted to €2,237 million (€1,499 million as of December 31, 2016), including a consolidated cash and cash equivalents position of €295 million (€193 million as of December 31, 2016). The ratio of net bank borrowings and bond issues to Adjusted annualized EBITDA (calculated as Net Financial Debt as of December 31, 2017 divided by 12-month forward-looking Adjusted EBITDA) amounted to 5.5x as of December 31, 2017 (4.6x as of December 31, 2016). These ratios are not fully comparable to the ones calculated in the previous paragraph, as the financial information used as the basis of their calculation has not been restated, and therefore does not include the impact of the adoption of IFRS 16.

The ratio of Net Financial Debt to Adjusted annualized EBITDA is a forward-looking metric based on management's estimate of the Group's Adjusted annualized EBITDA, and is therefore subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the Group's actual Adjusted EBITDA to materially differ from that expressed in, or suggested by, this forward-looking metric. For further information on forward-looking statements and why investors should not place on them undue reliance, as well as the key factors affecting the Group's results of operations, see "*Presentation of Financial and Other Information—Forward-looking Statements*" and "*Operating and Financial Review—Factors affecting the Group's results of operations*", respectively.

### *Capital expenditures*

The Company considers Capital expenditures as an important indicator of its operating performance in terms of investment in assets, including their maintenance, organic and build-to-suit expansion, and acquisition. This indicator is widely used in the industry in which the Company operates as an evaluation metric among analysts, investors, rating agencies and other stakeholders.

The Group classifies its capital expenditures in four main categories:

- Maintenance capital expenditures corresponds to investments in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites.
- Expansion capital expenditures, or organic growth capital expenditure, includes site adaptation for new tenants, ground leases (cash advances and land acquisitions), and efficiency measures associated with energy and connectivity, and early site adaptation to increase the capacity of sites. Thus, it corresponds to investments related to business expansion that generates additional Adjusted EBITDA.
- Expansion capital expenditures (mainly build-to-suit programs), includes build-to-suit committed with anchor clients, at the moment of the closing of the M&A projects or the corresponding new extensions.
- M&A capital expenditures, corresponds to investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites (asset purchases).

Total capital expenditure for the six-month periods ended June 30, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016 are summarized as follows:

| | **For the six-month period ended June 30,** | | **For the year ended December 31,** | | | |
|---|---|---|---|---|---|---|
| | **2019 (unaudited)** | **2018 (unaudited)** | **2018 (audited)** | **2017 (restated) (unaudited)** | **2017 (audited)** | **2016 (audited)** |
| | | | | **(in thousands of €)** | | |
| Maintenance capital expenditure ........ | 12,117 | 13,097 | 30,653 | 25,348 | 25,348 | 21,423 |
| Expansion capital expenditure ........... | 52,396 | 43,397 | 93,746 | 88,136 | 139,885 | 57,307 |
| Expansion capital expenditures (Build-to-suit programs) .................... | 138,612 | 37,666 | 147,341 | 51,749 | - | - |
| M&A capital expenditure .................. | 213,720 | 152,394 | 395,305 | 1,017,454 | 1,017,454 | 705,556 |
| **Total capital expenditures**................ | **416,845** | **246,554** | **667,063** | **1,182,687** | **1,182,687** | **784,286** |

The Group's ability to maintain a high level of service depends on its ability to develop, expand and maintain its infrastructure, which requires substantial amounts of capital and other long-term expenditures, including those relating to the renewal, optimization or improvement of existing networks, as well as regarding its ability to obtain sufficient financing to finance these projects and the performance of third party technical supplies for the implementation of its expansion projects. The Group has financed these expenditures in the past through a variety of means, including internally generated cash flows and external borrowings. In the future, it expects to make use of a combination of some of these sources, including bank and capital markets debt and equity market transactions, to manage its balance sheet and meet its financing requirements, although obtaining additional financing may be more costly or otherwise more difficult in the future as a result of the Group's leverage. The actual amount and timing of the Group's future capital requirements may also differ from its estimates as a result of, among other things, unforeseen delays or cost overruns in implementing, regulatory reforms, unanticipated expenses, engineering and design changes and technological changes, such as unexpected phase-out of technologies. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet the Group's requirements, which could limit the Group's ability to maintain its current operations or expand in the future.

### *Recurring Leveraged Free Cash Flow*

The Company considers that the Recurring Leveraged Free Cash Flow is one of the most important indicators of its ability to generate stable and growing cash flows which allows it to create value over time for its shareholders.

The Recurring Leveraged Free Cash Flow calculation for the six-month periods ended June 30, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016 was as follows:

| | For the six-month period ended June 30, | | For the year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 (restated) | 2017 | 2016 |
| | (unaudited) | (unaudited) | (audited) | (unaudited) | (audited) | (audited) |
| | | | (in thousands of €) | | | |
| Adjusted EBITDA[(1)] | 321,273 | 290,543 | 590,826 | 500,029 | 354,538 | 289,556 |
| Payments of lease instalments in the ordinary course of business and interest payments[(2)] | (97,810) | (84,679) | (166,493) | (153,001) | - | - |
| Maintenance capital expenditure[(3)] | (12,117) | (13,097) | (30,653) | (25,348) | (25,348) | (21,423) |
| **Recurring Operating Cash Flow** | **211,346** | **192,767** | **393,680** | **321,680** | **329,190** | **268,133** |
| Changes in current assets/current liabilities[(4)] | 11,286 | 12,760 | 2,034 | 10,886 | 3,376 | 17,931 |
| Net payment of interest[(5)] | (46,364) | (37,839) | (64,503) | (40,941) | (40,941) | (23,208) |
| Income tax payment[(6)] | (2,282) | (9,403) | (20,219) | (13,349) | (13,349) | (11,477) |
| Net dividends to non-controlling interests[(7)] | (699) | (285) | (6,274) | (631) | (631) | - |
| **Recurring Leveraged Free Cash Flow** | **173,287** | **158,000** | **304,718** | **277,645** | **277,645** | **251,379** |

(1) See above for a reconciliation of Adjusted EBITDA to the Group's operating profit.

(2) Corresponds to interest payments on lease liabilities and payments of lease instalments in the ordinary course of business.

(3) Calculated as investment in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites.

(4) See "changes in current assets/current liabilities" in the consolidated statement of cash flows included in the Financial Statements.

(5) Corresponds to the net of "interest payments" and "interest received" in the consolidated statement of cash flows included in the Financial Statements.

(6) See "income tax payment" in the consolidated statement of cash flows included in the Financial Statements.

(7) Corresponds to the net of "Dividends to non-controlling interests" and "Dividends received" in the consolidated statement of cash flows included in the Financial Statements.

## Key performance indicators

The Group closely monitors the following key drivers of its businesses. The table below shows the Group's key performance indicators as of and for the six-month period ended June 30, 2019 and as of and for the years ended December 31, 2018, 2017 and 2016 on a historical basis.

| | As of and for the six-month period ended June 30, | As of and for the year ended December 31, | | |
|---|---|---|---|---|
| | 2019 (historical) | 2018 (historical) | 2017 (historical) | 2016 (historical) |
| Total number of sites (at period end) | 24,078 | 23,440 | 21,017 | 16,828 |
| Customer ratio[(1)] | 1.57x | 1.60x | 1.55 | 1.62 |

(1) Customer ratio relates to the average number of operators in each site. It is obtained by dividing the number of operators by the number of Telecom Infrastructure Services sites in the year.

## INDUSTRY OVERVIEW

The Group's activities are concentrated in three segments: Telecom Infrastructure Services, Broadcasting Infrastructure, and Other Network Services.

The Group acts primarily as an owner and operator of what it believes to be essential infrastructure assets which it uses to provide services to enterprises in the communications and media industry and public administrations. The Group's assets and the quality of its services play a crucial role in its customers' ability to serve their clients. Therefore, the various market dynamics which affect the Group's business in each segment can be classified in two different categories.

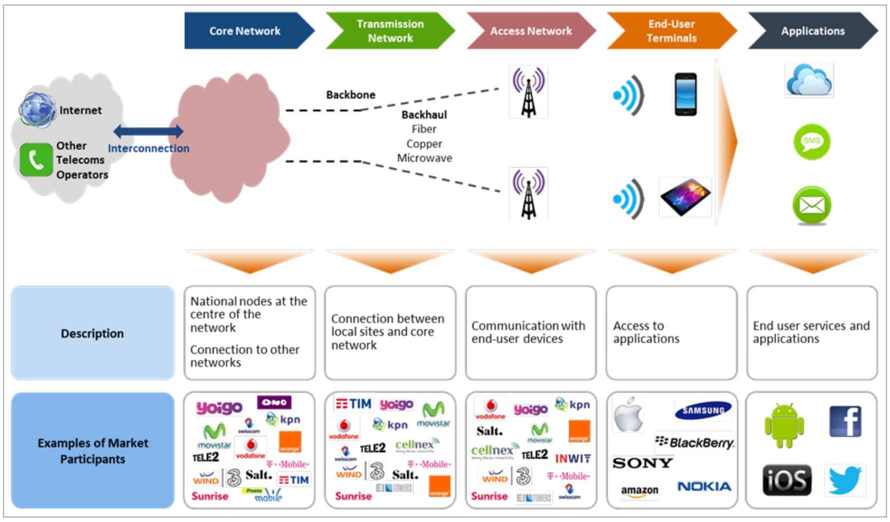
- The dynamics of the markets in which the Group's clients operate. In fact, the Group's clients' evolving operating and technological environments have long-term implications on its business's growth opportunities.
- The structure and trends affecting the infrastructure markets where the Group and similar infrastructure companies operate. The Group operates in an industry where typically only a very limited number of players provide the services it provides, in particular in the Telecom Infrastructure Services, Broadcasting Infrastructure and some of activities of the Other Network Services. This situation is largely the result of a number of structural factors, notably the capital and asset intensity required for the provision of the Group's services, the significant economies of scale inherent to the Group's business and the complexity of the technical skills required to satisfy the stringent SLAs demanded by its customers.

### Telecom Infrastructure Services

#### *The wireless telecom tower infrastructure market*

In order to provide wireless communication services to their customers, MNOs require high quality transmission network and access network infrastructure. As illustrated below, the Group focuses on providing transmission network services and access network services which occupy a critical part of the wireless communication services value chain. Transmission network services include the provision of intermediate links between the core network and the wireless access infrastructures. Access services include the operation of physical tower infrastructure.

#### *The wireless communication value chain*




### Key drivers supporting demand for tower infrastructure

#### *Mobile data traffic growth*

The proliferation of mobile devices such as smartphones and tablets and the omnipresence of sophisticated, data intensive mobile applications and services are expected to drive strong demand for mobile bandwidth supporting an explosive growth of data usage. Mobile data traffic in Western Europe is expected to grow at a CAGR of 40% from 2017 through 2022 (Source: Cisco VNI Index 2017-2022), as larger screens, better cameras, faster processors and innovative apps drive higher rates of data consumption on the cellular network. Similar growth rates are expected across all markets where the Group is currently present. With users demanding faster communication speeds and higher bandwidth, and MNOs looking to compete on network quality, the Group expects that neutral telecom infrastructure operators like itself will continue to enjoy strong demand for their services.

***Network design***

MNOs continue to increase the density of their networks as the data traffic handled by each cell continues to grow. The roll-out of 4G/LTE together with the growing smartphone penetration and the anticipated VoLTE (Voice over LTE) adoption would require a network design with higher cell density in order to support heavy mobile data traffic requiring MNOs to further densify their antenna grid. This trend is expected to drive additional demand for services the Group provides on its infrastructures. Additionally, given that there is generally a limited availability of spectrum, mobile operators would need to resort to increase the number of antennas in order to ensure adequate network capacity.

***Adoption of 5G communication standard***

Regulators, governments and MNOs globally and in Europe recognize 5G as the key next step of mobile network evolution. The European Commission ("**EC**") has presented a 5G adoption roadmap reported "5G for Europe: an action plan", which foresees a common EU calendar for a coordinated 5G commercial launch. In addition to the allocation of the 3,500 MHz band in almost every country in the EU, the calendar envisages allocation of 700 Mhz 5G spectrum and commercial launch of 5G networks in all EU member states in 2020, and subsequent roll-out of 5G infrastructure and transition to "Gigabit Society" with 5G available in key cities by 2025.

While the specific industrial standard of 5G networks is currently being developed, it is clear that 5G will trigger the deployment of macro and Small Cells due to its expected densification requirements. Such deployment will entail heavy investments for operators, placing them in a position to reconsider their traditional rollout strategy; neutral tower operators could take the advantage of the situation, promoting new sharing agreements and extending existing ones.

***Network outsourcing growth***

As a response to pressure on their profitability, European MNOs are increasingly looking for ways to outsource their tower portfolios as demonstrated by multiple recent sales of infrastructures. Tower outsourcing provides MNOs with significant benefits. It raises cash proceeds and achieves reduction in operating expenditures and capital expenditure while enhancing network quality through improved maintenance and technical expertise. Furthermore, it allows MNOs to focus on their core operations while at the same time reduces time to market in network expansion.

In this regard, neutral tower operators such as the Group offer MNOs a win-win situation where MNOs' networks capacity is enhanced while decreasing costs and at the same time, tower operators can capture significant organic growth.

***New technologies and services***

Aside from the steady spread of portable devices (i.e. smartphones and tablets), the 4G/LTE and expected 5G adoption, a number of technological developments that enable the diffusion of new radio technologies for the connection of devices to the network are driving the growth in mobile services demand.

Advances in the IoT Ecosystem should lead to significant growth in the number of Machine to Machine ("**M2M**") devices connected to mobile networks. Cisco VNI estimates that the number of devices connected to the internet worldwide will rise from 18.0 billion in 2017 to 28.5 billion in 2022. With the boost of connected devices, current operators will need to adapt their networks to a massive number of communications with low traffic per communication.

As one example of the key IoT applications in the near future, proliferation of self-driving cars is expected to significantly accelerate after 2020 (the autonomous car market value is expected to grow at a CAGR of 31.5% between 2019-2024 according to BusinessWire). Commercial application of partially and fully autonomous vehicles will require deployment of sophisticated and dense mobile networks, with high connection speeds, reliability and low latency.

This increase may require further development of new infrastructures to meet territorial and population coverage requirements in areas that may be strategic for MNOs.

***Small Cells and DAS services***

Traffic is expected to outgrow the available capacity of current network infrastructures creating an increasing need for new technologies such as Small Cells and DAS in order to further densify MNOs' networks. In order to offer higher traffic speeds, solutions combining macrocells and Small Cells/DAS are in development as they can offer higher network capillarity and increased capacity. The former can be placed in regular urban furniture (street lamps, bus stops, etc.) the latter is ideal to cover large crowded areas (stadiums, shopping malls, etc.).

### Broadcasting Infrastructure

#### *TV broadcasting market overview*

The Group is the reference provider of DTT transmission services to public and private broadcasting groups in Spain. The long-term prospects of the DTT platform are important for its business, which in turn depends on DTT continuing to be both (i) an attractive platform to receive TV from the perspective of end users and (ii) a key media from the point of view of its public and commercial TV channel clients.

*The positioning of DTT in Spain as a TV delivery platform*

In Western Europe, TV is watched through a variety of platforms that differ with respect to the underlying technology used to carry the signal to viewers. The various platforms—terrestrial, cable, broadband ("**IPTV**") and satellite—are conditioned by different competing players. Each technology and player has unique competitive advantages and its own history, and the proportion of households that use a specific platform as their primary access to content varies greatly from one country to another.

In Spain, the terrestrial platform is the most commonly used to watch TV. The audience share of DTT in Spain is one of the highest in Western European region reaching 76.3% in December 2018 (latest available data). The other platforms include cable/IPTV (21.3% audience share) and satellite (2.4% audience share) as of December 2018 (Source: CNMC).

DTT is the only platform in Spain that is free of charge and widely present in rural areas, and it is one of the main sources of entertainment for viewers. DTT's leading position is expected to remain strong in the mid to long-term as it is supported by a number of features and trends and significant advantages relative to other platforms.

*Overview of the main TV channels in Spain*

There are a large number of TV channels in Spain delivered over multiple platforms, and a wide range of associated business models. The Group believes Spain provides an attractive channel offering on DTT as the majority of them are free-to-air ("**FTA**"). Even though the "historical" channels (that already used analogue technology) remain the most popular channels in Spain, the demand for DTT channels is still increasing.

*Funding of TV in Spain*

TV broadcasting infrastructure activities are business critical and are based on mid-term fixed and recurrent fee contracts, making the Group's cash flow relatively independent of short-term dynamics in sources of funding of TV (advertising, public funds and, to a much lesser extent, subscription fees). Broadcasting service fees account for a very small share of the costs of TV channels, for which programming and operating expenses are much larger cost items. However, long-term developments in the sources of funding of TV are important for the Group as they support the Group's clients' future investments in content and audience growth.

#### *TV broadcasting infrastructure market overview*

DTT is broadcasted through MUXs, which refer to each of (i) the processing equipment used to send multiple signals or streams of information at the same time in the form of a single, complex and digital signal; (ii) the spectrum resources shared by several content providers that agree to broadcast a TV signal over the same geographical area; and (iii) the broadcasting network, designed to transmit a signal, which aggregates a determined number of channels within a specific frequency and geography, and according to certain population coverage requirements and SLAs. The word MUX also refers to a group of channels which come together to sign broadcasting contracts with broadcasting infrastructure providers such as the Group through a company they jointly own or have back-to-back agreements with.

National DTT, which is the core service provided by the Group, is widely received by Spanish households with more than 99% coverage as most households are equipped with appropriate receivers and antennas (source: Televisión Digital. Gobierno de España).

#### Radio broadcasting market overview

Radio broadcasting in Spain is a mature market dominated by four major groups (which are the Group's main customers for this sector) with a combined audience share of approximately 86% of the generalist and thematic markets. FM is the most popular broadcast platform for radio content combining extensive coverage with good sound quality. The growing influence of Internet radio may change the market dynamics in the near future.

**Other Network Services**

***Public protection and disaster relief (PPDR)***

PPDR services consist of the provisioning of emergency network services to public administration agencies to ensure mission critical terrestrial or maritime communications. PPDR services are typically provided through stringent SLAs, and demand the highest level of service availability usually backed by redundant infrastructures and continuous monitoring through 24/7 always-on network operation centers.

Basic services for security and emergency users or PPDR agencies are voice services such as group calls and short data services, including communication of position data or status messages. Networks are mainly based on TETRA (Terrestrial Trunked Radio) or Tetrapol technologies in the 380-400 MHz frequency band. PPDR networks can be contracted to carriers (for example, Airwave in the United Kingdom or Telefónica in Spain), managed directly by public bodies (for example, in Finland, Sweden, Belgium) or owned by the government and operated and maintained by third parties.

***Connectivity services***

In the connectivity services market, demand for backhaul and data transport services is driven by telecom operators such as MNOs or fixed network operators ("**FNOs**"), public administrations, and small and medium enterprises.

In the case of MNOs, 4G/LTE deployment is a key driver of increased demand for the use of optic fiber and microwave technologies.

***Urban telecom infrastructure***

The IoT can be defined as the next generation of information and communications technology, whereby objects interact, potentially independently, with each other and with their environment. This interaction in the form of transmission of data between objects is sometimes also referred to as machine-to-machine communication, or M2M communication.

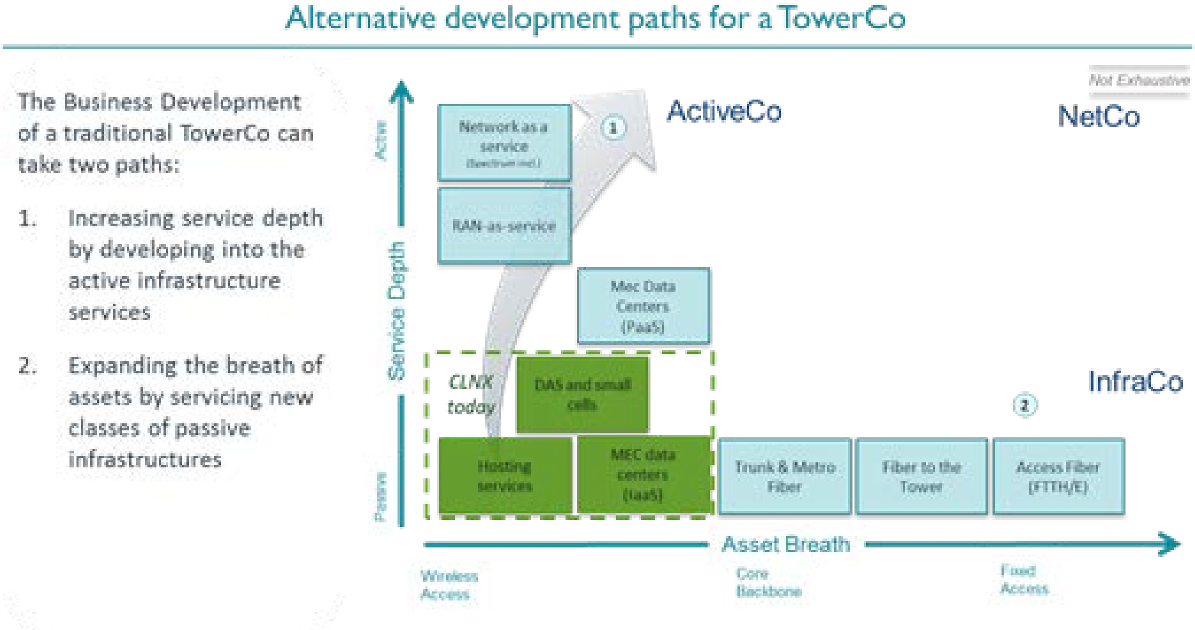
***O&M***

In order to ensure the quality of networks and prevent defects or malfunctions of the passive and active network equipment, telecom carriers or corporate users increasingly outsource O&M to third-party service providers. O&M services typically include operations around supervision and control, engineering and consultancy, and preventive and corrective maintenance of networks and equipment.

***Optic fiber***

The adoption of 5G standard and the forecasted growth in IoT will also increase the need of optic fiber to connect the infrastructures (i.e. macro cells, DAS and Small Cells) and the edge computing facilities, as the forecasted increase in data traffic will also result on an increased need for backhauling capacity. Optic fiber is increasingly playing a key role in the 5G world, and the Group is following this evolution and assessing several strategic alternatives.

The upcoming 5G technology and the forecasted growth in IoT will increase the need for optic fiber to interconnect telecom infrastructures (i.e. towers, rooftops, small cells, indoor coverage systems and edge computing facilities), as the expected increase in mobile data traffic will also result on an increased need for backhauling



capacity, in order to boost capacity while reduce latency in order to enable real time communications. Therefore, greater capillarity and availability of optic fiber is expected in the coming years and telecom infrastructure companies may face an opportunity to expand into adjacent links of their value chain (please see detail below):

***Source: Cellnex, Morgan Stanley***

# BUSINESS

## Overview

Cellnex's business model focuses on the provision of services to MNOs, broadcasters and other public and private companies acting as a neutral infrastructure provider (without one or more MNOs as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board). This business model is based on innovative, efficient, sustainable, neutral and quality management to create value for the Company's shareholders, customers, employees and other stakeholders.

The Group provides services related to infrastructure management for terrestrial telecommunications through the following three segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure, and (iii) Other Network Services.

- Telecom Infrastructure Services: this is the Group's main segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by MNOs and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers. The Telecom Infrastructure Services segment contributed 66.2% of the Group's operating income in the six-month period ended June 30, 2019, amounting to €322,542 thousand, and contributed 65% of the Group's operating income in the year ended December 31, 2018, amounting to €582,758 thousand.
- Broadcasting Infrastructure: this is the Group's second main segment by turnover. The Group currently provides broadcasting services only in Spain, where it is the only operator offering nationwide coverage of the DTT service (source: CNMC). Its services consist of the distribution and transmission of television and radio signals, the operation and maintenance of broadcasting networks and the provision of connectivity for media content, over-the-top ("**OTT**") broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop other services within its portfolio. The Broadcasting Infrastructure segment contributed 24.1% of the Group's operating income in the six-month period ended June 30, 2019, amounting to €117,198 thousand, and contributed 26% of the Group's operating income in the year ended December 31, 2018, amounting to €232,773 thousand.
- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing the following network services: data transport, security and control, Smart communication networks including IoT, Smart Services and managed services and consulting, as well as optic fiber services. As a telecom infrastructure operator, Cellnex can facilitate, streamline and accelerate the deployment of these services through the efficient connectivity of objects and people, in both rural and urban environments, helping to build genuine Smart territories. This constitutes a specialized business that generates relatively stable cash flows with potential for growth. The Other Network Services segment contributed 9.7% of the Group's operating income in the six-month period ended June 30, 2019, amounting to €47,078 thousand, and contributed 9.2% of the Group's operating income in the year ended December 31, 2018, amounting to €82,340 thousand.

As of June 30, 2019, Cellnex had 25,797 infrastructures (24,078 sites and 1,719 nodes), operating 19%, 21%, 5%, 2%, 6% and 19% of the telecom infrastructures in Spain, Italy, the Netherlands, the United Kingdom, France and Switzerland, respectively (source: Arthur D. Little, latest available data). As of the date of this Prospectus, Cellnex owns and operates 2,771 additional sites in Switzerland, 546 sites in Ireland and 114 additional sites in the Netherlands following the completion of the Salt Acquisition, the Cignal Acquisition and the On Tower Netherlands Acquisition, respectively, operating 40%, 9% and 5% of the telecom infrastructures in Switzerland, Ireland and the Netherlands, respectively. Upon the completion of the Iliad Acquisition, the Group will own and operate approximately 5,700 and 2,200 additional sites in France and Italy, respectively. Upon the completion of the Arqiva Acquisition, the Group will own and operate approximately 7,400 additional sites in the United Kingdom and will have the right to market approximately 900 additional sites.

The Group has one customer that contributed approximately 20.8% of its total operating income for the six-month period ended June 30, 2019 (23% and 26% for the year ended December 31, 2018 and 2017, respectively). The total operating income from this customer for the six-month period ended June 30, 2019 amounted to €101,334 thousand (€205,992 thousand and €207,131 for the year ended December 31, 2018 and 2017, respectively). For the year ended December 31, 2016, the Group had three customers that each exceeded 10% of its operating income, which amounted to €339,752 thousand.

## Competitive strengths

### *Leading operator of mission critical infrastructure for MNOs and audiovisual media*

The Company believes to be the leading neutral telecom infrastructure operator in Europe, operating 19%, 21%, 5%, 2%, 6%, 40% and 9% of the telecom infrastructures in Spain, Italy, the Netherlands, the United Kingdom, France, Switzerland and Ireland, respectively (source: Arthur D. Little, latest available data). The Company has increased the number of sites since 2014 becoming a more prominent player in the market.

The Company believes to be the leading neutral wireless operator in Spain, Italy, France, Switzerland and the Netherlands.

The Company has substantial scale with a portfolio of 8,832 infrastructures in Spain, as of June 30, 2019 and had demonstrated a history of leadership through co-location on telecom and broadcast infrastructures and dedicated telecom wireless infrastructures. In Italy and Switzerland, the Company believes to be the leading neutral telecom infrastructure operator with a unique portfolio of 9,881 infrastructures (as of June 30, 2019) spread over the Italian territory with attractive locations, which will be increased by approximately 2,200 additional infrastructures following the closing of the Iliad Acquisition, and a unique portfolio of 2,480 infrastructures (as of June 30, 2019) spread over the Swiss territory with attractive locations, which will be increased by approximately 2,800 additional infrastructures following the closing of the Salt Acquisition.

In France, the Company has a unique portfolio of 3,192 infrastructures (as of June 30, 2019) spread over the French territory with attractive locations, which will be increased by approximately 5,700 additional infrastructures following the closing of the Iliad Acquisition and approximately 100 additional infrastructures which are pending transfer pursuant to the different agreements with Bouygues Telecom, becoming the leading neutral telecom infrastructure operator in the country. In the Netherlands, Cellnex believes to be the leading neutral telecom infrastructure operator with a unique portfolio of 804 infrastructures (as of June 30, 2019) spread over the Dutch territory with attractive locations, which has been increased by 114 additional infrastructures following the closing of On Tower Netherlands Acquisition in July 2019.

In the United Kingdom, the Company has a portfolio of 608 infrastructures (as of June 30, 2019) spread over the British territory with attractive locations, which will be increased by approximately 7,400 additional infrastructures following the closing of the Arqiva Acquisition (plus rights to market approximately 900 sites). In Ireland, and pursuant to the Cignal Acquisition closed on September 2019, the Company has a portfolio of 546 infrastructures as of the date of this Prospectus.

Below please find a table summarizing the status of the Group's infrastructures as of the date of this Prospectus. See "*Business–Material Contracts*") for additional information.

| | **Total Telecom Infrastructure Services ("TIS") sites as of June 30, 2019** | **Acquired TIS sites post June 30, 2019** | **Pending TIS sites (4)** | *Purchase Commitments of Pending TIS Sites (in millions of €)(9)* | *Expected completion date* | **Total TIS sites run-rate** | **Broadcasting sites** | **DAS nodes** | **Existing infrastructures as of June 30, 2019 (10)** | **Run-rate infrastructures (4) (11)** |
|---|---|---|---|---|---|---|---|---|---|---|
| Spain | 7,000 | | | | | 7,000 | 1,664 | 168 | 8,832 | 8,832 |
| Netherlands | 804 | 114(1) | | | | 918 | | | 804 | 918 |
| UK | 608 | | c. 7,400(5) | *c.2,200(9)* | | c.8,000 | | | 608 | c.8,000 |
| France | 3,192 | | Up to 10,258 (6) | *1,739* | *2026* | Up to 13,450 (6) | | | 3,192 | Up to 13,450 |
| Switzerland | 2,480 | 2,771 (2) | Up to 867 (7) | | *2027* | Up to 6,118 (7) | | | 2,480 | Up to 6,118 |
| Italy | 8,330 | | Up to 4,349 (8) | *600* | *2025* | Up to 12,679 (8) | | 1,551 | 9,881 | Up to 14,230 |
| Ireland | 0 | 546 (3) | Up to 600 (3) | | *2026* | Up to 1,146 (3) | | | 0 | Up to 1,146 |
| | **22,414** | **3,431** | **Up to 23,474(4)** | *c.4,539* | | **Up to 49,311 (4)** | **1,664** | **1,719** | **25,797** | **Up to 52,694 (4)** |

(1) In July 2019, Cellnex acquired 114 additional infrastructures pursuant to the On Tower Netherlands Acquisition.

(2) In August 5, 2019, the Salt Acquisition was closed and 2,771 sites were transferred in Switzerland.

(3) In accordance with the Cignal Acquisition, Cellnex has acquired a company that owns 546 sites in Ireland and Cignal will deploy up to 600 new additional sites by 2026.

(4) Assuming that, based on management's estimates and subject to certain conditions, all sites to be transferred or built under the Group's acquisition agreements, purchase commitments and build-to-suit programs are actually transferred or built, as applicable, by each relevant date. See "*Business–Material Contracts*" and "*Operating and Financial Review– Acquisition of the Arqiva Group's tower operations business*" for

additional information. Regarding the Iliad Acquisition and the Salt Acquisition, minimum build-to-suit commitments have been considered.

(5) Following the closing of the Arqiva Acquisition, c.7,400 sites will be transferred to the Group.

(6) In accordance with the agreements reached with Bouygues Telecom during 2016, 2017 and 2018, as of June 30, 2019, the Group has committed to acquire from Bouygues Telecom and for Bouygues Telecom to build, as applicable, up to 5,250 sites that will be gradually transferred to Cellnex until 2024 (see Note 5 to the 2019 Interim Consolidated Financial Statements and accompanying directors' report). Of the preceding 5,250 total committed sites with Bouygues Telecom, a total of 3,192 sites have been transferred to Cellnex as of June 30, 2019 (see Note 1.2 to the directors' report accompanying the 2019 Interim Consolidated Financial Statements). Additionally, following the closing of the Iliad Acquisition regarding France, c.5,700 sites will be transferred, and 2,500 sites will be built by Free Mobile by December 31, 2026.

(7) In accordance with the agreements reached with Sunrise in 2017 and 2018, as of June 30, 2019, the Group has committed to acquire from Sunrise and to build for Sunrise to operate its radio and ancillary equipment in them, as applicable, up to 2,847 (2,239 + 133+ 475) sites that will be gradually transferred to Cellnex until 2027 (see Note 5 of the 2019 Interim Consolidated Financial Statements and accompanying directors' report). Of the preceding 2,847 total committed sites with Sunrise, a total of 2,480 sites have been transferred to Cellnex as of June 30, 2019 (see Note 1.2 to the directors' report accompanying the 2019 Interim Consolidated Financial Statements). Additionally, pursuant to the Salt Acquisition closed on August 5, 2019, 500 sites will be built by Salt Mobile in 2020-2027.

(8) In accordance with the agreements reached with Wind in 2015 and its extension, the Group has committed to build up to 1,200 sites that will be gradually transferred to Cellnex until 2025 (see Note 5 of the 2019 Interim Consolidated Financial Statements and accompanying directors' report). Galata will be the beneficial owner of these additional sites and Wind will be entitled to operate its DAS nodes on these additional sites. Of the preceding 1,200 total committed sites with Wind, a total of 51 sites have been transferred to Cellnex as of June 30, 2019 (see Note 1.2 to the directors' report accompanying the 2019 Interim Consolidated Financial Statements). Additionally, following the closing of the Iliad Acquisition regarding Italy, c.2,200 sites will be transferred and 1,000 sites will be built by Iliad Italia, S.p.A. by December 31, 2025.

(9) For the United Kingdom, this figure consists of the consideration to be paid upon closing of the Arqiva Acquisition in relation to the c.7,400 held sites (and for the rights to market c.900 sites), calculated in GBP and converted to € on a GBP/€ 1.1 exchange rate. For France, this figure consists of the consideration to be paid in relation to 31 sites to be acquired by the Group pursuant to the Bouygues II Transactions (€9 million), 62 sites to be acquired by the Group pursuant to the Bouygues III Transactions (€330 million), and c.5,700 sites to be acquired pursuant to the Iliad Acquisition (€1,400 million). For Italy, this figure consists of the consideration to be paid in relation to c.2,200 sites to be acquired by the Group pursuant to the Iliad Acquisition (€600 million). This section only includes the consideration to be paid in relation to purchase commitments of pending TIS sites, and does not include any investments to be deployed in relation to built-to-suit programs of pending TIS sites, as built-to-suit programs require Cellnex to devote the investments needed in relation thereto in advance, during the whole site-construction process (which, in most cases takes between 24 and 36 months construction time). Therefore, investments to be deployed in relation to built-to-suit programs of pending TIS sites do not match the pending TIS sites to be transferred by way of execution of such programs.

(10) Existing infrastructures include TIS sites, broadcasting sites and DAS nodes, and does not include the 300 sites under management (but not owned) in France, nor the 220 sites under management (but not owned) in the United Kingdom.

(11) Run-rate infrastructures include total TIS sites run-rate, broadcasting sites and DAS nodes, and does not include the 300 sites under management (but not owned) in France, nor the 220 sites under management (but not owned) in the United Kingdom, nor the 900 sites under management (but not owned) in the United Kingdom.

The Company is the main broadcasting infrastructure operator in Spain and it enjoys the number one position in DTT nationwide broadcasting coverage.

The Company's commitment to operational excellence has resulted in strong commercial relationships with blue-chip MNOs and TV and radio broadcasters, as well as with public administrations and utility companies to whom it provides its services.

***Favorable underlying markets with a positive outlook***

The Company's clients operate in markets driven by the strong demand for highly reliable, resilient and high quality communication services. The Company's business is not cyclical and is not affected by seasonal changes. The Company believes its portfolio of infrastructures is attractive, among others, for the following reasons.

Firstly, mobile data traffic in Western Europe is expected to experience a significant growth, with forecasts of mobile data traffic growth at a CAGR of 40% between 2017 and 2022 (sources: Cisco: VNI Mobile Forecast Highlights, 2017-2022).

Secondly, MNOs are required to achieve certain minimum population coverage as part of the 4G/LTE spectrum auctions which is expected to drive strong demand for infrastructure.

Thirdly, there is an increasing trend of MNOs across Europe outsourcing infrastructure assets and using co-location to free-up capital, optimize costs and reduce capital expenditure. In the United States, MNOs have outsourced their telecom infrastructures to neutral infrastructure operators since the 1990s.

Fourthly, DTT is currently the number one TV platform in Spain with an approximately 76% (source: CNMC, December 2018) audience share (one of the highest in Europe) and the Company expects that it will remain the main TV delivery platform for the foreseeable future. DTT is supported by its nationwide coverage, its already deployed infrastructure, the attractiveness of the platform for advertising purposes, the small but steady growth of TV viewing time by end customers (over already high-levels), the attractive content on an FTA platform, its already experienced technological evolution and its further evolution potential.

Lastly, the Company benefits from the continued demand for tailor-made telecom solutions, including urban telecom infrastructure and emergency communication services from municipalities, regional authorities, armed forces and enterprises, which can be efficiently served through the Company's extensive portfolio of infrastructures. Moreover, new technologies such as 5G could increase the demand for the Company's infrastructure as the higher capacity will demand higher network densification.

As a result of the above-mentioned factors, significant investments from MNOs are expected in the following years, in order to meet their needs in terms of active network. In this sense, according to Arthur D. Little, GSMA and the UK Government, in the EU-15 MNOs will need to complete an estimated €200-€250 billion investment in order to reach a FTTH coverage of 50% and an estimated €50-€70 billion investment in order to achieve a LTE coverage of 95%. In addition, the 5G rollout will trigger MNO investments of estimated €29-€33 billion in the next three years.

The Company mainly operates in markets with a limited number of competing players and a rational competitive environment. Regarding Telecom Infrastructure Services, the Company believes it currently is the leading neutral operator in Spain, Italy, France (following the closing of the Iliad Acquisition), Switzerland and the Netherlands, as it estimates that it owns and operates a significant portion of the outsourced telecom infrastructures in such countries.

***Unique and dense portfolio of infrastructures and network assets***

The Company's telecom and broadcasting infrastructure network is technically complex and its competitors would require high investments to replicate it. This is due to several factors such as high capital expenditure, the difficulty of finding new locations (particularly in areas with greater population density), the complexity of the administrative processes to obtain the necessary authorizations, the strict limits on electromagnetic radiation and the high costs of migration from one infrastructure provider to another (switching costs).

***Attractive, resilient business model underpinning strong revenue visibility, high-levels of profitability and recurring cash flow generation***

The Company enjoys strong revenue visibility as the largest portion of its revenues arises from existing long-term contracts. The estimated backlog of the Group as of June 30, 2019 was €14.7 billion, assuming contracts were renewed to their maximum permitted terms by the Group, counterparties or both, as the case may be and not including the effect of the infrastructures committed (including after such date) to be acquired or built that had not yet been transferred to Cellnex as of that date. If such infrastructure were to be considered, the estimated backlog of the Group would increase to approximately €38 billion, on a run-rate basis, as of June 30, 2019, mainly as a result of the management's estimated effect of (i) the acquisition of the initial perimeter of approximately 10,700 sites under the Iliad Acquisition and the Salt Acquisition (excluding related build-to-suit programs), both of which acquisitions were signed in the first half of 2019 but had not been completed as of June 30, 2019, and (ii) the acquisition of approximately 7,400 held sites and the rights to market approximately 900 sites under the Arqiva Acquisition, signed in the second half of 2019. The amount relating to the Arqiva Acquisition was calculated in GBP and converted to € on a GBP/€ 1.1 exchange rate. See "*Operating and Financial Review—Factors affecting the Group's results of operations—Backlog*". The Company's operating income has increased at a compound annual growth rate of approximately 20% from the year ended December 31, 2014 to the year ended December 31, 2018.

In the TIS segment, the Company's contracts with anchor customers have 10 to 20-year initial maturities, with potential for renewals. Additionally, the renewal of some contracts with anchor customers is only possible for the entire portfolio and not for a portion thereof. Agreements in the Broadcasting Infrastructure segment and Other Network Services segment typically have three to 10-year maturities.

The Company has a high Adjusted EBITDA margin (calculated as the ratio between Adjusted EBITDA and operating income), excluding elements passed through to its customers from both expenses and revenues (namely electricity and in some cases ground rental costs), amounting to 68%, 66%, 68%, 66% and 41% respectively, for the six-month periods ended June 30, 2019 and June 30, 2018, and for the years ended December 31, 2018, 2017, restated, and 2016. The Adjusted EBITDA margin for the year ended December 31, 2016 is not fully comparable to the Adjusted EBITDA margin calculated for the six-month period ended June 30, 2019 and for the years ended December 31, 2018 and 2017, as the financial information used as the basis of its calculation has not been restated, and therefore does not include the impact of the adoption of IFRS 16. "Adjusted EBITDA margin" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The Company's business model has high operational leverage through an infrastructure, network and operational cost structure which leads to incrementally higher EBITDA margins on new revenues. The Company's operating leverage is driven by an efficient, controlled, predominantly CPI-capped and scalable cost base from which it benefits. In this regard, only part of the costs are usually increased as a result of acquisitions, mainly energy, leases and royalties and repairs and maintenance, although certain expenses such as energy costs are sometimes passed through to its customers, and, in the case of certain anchor telecom infrastructure customers, also the rent for the land. The Company's contracts also typically benefit from price escalators linked to an index such as the Spanish, Italian, Dutch or Swiss CPI, as applicable, which may result in additional revenue and EBITDA growth as well as EBITDA margin expansion. In France, the price escalator is generally fixed at 2% annually and 1% annually regarding the Iliad Acquisition.

The Company has contained maintenance capital expenditure requirements which amounted to c.2%, c.3%, c.3%, c.3% and c.3% of its consolidated operating income for the six-month periods ended June 30, 2019 and June 30, 2018, and for the years ended December 31, 2018, 2017 and 2016, respectively. Expansion capital expenditure is typically incurred only after the Company signs one or more medium- and/or long-term contracts that generate attractive returns. The Company's utilization of existing infrastructure to provide additional services reduces the required amount of limit incremental capital expenditure, driving short payback periods on invested capital. The Company also benefits from the sharing of infrastructure among its different activities. In addition, the Company's Recurring Leveraged Free Cash Flow has more than doubled from approximately €151 million in the year ended December 31, 2014 to €305 million in the year ended December 31, 2018.

***Proven strong platform to capture organic growth and wireless infrastructure roll-up opportunities***

The Company believes that it is well-positioned to capture the numerous organic growth opportunities offered in the markets where it operates. The Company believes it has the potential to organically grow customer rates on its existing portfolio of 25,797 infrastructures as of June 30, 2019, by capturing additional PoP in the wireless telecom markets it operates both by capturing new PoP in its unique telecom infrastructure portfolio or by rationalization projects (a process consisting of decommissioning one infrastructure and moving equipment to another one, so that out of two infrastructures only one remains) with other infrastructures with existing PoP nearby. The Company has the opportunity to deploy capital in decommissioning existing infrastructures which results in an increase in the number of PoP per infrastructure. The Company also has an opportunity to deploy further capital in land acquisitions and "build-to-suit" or infrastructure decommissioning on behalf of one or more MNOs who will then use those infrastructures under infrastructure services agreements, among others.

The Company believes to be well-positioned to acquire and integrate portfolios of wireless telecom infrastructures, especially in countries where it already operates. The Company has a best-in-class track record of infrastructure asset roll-up in Europe with the acquisition of, and commitment to develop, more than 18,000 infrastructures in seven different countries since 2018, which the Company believes is greater than the acquisition track-record of any of its European peers. The Company has developed a history of value creation through cost optimization and leasing up acquired infrastructures. The Company obtains benefits from operational synergies and market knowledge in the markets it operates in. As an integral part of its growth strategy, the Company continues to consider acquisitions of telecom infrastructure portfolios in the markets in which it is present, as well as in new markets. Additionally, the Company follows a proven partnership driven approach of attractive sourcing of proprietary merger and acquisitions opportunities with a diligent and selective acquisition strategy. Throughout its history, the Company has built substantial credibility with MNOs due to the tailor-made approach on its client-focused culture, as well as its understanding of frequency planning and active equipment operations inherited from the Broadcasting Infrastructure segment. The Company maintains a highly disciplined approach to control operating investments and acquisitions through strict pre-defined investment criteria and prudent business planning.

***Experienced management team with a track record of delivering growth***

The Company's management team has substantial experience in the management of wireless telecom infrastructures: most of the members of its management team have been with the Group for over ten years, and the team is led by the Group's founder and current Chief Executive Officer. The Company has built, maintained and developed long-term relationships with key customers and regulators and has established a management organization committed to the highest standards of corporate governance. The Company's management team follows a clear, well-defined strategy to deliver the business' next phase of growth. The Company believes it is the leading telecom infrastructure operator in Europe that has articulated and implemented a wireless infrastructure growth strategy. The Company differentiates from its competitors due to its neutrality within the market and the difficulty in replicating its value proposition, which features substantial cost savings for MNOs and low execution risk. The management team has a strong track record of successfully executing transactions with seamless integration. See "*Management and Board of Directors*".

The Company has also demonstrated a track record of delivering tangible results. The current management team has consolidated the broadcasting market and built one of the largest wireless infrastructure businesses in Europe, generating substantial value for its shareholders. The Company successfully sells technical know-how in international markets, and believes it is highly regarded by key customers as an effective and commercially reliable partner, which is demonstrated by its high contract renewal rate with non-anchor customers (none of its contracts with anchor customers has reached its maturity). The Company also has a proven history of implementing operational efficiencies for its customers over the past years.

***Strategy***

The Company's long-term vision is to enhance its position as a leading European neutral provider of wireless telecom infrastructure by providing innovative services and network end-to-end solutions to MNOs and media broadcasting operators. Through long-term partnerships with its customers and its role as a trusted partner, resulting from its operational excellence of delivering value-added services, the Company has been able to acquire infrastructures from MNOs at favorable terms, and it aims to continue its strategy of rolling up the European telecom infrastructure market. Over time, the Company aims to become a key player in the consolidation of the European telecom infrastructure market.

With respect to its operating costs and capital expenditure, the Company aims to continue delivering cost efficiency programs to reduce the cost of providing services while increasing its ability to expand the offer of these services with limited increases in human and technical resources. The Company plans to selectively invest in the acquisition of plots of land where its infrastructures are located, as long as they are available at attractive prices and are accretive to its long-term returns. The Company intends to continue investing in IT systems to improve its ability to proactively offer its customers the most suitable solutions for their strategic objectives. The Company also plans to maintain its infrastructures and active equipment in strong technical condition to continue offering high quality services to its customers. The main contributor to this efficiency plan is expected to be savings from ground leases. In this regard, the Company seeks to leverage the following strategies: straight rent renegotiations to reduce the annual rent being paid and also extend the duration of ground services contracts, and cash advances, which are based on a lump sum being paid in advance in exchange for a reduction of the amount to be paid and an extension of the contract.

***Telecom Infrastructure Services***

In the Telecom Infrastructure Services segment, the Company believes to be the leading neutral wireless telecom infrastructure provider in Europe. The Company's aim is to remain as such through organic growth as well as through selective acquisitions of infrastructure portfolios.

The Company's acquisition strategy of infrastructure portfolios is based on a disciplined and selective approach based on the business case for each acquisition. Its investments follow rigorous analysis criteria including both target equity internal rates of return for its shareholders and the quality of the relevant assets. The Company's growth strategy in new countries is based on the acquisition of an initial portfolio allowing for a subsequent market consolidation. The Company is primarily focused on pursuing acquisitions, and particularly believes that it can generate value accretive transactions in markets in which it already has a presence. By pursuing follow-on acquisitions in markets where it is already present, the Company believes it can benefit from economies of scale and synergies between the infrastructure portfolios.

The Company intends to pursue additional follow-on acquisitions in the markets in which it operates and to replicate this follow-on acquisition strategy in other attractive European markets, although it is also exploring the possibility that this strategy will be implemented also through the acquisition of minority interests or other growth opportunities such as joint ventures or M&A arrangements or, in general, any structure with the potential to add value to the Company as long as its rigorous investment criteria are met. For these investment criteria, see "*Business—Pipeline—General—Acquisition strategy*".

The Company's organic growth strategy is based on four different business models: (i) multiple allocation, (ii) rationalization, (iii) build-to-suit and (iv) Small Cells and DAS.

