

Cellnex Telecom, S.A.

Report to the Audit and Control
Committee Additional to the Report on
the Financial Statements for the year
ended 31 December 2019

*Translation of a report originally issued in Spanish. In
the event of a discrepancy, the Spanish-language
version prevails.*

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ADDITIONAL REPORT TO THE AUDIT AND CONTROL COMMITTEE

To the Audit and Control Committee of
Cellnex Telecom, S.A.,

As auditor of Cellnex Telecom, S.A. (the Company) and for the sole purpose of complying with Article 36 of Spanish Audit Law 22/2015, of 20 July 2015, and Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, we hereby issue this additional report to the Audit and Control Committee, which explains the results of the audit carried out and other matters specifically required under the aforementioned legislation in the terms described below.

- In relation to the audit of the financial statements of Cellnex Telecom, S.A. for the year ended 31 December 2019, we hereby confirm to you that, to the best of our knowledge and belief, the engagement partner, Ana Torrens Borrás, the partners and professionals responsible for the audit practice and the audit firm itself, Deloitte, S.L., to the extent applicable to them, have complied with the applicable independence requirements in accordance with Spanish Audit Law 22/2015, of 20 July, and Regulation (EU) No 537/2014 of 16 April. In this connection, on 21 February 2020 we issued a confirmation regarding our independence.
- The only key audit partner who participated in the audit of the financial statements of Cellnex Telecom, S.A. and has signed the auditor's report on the financial statements for the year ended 31 December 2019 was Ana Torrens Borrás.
- In conducting our audit no other statutory auditor or audit firm that is not a member of the Deloitte Touche Tohmatsu Limited network ("Deloitte") or any external experts took part.
- As part of our audit of the financial statements for 2019 of Cellnex Telecom, S.A., we communicated with the Board of Directors, the Audit and Control Committee and management of Cellnex Telecom, S.A. in written documents and by holding meetings. In this connection, on 28 June 2019 Tobías Martínez Gimeno, Chief Executive Officer, on behalf of the Company's Board of Directors, signed the proposal-letter that contractually governs the performance of our work. The audit work was performed in three stages in June and July 2019, October and November 2019 and January and February 2020, respectively, and two meetings were held with the Company's Audit and Control Committee on 24 July 2019 and 24 February 2020, at which the matters required by the audit legislation in force were communicated, in relation to both the engagement approach and its results, with the detail required by the aforementioned audit legislation.
- Deloitte has a common methodology for the performance of all the audit engagements that it conducts. The current methodology includes requirements and guidelines applicable both to the planning and the performance of audit engagements and is based on the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) of the IFAC. In order to fully comply with the audit regulations in force in Spain, the overall methodology is supplemented in the areas in which this is necessary. In this regard, it is necessary to consider that the professional regulations in force in Spain are gradually being brought into line with the content of the International Standards mentioned above. Also, Deloitte has common instrumental software to document the audit work performed.

The current methodology requires the audit team to perform certain procedures aimed at understanding the entity, its environment and its internal control processes, in order to identify and assess the risks of material misstatements in the financial statements.

Once the risks of material misstatements in the financial statements have been identified and assessed, the audit team develops the audit plan to cover the risks associated with the entity, the audit engagement and the financial statements taken as a whole. However, in the course of the audit the engagement team is continually re-assessing the risks identified and how the results of the work performed affect the audit procedures and tests initially planned.

The audit procedures to address the risks of material misstatement identified include tests of the operating effectiveness of the controls implemented by the Company and substantive tests (tests of details and substantive analytical procedures).

In the course of our audit work on the financial statements of Cellnex Telecom, S.A. for 2019, we performed our work through substantive procedures only, and we did not design or use tests of the operating effectiveness of the relevant controls in relation to any balance sheet categories.

The engagement approach used was the same as that used in the audit of the 2018 financial statements.

- Based on our professional judgement, without prejudice to the information communicated to the Company's Audit and Control Committee through written documents and meetings held in the various stages of our work, we determined the materiality for the financial statements of Cellnex Telecom, S.A. for the year ended 31 December 2019, taken as a whole, to be EUR 14,000 thousand. In determining this amount, we considered a combination of parameters on the basis of our best judgement, including most notably the fact that Cellnex Telecom, S.A. is the Parent of the Cellnex Group and the proportion it represents of the Group's assets, and, based on the specific circumstances of the Company and of the type of its business, equity as the parameter that best represents the performance of the Company's activity during the year. In this regard, the materiality figure represents 0.3% of the Company's total shareholders' equity at 31 December 2019.
- One of the objectives of our audit of the financial statements taken as a whole is to conclude on whether the use by the Company's Board of Directors of the going concern basis of accounting in the preparation of the financial statements is appropriate in the circumstances.