*Multiple allocation*

The Telecom Infrastructure Services segment has seen strong organic growth in the first six months of the year 2019, with an increase in PoPs of c.5% (year-on year) mainly due to multiple allocation (that means more customers on its infrastructures because they require additional locations for their 4G roll out, reduction of coverage gaps and higher densification). The Company intends to continue its strategy of acquiring infrastructures from MNOs through transactions based on long-term infrastructure services contracts and offering these carriers certain coverage related services and co-location benefits, including substantial savings in network costs and capital expenditure and improved network availability. The Company plans to continue leveraging its extensive existing infrastructure to expand the provision of infrastructure services to MNOs and capitalizing on the growth in the number of PoPs in its markets to maximize the customers' ratios on its infrastructures. The Company also plans to strengthen its long-term relationships with MNOs and continue developing a sophisticated understanding of key trends that influence their strategies and infrastructure needs (including LTE technology, 5G and white space frequencies, among others) and to maintain its relentless commitment to operational excellence. The Company aims to remain well-positioned to address its clients' requirements with efficient, innovative and strategic infrastructure and infrastructure sharing solutions. The Company plans to drive profitability by managing the terms of its services agreements and by setting pricing levels that reflect the distinctive features and unique locations of its rural and urban infrastructures.

*Rationalization*

The Company possess valuable know-how to proactively drive MNO infrastructure sharing initiatives by acquiring telecom infrastructures from several MNOs and decommissioning redundant infrastructures and equipment transfers. Following a strict capital return deployment criteria, the Company plans to expand its presence in Europe by carefully identifying opportunities to acquire sizeable infrastructure portfolios which can become the building blocks of subsequent in-market consolidation transactions. The Company estimates that there are significant annual cost saving opportunities for MNOs in all the markets where it operates. The Company believes that it can capture future opportunities due to its rationalization and radio frequency planning know-how.

*Build-to-suit*

The Company aims to deploy build-to-suit infrastructures for MNOs in certain instances as a way to capture future growth in co-location demand, subject to its internal return criteria. As of June 30, 2019 the Company contractually agreed with Bouygues Telecom on up to 2,288 infrastructures to be built by Bouygues Telecom over an estimated period of five years. Additionally, as of June 30, 2019, the Company has entered into an agreement with Wind by virtue of which Galata will build up to 1,200 sites. In connection with the Swiss Towers Acquisition, as of June 30, 2019, Swiss Towers has agreed to build 475 additional infrastructures over an estimated period of 10 years. In addition, by way of the Iliad Acquisition and Salt Acquisition, the Company has contractually agreed on a minimum of 3,500 and 500 infrastructures, respectively, to be built by certain parties to the Iliad Acquisition (Iliad Italia, S.p.A. and Free Mobile) and Salt Mobile, respectively. over an estimated period of seven years. With Cignal, the Company contractually agreed on up to 600 infrastructures to be built by Cignal over an estimated period of seven years. The Company believes that it can capture future opportunities in this area due to its engineering and maintenance know-how. For additional information on the above built-to-suit deployment agreements, please see "*Business–Material Contracts*" and for information regarding pending built-to-suit deployments as of the date of this Prospectus, please see "*Business–Competitive strengths*".

*DAS/Small Cells*

In addition to the traditional infrastructure business, the Company is pursuing its strategy in the DAS/Small Cells segment where it believes there are attractive opportunities for growth. DAS is a network of spatially distributed antennas connected to a common source, thus providing wireless service within a specific geographic area. The system can support a wide variety of technologies and frequencies, obviously including 2G, 3G and 4G. The Company works as a real neutral host, together with the MNOs, in order to provide the optimal solution for the increasing need for coverage and densification in complex scenarios. The Company manages the complete life cycle of the solution: site acquisition, design, installation, commissioning, O&M, supervision and service quality assurance.

Globally, Small Cells and DAS are starting to be deployed, mainly in the United States and Europe. According to Wintergreen research, revenues associated with Small Cells in in-building wireless systems are expected to grow approximately 25% per year (CAGR 2017-2024). On June 22, 2016, the Company acquired, through its fully owned subsidiary Cellnex Italia, the 100% of the share capital of CommsCon, an Italian operator and provider of innovative Small Cell solutions for mobile broadband coverage in large open and closed spaces, which further confirms the Company's commitment to developing and rolling out Small Cells and enhances its strategic positioning in the sector. The Company has already deployed more than 1,500 DAS nodes, with a customer ratio of three MNOs per site, in venues such as stadiums, skyscrapers, shopping malls, dense outdoor areas, airports, underground lines and railway stations. In addition, the Company has entered into an agreement with Sunrise to deploy 200 DAS over an estimated period of 10 years. The Company expects its DAS/Small Cells activity to grow approximately 20% per year from 2018.

***Broadcasting Infrastructure***

In the Company's view, the Broadcasting Infrastructure segment, which service the Company only provides in Spain, is relatively resilient to the economic cycle and, in particular, to downturns in the economy. The Company's strategy in this segment is to maintain its strong market position while capturing potential organic growth. The Company plans to maintain its leadership position in the national digital TV sector (in which it is the sole operator of national TV MUXs) by leveraging its technical knowledge of infrastructure and network infrastructure, its market understanding and the technical expertise of its staff. The contract fees with the blue-chip customers are CPI-linked. The Company plans to continue working closely with regulatory authorities in relation to technological developments in both the TV and radio broadcasting markets and to leverage its existing infrastructure and client relationships to obtain business in adjacent areas where it benefits from competitive advantages.

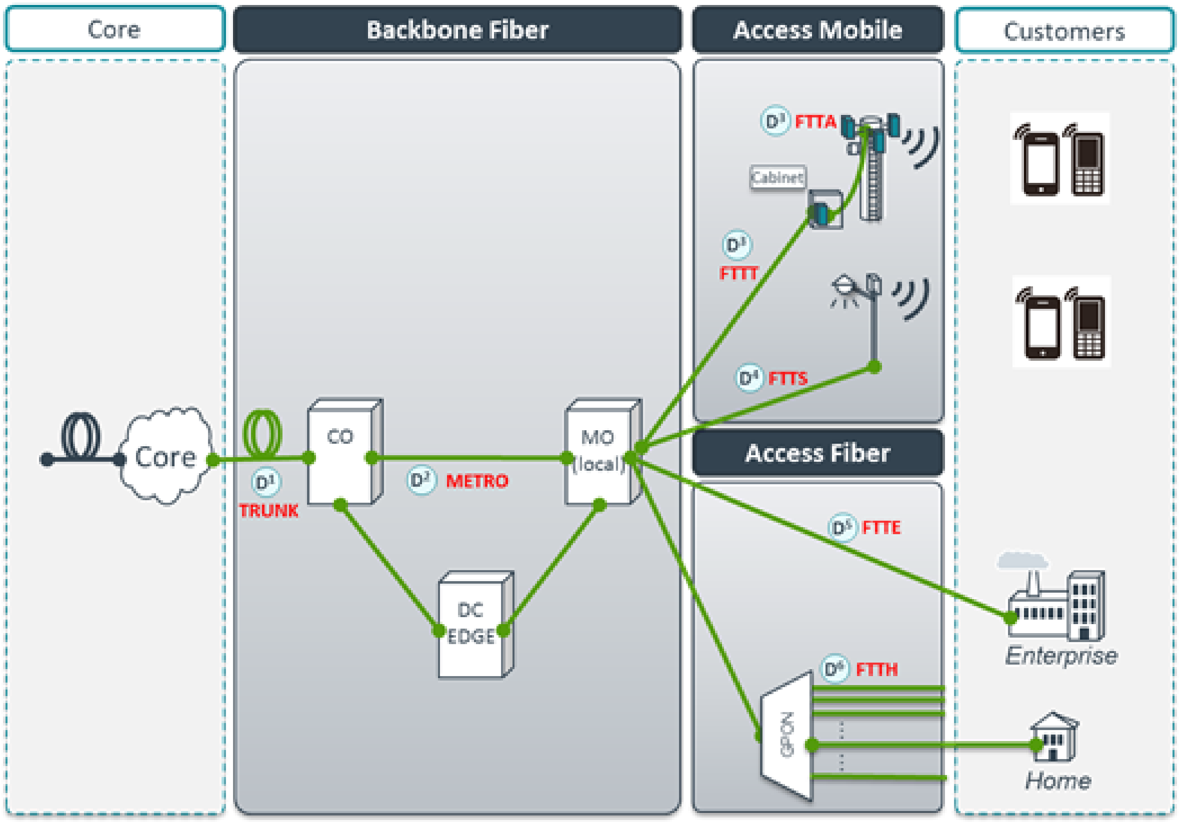
In addition to pursuing its growth strategy of internationalization and client diversification for its Telecom Infrastructure Services segment, the Company may also consider potential transactions related to its Broadcasting Infrastructure segment, provided that: (i) they allow the Company to consolidate a leading position in a country other than Spain, or (ii) if the relevant assets are part of a portfolio of infrastructures similar to it portfolio (e.g., that apart from being used for broadcasting services, they may also be used by MNOs). Any potential opportunity needs to meet the Company's strict investment criteria and be value accretive.

***Other Network Services***

In Other Network Services, the Company's strategy is based on capturing market growth to reinforce its market position. The Company aims to expand and increase its data transmission connectivity services, for both MNOs backhaul and corporate data access, by focusing on services and solutions where its valuable network can be leveraged to differentiate its proposition from its competitors, and by taking advantage of its favorable position to provide mutualized high speed data transmission to MNOs in its infrastructures. The Company plans to leverage its infrastructure and frequency planning know-how to design, roll-out and operate advanced telecom services for public administrations in the field of PPDR networks, including TETRA services networks. The Company aims to be a frontrunner in new types of infrastructure services including urban telecom infrastructure solutions.

In addition, the Company intends to be a leading player in the IoT field, which will require networks to become increasingly software-defined in order to bring content closer to the end users and therefore increasing the demand for edge computing, which consists on the deployment of a system of distributed data computing and process power, and for optic fiber to connect existing and new infrastructures (macro cells, DAS, Small Cells, etc.) and the edge computing facilities. In this regard, the Company has already started investing in this field through the acquisition of XOC in Spain for fiber connectivity and Alticom in the Netherlands for edge computing capabilities, and is considering additional growth opportunities in both areas.

With regards to optic fiber, increased fiber availability is essential to meet the exponentially increasing data demand from 5G-based applications. As such, greater capillarity in terms of optic fiber reach is expected in the coming years throughout the whole mobile network across its diverse varieties (FTTC -Fiber to the cabinet-, FTTS -fiber to the small cell-, FTTA -fiber to the antenna-, FTTH -fiber to the home-, FTTE -fiber to the enterprise-), and European MNOs are shifting from copper- or microwave-based technologies towards fiber technologies in order to meet such bandwidth increased requirements.




In this context, the Group is assessing the expansion of its commercial offer in order to meet the needs of its customers, increasingly investing in optic fiber. So far, the Group has acquired XOC in 2018, a concessionary company dedicated to the management, maintenance and construction of the optic fiber network of the Generalitat de Catalunya, that also provides optic fiber capacity to Spanish MNOs and to enterprises (FTTE). Moreover, MNOs are moving towards a business model less reliant on the full ownership of the infrastructure resource layer, with accelerating trends involving all kind of telecom infrastructure assets being shared across MNOs, and which will imply a natural evolution of the tower companies' legacy business model towards an infrastructures companies' business profile with more exposure to different asset classes, including optic fiber.

These assets are expected to provide co-location services offered by a neutral provider, similarly to the Group's current Telecom Infrastructure Services segment and potentially with comparable economic principles in terms of long-term contract duration, price escalators and potential for upselling to third parties. Moreover, fiber assets are synergetic with current the current footprint of the Group, which will in turn improve the Group's current Company's offering, customer loyalty and diversification of revenues.

**History and development**

In 2000 the Company's predecessor, Acesa Telecom, S.A. ("**Acesa**"), a company within the Abertis Infraestructuras, S.A. group ("**Abertis**"), embarked upon its journey in the audiovisual sector and in mobile radio-communications for security and emergency corps by acquiring 100% of the shares of Tradia. In 2003 the audiovisual business of Retevisión became part of the Group, strengthening its presence in the Spanish telecommunications sector.

The Group started the Telecom Infrastructure Services segment in 2001 on the back of its experience in broadcasting services. In 2012, it started an expansion process with the acquisition of 1,000 telecommunication infrastructures from Telefónica Móviles, S.A. ("**Telefónica**"). In 2013 and 2014 it purchased 1,854 infrastructures from Telefónica and Xfera Móviles, S.A.U. ("**Yoigo**"). All the above-mentioned acquisitions were performed by the subsidiary On Tower Telecom Infraestructuras, S.A.U. ("**On Tower**") and they were structured as asset acquisitions.

In 2014, the Group started its international expansion by acquiring TowerCo and its portfolio of 306 telecom infrastructures as of the time of acquisition along Italian motorways. Also, it deployed the first IoT network in Spain, positioning itself as a reference player in the construction of an "IoT Ecosystem" in Spain ("**IoT Ecosystem**").

In 2015, the Group continued its expansion in Italy through the Galata Acquisition. In the first quarter of 2019, the Company has (through its subsidiary Cellnex Italia) entered into an extension of the agreement regarding the build-to-suit project of the Galata Acquisition. On May 7, 2015, the Shares were admitted to listing on the Spanish Stock Exchanges under the symbol "CLNX" and, consequence of the preceding initial public offering, Abertis sold 66% of Cellnex's share capital.

In the first half of 2016, six new DTT channels began their emissions, all of which had signed contracts with the Group. Also in the first half of 2016, the Group started its operations in the Netherlands through the agreement reached with Protelindo Luxemburg S.à r.l. and Management Tower Europe S.à r.l. The Group also acquired CommsCon in Italy. In June 2016, the IBEX 35 Technical Advisory Committee approved the entry of Cellnex into the main stock index of the Spanish market. In the second half of 2016, the Group started its operations in France with the agreement reached with Bouygues Telecom and also entered into an agreement for the acquisition of the Shere Group in the United Kingdom.

On January 19, 2017, the managers of the FTSE4GOOD sustainability index announced that Cellnex had been incorporated into that index, valuing the quality in managing risks associated with environmental, social and corporate governance factors. Also in 2017, the Group reached a new agreement with Bouygues Telecom for the acquisition and building of up to 3,000 urban infrastructures in France, which was subsequently extended in order to acquire up to 1,600 additional urban sites in France.

Additionally, in 2017 JCDecaux and the Company announced its commercial alliance in Italy and Spain to speed up the roll-out of DAS networks and "Small Cells" to improve the capacity and quality of 4G coverage (and 5G in the future) in urban areas. The Company and Haya Real Estate ("**HRE**"), one of the leading Spanish real estate management services and property assets company, signed an exclusive cooperation agreement, in force until January 1, 2020, to identify ideal locations among the property assets managed by HRE in urban locations and, if appropriate, to locate buildings suitable for housing telecommunication infrastructures that will make it possible to roll out telecommunications network. The Company entered into a framework agreement with Iliad Italia, S.p.A. providing full flexibility for the MNO's network deployment.

In the same year, a consortium of investors led by the Company announced the Swiss Towers Acquisition, for the acquisition and building of infrastructures in Switzerland, and the Alticom Acquisition in the Netherlands (See "*Material contracts—Swiss Towers Acquisition and Alticom Acquisition*"). The acquisition of Alticom strengthened and consolidated the Group's position among neutral telecommunications infrastructure operators in the Netherlands. Alticom's long-range network (high towers with large equipment capacity) hosts wireless voice, data and audiovisual content transmission equipment and complements the network of urban and rural sites that Cellnex Netherlands already managed in the Netherlands. The characteristics of Alticom's sites are a key element to the future roll-out of 5G. The sites are connected to the optic fiber backbone and can host remote servers to enhance data processing and storage capacity to the end users of 5G-based applications which is essential for meeting the exponentially increasing demand and requirements of an increasing number of people and connected objects: 50 billion by 2020.

In the first half of 2018, the Group acquired, from Palol Inversiones, S.L.U., 100% of Zenon. The main corporate purpose of the acquired company, located in Barcelona, includes the commercialization, development, installation and maintenance of TETRA systems. Also, during the first half of 2018, Cellnex Switzerland and Heliot, S.A., Sigfox's operator in Switzerland, have signed an agreement to roll out the first global IoT network operated in Switzerland.

In July 2018, Cellnex reached an agreement for the acquisition of 100% of the share capital of XOC from Imagina, a subsidiary fully owned by the Mediapro Group, for a total enterprise value of €34 million. XOC is a concessionary company dedicated to the management, maintenance and construction of the optic fiber network of the Generalitat de Catalunya, and the expiration date of the concession is 2031.

Also during the second half of 2018, Cellnex signed an agreement with Nearby Sensors S.L. ("**Nearby Sensors**") under which the Company acquired, through its fully owned subsidiary Tradia, an ownership interest of approximately 15% in the share capital of Nearby Sensors in exchange for a contribution of €0.5 million. Nearby Sensors, established in 2013, is based in Barcelona and its business relates to the rolling out IoT, edge computing, and the automation of IT-OT hybrid processes (industrial IoT) that are expected to emerge with the roll-out of 5G. During the first half of 2019, Tradia acquired an additional interest representing 15% of Nearby Sensors's share capital in exchange for an additional contribution of €0.5 million. As of June 30, 2019, Cellnex held 30% of Nearby Sensors's share capital.

Regarding Cellnex shareholder structure, in June 2018 Abertis sold, through a process known as an "accelerated placement", 9,499,013 Shares, representing 4.1% of the total share capital of the Company. In addition, in July 2018, Abertis sold to ConnecT 69,273,289 Shares, which represent 29.9% of the total share capital of the Company. In July 2019, Edizione sold a 5% stake of ConnecT to Infinity, a wholly-owned subsidiary of ADIA, and GIC, a sovereign wealth fund established by the Government of Singapore. As of the date of this Prospectus, and pursuant to publicly available information, Sintonia holds approximately 55% of ConnecT's share capital and each of Infinity, a wholly owned subsidiary of ADIA, and GIC, through Raffles, hold approximately 22.5% of ConnecT's share capital (for further information, see "*Description of Capital Stock–Shareholders' Agreements*").

In the second half of 2018, Cellnex reached an agreement with Bouygues Telecom to build up to 88 strategic telecom centers in a five-year term, and to acquire up to 62 additional strategic telecom centers. These centers are strategic facilities with traffic concentration capabilities which will play a key role in the future deployment of 5G networks. The transaction allowed the Group to strengthen the industrial collaboration between Cellnex and Bouygues Telecom, as well as the Group's presence in the French 5G ecosystem. As a result of the above as of December 31, 2018, in accordance with the agreements reached with Bouygues during 2016, 2017, and 2018, Cellnex has committed to acquire and build, as applicable, up to 5,250 sites, of which 3,192 sites have been transferred to Cellnex as of June 30, 2019.

In the fourth quarter of 2018, Cellnex extended the agreement between Cellnex Switzerland and Sunrise, including an additional acquisition of 133 sites in Switzerland for an amount of CHF 39 million (€34 million), which have been transferred to Swiss Towers on January 1, 2019, and also an extension of the build-to-suit project with Sunrise agreed in up to 75 additional sites to be built (increasing the agreement to build sites from up to 400 to up to 475 sites). Such acquisition, together with the additional 75 sites to be deployed, are expected to contribute up to an estimated €3 million of annual Adjusted EBITDA once the sites are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. Also in the fourth quarter of 2018, Cellnex has acquired from MNOs, through Cellnex's fully owned subsidiary On Tower, 375 sites in 2018 for an amount of €45 million, which have been totally transferred to Cellnex as of December 31, 2018.

On March 25, 2019 the share capital of the Company was increased by €16,747,453.25, by means of a rights offering of 66,989,813 new Shares with a nominal value of €0.25 each, at an offering price of €17.89 per Share, which were admitted to trading on the Spanish Stock Exchanges. The gross proceeds of the referred share capital increase amounted to €1,198.4 million.

In the first half of 2019, the Group entered into an agreement with BT to operate and market 220 high towers located in the United Kingdom for a period of 20 years. The consideration paid amounted to GBP 70 million, approximately (approximately €79 million). The agreement included a commitment to explore further opportunities between the two companies in the United Kingdom, which consists of the pre-emptive right of acquisition of Cellnex Connectivity Solutions Limited up to 3,000 sites from BT during the following six years.

Also in the first half of 2019, the Group entered into the Iliad Acquisition, a long-term industrial alliance with the Iliad7 group of companies by virtue of which, upon closing, the Group will acquire approximately 2,200 sites located in Italy, and purchase 70% of the share capital of ILIAD 7, owner of approximately 5,700 sites located in France. Additionally, Cellnex has agreed, upon closing, to the deployment of 2,500 and 1,000 sites in France and Italy, respectively, in a seven-year term. Such acquisition, together with the 3,500 additional sites to be deployed in France and Italy, are expected to contribute up to an estimated €410 million of annual Adjusted EBITDA, once the sites in France and Italy are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The transaction will be completed following the obtention of several administrative authorizations. The 2019 Interim Consolidated Financial Statements do not account for the Iliad Acquisition as it was subject to closing as of June 30, 2019.

Additionally, in the first half of 2019 the Group also entered into the Salt Acquisition, a long-term industrial alliance with Matterhorn by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra owner of approximately 2,800 sites located in the Switzerland. Additionally, Cellnex agreed the deployment of 500 sites in Switzerland in an eight-year term. Such acquisition, together with the 500 additional sites to be deployed, are expected to contribute up to an estimated €105 million of annual Adjusted EBITDA once the sites are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The transaction was completed following the obtention of several administrative authorizations, the last one being obtained on August 5, 2019. The 2019 Interim Consolidated Financial Statements do not account for the Salt Acquisition as it was subject to closing as of June 30, 2019.

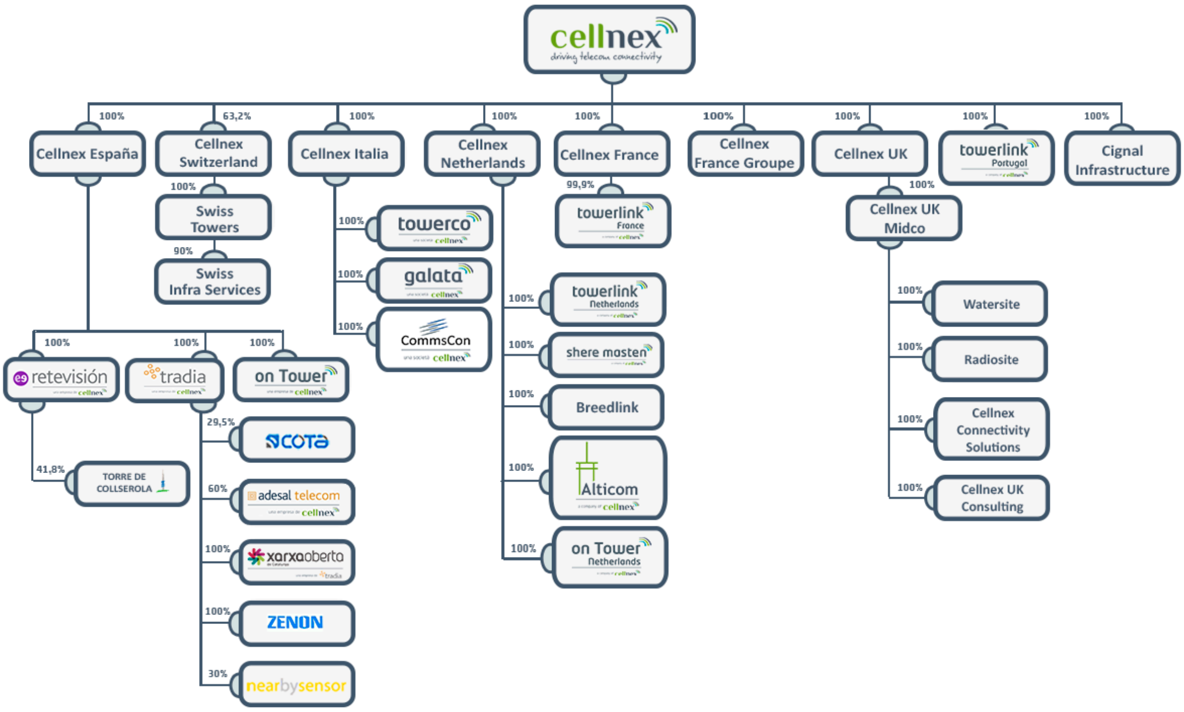
In the second half of 2019, the Group reached an agreement to acquire 100% of the share capital of On Tower Netherlands from its shareholders which, in turn, owns all the shares of the On Tower Netherlands subsidiaries, for a total consideration (Enterprise Value) of €40 million. The actual cash outflow for the Group in relation to this transaction was €39 million (Enterprise Value) following the incorporation of €1 million of cash balances on the balance sheet of the acquired subgroup. As a result of this acquisition, Cellnex acquired 114 additional infrastructures. Such acquisition is expected to contribute up to an estimated approximately €5 million of annual Adjusted EBITDA (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The 2019 Interim Consolidated Financial Statements do not account for the On Tower Netherlands Acquisition as it was entered into in July 2019.

Also in the second half of 2019, Cellnex acquired 100% of the share capital of Cignal Infrastructure Limited from, amongst others, InfraVia Capital Partners, owner of 546 sites in Ireland and agreed on the deployment of up to 600 new additional sites by 2026 by Cignal, for a total consideration (Enterprise Value) of approximately €210 million paid by Cellnex. Such acquisition, together with the 600 additional sites to be deployed, are expected to contribute up to an estimated approximately €20 million of annual Adjusted EBITDA once the sites are deployed (see "*Presentation of Financial and Other Information–Forward–looking statements*"). "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. The 2019 Interim Consolidated Financial Statements do not account for the Cignal Acquisition as it was entered into on September 2019.

**Corporate structure**

Cellnex is the parent company of the Group, which as of the date of this Prospectus, is comprised of 35 companies. The Group conducts its operations through directly and indirectly owned subsidiaries and joint ventures. For a complete list of the companies of the Group, see "*Additional Information–Group companies*".

The following summary chart sets forth the Group's corporate structure as of the date of this Prospectus.




## Operations

### *Telecom Infrastructure Services*

*Overview*

Operating income from the Group's Telecom Infrastructure Services segment was €322,542 thousand and €582,758 thousand for the six-month period ended June 30, 2019 and for the year ended December 31, 2018, respectively, which represented 66.2% and 65%, of the Group's consolidated operating income for such periods, respectively, and €471,585 thousand and €382,539 thousand for the years ended December 31, 2017 and 2016, respectively, which represented 59.7% and 54.3% of the Group's consolidated operating income for such periods, respectively.

The Group's backlog as of June 30, 2019 and as of December 31, 2018 for the Telecom Infrastructure Services segment was approximately €14.2 and €13.4 billion, respectively.

*Services*

The Group provides to its customers in the Telecom Infrastructure Services with coverage related services and access to the Group's telecom or broadcasting infrastructures for MNOs to co-locate their equipment on the Group's infrastructures, offering additional services that allow MNOs to rationalize their networks and optimize costs, through the dismantling of duplicate infrastructures (decommissioning) and the building of new infrastructures (build-to-suit) in strategic sites that can offer service to one or more MNOs. These services have the aim to complete the deployment of 4G and 5G in the future, reduce areas with no signal coverage and extend network densification. The Group acts as a neutral operator for MNOs (without one or several MNOs as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board) and other telecom operators who generally require complete access to network infrastructure in order to provide services to end users.

The Group acts as a multi-infrastructure operator. Its customers are responsible for the individual communication equipment hosted in the Group's telecom and broadcasting infrastructures. Revenue is primarily generated from customer services agreements. The Group generally receives monthly payments from customers, payable under long-term contracts (up to 40 years, including extensions). The annual payments vary considerably depending upon numerous factors, including, but not limited to, the infrastructure location, the number and type of customer's equipment on the infrastructure, ground space required by the customer, customer ratio, equipment at the infrastructure and remaining infrastructure capacity. The main costs typically include related services (which are primarily fixed, with annual cost escalations) such as energy and ground costs, property taxes and repairs and maintenance.

The Group maintains certain MNOs' equipment installed in its infrastructures. However, the vast majority of the land and rooftops where these infrastructures are located is operated and managed via lease contracts, sub-lease contracts or other types of contracts with third (with the exception of the United Kingdom, where the Group owns a large amount of the land where sites are located). In general, MNOs engage in the maintenance of their own equipment under their responsibility, although in some cases they may subcontract to the Group the maintenance of their equipment as a separate and additional service. In these cases, the maintenance services are usually awarded through bidding processes to companies capable of providing such services, such as vendors of equipment, maintenance and installation companies and other companies with sufficient capacity to provide the services, such as the Group itself.

The Group has an extensive experience in DAS network solutions. The Group has deployed more than 1,700 DAS nodes, with a customer ratio of three MNOs per infrastructure, in venues such as stadiums, skyscrapers, shopping malls, dense outdoor areas, airports, underground lines and railway stations. DAS is a network of spatially distributed antennas connected to a common source, thus providing wireless service within a specific geographic area. The system can support a wide variety of technologies and frequencies, obviously including 2G, 3G, 4G and 5G in the future. The Group works as a real neutral host, together with the MNOs, in order to provide the optimal solution for the increasing need for coverage and densification in complex scenarios. The Group manages the complete life cycle of the solution: infrastructure acquisition, design, installation, commissioning, O&M, supervision and service quality assurance. The Group also operates active equipment of the network in relation to the DAS nodes that the Company manages.

*Customers and contracts*

The Group believes to be the leading neutral operator (i.e. without one or several MNOs as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board) of telecom and broadcasting infrastructures in Europe by number of infrastructures as of June 30, 2019. As such, the Group’s customer base includes the main MNOs in Spain, Italy, the Netherlands, the United Kingdom, France, Switzerland and Ireland, and it has close and long-standing relationships with some of the largest European MNOs and Spanish media broadcasting operators.

MNOs require the Group’s services mainly to increase network coverage, optimize their operating costs and reduce capital expenditures and avoid any difficulties in the co-location of their networks among MNOs.

The Group has existing Master Service Agreements (“**MSAs**”) and Master Lease Agreements (“**MLAs**”) with the main European MNOs, including Telefónica, Tim, Vodafone, Yoigo, Wind, KPN, Bouygues Telecom, Sunrise, Iliad (pending closing) and Salt. Such agreements are framework agreements providing certain terms that govern the contractual relationships related to the Group’s infrastructures with such MNOs during the term of the MSA / MLA. In particular, the MSAs / MLAs specify the services that the Group provides and the economic terms of the agreement. In the case of smaller MNOs, the Group may enter into individual separate agreements negotiated ad hoc for each particular case as opposed to MSAs / MLAs.

In general, the Group’s services contracts for co-location services with anchor customers have an initial non-cancellable term of 10 to 20 years, with multiple renewal terms (up to 40 years for anchor customers including renewals), and payments that typically increase based on an inflationary index like the consumer price index (“**CPI**”) or on fixed escalators. The Group’s customer contracts have historically had a high renewal rate. In this regard, the Group has experienced a high renewal rate of its MSAs / MLAs with MNO customers over the last 10 years although no agreement with anchor customers has reached its term.

In the vast majority of cases, the service contracts with costumers may not be terminated prior to the end of their current term except in extraordinary cases, such as loss of a license or failure to perform by the Group. In general, each customer contract that is renewable will automatically renew at the end of its term unless the customer provides prior notice of its intent not to renew. The Group’s customers tend to renew their service agreements because suitable alternative infrastructures may not exist or be available and repositioning an infrastructure in their network may be expensive and may adversely affect the quality of their network. Some of the contracts with the Group’s anchor customers may only be renewed for the entirety of the infrastructures and not for a portion thereof (all or nothing clause), none of which has been renegotiated as of the date hereof.

*Competition*

According to the Group’s estimations, the Group is the leading neutral wireless telecom infrastructure operator in Europe, with presence in Spain, Italy, France, Switzerland, the Netherlands, the United Kingdom and Ireland. In all countries in which the Group operates, it competes primarily against other infrastructures operators who provide regional co-location services, such as Inwit or Telxius. Furthermore, MNOs often operate their own infrastructures or share infrastructures with other MNOs. In general, it faces competition for infrastructure services from various companies, such as other neutral wireless infrastructure owners or operators, including owners or operators of towers, rooftops, water infrastructures, Small Cells, broadcast infrastructures, or utility poles, among others.

### *Broadcasting Infrastructure*

*Overview*

Operating income from the Group's Broadcasting Infrastructure segment was €117,198 thousand and €232,773 thousand for the six-month period ended June 30, 2019 and for the year ended December 31, 2018, respectively, which represented 24.1% and 26% of the Group's consolidated operating income for such periods, respectively, and €237,258 thousand and €235,234 thousand for the years ended December 31, 2017 and 2016, respectively, which represented 30.1% and 33.4% of the Group's consolidated operating income for such periods, respectively.

The Group's backlog as of June 30, 2019 and as of December 31, 2018 for the Broadcasting Infrastructure segment was approximately €283.9 million and €356.6 million, respectively.

The Group's Broadcasting Infrastructure segment consists of the distribution and transmission of TV and radio signals as well as the O&M of broadcasting networks, the provision of connectivity for media contents, OTT broadcasting services and other services.

The provision of these services requires high mast infrastructures that, in most cases, only the Group owns, substantial spectrum management know-how, and the ability to comply with very stringent service levels. In Spain, the broadcast infrastructures the Group manages cover more than 99% population coverage with DTT and radio, which is a combined portfolio larger than all of its competitors combined.

The Group's Broadcasting Infrastructure segment is characterized by predictable, recurrent and stable cash flows as well as by the high technical know-how that allows the Group to provide consulting services. Economies of scale acquire special relevance in this segment. Although it is a mature business in Spain, the Broadcasting Infrastructure segment has proved to be very resilient to adverse economic conditions like the ones experienced in Spain in previous years, driven by the fact that the Group's revenues do not directly depend on macroeconomic factors but on the demand for TV and radio broadcasting services by broadcasting companies.

*Services*

The Group classifies the services that it provides to its customers as a broadcast network operator in three groups: (i) Digital TV, (ii) Radio and (iii) Other broadcasting services.

*Digital TV (distribution and broadcasting of DTT & Hybrid TV)*

The Group operates as a media distribution player throughout the entire broadcasting value chain by owning the infrastructures and equipment that TV broadcasters use to compress and distribute the signal in Spain.

The TV value chain encompasses a wide range of contractual relationships between a highly diverse set of market players and from a contractual and technical point of view consists of six key steps. These include content production (which can be done internally or externally), content aggregation, media operations (i.e. programming), compression and multiplexing, signal distribution and signal transmission. The Group is a leading player in the latter three stages of the value chain and a growing player in media operations.

The digital TV spectrum is owned by the Spanish State and is typically licensed to public TV entities for non-limited time periods and to the various media groups which own commercial TV channels for 15-year periods, with automatic renewal. Most of the current licenses are valid until 2025, with some of them until 2030, with expected automatic renewal afterwards (source: CNMC). However, to the extent broadcasters do not own any equipment or infrastructures (and do not intend to own them), the Group acts as an infrastructure and network services provider to the channels, effectively being responsible for bringing the signal from studios to the broadcasting infrastructures and transmitting it to the end users.

DTT's strong position, with a screen share of 76.3% (as of December 2018) in Spain is expected to remain stable in the mid to long term as it is supported by a number of features and trends and significant advantages relative to other platforms: (i) it is the only TV platform to offer more than 30 channels in the Spanish language free of charge and with coverage of more than 99% of the population (source: Televisión Digital. Gobierno de España); (ii) it is the most popular public and commercial channels are broadcast on DTT (source: Televisión Digital. Gobierno de España); (iii) it is less costly for a TV entity to reach a TV household in Spain via DTT than via direct-to-home ("**DTH**"); (iv) hybrid TV services, which take benefit of broadband and broadcast, were launched nationally in the third quarter of 2018 and are expected to bring interactivity, enrich the DTT platform and yield new revenue streams for the broadcasters (source: Televisión Digital. Gobierno de España); (v) the diversity and the quality of the channels available are expected to increase with the wide adoption of new technologies keeping the DTT platform innovative and competitive; (vi) its superior coverage and traffic capacity; and (vii) the Spanish regulator has stated on numerous occasions that they are highly supportive of DTT and, to date, is working on the spectrum roadmap for the next decade in order to bring certainty to the broadcast industry according to the Decision (EU) 2017/899 (see "*Regulation—Broadcasting Infrastructure—Digital Dividend and UHF band*").

The Group is the technological provider of the HbbTV of LOVEStv, the new audiovisual platform of DTT developed by the public radio broadcaster RTVE and the two large Spanish private radio broadcasting groups, Atresmedia and Mediaset Spain. This platform will allow the viewer to see the contents of the last week from the television, as well as viewing programs from the beginning even if they have already started.

*Radio (distribution and transmission of analogue and digital radio)*

The Group is one of the main players in the value chain of Spanish radio infrastructure. It is able to provide services across the whole radio broadcasting value chain. The Group distributes radio signals, both analogue and digital, with analogue FM being the dominant platform in Spain. Regarding the analogue FM radio, the Group owns and manages a network infrastructure and the necessary equipment to provide broadcasting services to public and private customers. The Group also hosts radio stations that want to self-broadcast using its infrastructure.

The Group believes it is the largest radio broadcast operator in Spain. It broadcasts FM, AM and DAB/DAB+ services and the largest players in Spain broadcast using the Group’s infrastructures. The Group is also a significant provider of infrastructures to the other players although these tend to rely more on self-broadcasting.

*Other broadcasting services (O&M, connectivity and others)*

The Group provides maintenance and connectivity services to its customers.

*Customers and contracts*

The Group’s customers within the Broadcasting Infrastructure segment include all national and most regional and local TV broadcasters as well as leading radio station operators in Spain. Some of the key customers for DTT services include Atresmedia, CTTI, Mediaset España, Net Televisión, Veo Televisión and Radio Televisión Española.

The main features of the Group’s DTT broadcasting contracts are:

- Medium-term contracts with high renewal rates. Complying with legal limitations, the Group usually enters into either 5-year or 4-year maximum term contracts. The Group has experienced a high rate of renewal for these types of contracts in the recent past, although price pressure from customers can be possible when renegotiating contracts.
- No volume risk. For each MUX distributed, the Group receives a “flat fee”, as long as the conditions attached to the audiovisual licenses for TV channels do not change.
- Stable and visible pricing. The prices the Group charges to its customers are negotiated between the parties although the Group has to fulfil a series of regulatory requirements. In order to price its services, the Group uses a method which has been fully disclosed to the telecom regulator and competition authorities.
- Indexation to CPI that allows the Group to cover increases in operational costs.

The Group’s key customers for radio services include Catalunya Radio, Cope, Grupo Radio Blanca, Onda Cero and RNE. The Group’s contracts with radio stations typically have a term of five years and the prices are usually indexed to inflation.

The main customers for the Group’s other broadcasting services (O&M, connectivity and others) include, amongst others, Televisió de Catalunya, Elecnor and Radio Televisión Española. These contracts have an initial term of three years.

*Competition*

According to the CNMC, the Group is the leading audiovisual media infrastructure operator in Spain with an overall audiovisual market share (TV and radio) of approximately 86% as measured by revenues as of December 31, 2018 (latest available). According to the CNMC, the total audiovisual broadcasting services at the national and regional level generated €208 million of operating income for the same period, not including pay TV and subsidies. The Group currently enjoys the number one position in DTT nationwide broadcasting coverage.

***Other Network Services***

*Overview*

Operating income from the Group’s Other Network Services segment was €47,078 thousand and €82,340 thousand for the six-month period ended June 30, 2019 and for the year ended December 31, 2018, respectively, which represented 9.7% and 9.2% of the Group’s consolidated operating income for such periods, respectively, and €80,500 thousand and €86,812 thousand for the years ended December 31, 2017 and 2016, respectively, which represented 10.2% and 12.3% of the Group’s consolidated operating income for such periods, respectively.

The Group's backlog as of June 30, 2019 and as of December 31, 2018 for this segment was approximately €188.8 million and €153.3 million, respectively.

*Services*

The Group classifies the type of services that it provides in this segment in five groups:

1. Connectivity services: these services include connectivity between different nodes of the telecommunication networks (backhaul) of the Group's clients and/or connectivity with its customers' premises (enterprise leased lines), using radio-links, fiber or satellite. The Group also provides specialized leased lines to telecom operators such as MNOs or FNOs, public administrations, and small and medium enterprises as well as companies in rural areas of Spain enabling high speed connectivity.

2. PPDR services: the Group operates seven regional and two municipal TETRA networks which are critical for the communication needs of regional governments and municipalities where the networks are located and a highly reliable Global Maritime Distress and Safety System (GMDSS) for the Maritime Rescue Service for the Safety of Life at Sea, which provides communication services to ships in distress and risk situations in the coastal areas around Spain. The Group also operates the Automatic Identification System (AIS) for the Spanish Maritime Safety Agency, an arm of the Spanish Ministry of Transport and Public Works.

3. O&M: the Group manages and operates infrastructure (as opposed to outsourcing it to third parties) and provides maintenance services of customer equipment and infrastructure to the Group's customers (other than its broadcasting customers that are serviced by the Broadcasting Infrastructure segment).

4. Urban telecom infrastructure: the Group provides communications networks for smart cities and specific solutions for efficient resource and service management in the cities.

5. Optic fiber: the Group uses optic fiber to connect its, or its clients', infrastructures (macro cells, DAS and Small Cells) and edge computing facilities.

*Customers and contracts*

The Group's main customers for its connectivity services are BT, Colt and Vodafone. Connectivity contracts usually have an initial term of three years and the fees charged are linked to the number of circuits deployed and the capacity used.

The Group serves multiple national, regional and local public entities for which it acts as a trusted supplier of mission critical services and infrastructure. Some of the key customers for the public safety and emergency networks services include the Ministry of Defense, the National Maritime Rescue, the Generalitat of Catalonia and the Generalitat of Valencia.

The main customers for O&M services are Enel, Naturgy, Telefónica and Vodafone. Although it varies depending on the particular service, the O&M contracts usually have an initial term from two to 10 years and the fees that the Group charges its customers are linked to the quantity of equipment to be maintained and the particular type of maintenance provided.

The key customers for the urban telecom infrastructure services are the city council of Barcelona and Securitas Direct. Some of the customers of other services are Ferrocarrils de la Generalitat of Catalonia and UTE Energía L9.

*Competition*

The Group's main competitors in the provision of connectivity services are MNOs providing wholesale access such as Orange, Telefónica and Vodafone.

Within the PPDR activity, the Group's main competitor at a national level is Telefónica's TETRAPOL network. In the other services that the Group provides within this segment there is a wide range of competitors operating.

The Group's main competitors in the provision of O&M services and trading are Ericsson, Huawei and others.

The Group's main competitors in the provision of urban telecom infrastructure services are companies such as Indra, Schneider Electric and Telefónica.

**Pipeline**

***General – Acquisition strategy***

As an integral part of its growth strategy, the Company considers acquisitions of infrastructure portfolios in the markets in which it operates, as well as in new markets. The Group's acquisition strategy of infrastructure portfolios is based on a disciplined and selective approach based on the business case for each acquisition. The Group's investments are based upon rigorous investment criteria based on a number of factors, such as the expected equity internal rates of return for shareholders of the target on a standalone basis, the estimated increased deleveraging capacity, the accretion of the Recurring Leveraged Free Cash Flow expected following between two to three years from the acquisition (on a consolidated basis), the impact on the Company's backlog and the quality of the assets being acquired. As to the financing of each project, the Group generally analyzes the different financing alternatives when each payment is due, which may include the deployment of the net proceeds from the Offering.

***Potential transactions***

Below is a summary description of the Company's pipeline of identified Market Opportunities. Whether any of these opportunities will be realized will depend, among other factors, on our entry into acceptable purchase agreements with third parties. Accordingly, our actual investments may be different from our current expectations. Moreover, the consummation of any of the identified Market Opportunities under consideration, analysis or negotiation may not be realized during the time periods currently expected by the Company or at all. See "*Risk Factors— The expansion or development of the business of the Group, including through acquisitions or other growth opportunities, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations*".

Furthermore, the Company faces risks relating to market conditions and other factors which may yield different results from those that are currently expected. See "*Risk Factors— The expansion or development of the business of the Group, including through acquisitions or other growth opportunities, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations*".

- Acquisition of infrastructures from MNOs and/or joint ventures between MNOs, as well as the acquisition of the share capital of existing independent infrastructures providers in current and new markets (combined opportunity estimated to be in excess of approximately 30,000 infrastructures).
- Build-to-Suit opportunities with current customers in order to increase the density of their current telecommunication network and provide coverage in rural areas (combined opportunity estimated to be in excess of approximately 7,300 infrastructures pending construction, expected to be gradually built).
- Whilst the Company will prioritize the pursuit of the types of Market Opportunities described above, it also intends to expand its business model by developing and focusing on new services and moving upstream into complementary segments of the telecom infrastructure industry such as 5G, small cells, DAS (Distributed Antenna Systems), IoT (Internet of Things), data centers/edge computing and fiber, focusing on the acquisition of strategic infrastructures in the context of the future rollout of 5G in order to strengthen the Company's presence in the 5G ecosystem.

**Material contracts**

For information on the material contracts of the Arqiva Acquisition, please see "*Operating and Financial Review– Acquisition of the Arqiva Group's tower operations business*".

***Iliad agreements***

In the first half of 2019, Galata entered into an agreement to acquire approximately 2,200 sites located in Italy from Iliad Italia, S.p.A., and Cellnex France Groupe, S.A.S. (Cellnex France Groupe) signed a contract with Iliad, S.A. to purchase 70% of the share capital of ILIAD7 (owner of approximately 5,700 sites located in France), for an estimated aggregate consideration of approximately €2 billion. The effective acquisition and payment of the consideration for each of the Italy and France tranches will occur on the respective closing date (the "**Iliad Italy Closing Date**" and the "**Iliad France Closing Date**", respectively) and are subject to certain conditions precedent, including the granting of several administrative authorizations and an anti-trust authorization in the case of France, which is expected to be granted on the second half of 2019. In accordance with IFRS 3, as the Iliad Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction.

In connection with the Iliad Acquisition, the Group entered into several agreements, including:

- an agreement for the sale and purchase of a business unit containing approximately 2,200 sites located in Italy (the "**Iliad Italy Framework Agreement**"); and
- an agreement for the sale and purchase of 70% of the shares in ILIAD7 (the "**Iliad France SPA**").

Additionally, on the closing date of the Iliad Acquisitions, the Group will enter into the following agreements:

- a shareholders' agreement to regulate the relationship between Cellnex France Groupe and Iliad, S.A., as shareholders of ILIAD7 (the "**Iliad SHA**"); and
- a master agreement for each of Italy and France (the "**Iliad Master Agreements**").

*Iliad Italy Acquisition*

Pursuant to the Iliad Italy Framework Agreement, on the Iliad Italy Closing Date, Galata will acquire from Iliad Italia, S.p.A. a business unit containing approximately 2,200 sites, in exchange for a consideration of approximately €600 million, payable on the Iliad Italy Closing Date. The Iliad Italy Framework Agreement contains certain representations and warranties by Iliad Italia, S.p.A. and certain indemnification obligations in case of a breach thereof, and does not include indirect taxes (RETT).

Since the transaction is structured as an asset acquisition and considering the technical complexity of the business unit, the transfer of said business unit will be performed in one or more tranches, and the infrastructures involved will be gradually integrated into, and operated by, Galata. This gradual process allows for the completion of formal administrative procedures with landlords and local administrations.

*Iliad France Acquisition*

Pursuant to the Iliad France SPA, on the Iliad France Closing Date Iliad, S.A. will sell 70% of the share capital of ILIAD7 to Cellnex France in exchange for an estimated consideration of approximately €1.4 billion, payable on the Iliad France Closing Date. Prior to the Iliad France Closing Date, Free Mobile, S.A.S. ("**Free Mobile**"), a wholly-owned subsidiary of Iliad, S.A., will contribute a business unit containing the sites, to ILIAD7. The Iliad France SPA contains certain representations and warranties of Iliad, S.A. and certain indemnification obligations in case of breach thereof.

*Iliad SHA*

On the Iliad France Closing Date, Cellnex France Groupe and Iliad, S.A., as shareholders of ILIAD7, will enter into a shareholders' agreement which will set forth, among other matters, certain rights and obligations of both parties as shareholders of ILIAD7 and the procedures for the conduct of the affairs and the management of the ILIAD7 (including certain financial and business restrictions and policies) and govern transfers of the shares of ILIAD7. Additionally, under the Iliad SHA, Cellnex France Groupe will grant a put option, if certain conditions are met, in favor of Iliad, S.A. to require Cellnex France Groupe to acquire all of Iliad, S.A.'s shares in ILIAD7 at a price to be calculated pursuant to the Iliad SHA.