As part of our audit of the financial statements, we concluded that the use by the Board of Directors of the going concern basis of accounting when preparing the financial statements was appropriate.

The Board of Directors has not identified any material uncertainty that may cast doubt on the Company's ability to continue as a going concern and, consequently, no disclosures are made in this connection in the financial statements. Based on our audit of the Company's financial statements we, similarly, have not identified any material uncertainty. However, neither the Board of Directors nor the auditor can guarantee the Company's ability to continue as a going concern.

- In making our risk assessments, we took into account the internal control relevant to the Company's preparation of the financial statements, and of the accounting system, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. However, we are obliged to communicate to you any deficiencies identified in internal control that we assessed as being material. In this regard, we have not identified any matters requiring communication.
- The Company's governing bodies and management are responsible for identifying the laws and regulations applicable to the Company's activities and for ensuring compliance therewith. The requirements of current audit legislation are intended to facilitate the auditor's identification of material misstatements in the financial statements due to non-compliance with laws and regulations, but the auditor is not responsible for preventing non-compliance and cannot be expected to detect all cases of non-compliance with any law or regulation.

If in the course of our work we became aware of any significant matters relating to non-compliance or alleged non-compliance with legal or regulatory provisions or bylaw clauses, and independently of other communications required by the audit regulations in force, we would be obliged to communicate them to you, to the extent that such matters are important for the purpose of enabling the Audit and Control Committee to discharge its duties.

In this context, in the course of our audit of the financial statements for 2019 of Cellnex Telecom, S.A. no matters requiring communication were detected.

- In the course of the audit of the financial statements we considered the qualitative aspects of the Company's accounting practices, including the accounting policies applied, the accounting estimates and the information disclosed in the financial statements. We also took into consideration qualitative aspects of the financial reporting process, including those aspects that have a significant impact on the relevance, faithful representation, comparability and understandability of the information included in the financial statements. In this context, we inform you that the main valuation methods adopted by the Company applied to the various line items in the financial statements include most notably, due to their significance in the context of the audit of the financial statements of Cellnex Telecom, S.A. for the year ended 31 December 2019, the assessment of the recoverable amount of the investments in, and receivables from, Group companies and associates (under "Non-Current Investments in Group Companies and Associates" and "Current Investments in Group Companies and Associates").

The method used to measure the aforementioned items was as follows:

- The Company estimates the recoverable amount of its investments by discounting the cash flows that it will obtain from the investment at an average rate of the market cost of capital, as it considers this to be the most appropriate method for assessing its investments since it takes into account the fact that they are long-term investments.
- Where the investee engages mainly in the ownership of equity investments, its recoverable amount was calculated by aggregating the present value of the future cash flows from the investments in its subsidiaries.

- In determining the present value of the future cash flows from the investment, the following, inter alia, were considered:
 - Revenue and expense projections based on the budget for 2020 and on the most recent long-term projection approved by management, in accordance with the following general criteria:
 - All the cash-generating units (CGUs), except for TowerCo and Commscon, were projected up to 2040 in line with the duration of the service contracts in the telecommunications infrastructure services business segment. As the business of TowerCo is based on a concession arrangement, this CGU was projected up to the end of the concession term in 2038. The nature of the market for the business of Commscon is different and the average contract term is seven years.
 - The revenue and expense projections used in the impairment tests of the previous year were reviewed to evaluate possible variances.
 - Revenue and expense projections based on the budget for 2020 and on the most recent long-term projection approved by management, in accordance with the following general criteria:
 - The estimates regarding the activity of the business were based on growth in the consumer price index (CPI) in each of the countries in which the company operates as projected by the corresponding official agencies in each country (affected by such correcting factors as might apply in each case); the activity of the mobile telecommunications operator infrastructure business was estimated by taking as a reference the growth projections based on the agreements entered into with the various customers and the possibilities of co-location on the basis of the configuration and distribution of the network acquired, and on other specific aspects that could affect the activity in the future.
 - Expenses were estimated on the basis of the projected trends, taking into account expected changes in the CPI and the projected performance of the business.
 - Also, the Company took into account the impact of the infrastructure maintenance work that will be carried out, using the best estimates available based on experience and taking into account the projected performance of the related business.
 - The residual value was calculated in each of the tests prepared, through an assessment of the reasonableness of the perpetuity growth rate used.
 - The cash projections obtained from the revenue and expense projection described above were discounted at the rate resulting from adding to the risk-free long-term time value of money the risk premium assigned by the market to each country where the activity takes place and the risk premium assigned by the market to each business (at long-term in both cases).