*Iliad Master Agreements*

On the Iliad Italy Closing Date, Galata and Iliad Italia, S.p.A. will enter into a master services agreement whereby Galata will provide co-location services to Iliad Italia, S.p.A. at the sites managed by Galata. On the Iliad France Closing Date, ILIAD7 and Free Mobile will enter into a master services agreement whereby the ILIAD7 will provide co-location services to Free Mobile at the sites managed by ILIAD7 and will undertake to build at least 50 new sites on a yearly basis in coordination with Free Mobile. The initial term of the Iliad Master Agreements is 20 years, subject to automatic extensions for successive 10-year periods.

Additionally, the Iliad Master Agreements for each of Italy and France will regulate the terms under which Iliad Italia, S.p.A. will build a minimum of 1,000 and potentially, although there is no firm commitment to do so, up to 2,000 sites in Italy by December 31, 2025, and Free Mobile will build a minimum of 2,500 and potentially, although there is no firm commitment to do so, up to 4,500 sites in France by December 31, 2026, respectively, for an estimated total consideration of up to €1.2 billion (paid by Galata regarding the Iliad Master Agreement for Italy, and by Iliad7 regarding the Iliad Master Agreement for France).

***Salt agreements***

In the first half of 2019, Swiss Towers entered into an agreement to acquire from Matterhorn 90% of the share capital of Swiss Infra, a subsidiary of such Swiss mobile operator for a total consideration of approximately €770 million. The Salt Acquisition involves the integration of 2,771 telecommunication sites located in Switzerland. The effective acquisition and payment of the consideration were conditional on the granting of several administrative authorizations, the last one being obtained on August 5, 2019. In accordance with IFRS 3, as the Salt Acquisition had not been completed as of June 30, 2019, the 2019 Interim Consolidated Financial Statements do not account for such transaction.

In connection with the Salt Acquisition, Swiss Towers entered into several agreements, including:

- an agreement for the sale and purchase of 90% of the share capital of Swiss Infra (the "**Salt SPA**");
- a shareholders agreement to regulate the relationship between Swiss Towers and Matterhorn, as shareholders of Swiss Infra (the "**Salt SHA**"); and
- a master agreement between Swiss Infra and Salt Mobile S.A. ("**Salt Mobile**"), a subsidiary of Matterhorn (the "**Salt Master Agreement"**).

*Salt Acquisition*

Pursuant to the Salt SPA, Matterhorn sold 90% of the share capital of Swiss Infra to Swiss Towers for a total consideration of approximately €770 million which was paid on August 5, 2019. The Salt SPA contains certain representations and warranties by the parties and certain indemnification obligations in case of a breach thereof.

*Salt SHA*

In addition, on the closing date, Swiss Towers and Matterhorn, as shareholders of Swiss Infra, entered into a shareholders' agreement setting forth, among other things, the rights and obligations of both parties as shareholders of Swiss Infra and the procedures for the conduct of the affairs and the management of Swiss Infra (including certain financial and business restrictions and policies) and governing the transfers of the shares of Swiss Infra.

*Salt Master Agreement*

On the closing date, Swiss Infra and Salt Mobile entered into a master services agreement for the provision of co-location services to Salt Mobile in Switzerland. The initial term of the Salt Master Agreement is 20 years, subject to automatic extensions for successive 10-year periods.

Additionally, the Salt Master Agreement regulates, among other things, the terms under which Salt Mobile will build a minimum of 500 and potentially, although there is no firm commitment to do so, up to 880 sites by June 30, 2027 for an estimated total consideration of up to approximately €150 million paid by Swiss Infra.

***On Tower Netherlands Acquisition***

In the second half of 2019, Cellnex Telecom (through its subsidiary Cellnex Netherlands BV) reached an agreement to acquire 100% of the share capital of On Tower Netherlands from its shareholders which, in turn, owns all the shares of On Tower Netherlands 1 BV, On Tower Netherlands 2 BV, On Tower Netherlands 3 BV, On Tower Netherlands 4 BV, On Tower Netherlands 5 BV and On Tower Netherlands 6 BV, for a total consideration (Enterprise Value) of €40 million paid by Cellnex Netherlands BV. As a result of the acquisition, Cellnex directly owns all the shares of On Tower Netherlands BV and, consequently, all the shares of its subsidiaries, as well as 114 additional infrastructures. The actual cash outflow for the Group in relation to this transaction was €39 million (Enterprise Value) following the incorporation of €1 million of cash balances on the balance sheet of the acquired subgroup. Cellnex financed the acquisition of 100% of the share capital of On Tower Netherlands subgroup using existing cash and credit facilities. The On Tower Netherlands Acquisition was completed in July 2019.

***British Telecommunications Transaction***

In the first half of 2019, Cellnex Telecom (through its subsidiary Cellnex Connectivity Solutions Limited) and BT signed a long-term strategic agreement according to which Cellnex acquired the rights to operate and market 220 high towers located in the United Kingdom for a period of 20 years (the "**BT Transaction**"). The consideration amounted to approximately GBP 70 million (approximately €79 million) paid by Cellnex Connectivity Solutions Limited. As of June 30, 2019 the aforementioned rights have been totally transferred to Cellnex.

The BT Transaction additionally includes a commitment to explore further opportunities between the two companies in the United Kingdom, which consists of the pre-emptive right of acquisition of up to 3,000 sites from BT during the next six years (the "**Right of First Offer**"). In addition, according to the agreement, Cellnex will have a period of time in which to make a further and final offer, to match with a third-party offer (the "**Right to Match**"), that BT could receive regarding these 3,000 sites. The corresponding value assigned by Cellnex in relation to both Right of First Offer and Right to Match, amounted to GBP 30 million approximately (approximately €34 million).

***Cignal Acquisition***

In the second half of 2019, Cellnex acquired 100% of the share capital of Cignal Infrastructure Limited from, amongst others, InfraVia Capital Partners, owner of 546 sites in Ireland and agreed on the deployment of up to 600 new additional sites by 2026 by Cignal, for a total consideration (Enterprise Value) of approximately €210 million paid by Cellnex. Cellnex financed the acquisition of 100% of the share capital of Cignal using existing cash. The Cignal Acquisition was completed on September 2019.

***Bouygues Telecom agreements***

Since 2016, the Group has entered into various agreements with Bouygues Telecom, the main terms of which are described below.

*Bouygues I Transaction*

In the third quarter of 2016, Cellnex France reached an agreement with Bouygues Telecom to acquire approximately 500 infrastructures in two phases. The infrastructures are distributed throughout France, mostly in suburban and rural areas, with a small percentage in urban areas. In connection with the acquisition, Cellnex entered into, among others, the following agreements:

- a Master Purchase Agreement (the "**Bouygues MPA**") between Cellnex France and Bouygues Telecom; and
- a Master Services Agreement (the "**Bouygues MSA**") between Cellnex France and Bouygues Telecom.

The transaction allowed the Group to enter the French market and to consolidate its position as a key neutral telecom infrastructure operator with extensive presence in European markets. In addition, the transaction with Bouygues Telecom could lead to additional business opportunities such as the construction of new infrastructures on demand or the deployment of new technologies such as Small Cells for extension of mobile coverage.

*Bouygues MPA*

Under the Bouygues MPA, Cellnex France and Bouygues Telecom agreed on the acquisition of approximately 500 infrastructures in France in two phases:

- In the first phase, during the third quarter of 2016 Cellnex France acquired 230 telecommunication infrastructures from Bouygues Telecom for a consideration of €80 million.
- In the second phase, during the fourth quarter of 2016 Cellnex France acquired 270 additional infrastructures from Bouygues Telecom for €67 million.

Since both transactions were structured as asset acquisitions, the infrastructures involved in the two batches acquired being gradually integrated into Cellnex France and operated by such company. This gradual process allowed the completion of the formal administrative procedures with landlords and local administrations.

*Bouygues MSA*

The Bouygues MSA establishes the conditions under which Cellnex will provide, on a non-exclusive basis, a range of services to Bouygues Telecom until December 31, 2037. Unless the agreement is terminated under the terms described therein, Bouygues Telecom may confirm the expiration of the agreement following such term or renew it for all the infrastructures covered for two additional periods of five years each.

Under the terms of the Bouygues MSA, Cellnex shall provide Bouygues Telecom with a value added integrated set of highly qualified services to allow and support Bouygues Telecom to set up, develop and manage its network in order to provide undisturbed and continuous mobile communication services to its clients. These services include the identification, acquisition and management of an infrastructure within a relevant geographical area, infrastructure engineering, infrastructures and infrastructure construction, encompassing: (i) infrastructure management activities, (ii) rollout of new customers and equipment upgrades, (iii) assumption, performance on enforcement of all rights and obligations pursuant to hospitality agreements with third parties, (iv) hospitality of customers in new areas, (v) construction of infrastructure in new areas, (vi) infrastructure upgrades, and (vii) static verification. In addition, Cellnex France may have to provide additional support services related to the roll-out of additional customers on the infrastructures.

Bouygues Telecom has the right to install, maintain, connect and provide services with its own equipment on any Cellnex infrastructure, as well the right to remove, modify and, with Cellnex prior written consent, relocate its equipment on any infrastructure. Bouygues Telecom undertakes not to market, or in any way commercially exploit, the space it uses at any infrastructure of Cellnex.

The fees agreed in the Bouygues MSA in exchange for the services will increase by a 2% annual fixed fee escalator. The Bouygues MSA is subject to French law.

*Bouygues II Transaction*

In the first quarter of 2017, Cellnex France reached a new agreement with Bouygues Telecom for the acquisition and building of up to 3,000 urban infrastructures in France, structured around two separate projects:

The first one related to the acquisition of up to 1,800 sites for a total enterprise value of €500 million and involved urban sites in the main cities of France (approximately 85% located in areas with a population above 400,000 inhabitants) which are to be gradually transferred to Cellnex France over a period of approximately two years.

The Company had also agreed with Bouygues Telecom on a second project for the building of up to 1,200 sites for a total investment of €354 million. This build-to-suit project related to sites to be built over an estimated period of five years.

Additionally, in the first quarter of 2017, Cellnex France and Bouygues Telecom entered into an agreement whereby Bouygues Telecom may repurchase these assets from Cellnex France under certain circumstances, including in case of material breach in terms of service delivery by Cellnex France, a change of control of Cellnex France or the insolvency or bankruptcy of Cellnex France.

In the third quarter of 2017, Cellnex France and Bouygues Telecom agreed to increase the number of infrastructures to be acquired by Cellnex up to a maximum of 600 additional urban sites in France for an amount of €170 million paid by Cellnex France, which are to be gradually transferred to Cellnex France no later than 2020.

In December 2017, Cellnex France and Bouygues Telecom agreed to increase the perimeter of the build-to-suit agreement in 1,000 additional sites to be built by Bouygues Telecom for an amount of €283 million paid by Cellnex France. Considering this, Cellnex France agreed in 2017 to acquire and Bouygues Telecom to build up to an aggregate maximum of 4,600 sites in France, for a total enterprise value of up to, approximately, €1,307 million paid by Cellnex France.

The Group strengthened its position in France by becoming the second largest neutral infrastructure operator, reinforcing its long-term partnership with Bouygues Telecom and setting the foundations to continue capturing organic growth in the country through future densification needs.

Bouygues Telecom is the main customer of this portfolio of infrastructures, with whom the Company has signed a tailor-made Master Service Agreement, in line with the Bouygues MSA, for an initial period of 15 years that can be extended up to 15 additional years, and with a 2% annual fixed fee escalator.

*Bouygues III Transaction*

In the second half of 2018, Cellnex France reached an agreement with Bouygues Telecom for the latter to build up to 88 strategic telecom centers in a 5-year term for an amount of €250 million paid by Cellnex France. Such deployment is expected to be carried out until 2024, with the execution to be primarily back loaded. In addition, Cellnex France reached an agreement whereby it may acquire up to 62 additional strategic telecom centers from Bouygues Telecom, which would be gradually transferred to Towerlink France from 2020 to 2021 subject to the fulfilment of certain conditions for an amount of €330 million paid by Cellnex France. These centers are strategic facilities with traffic concentration capabilities which will play a key role in the future deployment of 5G networks as they will also provide processing capabilities in order to reduce data latency. The transaction allowed the Group to strengthen the industrial collaboration between Cellnex and Bouygues Telecom, as well as the Group's presence in the French 5G ecosystem.

These new assets are expected to contribute up to an estimated €44 million of annual Adjusted EBITDA, once all the sites have been built or acquired, as applicable. "Adjusted EBITDA" is an APM (as defined herein). Please see "*Presentation of Financial and Other Information—Alternative performance measures*" for additional information on this APM. This expected annual Adjusted EBITDA is based on management's estimates, and is therefore subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the projects' actual annual Adjusted EBITDA to materially differ from that expressed in, or suggested by, this forward-looking metric. For further information on forward-looking statements and why investors should not place on them undue reliance, see "*Presentation of Financial and Other Information—Forward-looking Statements*".

Bouygues Telecom will be the main customer of these assets and thus, both companies, Cellnex and Bouygues Telecom, have also signed an agreement for the provision of services (Master Services Agreement) in line with the existing contracts between the two companies.

In relation to the aforementioned contract, no sites were transferred to Cellnex as of December 31, 2018.

As a result of the above as of December 31, 2018, in accordance with the agreements reached with Bouygues Telecom during 2016, 2017, and 2018, Cellnex, through its subsidiaries Cellnex France and Towerlink France, has committed to acquire or for Bouygues Telecom to build, as applicable, up to approximately 5,250 sites that will be gradually transferred to Cellnex until 2024, of which 3,192 sites have been transferred to Cellnex as of June 30, 2019. During the first half of 2019, 385 sites were acquired in relation to the aforementioned agreements, for an amount of approximately €84 million.

For additional information, see Note 7 to the 2018 Audited Consolidated Financial Statements.

***Swiss Towers Transaction***

In the third quarter of 2017, Cellnex Switzerland (a subsidiary in which the Group has a 54% stake) acquired, from Sunrise, 100% of the share capital of Swiss Towers, a subsidiary of the Swiss mobile operator for a total of €438 million, in a consortium with Swiss Life and DTCP (the "**Consortium**"). This Swiss Towers Acquisition involved the integration of 2,239 telecommunication sites located in Switzerland. The actual cash outflow for Cellnex Switzerland in relation to the Swiss Towers Acquisition (Enterprise Value) was €400 million following the incorporation of €38 million of cash balances on the balance sheet of Swiss Towers.

In connection with the Swiss Towers Acquisition, the Consortium entered into several agreements, including:

- an agreement for the sale and purchase of all of the shares in Swiss Towers, AG (the "**Swiss Towers SPA**");
- an MSA for the rendering of services relating to radio equipment (the "**Swiss Towers MSA**"), and

- a build-to-suit agreement for the deployment of additional infrastructures (the "**Swiss Build-to-suit Agreement**").

In addition, DTCP and Cellnex entered into a put option agreement (the "**DTCP Put Option Agreement**"), in which DTCP has a put option to sell its stake (c.18%) to Cellnex, payable in cash or in Cellnex shares (the "**DTCP Put Option**").

In order to partially finance the Swiss Towers Acquisition:

- the Consortium entered into a CHF 170 million (equivalent to €145 million) facility agreement with a syndicate of banks with Cellnex Switzerland (of which, CHF 155 million (equivalent to €133 million) corresponds to a loan and CHF 15 million (equivalent to €13 million) to a credit facility); and

- Cellnex has entered into a loan agreement with a limit of CHF 190 million (equivalent to €162.4 million).

For additional information, please see "*Operating and Financial Review—Borrowings– Loans and credit facilities*".

*Swiss Towers SPA*

Pursuant to the Swiss Towers SPA, Sunrise and Skylight S.à.r.l. sold 100% of the share capital of Swiss Towers to the Consortium in exchange for a consideration of approximately €438 million payable on the closing date. The Swiss Towers SPA contains certain representations and warranties of Sunrise and certain indemnification obligations in case of breach thereof. The actual cash outflow for Cellnex Switzerland in relation to this transaction (Enterprise Value) was €400 million following the incorporation of €38 million of cash balances on the balance sheet of the acquired company.

*Swiss Towers MSA*

The MSA establishes the conditions under which Swiss Towers will provide, on a non-exclusive basis, a range of services to Sunrise for a period of 20 years starting on January 1, 2017, extendible by a further 20 years in two 10-year periods.

Pursuant to the terms of the MSA, Swiss Towers shall provide Sunrise with infrastructure management services in consideration for an annual fee which may be adjusted to reflect changes of scope of the agreement and certain other events, and indexed to the Swiss CPI. The Swiss Towers MSA (as well as the Swiss Towers SPA and the Swiss Build-to-suit Agreement) is subject to Swiss law.

*Swiss Build-to-suit Agreement*

Under the Swiss Build-to-suit Agreement, Swiss Towers and Sunrise agreed on the terms for the building of 400 additional sites (by Swiss Towers) within the next ten years from January 1, 2017. Swiss Towers will be the beneficial owner of these additional sites and Sunrise will be entitled to operate its radio equipment and ancillary equipment on these additional sites in accordance with the Swiss Towers MSA.

*DTCP Put Option Agreement*

Under the DTCP Put Option Agreement, Cellnex granted Deutsche Telekom Capital Partners a put option over his shares in Cellnex Switzerland (approximately 18%). In case of exercise of the put option, the purchase price for the shares would be calculated according to certain formulas included in the DTCP Put Option Agreement. Cellnex may choose to pay the purchase price in case of an exercise either in cash or with Cellnex shares.

In the fourth quarter of 2018, Cellnex extended the agreement between Cellnex Switzerland and Sunrise, including an additional acquisition of 133 sites in Switzerland for an amount of CHF 39 million (€34 million) paid by Swiss Towers to Sunrise, which have been transferred to Swiss Towers on January 1, 2019, and also an extension of the build-to-suit project with Sunrise agreed in up to 75 additional sites to be built by Swiss Towers (increasing the agreement to build sites from up to 400 to up to 475 sites).

***Galata Acquisition***

In the first quarter of 2015, the Company reached an agreement with Wind for the acquisition, through its subsidiary Cellnex Italia, of 90% of the share capital of Galata for a consideration of €693 million paid by Cellnex Italia. Wind retained ownership over 10% of the remaining share capital until July 4, 2017 when Wind exercised its preemption rights for the transfer of its entire ownership interest of Galata for €87,518 thousand, pursuant to a put option contract. With this acquisition, Cellnex Italia holds 100% of the share capital of Galata. Several ancillary agreements (shareholders, transitory services, infrastructure services and option agreements) were executed in the context of the acquisition laying the basis for a long-term relationship between the Group and Wind. In addition, in the first quarter of 2019, the Company has (through its subsidiary Cellnex Italia) entered into an agreement with Wind by virtue of which Galata will build up to 1,200 sites in a 10-year term from the 2015 agreement. Galata will be the beneficial owner of these additional sites and Wind will be entitled to operate its DAS nodes on these additional sites.

***Acquisition of infrastructures from Telefónica and Yoigo***

In the first half of 2012, The Group entered into a set of agreements with Telefónica for the acquisition and lease back of a portfolio of infrastructures, whereby On Tower acquired from Telefónica an initial portfolio of 1,000 rural infrastructures, excluding the transfer of title, use or lease of the equipment located therein, which remained property of Telefónica.

In the second half of 2013, On Tower entered into a purchase agreement with Telefónica and Yoigo for the acquisition of mobile infrastructure and the same parties also entered into an agreement for the restructuring and rationalization of such mobile infrastructure. Under such agreements the Group acquired 1,211 telecom infrastructures in exchange for €113 million paid by On Tower. Subsequently it acquired 530 additional towers from Telefónica for €58 million and an additional 113 towers from Telefónica for €12 million, all paid by On Tower. Several ancillary agreements (assignment, subleasing, site sharing and services agreements) were executed in the context of the acquisition laying the basis for a long-term relationship with Telefónica and Yoigo.

In the second half of 2014, On Tower entered into a letter of intent with Telefónica to set up the framework for the acquisition, among other transactions, of up to 1,340 infrastructures (Project Volta Extended Phase I) and 450 infrastructures (Project Volta Extended Phase II). Also in the second half of 2014, On Tower acquired 1,090 infrastructures in relation to Project Volta Extended Phase I in exchange for €154 million and it entered into an agreement for the acquisition of up to 300 infrastructures in relation to Project Volta Extended Phase II in exchange for €43.5 million. In the first quarter of 2015, the 300 infrastructures were acquired by On Tower in the context of Project Volta Extended Phase II. This acquisition was financed through factoring lines and cash available to On Tower. Several ancillary agreements (subleasing, infrastructure sharing and services agreements) were executed in the context of these acquisitions.

## Properties

As of June 30, 2019, the Group either owned or leased its network of 25,797 infrastructures which transmit signals for several of the services that it provides. Many of these infrastructures are used for more than one activity (for example, MNO equipment hosted on broadcasting infrastructures), generating economies of scale in the Group's business. All the telecom infrastructures and most broadcasting infrastructures are remotely monitored.

As of the date of this Prospectus, the Group owned and operated substantially all of its infrastructures (with infrastructures leased to third parties remaining a minority, and excluding nodes), with a nationwide portfolio of 8,664 sites in Spain, 8,330 sites in Italy, and 10,515 sites in the Netherlands, France, the United Kingdom, Switzerland and Ireland. Please see "*–Competitive Strengths*" for more information on the Group's sites and other infrastructures, and "*Business–Material Contracts*" for information on the Group's commitments regarding infrastructures as of the date of this Prospectus.

As of June 30, 2019, the Group's carrying amount for property, plant and equipment amounted to €2,040.8 million, increasing by 7.4% from €1,903.7 million as of June 30, 2018. This was due to the acquisition of sites during the period, primarily in relation to the Bouygues II Transaction and its extension pursuant to the Bouygues III Transaction, but also in relation to the extension of the agreement between Cellnex Switzerland and Sunrise. For additional information, see Note 5 to the 2019 Interim Consolidated Financial Statements. As of December 31, 2018, the Group's carrying amount for property, plant and equipment amounted to €1,903.7 million, increasing by 26% from €1,507.3 million as of December 31, 2017. This was due to acquisitions of sites during the period, primarily in relation to the Bouygues III Transaction. For additional information, see Note 7 to the 2018 Audited Consolidated Financial Statements. As of December 31, 2017, the Group's carrying amount for property, plant and equipment amounted to €1,507.3 million, increasing by 43.8% from €1,048.4 million as of December 31, 2016. This was mainly due to the agreement relating to the Bouygues II Transaction and its extension pursuant to the Bouygues III Transaction. For additional information, see Note 6 to the 2017 Audited Consolidated Financial Statements.

As of June 30, 2019, the Group's carrying amount for goodwill and other intangible assets amounted to €1,997.8 million, increasing by 4.9% from €1,904.3 million as of December 31, 2018. This is due to an agreement entered into by the Company with BT to operate and market 220 high towers located in the United Kingdom. For additional information, see Note 6 to the 2019 Interim Consolidated Financial Statements. As of December 31, 2018, the Group's carrying amount for goodwill and other intangible assets amounted to €1,904.3 million, decreasing by c.1% from €1,920.5 million as of December 31, 2017. This is due to less significant changes to the scope of consolidation and business combinations during the period compared to prior years. For additional information, see Note 7 to the 2018 Audited Consolidated Financial Statements. As of December 31, 2017, the Group's carrying amount for goodwill and other intangible assets amounted to €1,920.5 million, increasing by 35.7% from €1,415.4 million as of December 31, 2016. This was mainly due to changes in the scope of consolidation and business combinations, corresponding to the impact of the Swiss Towers Acquisition and the Alticom Acquisition (both as defined herein). For additional information, see Note 7 to the 2017 Audited Consolidated Financial Statements.

As stated above, the Group owns the majority of its telecommunications infrastructures. Nevertheless, the vast majority of the land and rooftops where these infrastructures are located is operated and managed via lease contracts, sub-lease contracts or other types of contracts with third parties (with the exception of the United Kingdom, where the Group owns a large amount of the land where its sites are located). Thus, for various reasons, land owners could decide not to renew, or to adversely amend the terms of, the land lease contracts with the relevant Group company. In particular, the increasing presence of land lease aggregators may negatively affect the Group's ability to renew those contracts under commercially acceptable terms. The Group also has long-term rights to use third-party infrastructures and the non-compliance with its obligations would lead to the loss of the right to use these infrastructures. Lastly, at expiration of certain concession agreements, the Group must revert back certain assets to the corresponding governmental authorities under the terms of such concession agreements (for instance, TowerCo underlying assets must be reverted back to the corresponding government authority in 2038).

In addition, the maturities of the lease contracts, sub-lease contracts and other types of contracts with third parties to operate and manage land and rooftops where the Group's telecommunications infrastructures are located, are generally shorter than the contracts that the Group has entered into with its customers for the provision of services in such infrastructures. As a result, there is a mis-match in the maturities of both contractual relationships which could prevent the Group from successfully providing agreed upon services to its customers, as the Group may not have access to primary resources essential to execute such contractual obligations.

The real property interests of the Group relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. Any damage or destruction to the Group's infrastructure due to unforeseen events, including natural disasters, may impact the Group's ability to conduct its business. Additionally, if the loss of service is not deemed due to an unforeseeable force majeure event, the Group could be held responsible for failing to satisfy its obligations under its transmission contracts, which could result in service credit penalties or suspension of normal fees and annual charges. If the Group is unable to provide services to its customers, it could lead to a loss of customers, resulting in a corresponding material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

**Insurance**

The Group maintains insurance coverage for property damage, employer's liability, and public and private liability, at levels which the Company believes are customary in its industry. It also maintains other types of insurance that are typical in its industries at customary industry levels, such as environmental and pollution, cyber-risks or electronic equipment. The Group's insurance policies are subject to customary deductibles and exclusions.

**Environmental**

The Company has an environmental policy applicable to all the Group and a global environmental management system that ensures compliance with local environmental regulations and seeks to continuously improve the environmental management processes of its activities and facilities.

Cellnex considers that in the context of its operations complies with applicable environmental protection laws and the Company has procedures designed to encourage and ensure such compliance. For the six-month period ended June 30, 2019 and for the years ended December 31, 2018, 2017 and 2016, the Group did not account for any provision to address potential environmental risks since it considered that there were no significant contingencies associated with potential lawsuits, indemnities or other items, as its operations comply with environmental protection laws and as procedures are in place to foster and ensure compliance.

It is the Group's policy to pay maximum attention to environmental protection and conservation, and it seeks to adopt the necessary measures to minimize the environmental impact of the infrastructure and the telecommunications networks that it manages and ensure the maximum degree of integration into the surrounding area.

Thus, in addition to focusing the Group's activity on sustainability and responsibility principles, the Company has defined "sustainable business development" as one of the basic pillars of its strategy. This pillar is defined on the basis of the following goals, each of which consists of several specific actions:

- implementing a consistent environmental management policy within all companies of the Group;
- promoting energy efficiency, increasing the use of renewable energy as much as possible and fostering the implementation of efficiency measures at the Group's premises;
- committing to sustainable mobility;

- developing a carbon management framework in Spain to include the strategic perspectives to be worked on and focused on a set of actions, framed in different lines of management, that must be approved, funded and implemented to achieve the carbon management objectives established;
- minimizing the risks and fostering the business opportunities derived from climate change identified in relation to the Group's activity in Spain;
- progressively reducing the Group's carbon footprint in Spain, Italy and France;
- protecting and respecting the ecosystems affected by the Group's activity;
- promoting a sustainable culture within the Cellnex organization; and
- measuring and communicating environmental performance and reporting this on an annual basis in international organizations (CDP, GRI, DJSI, UNGC, FTSE, etc.).

With regard to quality control, Retevisión, Tradia and On Tower are certified in ISO 9001 Quality, ISO 14001 Environmental Management, OSHAS 18001 Occupational Health and Safety, UNE 166002 Research, Development and Innovation, ISO 17025 Competence of Testing and Calibration Laboratories and ISO 27001 Information Security, underscoring their continued commitment to quality.

The Company has invested significant amounts in environmental activities regarding civil works, equipment and environmental licensing projects. The cost related to these activities for the years ended December 31, 2018, 2017 and 2016 amounted to €5,780 thousand, €5,237 thousand and €5,032 thousand, respectively, and the related accumulated depreciation and amortization was €2,724 thousand, €2,477 thousand and €2,244 thousand for the years ended December 31, 2018, 2017 and 2016, respectively. Expenditure on protecting and improving the environment accounted for directly in the consolidated income statement amounted to €403 thousand, €719 thousand and €889 thousand for the years ended December 31, 2018, 2017 and 2016, respectively, mainly corresponding to consulting services and external waste management costs.

The Company considers that the potential contingencies, indemnities and other environmental risks associated with its activities adequately covered by civil liability insurance policies that the Company has subscribed.

### Employees

The Cellnex team is distributed geographically in Spain, Italy, France, the Netherlands, the United Kingdom and Switzerland. This multidisciplinary team is key to a successful business project, which enables Cellnex to be one of the main telecommunications infrastructure operators in Europe.

The workforce is predominantly male, reflecting the current situation of the sector. Regarding equality, inclusion, diversity and integration, the Group is working on developing the equality plan and meeting the objectives set at four years, analyzing pilots in order to roll this out to all employees, working together with Futureway on inclusion issues to try to incorporate students at risk of social exclusion and developing a diversity and inclusion program.

The number of employees of the Group as of June 30, 2019 and December 31, 2018, 2017 and 2016, broken down by gender and job category, was as follows:

| | As of the date of this Prospectus | | | As of June 30 | | | As of December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2019 | | | 2018 | | | 2017 | | | 2016 | | |
| **Number of employees** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| Executive Director | 1 | 0 | 1 | 1 | 0 | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 |
| Senior Management | 7 | 0 | 7 | 7 | 0 | 7 | 7 | - | 7 | 7 | 1 | 8 | 6 | 1 | 7 |
| Middle Management | 118 | 33 | 151 | 112 | 33 | 145 | 112 | 30 | 142 | 96 | 25 | 150 | 101 | 24 | 125 |
| Other Employees | 958 | 318 | 1,276 | 968 | 320 | 1,288 | 976 | 311 | 1,287 | 1,002 | 271 | 1,273 | 939 | 231 | 1,170 |
| **Number of employees at the period-end** | **1,101** | **361** | **1,462** | **1,088** | **353** | **1,441** | **1,096** | **341** | **1,437** | **1,106** | **297** | **1,403** | **1,047** | **256** | **1,303** |

The total number of employees of the Group as of June 30, 2019 decreased from the total number as of December 31, 2018, due to the effect of the Employment Reorganization Plan. For more information, see "*Operating and Financial Review—Results of operations— Comparison of the six-month periods ended June 30, 2019 and June 30, 2018—Staff costs*" and Note 16.b) to the 2019 Interim Consolidated Financial Statements.

The Group did not employ a significant number of temporary employees.

**Information Systems**

The Group depends on its ability to effectively manage information systems and programs, which may be sub-contracted to third parties. This requires significant resources and expertise, along with the development of uniform standards, controls, procedures and policies. Likewise, managing information systems and programs requires a periodic review of such systems and programs and the elimination of those not useful for the Group's business. Effective information systems and programs are necessary, among others, for:

- managing the collection of payments from the Group's service agreements;
- managing and allocating costs between the Group's customers or providers and the Group;
- quoting, accepting and inputting customer orders for services;
- provisioning, installing and delivering services;
- billing for services; and
- establishing an organized and updated inventory of the Group's infrastructures, the conditions of the Group's agreements with its customers and the conditions of the contracts for the land/rooftop which are particularly important under IFRS 16.

In addition, the Group works with sophisticated technical and advanced information technology infrastructure such as firewalls and reverse proxies to operate its business and deliver its services to its customers. These systems and services are vulnerable to interruptions or other failures resulting from, among other things, software, equipment or telecommunications failures, processing errors, computer viruses and malware, hackers or other security issues or supplier defaults. The Group's security measures may also be breached due to human error, malfeasance or otherwise. Such security measures may also be violated as a result of a third party fraudulent attempt to access the Group's sensitive information, by means of inducing an employee to breach the system or directly violating its security measures. A breach of security measures implemented to its systems could impair the Group's ability to adequately carry out its operations. Likewise, a security breach or intrusion upon its information technology infrastructure could compromise the security of information stored in or transmitted through its systems, or even compromise the integrity of its technical systems more broadly.

The Group seeks to protect its computer systems and network infrastructure from physical intrusion as well as security breaches and other disruptions that could affect its telecom and information infrastructure. Security, backup and disaster recovery measures, however, may not be adequate or implemented properly to avoid errors, processing inefficiencies, security breaches, inability to use the systems or process transactions, loss of customers or other business disruptions. The Group's technical or information infrastructure could be attacked or compromised by means of the broadly accessible networks. Although it takes measures to maintain the security of these externally-facing networks, it is not possible to completely eliminate the risk created by the need for such accessible information infrastructure.

**Investigation, research and development**

As part of the Group's business, it is committed to investing in research and development and investigation ("**R&D+i**"). The Group's R&D+i is closely linked to its strategy, and this is embodied in its aim to be a company that generates value for society, customers and shareholders, through innovative, efficient, neutral and high-quality management in delivering service and contributing technological solutions. This commitment to R&D+i represents one of the main challenges for Cellnex in the current global context, characterized by its strong innovative character and for being a company that is strongly linked to the digital world and the communication technologies.

The Group's R&D+i strategy focuses on the services of the future in each of its three business segments:

- Telecom Infrastructure Services: its R&D+i policy focuses on searching for a new site concept fostering the intensification of infrastructure sharing at all levels (mast, antenna, radio signal, etc.) and diversifying the supply of services, guaranteeing a response to future requirements related to 5G and new network architectures

- Broadcasting Infrastructure: its R&D+i policy is focused on maintaining competitiveness and responding to new challenges in the audiovisual sector. Specifically, Cellnex is trying to convert the linear DTT experience into an interactive experience through the Smart TV concept.
- Other Network Services: its R&D+i policy is focused on incorporating broadband into its IT systems and study how this will be complemented with the Group's tetra solutions, mainly for video-intensive applications. Furthermore, the digital market offers to the Group the opportunity to expand its services, gaining weight in the value chain and generating a complementary business model. Specifically, the Group has detected a significant growth opportunity in smart sensoring solutions and the IoT.

Additionally, at an international level, the European H2020 GrowSmarter project in the area of Smart Cities is notable as work has continued on the implementation of an urban resource IoT platform in the city of Barcelona in order to enable the integrated management of mobility and energy efficiency, including the development of an "intelligent, energy efficient street lamp" and intelligent management of taxi ranks for the Metropolitan Institute of Taxis (*Institut Metropolità del Taxi*). In addition, the European project H2020 5GCity kicked-off on the second quarter of 2017 at the Company's offices. It is aimed at investigating and validating solutions for the provision of 5G services through the figure of a federating entity or "neutral operator", allowing the sharing of resources and the efficiency and rationalization of 5G technology.

Also at the European level, three Celtic-Plus awards have been awarded to the Group for the following European projects: (i) Flexnet Project, through a consortium coordinated by the Group, aimed at investigating the development of 5G solutions for IoT applications in security and emergency environments using SDN (Software Defined Network); (ii) Lean Project, in which Cellnex acts as coordinator of the Spanish contribution, aimed at developing and validating 5G solutions for applications in rural environments contemplating the sharing of infrastructure; and (iii) Project Sarws, a project aimed at improving road safety in unfavorable weather conditions through the application of IoT and V2X technologies.

In the field of "connected vehicles", the Company has continued with the V2XArch project, where a simulator has been constructed and has begun the development of the Backend platform for testing in a real environment towards the end of the year. The Polarys project also continued, aimed at developing of solutions with VDES technology through the use of drones to improve safety and services provided at sea.

The Group also undertook the Veo5G Project, funded by Centre for the Development of Industrial Technology (CDTI) and coordinated by Cellnex, for the validation of models of exploitation of 5G infrastructures using NFV virtualization techniques. Likewise, the Solare2RF project, financed by the Basque Government, has continued and is intended to develop solutions and monitoring tools to increase the level of energy efficiency at the Group's sites.

Regarding the audiovisual industry, Cellnex may highlight some notable projects: TVRING, in the field of broadcasting and related to hybrid television through broadcasting and the Internet and Globalitv, with European and Brazilian partners intended to boost the European standard for hybrid TV in Brazil.

In addition to the above, other projects have been continued, such as, the iCity project (with the participation of Barcelona, London, Bologna and Genoa), COMPOSE (on IoT), ACORN (Software Defined Radio applied to IoT), REINVEL (solutions for charging electric cars at parking meters), PLEASE (on 4k broadcasting and encoding solutions) and ONDADA (expanding coverage at sea for the marine safety platform and marine positioning of boats and AIS).

**Legal proceedings**

At any given time, the Group may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of its business. The results of legal and regulatory proceedings cannot be predicted with certainty. The Group cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm the Group's business, prospects, results of operations, financial condition and cash flows, nor can it guarantee that it will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions that it may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

As of the date of this Prospectus the material legal proceedings outstanding are summarized below and they all refer to antitrust and state aid proceedings where the Company and Retevisión are involved. If any of these legal proceedings were not resolved in the Group's favor, it could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

- On May 19, 2009, the CNMC imposed a fine of €22.7 million on Cellnex (at the time, Abertis Telecom, S.A.U.) for an alleged abuse of dominant position in the market for transportation and broadcasting of TV signal in Spain, contrary to article 2 of Spanish Act on Defense of Competition (*Ley 15/2007, de 3 de julio, de Defensa de la Competencia*, "**LDC**") and article 102 of the Treaty on the Functioning of the EU ("**TFEU**"). In the opinion of the CNMC, the Company had allegedly abused its market power by (i) demanding substantial sums of money from its customers as a penalty for early termination of contracts; (ii) establishing contracts of excessive duration; and (iii) offering discounts if customers purchased more than one service. The decision also imposed on the Company a duty to grant certain customers of carrier support services (Sogecable, Telecinco and Net TV) the right to terminate certain contracts unilaterally and for whatever reason, by giving three months' prior notice. Such notice can be given both for a partial termination of any of the regional territories (*placas regionales*) or for the entire national territory. The Company requested the deferral of the payment of the fine until the Court ruled on the matter, a deferral that was granted on January 10, 2010. The Company also appealed the decision of the CNMC before the Spanish High Court (*Audiencia Nacional*) which on February 16, 2012 denied the appeal and upheld the decision on all grounds. The Company further appealed the decision of the Spanish High Court to the Supreme Court on June 12, 2012. The Supreme Court ruled on April 23, 2015 and partially granted the appeal and declared that the CNMC resolution regarding the calculation of the fine was not in accordance with law and ordered the CNMC to recalculate it. On September 29, 2016 the CNMC issued a decision recalculating the aforementioned amount (€18.7 million), which was appealed to the Spanish High Court on December 9, 2016. As of June 30, 2019, the Group has a recorded provision for a total of €16 million, maintaining the one recorded since December 31, 2017. The Spanish High Court has not yet issued a ruling on the matter.

- On February 8, 2012, the Spanish antitrust authorities imposed a fine of €13.7 million on Cellnex (at the time, Abertis Telecom, S.A.U.) for an alleged abuse of dominant position in the DTT-signal transport business in Spain contrary to article 2 LDC and article 102 of the TFEU. The alleged infringement derived from the Company establishing margin squeezing prices for (i) wholesale access to its broadcast centers and infrastructures in Spain; and (ii) retail transport services for distribution of OTT signals. The Company filed an appeal against the Spanish antitrust authorities' decision before the Spanish High Court (*Audiencia Nacional*) on March 21, 2012 and also requested the deferral of the payment of the fine until the Court rules on the matter, a deferral that was granted on June 18, 2012. The Spanish High Court ruled on February 20, 2015 and partially upheld the appeal of Cellnex. Cellnex further appealed the decision of the Spanish High Court to the Supreme Court on May 26, 2015. On March 23, 2018, the Supreme Court dismissed Cellnex's appeal and therefore confirmed the existence of an abuse of dominant market position and also set out that the CNMC shall recalculate the fine. A nullity incident was filed by Cellnex before the Supreme Court which was dismissed in July 19, 2018. On October 10, 2018 Cellnex appealed before the Constitutional Court (*Tribunal Constitucional*) the decision of the Supreme Court. On February 13, 2019 the Constitutional Court dismissed Cellnex's appeal. Following the corresponding calculation procedure, the CNMC has ruled that the amount of the fine should not be amended. Cellnex has filed an appeal against such decision. With regard to these proceedings, Cellnex registered a provision of €13.7 million as of June 30, 2019, compared to €7 million as of December 31, 2018.

  Moreover, and as a result of the spin-off of Abertis Telecom, S.A.U. (currently Abertis Telecom Satélites, S.A.U., "**Abertis Telecom Satélites**",) on December 17, 2013, Cellnex assumed any rights and obligations that may arise from the aforementioned legal proceedings, as they relate to the spun-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex and Abertis Telecom Satélites stipulating that if the aforementioned amounts have to be paid, Cellnex will be responsible for paying these fines. As of June 30, 2019, Cellnex has provided three guarantees amounting to €32.5 million (€32.5 million at December 31, 2018 and 2017, respectively, and €36.4 million at December 31, 2016) to cover the disputed rulings with the CNMC explained above, in addition to the provisions recorded and referred to in the paragraphs above.

- On October 1, 2014, the EC issued a decision concluding that Retevisión and other terrestrial and satellite platform operators had received state aid in the form of a €56.4 million scheme to finance the digitalization and extension of the terrestrial TV network in remote areas of Castile-La Mancha (a Spanish region) during the digital switch-over process and that such state aid was incompatible with the EU rules. The decision ordered the Kingdom of Spain through the regional government of Castile-La Mancha to recover the aid. On October 29, 2015, the government of Castile-La Mancha began an aid recovery proceeding for €719 thousand, which the Group is opposing and was declared lapsed ex officio in July 4, 2016. On December 15, 2016 the General Court of the European Union passed a ruling which dismissed the appeals. The Group filed on February 23, 2017 an appeal with the European Court of Justice. On April 26, 2018 the European Court of Justice has issued a judgment dismissing the Group's appeal, confirming the abovementioned decision of the EC. Notwithstanding, the Kingdom of Spain also filed an appeal which was dismissed by the European Court of Justice on September 20, 2018. On November 26, 2018, the government of Castile–La Mancha restarted the aid recovery proceeding for an amount of €719 thousand. On March and May, 2019, the government of Castilla-La Mancha received such amount. In any case, the Group has filed an appeal against such decision. The Group has not recorded any provisions regarding the above decision. As of the date of this Prospectus, the amount ordered by the EC to be recovered in relation to Retevisión is €719 thousand.

- In July 3, 2018, the Company received a notice from the Spanish authority of initiation of a tax audit for the concepts corporate income tax (consolidated group), corresponding to the 2015 and 2016 fiscal years, and value added tax, corresponding to the periods between April and December of 2015 (individual) and 2016 (VAT group). Besides, the corporate income tax and value added tax for fiscal year 2014 and the value added tax for the first quarter of fiscal year 2015 are also being audited by the Spanish tax authorities due to the fact that the Abertis Group (former shareholder of the Company) received a notice of initiation of a tax audit for the concepts corporate income tax (consolidated group) and value added tax (VAT group) for fiscal years 2014, 2015 and 2016. As of June 30, 2019, the above tax audits are currently ongoing.

**Profit forecasts**

The Group has not published any profit forecast that is current as of the date of this Prospectus.

Cellnex considers that the profit forecast for the 2019 financial year, included in note 2.2 to the directors' report accompanying the 2019 Interim Consolidated Financial Statements (the "**June Forecast**"), is no longer current as of the date of this Prospectus as it does not reflect the effect of transactions committed or completed by the Group after the date of the June Forecast. No profit forecasts have been published after the June Forecast.

Acquisitions are consolidated within the Group as of their respective dates of completion, such that, the corresponding impact of the operations of such acquisitions is reflected in the Group's consolidated income statement from their respective dates of completion and the value of such acquisitions is included in the Group's consolidated balance sheet as of the end of the reporting period in which they are completed.

Given the significance of the transactions committed or completed by the Group after the date of the June Forecast, Cellnex considers that the financial metrics included in the June Forecast are not a current forecast of the Group's future results of operations.

For more information on these transactions, please see "*Risk Factors– Risks related to the financial information incorporated by reference in this Prospectus and other financial risks–The historical consolidated financial information only takes into account the transactions completed as of each reporting period*, "*Operating and Financial Review–Factors affecting comparability of the results of operations of the Group—Subsequent events affecting comparability of the historical and future results of operations of the Group"* and "*Business–Material contracts*").

# REGULATION

## Telecom Infrastructure Services segment

Despite the existence of laws and regulations applicable to this segment in all markets in which the Group operates, such as obligations with respect to network sharing or regulations related to emission and power on infrastructure, the Telecom Infrastructure Services segment that the Group develops is not subject to specific sector-related regulation in any country in which it operates.

## Broadcasting Infrastructure segment

The Broadcasting Infrastructure segment is an “electronic communications segment” regulated by the Spanish General Telecommunications Act (Law 9/2014, of May 9) (the “**GTA**”), which implemented the EU regulations on the matter in Spain, including, among others, (i) Directive 2002/21/EC of the European Parliament and of the Council of March 7, 2002 on a common regulatory framework for electronic communications networks and services, as further amended; (ii) the Commission Recommendation of October 9, 2014, on Relevant Product and Service Markets (2014/710/EC) (the “**2014 Commission Recommendation**”) regarding the relevant markets of products and services within the electronic communications sector that are eligible for ex ante regulation pursuant to Directive 2002/21/CE; and (iii) the Guidelines 2002/C165/03 on market analysis and the assessment of significant market power (“**SMP**”) under the European regulatory framework for electronic communications networks and services. The European institutions have recently approved Directive (EU) 2018/1972 of the European Parliament and of the Council, of December 11, 2018, establishing the European Electronic Communications Code (the “**ECC**”), which repeals most of the prior regulation on this matter (as set forth in Annex XII therein). The member states (“**Member States**”) of the EU shall transpose the ECC into their national legal regimes by 21 December 2020.

The national regulation authorities (“**NRAs**”) on electronic communication matters in Spain are:

1. the CNMC, since its creation in 2013 has assumed many of the functions performed by its predecessor, the CMT; and

2. the Spanish Secretary of State for the Digital Progress (*Secretaría de Estado para el Avance Digital* or “**SEAD**”), part of the Ministry of Economy and Entrepreneurship, and responsible, among others, for the registration of MNOs and the management and control of the radioelectric spectrum.

### *European regulations*

In order to promote competition in the provision of electronic communications networks and services and following the prior European legislation, the ECC contemplates that NRAs shall carry out periodic market reviews consisting of three main steps:

1. Relevant market definition: identify markets displaying characteristics, which may justify the imposition of ex ante regulatory obligations. Any market which satisfies the following three criteria in the absence of regulation will be subject to ex ante regulation: barriers to entry, low tendency towards competition, and insufficiency of ex post competition law remedies.

2. SMP operators’ identification: NRAs must carry out an analysis of the relevant markets, taking into account the guidelines set by the European regulations. Where an NRA concludes that there is no effective competition in a market, it must identify the operators with SMP in that market; and

3. Imposition of ex ante obligations on the SMP operators in the market: taking into account the circumstances and particularities of the market, the NRA may impose the appropriate ex ante obligations to attempt to ensure the maintenance of an effective competition in the analyzed market.

The 2014 Commission Recommendation mentioned above identifies in its Annex the markets that shall require an analysis by the NRAs. Those markets do not include the wholesale access to transmission infrastructures, identified as “Market 18” (a market in which the Company operates), as it was excluded from those that, prima facie, require an analysis of the NRAs by the prior recommendation on this matter issued by the Commission (Recommendation 2007/879/EC of December 17, 2007, the “**2007 Commission Recommendation**”). To reach this conclusion the 2007 Commission Recommendation argued that:

significant changes were underway, with greater competition between platforms due to the transition from analogue to digital TV;

certain obligations could solve platform accessibility problems that certain TV channels could face, so that ex ante regulation was no longer necessary; and

the NRAs have the power to impose infrastructure sharing obligations without regulating the market.

In any case, NRAs retain the capacity to apply the three criteria test established in the European regulations to any electronic communications market in order to assess whether, on the basis of national circumstances, a market not included in the 2014 Commission Recommendation might nonetheless still be subject to ex ante regulation in a particular Member State of the EU (each a "**Member State**").

The prior Spanish General Telecommunications Act (*Ley 32/2003, de 3 de noviembre, General de Telecomunicaciones*) contained the standards that authorized the former CMT to carry out market reviews under the terms described. These standards are currently set out in the GTA.

***Definition and market analysis of the television broadcasting transmission service***

The former CMT (before the creation of the CNMC) conducted three reviews of this market. The first two were approved in 2006 and 2009. On April 30, 2013 the latest revision was approved. The CNMC has conducted a further review, as described herein below, which is the regulation currently in force.

In a resolution of the Market 18, the market for broadcasting transmission services by terrestrial waves was defined as that which "includes technical activities consistent in making available audiovisual content produced by broadcasters to the public through telecommunication services as a distribution channel by means of terrestrial waves". Additionally, it geographically distinguished the following markets: (i) one national market, (ii) 19 regional markets corresponding to each of the territories of the autonomous communities and autonomous cities, and (iii) 291 local geographical markets defined in terms of boundaries contained in the technical television plan.

The CNMC concluded in its resolution that the market was non-competitive, susceptible to ex ante regulation and therefore imposed certain obligations on the Company due to its deemed condition of being an SMP operator.

The CNMC considered that there were certain high and non-transitory barriers to market entry in the broadcasting transmission services market mainly because (i) sunk costs were particularly relevant in the market; (ii) there were significant economies of scale that allow the historical operators to obtain relevant reductions in average unit costs; (iii) the service required an infrastructure that is not easily reproducible and under which no alternative supply is available; and (iv) the existence of legal obstacles to the occupation of the public domain for the installation of networks.

As a result, the main obligations imposed on the Company due to its status as an SMP operator were:

- *Access to other operators*. Obligation to facilitate access to the Company's broadcasting infrastructures of national network to other operators, that reasonably request it, at regulated prices either (i) via co-location and other forms of capacity sharing, or (ii) via interconnection to the Company's equipment when the infrastructure is not replicable, space is no longer available or when the infrastructures are used for national population coverage over 93% (ICX optativity).

- *Price control*. Access to third parties had to be granted at regulated reasonable prices. The model to determine fair and reasonable prices was based on its costs of production. In no case prices offered to third parties by the Company should have been excessive or caused a compression in the operative margins of the requesting operator that could have impair the entry of an efficient operator. The goal was to avoid margin squeeze and other predatory or anticompetitive prices. The CNMC determined the system of cost accounting and approves an appropriate return on capital employed. As to the measuring of the reasonableness of the prices, the CNMC would determine the accounting of costs system to be applied, indicating the accounting model and method to be use.

- *Regulatory accounting obligations*. The Company must keep a separate accounting of costs and revenue for individual services in order to verify that there is no cross-financing between retail and wholesale prices.

- *Non-discrimination obligation on access conditions*. The Company must provide resources to third operators equivalent to those provided to itself.

- *Notification obligations*. All agreements reached with national TV broadcasters must be notified to the CNMC as well as all agreements to grant access to broadcast operations to the Company's infrastructures.

- *Access reference offer*. There is an obligation of transparency under which the Company must publish a reference offer for the regulated service, including infrastructure lists, characteristics, service-level agreements and the economic terms. The regulated prices must not exceed the prices set out in the relevant reference offer. The Reference Offer for Access to Issuers Sites of Cellnex (*Oferta de Referencia para el Acceso a los Centros emisores de Cellnex* or "**ORAC**") is available on the website of the CNMC (www.cnmc.es). The latest review of ORAC was approved in February 2015.

- *Determination of the specific terms of access*. In any dispute between operators where no voluntary agreements are reached, the CNMC will assess the reasonableness of the access request and, if applicable, will dictate the agreement conditions.
- *Obligations on downstream markets*. There is a general prohibition of anticompetitive behaviors.

On October 6, 2018, the CNMC published a public consultation process to analyze and carry out a further review (the fourth, as indicated above) of the television broadcasting transmission market. With this new process, the CNMC aimed at maintaining the Company's status as SMP operator while advocating for a more flexible regulatory framework to foster the number of agreements to access the Company's infrastructure and, thus, increasing the number of alternative suppliers for broadcasters. In particular, the proposal aimed (i) to replace the cost-oriented pricing obligation by an obligation to set reasonable prices for access, (ii) to make equally available the access to co-location and interconnection to the Company's infrastructures and, (iii) to remove the obligation to publish the Reference Offer for Access to Issuers Sites of Cellnex (*Oferta de Referencia para el Acceso a los Centros emisores de Cellnex*).

After completion of the public consultation process on November 7, 2018 and receipt of observations or suggestions from any third-party during such public consultation process, the CNMC published on July 17, 2019 its Resolution approving the definition and analysis of the wholesale market for the television broadcasting transmission service (Market 18/2003) and notified to the European Commission and the European Electronic Communications Regulators Entity ("**CNMC Resolution 2019**"). The CNMC Resolution 2019 entered into force the day after its publication in the Spanish National Official Gazzette (*Boletín Oficial del Estado*), i.e. July 25, 2019.

The CNMC Resolution 2019 maintains the Company's status as SMP operator but introduces some flexibility in the main obligations imposed on the Company as briefly described herein below:

- *Access to other operators*. Obligation to provide access to the Company's national network of broadcasting centers to other operators. Generic obligation of access to the Company's sites which are part of its DTT broadcasting network, by virtue of which the Company will have to negotiate in good faith the access of third-party operators to its centers, either in co-location and interconnection modes, making equally available the access through both systems to Company´s infrastructure. The Company shall not limit access based on the use to be made of its centers or the technology to be used by the alternative operator, as far as the service to be provided consists on the broadcasting of television signals or any related services such as transportation.
- *Non-discrimination.* The Company shall apply equivalent conditions under similar circumstances to other operators that provide equivalent services. The Company shall also provide to third parties services and information of the same quality as those provided for its own services or to its affiliates, as well as to other third-party operators.
- *Transparency.* The Company shall provide to third parties a reference offer for the provision of the wholesale service, which must be sufficiently detailed in order to ensure that payment is not required for resources that are not necessary for the service at stake. If the Company modifies the offer, it shall inform the CNMC. The CNMC may require the introduction of changes in the reference offer, according to article 69.2 of the ECC and article 7.3 of the Royal Decree 2296/2004, of 10 December, providing the Regulation on electronic communications markets, network access and numbering (*Real Decreto 2296/2004, de 10 de diciembre, por el que se aprueba el Reglamento sobre mercados de comunicaciones electrónicas, acceso a las redes y numeración*) ("**ES Markets Regulation**").
- *Price Control*. The Company is subject to four obligations related with price control: (i) replacement of the cost-oriented pricing obligation by an obligation to set reasonable prices for the provision of access services; in no case those prices shall be excessive or result in an operating margin squeeze preventing the entry of an efficient operator into the market; in order to determine whether prices are reasonable, CNMC will take into account the prices charged by the Company to broadcasters for the provision of the broadcasting service under comparable conditions and the additional costs to co-location and interconnection services that an operator must incur in providing the broadcasting service to a broadcaster; (ii) notwithstanding the suppression of the cost-oriented pricing obligation, the cost accounting and separate accountability obligations remain as a source of ancillary information for the regulator in order to determine whether Company´s prices are reasonable; (iii) obligation to publish the prices for the access services and their modifications in the reference offer, and (iv) obligation to communicate to the CNMC the contracts with the broadcasters at a national level, and any amendment to those already in force.

***General Telecommunications Act ("GTA")***

The GTA is the law regulating the electronic communications sector in Spain, which includes network operations and the provision of electronic communications services and associated resources with the exclusion of services regulated by the Spanish Audiovisual Communications Act (Law 7/2010, of March, 31).

In general, any natural or legal person who wants to provide services in the electronic communications market must obtain the appropriate authorization certificate that is attained by a system of prior communication to the CNMC, currently operating the "Register of Operators" (except for those services using radio spectrum and subject to obtaining the appropriate authorization certificate from SEAD prior to its use).

The Company holds the necessary authorization certificates for the transmission service of signals using radio spectrum (the only service offered by the electronic communications market) and is registered in the Register of Operators. The appropriate authorization certificates required for the use of the radio spectrum for radio and television broadcast are not held by the Company and are held by its clients (i.e. the different operators that provide final telecom services such as TV broadcasters, FM/AM radio broadcasters, etc.). The Company is required to verify that its clients have those authorization certificates prior to providing transmission and broadcasting service of the signal.

The spectrum used by wireless telecom networks (such as FM, DTT, mobile or PDDR, among others) is a scarce resource that is managed and controlled by the competent organizations of the public administration. Specifically, although the allocation of the different uses of the spectrum is governed by general principles applicable at the European and international level, Member States are responsible for setting the frequency bands authorized for each of the applications. Specifically, in Spain the SEAD is responsible for this. The frequency allocation is performed in the National Frequency Allocation Table, which determines which frequencies are valid for each of the applications and the technical conditions of use thereof.

The GTA provides an overall framework in which operators can develop their activity. This framework is based on the principles of transparency, non-discrimination and proportionality in order to promote free competition and interoperable networks and services. It aims to establish the CNMC conditions to apply ex ante regulations for this market and to resolve disputes between operators. The GTA also regulates the following aspects relevant to the development of the Group's activity:

- rights of operators and deployment of public electronic communications networks, which is the general framework for the implementation and deployment of the networks;
- infrastructure and public electronic communications networks in buildings, as it affects the reception of broadcast services provided by the Company;
- radio public domain, because the Company is required to verify that its customers have the authorization certificates needed to perform their activity, and whose regulation is implemented by Royal Decree 123/2017, of February 24, approving the regulation on the use of radio public domain;
- taxes on telecommunications; and
- inspection and sanction system.

***Spanish Audiovisual Communication Act***

The Spanish Audiovisual Communication Act (Law 7/2010, of March, 31) (the "**ACA**") states that radio and audiovisual broadcasting are general interest services that can generally be provided in a competitive environment by anyone, subject to prior notice to SEAD, and only subject to the constraints derived from the limitations of the spectrum and the protection of the interests of citizens. The audiovisual media services provided by the Spanish Government, however, are considered a public service.

The prior regime based on administrative concessions was substituted by a license regime. Services requiring the use of radio spectrum will have to follow a tender process to obtain the relevant licenses. These licenses generally have terms of 15 years, with renewal mechanisms. The civil radio spectrum allocated to each DTT operator consists of a specific bandwidth that allows them to broadcast one or more channels within a digital MUX. For audiovisual content to reach viewers, DTT operators need a broadcast network that carries the DTT signal from the DTT operators at production centers. This broadcast network consists of a series of transmitters and relay stations where the transmission systems, infrastructure telecommunications equipment, power cables, air conditioning and other equipment which are installed to enable the DTT signal to be carried.

Audiovisual licenses granted to national DTT broadcasters in Spain require nearly complete coverage on population basis: a 96% population coverage requirement for commercial operators and a 98% population coverage requirement for public operators. Currently, the Company is the only Spanish operator which provides the DTT broadcasting services with this total national coverage.

Directive (UE) 2018/1808 of the European Parliament and the Council, approved on November 14, 2018 which amends the Audiovisual Media Services Directive 2010/13/EU of the European Parliament and the Council, which was transposed into Spanish law through the ACA. Therefore, this new Directive (UE) 2018/1808 will also have to be transposed into Spanish law by amending the ACA, or by issuing a new law that repeals and replaces the ACA. However, it is not likely that the license regime referred to above will be affected.

***Digital Dividend and UHF band***

The analogue switch-off (ASO) and the implementation of DTT in Spain were completed in April 2010. As a consequence of its successful implementation and due to the DTT providing higher spectrum efficiency (more and best services in less spectrum), the 800MHz band was allocated to mobile services on the so-called Digital Dividend process. As DTT is innovating and evolving, a second Digital Dividend, the 700MHz band, is envisaged for 2020 in all Europe. A third Digital Dividend is not expected to take place in the medium term.

Regarding the **first Digital Dividend**, Royal Decree 805/2014, of September 19, approved the National Technical Plan for DTT. Among other matters, this new Technical Plan allowed the release of the so-called "Digital Dividend", so that part of the 800 MHz band of frequencies used by DTT was made available from March 2015 to mobile operators which were awarded the frequencies through auctions conducted in 2011. As a consequence of the reallocation of the frequencies, the number of MUXs available for DTT service was reduced from eight to seven at a national level and, on a general basis, from two to one at the regional level.

On April 17, 2015, the Spanish Government approved a resolution that was published in the Spanish Official Gazette on April 18, 2015 and that contained the basis for a public tender for the award of six new DTT national licenses: two standard definition (SD) channels within the RGE2 MUX, another SD channel within the MPE4 MUX, and three high definition (HD) channels within the MPE5 MUX. The licenses were awarded to: Grupo Secuoya, Kiss and 13TV (SD licenses) and Mediaset, Atresmedia and Real Madrid (HD licenses). These new channels began their emissions in April 2016.

The World Radio Communication Conference 2015 (WRC 2015) held in Geneva during November 2015 made important decisions on the UHF band, impacting in the Company's business:

- 700MHz band (694 – 790MHz): the WRC15 agreed on the technical details in order to be used by electronic communication services and defined the co-primary allocation of the band to broadcast and mobile services.
- Sub 700MHz band (470 – 694MHz): the WRC15 agreed on keeping the primary use of the band for DTT and to avoid any new debate about the use of the band until the World Radio Communication Conference to be celebrated in 2023.

Regarding the **second Digital Dividend**, on May 17, 2017 the Decision (EU) 2017/899 of the European Parliament and of the Council, of May 17 2017, on the use of the 470-790 MHz frequency band in the Union was approved, setting up the spectrum usage until 2030:

- 700MHz band (the so-called second Digital Dividend): Member States shall allow by June 30, 2020 the use of the 700 MHz frequency band for terrestrial systems capable of providing wireless broadband electronic communications services only under harmonized technical conditions established by the EC. Member States may, however, delay allowing the use of the 700 MHz frequency band for up to two years on the basis of one or more of the duly justified reasons set out in the EC's decision.
- Sub 700MHz band: Member States shall ensure availability at least until 2030 of the sub-700 MHz frequency band for the terrestrial provision of broadcasting services, including free television, and for the use by wireless audio PMSE (program-making and special events) on the basis of national needs, while taking into account the principle of technological neutrality. Member States shall ensure that any other use of the sub-700 MHz frequency band on their territory is compatible with the national broadcasting needs in the relevant Member State and does not cause harmful interference to, or claim protection from, the terrestrial provision of broadcasting services in a neighboring Member State.

In addition, no later than June 30, 2018, Member States were requested to adopt and publish their respective national plan and schedule ("national roadmap"), including detailed steps for fulfilling their obligations as set out above. Member States had to draw up their national roadmaps after consulting all relevant stakeholders.

The Spanish Government published on June 29, 2018 its national roadmap for the liberalization of the second Digital Dividend after several public consultations, excepted by June 30, 2020, following the EU calendar. There appears to be a consensus among relevant stakeholders (including both the telecommunication and broadcasting sectors) agreeing on the need for a non-disruptive transition and on keeping the DTT competitively by ensuring the current number of MUXs. Among the main milestones of the roadmap calendar, it was declared that several legal instruments were to be approved by the end of 2018 in order, among others, to approve the new National Technical Plan for DTT, and to approve a compensation regime for the costs of adaptation of reception facilities to new frequencies and to compensate the forced updates in broadcasters' transmission equipment.

As a consequence, on January 22, 2019, the Spanish government submitted to public consultation the draft of Royal Decree approving the new National Technical Plan for DTT and ruling certain aspects of the liberalization of the second Digital Dividend. The public consultation was open until February 18, 2019.

On June 21, 2019, the Spanish Government passed Royal Decree 391/2019 approving the new National Technical Plan for DTT and the regulation of certain aspects of the liberalization of the second Digital Dividend.

This Royal Decree regulates how the 700 MHz band will be liberalized and how the radio-electric channels and the new digital MUXs will be distributed among the Spanish Public Radio and Television Corporation and other license holders, obligations of minimum range of reception and the technical specifications that the television services have to meet. The current number of MUXs (and their coverages) on the sub 700MHz band will be maintained, as well as the offer of DTT channels.

This Royal Decree also states that the DTT service will be offered in the sub-700 MHz band and that the 700 MHz band shall not be used by audiovisual communication service providers by June 30, 2020, in order to make it available for the 5G mobile services from that date onwards. The Royal Decree further establishes that the sub-700 MHz will continue to be used for television broadcasting until, at least, 2030. On the same date, the Spanish Government approved the Royal Decree 392/2019, which regulates the direct granting of subsidies to compensate the costs in the reception of or access to television audiovisual communication services in buildings, as a consequence of the liberalization of frequency bands in the range 694-790 Mhz (the second Digital Dividend).

The subsidies are granted to homeowners associations and will be affected to compensate for costs and investments arising from the necessary actions in order to ensure the reception of or the access to the television communication services in buildings affected by the liberalization of the second Digital Dividend. The abovementioned actions have to respect the principle of technological neutrality, in a way that does not favor a particular platform. The beneficiaries may choose any available technology allowing reception of or access to the audiovisual television services in the affected buildings. The concession of the subsidies will be carried out by the public entity Red.es and will be made by a direct concession procedure, in view of the exceptional nature of the process of liberalization of the second Digital Dividend, involving the relocation of numerous public and private television channels, and the existence of reasons of public and social interest consisting in avoiding the loss of access to the television services for a part of the Spanish population, until the adaptation of their reception equipment is completed.

A third Digital Dividend is not expected to take place in the medium term.

***Competition law***

Practices restricting competition are prohibited in Spain under applicable competition regulations. Such practices include, among others, (i) the abuse of a dominant position and (ii) prohibited collusive agreements.

The prohibition of competition-restricting practices is the result of both EU and Spanish law. European and Spanish competition laws (articles 101 and 102 of the TFEU and articles 1 and 2 of the Spanish General Competition Act (Law 15/2007 of July 3d, on Competition) ("**LDC**") regulate these practices in a similar manner. EU laws regulate any prohibited practices that may affect trade between Member States, and Spanish laws regulate practices that have a domestic effect.

If the relevant competition authorities (generally the EC on the European level, and the CNMC on the national level) determine that a company has abused its dominant position or is party to a prohibited agreement, they may order the Company to cease such anti-competitive practices and/or impose sanctions which may include fines up to 10% of the revenues obtained by the offending company in the year preceding the resolution.

Actions constituting the abuse of a dominant position, or any clauses in agreements prohibited by the competition regulations, are void and therefore not enforceable. Engaging in competition-restricted practices may trigger the filing of civil claims by third parties that suffered an economic loss. The competition regulation prohibits any agreement between competitors aimed at price fixing, either directly or indirectly, or other relevant commercial conditions, limiting production, allocation of markets or customers, or boycott to third parties.

The competition regulation also prohibits certain practices in connection with the supplier-customer relationship. In this case, there are no absolute prohibitions as they depend on the market share of the parties, duration of the clauses and characteristics of the restrictions of competition.

Regarding the abuse of a dominant position, the Company enjoys a dominant position in the market affected by the practice. Thus, before examining whether a specific conduct is abusive, it is necessary to determine the relevant market and the Company's position in such market. Defining the relevant market is of great importance because it determines the Company's position in the market. This definition must be done from two perspectives: product/service and geographical. It is therefore crucial to assess the substitutability between goods and services and the homogeneity of competition conditions between regions.

A dominant position is defined as a position of economic or commercial strength that enables a party to behave independently of its suppliers, competitors and customers. There is no legal definition of dominant position either in the Spanish or European regulation, however there are different criteria that are used to assess whether such a position exists or not. One such criterion is market share which gives an indication of the existence of dominance. In this regard, market shares below 30% generally exclude the possibility of the existence of dominance. In any event, the particular circumstances applicable to each case should be carefully analyzed.

Abuse may take different forms. Article 2 of the LDC and Article 102 of the TFEU list the most important: (i) application of non-equitable prices or other trading conditions or services, (ii) limiting production, distribution or technical development to the unreasonable detriment of companies or consumers; (iii) unjustified refusal to satisfy purchases of products or services demands; (iv) applying discriminatory conditions to commercially equivalent situations, which places some competitors at a disadvantage compared to others; or (v) the subordination of certain services to contracting others that are not related to them.

**Other Network Services segment**

Despite the existence of laws and regulations applicable to this segment, the Other Network Services segment that the Group develops is not subject to specific sector-related regulation.

**Risks associated with the regulations that govern the Group and its business**

Without prejudice to the above, the business of the Group and those of its customers are subject to the national, regional and local regulations of all jurisdictions in which the Group operates as well as the regulatory framework applicable in the EU). The existing laws or regulations under which the Group operates may be repealed, amended or overruled, and new regulations may be promulgated at any time. Such regulations could be applied or enforced retroactively or the interpretation of such regulations by the competent authority may differ from that of the Group. The Group cannot guarantee that existing or future laws or regulations, including national, regional and local tax laws, will not adversely affect the Group's business, generate delays in its projects or result in additional costs.

Failure to comply with applicable regulations may lead to civil penalties or require the Group to assume indemnification obligations or result in the Group breaching certain of its contractual provisions. Furthermore, if applicable laws and regulations are not enforced equally against its competitors in a particular market, the compliance with such laws and regulations may put the Group at a competitive disadvantage vis-à-vis competitors who do not have to comply with such requirements.

Moreover, the Group cannot guarantee that the interpretation of applicable laws or regulations will coincide with the one of the relevant governmental agencies or courts enforcement of such laws or regulations. These factors may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

The Group depends on the obtaining, maintaining and periodically renewing of several licenses, authorizations, and administrative and regulatory permits in all jurisdictions where the Group operates. The Group is unable to assure that such licenses, authorizations and permits will be fully granted at all times or renewed upon their expiration. Also, most of the industries in which the Group's customers operate also require the application for licenses or authorizations, as well as adjudication/concession and renewal processes beyond the Group's control.

There can be no assurance that breaches of any applicable regulations have not occurred or will not occur or be identified or that these laws will not change in the future in a manner that could have a material adverse effect on the business, prospects, results of operations, financial condition and cash flows of the Group.

# MANAGEMENT AND BOARD OF DIRECTORS

## Directors

Spanish corporate law provides that a company's board of directors is responsible for the management, administration and representation of a company in all matters concerning the business of the company, subject to the provisions of such company's bylaws and the powers granted by shareholders' resolutions.

The Company's bylaws provide for a Board of Directors consisting of between four and thirteen members (each, a "**Director**"). The Board of Directors currently consists of twelve Directors. The composition of the Board of Directors at the date of this Prospectus and the status of its members in accordance with the provisions of the bylaws and the Board of Directors regulations (*Reglamento del Consejo de Administración* or "**Board of Directors Regulations**") of the Company are shown below:

| Name | Nature | Title | Date of Appointment or election or re-election | Term Expires |
|---|---|---|---|---|
| Mr. Franco Bernabè | Proprietary(*)(**) | Chairman | July 25, 2019 | - |
| Mr. Tobías Martínez Gimeno | Executive | Chief Executive Officer | May 9, 2019 | May 9, 2022 |
| Mr. Bertrand Boudewijn Kan | Independent | Vice Chairman | May 31, 2018 | May 31, 2021 |
| Mr. Giampaolo Zambeletti | Independent | Coordinating Director | May 31, 2018 | May 31, 2021 |
| Ms. Elisabetta De Bernardi Di Valserra | Proprietary(*) | Director | May 9, 2019 | May 9, 2022 |
| Ms. Anne Bouverot | Independent | Director | May 31, 2018 | May 31, 2021 |
| Ms. Concepción del Rivero Bermejo | Independent | Director | April 27, 2017 | April 27, 2020 |
| Ms. María Luisa Guijarro Piñal | Independent | Director | May 31, 2018 | May 31, 2021 |
| Mr. Carlo Bertazzo | Proprietary(*) | Director | May 9, 2019 | May 9, 2022 |
| Mr. Pierre Blayau | Independent | Director | May 31, 2018 | May 31, 2021 |
| Mr. Mamoun Jamai | Proprietary(*)(**) | Director | June 20, 2019 | - |
| Mr. Peter Shore | Independent | Director | May 31, 2018 | May 31, 2021 |

(*) Proprietary director representing Connect.

(**) Director appointed by the Board of Directors by co-optation (*cooptación*) to fill a vacancy, until his/her ratification and reelection is submitted to the next General Shareholders' Meeting for approval, also representing Connect.

Mr. Javier Martí de Veses is Secretary non-Director of the Board of Directors, and Ms. Virginia Navarro Virgós is Vice Secretary non-Director of the Board of Directors.

The business address of the Directors and senior managers is currently Juan Esplandiú 11-13, 28007, Madrid, Spain.

During the financial year ended December 31, 2018, the Board of Directors held 13 meetings. Since the beginning of the current year and until the date of this Prospectus, the Board of Directors has met on 13 occasions.

The Directors are elected by the Company's shareholders to serve for a term of three years and may be re-elected to serve for an unlimited number of terms, provided that the Directors will cease to qualify as independent Directors once they have served as Directors for a continuous term exceeding 12 years. If a Director does not serve out his or her term, the Board of Directors may fill the vacancy by appointing a replacement Director to serve until the next General Shareholders' Meeting. Any natural or legal person may serve on the Board of Directors, except for persons specifically prohibited by applicable law. A Director may be removed from office by the shareholders at a General Shareholders' Meeting.

The Board of Directors is governed by the Company's bylaws and the Board of Directors Regulations. The Board of Directors Regulations develop the Company's bylaws and establish the principles for the functioning of the Board of Directors, including the basic rules for its organization and functions and the standards of conduct for the Board of Directors.

The Board of Directors Regulations provide that the Board of Directors shall ordinarily meet at least once every three months. The Chairman of the Board of Directors may call a meeting whenever he or she considers such a meeting necessary or suitable, and the Chairman of the Board of Directors is also required to call a meeting at the request of one third of the Directors, who shall be entitled to call the meeting by themselves if the Chairman does not attend such request within the following month. The Company's bylaws provide that a majority of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) constitutes a quorum.

Except as otherwise provided by law or specified in the bylaws and Board of Directors Regulations (such as the delegation on a permanent basis of certain functions on the Executive Committee and other actions that require approval by two thirds of the Board of Directors), resolutions of the Board of Directors are passed by an absolute majority of the Directors present or represented at a Board of Directors' Meeting (a "**Board Meeting**").

***Biographical information***

Below is a brief description of the qualifications and professional experience of the Directors.

*Mr. Franco Bernabè*

Mr. Franco Bernabè is a Director of Cellnex and the current Chairman of the Board of Directors. He is also the Chairman of FB Group, a family investment vehicle based in Rome. Currently he is Chairman of the Italian National Commission for UNESCO. He is Senior Advisor to Barclays Bank. In 2011 he was knighted by the President of the Italian Republic. Until February 2019 he was Chairman of Nexi S.p.A., the Italian leader in payments, a company that he contributed to lead through an ambitious re-organization process sponsored by Advent International and Bain Capital. Prior to this he was, until 2013, Chairman and CEO of Telecom Italia and Chairman of GSMA (the international organization of mobile network operators). He was Vice Chairman of Rothschild Europe, member of the board and Chairman of the Audit Committee of PetroChina for 14 years, member of the Supervisory Board of TPG Post Group in the Netherlands, member of the International Council of JP Morgan. He was also member of the Executive Committee of Confindustria and a member of the European Roundtable of Industrialists. He started his professional career at FIAT. In 1983 he joined ENI, the Italian state oil company where he became the CEO in 1992. During his two terms at ENI, he managed the radical transformation of the company that was listed on the NYSE in 1995. Mr. Bernabè graduated with honors (Laurea con lode e dignità di stampa) in Economic Policy (Università degli Studi di Torino).

*Mr. Tobías Martínez Gimeno*

Mr. Tobías Martínez Gimeno is the current Chief Executive Officer ("**CEO**") of Cellnex. He joined Abertis Telecom in 2000 (the former Acesa) to develop the diversification project of Acesa in the field of telecommunications infrastructure, first as member of the board of directors and Director General of Tradia and later of Retevisión. Before joining the Abertis group, he headed his own business project in information and telecommunication systems for more than ten years. He studied Telecommunications Engineering and holds a Diploma in Top Management from the IESE Business School (PADE) and a Diploma in Marketing Management from the Instituto Superior de Marketing de Barcelona (Higher Institute of Marketing of Barcelona).

*Mr. Bertrand Boudewijn Kan*

Mr. Bertrand Boudewijn Kan is an independent Director of Cellnex and the current Vice Chairman of the Board of Directors. He has extensive professional experience in investment banking and he was focused on the telecoms, media and technology sector in particular. He spent most of his career at Morgan Stanley where he became a Managing Director and Head of the European Telecoms group. Subsequently he moved to Lehman Brothers where he was Co-Head of the Global Telecoms Team and was a member of the European Operating Committee. In 2008 he became Head of the Global Telecoms, Media and Technology group at Nomura and served on the Investment Banking Global Executive Committee. Among other responsibilities, he is currently the Chairman of the board of directors of Síminn hf., the telecommunication's operator in Iceland, and also a member of the advisory board of Wadhwani Asset Management and of the supervisory board of UWC Netherlands. Mr. Kan graduated with B.Sc. and an M.Sc. degrees in Economics from the London School of Economics.

*Mr. Giampaolo Zambeletti*

Mr. Giampaolo Zambeletti is an independent Director of Cellnex and the current Coordinator Director. He has spent much of his professional career in the chemicals/pharmaceuticals and telecoms sectors, and currently holds the position Vice-President of Unidad Editorial, S.A. He was previously President of RCS Investimenti, Founder and Managing Director of Zambeletti España, President and CEO of Zambeletti group, President of Italgas SpA, President and Managing Director of Ellem Industria Farmaceutica SpA. He served as Vice President of the pharma labs association, Farmindustria. In 2001 he was appointed group Senior Vice President International Affairs of Telecom Italia. He has furthermore been a member of the board of directors of Telecom Italia International (Netherlands), Auna, S.A. (Spain), Avea (Turkey), Oger Telecom (Dubai), Ojer Telekomunikasyon (Turkey), Telekom Austria and Banca Farmafactoring group in Milan. He holds a degree in Chemistry from the Università degli Studi di Pavia, is an international trustee of the Friends of the Prado Museum Foundation in Madrid, and received the Isabel la Católica Award from King Felipe VI in 2015.

*Ms. Elisabetta De Bernardi Di Valserra*

Ms. Elisabetta De Bernardi Di Valserra is a Director of Cellnex. She has been the Investment Director of Edizione since 2015. She started her career in 2000 in Morgan Stanley's investment banking team, where she worked in the Communications & Media team in London and then in the corporate finance team in Milan, where she remained until 2013 as Executive Director. In Morgan Stanley, she advised on several transactions, including M&A, equity and debt transactions. Between 2013 and 2015, she was a partner of Space Holding, launching and placing on the Italian Stock

Exchange the Special Purpose Acquisition Vehicles Space SpA and Space 2 SpA, who have completed their business combinations merging with Fila, Avio and Aquafil. She currently is a member of the board of directors of Getlink and Aeroporti di Roma. She graduated in Electronic Engineering Magna cum Laude at Università degli Studi di Pavia.

*Ms. Anne Bouverot*

Ms. Anne Bouverot is an independent Director of Cellnex. She is currently Chairperson of the Board of Directors of Technicolor, a media and technology company. She was CEO of Morpho, a biometrics and cybersecurity company between 2015 and 2017 and general director of GSMA from 2011 to 2015. Previously, she held several international management positions in companies in the telecommunications sector such as France Telecom / Orange (as Executive Vice President of Mobile Services from 2009 to 2011), Global One Communications and Equant. She is currently an independent member of the board of directors of Capgemini and Edenred in France. Ms. Bouverot has a degree in Mathematics and a PhD in Artificial Intelligence from the École Normale Supérieure in Paris, and holds a degree in Telecommunications Engineering from Mines Paris Tech.

*Ms. Concepción del Rivero Bermejo*

Ms. Concepción del Rivero Bermejo is an independent Director of Cellnex. She has 25 years of experience in leadership roles in the world of information and communications technology, mobility and the digital services industry and is one of the most prominent profiles in the sector in Spain. She has extensive experience and a proven track record ranging from key consumers to manufacturers and suppliers of hardware, to telecom operators and software industry. Her career and executive responsibilities have included working at Telefónica, Nokia (Iberia and Corporation), Xfera Móviles, Amena and Nefitel. She has also been a Senior Advisor at Ericsson and member of the advisory boards of the "Made in Mobile" technology incubator and the Mutualidad Abogacía. She is currently a partner at Seeliger & Conde and a non-executive member of the board director of Gestamp Automoción, S.A. She also is Vice-President of the International Women's Forum Spain and member of the Women Corporate Directors Foundation in Spain. Ms. Concepción del Rivero is a graduate of Economics and Business Sciences from the Autonomous University of Madrid (UAM), AMP awarded by the IESE, and EP awarded by the Singularity University California.

*Ms. María Luisa Guijarro Piñal*

Ms. María Luisa Guijarro Piñal is an independent Director of Cellnex. She has worked most of her career in the Telefónica group, from 1996 to 2016, where she held positions including Global Marketing and Sponsorship Manager, CEO of Terra España, Director of Marketing and Business Development in Spain and, in her last years at Telefónica, member of the Executive Committee in Spain as head of Strategy and Quality. She has a degree in Economics from the Universidad Autónoma de Madrid.

*Mr. Carlo Bertazzo*

Mr. Carlo Bertazzo is a Director of Cellnex. He is currently the Board Member and General Manager of Edizione. He has been in Edizione since 1994 and has played a key role in the diversification process of the Edizione group over the years, managing the acquisitions of Autogrill and Generali Supermercati (1995), Atlantia S.p.A. ("Atlantia"), (2000), a stake in Telecom Italia (2001) and Gemina (2005), now called Aeroporti di Roma, and which merged into Atlantia. He also contributed in the development of the partnerships that Edizione has built over time with Italian and international investors. He has had an active role in the management of the investments of Edizione, covering also an operating position as the CEO of the listed company Gemina (2011-2013), and being a board member of several companies including Telecom Italia Mobile ("**TIM**") and Telecom Italia Media. He also ran the key disposals of Edizione, such as the sale of Generale Supermercati to Carrefour (2000) and of World Duty Free to Dufry (2015). He is currently a member of the board of directors of Edizione, Atlantia, Aeroporti di Roma and Sole Director of Sintonia. Previously to joining Edizione, he had worked in the financial sector (Banca Commerciale Italiana, now Banca Intesa) and in the investment department of the Agnelli family holding company. He holds a degree in Business and Administration Magna cum Laude from Ca' Foscari University in Venice.

*Mr. Pierre Blayau*

Mr. Pierre Blayau is an independent Director of Cellnex. He is currently holding the position of president of CCR (Caisse Centrale de Reassurance) and he is Censor of the board of directors of Fimalac and Member of the strategic committee of SECP. He was previously CEO of Pont-à-Mousson, PPR (ex Kering), Moulinex, Geodis, and Executive Director of SNCF. He has also served as Executive Director of La Redoute, as a member of the board of directors of FNAC, and as an Independent Director of Crédit Lyonnais as well as President of the board of directors of Areva. He is Senior Advisor of Bain & Company and Chairman of Harbour Conseils. He is a Public Finance Inspector of the French Ministry of Finance, and graduated from the École Nationale d'Administration de Paris and the École Normale Supérieure de Saint-Cloud.

*Mr. Mamoun Jamai*

Mr. Mamoun Jamai is a Director of Cellnex. He serves as a chairman of ConnecT and is a senior portfolio manager of the Infrastructure Division at ADIA. Mr. Jamai is responsible within the Infrastructure Division for developing and implementing investment strategy for Digital Infrastructure. Previously, he was responsible for European origination and coverage across infrastructure sectors. In addition to his responsibilities at ADIA, Mr. Jamai is Director of Anglian Water Group and Tank & Rast. Prior to joining ADIA in 2008, he served as a member of the Industrials team at Bank of America. Mr. Jamai holds a Master's degree in Finance from HEC Paris.

*Mr. Leonard Peter Shore*

Mr. Leonard Peter Shore is an independent Director of Cellnex. He has extensive experience in the telecommunications and technology sector. He held the position of Chairman of Arqiva in the United Kingdom from 2007 to 2015. He has also been Chairman of Uecomm, Lonely Planet Publications, the Hostworks group and Airwave. He was group Managing Director at Telstra in Australia, Chief Executive Officer of MyPrice (Aust/NZ) and Managing Director of Media/Communications/Partners. He has served as a director of Objectif Telecomunications Limited, Foxtel, SMS Management and Technology and OnAustralia. He was furthermore a member of the advisory board of Siemens Australia. Mr. Shore holds a Bachelor of Science degree in Applied Mathematics and Computing Science from the University of Adelaide.

The table below sets out all relevant entities in which the Directors have been a members of the administrative, management or supervisory bodies or partner at any time during the five year period preceding the date of this document, as reported to Cellnex by the Directors, indicating whether or not each person is still a member of the administrative, management or supervisory bodies or partner in any such entities.

| **Director** | **Company(*)** | **Position** | **Status** |
|---|---|---|---|
| Mr. Franco Bernabè | FB Group | Chairman | Current |
| | Fondazione La Quadriennale of Rome | Chairman | Current |
| | Italian National Commission for UNESCO | Chairman | Current |
| | Nexi S.p.A. | Chairman | Non-current |
| | ECI Telecom | Chairman | Non-current |
| Mr. Tobías Martínez Gimeno ................ | AMETIC Cataluña | Vice Chairman | Non-current |
| | Pleno de la Cambra de Comerç de Barcelona | Member | Non-current |
| | Broadcast Networks Europe (BNE) | Chairman | Non-current |
| | Hispasat, S.A. | Director | Non-current |
| Mr. Bertrand Boudewijn Kan ................ | UWC Netherlands | Member of the supervisory board | Current |
| | Síminn hf. | Chairman | Current |
| | Sentient Blue S.r.l. | Chairman | Current |
| Mr. Giampaolo Zambeletti .................... | Tages Group | Director | Non-current |
| | Italgas SpA | Chairman | Non-current |
| | RCS Investimenti | Chairman | Non-current |
| | Unidad Editorial S.A. | Vice Chairman | Current |
| | Banca Farmafactoring | Director | Non-current |
| Ms. Elisabetta De Bernardi Di Valserra. | Atlantia S.p.A. | Director | Non-current |
| | Sintonia S.p.A. | Director | Non-current |
| | Aeroporti di Roma S.p.A. | Director | Current |
| | ConnecT S.p.A. | Managing Director | Current |
| | Getlink SE | Director | Current |
| Ms. Anne Bouverot .............................. | Technicolor | Chairperson of the Board | Current |
| | Capgemini | Director | Current |
| | Edenred | Director | Current |
| | TowerBrook Capital Partners | Member of Senior Advisory Board | Current |
| | Morpho | Chair & CEO | Non-current |
| | GSMA | Director General | Non-current |
| Ms. Concepción del Rivero Bermejo..... | MadeinMobile | Member of Advisory Board | Current |
| | Telefónica | Senior Manager | Non-current |
| | Seeliger & Conde | Partner | Current |
| | Gestamp Automoción S.A. | Director | Current |
| | Mutualidad Abogacía | Director | Current |
| Ms. María Luisa Guijarro Piñal | Telefónica, S.A. | Senior Manager | Non-current |
| Mr. Carlo Bertazzo............................... | ADR Aeroporti di Roma SpA | Director | Non-current |
| | Atlantia S.p.A. | Director | Current |
| | Edizione S.r.l. | Director | Current |
| | Sintonia S.p.A. | Sole Director | Current |
| | ConnecT S.p.A. | Director | Current |
| | Schematrentatre S.p.A. | Director | Non-current |
| | Olimpias Group S.r.l. | Director | Non-current |
| | Abertis Infraestructuras, S.A. | Director | Current |
| Mr. Pierre Blayau ................................. | CCR (Caisse Central de Reassurance) | Chairman | Current |

| Director | Company(*) | Position | Status |
|---|---|---|---|
| | FIMALAC | Censor | Current |
| | SECP (Société d'édition de Canal Plus) | Member of the strategic committee | Current |
| | Areva | President of the board of directors | Non-current |
| | Harbour Conseils | Chairman | Current |
| | Geodis | Chairman and CEO | Non-current |
| | CCR (Caisse Central de Reassurance) | Chairman | Current |
| Mr. Mamoun Jamai | Black River B 2017 Inc. | Director, Vice President | Current |
| | Black Buffalo B 2014 Inc. | Director, Vice President | Current |
| | Blue Bolt A 2015 Limited | Director | Current |
| | Blue Globe A 2013 Limited | Director | Current |
| | Blue Spyder B 2016 Limited | Director | Current |
| | Blue Whale A 2015 Limited | Director | Current |
| | Green Rock B 2014 Limited | Director | Current |
| | Infinity Investments S.A. | Director | Current |
| | Nethergate Holdings, LLC | Vice President, Manager | Current |
| | Oasis Infrastructure Investment Ltd. | Director | Current |
| | Platinum Compass B 2018 RSC Limited | Director | Current |
| | Platinum Hawk C 2019 RSC Limited | Director | Current |
| | Tannadice Investments, LLC | Vice President, Manager | Current |
| | Tawreed Investments Limited | Director | Current |
| | Infinity Investments Limited | Director | Non-current |
| | Silver Services S.a r.l. | Manager | Non-current |
| | Willow Topco | Director | Non-current |
| Mr. Leonard Peter Shore ...................... | Bluejay Technologies Ltd. | Chairman | Current |
| | Arqiva | Chairman | Non-current |

(*) The Company considers that the term "company" refers to all types of entities other than family owned asset-holding companies and merely instrumental non-operative companies.

## Board Committees

### *Audit and Control Committee*

The Board of Directors Regulations provide that the Audit and Control Committee shall be composed of a minimum of three and a maximum of five members that must be non-executive Directors. Furthermore, most of its members must have the status of independent Directors and, at least, one of them shall be appointed taking into account his or her knowledge and experience in accounting, auditing or both.

On April 17, 2015, the Board of Directors approved the creation of the Audit and Control Committee. As of the date of this Prospectus, the composition of the Audit and Control Committee is as follows:

| Name | Position | Nature |
|---|---|---|
| Mr. Bertrand Boudewijn Kan ................................................................ | Chairman | Independent |
| Mr. Leonard Peter Shore ...................................................................... | Member | Independent |
| Ms. Anne Bouverot .............................................................................. | Member | Independent |
| Ms. Elisabetta De Bernardi Di Valserra ................................................ | Member | Proprietary |
| *Vacant* | Secretary | - |

The Board of Directors shall appoint a Chairman for the Audit and Control Committee from among its independent members for a four-year term. The Audit and Control Committee shall appoint a Secretary and may also appoint a Vice-Secretary, who may not be members of the Committee.

The Audit and Control Committee shall meet as often as necessary for the performance of its functions and shall be convened by its Chairman, either on her or his own initiative or at the request of the Chairman of the Board of Directors or two members of the Audit and Control Committee. During the financial year ended December 31, 2018, this Committee held 9 meetings. Since the beginning of the current year and until the date of this Prospectus, this Committee has met on 8 occasions.

The Audit and Control Committee's responsibilities include reporting to the General Shareholders' Meeting on the matters within its competence; proposing to the Board of Directors for submission to the General Shareholders' Meeting the selection, appointment, reappointment and removal of the auditors of the Company; monitoring the effectiveness of the Company's internal control systems, verifying the adequacy and integrity of these; supervising the preparation and presentation of the financial information; establishing appropriate relationships and communications with the auditors or external audit firms; issuing an annual report, prior to the issuance of the audit report, stating an opinion on the independence of the auditors; informing the Board of Directors on the financial information that the Company must periodically make public and reporting on any transactions that involve or may involve conflicts of interest, among other responsibilities.

### *Appointments and Remuneration Committee*

The Board of Directors Regulations provide that the Appointments and Remuneration Committee shall consist of a minimum of three and a maximum of five members, all of them qualifying as non-executive Directors. Further, at least two of them must have the status of independent Directors.

On April 17, 2015, the Board of Directors approved the creation of the Appointments and Remuneration Committee. As of the date of this Prospectus, the composition of the Appointments and Remuneration Committee is as follows:

| Name | Position | Nature |
|---|---|---|
| Mr. Giampaolo Zambeletti | Chairman | Independent |
| Mr. Pierre Blayau | Member | Independent |
| Ms. Concepción del Rivero Bermejo | Member | Independent |
| Ms. María Luisa Guijarro Piñal | Member | Independent |
| Mr. Mamoun Jamai | Member | Proprietary |
| Mr. Javier Martí de Veses Estades | Secretary | - |

The Board of Directors shall appoint a Chairman for the Appointments and Remuneration Committee from among its independent members. The Appointments and Remuneration Committee shall appoint a Secretary and may also appoint a Vice-Secretary, who may not be members of the Committee.

The Appointments and Remuneration Committee shall meet each time the Board of Directors or its Chairman requests a report or the adoption of proposals and, in any case, whenever advisable for the proper performance of its functions. The Appointments and Remuneration Committee shall be convened by its Chairman, either on his own initiative or at the request of the Chairman of the Board of Directors or two members of the Appointments and Remuneration Committee. During the financial year ended December 31, 2018, this Committee held 8 meetings. Since the beginning of the current year and until the date of this Prospectus, this Committee has met on 6 occasions.

The Appointments and Remuneration Committee shall be validly formed when a majority if its members concurred, either present or represented. Resolutions shall be adopted by a majority of the members present or represented.

The Appointment and Remuneration Committee's responsibilities include evaluating the skills, knowledge and experience of the members of the Board of Directors; setting a goal of having female members present on the Board of Directors; submitting to the Board of Directors the proposals for appointment of independent Directors to be appointed on an interim basis or for submission to the decision of the General Shareholders' Meeting, as well as proposals for re-election or removal of such Directors by the General Shareholders' Meeting; reporting on proposals for appointment of other Directors on an interim basis or for submission to the decision of the General Shareholders' Meeting, as well as proposals for re-election or removal of appointments by the General Shareholders' Meeting; reporting on proposals for appointment and removal of Senior Management and the basic conditions of their contracts; recommending to the Board of Directors the remuneration policy for Directors and General Management; proposing to the Board of Directors the members that should be part of each of the Board Committees; and periodically reviewing the remuneration programs, among other responsibilities.

### *Executive Committee*

The Board of Directors may appoint an Executive Committee, reflecting the composition of the Board to the best extent possible. The Chairman of the Board of Directors and the Executive Director will be members of the Executive Committee.

The Executive Committee shall exercise the powers delegated by the Board of Directors.

As of the date of this Prospectus, an Executive Committee has not been established.

## Senior Management

The Company's Senior Management ("**Senior Management**") is composed by the Chief Executive Officer and the people identified below:

| Name | Title |
|---|---|
| Mr. Lluís Deulofeu Fuguet | Deputy CEO |
| Mr. José Manuel Aisa Mancho | Corporate Finance & M&A Director |
| Mr. Javier Martí de Veses Estades | General Counsel |
| Mr. Antoni Brunet Mauri | Corporate & Public Affairs Director |
| Mr. Alberto López Prior | Resources & Operations Director |
| Mr. Àlex Mestre Molins | Global Business Managing Director |
| Mr. Daniel Fernández-Capo | Management Services & Cellnex Ventures Director |

Below is a brief description of the qualifications and professional experience of the members of the Company's Senior Management who do not serve on the Board of Directors.

*Mr. Lluís Deulofeu Fuguet*

Mr. Lluís Deulofeu Fuguet is the Company's Deputy CEO. He is currently member of the board of directors of Sanef and President of HIT (*Holding d'Infrastructures de Transport*) and has been Managing Director of SANEF and President and Managing Director of SAPN from 2014 to 2018. He was previously Managing Director for Internal Resources and Efficiency at Abertis Infraestructuras, Chief Technology Officer of La Caixa and a director of various companies of its group. Earlier in his career he spent eight years as a senior manager of Andersen Consulting (currently Accenture). He holds a Telecommunications Engineering degree from the Universitat Politecnica de Catalunya and a PDG (General Management Program) from the IESE School of Barcelona.

*Mr. José Manuel Aisa Mancho*

Mr. José Manuel Aisa Mancho is the Company's Corporate Finance & M&A Director. He is also responsible for coordinating and leading the areas of Strategic Planning, Management Control, Investor Relations, Finance, Tax and M&A and accounting policies. Since 1999 he has worked in the corporate development area, participating in Abertis group's main merger and acquisition. In 2011, he took over Strategic Planning and Corporate Development Management of the Abertis group. He graduated in Business Administration, holds an MBA from the ESADE Business School and holds a Master in International Management from the London School of Economics.