Receivables from Group companies and associates are measured at fair value on initial recognition and are subsequently measured at amortised cost using the effective interest method. Lastly, if there are any indications of impairment, this is assessed on a joint basis, and in a similar manner, with the investment held in the investee.

These methods are in accordance with the Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the other provisions of the regulatory financial reporting framework applicable to the Company.

- No significant difficulties arose in the performance of our audit work. In this regard, José Manuel Aisa and Tobías Martínez, Financial and Corporate Development Manager and CEO, respectively, informed us that we had been given access to all the information of which they are aware on Cellnex Telecom, S.A. that is relevant to the preparation of the financial statements, such as the ledgers, accounting records or accounting systems, documentation and other material. We were also furnished with the additional information that we had requested from management and the Board of Directors for the purposes of the audit, having also enjoyed unlimited access to the Company's personnel from whom we considered it necessary to obtain audit evidence.

The significant matters that arose in the course of our audit were communicated to the Company's Audit and Control Committee. Of the matters communicated, we determined those that were of most significance in the period in the audit of the financial statements of Cellnex Telecom, S.A. for the year ended 31 December 2019 and which, consequently, are described in the "Key Audit Matters" section of our auditor's report, which we expect to issue tomorrow and in which we will express an unmodified opinion.

No other significant matters were identified, additional to those reflected in this report, that in our judgement are significant to the oversight of the financial reporting process by the Audit and Control Committee.

This report is furnished to you in accordance with the communication obligations provided for in current legislation in order to assist the Audit and Control Committee in complying with its supervisory obligations in relation to Cellnex Telecom, S.A.'s internal control and it may not be appropriate for other purposes. This report may not be published, totally or partially, unless current audit regulations so provide. Access to the contents of this report is regulated by Article 36 of Spanish Audit Law 22/2015, of 20 July.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ana Torrens Borrás
Registered in ROAC under no. 17762

24 February 2020

Cellnex Telecom, S.A.

Financial Statements
for the year ended
31 December 2019 and
Directors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM , S.A.

BALANCE SHEET AT 31 DECEMBER 2019

(Thousands of Euros)

| ASSETS | Notes | 31 December 2019 | 31 December 2018 | EQUITY AND LIABILITIES | Notes | 31 December 2019 | 31 December 2018 |
|---|-----------|---------------------|---------------------|--|-----------|---------------------|---------------------|
| NON-CURRENT ASSETS: | | | | EQUITY: | | | |
| Intangible assets- | Note 6 | 13,197 | 10,196 | NET EQUITY | Note 11 | | |
| Computer software | | 13,197 | 10,196 | Capital | | 96,332 | 57,921 |
| Property, plant and equipment- | Nota 7 | 3,478 | 3,741 | Share premium | | 3,886,193 | 314,522 |
| Land and buildings | | 532 | 548 | Reserves- | | 127,054 | 152,869 |
| Plant and other items of property, plant and equipment | | 2,878 | 2,730 | Legal and bylaw reserves | | 11,584 | 11,584 |
| Property, plant and equipment under construction | | 68 | 463 | Other reserves | | 115,470 | 141,285 |
| Investments in Group companies and associates- | | 6,747,401 | 3,313,122 | (Treasury shares) | | (4,222) | (5,572) |
| Equity instruments | Note 8.1 | 5,577,246 | 3,313,122 | Profit for the year | | 7,415 | (26,146) |
| Non current loans to Group companies and associates | Note 17.3 | 1,170,155 | - | Other equity instruments | | 139,914 | 64,081 |
| Non-current investments- | Nota 9 | 1,692 | 723 | VALUATION ADJUSTMENTS- | | | |
| Equity instruments | | 450 | 343 | Hedging operations | | (2,695) | (941) |
| Non current loans | | 456 | - | Total equity | | 4,249,991 | 556,734 |
| Other financial assets | | 786 | 380 | | | | |
| Deferred tax assets | Note 13.6 | 34,661 | 7,103 | NON-CURRENT LIABILITIES: | | | |
| Total non-current assets | | 6,800,429 | 3,334,885 | Non-current provisions | Note 16.4 | 1,699 | 2,246 |
| | | | | Non-current borrowings- | Note 12 | 4,607,105 | 2,855,487 |
| CURRENT ASSETS: | | | | Bond issues | | 3,460,798 | 2,410,286 |
| Trade and other receivables- | | 56,886 | 17,315 | Bank borrowings | | 1,142,714 | 443,946 |
| Trade receivables | | 84 | 78 | Derivatives | Note 12.3 | 3,593 | 1,255 |
| Receivables from Group companies and associates | Note 17.3 | 7,555 | 13,616 | Non current loans from Group companies and associates | Note 17.3 | 17,050 | 17,050 |
| Sundry receivables | | 3,028 | 842 | Total non-current liabilities | | 4,625,854 | 2,874,783 |
| Staff | | 1 | 3 | | | | |
| Current tax assets | | 1,674 | 2,160 | CURRENT LIABILITIES: | | | |
| Other tax receivables from Public Authorities | Note 13.2 | 44,544 | 616 | Current borrowings- | Note 12 | 49,072 | 103,798 |
| Current investments in Group companies and associates- | | 35,758 | 12,338 | Bond issues | | 40,326 | 99,890 |
| Current loans to Group companies and associates | Note 17.3 | 35,758 | 12,338 | Bank borrowings | | 4,944 | 2,617 |
| Current investments | | 2 | 28 | Other financial liabilities | | 3,802 | 1,291 |
| Other financial assets | | 2 | 28 | Current loans from Group companies and associates | Note 17.3 | 175,627 | 83,458 |
| Current accruals | | 1,154 | 899 | Current loans from Group companies and associates | | 175,627 | 83,458 |
| Cash and cash equivalents- | Note 10 | 2,242,659 | 290,260 | Trade and other payables- | | 36,344 | 36,952 |
| Cash | | 2,162,659 | 240,260 | Payables to Group companies and associates | Note 17.3 | 622 | 16,056 |
| Cash equivalents | | 80,000 | 50,000 | Other payables | | 27,213 | 10,691 |
| Total current assets | | 2,336,459 | 320,840 | Staff | Note 16.4 | 7,334 | 3,751 |
| TOTAL ASSETS | | 9,136,888 | 3,655,725 | Other payables to Public Authorities | Note 13.2 | 1,175 | 6,454 |
| | | | | Total current liabilities | | 261,043 | 224,208 |
| | | | | TOTAL EQUITY AND LIABILITIES | | 9,136,888 | 3,655,725 |

The accompanying Notes 1 to 20 and Appendix I are an integral part of the balance sheet at 31 December 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of Euros)

| | Notes | 2019 | 2018 |
|--|-------------------|------------------|-----------------|
| ONGOING OPERATIONS: | | | |
| Revenue- | Notas 15.1 y 17.3 | 133,030 | 64,611 |
| Dividends | | 126,435 | 63,278 |
| Interest income | | 6,595 | 1,333 |
| Other operating income- | Nota 15.2 | 28,464 | 17,485 |
| Non-core and other current operating income | | 28,464 | 17,485 |
| Staff costs- | Nota 15.3 | (27,305) | (13,246) |
| Wages, salaries and similar expenses | | (24,935) | (11,998) |
| Employee benefit costs | | (2,370) | (1,248) |
| Other operating expenses- | | (50,133) | (37,877) |
| Outside services | Nota 15.4 | (48,965) | (37,800) |
| Taxes other than income tax | | (1,138) | (77) |
| Losses, impairment and changes in trade provisions | | (30) | - |
| Depreciation and amortisation | Notas 6 y 7 | (4,971) | (3,476) |
| Profit from operations | | 79,085 | 27,497 |
| Finance income- | | 50 | 88 |
| Borrowings from third parties | | 50 | 88 |
| Finance costs- | | (108,602) | (84,063) |
| Borrowings from Group companies and associates | Nota 17.3 | (482) | (170) |
| Borrowings from third parties | | (108,120) | (83,893) |
| Change in fair value of financial instruments | | (3,451) | (1,825) |
| Exchange differences | | 672 | 2,352 |
| Net financial profit/loss | Nota 15.5 | (111,331) | (83,448) |
| Profit before tax | | (32,246) | (55,951) |
| Income tax | Nota 13.5 | 39,661 | 29,805 |
| Profit for the year | | 7,415 | (26,146) |