*Mr. Javier Martí de Veses Estades*

Mr. Javier Martí de Veses Estades is Secretary General. He is in charge of the Company's legal area, integrating Legal Advice, Regulatory Affairs, and Internal Auditing and Risk Control. He is also Secretary of the Board of Directors. He has been working in the Cellnex Group since 1998, when he took charge of Legal Advice in the former Retevisión, and since then he has held a number of different positions within the organization. He graduated in Law from the University of Barcelona and also has a Master in Business Legal Assessment from the Instituto de Empresa of Madrid.

*Mr. Antoni Brunet Mauri*

Mr. Antoni Brunet Mauri is Corporate & Public Affairs Director in Cellnex and coordinates the Company's corporate communication area, institutional relationships and corporate responsibility policies. He joined the Abertis group in 2005, as Director of the Studies and Communication area, and subsequently moved on to the European Affairs and Presidency areas. He has a degree in philosophy, a Diploma in Senior Management from the IESE and in Business Management from the ESADE. He also studied Politics and Sociology at the Autonomous University of Barcelona.

*Mr. Alberto López Prior*

Mr. Alberto López Prior is the Resources & Operations Director. He previously worked in the La Caixa group, where his functions included running the Resources Area at Criteria Caixa and managing the IT Services at La Caixa group. Prior to that, he was Associate Partner at the Accenture group. He holds a degree in Economics and Business Administration from the Autonomous University of Barcelona and has a PDG (General Management Program) from IESE Business School in Barcelona.

*Mr. Àlex Mestre Molins*

Mr. Àlex Mestre Molins is Global Business Managing Director. He is the head of the Business Lines and the businesses in the various countries where the Group operates. He is also in charge of business development, detecting inorganic growth opportunities, developing new products and services, and coordinating and monitoring national configurations. He is president of TowerCo. He holds a degree in Telecommunications Engineering from the Polytechnic University of Catalonia and an International MBA from La Salle (Universitat Ramón Llull). He also holds a Master's Degree in International Cooperation from the Open University of Catalonia.

*Mr. Daniel Fernández-Capo*

Mr. Daniel Fernández-Capo is the Management Services & Cellnex Ventures Director. He is the person responsible for the Group operations, the Cellnex industrial model development, the excellence in processes and operations, and the continuous improvement and efficiency programs. He also manages and coordinates the integration of new companies and transversal projects among countries and business units. He has developed his activity in the industry sector and in business and operations consultancy. He holds a graduate in Economics and Business from the International University of Catalonia, an MBA from IESE and a GCP (CEO Program from CEIBS, Wharton School and IESE).

The table below sets out all entities (except those family owned asset-holding companies not relevant for the Group) in which the members of Senior Management have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five-year period preceding the date of this Prospectus, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities.

| Senior Manager | Company(*) | Position | Status |
|---|---|---|---|
| Mr. Lluís Deulofeu Fuguet | Emetteur Groupe Sanef | President | Current |
| | Leonord Exploitation, SAS | Representative of President SANEF | Current |
| | Eurotoll | Representative of President SANEF | Current |
| | Bip&Go | Representative of President SANEF | Current |
| | GSA Location | Representative of President SANEF | Current |
| | Autoroute de Liaison Seine-Sarthe - ALIS | Representative of director Societè des Autoroutes Paris-Normandie - SAPN | Current |
| | Societè des Autoroutes Paris-Normandie - SAPN | General Director | Current |
| | Overon | Member of the Board of Directors | Non-current |
| | TBI Limited | Member of the Board of Directors | Non-current |
| | Hispasat, S.A. | Member of the Board of Directors | Non-current |
| | Sanef | Member of the Board of Directors | Non-current |
| | Participes en Brasil, S.A. | Member of the Board of Directors | Non-current |
| | Arteris, S.A. | Member of the Board of Directors | Non-current |
| | Serviabertis, S.L. | Representative of sole director Abertis Infraestructuras, S.A. | Non-current |
| Mr. José Manuel Aisa Mancho | TBI Limited | Director | Non-current |
| | Société des Autoroutes du Nord et de L'Est de la France (Sanef) | | Non-current |
| | Hispasat, S.A. | | Non-current |
| | ACDL | | Non-current |
| | GAP | Alternative director | Non-current |
| | Abertis Infraestructuras, S.A. | Financial Director and Corporate Development | Non-current |
| Mr. Alberto López Prior | APE SOFTWARE COMPONENTS, S.L. | Representative of director CAIXA CAPITAL TIC, S.C.R., S.A | Current |
| Mr. Javier Martí de Veses Estades | Hispasat, S.A. | Member of the Board of Directors | Non-current |

(*) The Company consideres that the term "company" refers to all types of entities other than family owned asset-holding companies and merely instrumental non-operative companies.

**Conflicts of interest**

As set forth above, some of the Directors are also officers and/or employees of companies within the Edizione group or the ADIA group.

Other than as set out in the paragraph above and the "*Related Party Transactions*" section, there are no potential conflicts of interest between any duties owed by the Directors or Senior Management to Cellnex and their private interests or other duties.

The Board of Directors Regulations in Article 4, provide that Directors act in the interests of the shareholders and in compliance with legal, statutory and derived functions, respecting, in particular, the requirements imposed by law, fulfilling in good faith the explicit and implicit contracts with employees, suppliers, financiers and customers and, in general, observing the ethical duties reasonably imposed by a responsible business conduct. The Company has adopted a number of mechanisms that restrict the powers of the Directors and Senior Management who may be disqualified on conflicts of interest.

On March 19, 2015, the Board of Directors adopted the Internal Code of Conduct in matters concerning Securities Markets (*Reglamento Interno de Conducta*) (the "**Internal Code of Conduct**"), as amended on July 28, 2016. Article VIII of the Internal Code of Conduct defines a conflict of interest as a clash between the interests of the Company and the personal interests the Directors and Management are subjected through their family relationships, personal assets, their activities outside the Company or any other cause. The Internal Code of Conduct consider a potential conflict of interest any conflict arising from personal holdings when said holdings arise in relation to a company in which the director holds a management post or has a significant stake (which is understood to mean a total stake, direct or indirect, in excess of twenty per cent of its total issued share capital).

The conflicts of interest of the Directors of the Company are governed by the Internal Code of Conduct and additionally by the Board of Directors Regulations.

Article 28 of the Board of Directors Regulations establishes that the Director shall notify the Board of Directors of the existence of conflicts of interest, direct or indirect, that he or any person related to him may have in relation with the interests of the Company and refrain from intervening agreements or decisions of the Company in the transaction to which the conflict refers.

In particular, the duty to avoid conflicts of interest obliges Directors to refrain from, inter alia, transactions with the Company, unless specifically waived by any of the mechanisms established for that purpose in the Board of Directors Regulations or, in case of ordinary operations, such operations are made under standard conditions for customers and are immaterial (i.e. not relevant in the fair presentation of the assets, financial position and results of operations).

Regarding Senior Management, the mechanisms regulating conflicts of interest are mainly based on the obligations established for the persons affected by the Internal Code of Conduct and defined in that regulation. In this regard, pursuant to Article VIII of the Internal Code of Conduct, a senior manager shall notify the General Secretary of any potential conflicts of interest that may arise and shall act at all times with loyalty to the Company and regardless of their own interests or those of others and refrain from intervening or influencing on decisions of matters affected by the conflict and from accessing confidential information affecting any such conflict.

**Corporate governance**

The Company has implemented a defined and transparent set of rules and regulations for corporate governance which is compliant with all applicable Spanish governance standards.

The Internal Code of Conduct regulates, among other things, the directors' and managers' conduct with regard to the treatment, use and disclosure of the Company's material non-public information. The Internal Code of Conduct applies to, among other persons, all members of the Board of Directors, Senior Management and employees who have access to material non-public information and to the Company's external advisors when they handle such material non-public information.

The Internal Code of Conduct, among other things:

- establishes the restrictions on, and conditions for, the purchase or sale of the Company's securities or other financial instruments by persons subject to the Internal Code of Conduct and by those who possess material non-public information;
- provides that persons subject to the Internal Code of Conduct shall not engage in market manipulation with respect to the Company's securities or other financial instruments; and
- provides that persons report potential conflicts of interest.

As of the date of this Prospectus, the Company believes that it substantially complies with the recommendations of the Spanish Unified Code of Good Governance for publicly listed companies (*Código Unificado de Buen Gobierno de las sociedades cotizadas*). Certain of the Company's corporate practices, however, currently vary from these recommendations in certain respects, as set forth below.

- Recommendation number 16: the percentage of property directors is over 36% of the aggregate number of non-executive directors. However, except Edizione, no other shareholder with a stake above 3% of the Company's share capital has requested to become a member of the Board of Directors.
- Recommendation number 27: the Board of Directors Regulations does not set out the obligation to assign representation with instructions as such requirement cannot always be possible due to no previous participation in the debates and deliberations of the matters put forward to the Board of Directors.
- Recommendation number 48: the Board of Directors has not approved to separate the Appointments and Remuneration Committee in two different committees.
- Recommendation number 62: the Executive Director is forbidden from selling any Shares received as variable compensation for a period of two years.
- Recommendation number 64: in the event of termination of the Executive Director's contract, he is entitled to a termination payment equal to a fixed amount equivalent to two years of his total annual remuneration and, additionally, to a non-compete compensation equal to a fixed amount equivalent to one year of his total annual remuneration as consideration of a post-contractual non-compete obligation.

The Company also has a corporate website (www.cellnextelecom.com) through which it informs its shareholders, investors and the market at large of any significant events. Neither the Company's website nor any of its contents form part or is incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has not examined nor approved the Company's website nor any of its contents.

In addition, the Group has a code of conduct (the "**Ethics' Code**") approved by the Board of Directors and communicated to all employees. The Group has created a corporate compliance function to improve compliance with the Group's Ethics' Code, implemented through specific regulations for each country and the establishment of whistle-blowing channels and the supervision of oversight and control measures to prevent criminal acts.

The Group has also established an Internal Control over Financial Reporting System ("**ICFRS**") and it has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

In relation to the Group's last completed financial year, with respect to members of the administrative, management or supervisory bodies, there are no potential material impacts on the corporate governance, including possible changes in the Board's and Board Committees' composition, already decided by the Board and/or the General Shareholders Meeting.

**Share ownership**

The table below sets out the Shares directly or indirectly held by members of the Board of Directors and Senior Management as of the date of this Prospectus.

| Director | Number of shares | % |
|---|---|---|
| Mr. Bertrand Boudewijn Kan | 12,893 | 0.004 |
| Mr. Tobías Martínez Gimeno | 68,737 | 0.023 |
| Mr. Pierre Blayau | 1,541 | 0.001 |
| **Total** | **83,171** | **0.028** |

| Senior Manager | Number of shares | % |
|---|---|---|
| Mr. José Manuel Aisa Mancho | 9,946 | 0.0033 |
| Mr. Lluís Deulofeu Fuguet | 25,718 | 0.0086 |
| Mr. Antoni Brunet Mauri | 9,855 | 0.0032 |
| Mr. Javier Martí de Veses Estades | 8,806 | 0.0029 |
| Mr. Alexandre Mestre Molins | 12,944 | 0.0043 |
| Mr. Alberto López Prior | 480 | 0.0001 |
| Mr. Daniel Fernández-Capo | 13.674 | 0.0045 |
| **Total** | **81,423** | **0.027** |

As of the date of this Prospectus, no Director or member of the Senior Management has been granted options to purchase Shares, nor is there any other Director or member of the Senior Management holding Shares, directly or indirectly. See "*–Compensation*" for further information on the remuneration policy of the Directors and members of the Senior Management.

**Compensation**

***Compensation of Directors***

In accordance with the provisions of the Company's bylaws and the Board of Directors Regulations, the remuneration of the Directors, in their capacity as such, shall consist of a fixed annual amount, which will not exceed the quantity set forth to this end by the remuneration policy approved by the General Shareholders' Meeting, which as of the date of this Prospectus is €2,000 thousand. The remuneration policy for the directors is approved by the General Shareholders' Meeting at least every three years, prior proposal from the Board of Directors that is supported by a specific report from the Appointments and Remuneration Committee.

On May 9, 2019 the General Shareholders' Meeting approved the amendment of the remuneration policy for the Directors and a new consolidated version for the years 2019, 2020 and 2021 including the contents required by the Spanish Companies Act.

The determination of the remuneration for each Director, in his/her capacity as such, will be established by the Board of Directors, taking into account the duties and responsibilities assigned to each Director, membership of Board Committees and other relevant objective circumstances that are relevant.

For independent Directors, the Board of Directors and the Appointments and Remuneration Committee shall take all measures within their powers to ensure that the remuneration of the independent Directors reflects their actual dedication and offers incentives for such dedication while not constituting an obstacle to their independence.

Executive Directors will be entitled to receive additional remuneration for the executive functions they perform in accordance with the relevant contract entered into between the Director and the Company. The Board of Directors shall fix the remuneration for the performance of executive duties and the terms and conditions applicable to the contracts entered into by the Company in accordance with the remuneration policy approved by the General Shareholders' Meeting.

The Company has entered into an executives and directors civil liability policy for the Directors, the Executive Director, all directors of the companies of the Group, and senior management, at a cost amounting to €114.5 thousand as of December 31, 2018.

The table below shows the remuneration paid for the year ended December 31, 2018 to the directors in office during such year in thousands of €.

| Name | Fixed remuneration | Per diem allowances | Remuneration for belonging to the Board Committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Compensation | Other items | Total 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Mr. Marco Patuano | 0 | 0 | 71 | 0 | 0 | 0 | 0 | 0 | 71 |
| Mr. Tobías Martínez Gimeno | 120 | 0 | 0 | 700 | 525 | 1,282 | 0 | 0 | 2,627 |
| Mr. Bertrand Boudewijn Kan | 0 | 0 | 147 | 0 | 0 | 0 | 0 | 0 | 147 |
| Mr. Giampaolo Zambeletti | 0 | 0 | 147 | 0 | 0 | 0 | 0 | 0 | 147 |
| Mr. Carlo Bertazzo | 0 | 0 | 65 | 0 | 0 | 0 | 0 | 0 | 65 |
| Mr. Pierre Blayau | 0 | 0 | 128 | 0 | 0 | 0 | 0 | 0 | 128 |
| Ms. Anne Bouverot | 0 | 0 | 58 | 0 | 0 | 0 | 0 | 0 | 58 |
| Ms. Elisabetta De Bernardi | 0 | 0 | 65 | 0 | 0 | 0 | 0 | 0 | 65 |
| Ms. Concepción del Rivero Bermejo | 0 | 0 | 128 | 0 | 0 | 0 | 0 | 0 | 128 |
| Ms. María Luisa Guijarro | 0 | 0 | 58 | 0 | 0 | 0 | 0 | 0 | 58 |
| Mr. John Benedict(**) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mr. Peter Shore | 0 | 0 | 128 | 0 | 0 | 0 | 0 | 0 | 128 |
| Mr. Lluís Delofeu Fuguet(*) | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 |
| Mr. Francisco Reynés Massanet(*) | 0 | 0 | 18 | 0 | 0 | 0 | 0 | 0 | 18 |
| Mr. Francisco José Aljaro Navarro(*) | 0 | 0 | 62 | 0 | 0 | 0 | 0 | 0 | 62 |
| Mr. Josep María Coronas Guinart(*) | 0 | 0 | 62 | 0 | 0 | 0 | 0 | 0 | 62 |
| Mr. David Díaz Almazán(*) | 0 | 0 | 36 | 0 | 0 | 0 | 0 | 0 | 36 |
| Mr. Carlos del Río(*) | 0 | 0 | 36 | 0 | 0 | 0 | 0 | 0 | 36 |
| Mr. Andrea Pezzagora(*) | 0 | 0 | 33 | 0 | 0 | 0 | 0 | 0 | 33 |
| **TOTAL** ........ | | | | | | | | | 3,880 |

Only the Executive Director is the beneficiary of a defined contribution pension plan, implemented by a collective insurance policy. For the year ended December 31, 2018, the annual contribution to this pension plan was €175,000, and the amount of accumulated funds were €650,000. In addition, the Executive Director received €7,000 as remuneration for other items.

In the event of termination of the Executive Director’s contract, he is entitled to a termination payment equal to a fixed amount equivalent to two years of his total annual remuneration and, additionally, to a non-compete compensation equal to a fixed amount equivalent to one year of his total annual remuneration as consideration of a post-contractual non-compete obligation.

As of December 31, 2018, no member of the Board of Directors has obtained any remuneration for their seat on the boards of other Group companies.

***Compensation of Senior Management***

Fixed and variable remuneration for the year ended December 31, 2018 for members of Senior Management (not including, for the avoidance of doubt, the Executive Director) amounted to €2,813 thousand and €2,550 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" (2017-2019). In addition, members of Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind in an aggregate amount of €172 thousand and €157 thousand, respectively.

The Company has entered into an executives and directors civil liability policy for the Directors, the Executive Director, all directors of the companies of the Group, and senior management, at a cost amounting to €114.5 thousand as of December 31, 2018.

As of December 31, 2018, no member of the Senior Management has obtained any remuneration for their seat on the boards of other Group companies.

No member of the Senior Management is entitled to receive any benefit upon termination of its employment.

Members of the Senior Management receive annual bonuses based on the achievement of objectives.

Annual variable compensation based on objectives is in a range of between 40% and 50% of base compensation, assuming full achievement of such objectives, which may be increased if the objectives are overachieved by 25%. Other benefits include the right to use a company car and life and medical insurance, among others.

***Other remuneration for Directors and Senior Management***

The amounts considered by the Group in relation to the Long Term Incentive Plans which were formalized in 2017 and 2018 with the objective to retain key personnel and incentivize the sustainable creation of value for the shareholders, is based on the variables described below (see Note 16b) to the 2019 Interim Consolidated Financial Statements for more information):

*Rolling Long-term Incentive Plan (2017-2019)*

On April 27, 2017, the Board of Directors approved the 2017-2019 LTIP, and decided to make the Long–term Incentive Plan a rolling plan going forward to further incentivize the retention of the beneficiaries, which include the Executive Director, the Senior Management and some of the Company's key employees (up to a maximum of 50 employees).

The 2017-2019 LTIP is divided into two phases: (i) 2017-2018, and (ii) 2018-2019. Its objectives will be as follows:

For phase 2017-2018 of the 2017-2019 LTIP:

- With a weighting of 50%, achieving certain Recurring Leveraged Free Cash Flow per Share (RLFCF per Share) figures according to the market consensus and at constant scope, following a scale of achievement. The scale of achievement is: 50% if the figure is 5% below the target, 100% if the figure matches the target and 125% if the target is beaten by 5% or more.
- With a weighting of 30%, the accumulated increase in the price of the Shares, compared for these purposes against the accumulated revaluation of a basket of companies comparable to the Company (70%) and of the IBEX 35 (30%), following a scale of achievement. The scale of achievement is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.
- With a weighting of 20%, the achievement of an Adjusted EBITDA according to the market consensus and at constant scope, following a scale of achievement. The scale of achievement is: 50% if the figure is 5% below the target, 100% if the figure matches the target and 125% if the target is beaten by 5% or more.

With regards to this phase 2017-2018, the weighted average degree of fulfilment of the three objectives was 125%. For the first objective, which was related to the RLFCF per Share, the percentage of attainment was 125%, for the second objective, which was related the Share price appreciation, the percentage of attainment was 125%, and for the third objective, which was related to the Adjusted EBITDA, the percentage of attainment was 125%.

For phase 2018-2019 of the 2017-2019 LTIP:

- With a weighting of 50%, achieving certain Recurring Leveraged Free Cash Flow per Share (RLFCF per Share) figures according to the market consensus and a constant scope of consolidation, following a scale of achievement. The scale of achievement is: 50% if the figure is 5% below the target, 100% if the figure matches the target and 125% if the target is beaten by 5% or more.
- With a weighting of 50%, the accumulated increase in the price of the Shares, compared for these purposes against the accumulated revaluation of a basket of companies comparable to the Company (70%) and of the IBEX 35 (30%), following a scale of achievement. The scale of achievement is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

The achievement of the objectives established in the 2017-2019 LTIP will be assessed by the Appointments and Remuneration Committee at the end of each phase and payment of any accrued amounts, if applicable, will be (i) in relation to the first phase, following approval of the annual consolidated financial statements of the Company as of and for the year ended December 31, 2018 by the General Shareholders' Meeting and (ii) in relation to the second phase, following approval of the annual consolidated financial statements of the Company as of and for the year ended December 31, 2019 by the General Shareholders' Meeting.

For the 2017–2019 LTIP, Senior Management and certain employees must receive a minimum of 30% of their LTIP remuneration in Shares and for the Executive Director and Deputy Executive Director, the minimum amount is 40% of their LTIP remuneration. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

The cost of phase 2017–2018 of the 2017-2019 LTIP, is €5 million, and the cost of phase 2018–2019 is approximately €7 million (although if the maximum level of achievement of the objectives were to be attained, the estimated cost would be approximately €8.8 million).

*Rolling Long-term Incentive Plan (2018-2020)*

On September 27, 2018 the Board of Directors approved the 2018-2020 LTIP. The beneficiaries include the Executive Director, the Deputy Executive Director, the Senior Management and other key employees (approximately 55 employees). This plan has the same characteristics as the 2017-2019 LTIP.

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- With a weighting of 50%, attaining a certain RLFCF per Share figure according to the market consensus and the constant scope of consolidation. The scale of achievement is: 50% if the figure is 5% below the target, 100% if the figure matches the target and 125% if the target is beaten by 5% or more; and
- With a weighting of 50%, the Share price increase, calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("**vwap**"). The scale of attainment is from 75% to 125% depending on the Share price performance compared to IBEX 35 and certain European and American peers.

The achievement of the objectives established in the 2018-2020 LTIP will be assessed by the Appointments and Remuneration Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Company as of and for the year ended December 31, 2020 by the General Shareholders' Meeting.

For the 2018–2020 LTIP, the Executive Director and Deputy Executive Director must receive the minimum amount of 50% of their LTIP remuneration in Shares. The rest of the Senior Management and certain employees must receive the minimum amount of 40% of their LTIP remuneration in Shares. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

The estimated cost of the 2018-2020 LTIP is approximately €6.6 million. The cost of the 2018-2020 LTIP assuming full achievement of the Company's objectives is estimated at approximately €8.3 million.

*Rolling Long-term Incentive Plan (2019-2021)*

On November 2018 the Board of Directors approved the 2019-2021 LTIP. The beneficiaries include the Executive Director, the Deputy Executive Director, the Senior Management and other key employees (approximately 57 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the average price in the three months prior to November 2021 (initial starting price of the period) and the average price in the three months prior to November 2021 (final target price of the period), both weighted by the volume ("**vwap**").

The achievement of the objectives established in the 2019-2021 LTIP will be assessed by the Appointments and Remuneration Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Company as of and for the year ended December 31, 2021 by the General Shareholders' Meeting.

For the 2019–2021 LTIP, the Executive Director must receive a minimum amount of 30% of their LTIP remuneration in Shares. The rest of the Senior Management must receive a minimum amount of 50% of their LTIP remuneration in Shares. The outstanding 70% or 50% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in Shares. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

As of June 30, 2019, the estimated cost of the 2019-2021 LTIP is approximately €8 million. The cost of the 2019-2021 LTIP assuming full achievement of the Company's objectives is estimated at approximately €9.4 million.

***Pension benefit obligations***

The Company outsources the pension obligations to third parties through an insurance policy, which removes the liability from its balance sheet. However, the 2018 Audited Consolidated Financial Statements include provisions relating to the commitments regarding certain payment obligations that would arise depending on the employees' term of service with the Company. These provisions, as of December 31, 2018 amounted to €3,304 thousand under "Non–current provisions" in the consolidated balance sheet and €92 thousand under "Current provisions" in the consolidated balance sheet.

***Family relationships***

There are no family relationships and no "close relatives" (as this term is defined in applicable regulations for related party transactions and, in particular, in Order EHA/3050/2004, of September 15, 2004, on information to be disclosed by listed companies regarding related party transactions) among the Directors, the Directors and other members of the Company's Senior Management or the members of the Company's Senior Management.

**No convictions and other negative statements**

To the best of the Company's knowledge, none of the Directors or members of the Senior Management have, in the five years preceding the date of this Prospectus: (i) been convicted in relation to fraudulent offenses; (ii) acted as directors of entities affected by bankruptcy, receivership or liquidation; (iii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer.

## PRINCIPAL SHAREHOLDERS

As of the date of this Prospectus, the Company's share capital is €74,668,263.25, consisting of 298,673,053 Shares of €0.25 par value each.

The following table sets forth public available information with respect to the beneficial ownership of voting rights in the Company as of the date hereof. For a description of certain transactions between the Company and its principal shareholders see "*Related Party Transactions*".

| Owner | Total voting rights (%) | |
|---|---|---|
| | Direct | Indirect |
| Edizione S.R.L[(1)]......................................................................... | - | 29.9% |
| Wellington Management Group LLT [(2)] .................................... | - | 5.044% |
| Fundacion Bancaria Caixa D' Estalvis i Pensions de Barcelona[(3)] | - | 5.000% |
| Blackrock, Inc[(4)]......................................................................... | - | 4.974% |
| Canada Pension Plan Investment Board[(*)].................................. | 3.157% | - |
| Fidelity International Limited ......................................... | - | 1,016% |
| 40 North Latitude Master Fund LTD ................................ | 1.001% | - |
| **Total**......................................................................................... | 50.092% | |

(1) Indirectly held through ConnecT S.p.A. Sintonia S.p.A. holds 55% of the share capital of ConnecT S.p.A. In turn, Sintonia S.p.A. is wholly-owned by Edizione S.R.L. Edizione S.R.L. is a holding company property of the Benetton family. Each of Infinity, a wholly owned subsidiary of ADIA, and GIC, through Raffles Infra Holdings Limited, hold 22.5% of ConnecT's share capital.

(2) Indirectly held through Wellington Investment Advisors Holdings LLP and various portfolios and funds.

(3) Indirectly held through Criteria Caixa, S.A.U. The table sets forth publicly available information. However, the Company has been informed that Criteria Caixa, S.A.U. is the beneficial owner of 13,962,095 Shares, which represent 4.675% of the voting rights of the Company.

(4) Indirectly held through Blackrock Advisors, Llc and various portfolios and funds.

(*) The Company has been informed that Canada Pension Plan Investment Board is the beneficial owner of 14,787,595 Shares, which represent to 4.951% of the voting rights of the Company.

The following table sets forth public available information with respect to the beneficial ownership of voting rights in the Company granted by financial instruments as of the date hereof.

| Owner | Total voting rights granted by financial instruments (%) |
|---|---|
| Atlantia, S.p.A.[(1)] ............................................................................................................................ | 5.980% |
| Blackrock, Inc[(2)]................................................................................................................................ | 0.916% |

(1) Atlantia, S.p.A. holds a right to purchase up to 5.98% of the Company's outstanding Shares, which are currently owned by ConnecT (See "—*Shareholders' agreements– Shareholders' agreement entered into between Edizione, Atlantia, Sintonia and ConnecT*" in this section).

(2) Indirectly held through Blackrock Advisors, Llc and various portfolios and funds.

The amounts and percentages of Shares beneficially owned by each shareholder are reported on the basis of CNMV rules governing the determination of beneficial ownership, and the information is not necessarily indicative of beneficial ownership for other purposes. The Company's capital is represented by a single class of Shares, with the same voting rights. Each Share gives the right to one vote. Consequently, shareholders have no different voting rights. Further details relating to the Shares are set out in "*Description of Capital Stock*".

As of the date of this Prospectus none of the principal shareholders, whether individually or together, controls the Company.

### Shareholders' agreements

#### *Shareholders' agreement entered into between Edizione, Atlantia, Sintonia and ConnecT*

In July 24, 2018, Edizione announced through a regulatory information notice (*hecho relevante*) that a co-investment agreement in relation to Cellnex had been entered into between Edizione, Atlantia, Sintonia and ConnecT (the "**Co-investment Agreement**"). Additionally, certain clauses of the Co-investment Agreement related to the transferability of the Shares were published as Annex 1 thereto, both in English and Spanish.

In accordance with the information made public to the market, Sintonia irrevocably and unconditionally granted to Atlantia the right to co-invest in Cellnex alongside Sintonia, at any time until the second anniversary of the Cellnex Closing (as defined in the Co-investment Agreement), by purchasing, directly or indirectly through SPV (as defined in the Co-investment Agreement), an interest corresponding to up to (i) 5.98% of the share capital of Cellnex outstanding on the date of exercise of such right by Atlantia; or (ii) in case certain conditions (which are not publicly disclosed) are met, a percentage, if lower, corresponding to 20% multiplied by the percentage of Cellnex's share capital represented by the Current Cellnex Shares (as defined in the Co-investment Agreement).

In addition, in the event that and, without prejudice to any Permitted Transfers (as defined in the Co-investment Agreement), within the 7th anniversary of the Cellnex Closing: (a) Sintonia intends to transfer, in whole or in part, the shares in SPV owned by it, or (b) SPV intends to transfer, in whole or in part, its Shares, Sintonia or the SPV (as applicable, the "**Transferor**") shall inform Atlantia, which shall be entitled to submit to the Transferor an offer for the purchase of the Shares for sale. Furthermore, in the event that the Transferor is Sintonia and any or all the Co-Investors (as defined in the Co-investment Agreement) also intends to transfer, simultaneously and to the same purchaser, all or part of their shares in SPV, the shares for which Atlantia. may submit an offer shall also include the shares of SPV being sold by such Co-Investor(s).

***Shareholders' agreement entered into between Sintonia, ConnecT, Infinity and Raffles***

On October 9, 2018, Edizione announced through a regulatory information notice (*hecho relevante*) that Sintonia and ConnecT, both of which are entities under its control, had executed a shareholders' agreement with Infinity, a wholly owned subsidiary of ADIA, and Raffles, an entity ultimately wholly-owned by GIC (the "**Shareholders' Agreement**"), governing the terms of the minority investment by Infinity and Raffles in the share capital of ConnecT and their commitment to inject up to €1,500 million of new equity in ConnecT to support the Company's growth in the next four years.

On October 12, 2018, Edizione announced through a regulatory information notice (*hecho relevante*) the successful closing of such investment and the entry into force of the Shareholders' Agreement. As a result, Sintonia held approximately 60% of ConnecT's share capital (currently 55% after the acquisition of a 5% stake of ConnecT by Infinity, a wholly-owned subsidiary of ADIA, and GIC in July 11, 2019) and each of Infinity and Raffles held approximately 20% of ConnecT's share capital (currently 22.5% after the acquisition of a 5% stake of ConnecT by ADIA and GIC in July 11, 2019).

Additionally, on that same date, Edizione published certain clauses of the Shareholders' Agreement which qualify as a disclosable shareholder agreement (*pacto parasocial*) under Spanish law. In accordance with the information made public by Edizione, the parties to the Shareholders' Agreement have reached an agreement on, among other matters:

(a) the nomination by Sintonia and Infinity of the directors of Cellnex that ConnecT is entitled to appoint;

(b) certain super, special and hyper majorities at the level of the board of directors of ConnecT (whose members are nominated by Sintonia and Infinity) concerning certain reserved matters regarding the exercise of ConnecT's voting rights at the General Shareholders' Meeting (as defined herein), including, among others, in respect of mergers, business combinations, demergers, certain dilutive capital increases, acquisitions or disposals above €100 million to be made by the Company that do not meet any defined and pre-established criteria, stock incentive plans and the delisting of the Shares from the Spanish Stock Exchanges, as well as regarding the disposal by ConnecT of any Shares; and

(c) the provision pursuant to which, if Sintonia is represented in the Board of Directors of Cellnex by three or more directors after the approval by the Board of Directors of the first annual financial statements that are produced after October 12, 2018, Sintonia shall procure that one of its Directors is an independent director as regulated under Article 529 *duodecies* of the Spanish Companies Act and in doing so, it will procure the resignation of one of its Directors to be replaced by the independent director at the General Shareholders' Meeting called to approve the first annual financial statements of the Company after October 12, 2018.

## RELATED PARTY TRANSACTIONS

The Group has not entered into any agreements or contracts that it believes would merit consideration as related party transactions, except for those arm's length agreements or contracts that are executed in the ordinary course of business. The Group carries out all related party transactions at market value and transfer prices are adequately documented. In particular, transfer pricing is adequately supported by internal documentation.

See Note 20 to the 2019 Interim Consolidated Financial Statements, 2017 Audited Consolidated Financial Statements and 2016 Audited Consolidated Financial Statements and Note 22 to the 2018 Audited Consolidated Financial Statements for more information on related party transactions for the financial periods covered. As of the date of this Prospectus, the Group has not entered into any agreements or contracts that it believes would merit consideration as related party transactions, except for those arm's length agreements or contracts that are executed in the ordinary course of business.

### Related party transactions with Cellnex significant shareholders

#### *Related party transactions with Atlantia*

In July 12, 2018, ConnecT acquired 29.9% of the Company's share capital. ConnecT is controlled by Sintonia, a sub–holding company wholly-owned by Edizione and, in turn, Sintonia is the largest shareholder of Atlantia. As a result, as of the date of this Prospectus, Edizione, together with its group of companies, is considered a party related to the Group.

The Group, through its wholly-owned subsidiary TowerCo, has an agreement with Atlantia by virtue of which the Group can locate certain assets to provide Telecom Infrastructure Services in Italian motorways that are under the concession of Atlantia until 2038. TowerCo, since its incorporation in 2004, has had this agreement with Atlantia, which was then obtained by Cellnex through its acquisition of TowerCo in 2014. Pursuant to the terms of this agreement, the consideration for such location amounts to an annual fee of approximately €4 million. The consideration paid by TowerCo as of June 30, 2019 amounted to approximately €2 million.

#### *Related party transactions with Abertis*

In July 12, 2018, Abertis sold 29.9% of the Company's share capital, no longer being a party related to the Group. However, ConnecT is controlled by Sintonia, a subholding company wholly-owned by Edizione and, in turn, Sintonia is the largest shareholder of Atlantia. Separately, Atlantia controls Abertis. As a result, as of June 30, 2019, Abertis, together with its group of companies, is still being considered a related party to the Group. In accordance with disclosure requirements, the transactions carried out by the Group with Abertis and its subsidiaries during the years ended December 31, 2018, December 31, 2017 and December 31, 2016 are detailed below.

The Group entered into several agreements with Abertis for the provision by them of several services, with the following having been signed during 2015 and up to the date of this Prospectus:

- The sublease agreement entered into among Abertis (acting as lessor) and Cellnex, Retevisión, Tradia and On Tower (acting as lessees) dated March 30, 2015 and effective since January 1, 2015, under which Abertis subleased to the Group of companies the corporate offices located at Paseo de Castellana 39, Madrid and the supplied associated therewith. This agreement has been terminated.
- Cellnex entered into an agreement with Hispasat, S.A., whereby the latter provides capacity lease services for certain satellite transponders over the entire life of the transponders, which is expected to last until December 31, 2022. The Group allocates the leased capacity essentially to the distribution service via satellite for terrestrial television and radio broadcasting. As of June 30, 2019 and June 30, 2018 the services received by Cellnex in relation to this contract amounted to €2 million and €7 million, respectively. As a result of the change of control described below, these figures correspond to the services provided by Hispasat during the first half of 2019 until the date of such change of control. Moreover, in accordance with the disclosures required by the IFRSs, the transactions carried out with Hispasat during the years ended December 31, 2018, December 31, 2017 and December 31, 2016 were €7 million, €14 million and €15 million, respectively.
- Cellnex also entered into an agreement with Abertis Autopistas España, S.A on November 19, 2015 being effective since August 31, 2015 whereby Cellnex re-invoice the expenses related to the lease of the offices located in Barcelona, Av. Parc Logistic, 12-20, which is shared by Cellnex and Autopistas España, S.A as tenants. The contract has an estimated term until December 31, 2021 being the term as the one of the lease agreement with the owner's offices.

During the first half of 2019, there was a change of control in Hispasat whereby Abertis (a related party of Cellnex) no longer exercises control over Hispasat. In this regard, as of June 30, 2019, Hispasat no longer has the status of a related company of Cellnex.

***Related party transactions with CaixaBank, S.A. and its subsidiaries***

During 2017, there was a change of control in CaixaBank, S.A. ("**CaixaBank**") whereby Criteria Caixa (a significant shareholder of Cellnex) no longer exercises control over CaixaBank and as a result, as of the date of this Prospectus, CaixaBank no longer is a party related to the Group. However, in accordance with the disclosure requirements, the transactions carried out by the Group with CaixaBank and its subsidiaries during the years ended December 31, 2017 and 2016 are detailed below.

As of June 30, 2017, guarantees with the related party CaixaBank were granted with a limit of €23,327 thousand, which at six-month period ended were drawn down in the amount of €10,066 thousand. At June 30, 2017, the main transactions with related party CaixaBank were: (i) a loan for €1,236 thousand, (ii) a non-recourse factoring agreement with a limit of €111,600 thousand, which at June 30, 2017 were drawn down in the amount of €14,178 thousand, (iii) in addition, CaixaBank participated in the syndicated loan by arranging a revolving credit facility of up to €41,667 thousand, which was undrawn as of June 30, 2017, (iv) an additional credit facility for €150,000 thousand, which was undrawn as of June 30, 2017, (v) a venture capital fund, managed by Caixa Capital TIC II FCR which aims to support inception and growth of innovative companies, for €252 thousand, (vi) current account balances amounting to €85,503 thousand, (vii) other payables related to trade transactions amounting to €859 thousand, and (viii) an interest rate swap for a total amount of €20 million.

As of December 31, 2016, the main transactions with related party CaixaBank were: (i) a loan for €2,052 thousand, (ii) a non-recourse factoring agreement with a limit of €97,000 thousand, which at year-end were drawn down in the amount of €13,567 thousand, (iii) in addition, CaixaBank participated in the syndicated loan by arranging a revolving credit facility of up to €41,667 thousand, which was undrawn at December 31, 2016, (iv) a credit facility for €500 thousand, undrawn at December 31, 2016, (v) an additional credit facility for €150,000 thousand, not available at December 31, 2016, (vi) a venture capital fund, managed by Caixa Capital TIC II FCR which aims to support inception and growth of innovative companies, for €210 thousand, and (vii) current account balances amounting to €41,378 thousand.

Additionally, at December 31, 2017 and 2016, the Group made payments to VidaCaixa, S.A Seguros y Reaseguros and SegurCaixa Adeslas, S.A. de Seguros Generales y Reaseguros in an amount of €1,316 thousand and €42 thousand, and €1,257 thousand and €521 thousand, respectively, for termination benefits and contributions to pension plans and life insurance policies. In addition, during 2016, Cellnex recognized a structuring fee of €975 thousand with the related party Criteria Caixa, S.A.U. ("**Criteria Caixa**") as an outstanding payment at December 31, 2016.

**Related party transactions with senior managers and directors**

During the period from 2016 to June 30, 2019 and up to the date of this Prospectus, the Group has not entered into any arrangements with the Group's senior managers or Directors other than in relation to any compensation or benefits paid to them, including pursuant to any of the Group's compensation plans. See "*Management and Board of Directors—Compensation*".

## MARKET INFORMATION

Except for the New Shares, the Shares are currently admitted to trading on the Spanish Stock Exchanges and are quoted through the AQS (*Sistema de Interconexión Bursátil or Mercado Continuo*). The Company will apply to list the New Shares on the Spanish Stock Exchanges and to have the New Shares quoted through the AQS.

In 2018, the highest closing share price of the Shares was €24.52 and the lowest closing share price was €19.7. On October 7, 2019, the trading day of the approval of the capital increase by the Board of Directors, the closing price of the Shares on the AQS was €37.91.

### Automated quotation system

The AQS links the four Spanish Stock Exchanges, providing those securities listed on it with a uniform continuous market that eliminates certain of the differences between the local exchanges. The principal feature of the system is the computerized matching of bid and offer orders at the time of entry of the relevant order. Each order is executed as soon as a matching order is entered, but can be modified or cancelled until it is executed. The activity of the market can be continuously monitored by investors and brokers. The AQS is operated and regulated by Sociedad de Bolsas, S.A. ("**Sociedad de Bolsas**"). All trades on the AQS must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of a Spanish Stock Exchange.

In a pre-opening session held from 8:30 a.m. to 9:00 a.m. (CET) each trading day, an opening price is established for each security traded on the AQS based on a real time auction in which orders can be entered, modified or cancelled but not executed. During this pre-opening session, the system continuously displays the price at which orders would be executed if trading were to begin at that moment. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer price. If an auction price does not exist, the best bid and offer price and associated volumes are shown. The auction terminates with a random period of 30 seconds in which share allocation takes place. Until the allocation process has finished, orders cannot be entered, modified or cancelled. In exceptional circumstances (including the inclusion of new securities on the AQS) and after giving notice to the CNMV, *Sociedad de Bolsas* may establish an opening price without regard to the reference price (the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price or modify the reference price.

The computerized trading hours are from 9:00 a.m. to 5:30 p.m. (CET). During the trading session, the trading price of a security is permitted to vary up to a maximum so called "static" range of the reference price, provided that the trading price for each trade of such security is not permitted to vary in excess of a maximum so called "dynamic" range with respect to the trading price of the immediately preceding trade of the same security. If, during the trading session, there are matching bid and offer orders for a security within the computerized system which exceed any of the above "static" and/or "dynamic" ranges, trading on the security is automatically suspended and a new auction is held where a new reference price is set, and the "static" and "dynamic" ranges will apply over such new reference price. The "static" and "dynamic" ranges applicable to each particular security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 p.m. (CET), known as the closing auction, orders can be entered, modified and cancelled, but no trades can be made.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerized matching system without prior authorization of Sociedad de Bolsas (provided that such trades are communicated to Sociedad de Bolsas), at a price within the range of 5% above the higher of the average price and closing price for the day and 5% below the lower of the average price and closing price for the day if (i) there are no outstanding bids or offers, respectively, on the system matching or bettering the terms of the proposed off system transaction, and (ii) if, among other things, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the stock during the preceding three months. These trades must also relate to individual orders from the same person or entity and be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

At any time trades may take place (with the prior authorization of Sociedad de Bolsas) at any price if:

- the trade involves more than €1.5 million and more than 40% of the average daily trading volume of the stock during the preceding three months;
- the transaction derives from a merger or spin off, or from the reorganization of a group of companies;
- the transaction is executed for the purpose of settling litigation or completing a complex set of contracts; or
- *Sociedad de Bolsas* finds another appropriate cause.

Information with respect to the computerized trades which take place between 9:00 a.m. CET and 5:30 p.m. CET is made public immediately, and information with respect to trades which occur outside the computerized matching system is reported to the Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

## Clearance and settlement system

The Spanish clearing, settlement and recording system was adapted by Act 11/2015, of June 18, 2015, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) and Royal Decree 878/2015, of October 2, 2015 (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) to the provisions set forth in Regulation (EU) No 909/2014 of the European Parliament and of the Council of July 23, 2014, on improving securities settlement in the EU and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. Following the implementation of this reform, in the Spanish clearing, settlement and registry procedures of securities transactions allows the connection of the post-trading Spanish systems to the European system Target 2 Securities.

Additionally, as of April 27, 2016, transactions carried out for equity securities on the AQS are cleared through BME Clearing, S.A., as central clearing counterparty (CCP), and settled and recorded through Iberclear, as central securities depository. Shares of listed Spanish companies are represented in book-entry form. Iberclear and its participant entities are responsible for keeping records in book-entry form (*anotaciones en cuenta*). The recording system is a 2-tier level registry: the keeping of the central record corresponds to Iberclear and the keeping of the detail records corresponds to the participant entities in Iberclear.

Only participant entities of Iberclear are entitled to use it, and access to become a participant entity is restricted to authorized members of the Spanish Stock Exchanges, the Bank of Spain (when an agreement, approved by the Spanish Ministry of Economy and Business, is reached with Iberclear) and, with the approval of the CNMV, other brokers not members of the Spanish Stock Exchanges, banks, savings banks and foreign settlement and clearing systems. Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros. S.A. (Spanish Exchanges and Markets, Holding Company of Markets and Financial Systems), a holding company which holds a 100% interest in each of the Spanish official secondary markets and settlement systems.

Iberclear manages the central registry, which reflects (i) one or several proprietary accounts which shows the balances of the participant entities' proprietary accounts; (ii) one or several general third-party accounts that shows the overall balances that the participant entities 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 participant entity maintains the detail records of the owners of such shares.

As a result of the above, Spanish law shall consider the owner of the shares to be:

- the participant entity appearing in the records of Iberclear as holding the relevant shares in its own name;
- the investor appearing in the records of the participant entity as holding the shares; or
- the investor appearing in the records of Iberclear as holding shares in a segregated individual account.

Obtaining legal title to shares of a company listed on a Spanish Stock Exchange requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. To evidence title to shares, at the owner's request the relevant participant entity must issue a certificate of ownership. If the owner is a participant entity, Iberclear is in charge of the issuance of the certificate with respect to the shares held in the participant entity's name.

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 stock purchase and as buyer in every stock sale. It calculates buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The CCP then generates and sends to Iberclear the relevant settlement instructions. The settlement and registration platform managed by Iberclear (operating under the trade name of ARCO), receives the settlement instructions from BME Clearing and forward them to the relevant Iberclear participant entities involved in each transaction. ARCO operates under a "T+2 Settlement Standard", by which any transactions must be settled within two AQS trading days following the date on which the relevant transaction was completed.

## Euroclear and Clearstream

Shares deposited with depositories for Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme ("**Clearstream**") and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System, as amended from time to time, the Management Regulations of Clearstream and the Instructions to Participants of Clearstream as amended from time to time, as applicable. Persons on whose behalf accounts at Euroclear or

Clearstream are maintained and to which shares have been credited ("investors") shall have the right to receive the number of shares equal to the number of shares so credited, upon compliance with the foregoing regulations and procedures of Euroclear or Clearstream.

With respect to the shares that are deposited with depositories for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees described below, if any, and upon obtaining the relevant recording in the book-entry registries kept by the members of Iberclear.

Under Spanish law, only the record holder of the shares according to the registry kept by Iberclear is entitled to receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear or its nominee or Clearstream or its nominee will be the sole record holder of the shares that are deposited with the depositories for Euroclear and Clearstream, respectively, until such time as investors exercise their rights to withdraw such shares and cause them to obtain the recording of the investor's ownership of the shares in the book-entry registries kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction for applicable withholding taxes, in accordance with the applicable regulations and procedures of Euroclear and Clearstream. See "*Taxation*".

Each of Euroclear and Clearstream will endeavor to inform investors of any significant events of which they have notice affecting the shares recorded in the name of Euroclear or its nominees and Clearstream or its nominees and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at its discretion, take such action as it shall deem appropriate in order to assist investors to direct the exercise of voting rights in respect of the shares. Such actions may include (i) acceptance of instructions from investors to execute or to arrange for the execution of, proxies, powers of attorney or other similar certificates for delivery to the Company, or the Company's agent or (ii) voting of such shares by Euroclear or its nominees and Clearstream or its nominees in accordance with the instructions of investors.

If the Company offer or cause to be offered to Euroclear or its nominees and Clearstream or its nominees, as the record holders of the shares that are deposited with the depositories for Euroclear and Clearstream, respectively, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will endeavor to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of its regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or such rights may be sold and, in such event, the net proceeds will be credited to the cash account maintained on behalf of the investor with Euroclear or Clearstream.

**Tender offers**

Tender offers are governed in Spain by the Securities Market Act and Royal Decree 1066/2007, of July 27 (the "**Regulations**"), which have implemented Directive 2004/25/EC of the European Parliament and of the European Council of April 21, 2004.

Tender offers in Spain may qualify as either mandatory or voluntary offers.

Mandatory public tender offers must be launched for all the shares of the target company or other securities that might directly or indirectly give the right to subscription thereto or acquisition thereof (including convertible and exchangeable bonds) at an equitable price when any person acquires control of a Spanish listed company, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly give voting rights in such company;
- through agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent nature as provided in the Regulations (i.e. indirect control acquired through mergers, share capital decreases, target's treasury stock variations or securities exchange or conversion, etc.).

A person is deemed to have obtained the control of a target company, individually or jointly with concerted parties, whenever:

- it acquires directly or indirectly a percentage of voting rights equal to or greater than 30%; or

- it has acquired a percentage of less than 30% of the voting rights and appoints, in the 24 months following the date of acquisition of said percentage, a number of directors that, together with those already appointed, if any, represent more than one half of the members of the target company's board of directors. The Regulations also set forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

Notwithstanding the above, Spanish regulations establish certain exceptional situations where control is obtained but no mandatory tender offer is required, including, among others, subject to the CNMV's approval:

- acquisitions or other transactions resulting from the conversion or capitalization of credit rights into shares of listed companies the financial feasibility of which is subject to serious and imminent danger, even if the company is not undergoing bankruptcy proceedings, provided that such transactions are intended to ensure the company's financial recovery in the long-term; or

- in the event of a merger, provided that those acquiring control did not vote in favor of the merger at the relevant general shareholders' meeting of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose; and

- when control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% of the voting rights to which the bid was directed.