The accompanying Notes 1 to 20 and Appendix I are an integral part of the income statement for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

| | 2019 | 2018 |
|--|--------------|-----------------|
| PROFIT FOR THE YEAR PER INCOME STATEMENT | 7,415 | (26,146) |
| Income and expense recognised directly in equity | (1,754) | (1,064) |
| Transfers to the income statement | - | - |
| Total recognised income and expense | 5,661 | (27,210) |

The accompanying Notes 1 to 20 and Appendix I are an integral part of the statement of recognised income and expense for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Thousands of Euros)

| | Capital | Share Premium | Reserves | (Treasury shares) | Profit for the year | (Interim dividend) | Valuation adjustments | Other Equity Instruments | Total |
|--|---------------|------------------|----------------|-------------------|---------------------|--------------------|-----------------------|--------------------------|------------------|
| Total balance 2017 | 57,921 | 338,733 | 57,713 | (1,859) | 19,381 | (10,194) | 123 | - | 461,818 |
| Total recognised income and expense | - | - | - | - | (26,146) | - | (1,064) | - | (27,210) |
| Transactions with shareholders or owners | - | - | - | - | - | - | - | - | - |
| Distribution of dividends | - | (24,211) | - | - | - | - | - | - | (24,211) |
| Other variations | - | - | 85,727 | - | - | - | - | - | 85,727 |
| Transactions with treasury shares (net) | - | - | 242 | (3,713) | - | - | - | 64,081 | 60,610 |
| Distribution of the result for the year 2018 | - | - | 9,187 | - | (19,381) | 10,194 | - | - | - |
| Total balance 2018 | 57,921 | 314,522 | 152,869 | (5,572) | (26,146) | - | (941) | 64,081 | 556,734 |
| Total recognised income and expense | - | - | - | - | 7,415 | - | (1,754) | - | 5,661 |
| Transactions with shareholders or owners | - | - | - | - | - | - | - | - | - |
| Capital Increases and other equity contributions | 38,411 | 3,598,291 | - | - | - | - | - | 67,467 | 3,704,169 |
| Distribution of dividends | - | (26,620) | - | - | - | - | - | - | (26,620) |
| Transactions with treasury shares | - | - | 331 | 1,350 | - | - | - | 8,366 | 10,047 |
| Distribution of the result for the year 2018 | - | - | (26,146) | - | 26,146 | - | - | - | - |
| Total balance 2019 | 96,332 | 3,886,193 | 127,054 | (4,222) | 7,415 | - | (2,695) | 139,914 | 4,249,991 |

The accompanying Notes 1 to 20 and Appendix I are an integral part of the statement of total changes in equity for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM, S.A.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of Euros)

| | Notes | 2019 | 2018 |
|--|---------------|--------------------|------------------|
| CASH FLOWS - OPERATING ACTIVITIES (I) | | 26,121 | (3,182) |
| Profit for the year before tax | | (32,246) | (55,951) |
| Adjustments to profit- | | 116,332 | 86,924 |
| Depreciation and amortisation charge | Notes 6 and 7 | 4,971 | 3,476 |
| Gains/(losses) on derecognition and disposal of financial instruments | | 3,451 | 1,825 |
| Losses, impairment and changes in trade provisions | | 30 | - |
| Finance income | | (50) | (88) |
| Finance costs | Note 15.5 | 108,602 | 84,063 |
| Exchange differences | | (672) | (2,352) |
| Changes in working capital- | | 5,768 | 22,848 |
| Trade and other receivables | | 7,376 | 8,605 |
| Other current assets and liabilities | | - | 111 |
| Trade and other payables | | (1,608) | 14,132 |
| Other cash flows from operating activities- | | (63,733) | (57,003) |
| Interest paid | | (74,713) | (62,080) |
| Interest received | | 50 | 88 |
| Income tax recovered (paid) | | (625) | 362 |
| Other receivables and payables | | 11,555 | 4,627 |
| CASH FLOWS - INVESTING ACTIVITIES (II) | | (3,426,361) | (218,317) |
| Payments due to investments- | | (3,426,361) | (454,248) |
| Group companies and associates | Note 17.3 | (3,420,199) | (445,949) |
| Property, plant and equipment and intangible assets | | (5,219) | (8,221) |
| Other financial assets | | (943) | (78) |
| Proceeds from sale of investments- | | - | 235,931 |
| Group companies and associates | | - | 235,931 |
| CASH FLOWS - FINANCING ACTIVITIES (III) | | 5,352,639 | 338,169 |
| Proceeds and payments relating to equity instruments | | 3,683,375 | 57,445 |
| Acquisition of own equity instruments (net) | | - | (5,035) |
| Issue of equity instruments | Note 11.1 | 3,683,375 | 62,480 |
| Proceeds and payments relating to financial liabilities | | 1,695,884 | 304,935 |
| Proceeds from issue of bank borrowings | Note 12.2 | 1,142,796 | 405,144 |
| Bond issues | Note 12.1 | 1,026,032 | 591,615 |
| Debt issues with Group companies and associates | Note 17.3 | 68,948 | 94,952 |
| Repayment and redemption of bond issues | Note 12.1 | (62,835) | - |
| Repayment and redemption of bank borrowings | Note 12.2 | (479,057) | (478,072) |
| Repayment and redemption of Group companies and associates | Note 17.3 | - | (308,704) |
| Dividends paid and returns on other equity instruments- | | (26,620) | (24,211) |
| Dividends | Note 11.4 | (26,620) | (24,211) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III) | | 1,952,399 | 116,670 |
| Cash and cash equivalents at beginning of period | | 290,260 | 173,590 |
| Cash and cash equivalents at end of period | | 2,242,659 | 290,260 |