For the purposes of calculating the percentages of voting rights acquired, the Regulations establish the following rules:

- percentages of voting rights corresponding to (i) companies belonging to the same group of the bidder; (ii) members of the board of directors of the bidder or of companies of its group; (iii) persons acting in concert with or for the account of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee, such nominee being understood as a third-party whom the bidder totally or partially covers against the risks inherent in acquisitions or transfers of the shares or the possession thereof, will be deemed to be held by the bidder (including the voting rights attaching to shares that constitute the underlying asset or the subject matter of financial contracts or swaps when such contracts or swaps cover, in whole or in part, against the risks inherent in ownership of the securities and have, as a result, an effect similar to that of holding shares through a nominee);

- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other title of a contractual nature will be counted towards establishing the number of voting rights held;

- the percentage of voting rights shall be calculated based on the entire number of shares carrying voting rights, even if the exercise of such rights has been suspended; treasury shares held directly or indirectly by the target company as per the information available on the date of calculation of the percentage of voting rights shall be excluded; and non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and

- acquisitions of securities or other financial instruments giving the right to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the Regulations, the CNMV will conditionally dispense the person who, directly or indirectly, has acquired a percentage of voting rights equal to, or greater than, 30% from the obligation to launch a mandatory bid when another person or entity not concerted with the potential bidder directly or indirectly holds an equal or greater voting percentage in the target company.

The price of the mandatory tender offer is deemed equitable when it is at least equal to the highest price paid or agreed to be paid by the bidder or by any person acting in concert therewith for the same securities during the 12 months prior to the announcement of the tender offer. When the mandatory tender offer must be made without the bidder having previously acquired the shares over the above—mentioned 12—month period, the equitable price shall not be less than the price calculated in accordance with other rules set forth in the regulations. In any case, the CNMV may change the price so calculated in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched when a mandatory offer is not required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the bylaws or adoption of certain resolutions by the general shareholders' meeting of the target company, acceptance of the offer by a minimum number of securities, approval of the offer by the general shareholders' meeting of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that such conditions can be met and this fact may be verified before the end of the acceptance period of the offer; and
- they must not be launched at an equitable price.

The Regulations set forth further provisions, including:

- subject to shareholder approval within 12 months from the date of announcement of the tender offer, the board of directors of a target company will be exempt from the rule prohibiting frustrating action against a foreign bidder whose board of directors is not subject to an equivalent passivity rule;
- defensive measures included in a listed company's bylaws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders resolve otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected will be entitled to compensation at the target company's expense); and
- squeeze out and sell out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the target's share capital) the bidder holds securities representing at least 90% of the target company's voting capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights over which the offer was launched.

## DESCRIPTION OF CAPITAL STOCK

The following summary provides information concerning the Company's share capital and briefly describes certain significant provisions of the Company's bylaws (*estatutos sociales*) and Spanish corporate law, including the restated text of the Spanish Companies Act, Spanish Act 3/2009 on Structural Amendments of Private Companies (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*), the restated text of the Securities Market Act and Royal Decree 878/2015, dated October 2, 2015, on clearing, settlement and registry of negotiable securities in book-entry form, and transparency requirements for issuers of securities admitted to trading on an official secondary market.

This summary does not purport to be complete and is qualified in its entirety by reference to the Company's bylaws, the Spanish Companies Act and other applicable laws and regulations. Copies of the Company's bylaws are available (in Spanish with an English translation for information purposes) at the Company's principal headquarters and on the Company's website (https://www.cellnextelecom.com/relacion-con-inversores/estatutos-sociales/). Neither the Company's website nor any of its contents forms part of or is incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has not examined nor approved the Company's website nor any of its contents.

### General

The Company´s corporate purpose includes the establishment and operation of any type of communications infrastructures and/or networks, as well as the provision, management, marketing and distribution, for itself and for third parties, of all manner of services based on or through said infrastructures and networks; and the planning, technical support, processing, organization, coordination, management, maintenance and upkeep of the aforementioned installations and services, under any of the contractual forms permitted by law, particularly through administrative contracting. The aforementioned activities may be conducted by the Company either directly or indirectly, through shareholdings or equity interests in companies of a similar nature, or by means of any other forms admitted by law. Those activities for whose exercise the applicable regulations demand special requirements which are not met by this company shall be excluded from the corporate purpose. Should the legal regulations require some type of professional qualification or administrative authorization, or inscription in Public Registries for the exercising of any of the activities included in the corporate purpose, said activities must be conducted by a person who holds said professional qualification and, where applicable, shall not be commenced until the administrative requirements have been met.

At the date of this Prospectus, the Company's issued share capital amounts to €74,668,263.25, divided into a single series of 298,673,053 Shares, with a par value of €0.25 each. As of the date hereof, the Company holds 199,943 treasury Shares, which represent 0.067% of the Company's share capital. As of June 30, 2019 the net asset value per Share amounted to €0.006.

On March 25, 2019 the share capital was increased by €16,747,453.25, by means of the issuance of 66,989,813 new Shares with a nominal value of €0.25 each.

The Shares have been allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV, the ISIN code ES0105066007. All of the Shares are fully subscribed and paid-up. Non-residents of Spain may hold Shares and vote, subject to the restrictions described under "*Restrictions on Foreign Investment*".

The Shares are represented by book-entries, the entity responsible for maintaining the corresponding accounting records being Iberclear, with registered office at Plaza de la Lealtad, 1, 28014 Madrid, Spain.

### Pre-emptive rights and increases of share capital

Pursuant to the Spanish Companies Act and the Company's bylaws, shareholders have pre-emptive rights to subscribe for any new Shares issued against monetary contributions and for any new bonds convertible into shares. Such pre-emptive rights may be excluded when so required by the corporate interest under special circumstances by a resolution passed at a general shareholders' meeting or by the board of directors (when the company is listed and the general shareholders' meeting delegates to the board of directors the right to increase the capital stock or issue convertible bonds and exclude pre-emptive rights), in accordance with Articles 308, 417, 504, 505, 506 and 511 of the Spanish Companies Act.

The General Shareholders' Meeting passed a resolution on May 9, 2019, authorizing the Board of Directors, in accordance with Article 297.1.b) of the Spanish Companies, to increase its share capital without previously convening the General Shareholders' Meeting by up to half of the Company's share capital as of the date of the resolution (i.e. €37,334,131.625 nominal value). This authorization included the power to exclude the preferential subscription rights to the shareholders, with respect to a share capital increase of up to 10% of the Company's share capital at the time of the resolution. The Board of Directors may exercise this authorization within five years, on one or more occasions and at any time, and subject to any conditions that it may deem appropriate. The New Shares will be issued pursuant to a share capital increase in exercise of the above authorization, for an amount of €21,663,369 in nominal value. Therefore,

€11,954,142.63 of the above authorization will be outstanding, assuming the complete subscription of the New Shares and taking into account the issuance of the 2019 Convertible Bond (for additional information, see "*Operating and Financial Review—Borrowings*").

Also, holders of Shares have the right of free allotment recognized in the Spanish Companies Act in the event of capital increase against reserves.

Furthermore, the pre-emptive rights, in any event, will not be available in an increase in share capital against non-cash contribution, by means of capitalization of credit rights, or to honor the conversion into Shares of convertible bonds or in a merger in which Shares are issued as consideration. Pre-emptive rights are transferable, may be traded on the AQS and may be of value to existing shareholders because new Shares may be offered for subscription at prices lower than prevailing market prices.

**Shareholders' meetings and voting rights**

Pursuant to the Company's bylaws, rules of the General Shareholders' Meeting (the "**General Shareholders Meeting Regulations**") and Spanish corporate law, the annual ordinary General Shareholders' Meeting shall be held during the first six months of each financial year on a date fixed by the Board of Directors. Extraordinary General Shareholders' Meetings may be called by the Board of Directors whenever the Board of Directors deems it appropriate or at the request of shareholders representing at least 3% of the Company's share capital. Notices of all General Shareholders' Meetings shall be published in the Commercial Registry's Official Gazette (Boletín Oficial del Registro Mercantil) or in a local newspaper of wide circulation in the province where the Company is domiciled (currently Madrid, Spain) and on the Company's website and the CNMV website. General Shareholders' Meeting must generally be called at least one month before the date on which such meeting is to be held. Exceptionally, under the Spanish Companies Act, when the Company provides all shareholders with electronic vote, an extraordinary General Shareholders' Meeting may be called 15 days before the date on which the meeting is to be held.

Action is taken at ordinary General Shareholders' Meetings on the following matters (i) the approval of the management of the Company by the Directors during the previous financial year, (ii) the approval of the financial statements from the previous financial year, and (iii) the application of the previous financial year's income or loss. All other matters can be considered at either an extraordinary General Shareholders' Meeting or at an ordinary General Shareholders' Meeting if the matter is within the authority of the meeting and is included on the agenda (with certain exceptional items which do not need to be included on the agenda to be validly passed, like the dismissal of a Director or the decision to bring the liability action against the Directors). Liability actions against the Directors shall be brought by the Company pursuant to a General Shareholders' Meeting decision, which may be adopted at the request of any shareholder even where not included on the agenda. The bylaws cannot require qualified majority for the adoption of such resolution. The decision to bring an action or reach a settlement shall entail the removal of the relevant directors. The approval of the financial statements shall not preclude action for liability nor constitute a waiver of the action agreed or brought.

According to the Spanish Companies Act —and in addition to the matters referred to in the previous paragraph and any other matters as provided by law, the Company's bylaws or the General Shareholders' Meeting Regulations—, the following matters fall within the authority of the General Shareholders' Meeting: (a) the appointment and removal of Directors, the Company's liquidators and the Company's auditors, as well as the exercise of corporate action for liability against any of them; (b) the amendment of the Company's bylaws; (c) the increase or reduction of the share capital —or granting authority to the Board of Directors to increase the share capital—; (d) the exclusion or limitation of shareholders' preferential subscription rights —or granting authority to the Board of Directors to exclude or limit such rights —; (e) the transformation, merger, spin-off or globally assign the Company's assets and liabilities, moving the Company's registered offices abroad; (f) the dissolution of the Company and the approval of transactions that have the effect of winding up the Company; (g) the approval of the final winding up balance sheet; (h) the acquisition, disposal or transfer of core assets to another company; (i) the transfer of core activities previously carried out by the Company to its subsidiaries, even if the Company retains full control of the activities; and (j) the approval of the Directors' remuneration policy on the terms provided by the law.

Also, the General Shareholders' Meeting shall vote separately on substantially independent matters. Even if included in the same item on the agenda, the following shall be voted separately: (i) the appointment, re-election, ratification or separation of directors; (ii) the advisory vote on the annual report on Directors' remuneration; and (iii) in resolutions to amend the bylaws, each substantially independent article or group of articles.

Each Share entitles the holder to one vote and there is no limit as to the maximum number of voting rights that may be held by each shareholder or by companies of the same group. Any shareholder having the right to attend a General Shareholders' Meeting may also be represented by a proxy. Proxies must be granted in writing or in electronic form acceptable under the internal regulations of the Company and are valid for a single General Shareholders' Meeting. Proxies may be given to any person and may be revoked, either expressly or by attendance by the shareholder at the meeting. Proxy holders will be required to disclose any conflict of interest prior to their appointment. In the event a conflict of interest arises after the proxy holder's appointment, such conflict of interest must be immediately disclosed to the relevant shareholder. In both cases, the proxy holder shall not exercise the shareholder's rights unless the latter has given specific voting instructions for each resolution in respect of which the proxy holder is to vote on behalf of the shareholder. A person acting as a proxy holder may hold a proxy from more than one shareholder without limitation as to the number of shareholders so represented. Where a proxy holder holds proxies from several shareholders, he/she will be able to cast votes for a shareholder differently from votes cast for another shareholder.

Shareholders holding 100 or more Shares who are duly registered in the book-entry records maintained by Iberclear and its member entities at least five days prior to the day on which a General Shareholders' Meeting is scheduled may, in the manner provided in the notice for such meeting, attend and vote at such meeting.

The Company's bylaws provide that, on the first call of an ordinary or extraordinary General Shareholders' Meeting, the presence in person or by proxy of shareholders representing at least 25% of the Company's voting capital will constitute a quorum. If on the first call a quorum is not present, the meeting can be reconvened by a second call, which according to Spanish corporate law requires no quorum. Resolutions are passed by simple majority of the votes cast, which implies having more votes in favor than against.

However, a resolution in a General Shareholders' Meeting to increase or decrease the Company's share capital, issue bonds, suppress or limit the pre-emptive subscription right over newly issued Shares, transform, merge, spin-off, globally assign the Company's assets and liabilities, transfer the Company's registered address abroad or otherwise modify the Company's bylaws, requires on first call the presence in person or by proxy of shareholders representing at least 50% of the Company's voting capital and on second call the presence in person or by proxy of shareholders representing at least 25% of the Company's voting capital. On first call, resolutions shall be adopted by absolute majority. On second call, and in the event that less than 50% of the Company's voting capital is represented in person or by proxy, such resolutions may only be passed upon the vote of shareholders representing 2/3 of the Company's capital present or represented at such meeting.

The interval between the first and the second call for a General Shareholders' Meeting must be at least 24 hours.

Voting on the resolutions included in the agenda of a General Shareholders' Meeting may be exercised by shareholders by post or electronic means received by the Company prior to the General Shareholders' Meeting, and provided that the identity of the shareholder who exercises his right to vote is duly verified and the formalities determined by the Board of Directors through resolution and subsequent notification in the call announcement of the General Shareholders' Meeting are complied with. In such resolution, the Board of Directors will define the applicable conditions to the voting via electronic means in order to ensure the proper identification of the shareholder or its representative.

Under Spanish law, shareholders who voluntarily aggregate their Shares so that the capital stock aggregated is equal to or greater than the result of dividing the total capital stock by the number of Directors have the right, provided there are vacancies on the Board of Directors, to appoint a corresponding proportion of the members of the Board of Directors (disregarding fractions). Shareholders who exercise this right (in person or by proxy) may not vote on the appointment of other Directors.

A resolution passed at a General Shareholders' Meeting is binding on all shareholders, although a resolution which is (i) contrary to law or the Company's bylaws or the General Shareholders' Meeting Regulations, or (ii) prejudicial to the interest of the Company and beneficial to one or more shareholders or third parties, may be contested. Damage to company's interest is also caused when the resolution, without causing damage to corporate assets, is imposed in an abusive manner by the majority. An agreement is understood to have been imposed in an abusive manner when, rather than responding reasonably to a corporate need, the majority adopts the resolution in their own interests and to the unjustifiable detriment of the other shareholders. In the case of listed companies, the required fraction of the company's share capital needed to be able to contest is 0.1%. The right to contest would apply to those who were shareholders at the time when the resolution was taken, directors and interested third parties. In the event of resolutions contrary to public order, the right to contest would apply to any shareholders (even if they acquired such condition after the resolution was taken), and any director or third-party.

In certain circumstances (such as change or significant amendment of the corporate purpose, transformation or transfer of registered address abroad), the Spanish Companies Act gives dissenting or absent shareholders (including non–voting shareholders) the right to withdraw from the company. If this right were exercised, the company would be obliged to purchase the relevant Shares at the average market price of the Shares in the last quarter in accordance with the procedures established under the Spanish Companies Act.

**Dividend and liquidation rights**

Holders of Shares have the right to participate in distributions of the Company's profits and proceeds from liquidation, proportionally to their paid-up share capital. However, there is no right to receive a minimum dividend or minimum liquidation proceeds.

Payment of dividends is proposed by the Board of Directors and must be authorized by the Company's shareholders at a General Shareholders' Meeting. Holders of Shares shall participate in such dividends from the date agreed by a General Shareholders' Meeting. Additionally, interim dividends (*dividendo a cuenta*) may also be distributed among shareholders directly upon approval by the Board of Directors provided that: (i) there is sufficient liquidity to pay the interim dividend; and (ii) the amount distributed does not exceed the amount resulting from deducting from the earnings booked since the end of the previous year, the sum of previous years' losses, the amounts earmarked for the legal or bylaws' reserves, and the estimated tax due on the aforesaid earnings. The Spanish Companies Act requires each company to allocate at least 10% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of such company's issued share capital. A company's legal reserve is not available for distribution to its shareholders except upon such company's liquidation. As of June 30, 2019, the Company's legal reserve amounted to €11,584 thousand, below the minimum legal threshold.

According to the Spanish Companies Act, dividends may only be paid out of profits or distributable reserves (after the compulsory allocation to mandatory reserves, including the legal reserve, and only if the value of the Company's net worth is not, and as a result of distribution would not be, less than the Company's share capital).

In addition, no profits may be distributed unless the amount of distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset on the Company's balance sheet.

In accordance with Article 947 of the Spanish Commercial Code, the right to a dividend lapses and reverts to the Company if it is not claimed within five years after it becomes payable.

The Company is not aware of any restriction on the collection of dividends by non-resident shareholders. All holders will receive dividends through Iberclear and its member entities, without prejudice to potential withholdings on account of the Non-resident Income Tax, approved by Royal Legislative Decree 5/2004 of March 5, 2004, as amended (*Impuesto sobre la Renta de No Residentes*) that may apply.

In the event of the Company's liquidation, the Company's shareholders would be entitled to receive proportionately any assets remaining after payment of the Company's debts and all applicable taxes and expenses.

The Company's ability to pay dividends or repurchase its Shares will depend on the availability of distributable reserves which, in turn, will depend on the Company's results and other factors such as the Company's profitability and cash flow generation. As of June 30, 2019, Cellnex Telecom, S.A. had voluntary reserves and share premium (distributable reserves) amounting to €137,547 thousand and €1,461,715 thousand, respectively. Accordingly, the Group's ability to make a distribution to shareholders will depend on the Company's ability to generate net profits in future periods in order to achieve sufficient distributable reserves.

The Company's ability to distribute dividends in the near future will depend on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Company in any financial year, any limitations to the distribution of dividends included in the Company's financing agreements and the Company's growth strategy. For further details, see "Dividend Policy". As a result of such or other circumstances and factors, the Company may modify the Dividend Policy from time to time. See "*Risks related to the Offering— The Company cannot assure that it will be able to pay dividends or that, even if able, the Company would do so*".

**Shareholder actions**

Under the Spanish Companies Act, Directors are liable to the Company, shareholders and creditors for their acts or omissions that are illegal or violate the bylaws and for failure to carry out their legal duties with diligence.

Under Spanish law, shareholders must generally bring actions against the Directors as well as any other actions against the Company or challenging corporate resolutions before the courts of the judicial district of the Company's registered address (currently Madrid, Spain).

**Registration and transfers**

The Shares are in registered book-entry form. Joint holders of one Share must designate a single person to exercise their shareholders' rights, but they are jointly and severally (*solidariamente*) liable to the Company for all the obligations arising from their status as shareholders. Iberclear, which manages the Spanish clearance and settlement system of the Spanish Stock Exchanges, maintains the central registry reflecting the number of shares held by each of its member entities (*entidades participantes*). Each member entity, in turn, maintains a registry of the owners of such Shares.

The Shares are freely transferable in accordance with the Spanish Companies Act, the Securities Market Act and any implementing regulation.

As a general rule, transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Stock Exchange. Brokerage firms, or dealer firms, Spanish credit entities, investment services entities authorized in other Member States and investment services entities authorized by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges. Transfer of shares quoted on the Spanish Stock Exchanges may be subject to certain fees and expenses.

**Restrictions on foreign investment**

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23 (*Real Decreto 664/1999, de 23 de abril*), which was approved in conjunction with Law 18/1992, of July 1 (the "**Spanish Foreign Investment Law**"), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the EU.

According to regulations adopted under the Spanish Foreign Investment Law, and subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls). Foreign investors who are not resident in a tax haven are only required to file a notification with the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Business (*Ministerio de Economía y Empresa*) following an investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with whom the shares (in book-entry form) have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991, of July 5), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market;
- investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50.0% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, mining, manufacturing and sales of weapons and explosives for civil use and national defense, radio, television, telecommunications and gambling. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defense sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers (*Consejo de Ministros*), acting on the recommendation of the Ministry of Economy and Business, may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government, acting on the recommendation of the Ministry of Economy and Business.

Law 19/2003, of July 4, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering ("**Law 19/2003**"), generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of the Economy and Business and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Economy and Business and the Bank of Spain information corresponding to client transactions.

**Exchange control regulations**

Pursuant to Royal Decree 1816/1991, of December 20, relating to economic transactions with non-residents as amended by Royal Decree 1360/2011 of October 7, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain and/or the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010 (or its equivalent in another currency), if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

**Reporting requirements**

Pursuant to Royal Decree 1362/2007, of October 19, any individual or legal entity which, by whatever means, purchases or transfers shares which grant voting rights in the Company, must notify the Company and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a threshold of 3.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 35.0%, 40.0%, 45.0%, 50.0%, 60.0%, 70.0%, 75.0%, 80.0% and 90.0% of the total voting rights.

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, as soon as possible and, in any event, within four trading days from the date on which individual or legal entity acknowledged or should have acknowledged the circumstances that generate the obligation to notify (Royal Decree 1362/2007 deems a transaction to be acknowledged within two trading days from the date on which such transaction is entered into).

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it. In such a case, the transaction is deemed to be acknowledged within two trading days from the date of publication of the regulatory information notice (*hecho relevante*) regarding such transaction.

Should the individual or legal entity effecting the transaction be a non-resident of Spain, notice must also be given to the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments.

Regardless of the actual ownership of the Shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the Shares, and any individual or legal entity which acquires, transfers or holds, whether directly or indirectly, other securities or financial instruments, which grant a right to acquire Shares with voting rights, will also have an obligation to notify the Company and the CNMV of the holding of a significant stake in accordance with applicable regulations.

From November 27, 2015, the foregoing also applies to holders of financial instruments giving rise to a similar economic exposure than the securities or financial instruments mentioned above regardless of whether or not the instrument is to be settled at the option of the holder physically or in cash. Moreover, from November 27, 2015, holdings of voting rights attributable to shares and those attributable to financial instruments are aggregated for the purposes of determining whether a reporting threshold has been met.

Moreover, the obligation to will also applies to any person which, directly or indirectly, hold, acquire, transfer or has the possibility to exercise the voting rights associated to or attributed to the shares or other financial instruments where the aggregated proportion of the voting rights reaches, exceeds or falls below the thresholds referred to above.

Should the person or group effecting the transaction be resident in a tax haven (as defined in Royal Decree 1080/1991, of July 5), the threshold that triggers the obligation to disclose the acquisition or transfer of the Shares is reduced to 1.0% (and successive multiples thereof).

All Directors must report to both the Company and the CNMV, the percentage or number of voting rights they hold in the Company at the time of becoming or ceasing to be a Director within five AQS Trading Days. Furthermore, all Directors must report any change in the percentage of voting rights they hold, regardless of the amount, as a result of any acquisition or disposition of the Shares or voting rights, or financial instruments which carry a right to acquire or dispose of Shares which have voting rights attached, including any stock-based compensation that they may receive pursuant to any of the Company's compensation plans. Members of the Company's Senior Management must also report any stock-based compensation that they may receive pursuant to any of the Company's compensation plans or any subsequent amendment to such plans.

Moreover, pursuant to Article 19 of Regulation 596/2014 of April 16, on market abuse ("**Regulation 596/2014**") and Article 230 of the Securities Market Act, persons discharging managerial responsibilities and any persons having a close link (*vínculo estrecho*) with any of them must similarly report to the Company and the CNMV any acquisition or disposal of the Shares, derivative or financial instruments linked to the Shares within three working days after the date of the transaction is made, provided that transactions carried out by the relevant person within the calendar year reach €20,000 in aggregate. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of Shares traded and the price paid.

In certain circumstances established by Royal Decree 1362/2007, the notification requirements on the acquisition or transfer of Shares also apply to any person or legal entity that, independently of the ownership of the Shares, may acquire, transmit or exercise the voting rights granted by those Shares, provided that the proportion of voting rights reaches, increases above or decreases below, the percentages set forth by Spanish law.

Moreover, pursuant to Article 30.6 of Royal Decree 1362/2007, in the context of a takeover bid, the following transactions should be notified to the CNMV: (i) any acquisition reaching or exceeding 1.0% of the voting rights of the Company, and (ii) any increase or decrease in the percentage of voting rights held by holders of 3.0% or more of the voting rights in the Company. The CNMV will immediately make public this information.

**Shareholders' agreements**

The Securities Market Act and Articles 531, 533 and 535 of the Spanish Companies Act require parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares of listed companies.

If the Company's shareholders enter into such agreements with respect to the Shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, file such agreements with the appropriate commercial registry and publish them through a relevant fact disclosure (*hecho relevante*). Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a violation of the Securities Market Act.

Such a shareholders' agreement will have no effect with respect to any restrictions or limitations to the right to vote in a General Shareholders' Meeting and restrictions or conditions on the free transferability of the Shares and bonds convertible into Shares until such time as the aforementioned notifications, deposits and publications are made.

Upon request by the interested parties, the CNMV may waive the requirement to report, deposit and publish the relevant shareholders' agreement if the publication thereof could cause harm to the company involved.

For a description of a shareholders' agreement entered into by certain of the Company's shareholders, see "*Principal Shareholders—Shareholders' Agreements*".

**Net short positions**

In accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges equal to, or in excess of, 0.2% of the relevant issuer's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV. If the net short position reaches 0.5%, and also at every 0.1% above that, the CNMV will disclose the net short position to the public. Such Regulation also restricts uncovered short sales in shares, providing that a natural or legal person may enter into a short sale of a share admitted to trading on a trading venue only where one of the conditions established in Article 12 of the referred Regulation has been fulfilled.

The notification or disclosure mentioned above shall be made not later than at 15.30 (CET) on the following trading day.

Notification is mandatory even if the same position has been already notified to the CNMV in compliance with transparency obligations previously in force in that jurisdiction.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, where the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the European Securities and Markets Authority ("**ESMA**"), take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the fees requested for such lending; and
- restrict short selling activity by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10.0% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take measures similar to the ones described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several EU member states and the competent authorities of these member states have not taken adequate measures to address it.

**Share repurchases**

Pursuant to the Spanish Companies Act, the Company may only repurchase its own Shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the General Shareholders' Meeting in a resolution establishing the maximum number of Shares to be acquired, the titles for the acquisition, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution;
- the repurchase, including the Shares already acquired and currently held by the Company, or any person or company acting in its own name but on the Company's behalf, must not bring the Company's net worth below the aggregate amount of the Company's share capital and legal or non-distributable bylaws' reserves. For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly allocated to such net worth, and adding the amount of share capital subscribed but not called and the share capital par value and issue premium recorded in the Company's accounts as liabilities;
- the aggregate value of the Shares directly or indirectly repurchased, together with the aggregate par value of the Shares already held by the Company, must not exceed 10% of the Company's share capital; and
- Shares repurchased for valuable consideration must be fully paid-up. A repurchase shall be considered null and void if (i) the shares are partially paid-up, except in the case of free repurchase, or (ii) the shares entail ancillary obligations.

Treasury Shares do not have voting rights or economic rights (for example, the right to receive dividends and other distributions and liquidation rights). Such economic rights except the right to receive bonus Shares, will accrue proportionately to all of the Company's shareholders. Treasury Shares are counted for purposes of establishing the quorum for shareholders' meetings as well as majority voting requirements to pass resolutions at general shareholders' meetings.

Regulation 596/2014 of April 16, on market abuse establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation maintains an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU Member State. Commission Delegated Regulation (EU) 2016/1052, of March 8, 2016, implements Regulation 596/2014 with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. According to the provisions included in the Delegated Regulation, in order to benefit from the exemption, an issuer implementing a buy-back program must comply with the following requirements:

(a) Prior to the start of trading in a buy-back program, the issuer must ensure the adequate disclosure of the following information:

  - The purpose of the program. According to Article 5.2 of Regulation 596/2014, the buy-back program must have as its sole purpose (a) to reduce the capital of the issuer; (b) to meet obligations arising from debt financial instruments convertible into equity instruments; or (c) to meet obligations arising from share option programs, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;
  - The maximum pecuniary amount allocated to the program;
  - The maximum number of shares to be acquired; and
  - The period for which authorization for the program has been granted.

(b) The issuer must ensure that the transactions relating to the buy-back program meet the conditions included on Article 3 of the Delegated Regulation. Specifically, that the purchase price is not higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Furthermore, issuers must not purchase on any trading day more than 25% of the average daily volume of shares on the corresponding trading venue.

(c) Issuers shall not, for the duration of the buy-back program, engage on (a) selling of own shares; (b) trading during the closed periods referred to in Article 19.11 of Regulation 596/2014; and (c) trading where the issuer has decided to delay the public disclosure of inside information.

On April 26, 2017, the CNMV approved Circular 1/2017 on liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares. This regulation entered into force on July 10, 2017. It repealed and replaced the CNMV's Circular 3/2007 and introduced new specific rules, limits and mechanisms for liquidity agreements to constitute an accepted market practice and, therefore, be able to rely on a safe harbor for the purposes of market abuse regulations.

If an acquisition or series of acquisitions of shares reaches or exceeds or causes a company and its affiliates' holdings to reach or exceed 1% of its voting shares, such company must notify the final holding of treasury shares to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes the company and its affiliates' holdings to exceed 1% of the voting shares. Sales and other transfers of the treasury shares will not be deducted in the calculation of such threshold. This requirement would also apply if the shares were acquired by one of the company's majority owned subsidiaries.

Moreover, pursuant to Spanish Companies Act, the audited financial statements of a company must include a reference to any treasury shares.

In addition, on July 18, 2013, the CNMV published certain guidelines for securities issuers and financial intermediaries acting on their behalf regarding the "discretionary transactions with treasury shares" (outside of the buy-back program regulation). These guidelines are in line with the buy-back program regulation in respect of price, limits and volumes and include certain restricted periods and a rule of separated management of the trading activity.

# TAXATION

## Spanish tax considerations

The following section is a general description of the tax regime applicable under Spanish legislation in effect (and in force implementing regulations) at the date of approval of this Prospectus, to the acquisition, ownership and, as the case may be, subsequent disposition of the New Shares.

This analysis does not address all of the potential tax consequences of the aforementioned transactions, or the regime applicable to all categories of investors, some of whom (such as, financial institutions, collective investment undertakings, pension funds cooperatives and look-through entities, etc.) may be subject to special rules. In addition, this description does not consider regional tax regimes in force applicable in the Historical Territories of the Basque Country and the Historical Autonomous Region of Navarre ("*Concierto*" and "*Convenio Económico*", respectively) or the regulations adopted by the different Spanish Autonomous Regions (*Comunidades Autónomas*) that may apply to investors regarding particular taxes.

In particular, the applicable rules are set forth in: (i) Law 35/2006, of November 28, on the Personal Income Tax and on the partial amendment of the Corporate Income Tax, Non-resident Income Tax and Wealth Tax Law (the "**PIT Law**") and its implementing regulations, as approved by Royal Decree 439/2007, of March 30; (ii) the amended consolidated text of the Non-resident Income Tax Law (the "**NRIT Law**") approved by Royal Legislative Decree 5/2004, of March 5, and its implementing regulations, as approved by Royal Decree 1776/2004, of July 30; (iii) Law 27/2014, of November 27 on Corporate Income Tax (the "**CIT Law**"); and (iv) Royal Decree 634/2015, of July 10, approving the regulations for the CIT Law.

Investors are advised to consult their tax advisors or lawyers concerning the specific tax consequences in light of their particular circumstances.

Likewise, investors should consider any potential changes to the legislation currently in effect occurring in the future (which may have retroactive effects), and on the interpretations that may be made on such legislation by the Spanish tax authorities, which could differ from the interpretation set out below.

Prospective investors should consult their own tax advisers who can provide them with personalized advice based on their particular circumstances.

### Indirect taxation on the acquisition and disposition of the New Shares

The subscription and, as the case may be, subsequent disposition of the New Shares is exempt from Transfer Tax, Stamp Duty and Value Added Tax.

### Direct taxation on the ownership and subsequent disposition of the New Shares

***Shareholders resident in Spanish territory***

This section considers the tax treatment applicable to investors considered resident in the Spanish territory for tax purposes. In general, and without prejudice to the provisions of the Double Taxation Treaties entered into by Spain, investors considered to be resident in Spain for these purposes include entities resident in Spain pursuant to Article 8 of the CIT Law and individuals whose permanent available home is in Spain, as defined in Article 9.1 of the PIT Law, together with those resident abroad who are members of Spanish diplomatic missions, Spanish Consuls and other official bodies, as set down in Article 10.1 thereof. Likewise, investors considered resident in Spain for tax purposes also include individuals with Spanish nationality who, while ceasing their tax residency in Spain, demonstrate their new tax residency to be in a tax haven, during the tax period in which the change of residence takes place and the following four periods, pursuant to Article 8.2 of the PIT Law.

Individuals who acquire tax residency in Spain as a result of moving to Spanish territory may opt to pay Personal Income Tax ("**PIT**") or Non-Resident Income Tax ("**NRIT**") during the period in which the change of residency takes place, and the five subsequent years, providing the requirements set forth in Article 93 of the PIT Law are met.

*Spanish resident individuals*

*Personal income tax*

Capital income

Pursuant to Article 25 of the PIT Law, capital income shall be considered to include dividends, considerations paid for attending at shareholders' meetings, income from the creation or assignment of rights of use or enjoyment of the New

Shares and, in general, the participation in the Company's profits, and any other income received from the entity in his or her position as shareholder of the Company.

Capital income obtained by the shareholder as a result of ownership of the New Shares shall be deducted by any administration and custody expenses from the gross income received, but not by those discretionary or individualized portfolio management expenses. This net amount shall be included in the taxable base for capital income of the year in which it is due, taxed at a fixed rate of 19% (for the first €6,000 of capital income obtained by the individual), 21% (for income of between €6,000.01 and €50,000) or 23% (for income in excess of €50,000).

The amount obtained through the distribution of the issue premium for shares admitted to trading on any of the regulated securities markets defined in MiFID II (such as the New Shares) shall reduce, until cancellation, the acquisition value of the specific shares. The excess over that acquisition value will be taxed as capital income on the terms set out in the preceding paragraph.

In addition, shareholders shall, in general, be liable for a PIT withholding at a rate of 19% on the full amount of profit distributed in the 2019 tax year. This withholding shall be creditable from the PIT payable. If the amount of PIT payable is less than the PIT withholding, it shall give rise to the refund provided for in Article 103 of the PIT Law. As an exception, PIT withholding is not applied on distributions of share premium.

Capital gains and losses

Any change in the value of the assets owned by PIT taxpayers resulting from any alteration in such assets may give rise to capital gains or losses which, in the event of the transfer of New Shares for valuable consideration, shall be calculated as the negative or positive difference between the acquisition value of the securities and their transfer value, determined by: (i) the listed value of the shares as of the transfer date; or (ii) the agreed transfer price, when this exceeds the listed value of the shares.

Where the PIT taxpayer owns other securities of the same kind, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first.

Both the acquisition and transfer values are increased or reduced, respectively, by the costs and taxes inherent to such transactions borne by the acquirer or transmitter, respectively.

Capital gains or losses derived from the transfer of the New Shares shall be included and offset in the savings taxable base of the tax period in which the transfer takes place, being taxed in the 2019 tax year at a rate of 19% for the first €6,000 of investment income obtained by the individual; 21% for income of between €6,000.01 and €50,000; and 23% for income in excess of €50,000.

Capital gains derived from transfer of the New Shares are not subject to withholding tax. Finally, certain losses derived from the transfer of the New Shares will not be treated as capital losses when identical securities are acquired during the two months prior or subsequent to the transfer date which originated that loss. In such cases, capital losses shall be included in the taxable base upon the transfer of the remaining shares of the taxpayer.

Preferential Subscription Rights

Distributions to Spanish shareholders of the Preferential Subscription Rights to subscribe for New Shares made with respect to the Shares are not treated as income under Spanish tax law. The exercise of Preferential Subscription Rights is not considered a taxable event under Spanish law.

The proceeds obtained from the transfer of Preferential Subscription Rights of the Shares received by a Company's shareholder shall be regarded as capital gains for the transferor corresponding the tax period in which the transfer takes place, being subject to withholding on account of PIT at the current rate of 19%. This withholding on account of PIT is levied by the depositary entity or, in the absence thereof, by the financial intermediary or notary public that intervenes in the transfer.

Such capital gain derived from transfer of subscription rights corresponding to the New Shares shall be included and offset in the savings taxable base, being taxed in the 2019 tax year at a fixed rate of 19% for the first €6,000 of investment income obtained by the individual; 21% for income between €6,000.01 and €50,000; and 23% for income in excess of €50,000.

*Wealth Tax*

Individual shareholders who are resident in the Spanish territory shall be subject to Wealth Tax on their total net wealth at December 31, irrespective of where their assets might be located or rights might be exercised.

This taxation shall be imposed pursuant to Law 19/1991, of June 6, on Wealth Tax (the "**Wealth Tax Law**") which, for these purposes, sets a minimum tax-free allowance of €700,000, in accordance with a tax scale with marginal rates ranging between 0.2% and 2.5%, without prejudice to specific rules that may have been approved by the Spanish Autonomous Regions.

Individuals resident for tax purposes in Spain who acquire the New Shares and who are required to file Wealth Tax returns must declare the New Shares they hold at December 31, of each year, which shall be valued using the average trading price in the last quarter of the year. The Ministry of Finance publishes annually this average trading price for the Wealth Tax purposes.

Pursuant to Article 3 of Royal Decree-Law 27/2018, of 28 December, as from year 2020, a full exemption on Spanish Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2020 and onwards, individuals resident in Spain would be released from formal and filing obligations in relation to Wealth Tax unless the application of this full exemption is postponed or revoked.

*Inheritance and Gift Tax*

The transfer of shares by inheritance or gift in favor of individuals who are resident in Spain is subject to Inheritance and Gift Tax ("**IGT**") in accordance with Law 29/1987, of December 18. The acquirer of the securities is liable for this tax as taxpayer. The tax rate applicable to the taxable base ranges from 7.65% to 34%; the effective tax rate would depend on specific factors, such as the wealth of the taxpayer and the degree of their kinship with the deceased or the donor, subject to the specific rules approved in each Spanish Autonomous Region and, as a result, the effective tax rate may vary from between 0% to 81.6%.

*Corporate resident shareholders*

*Corporate income tax*

Dividends

CIT taxpayers and NRIT taxpayers who act in Spain for these purposes through permanent establishments shall include the gross amount of dividends or interest in profits received as a result of ownership of the securities acquired, and the costs inherent to this interest, in their taxable base, in accordance with Article 10 and onwards of the CIT Law. The general tax rate applicable to this income is 25%. In the event of a distribution of share premium, the amount received by CIT taxpayers shall reduce, until cancellation, the acquisition value of the specific shares. The excess over that acquisition value will be included in the taxable base as income.

However, as a general rule, dividends and interests in profits of a company could be entitled to an exemption from CIT, pursuant to Article 21 of the CIT Law, to the extent that the percentage of the direct or indirect participation in the capital or equity of the entity is at least 5%, or if the acquisition value of the participation exceeds €20 million. For this exemption to apply, the participation must be held uninterruptedly during the year prior to the day on which the dividend is distributed, or otherwise be held for the time needed to complete this period.

Should the Company obtain dividends, interest in profits of a company or income arising from the disposition of securities representing the capital or equity of entities to a value of more than 70% of its income, the application of this exemption is conditional on the compliance of complex requirements which, in essence, require the CIT-payer holder of the shares to have an indirect holding of at least 5% of the share capital of those entities, unless these subsidiaries meet the conditions referred to in Article 42 of the Spanish Commercial Code to form part of the same group of companies of the direct subsidiary, and they prepare consolidated financial statements. Investors are advised to consult their tax advisors or lawyers to determine the compliance of the requirements to apply this exemption.

In addition, in the 2019 tax year, CIT taxpayers shall be subject to a withholding tax of 19% on the total profit distributed, unless any of the withholding exemptions set forth in prevailing regulations apply, in which case, no withholding tax shall be made. The distribution of share premium is not subject to withholding on account of CIT.

This withholding shall be creditable from the CIT payable and, should the latter be insufficient, it shall give rise to the refund provided for in Article 127 of the CIT Law.

Preferential Subscription Rights

The allocation of Preferential Subscription Rights and their subscription as New Shares will not generate any income for CIT purposes.

Proceeds obtained from the transfer of Preferential Subscription Rights are not subject to CIT withholding. The accounting income obtained from the transfer of Preferential Subscription Rights is included in the taxable base, and taxed pursuant to general CIT rules. However, the Spanish General Directorate of Taxes has understood that these proceeds could be entitled to an exemption from CIT, pursuant to Article 21 of the CIT Law, to the extent that the percentage of the direct or indirect participation in the capital or equity of the entity is at least 5%, or if the acquisition value of the participation exceeds €20 million. For this exemption to apply, the participation must be held uninterruptedly during the year prior to the day on which the dividend is distributed, or otherwise be held for the time needed to complete this period.

Should the Company obtain dividends, interest in profits of a company or income arising from the disposition of securities representing the capital or equity of entities to a value of more than 70% of its income, the application of this exemption is conditional on the compliance of complex requirements which, in essence, require the CIT-payer holder of the shares to have an indirect holding of at least 5% of the share capital of those entities, unless these subsidiaries meet the conditions referred to in Article 42 of the Spanish Commercial Code to form part of the same group of companies of the direct subsidiary, and they prepare consolidated financial statements. Investors are advised to consult their tax advisors or lawyers to determine the compliance of the requirements to apply this exemption.

Income derived from transfers of the New Shares

Any gain or loss derived from the transfer of the New Shares, whether for valuable consideration or not, shall be included in the taxable base of CIT (or of NRIT for those taxpayers acting, for these purposes, through a permanent establishment in Spain), in accordance with Article 10 and onwards of the CIT Law. The general tax rate applicable to this income is 25%. However, the deductibility of any losses that may be originated by the transfer of the New Shares may be subject to temporary or permanent restrictions. Investors are advised to consult their tax advisors or lawyers about the application of such restrictions in their particular case. Income derived from the transfer of the New Shares shall not be subject to CIT withholding.

As a general rule, capital gains derived from the transfer of an interest in an entity may be entitled to a CIT exemption, pursuant to Article 21 of the CIT Law, provided that the direct and indirect participation in the capital or equity of the entity is, at least, 5%, or if the acquisition value of the participation exceeds €20 million. For this exemption to apply, this participation must be held uninterruptedly for the year prior to the day on which the transfer takes place.

Should the Company obtain dividends, interest in profits of a company or income arising from the disposition of securities representing the capital or equity of entities to a value of more than 70% of its income, the application of this exemption is conditional on the compliance of complex requirements which, in essence, require the holder of the shares to have an indirect holding of at least 5% of the share capital of those entities, unless these subsidiaries meet the conditions referred to in Article 42 of the Spanish Commercial Code to form part of the same group of companies of the direct subsidiary, and they prepare consolidated financial statements. Investors are advised to consult their tax advisors or lawyers to determine the compliance of the requirements to apply this exemption.

*Wealth Tax*

CIT taxpayers are not subject to Wealth Tax.

*Inheritance and Gift Tax*

CIT taxpayers are not subject to IGT, and income obtained through a gift is taxed pursuant to CIT rules.

***Shareholders not resident in Spanish territory***

This section analyzes the tax treatment applicable to shareholders who are not resident in Spanish territory and are beneficial owners of the New Shares. Non-resident shareholders are individuals who are not PIT taxpayers and entities not resident in Spanish territory, pursuant to Article 6 of the NRIT Law.

The tax regime described herein is general in nature, and the specific circumstances of each taxpayer should be considered in the light of the applicable Double Taxation Treaties.

Non-resident income tax

(i) Non-resident shareholders acting through a permanent establishment in Spain

Ownership of the New Shares by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the New Shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the NRIT rules applicable to income deriving from such New Shares are the same as those for Spanish CIT taxpayers (set out above).

(ii) Non-resident shareholders non-acting through a permanent establishment in Spain

*Capital income*

Dividends and other income from interest in the equity of an entity obtained by non-resident individuals and entities that are not resident in Spain and that do not act through a permanent establishment in the Spanish territory shall be subject to NRIT taxation in the 2019 tax year at the general rate of 19% of the gross income obtained.

However, profits distributed by subsidiaries resident in the Spanish territory to parent companies resident in other member states of the European Union, or the permanent establishments of these located in other member states, shall be exempt when the following requirements are met:

(a) Both companies are taxpayers for, and not exempt from, any of the taxes levied on legal entities in member states of the European Union, according to Article 2.c) of Directive 2011/96/EU, of the Council, of November 30, 2011, with regard to the regime applicable to parent companies and subsidiaries in different member states, and the permanent establishments are subject to, and not exempt from, taxation in the state in which they are located;

(b) The distribution of profits is not due to the liquidation of the subsidiary company;

(c) Both companies are in one of the forms set forth in the Annex to Directive 2011/96/EU, of the Council, of November 30, 2011, on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, as amended by Directive 2014/86/EU, of the Council, of July 8, 2014.

A company is considered to be a parent company when it owns a direct or indirect participation of at least 5% in the share capital of the other company, or the acquisition value of its interest in that company exceeds €20 million. The other company is deemed a subsidiary. This interest must have been held uninterruptedly during the year prior to the date on which the profit has been distributed or becomes payable or, otherwise, the participation must continue to be held for the period needed to complete one year. In the latter case, Spanish withholding taxes (at the applicable rate) would be levied on the dividend at the time it is paid out, and the NRIT-payer and parent company should request a reimbursement to the Spanish tax authorities when the one year threshold is met. Investors are advised to consult their tax advisors or lawyers about the procedure to request this refund from the Spanish tax authorities.

This exemption shall also apply to profits distributed by subsidiaries resident in the Spanish territory to parent companies resident in member states of the European Economic Area, and the permanent establishments of such parent companies located in other member states, provided that the requirements set forth in the NRIT Law are met.

This exemption does not apply if the dividend is obtained through a territory which qualifies as a tax haven. The exemption does not apply either if the majority of the voting rights of the parent company are held, directly or indirectly, by legal entities or individuals who are not resident in member states of the European Union or the European Economic Area with which Spain has an effective exchange of taxation information, pursuant to section 4 of the first additional provision of Law 36/2006, of November 29, on measures for the prevention of fiscal fraud, except when the constitution and operation of such parent company is due to valid economic reasons and substantive business purposes.

The amount obtained through the distribution of the issue premium for shares admitted to trading on any of the regulated securities markets defined in MiFID II (such as the New Shares), shall reduce until cancellation, the acquisition value of the relevant shares, with only the excess being taxed as capital income.

As a general rule, the Company will apply NRIT withholding of 19% on dividend payments. Distributions of share premiums are not subject to withholding on account of NRIT.

However, when a Double Taxation Treaty applies based on the tax residency of the recipient, the exemption or reduced tax rate established in the Double Taxation Treaty for such income shall apply, upon the taxpayer's evidence of their tax residency, in the form established in the corresponding legislation. For this purpose, a special procedure approved by Order of the Ministry of Finance and Treasury, on April 13, 2000 is applicable to make any withholding at the corresponding rate for non-resident shareholders, and for the exclusion of the withholding, when the payment procedure involves financial entities domiciled, resident or represented in Spain that are depositaries or which manage the collection of income from such securities.

Pursuant to this regulation, upon distribution of the dividend, the Company will withhold on the gross income of the dividend a rate of 19% in 2019 and transfer the resulting net amount to the depositary. Depositary which gives evidence in the established form of the right to the entitlement to the application of reduced rates or exclusion of withholding from the non-resident shareholders shall immediately receive the excess amount withheld, for subsequent distribution to their customers. To this end, the non-resident shareholders must, before the 10th of the month following the distribution of the dividend, provide the depositary with a certificate of tax residency issued by the relevant tax authority of their country of residence, stating that the investor is resident in such country in the terms defined in the relevant Double Taxation Treaty. In cases in which a reduced tax rate is provided by a Double Taxation Treaty pursuant to an Order establishing the use of a specific form, this form must be delivered instead of the certificate. Such tax residency certificates are generally valid for one year from the date of issue for these purposes, and must refer to the tax period in which the dividend is distributed.

When an exemption or reduced withholding tax rate under a Double Taxation Treaty is applicable, and the shareholder does not give evidence of its tax residency in a timely manner, the shareholder may request the Spanish tax authorities the refund of the amount withheld in excess, following the procedure and using the form stipulated in Spanish Order EHA/3316/2010, of December 17, 2010. In any case, if the NRIT withholding has been already made or the entitlement to the exemption has been recognized, non-resident shareholders are not required to file a tax return for NRIT purposes in Spain.

Investors are advised to consult their tax advisors or lawyers about the procedure to request any refund from the Spanish tax authorities.

*Capital gains and losses*

Pursuant to the NRIT Law, capital gains derived from transfer of the New Shares, or any other capital gain related to such securities by legal entities or individuals who do not act through a permanent establishment in Spain shall be subject to NRIT, being the tax payable calculated, generally, in accordance with the rules set forth in PIT Law. In particular, capital gains derived from transfer of the shares shall be subject to NRIT at the rate of 19% in the 2019 tax year, unless a domestic exemption or a Double Taxation Treaty applies, in which case the provisions of the Double Taxation Treaty shall prevail.

Under Spanish tax law, the following capital gains will be exempt:

(a) Capital gains derived from the transfer of the New Shares in official secondary markets for Spanish securities which have not been obtained through a permanent establishment in Spain by individuals and entities resident in a jurisdiction that has signed a Double Taxation Agreement with Spain including an information-exchange clause (which applies to these individuals and entities), to the extent that they have not been obtained through countries or jurisdictions officially defined as a tax haven.

(b) Capital Gains derived from the transfer of the New Shares which have not been obtained through a permanent establishment in Spain by individuals and entities resident for tax purposes in other member states of the European Union, or permanent establishments of these resident in another European Union member state (other than Spain), provided that they have not been obtained through countries or jurisdictions officially qualifying as tax havens. This exemption does not apply to capital gains resulting from the transfer of shares or rights of an entity: (i) when the assets of that entity comprise, mainly, real estate property located in the Spanish territory, whether directly or indirectly; (ii) in the case that the transferor is a non-resident individual at any time during the twelve months prior to the transfer, when the transferor holds an interest, directly or indirectly, of at least 25% of the capital or equity of the company; or (iii) in the case that the transferor is a non-resident company, when the transfer does not meet the requirements for application of the exemption set down in Article 21 of the CIT Law.

The capital gain or loss shall be calculated and taxed separately for each transfer. Offsetting of gains and losses from different transfers is not permitted. The tax shall be calculated applying the rules set out in Article 24 of the NRIT Law.

Distributions to non-Spanish tax resident shareholders of the Preferential Subscription Rights to subscribe for the New Shares made with respect to the Shares are not treated as income under Spanish NRIT Law. The exercise of the Preferential Subscription Rights is not considered a taxable event under Spanish NRIT Law. Proceeds obtained from the transfer of Preferential Subscription Rights related to the New Shares shall be regarded as capital gains for the transferor in the tax period in which the transfer takes place, and shall be taxed according to the criteria set out above.

Pursuant to the NRIT Law, capital gains obtained by non-residents who do not act through a permanent establishment are not subject to withholding on account of NRIT.

Non-resident shareholders shall be obliged to file a tax return, calculating and paying, as applicable, the resulting NRIT due. This tax return may also be filed, and the NRIT paid, by the taxpayer's tax representative in Spain, the depository or the manager of the shares, applying the procedure and the tax return set out in Order EHA/3316/2010, of December 17, 2010.

In the event that an exemption applies, whether under Spanish law or through a Double Taxation Treaty, the non-resident investor must provide evidence of his/her/its right by providing a certificate of tax residency in a timely manner duly issued by the tax authorities of his/her/its country of residence (which must state, as the case may be, that the investor is resident in that country within the meaning of the applicable Double Taxation Treaty) or the form stipulated in the Order implementing the applicable Double Taxation Treaty. Such tax residency certificates are generally valid for one year from the date of issue for these purposes, and must refer to the tax period in which the capital gain is made.

*Wealth Tax*

The assets and rights of individuals whose permanent residency is not in Spanish territory pursuant to Article 9 of the PIT Law, and who own assets and rights that can be exercised or have to be met in Spanish territory on December 31, of each year shall be subject to Wealth Tax. However, taxpayers may deduct the minimum allowance of €700,000, being applicable the general scale for the tax, which ranges from 0.2% to 2.5% in 2019.

The Spanish tax authorities consider that the shares of Spanish companies are assets located in Spain for tax purposes.

If subject to Wealth Tax, the tax on New Shares admitted to trading on an official Spanish secondary market owned by non-resident natural persons shall be calculated using the average trading price in the last quarter of each year. The Ministry of Finance publishes annually this average trading price for tax purposes.

Pursuant to Article 3 of Royal Decree-Law 27/2018, of 28 December, as from year 2020, a full exemption on Spanish Wealth Tax would apply *(bonificación del 100%*), and therefore from year 2020 and onwards, individuals resident in Spain would be released from formal and filing obligations in relation to Wealth Tax unless the application of this full exemption is postponed or revoked.

Individuals resident in a member state of the European Union or the European Economic Area shall be entitled to apply the specific rules adopted by the Spanish Autonomous Region in which the assets or rights with more value and subject to the tax are located. Investors are advised to consult their tax advisors or lawyers to determine the effects of these rules.

Finally, entities that are not resident in Spain are not subject to this tax.

*Inheritance and Gift Tax*

Without prejudice to the provisions of Double Taxation Treaties, acquisitions through by inheritance or gift by individuals who are not resident in Spain, irrespective of the residency of the transferor, shall be subject to IGT, when the acquisition involves assets located in Spanish territory or rights that can be exercised or have to be complied with in this territory. The Spanish tax authorities consider that the shares of Spanish companies are assets located in Spain for tax purposes.

Generally, non-Spanish tax resident individuals are subject to Spanish Inheritance and Gift Tax in accordance with the rules set forth in the state Inheritance and Gift Tax law. However, if either the deceased or the donee is resident in a European Union or European Economic Area Member State, the applicable rules will be those corresponding to the relevant autonomous regions in accordance with the law. As such, prospective investors should consult their tax advisers. Likewise, in its recent Judgements of February 19, March 21 and March 22, 2018, the Spanish Supreme Court, based on the European right to the free movement of capital, has declared that the application of the regional rules corresponding to the relevant autonomous community according to the law should be extended in some circumstances to deceased heirs or donees who are resident outside of the European Union or the European Economic Area. Investors are advised to consult their tax advisors or lawyers.

Companies that are not resident in Spain are not subject to this tax. The income they obtain by gifts is generally taxed as capital gains, pursuant to the NRIT Law previously described, without prejudice to any applicable Double Taxation Treaty.

Non-resident shareholders are advised to consult their tax advisors about the terms in which IGT applies in each case.

**Indication as to the issuer assumes responsibility for the withholding of taxes at source**

The Company, as the issuer and payer of income that may result from ownership of the New Shares, undertakes to make withholdings on account of taxes in Spain pursuant to prevailing regulations.

**Certain U.S. federal income taxation considerations**

The following are certain U.S. federal income tax consequences to the U.S. Holders described below of the receipt, exercise and disposition of Preferential Subscription Rights (the "**rights**") and of owning and disposing of New Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's investment decision. This discussion applies only to U.S. Holders that hold the Company's existing common shares, and will hold the rights and any New Shares, as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax and Medicare contribution tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of accounting;
- persons holding existing common shares, rights or New Shares as part of a hedge, straddle, conversion transaction or integrated transaction;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- persons who own or will own, directly, indirectly or constructively, 10% or more of the Company's stock by vote or value; or

- persons holding common shares, rights or New Shares in connection with a trade or business conducted outside the United States.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Company's common shares, rights or New Shares, as the case may be, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Entities or arrangements that are partnerships for U.S. federal income tax purposes holding existing common shares, rights or New Shares and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences to them of the receipt, ownership, exercise and disposition of the rights and the ownership and disposition of New Shares.

This summary is based upon the tax laws of the United States, including the Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, judicial decisions, final, temporary and proposed regulations and the income tax treaty between the United States and Spain (the "**Treaty**"), all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

A "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of the Company's common shares, rights or New Shares, as the case may be, and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders are urged to consult their tax advisors as to the tax consequences of the receipt, exercise or disposition of rights and of owning and disposing New Shares in their particular circumstances, including the effect of any U.S. state, local or non-U.S. tax laws.

This discussion assumes that the Company is not, and will not become, a passive foreign investment company ("**PFIC**"), as described below.

### Taxation of the rights

*Distribution of the rights*

The Company expects that the rights distribution should not be a taxable event for U.S. federal income tax purposes. However, the treatment of the rights distribution for U.S. federal income tax purposes will depend, in part, on whether there will be a full adjustment of the conversion price of the Company's outstanding convertible notes to take account of the rights distribution. Under the terms of the convertible notes, in the event of a discounted rights distribution, the notes' conversion price is generally adjusted pursuant to an anti-dilution formula that is intended to provide for a full adjustment based on an average stock price of the Company's common shares. However, no adjustment to the conversion price is made if the subscription price per common share under a rights offering is at least 95% of the average price of the common shares prior to the rights distribution. Based on the Subscription Price in this Offering, the Company expects that the conversion price of its outstanding convertible notes will be adjusted to reflect the rights distributed pursuant to this Offering. Assuming the conversion price is so adjusted, the Company believes that a U.S. Holder should not be required to include any amount in income for U.S. federal income tax purposes as a result of the receipt of rights. However, as described above, whether an adjustment to the conversion price will in fact be made under the terms of the convertible notes will depend on the average price of the Company's common shares prior to the closing date of this Offering. Therefore, if the Company's share price were to decline significantly between the date hereof and the date the Offering closes, it is possible that the notes' conversion price would not be adjusted, in which case the rights distribution would be taxable to U.S. Holders. In addition, the rights distribution may be taxable to U.S. Holders if the U.S. Internal Revenue Service (the "IRS") were to successfully contend that the conversion price adjustment does not constitute a "full" adjustment for the rights distribution due to the anti-dilution formula's use of average stock prices. If the rights distribution were taxable, a U.S. Holder would be required to include as dividend income the fair market value of the rights received on the date of the distribution, to the extent of the Company's current or accumulated earnings and profits as described under "*Taxation of New Shares—Taxation of dividends*" below. The remainder of this discussion assumes that the receipt of rights will not be a taxable event for U.S. federal income tax purposes.

*Tax basis of the rights*

If the fair market value of the rights is less than 15% of the fair market value of the outstanding common shares with respect to which the rights were distributed on the date of distribution, the rights will be allocated a zero basis for U.S. federal income tax purposes, unless a U.S. Holder that exercises or sells its rights affirmatively elects to allocate basis in proportion to the relative fair market values of its existing common shares and the rights received (as determined on the date of distribution). This irrevocable election must be made on the tax return for the taxable year in which the rights are received, and will apply to all rights received by the U.S. Holder pursuant to the rights offering. If on the date of distribution the fair market value of the rights received is 15% or greater than the fair market value of the outstanding common shares with respect to which the rights were distributed, then the basis in such U.S. Holder's common shares must be allocated between its existing common shares and the rights in proportion to their fair market values (as determined on the date of distribution).

In the event the U.S. Holder allows the rights to lapse without selling or exercising them, the rights will be deemed to have a zero basis and, therefore, the U.S. Holder will not recognize any loss upon the expiration of the rights. In that case, the tax basis of the common shares with respect to which the expired rights were distributed will remain unchanged from their tax basis prior to the rights offering.

*Exercise of the rights*

The exercise of a right by a U.S. Holder will not be a taxable transaction for U.S. federal income tax purposes. The basis of each New Share acquired upon exercise of the right will equal the sum of the U.S. dollar value of the Subscription Price (determined at the spot rate of exchange on the date of exercise) and the U.S. Holder's tax basis (as determined above), if any, in the right exercised. The holding period of the New Shares generally shall begin with and include the day the rights are exercised.

*Sale of the rights*

For U.S. federal income tax purposes, gain or loss realized on a sale of rights by a U.S. Holder will be capital gain or loss, and will be long-term capital gain or loss if the holding period for the rights is more than one year. For these purposes, the holding period for the rights will include the holding period of the existing common shares with respect to which the rights were distributed. The amount of the gain or loss will be equal to the difference between the tax basis in the rights disposed of (as determined above) and the U.S. dollar value of the amount realized on the disposition. Such gain or loss will generally be U.S. source gain or loss for foreign tax credit purposes.

**Taxation of New Shares**

***Taxation of dividends***

Distributions received by a U.S. Holder on New Shares, including the amount of any Spanish taxes withheld, other than certain pro rata distributions of shares to all shareholders, will constitute foreign-source dividend income to the extent paid out of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The amount of dividend income paid in euros that a U.S. Holder will be required to include in income will equal the U.S. dollar value of the distributed euros, calculated by reference to the exchange rate in effect on the date the payment is received by the U.S. Holder, regardless of whether the payment is converted into U.S. dollars on the date of receipt. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder will generally not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of its receipt. Corporate U.S. Holders will not be entitled to claim the dividends-received deduction with respect to dividends paid by the Company. Subject to applicable limitations, dividends received by certain non-corporate U.S. Holders may be taxable at rates applicable to long-term capital gains. Non-corporate U.S. Holders should consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to be taxed at these favorable rates.

Spanish taxes withheld from dividends on New Shares at a rate not in excess of any applicable Treaty rate will generally be creditable against a U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that vary depending upon the U.S. Holder's circumstances. Instead of claiming a credit, a U.S. Holder may elect to deduct foreign taxes (including the Spanish taxes) in computing its taxable income, subject to generally applicable limitations. An election to deduct foreign taxes (instead of claiming foreign tax credits) applies to all foreign taxes paid or accrued in the taxable year. The limitations on foreign taxes eligible for credit are calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex. Therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

***Taxation upon sale or other disposition of New Shares***

A U.S. Holder will generally recognize U.S.-source capital gain or loss on the sale or other disposition of New Shares. Any such gain or loss will be long-term capital gain or loss if the U.S. Holder has held such New Shares for more than one year. The amount of the U.S. Holder's gain or loss will be equal to the difference between such U.S. Holder's tax basis in the New Shares sold or otherwise disposed of and the amount realized on the sale or other disposition, each as determined in U.S. dollars. A U.S. Holder's tax basis in the New Shares acquired pursuant to the exercise of the rights will be determined as described above under "*Taxation of the rights—Exercise of the rights*".

As described above under "Taxation—*Spanish tax considerations*," gains on the sale of New Shares may be subject to Spanish taxes. A U.S. Holder is entitled to use foreign tax credits to offset only the portion of its U.S. federal income tax liability that is attributable to foreign-source income. Because capital gains are generally treated as U.S.-source income, this limitation may preclude a U.S. Holder from claiming a credit for all or a portion of any Spanish taxes imposed on any such gains. In addition, because under the Treaty a U.S. Holder's capital gains are generally not taxable in Spain, U.S. Holders that are eligible for the benefits of the Treaty will not be able to claim foreign tax credits in respect of any Spanish taxes on such disposition gains. U.S. Holders should consult their tax advisors regarding the creditability of any Spanish tax on gains as a result of a sale or other disposition of New Shares in their particular circumstances.

**Passive Foreign Investment Company rules**

The Company does not expect to be a PFIC for its current taxable year or in the foreseeable future. However, because PFIC status depends upon the composition of a company's income and assets and the market value of its assets (including, among others, less than 25% owned equity investments) from time to time, which may be determined by reference to the market value of the Company's stock (which can fluctuate significantly), and because the Company holds a significant amount of cash, there can be no assurance that the Company will not be a PFIC for any taxable year. If the Company is treated as a PFIC for any taxable year during a U.S. Holder's holding period of its common shares (or under proposed Treasury regulations that have a retroactive effect date, the holding period for the rights) certain adverse tax consequences could apply to the U.S. Holder.

If the Company is a PFIC for any taxable year during a U.S. Holder's holding period for the Company's New Shares (and under proposed Treasury regulations that have a retroactive effect date, the holding period for the rights, which as described above will include the holding period of the existing common shares with respect to which the rights were issued), gain recognized by a U.S. Holder on a sale or other disposition of such common shares (or rights) would be allocated ratably over the U.S. Holder's holding period. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting tax liability. Any distribution received by a U.S. Holder in respect of the Company's common shares, to the extent it exceeds 125% of the average of the annual distributions received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be taxed in the same manner. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the common shares.

In addition, if the Company is a PFIC for a taxable year in which it pays a dividend or the prior taxable year, the favorable dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

**Transfer reporting requirements**

A U.S. Holder that subscribes for New Shares may be required to file Form 926 with the IRS if the Subscription Price paid by the U.S. Holder, when aggregated with all transfers of cash made by the U.S. Holder (or any related person) to the Company within the preceding twelve-month period, exceeds USD 100,000 (or its foreign currency equivalent). U.S. Holders that are required to file Form 926, but fail to do so, could be subject to substantial penalties. U.S. Holders should consult their tax advisors to determine whether they are subject to any Form 926 filing requirements.

**Information reporting and backup withholding**

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and backup withholding unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

**Foreign financial asset reporting**

Certain U.S. Holders who are individuals or certain specified entities may be required to report information relating to their New Shares (or non-U.S. financial accounts through which their rights or New Shares may be held). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to the rights or New Shares, including requirements related to the holding of certain "specified foreign financial assets".

## PLAN OF DISTRIBUTION

### Underwriting Agreement

On October 8, 2019, the Company and the Managers entered into the Underwriting Agreement governed by New York law with respect to the Offering.

Subject to certain conditions, each Manager, acting severally and not jointly or jointly and severally, has agreed to procure subscribers for the New Shares, net of Committed Shares, that are not subscribed for during the Preferential Subscription Period or the Additional Allocation Period (i.e. the Rump Shares), and, subject to the terms of the Underwriting Agreement, to subscribe for the maximum number of Underwritten New Shares set forth opposite its name at the following table if any Underwritten New Shares remain unsold after the Discretionary Allocation Period. If all of the New Shares offered are subscribed for by Eligible Shareholders or investors in the Preferential Subscription Period, the Additional Allocation Period and the Discretionary Allocation Period, as the case may be, the Managers will not be required to subscribe for any New Shares.

| Manager | Maximum Number of New Shares pursuant to the Underwriting Agreement | % of total Underwritten New Shares |
|---|---|---|
| Morgan Stanley & Co. International plc | 11,112,934 | 20.0% |
| Goldman Sachs International | 8,334,700 | 15.0% |
| J.P. Morgan Securities plc | 8,334,700 | 15.0% |
| CaixaBank, S.A. | 5,000,820 | 9.0% |
| Banco Santander, S.A. | 5,000,820 | 9.0% |
| BNP PARIBAS | 3,333,880 | 6.0% |
| Banca IMI S.p.A. | 2,222,587 | 4.0% |
| Citigroup Global Markets Limited | 2,222,587 | 4.0% |
| Deutsche Bank AG, London Branch | 2,222,587 | 4.0% |
| HSBC Bank plc | 2,222,587 | 4.0% |
| Mediobanca - Banca di Credito Finanziario S.p.A. | 2,222,587 | 4.0% |
| Banco de Sabadell, S.A. | 1,111,293 | 2.0% |
| Société Générale | 1,111,293 | 2.0% |
| UniCredit Bank AG – Milan Branch | 1,111,293 | 2.0% |
| **Total** | **55,564,668** | **100.0%** |

The Joint Global Coordinators (on behalf of the Managers) may terminate the Underwriting Agreement by written notice to the Company if at any time between October 8, 2019 and the granting of the notarial deed relating to the capital increase, there has been (i) a breach by the Company of any of the representations or warranties contained in the Underwriting Agreement or any of such representations and warranties is not, or has ceased to be, true and correct, or (ii) a material breach by the Company of any of the undertakings contained in the Underwriting Agreement, or (iii) a withdrawal of admission to listing or suspension of trading of the Shares on the Spanish Stock Exchanges for more than 48 consecutive hours, or (iv) a serious outbreak or escalation of hostilities, or any major act of terrorism or war, or any unforeseeable event that severely affects the financial markets, the political or the economic conditions, which has a direct impact in Spain, provided in the case of (iii) and (iv), that such event or change, in the good faith opinion of the Joint Global Coordinators, is material and makes it impracticable or inadvisable in the view of the Joint Global Coordinators to market or complete the Offering.

In addition there are certain customary conditions precedent that must be complied with which are customary in such transactions, including the subscription by the Committed Shareholders of the Committed Shares, which must be met no later than the Pre-Funding Time on the Execution Date, the date on which the capital increase deed is expected to be executed. If any such conditions are not satisfied or any of the specified circumstances arises, or the Underwriting Agreement is otherwise terminated, then the subscription of Rump Shares during the Discretionary Allocation Period by investors or the Managers, as applicable, will not occur and requests for the subscription of such Rump Shares will be without effect.

The termination of the Underwriting Agreement due to any of the circumstances referred to above, or if the underwriting and pre-funding obligations of the Managers under the Underwriting Agreement do not come into force as a result of the failure to fulfil or not to waiver of any conditions precedent, will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date).

The Company has given certain representations and warranties to the Managers, including in relation to the Company's business and legal compliance, the New Shares and the contents of this Prospectus. The Company has given certain indemnities to the Managers in connection with the Offering.

In consideration of the Managers entering into the Underwriting Agreement and providing the services agreed thereunder, the Company has agreed to pay the Managers certain commissions. The Company will pay or cause to be paid to the Managers pro rata to their respective underwriting commitment (as set forth in the table above) a commission of 1.7% and up to 2.2% of the amount equal to the Subscription Price multiplied by the aggregate number of Underwritten New Shares.

The Company has also agreed to reimburse the Managers certain expenses incurred in connection with the Offering. The Company estimates that the total expenses related to the Offering (including fees and expenses payable to the Managers) will be approximately €38 million. The Company expects to receive approximately €2,462 million from the Offering, net of, among other things, the Managers' fees and expenses.

**Relationships between the Company and the Managers**

From time to time certain of the Managers and their respective affiliates may have provided the Company or their affiliates with investment banking, commercial banking (including the granting of loans) and other advisory services. They may provide the Company or their affiliates with similar or other services, and engage in similar activities, in the future. In connection with the Offering, each Manager and any affiliate acting as an investor for its own account may take up New Shares and in that capacity may retain, purchase or sell such New Shares (or related investments), for its own account and may offer or sell such New Shares (or other investments) otherwise than in connection with the Offering.

**Lock-up period**

The Company has agreed that, without the prior written consent of a majority of the Joint Global Coordinators it will not, during the commencing on the date on which the Underwriting Agreement is signed and ending 90 days thereafter (the "**Lock-Up Termination Date**"), either directly or indirectly, issue, offer, pledge, sell or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any other agreement or any transaction that directly or indirectly results in the transfer, in whole or in part of the economic rights attached to the Shares.

These restrictions do not apply to (i) the issuance of the Preferential Subscription Rights and the issuance and sale of the New Shares in connection with the Offering; (ii) transfers of Shares by the Company in favor of its affiliated entities (within the meaning of Article 18 of the Spanish Companies Act); (iii) issuances of Shares as a result of the exercise of conversion rights by holders of the Convertible Bonds; or (iv) issuances, offers, transfers or acquisitions of Shares or the grant or exercise of options or other rights to acquire Shares or rights related to Shares under the Company's employees' share and incentive schemes in the ordinary course of business.

In addition, during the period commencing on the 45th calendar day from the date on which the Underwriting Agreement is signed to and including the Lock-Up Termination Date, the Company may, on no more than one occasion, issue or otherwise transfer or dispose of Shares representing no more than 50% of the total issued share capital of the Company as at the Settlement Date, in the context of a merger or acquisition undertaken by the Company or any of its subsidiaries.

**Commitments from shareholders, Directors and members of the Senior Management**

*Irrevocable commitments from current shareholders*

As of the date of this Prospectus, the Company's principal shareholder, ConnecT directly holds 89,326,080 Shares representing 29.9% of the Company's share capital. ConnecT has irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held, and to subscribe and pay for 25,933,374 New Shares (the "**Committed Shares from ConnecT**"). This commitment will remain in place up to November 15, 2019.

Moreover Canada Pension Plan Investment Board, which holds 14,787,595 Shares representing 4.95% of the Company's share capital, has also irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held, and to subscribe and pay for 4,293,171 New Shares (the "**Committed Shares from CPPIB**").

Additionally, Permian Investment Partners, LP, which holds 2,805,628 Shares representing 0.9% of the Company's share capital, has also irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held, and to subscribe and pay for 814,536 New Shares (together with the Committed Shares from ConnecT and the Committed Shares from CPPIB, the "**Committed Shares from ConnecT, CPPIB and Permian**").

The subscription of the Committed Shares from ConnecT, CPPIB and Permian will take place on or before the last business trading day of the Preferential Subscription Period. The Company will inform the market about such subscription through the corresponding relevant notice (*hecho relevante*) as soon as it receives confirmation from either ConnecT, CPPIB and Permian.

In the event of a publication of a supplement to the Prospectus, ConnecT, CPPIB and Permian shall be either (i) released from their respective commitment, or (ii) entitled to withdraw the subscription of the Committed Shares from ConnecT, CPPIB and Permian. The failure by ConnecT, CPPIB or Permian to subscribe the Committed Shares from ConnecT, CPPIB and Permian will be considered a significant factor which requires the publication of a supplement. In such event, holders of Preferential Subscription Rights that have subscribed for New Shares during the Preferential Subscription Period or the Additional Allocation Period will have the right, exercisable within two working days after publication of such supplement, to withdraw their subscriptions or requests, as applicable, if such significant factor arises before the closing of the offer (i.e. when the Company declares the share capital increase executed and grants the corresponding capital increase deed before a Spanish public notary, which is expected to take place on November 4, 2019, the Execution Date).

*Irrevocable commitments from the Directors and members of the Senior Management*

The Directors and members of the Senior Management holding shares in the Company (such Directors and members of the Senior Management, together with ConnecT, CPPIB and Permian, the "**Committed Shareholders**") have irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held by them respectively (except for 26 Preferential Subscription Rights, which Mr. Javier Martí de Veses has undertaken not to exercise nor to sell in order to allow for the exchange ratio agreed for the Offering to consist of whole numbers), and to subscribe and pay for an aggregate of 47,727 New Shares in the Offering (together with the Committed Shares from ConnecT, CPPIB and Permian, the "**Committed Shares**").

## TRANSFER AND SELLING RESTRICTIONS

### Restrictions on the exercise of Preferential Subscription Rights and acquisition and resale of New Shares

*Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the New Shares.*

The New Shares or the Preferential Subscription Rights have not been and will not be registered under the Securities Act or with any securities regulatory authority or any state or other jurisdiction in the United States, and may not be exercised (as it relates to the Preferential Subscription Rights), offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Preferential Subscription Rights and the New Shares may be offered, sold, exercised (as it relates to the Preferential Subscription Rights) or otherwise transferred (a) in the United States only to QIBs, in reliance on an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and (b) outside the United States only in "offshore transactions" as defined in, and in accordance with, Regulations S. Any person in the United States wishing to exercise Preferential Subscription Rights to subscribe for New Shares must sign and deliver a QIB Investment Letter to the Company and the Managers to the effect that such person satisfies certain requirements. Purchasers of New Shares during the Discretionary Allocation Period in the United States will not be required to provide a QIB Investment Letter. Transfers of the New Shares or the Preferential Subscription Rights will be restricted and each purchaser will be deemed to have made acknowledgements, representations and agreements, as described below.

Each prospective investor exercising Preferential Subscription Rights in the United States will be required to have signed and delivered an investment letter, in the form of investment letter separately provided by the Company (a "**QIB Investment Letter**"), as described below under "*Special considerations for U.S. shareholders regarding the exercise of Preferential Subscription Rights*" containing among other things, representations and undertakings substantially similar to the following. Each prospective investor within the United States purchasing New Shares in the Discretionary Allocation Period shall do so in reliance on Rule 144A and will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

1. The purchaser is a QIB.

2. The purchaser understands and acknowledges, and each potential beneficial owner of the New Shares has been advised, that the New Shares have not been, nor will they be, registered under the Securities Act, that sellers of the New Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder, and that the New Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with paragraph 4 below.

3. The purchaser is subscribing for or purchasing the New Shares, (i) for its own account, or (ii) for the account of one or more other QIBs for which it is acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgments, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such New Shares.

4. The purchaser understands and agrees that offers and sales of the New Shares are being made in the United States only to QIBs in transactions not involving a public offering or which are exempt from the registration requirements of the Securities Act, and that if in the future it or any such other QIB for which it is acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, mortgage or otherwise transfer or dispose any New Shares, it or any such other QIB and any such fiduciary or agent will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in an "offshore transaction" pursuant to Rule 904 of Regulation S under the Securities Act (and not in a pre-arranged transaction resulting in the resale of such New Shares into the United States) or (iv) in accordance with Rule 144 under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the New Shares.

5. The purchaser understands that (i) the New Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and (ii) for so long as the New Shares are "restricted securities" within the meaning of the U.S. federal securities laws, no such New Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such New Shares will not settle or trade through the facilities of DTC or any other U.S. clearing system.

6. The purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decision to purchase New Shares. The purchaser acknowledges that none of the Company or any of their respective representatives has made any representation to it with respect to the Company or the allocation, offering or sale of any New Shares other than as set forth in this Prospectus which has been delivered or made available to it and upon which it is solely relying in making its investment decision with respect to the New Shares. The purchaser also acknowledges that it has made its own assessment regarding the U.S. federal tax consequences of an investment in the New Shares. The purchaser has held and will hold any non-public offering materials it receives directly or indirectly from the Company in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it. The purchaser acknowledges that it has read and agreed to the matters stated in this section.

7. The purchaser understands that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Managers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring the New Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

8. The Company shall not be required to recognize any offer, sale, pledge or other transfer of the New Shares made other than in compliance with the above-stated restrictions.

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the New Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

None of the Company or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective investor in the New Shares, of any of the foregoing restrictions.

***Special considerations for U.S. shareholders regarding the exercise of Preferential Subscription Rights***

The terms and conditions and procedures applicable to holders of shares of the Company regarding the exercise of Preferential Subscription Rights in the United States are described above (under "*Restrictions on the exercise of Preferential Subscription Rights and acquisition and resale of New Shares*") and below only insofar as they differ from those that apply generally in the Offering. To the extent that the generally applicable terms and conditions and procedures described elsewhere in this Prospectus, in particular under the caption "*The Offering*," are not inconsistent with or do not differ from the information set forth in this section, such terms and conditions will also apply to holders in the United States.

Preferential Subscription Rights may be exercised in the United States only by QIBs through the depositary bank or clearing system participant through which such Preferential Subscription Rights are held in accordance with procedures established by such depositary bank or clearing system participant. Such procedures will require that each QIB who retains investment discretion as to whether to exercise its Preferential Subscription Rights has returned both to its depositary bank or clearing system participant and to the Company and the Managers, a duly completed and executed QIB Investment Letter certifying, among other things, that such qualified institutional buyer is a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act and agrees to comply with the resale restrictions described above under "*Restrictions on the exercise of Preferential Subscription Rights and acquisition and resale of New Shares*". QIB Investment Letters must be received by the Company and the Managers before the end of the Preferential Subscription Period on October 25, 2019. Requests to obtain a copy of the form of QIB Investment Letter may be directed to the Company at investor.relations@cellnextelecom.com. Qualifying holders who may wish to exercise Preferential Subscription Rights should consider that they may not be able to do so during usual U.S. business hours on October 25, 2019, and should consult their depositary banks or clearing system participants to determine the effective deadline for their exercise of Preferential Subscription Rights.

**Selling restrictions**

***Spain***

The Offering is being conducted in Spain as a public offering in compliance with the requirements set forth in the Securities Market Act, as amended from time to time, and Royal Decree 1310/2005, of November 4, as amended from time to time. This Prospectus in respect of this Offering, has been filed and registered by the Company with the CNMV and, accordingly, a public offering of the Preferential Subscription Rights and the New Shares will be conducted in Spain.

***European Economic Area ("EEA")***

In relation to each member state of the EEA (each, a "**Member State**") other than Spain, each Manager has severally represented, warranted and agreed that it has not made and will not make an offer to the public of the New Shares and the Preferential Subscription Rights in that Member State, except that it may make an offer to the public in that Member State of any of the New Shares or Preferential Subscription Rights at any time under the following exemptions under the Prospectus Regulation:

(a) an offer of securities addressed solely to qualified investors as defined in the Prospectus Regulation;

(b) an offer of securities addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of New Shares or Preferential Subscription Rights shall result in a requirement for the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation.

Each person in a Member State who receives any communication in respect of, or who acquires any New Shares or the Preferential Subscription Rights under, the offers contemplated in the Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

(a) it is a qualified investor within the meaning of the Prospectus Regulation; and

(b) in the case of any New Shares or the Preferential Subscription Rights acquired by it as a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, (i) the New Shares and the Preferential Subscription Rights acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where New Shares or the Preferential Subscription Rights have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those New Shares or the Preferential Subscription Rights to it is not treated under the Prospectus Regulation as having been made to such persons.

The Managers and the Company and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this selling restriction, the expression an "offer to the public" in relation to any securities in any Member State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those securities. This definition also applies to the placing of securities through financial intermediaries.

***United Kingdom***

Each Manager has severally represented, warranted and agreed that:

(a) 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 the FSMA) to: (A) persons who are outside the United Kingdom or (B) in the United Kingdom, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Order or (ii) who are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"); and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Shares or the Preferential Subscription Rights in, from or otherwise involving the United Kingdom.

***Australia***

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("**Investors**") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The New Shares or the Preferential Subscription Rights may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the New Shares may be issued, and no draft or definitive Prospectus, advertisement or other offering material relating to any shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares of common stock, you represent and warrant to the Company that you are an Exempt Investor.

As any offer of New Shares or the Preferential Subscription Rights under this document supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the New Shares you undertake to the Company that you will not, for a period of 12 months from the date of issue of the New Shares, offer, transfer, assign or otherwise alienate those shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

***Japan***

The New Shares and the Preferential Subscription Rights offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, no Shares will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

***Canada***

The Preferential Subscription Rights may be exercised, and the New Shares may be subscribed, by investors in Canada so exercising or subscribing as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are also permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any sale or resale of the Preferential Subscription Rights or New Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Any person in Canada wishing to exercise Preferential Subscription Rights to subscribe for New Shares must execute and deliver an investor letter (in the form of Canadian investment letter separately provided by the Company) to the Company to the effect that such person is an accredited investor and permitted client and satisfies certain other requirements. Requests to obtain a copy of the form of Canadian investment letter may be directed to the Company at investor.relations@cellnextelecom.com. Purchasers of New Shares during the Discretionary Allocation Period in Canada will not be required to provide an investor letter.

***Information to distributors***

Solely for the purposes of the product governance requirements contained within: (a)MiFID II (as defined herein); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Preferential Subscription Rights and the New Shares subject of this Offering (the "**Securities**") have been subject to a product approval process, which has determined that such Securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection; and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market

Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Securities.

Each distributor is responsible for undertaking its own target market assessment in respect of the Securities and determining appropriate distribution channels.

## ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Spanish company, and substantially all of its and the Group's assets are located in Spain, Italy, France, the Netherlands, the United Kingdom, Switzerland, Ireland and other jurisdictions outside of the United States. In addition, all of its Directors and executive officers, reside or are located in Spain, Italy, France, the Netherlands, the United Kingdom and Switzerland. As a result, investors may not be able to effect service of process outside these countries upon the Company or these persons or to enforce judgments obtained against the Company or these persons in foreign courts predicated solely upon the civil liability provisions of U.S. securities laws.

Furthermore, there is doubt that a lawsuit based upon U.S. federal or state securities laws, or the laws of any non-Spanish jurisdiction, could be brought in an original action in Spain and that a foreign judgment based upon such laws would be enforceable in Spain. There is also doubt as to the enforceability of judgments of this nature in several other jurisdictions in which the Company operates and where its assets are located.

## LEGAL MATTERS

The validity of the New Shares and certain matters governed by Spanish law will be passed on for the Company by Uría Menéndez Abogados, S.L.P., the Company`s Spanish counsel, and for the Managers by Linklaters, S.L.P., Spanish counsel to the Managers.

Certain other matters governed by U.S. federal and New York state law will be passed on for the Company by Davis Polk & Wardwell LLP, the Company's U.S. counsel, and for the Managers by Linklaters, S.L.P., U.S. counsel to the Managers.

## INDEPENDENT AUDITORS

Deloitte, S.L. is the appointed auditor of the Company. Deloitte is domiciled at Madrid, Plaza de Pablo Ruiz Picasso 1, Torre Picasso, 28020, holder of tax identification number (CIF) number B-79104469 and registered in the R.O.A.C. (*Registro Oficial de Auditores de Cuentas*—Official Registry of Auditors) with number S0692 and in the Madrid Commercial Registry at Volume 29,897, section 8ª, page 21 and sheet M-538,045.

Professional fees for auditing services contracted by the Group with Deloitte, S.L. and related member firms for the years ended December 31, 2018, 2017 and 2016 were €1,414 thousand, €1,093 thousand and €866 thousand, respectively.

## DOCUMENTATION INCORPORATED BY REFERENCE

The following documentation is incorporated by reference in this Prospectus:

- the 2019 Interim Consolidated Financial Statements,
- the 2018 Audited Consolidated Financial Statements,
- the 2017 Audited Consolidated Financial Statements, and
- the 2016 Audited Consolidated Financial Statements.

The Financial Statements are accompanied by their respective consolidated directors' reports including all of their respective annexes, and by their respective auditors' reports, which are all incorporated by reference in this Prospectus.

## ADDITIONAL INFORMATION

Cellnex is a Spanish *sociedad anónima* incorporated on June 25, 2008 in Barcelona, Spain, for an indefinite term under the public deed executed before the Notary Public of Cataluña, Ms. María Isabel Gabarró Miquel, on June 25, 2008, number 1,655 of her records. It is registered with the Madrid Commercial Registry under Volume 36551, Folio 55, Section 8, Page No. M-656490, Second Inscription. Cellnex holds Spanish tax identification number A64907306 and its legal entity identifier (LEI) code is 5493008T4YG3AQUI7P67.

Cellnex's registered office is at Calle Juan Esplandiú, 11-13, Madrid (telephone number (+34) 935 678 910).

Cellnex's corporate name is Cellnex Telecom, S.A. and its trade name is Cellnex.

### Documents on display

Copies of the following documents will be available for inspection in physical form during business hours on weekdays at the Company's offices at Calle Juan Esplandiú, 11-13, Madrid (Spain):

(a) the bylaws of the Company (which are also available on the Company's website at www.cellnextelecom.com > Shareholders&Investors > Corporate Documents > Corporate Bylaws);

(b) Board of Directors Regulations, General Shareholders' Meeting Regulations, Internal Code of Conduct (which are also available on the CNMV's website at www.cnmv.es and on the Company's website at www.cellnextelecom.com > Shareholders&Investors > Corporate Documents); and

(c) Financial Statements (which are also available on the CNMV's website at www.cnmv.es and on the Company's website at www.cellnextelecom.com > Shareholders&Investors > Financial Information > Annual/half-yearly reports).

The documents referred to in (a) to (c) above will also be available for inspection at the CNMV's premises at: Edison 4, 28006 Madrid (Spain) and Passeig de Gràcia, 19, 4ª 08007 Barcelona (Spain). Investors may contact the CNMV at the following telephone number +34 900 535 015.

Neither the Company's website nor any of its contents forms part of or is incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has not examined nor approved the Company's website nor any of its contents.

### Other information

The Company is currently not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). For as long as the Company is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company will furnish, upon written request, to any shareholder, any owner of any beneficial interest in any of the New Shares or any prospective purchaser designated by such a shareholder or such an owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, if at the time of such request any of the New Shares remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

### Group companies

The table below shows the issuer's significant subsidiaries, including name, country of incorporation or residence, the proportion of ownership interest held and, if different, the proportion of voting power held. The table below also shows the list of the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses (see "*Business–Corporate Structure*" for further information).

| Company | Country of Registration | Registered Office | Main service | Direct stake % | Indirect stake % | Consolida-tion Method |
|---|---|---|---|---|---|---|
| Spain | | | | | | |
| Cellnex Telecom, S.A. | Spain | Juan Esplandiú 11-13, 28007, Madrid | Holding | — | — | Full |

| Company | Country of Registration | Registered Office | Main service | Direct stake % | Indirect stake % | Consolida-tion Method |
|---|---|---|---|---|---|---|
| Cellnex Telecom España, S.A. | Spain | Juan Esplandiú 11-13, 28007, Madrid | Holding | 100 | — | Full |
| Retevisión-I, S.A.U. | Spain | Juan Esplandiú 11-13, 28007, Madrid | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Tradia Telecom, S.A.U. | Spain | Av. Del Parc Logístic, 12-20 08040, Barcelona | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| On Tower Telecom Infraestructuras, S.A.U. | Spain | Juan Esplandiú 11-13, 28007, Madrid | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Adesal Telecom, S.L. | Spain | Ausias March 20, Valencia | Provision of related services for terrestrial telecommunications concessions and operators | — | 60.08 | Full |
| Torre de Collserola, S.A. | Spain | Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona | Construction and operation of terrestrial telecommunications infrastructure | — | 41.75 | Equity method |
| Consorcio de Telecomunicaciones avanzadas, S.A. (COTA) | Spain | Alcantarilla (Murcia) | Provision of related services for terrestrial telecommunications concessions and operators | — | 29.5 | Equity method |
| Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A | Spain | Av. del Parc Logístic, 12-20, 08040 Barcelona | Construction and operation of optic fiber telecommunications infrastructure | — | 100 | Full |
| Zenon Digital Radio, S.L | Spain | Calle Lincoln, 11 1º 3ª, 08006 Barcelona | Provision of telecommunications equipments | — | 100 | Full |
| Nearby Sensors, S.L | Spain | Calle Berruguete, 60-62, 08035 Barcelona | Software and IT development app; development of network telecommunication systems | | 30 | Equity method |
| France | | | | | | |
| Cellnex France Groupe SAS | France | 1, Avenue de la Cristallerie, 92310 Sèvres | Holding | 100 | | Full |
| Cellnex France, S.A.S. | France | 1, Avenue de la Cristallerie, 92310 Sèvres | Terrestrial telecommunications infrastructure operator | 100 | — | Full |
| Towerlink France, SAS | France | 1, Avenue de la Cristallerie, 92310 Sèvres | Terrestrial telecommunications infrastructure operator | | 99.99 | Full |
| Italy | | | | | | |
| Cellnex Italia, S.r.L. | Italy | Via Carlo Veneziani 58, 00148 Rome, Italy | Holding | 100 | — | Full |
| Towerco, S.p.A. | Italy | Via Alberto Bergammini 50, Roma, Italia | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Galata, S.p.A. | Italy | Via Carlo Veneziani 56/L 00148 Roma | Terrestrial telecommunications infrastructure operator | — | 100 | Full |

| Company | Country of Registration | Registered Office | Main service | Direct stake % | Indirect stake % | Consolida-tion Method |
|---|---|---|---|---|---|---|
| CommsCon Italia, S.r.L. | Italy | Via Carducci 32, 20123 Milano | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| The Netherlands | | | | | | |
| Cellnex Netherlands, BV | Netherlands | Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands | Holding | 100 | — | Full |
| Alticom BV | Netherlands | Branderweg 7,<br>8042PD Zwolle | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Breedlink BV | Netherlands | Branderweg 7,<br>8042PD Zwolle | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Towerlink Netherlands, BV | Netherlands | Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Shere Masten BV | Netherlands | Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| On Tower Netherlands, B.V | Netherlands | Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| UK | | | | | | |
| Cellnex UK Limited | UK | 1-2 Broadgate Circle, London EC2M 2QS | Holding | 100 | — | Full |
| Watersite Holding Limited | UK | 2 River Court, Albert Drive, Woking GU21 5RP | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Radiosite Limited | UK | 2 River Court, Albert Drive, Woking GU21 5RP | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Cellnex Connectivity Solutions Limited | UK | 2 River Court, Albert Drive, Woking GU21 5RP | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Cellnex UK Midco Ltd | UK | 2 River Court, Albert Drive, Woking GU21 5RP | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Cellnex UK Consulting Limited | UK | 2 River Court, Albert Drive, Woking GU21 5RP | Terrestrial telecommunications infrastructure operator | — | 100 | Full |
| Switzerland | | | | | | |
| Cellnex Switzerland AG | Switzerland | Thurgauerstrasse, 136 8152 Opfikon | Holding | 63,20 | — | Full |
| Swiss Towers AG | Switzerland | Thurgauerstrasse, 136 8152 Opfikon | Terrestrial telecommunications infrastructure operator | — | 63,20 | Full |
| Swiss Infra Services SA | Switzerland | Rue du Caudray, 4,1020 Renens, Vaud | Terrestrial telecommunications infrastructure operator | | 56,88 | Full |
| Portugal | | | | | | |

| Company | Country of Registration | Registered Office | Main service | Direct stake % | Indirect stake % | Consolida-tion Method |
|---|---|---|---|---|---|---|
| Towerlink Portugal, Unipessoal Lda | Portugal | Avenida Álvares Cabral, nº61 – 4º piso, 1250-017 Lisboa, Portugal | Fixed and mobile telecommunications services provider | 100 | — | Full |
| Ireland | | | | | | |
| Cignal Infrastructure Limited | Ireland | Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland | Terrestrial telecommunications infrastructure operator | 100 | — | Full |

## GLOSSARY

"**Anchor customer**" refers to telecom operators from which the Company has acquired assets.

"**ASO**" refers to the analogue switch-off, the cessation of terrestrial TV broadcasting with analog technology that took place in Spain by April 2010 in accordance with the National Technical Plan for DTT approved by Royal Decree 944/2005.

"**Backhauling**" in a telecommunications network the backhaul portion comprises the intermediate links between the backbone network and the subnetworks. Cell phones communicating with a single cell tower constitute a subnetwork and the connection between the cell tower and the rest of the network begins with a backhaul link.

"**Backlog**" represents management's estimate of the amount of contracted revenues that Cellnex expects will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date but do not include adjustments for inflation. One of the main assumptions relates to the contract renewals, and in accordance with the consolidated financial statements, contracts for services have renewable terms including, in some cases, 'all or nothing' clauses and in some instances may be cancelled under certain circumstances by the customer at short notice without penalty. See "*Risk Factors*".

"**Build-to-suit**" refers to towers that are built to meet the needs of the customer.

"**Customer ratio**" relates to the average number of operators in each site. It is obtained by dividing the number of carriers by the average number of Telecom Infrastructure Services sites in the year.

"**CPI**" refers to consumer price index.

"**DAB**" refers to digital audio broadcasting.

"**DAS**" refers to distributed antenna system, which is a network of spatially separated antenna nodes connected to a common source via a transport medium that provides wireless service within a geographic area or structure.

"**Digital Dividend**" refers to the release by the Spanish government of 800 MHz band of frequencies currently used by DTT for mobile use to the benefit of 4G/LTE service provider as a result of the reallocation of spectrum, which was completed on March 31, 2015 and which reduced the number of MUXs from eight to seven at a national level, and on a general basis, from two to one at the regional level.

"**DTH**" refers to direct-to-home platforms.

"**DTT**" refers to digital terrestrial television.

"**FM**" refers to frequency modulation, the encoding of information in a carrier wave by varying the instantaneous frequency of the wave.

"**FNO**" refers to fixed network operators.

"**FTA**" refers to free-to-air.

"**FTTA**" refers to fiber to the antenna.

"**FTTC**" refers to fiber to the cabinet.

"**FTTE**" refers to fiber to the enterprise.

"**FTTH**" refers to fiber to the home.

"**FTTS**" refers to fiber to the small cell.

"**HD**" refers to high definition.

"**IPTV**" refers to internet protocol television.

"**IoT**" refers to the Internet of Things, the interconnection of uniquely identifiable embedded computing devices within the existing internet infrastructure.

"**LTE**" refers to long-term evolution, a communication standard for high-speed data mobile devices.

"**MHz**" refers to megahertz.

"**MLA**" refers to Master Lease Agreements.

"**MSA**" refers to Master Service Agreements.

"**MNO**" Mobile Network Operator.

“**MUX**” refers to multiplex, a system of transmitting several messages or signals simultaneously on the same circuit or channel.

“**M2M**” refers to machine to machine.

“**NFV**” refers to Network Functions Virtualization.

“**Node**” receives the optical signal from the BTS venue and transforms it into radio frequency signal and then transfers it to antennas after amplifying it.

“**O&M**” refers to operation and maintenance.

“**OTT**” means “over-the-top”.

“**PoP**” refers to points of presence, an artificial demarcation point or interface point between communicating entities. Each tenant on a given site is considered a PoP.

“**PPDR**” refers to public protection and disaster relief.

“**Rationalization**” refers to a process consisting of decommissioning one site and moving equipment to another one, so that out of two sites only one remains.

“**Run-rate**” metrics refer to metrics based on the assumption that all infrastructures that management estimates that will be transferred or deployed under the Group’s arrangements (including acquisition agreements, purchase commitments and build-to-suit programs, whether or not still subject to completion), are actually transferred or deployed, as applicable.

“**SD**” refers to standard definition.

“**SEAD**” refers to the Spanish Secretary of State for Digital Development, *Secretaría de Estado para el Avance Digital*.

“**SLA**” refers to service level agreements.

“**SMP**” refers to significant market power.

“**Spectrum**” refers to the range of frequencies through which an operator’s network is allowed to radiate.

“**Telecom**” refers to telecommunications.

“**Telecom operator**” refers to a communications service provider that provides telecommunications services such as telephony and data communications access.

“**TETRA**” refers to terrestrial trunked radio.

“**TV**” refers to television.

“**UHF**” refers to ultra-high frequency, a radio frequency between 300 MHz and 3 GHz.

“**VDES**” refers to VHF Data Exchange System.

“**VoLTE**” refers to Voice over LTE.

“**2G**” refers to the second generation of mobile telecommunications technology.

“**2007 Commission Recommendation**” refers to the revised Recommendation on Relevant Product and Service Markets of the EC.

“**3G**” refers to the third generation of mobile telecommunications technology.

“**4G/LTE**” refers to the long-term evolution, a communication standard for high-speed data mobile devices.

“**5G**” refers to the future evolution of the mobile communication standard, with an expected data rate between 10-100 Gbps, radio latency less than 1 ms and capability to manage more than 1 million devices per SqKm.

# SPANISH TRANSLATION OF THE SUMMARY

# TRADUCCIÓN AL CASTELLANO DE LA NOTA DE SÍNTESIS

*Redactada según el Artículo 7 del Reglamento (UE) 2017/1129 del Parlamento Europeo y del Consejo de 14 de junio de 2017 sobre el folleto que debe publicarse en caso de oferta pública o admisión a cotización de valores en un mercado regulado y por el que se deroga la Directiva 2003/71/CE.*

## 1. INTRODUCCIÓN Y ADVERTENCIAS

**LA PRESENTE NOTA DE SÍNTESIS DEBE LEERSE COMO UNA INTRODUCCIÓN AL FOLLETO. TODA DECISIÓN DE INVERTIR EN LAS NUEVAS ACCIONES Y EN LOS DERECHOS DE SUSCRIPCIÓN PREFERENTES (CÓDIGO ISIN PROVISIONAL ES0105066023 Y ES0605066911, RESPECTIVAMENTE) DE CELLNEX TELECOM, S.A. ("CELLNEX" O LA "SOCIEDAD" Y EN CONJUNTO CON SUS FILIALES, EL "GRUPO") DEBIERA BASARSE EN LA CONSIDERACIÓN DEL FOLLETO EN SU CONJUNTO POR PARTE DEL INVERSOR. EL INVERSOR PUEDE PERDER LA TOTALIDAD O PARTE DEL CAPITAL INVERTIDO.**

**EN CASO DE PRESENTACIÓN ANTE UN TRIBUNAL DE CUALQUIER DEMANDA RELACIONADA CON LA INFORMACIÓN CONTENIDA EN EL PRESENTE FOLLETO O INCORPORADA POR REFERENCIA AL MISMO, ES POSIBLE QUE EL INVERSOR DEMANDANTE, EN VIRTUD DEL DERECHO ESPAÑOL, TENGA QUE ASUMIR LOS COSTES DE LA TRADUCCIÓN DEL FOLLETO ANTES DE INICIAR EL PROCEDIMIENTO JUDICIAL.**

**SOLO HABRÁ LUGAR A LA RESPONSABILIDAD CIVIL DE LAS PERSONAS QUE HAYAN PRESENTADO ESTA NOTA DE SÍNTESIS, INCLUIDA SU TRADUCCIÓN, SI ES ENGAÑOSA, INEXACTA O INCOHERENTE CON LAS DEMÁS PARTES DEL FOLLETO, O SI, LEÍDA CONJUNTAMENTE CON EL RESTO DEL FOLLETO, OMITE INFORMACIÓN FUNDAMENTAL PARA AYUDAR A LOS INVERSORES A DECIDIR SI DEBEN INVERTIR O NO EN LAS ACCIONES DE CELLNEX.**

El domicilio social y el número de teléfono de la Sociedad es, respectivamente, Calle Juan Esplandiú, 11-13, Madrid, España y +34 93 567 8910. Su código de identificación legal (LEI) es: 5493008T4YG3AQUI7P67.

El Folleto ha sido aprobado y registrado por la Comisión Nacional del Mercado de Valores (la "**CNMV**") el 9 de octubre de 2019. Los inversores pueden contactar con la CNMV a través de su servicio de atención telefónica al inversor en el número de teléfono 900 535 015.

## 2. INFORMACIÓN FUNDAMENTAL SOBRE EL EMISOR

### 2.1. ¿Quién es el emisor de los valores?

La denominación social completa del emisor es Cellnex Telecom, S.A. y su denominación comercial es Cellnex. Cellnex es una sociedad anónima constituida el 25 de junio de 2008 por plazo indefinido. Está inscrita en el Registro Mercantil de Madrid. El domicilio social es Calle Juan Esplandiú, 11-13, Madrid, España y tiene N.I.F. número A64907306 y código de identificación legal (LEI) 5493008T4YG3AQUI7P67.

El modelo de negocio de Cellnex se centra en la prestación de servicios de telecomunicaciones a operadores ("**MNOs**"), difusores y otras sociedades públicas y privadas, actuando como un proveedor neutral de infraestructuras (sin que ningún MNO, o más, como accionista tenga (i) más del 50% de los derechos de voto o (ii) el derecho de nombrar o separar a la mayoría de los miembros del consejo). Dicho modelo de negocio se basa en una gestión innovadora, eficiente, sostenible, neutral y de calidad, de tal forma que genera valor para sus accionistas, clientes, empleados y otros grupos de interés. El Grupo presta servicios en el ámbito de la gestión de infraestructuras para las telecomunicaciones terrestres a los siguientes mercados: (i) Servicios de infraestructura para operadores de telecomunicaciones; (ii) Infraestructuras de difusión, y (iii) Servicios de red y otros.

- Servicios de infraestructura para operadores de telecomunicaciones: esta es la primera línea de actividad de la compañía por volumen de negocio. Proporciona una amplia gama de servicios integrados de infraestructura de red que permite el acceso a la infraestructura inalámbrica del Grupo a operadores de redes móviles y otros operadores de redes de telecomunicaciones inalámbricas y de banda ancha, lo que permite a los operadores ofrecer sus propios servicios de telecomunicaciones a sus clientes.
- Infraestructuras de difusión: esta es la segunda principal línea de actividad del Grupo por volumen de facturación. El Grupo ofrece actualmente la cobertura del servicio de televisión digital terrestre (TDT) solamente en España, siendo el único operador que ofrece servicio de TDT a nivel nacional (fuente: CNMC). Sus servicios consisten en la distribución y transmisión de señales de televisión y radio, así como en la operación y mantenimiento de redes de radiodifusión, la provisión de conectividad para contenidos de medios, servicios OTT (en sus siglas en inglés *Over The Top*) y otros. Cellnex, mediante la prestación de servicios de difusión, ha desarrollado un *know-how* único que permite apoyar al desarrollo de otros servicios de su portfolio.
- Otros servicios de red: Cellnex proporciona la infraestructura necesaria para el desarrollo de la sociedad conectada, mediante la prestación de los siguientes servicios de red: transporte de datos, seguridad y control, redes de comunicación Smart incluyendo Internet of Things (IoT), Smart services y servicios gestionados y consultoría, así como servicios de fibra óptica. Cellnex, como operador de infraestructuras, facilita, racionaliza y acelera el despliegue de estos servicios a través de una conectividad eficiente de objetos y personas, en entornos rurales y urbanos, facilitando la creación de territorios Smart. Esto constituye un negocio especializado que generan flujos de caja relativamente estables con potencial para el crecimiento.

La tabla siguiente muestra la información pública disponible en relación con los accionistas principales de Cellnex a la fecha del presente Folleto:

| Accionistas | Total derechos de voto (%) | |
|---|---|---|
| | Directos | Indirectos |
| Edizione S.R.L[(1)] ......................................................................... | - | 29,9% |
| Wellington Management Group LLT [(2)] ..................................... | - | 5,044% |
| Fundacion Bancaria Caixa D' Estalvis i Pensions de Barcelona[(3)] | - | 5,000% |
| Blackrock, Inc[(4)] ......................................................................... | - | 4,974% |
| Canada Pension Plan Investment Board[(*)] .................................. | 3,157% | - |

| | | |
|---|---|---|
| Fidelity International Limited ......................................... | - | 1,016% |
| 40 North Latitude Master Fund LTD ................................ | 1,001% | - |
| **Total**......................................................................................... | 50,092% | |

(1) Indirectamente mantenida a través de ConnecT S.p.A. Sintonia S.p.A. ostenta el 55% del capital social de ConnecT S.p.A. A su vez, Sintonia S.p.A. está íntegramente participada por Edizione S.R.L. Edizione S.R.L. es una sociedad holding propiedad de la familia Benetton. Por su parte, tanto Infinity, una filial íntegramente participada por Abu Dhabi Investment Authority, y Government of Singapore, a través de Raffles Infra Holdings Limited, son titulares del 22.5% del capital social de ConnecT.

(2) Indirectamente mantenida a través de Wellington Investment Advisors Holdings LLP y otras carteras y fondos.

(3) Indirectamente mantenida a través de Criteria Caixa, S.A.U. La información contenida en esta tabla muestra la información pública disponible. No obstante, la Sociedad ha sido informada de que Criteria Caixa, S.A.U. es titular de 13.962.095 Acciones, representativas del 4,675% de los derechos de voto de la Sociedad.

(4) Indirectamente mantenida a través de Blackrock Advisors, Llc y otras carteras y fondos.

(*) La Sociedad ha sido informada de que Canada Pension Plan Investment Board es titular de 14.787.595 Acciones, representativas del 4,951% de los derechos de voto de la Sociedad.

La tabla siguiente muestra la información pública disponible en relación con los titulares de derechos de voto de Cellnex otorgados por instrumentos financieros a la fecha del presente Folleto:

| **Accionistas** | **Total derechos de voto otorgados por instrumentos financieros (%)** |
|---|---|
| Atlantia, S.p.A.[1] ........................................................................ | 5,980% |
| Blackrock, Inc[2]........................................................................ | 0,916% |

(1) Atlantia, S.p.A. tiene el derecho de adquirir hasta el 5,98% de las Acciones de la Sociedad, que son actualmente propiedad de ConnecT.

(2) Indirectamente mantenidos a través de Blackrock Advisors, Llc y varios portfolios y fondos.

A fecha del presente Folleto, los directores más importantes de la Sociedad son los doce miembros del Consejo de Administración: D. Franco Bernabè (Presidente), D. Bertrand Boudewijn Kan (Vicepresidente), D. Tobías Martínez Gimeno (consejero delegado), D. Giampaolo Zambeletti (director coordinador), D.ª Anne Bouverot, D.ª Elisabetta De Bernardi Di Valserra, D.ª Concepción del Rivero Bermejo, D.ª María Luisa Guijarro Piñal, D. Carlo Bertazzo, D. Pierre Blayau, D. Mamoun Jamai y D. Peter Shore.

Deloitte, S.L. es el auditor de cuentas de la Sociedad.

**2.2. ¿Cuál es la información financiera fundamental relativa al emisor?**

Información seleccionada del balance consolidado

| | **A 30 de junio de 2019** | **A 31 de diciembre de 2018** | **A 31 de diciembre de 2017** | **A 1 de enero de 2017** |
|---|---|---|---|---|
| | **(auditado)** | **(auditado)** | **(no auditado) (reexpresado)[(*)]** | **(no auditado) (reexpresado)** |
| | **(en miles de €)** | | | |
| Fondo de comercio ..................................................................... | 582.214 | 582.454 | 566.557 | 380.217 |
| Otro activo intangible ................................................................. | 1.415.561 | 1.321.878 | 1.353.959 | 1.035.166 |
| Inmovilizado material.................................................................. | 2.040.785 | 1.903.742 | 1.507.259 | 1.048.445 |
| Resto activo no corriente ............................................................ | 744.365 | 671.233 | 527.727 | 433.029 |
| **Total activo no corriente** .......................................................... | **4.782.925** | **4.479.307** | **3.955,502** | **2.896.857** |
| **Total activo corriente**............................................................... | **1.966.326** | **653.886** | **489.901** | **314.923** |
| **Total activo**............................................................................. | **6.749.251** | **5.133.193** | **4.445.403** | **3.211.780** |
| Capital ........................................................................................ | 74.668 | 57.921 | 57.921 | 57.921 |
| Acciones propias......................................................................... | (4.222) | (5.572) | (1.859) | (2.694) |
| Prima de emisión ....................................................................... | 1.461.715 | 314.522 | 338.733 | 338.733 |
| Reservas...................................................................................... | 134.307 | 126.002 | 46.384 | 8.874 |
| Resultado del ejercicio................................................................ | (488) | (14.983) | 26.270 | 39.817 |
| **Patrimonio neto atribuible a los dueños de la matriz**............................ | **1.665.980** | **477.890** | **467.449** | **442.651** |
| Participaciones no dominantes.................................................... | 138.437 | 137.476 | 142.158 | 80.275 |
| **Patrimonio total neto** ............................................................... | **1.804.417** | **615.366** | **609.607** | **522.926** |
| Deudas con entidades de crédito no corrientes........................................... | 3.330.557 | 2.996.773 | 2.505.301 | 1.683.960 |
| Resto pasivo no corriente........................................................... | 946.826 | 1.011.245 | 923.039 | 726.168 |
| **Total pasivo no corriente**......................................................... | **4.277.383** | **4.008.018** | **3.428.340** | **2.410.128** |
| **Total pasivo corriente**............................................................... | **667.451** | **509.809** | **407.456** | **278.726** |
| **Total patrimonio neto y pasivo** | **6.749.251** | **5.133.193** | **4.445.403** | **3.211.780** |

(*) Reexpresado para reflejar el impacto de IFRS 16

| | **A 31 de diciembre de,** | | |
|---|---|---|---|
| | **2018 (auditado)** | **2017 (auditado)** | **2016 (auditado)** |
| | **(en miles de €)** | | |

| | | | |
|---|---|---|---|
| Fondo de comercio | 582.454 | 566.557 | 380.217 |
| Otro activo intangible | 1.321.878 | 1.353.959 | 1.035.166 |
| Inmovilizado material | 1.903.742 | 1.507.259 | 1.048.445 |
| Resto activo no corriente | 671.233 | 104.861 | 80.704 |
| **Total activo no corriente** | **4.479.307** | **3.532.636** | **2.544.532** |
| **Total activo corriente** | **653.886** | **523.530** | **350.947** |
| **Total activo** | **5.133.193** | **4.056.166** | **2.895.479** |
| Capital | 57.921 | 57.921 | 57.921 |
| Acciones propias | (5.572) | (1.859) | (2.694) |
| Prima de emisión | 314.522 | 338.733 | 338.733 |
| Reservas | 126.002 | 74.712 | 36.000 |
| Resultado del ejercicio | (14.983) | 32.933 | 39.817 |
| Participaciones no dominantes | 137.476 | 142.474 | 81.424 |
| **Patrimonio neto** | **615.366** | **644.914** | **551.201** |
| Deudas con entidades de crédito no corrientes | 2.996.773 | 2.505.301 | 1.683.960 |
| Resto pasivo no corriente | 1.011.245 | 574.997 | 469.381 |
| **Total pasivo no corriente** | **4.008.018** | **3.080.298** | **2.153.341** |
| **Total pasivo corriente** | **509.809** | **330.954** | **190.937** |
| **Total patrimonio neto y pasivo** | **5.133.193** | **4.056.166** | **2.895.479** |

Información seleccionada de la cuenta de pérdidas y ganancias

| | **Para el periodo de seis meses terminado el 30 de junio** | | **Para el ejercicio cerrado el 31 de diciembre** | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017 (no auditado)** | **2017** | **2016** |
| | **(no auditado)** | **(no auditado)** | **(auditado)** | **(reexpresado)[(*)]** | **(auditado)** | **(auditado)** |
| | | | **(en miles de €)** | | | |
| **Ingresos de Explotación** | **486.818** | **437.106** | **897.871** | **789.343** | **789.343** | **704.585** |
| **Resultado de las operaciones** | **89.263** | **29.994** | **112.530** | **128.562** | **98.426** | **86.729** |
| **Resultado financiero neto** | **(109.705)** | **(75.605)** | **(148.824)** | **(109.077)** | **(68.160)** | **(45.775)** |
| **Resultado antes de impuestos** | **(20.409)** | **(45.557)** | **(36.181)** | **19.581** | **30.362** | **41.019** |
| **Resultado consolidado neto** | **(955)** | **(32.141)** | **(17.742)** | **23.779** | **30.793** | **40.386** |
| **Resultado neto atribuido a Cellnex** | **(488)** | **(30.801)** | **(14.983)** | **26.270** | **32.933** | **39.817** |

[(*)] Reexpresado para reflejar el impacto de IFRS 16

Los ingresos de explotación del Grupo aumentaron aproximadamente un 12% hasta 486.818 miles de euros miles en el periodo de seis meses terminado a 30 de junio de 2019 desde los 437.106 miles de euros en el mismo periodo del año 2018, principalmente debido a ingresos derivados de la prestación de servicions en relación con infraestructuras adquiridas durante la primera mitad de 2019 relacionadas con la ejecución de Bouygues II Transaction y sus extensiones. El resultado consolidado neto del Grupo en el periodo de seis meses terminado a 30 de junio de 2019 fue una pérdida de 488 miles de euros comparado con una pérdida de 30.801 miles de euros en el periodo de seis meses terminado a 30 de junio de 2018, debido principalmente al descenso en los costes de empleados consecuencia del plan de reorganización de empleados implementado y cambios en el perímetro de consolidación.

Los ingresos de explotación del Grupo aumentaron un 14% hasta 897.871 miles de euros en el ejercicio cerrado el 31 de diciembre de 2018 desde los 789.343 miles de euros en el ejercicio cerrado el 31 de diciembre de 2017, re expresado, debido a los cambios en el perímetro de consolidación del Grupo, junto con el crecimiento orgánico. Sin embargo, el resultado consolidado neto del Grupo en el ejercicio cerrado el 31 de diciembre de 2018 disminuyó un 157% hasta una pérdida de 14.983 miles de euros desde un beneficio de 26.270 miles de euros en el ejercicio cerrado el 31 de diciembre de 2017, re expresado, debido principalmente al incremento en los costes de empleados consecuencia del plan de reorganización de empleados implementado durante el año, al aumento de la depreciación y la amortización durante el año consecuencia de los cambios en el perímetro de consolidación y al aumento de los costes financieros.

Los ingresos de explotación del Grupo aumentaron un 12% hasta 789.343 miles de euros en el ejercicio cerrado el 31 de diciembre de 2017 desde los 704.585 miles de euros en el ejercicio cerrado el 31 de diciembre de 2016, debido a los cambios en el perímetro de consolidación del Grupo, junto con el crecimiento orgánico. Sin embargo, el resultado consolidado neto del Grupo en el ejercicio cerrado el 31 de diciembre de 2017 disminuyó un 17% hasta los 32.933 miles de euros desde 39.817 miles de euros en el ejercicio cerrado el 31 de diciembre de 2016, debido principalmente al incremento en los costes de empleados consecuencia de las incorporaciones de empleados como resultado de las nuevas adquisiciones, a los cambios en las provisiones y al aumento de los costes financieros.

En julio de 2019, Cellnex emitió bonos convertibles por un nominal total de 850,000 miles de euros (el "**Bono Convertible 2019**"). El número de Acciones subyacente de este Bono Convertible 2019 es equivalente a c.5.0% del capital social de la Sociedad a 30 de junio de 2019, basado en el precio de conversión inicial de 57,1756 euros que representa una prima del 70% sobre el precio medio ponderado por volumen por Acción en las Bolsas y Mercados españoles, entre la apertura de mercado y el cierre de mercado en el día de colocación. El Bono Convertible 2019 se amortiza en julio de 2028 y está calificado como BBB- por Fitch. También en julio de 2019 el Grupo acordó una financiación con un sindicato de bancos por un total de €2,6 mil millones (a un tipo de interés variable, con un tipo de interés medio de aproximadamente 1%), para aumentar su posición de liquidez y para financiar parcialmente la Iliad Acquisition y la Salt Acquisition (como se definen aquí). El esquema de financiación está compuesto por los siguientes tres acuerdos de financiación: (i) un préstamo sindicado de 183 millones CHF, que reemplaza la actual línea de crédito de 190 millones CHF y extiende el vencimiento hasta 2024; (ii) una línea de crédito sindicada firmada por Swiss Towers por 620 millones CHF que consiste en un préstamo a plazo fijo de 400 millones CHF y un préstamo revolving de 220 millones CHF, ambos con vencimiento en 2024 (esta línea de crédito sustituye a la existente por importe de 180 millones CHF otorgada a Cellnex Switzerland e incluye un pacto que restringe la distribución de dividendos por Cellnex Suiza y Swiss Towers –pero no Cellnex– en base a los niveles de apalancamiento); y (iii) una línea de crédito sindicada que consiste en un préstamo revolving de múltiples monedas por importe de 1.500 millones de euros y un préstamo de 450 millones CHF, refinanciando la línea de crédito existente de 190 millones CHF. Adicionalmente, en julio de 2019 el Grupo ha formalizado un préstamo por un importe de 100 millones de euros con el Instituto Oficial de Crédito (ICO) para financiar la expansión internacional del Grupo. Este préstamo tiene un vencimiento a 12 años, incluido un período de dos años de carencia de amortización de capital en cual solo se pagan intereses, a partir de la fecha de la firma. También en julio de 2019, Cellnex emitió bonos bajo el programa EMTN por un total de 60,5 millones de euros. El 8 de octubre de 2019, el Grupo acordó un compromiso y carta mandato respecto de una nueva financiación denominada en GBP de 2.000 millones de GBP (€2.200 millones asumiendo un tipo de cambio GBP/€ de 1,1 a la fecha del presente Folleto) diseñada para incrementar su posición de liquidez y para parcialmente financiar la Arqiva Acquisition (la "**Propuesta de Financiación GBP**"). A la fecha del presente Folleto, el acuerdo definitivo respecto de la Propuesta de Financiación GBP no se ha formalizado y no se ha dispuesto de ninguna cantidad bajo la misma.

### 2.3. ¿Cuáles son los principales riesgos específicos del emisor?

Los factores de riesgo más materiales para el emisor son los siguientes:

- ***Riesgos relacionados con el sector y los negocios en los que opera el Grupo***
    1. El negocio del Grupo depende de la demanda de los servicios que proporciona, que no puede ser controlada por el Grupo, y el Grupo puede ser negativamente afectado por cualquier ralentización de dicha demanda, y una parte importante de los ingresos del Grupo proceden de un número reducido de clientes
    2. La expansión y desarrollo de los negocios del Grupo, incluidas las adquisiciones u otras oportunidades de crecimiento, conllevan una serie de riesgos e incertidumbres que podrían afectar de forma negativa a sus resultados de explotación así como alterar sus operaciones
    3. La aplicación de una cláusula de cambio de control incluida en contratos suscritos por el Grupo o el incumplimiento de obligaciones contractuales puede conllevar la obligación de pagar la deuda de forma anticipada o la venta de activos
    4. Las estimaciones del Grupo sobre su cartera (*backlog*) se basan en determinadas asunciones y están sujetas a ajustes inesperados y cancelaciones y, por lo tanto, podrán no ser convertidas en ingresos en un período fiscal determinado, en su caso, o no ser un indicador totalmente fiable de los ingresos y beneficios futuros del Grupo
    5. La actividad del Grupo puede verse afectada por la adversa situación política y económica en los países donde el Grupo opera y de otros lugares
    6. La condición del Grupo como "operador significativo en el mercado" en el mercado de la TDT en España exige determinadas obligaciones que limitan al Grupo en comparación con sus competidores
    7. El espectro puede no estar asegurado en el futuro, lo que impediría o dañaría los planes del Grupo o limitaría la necesidad de sus servicios y productos
- ***Riesgos relacionados con la información financiera incorporada por referencia al presente Folleto y otros riesgos financieros***
    8. El Grupo está sujeto a riesgos relacionados con el endeudamiento, incluyendo un riesgo de con los tipos de interés.
    9. El Grupo está sujeto a riesgos relacionados con el tipo de cambio
    10. Los cambios en las tasas impositivas u otras disposiciones de la ley tributaria pueden afectar negativamente el valor de los activos y pasivos por impuestos diferidos del Grupo
- ***Riesgos relacionados con la Arqiva Acquisition***
    11. La Arqiva Acquisition puede no cerrarse si ciertas condiciones suspensivas no se cumplen

## 3. INFORMACIÓN FUNDAMENTAL SOBRE LOS VALORES

### 3.1. ¿Cuáles son las principales características de los valores?

Las 86.653.476 Acciones Nuevas emitidas en el Aumento de Capital son acciones ordinarias de Cellnex de 0,25 euros de valor nominal cada una, de la misma clase y serie que las acciones ordinarias en circulación. Las acciones ordinarias se emitirán en euros. Las Acciones Nuevas son acciones ordinarias y atribuyen a sus titulares los mismos derechos políticos y económicos que las restantes acciones existentes de Cellnex, recogidos en la Ley de Sociedades de Capital y en los estatutos de la Sociedad. No existen restricciones a la libre transmisibilidad de las acciones ordinarias de la Sociedad en sus estatutos.

El Código ISIN de las acciones ordinarias de la Sociedad es ES0105066007. La Agencia Nacional de Numeración, una entidad que forma parte de la CNMV, ha asignado el Código ISIN provisional ES0605066911 para los Derechos de Suscripción Preferente y un Código ISIN provisional ES0105066023 para las Acciones Nuevas. Tras la admisión a negociación de las Acciones Nuevas en las Bolsas de Valores Españolas y su negociación a través del Sistema de Interconexión Bursátil, todas las Acciones de la Sociedad tendrán asignado el mismo Código ISIN.

La Sociedad procurará que los dividendos o caja disponible a distribuir contra reservas distribuibles y/o contra el beneficio neto atribuible a la Sociedad para el año finalizado a 31 de diciembre 2019, sea igual al dividendo distribuido contra el beneficio neto de la Sociedad del ejercicio finalizado a 31 de diciembre de 2018, incrementado en un 10% (la "**Política de Dividendos**").

Esta Política de Dividendos pretende mantener un balance adecuado entre la remuneración al accionista, la generación de beneficios por la Sociedad y la estrategia de crecimiento de la Sociedad, con el fin de alcanzar una estructura de capital adecuada. En la implementación de la Política de Dividendos, la Sociedad se ha centrado en distribuir anualmente una cantidad superior al 10% con respecto al dividendo distribuido el año anterior. En consecuencia, cada año la Sociedad distribuye dividendos contra el beneficio neto o reservas de la Sociedad del correspondiente ejercicio. No obstante lo mencionado, la capacidad de la Sociedad para distribuir dividendos contra reservas distribuibles y/o contra el beneficio neto de la Sociedad para el periodo, está condicionada por diversos factores y circunstancias, que de manera enunciativa y no limitativa, son el importe del beneficio atribuible a la Sociedad en cualquier ejercicio, posibles limitaciones en la distribución de dividendos incluidas en contratos de financiación de la Sociedad (a la fecha del presente Folleto no hay ningún contrato de financiación suscrito por la Sociedad que incluya pactos que limiten la distribución de dividendos, salvo el crédito sindicado firmado por Swiss Towers, que incluye un pacto que restringe la distribución de dividendos por Cellnex Suiza y Swiss Towers –pero no Cellnex– en base a los niveles de apalancamiento), y la política de crecimiento de la Sociedad. En consecuencia, dichos factores, u otras circunstancias, podrían hacer modificar la Política de Dividendos.

### 3.2. ¿Dónde se negociarán los valores?

Las Acciones de Cellnex están admitidas a negociación en las Bolsa de Valores de Barcelona, Bilbao, Madrid y Valencia (Bolsas de Valores Españolas) a través del Sistema de Interconexión Bursátil ("**AQS**") con el ticker "CLNX". La Sociedad espera que los Derechos de Suscripción Preferentes sean admitidos a negociación en las Bolsas de Valores Españolas y negociaciados a través del Sistema de Interconexión Bursátil en el periodo comprendido entre las 8:30 a.m. (CET) del día 11 de octubre de 2019 y las 5:30 p.m. (CET) del día 25 de octubre de 2019. Se solicitará la admisión a negociación de las Acciones Nuevas en las Bolsas de Valores Españolas y su negociación a través del Sistema de Interconexión Bursátil.

### 3.3. ¿Hay alguna garantía vinculada a los valores?

No aplicable

### 3.4. ¿Cuáles son los principales riesgos específicos de los valores?

Los factores de riesgo más materiales de los valores son los siguientes:

- ***Riesgos relacionados con la Oferta***
    1. El Contrato de Aseguramiento entre Cellnex y las Entidades Aseguradoras prevé la resolución de dicho acuerdo en determinadas circunstancias. El compromiso de aseguramiento por parte de las Entidades Aseguradoras también se encuentra sujeto a determinadas condiciones suspensivas.
    2. Cellnex no puede asegurar que vaya a cumplir su Política de Dividendos en el futuro o que se puedan pagar dividendos (o, que en caso de que se pudiera, se fuera a hacer)
    3. The Offering and the value of the New Shares, the Preferential Subscription Rights and the Shares may be affected by the withdrawal of the United Kingdom from the European Union
    4. La Sociedad podría, en algún momento posterior, emitir Acciones o valores convertibles que podrían diluir la participación de los accionistas en la Sociedad

## 4. INFORMACIÓN FUNDAMENTAL SOBRE LA OFERTA PÚBLICA DE VALORES O SOBRE SU ADMISIÓN A COTIZACIÓN EN UN MERCADO REGULADO

### 4.1. ¿En qué condiciones y plazos puedo invertir en este valor?

La Oferta consistirá en un total de 86.653.476 Acciones Nuevas, a un Precio de Suscripción de €28,85 por cada Nueva Acción. La Sociedad reconoce a los Accionistas Registrados Derechos de Suscripción Preferente. Cada Acción de la que los Accionistas Registrados sean titulares, les otorgará el derecho a recibir un Derecho de Suscripción Preferente. El ejercicio de 31 Derechos de Suscripción Preferente facultará a su titular a suscribir 9 Acciones Nuevas mediante el pago al contado del su Precio de Suscripción.

Los Accionistas Registrados recibirán Derechos de Suscripción Preferentes para suscribir las Acciones Nuevas y, en consecuencia, en el caso de que ejercitaran tales derechos en su integridad, su participación en la Sociedad no sufrirá dilución alguna respecto de la Fecha de Referencia (fecha en la que esas personas o entidades, registradas en Iberclear como accionistas, se conviertan en Accionistas Registrados). En el supuesto de que ninguno de los accionistas actuales de la Sociedad suscribiese Acciones Nuevas en el porcentaje que les correspondiera en virtud de sus Derechos de Suscripción Preferente, y asumiendo igualmente que las Acciones Nuevas fueran suscritas en su totalidad por terceros, las participaciones de los Accionistas actuales de la Sociedad representarían un 77.5% del número total de acciones de la Sociedad, lo que supondría una dilución de su participación en un 22.5% del capital social antes del aumento de capital.

La Sociedad estima obtener unos ingresos netos por la Oferta de aproximadamente €2.462 millones (ingresos brutos de aproximadamente €2.500 millones menos el importe de aproximadamente €35 millones relativo a los honorarios de los Bancos Colocadores y el importe de aproximadamente €3 millones relativo a gastos relacionados con la Oferta).

<u>Suscripción de Acciones Nuevas</u>

- Período de Suscripción Preferente. El período durante el cual los Accionistas Registrados podrán ejercitar sus Derechos de Suscripción Preferente comenzará el 11 de octubre de 2019 y finalizará el 25 de octubre de 2019, ambos inclusive. Los Accionistas Registrados podrán ejercitar sus Derechos de Suscripción Preferente durante los días bursátiles AQS de este período. De acuerdo con el calendario previsto, se espera que los días bursátiles AQS comiencen a las 8:30 a.m. CET del 11 de octubre de 2019 y finalicen a las 5:30 p.m. CET del 25 de octubre de 2019, ambos inclusive. Alternativamente, los Accionistas Registrados podrán vender sus Derechos de Suscripción Preferente en el mercado durante el período de los días bursátiles AQS, y los compradores de dichos Derechos de Suscripción Preferente podrán suscribir el número correspondiente de Acciones Nuevas, en cada caso, de conformidad con las leyes y normativas aplicables. Durante el Período de Suscripción Preferente, los Accionistas Registrados o los compradores de Derechos de Suscripción Preferente podrán ejercer o vender sus Derechos de Suscripción Preferente, en todo o en parte. Quienes hayan ejercido íntegramente sus Derechos de Suscripción Preferente podrán confirmar su solicitud de suscripción de Acciones Nuevas adicionales que excedan de su derecho prorrateado.
- Período de Asignación Adicional. La asignación de Acciones Nuevas adicionales está prevista que ocurra no más tarde de las 5:00 p.m. CET del cuarto día bursátil AQS siguiente a la fecha de finalización del Período de Suscripción Preferente (que, de conformidad con el calendario previsto, se espera tenga lugar el 31 de octubre de 2019). En el supuesto de que finalizado el Período de Suscripción Preferente hubiera Acciones Nuevas pendientes de asignación, la Sociedad las distribuirá entre los titulares de Derechos de Suscripción Preferente que hubieran ejercitado todos sus Derechos de Suscripción Preferente y hubiesen solicitado la suscripción de Acciones Nuevas adicionales.
- Período de Asignación Discrecional y aseguramiento. En el supuesto de que, finalizado el Período de Suscripción Preferente y el Período de Asignación Adicional, hubiesen Acciones Nuevas sin suscribir, el Período de Asignación Discrecional está previsto que comience en cualquier momento posterior a la finalización del Período de Asignación Adicional y que finalice no más tarde de las 11:00 a.m. CET del 4 de noviembre de 2019, sin perjuicio de la posibilidad de las Entidades Aseguradoras de finalizar el plazo con anterioridad.

En caso de que hubiese Acciones Nuevas, sin contar las Acciones Comprometidas, no suscritas durante el Período de Suscripción Preferente y el Período de Asignación Adicional (las "**Acciones de Asignación Discrecional**" (*rump shares*)), las Entidades Aseguradoras han acordado, sujeto a los términos y condiciones del Contrato de Aseguramiento, a realizar un esfuerzo razonable para conseguir suscriptores de las Acciones de Asignación Discrecional y, en su defecto, a suscribir y pagar dichas Acciones de Asignación Discrecional al Precio de Suscripción prorrateado.

Los titulares de Derechos de Suscripción Preferente que ejerciten sus Derechos de Suscripción Preferente durante el Período de Suscripción Preferente o que soliciten Acciones Nuevas adicionales para su asignación en el Período de Asignación Adicional no podrán revocar las suscripciones realizadas durante el periodo, excepto cuando un suplemento a este Folleto sea publicado, en cuyo caso los titulares que hayan ejercitado sus Derechos de Suscripción Preferente para suscribir las Acciones Nuevas o que hayan solicitado Acciones Nuevas adicionales para su asignación en el Período de Asignación Adicional tendrán el derecho, ejercitable en los dos días hábiles siguientes a la publicación del suplemento, a revocar sus suscripciones o solicitudes, según sea el caso, siempre que el nuevo factor, error o inexactitud a la que el suplemento se refiere surja antes del cierre final de la oferta (es decir, cuando la Sociedad declare el aumento de capital ejecutado y proceda al otorgamiento de la correspondiente escritura pública de ejecución del aumento de capital ante un notario público español, que se espera tenga lugar el 4 de noviembre de 2019, la Fecha de Ejecución). En el caso de que se publique un suplemento a este Folleto, los inversores que hayan adquirido sus Derechos de Suscripción Preferente en el mercado y revoquen dichas suscripciones perderán su inversión.

Las solicitudes de suscripción de Acciones Nuevas durante el Período de Asignación Discrecional se consideran firmes, irrevocables e incondicionales, excepto en el caso de que el Contrato de Aseguramiento (abajo descrito) sea resuelto, en cuyo caso las solicitudes de suscripción de Acciones Nuevas durante el Período de Asignación Discrecional se dejarán sin efecto.

Desembolso

El desembolso de las Acciones Nuevas se debe realizar por los accionistas finales que hayan suscrito las acciones:

- Acciones Nuevas suscritas durante el Período de Suscripción Preferente: en el momento de suscripción.
- Acciones Nuevas suscritas durante el Período de Asignación Adicional: no más tarde de las 10:00 a.m. CET de la Fecha de Ejecución (antes de que la Sociedad declare el aumento de capital social ejecutado y proceda al otorgamiento de la correspondiente escritura pública de ejecución del aumento de capital ante un notario público español). Sin perjuicio de lo anterior, las Entidades Participantes podrán requerir que los titulares de Derechos de Suscripción Preferente que soliciten Acciones Nuevas adicionales paguen por adelantado el Precio de Suscripción de las Acciones Nuevas adicionales solicitadas por los mismos en el momento de dicha solicitud.
- Acciones Nuevas suscritas durante el Período de Asignación Discrecional: no más tarde del día de liquidación, que se espera suceda el 8 de noviembre de 2019 (o en el momento anterior que así determinen las Entidades Aseguradoras que reciban las peticiones de suscripción).

La tabla resumen incluida debajo lista ciertas fechas importantes en relación con la Oferta:

| Hito principal | En o alrededor del |
|---|---|
| Aprobación del Folleto por la CNMV | 9 de octubre de 2019 |
| Comunicación de información regulatoria anunciando el registro del Folleto en la CNMV y la fecha estimada del inicio y final del Período de Suscripción Preferente | 9 de octubre de 2019 |
| Publicación del anuncio de la Oferta en el BORME y última fecha de cotización de las Acciones "con derechos" | 10 de octubre de 2019 |
| Inicio del Período de Suscripción Preferente y del período de solicitud de Nuevas Acciones para su asignación y, en su caso, durante el Período de Adjudicación Adicional | 11 de octubre de 2019 |
| Primera fecha de cotización de las acciones del Banco "sin derechos" (ex-date) e inicio de la cotización de los Derechos de Suscripción Preferente | 11 de octubre de 2019 |
| Fecha de corte en la que Iberclear determinará las posiciones para la asignación de Derechos de Suscripción Preferente (*Record Date*) | 14 de octubre de 2019 |
| Finalización de la cotización de los Derechos de Suscripción Preferente (día de participación garantizada) | 25 de octubre de 2019 |
| Finalización del Período de Suscripción Preferente y de solicitud de Acciones Nuevas para su asignación (si procede) durante el Período de Adjudicación Adicional | 25 de octubre de 2019 |
| Período de Adjudicación Adicional (en su caso) | 31 de octubre de 2019 |
| Comunicación de información regulatoria anunciando los resultados del Período de Suscripción Preferente y del Período de Adjudicación Adicional (si procede) | 31 de octubre de 2019 |
| Inicio del Período de Adjudicación Discrecional (en su caso) | 31 de octubre de 2019 |
| Finalización del Período de Adjudicación Discrecional (en su caso) | 4 de noviembre de 2019 |
| Comunicación de información regulatoria anunciando los resultados de la Oferta y el número de Acciones Nuevas suscritas en cada período (en su caso) | 4 de noviembre de 2019 |
| Desembolso por las Entidades Participantes al Banco Agente de las Acciones Nuevas suscritas durante el Período de Suscripción Preferente y, en su caso, el Período de Adjudicación Adicional | 4 de noviembre de 2019 |
| Desembolso (*pre-funding*) por las Entidades Aseguradoras (*Pre-Funding Banks*) de las Acciones Nuevas suscritas durante el Período de Adjudicación Discrecional (en su caso) | 4 de noviembre de 2019 |
| Aprobación del acuerdo de cierre y ejecución del aumento de capital | 4 de noviembre de 2019 |
| Otorgamiento de la escritura pública de aumento de capital ante notario (Fecha de Ejecución) | 4 de noviembre de 2019 |
| Inscripción de la escritura pública de aumento de capital en el Registro Mercantil | 5 de noviembre de 2019 |
| Comunicación de información regulatoria anunciando la inscripción de la escritura pública de aumento de capital en el Registro Mercantil | 5 de noviembre de 2019 |
| Registro de las Acciones Nuevas en Iberclear | 5 de noviembre de 2019 |
| Admisión a cotización de las Acciones Nuevas por la CNMV y las Bolsas de Valores Españolas | 6 de noviembre de 2019 |
| Ejecución, en su caso, de la Operación Bursátil Especial para la transmisión de las Acciones de Asignación Discrecional asignadas durante el Período de Adjudicación Discrecional (en su caso) | 6 de noviembre de 2019 |
| Día de inicio de cotización estimado de las Acciones Nuevas en las Bolsas de Valores Españolas | 7 de noviembre de 2019 |
| Liquidación, en su caso, de la Operación Bursátil Especial para la transmisión de las Acciones de Asignación Discrecional asignadas durante el Período de Adjudicación Discrecional (en su caso) | 8 de noviembre de 2019 |

Compromisos de accionistas, consejeros y miembros de la Alta Dirección

ConnecT S.p.A., Canada Pension Plan Investment Board y Permian Investment Partners, LP, se han obligado irrevocable y respectivamente a ejercitar los Derechos de Suscripción Preferentes correspondientes a sus respectivas Acciones y a suscribir y pagar un total de 25.933.374, 4.293.171 y 814.536 Acciones Nuevas, respectivamente. Los Consejeros y miembros de la Alta Dirección titulares de Acciones de la Sociedad también se han comprometido irrevocablemente a ejercitar los Derechos de Suscripción Preferentes correspondientes a sus respectivas Acciones (excepto por 26 Derechos de Suscripción Preferente de D. Javier Martí de Veses, que se ha comprometido a renunciar al ejercicio o venta de los mismos para permitir que la ecuación de canje acordada para la Oferta tenga números enteros), y a suscribir y pagar un total de 47.727 Acciones Nuevas en la Oferta (junto con las acciones de ConnecT S.p.A., Canada Pension Plan Investment Board y Permian Investment Partners, LP., las "Acciones Comprometidas").

#### 4.2. ¿Quién es el oferente o la persona que solicita la admisión a cotización?

El oferente de las Acciones Nuevas es la propia Sociedad (véase la Sección 2 del presente Resumen relativo a la información fundamental sobre el Emisor).

#### 4.3. ¿Por qué se ha elaborado este folleto?

La Sociedad estima obtener unos ingresos netos por la Oferta de aproximadamente €2.462 millones (asumiendo la suscrpción de la totalidad de las

Acciones Nuevas). La Sociedad pretende hacer uso de los ingresos netos de la Oferta para aumentar su cartera actual de infraestructuras de una forma consistente con la estrategia actual de crecimiento de la Sociedad mediante adquisiciones. Sujeta a las condiciones del mercado, la Sociedad espera invertir, o comprometerse a invertir, los ingresos de la Oferta en un período máximo de dieciocho meses desde la liquidación de la Oferta.

La Sociedad tiene la intención de seguir aplicando sus criterios de inversión en el análisis de futuras adquisiciones, y opina que su trayectoria pasada ha demostrado su abilidad de proporcionar valor a sus accionistas. De acuerdo con lo indicado en el Folleto de fecha 28 de febrero de 2019, a esa fecha, la Sociedad había identificado varias oportunidades en el mercado por un valor estimado agregado de aproximadamente €11 mil millones (tomando como base el valor de la empresa y asumiendo la adquisición del 100% de los correspondientes negocios objetivo e incluyendo los programas *build-to-suit*), de los cuales un valor estimado agregado de aproximadamente €4 mil millones corresponden a la Iliad Acquisition y la Salt Acquisition. Relacionado con lo anterior, la Sociedad está analizando activamente oportunidades de mercado por un tamaño agregado estimado de aproximadamente €7 mil millones, estando dichas oportunidades en diferentes etapas. Mientras que hay proyectos en una etapa temprana (originación, subasta o fase de *due diligence*), existen otros que están siendo negociados en régimen de exclusividad y con documentación avanzada preparada, o incluso ya firmada (como la Adquisición Arqiva). Las oportunidades de mercado, si se celebran acuerdos definitivos, se espera que se financien con los ingresos netos de la oferta y/o deuda, lo que podría resultar en cambios en el apalancamiento y la calificación crediticia de la sociedad. adicionalmente, las oportunidades de mercado deberían transformar el grupo y continuar mejorando el perfil de riesgo del negocio como resultado de una mayor exposición con nuevos MNOs en Europa. El Grupo espera que el 50% del precio de adquisición de la Arqiva Acquisition se financiará con una parte de los ingresos netos procedentes de la Oferta y el restante 50% del precio de adquisición se financiaría con una parte de la Propuesta de Financiación GBP (GBP 1.000 millones y GBP 1.000 millones, respectivamente, y convertidos a € a un tipo de cambio GBP/€ 1,1, €1.100 millones y €1.100 millones, respectivamente). Adicionalmente, la Adquisición Cignal (€219 millones) y la Adquisición Iliad (€2.000 millones) serán financiadas, o parcialmente financiadas, como proceda, tanto con una parte de los ingresos netos procedentes de la Oferta como con tesorería disponible de la Sociedad, cada una en la cuantía que el Grupo decida a su sola discreción. Asimismo, los ingresos netos procedentes de la Oferta también se utilizarán para financiar otras oportunidades de inversión identificadas por el Grupo.

Con fecha 8 de octubre de 2019, se ha firmado un contrato de aseguramiento en relación con la Oferta, entre la Sociedad y las Entidades Aseguradoras, y sujeto a la ley del Estado de Nueva York. Las Entidades Aseguradoras recibirán unos honorarios en contraprestación por la firma del Contrato de Aseguramiento y los servicios que se han comprometido a prestar. En la medida en que las Acciones Nuevas, sin contar las Acciones Comprometidas, no se hubiesen suscrito durante el Período de Suscripción Preferente y el Período de Asignación Adicional, y sujeto a los términos del Contrato de Aseguramiento, las Entidades Aseguradoras se han comprometido a emplear esfuerzos razonables para buscar suscriptores y, en su caso, suscribir las Acciones Nuevas que no se hubiesen suscrito al Precio de Suscripción. En el caso de que el Contrato de Aseguramiento se resuelva, o si las obligaciones de aseguramiento y *pre-funding* de las Entidades Aseguradoras bajo el Contrato de Aseguramiento no adquieren eficacia como resultado del incumplimiento o falta de dispensa de alguna condición suspensiva, de las que son habituales en este tipo de operaciones, esto será considerado un factor significativo que requiere la publicación de un suplemento. En ese caso, los titulares de Derechos de Suscripción Preferente que hayan suscrito Acciones Nuevas durante el Período de Suscripción Preferente o el Período de Adjudicación Adicional tendrán el derecho, ejercitable en los dos días hábiles siguientes a la publicación del suplemento, para revocar sus suscripciones o solicitudes, según sea el caso, si dicho facto significativo surge antes del cierre final de la oferta (es decir, cuando la Sociedad declare el aumento de capital ejecutado y proceda al otorgamiento de la correspondiente escritura pública de ejecución del aumento de capital ante un notario público español, que se espera tenga lugar el 4 de noviembre de 2019, la Fecha de Ejecución).

Ocasionalmente, algunas de las Entidades Aseguradoras, y sus respectivas filiales, pueden haber prestado a la Sociedad o a sus filiales asesoramiento en temas de banca de inversión, comercial (incluido el otorgamiento de préstamos) y de otro tipo. Pueden prestar a la Sociedad o a sus filiales servicios similares o de otro tipo, y realizar actividades similares en el futuro. En relación con la Oferta, cada Entidad Aseguradora y cualquier filial que actúe como inversor por cuenta propia podrá aceptar Acciones Nuevas y, en calidad de tal, podrá mantener, comprar o vender dichas Acciones Nuevas (o inversiones relacionadas), por cuenta propia y podrá ofrecer o vender dichas Acciones Nuevas (u otras inversiones) salvo en relación con la Oferta.

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