The accompanying Notes 1 to 20 and Appendix I are an integral part of the statement of cash flows for 2019.

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Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

Cellnex Telecom, S.A.

Notes to financial statements for the year ended 31 December 2019

1. General information

Cellnex Telecom, S.A. ("the Company") was incorporated in Barcelona on 25 June 2008. Its registered office is at Calle Juan Esplandiú nº 11 (Madrid). On 1 April 2015 it underwent a name change from Abertis Telecom Terrestre, S.A.U. to Cellnex Telecom, S.A.

The Company's corporate purpose, as set out in its bylaws, includes:

- The establishment and operation of all kinds of telecommunication infrastructures and/or networks, as well as the provision, management, marketing and distribution, on its own account or for third parties, of all types of services based on or through such infrastructures and/or networks.
- The planning, technical assistance, management, organisation, coordination, supervision, maintenance and conservation of these facilities and services under any type of contractual arrangement permitted by law, especially administrative concessions.

The Company may undertake these activities directly or indirectly through the ownership of shares or investments in companies with a similar corporate purpose or in any other formats permitted by law.

Since May 7 2015, the shares of the Company have been listed on the stock exchange.

The Company is the Parent of a group of subsidiaries, and under current legislation it is required to draw up separate consolidated financial statements. The consolidated financial statements of the Cellnex Group for 2018 were drawn up by the Directors at a Board meeting on 21 February 2019.

The main figures of the consolidated financial statements for 2019, which were drawn up in accordance with Final Provision Eleven of Law 62/2003 of 30 December, under International Financial Reporting Standards adopted by the European Union, are as follows:

| | Thousands of Euros |
|---|-----------------------|
| | 2019 |
| Total assets | 13,001,129 |
| Equity (of the Parent) | 4,160,929 |
| Equity (of non-controlling interests) | 889,907 |
| Income from consolidated operations | 1,030,845 |
| Loss for the year attributable to the parent | (9,245) |
| Loss for the year attributable to non-controlling interests | (9,258) |

Figures in all the accounting statements (balance sheet, income statement, statement of changes in equity and statement of cash flows) and the notes to the financial statements are expressed in thousands of euros, which is the Company's presentation and functional currency, unless otherwise stipulated.

2. Basis of presentation

2.1. Regulatory financial reporting framework applicable to the Company

The accompanying financial statements were prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- The Spanish Commercial Code, the Spanish Limited Liability Companies Law, Spain's Law on Structural Changes and other business legislation.
- Spain's General Accounting Plan approved by Royal Decree 1514/2007, which has been modified by Royal Decree 602/2016, and its sector adaptations.
- The mandatory rules approved by the Spanish Accounting and Audit Institute to implement the National Charter of Accounts and supplementary regulations.
- Any other applicable Spanish accounting regulations.

2.2. True and fair image

These financial statements were drawn up on the basis of the Company's accounting records and are presented in accordance with the applicable regulatory financial reporting framework, especially the accounting principles and criteria laid down therein. They were drawn up by the Directors of the Company in order to express a true and fair image of its assets, financial position, results from its operations, changes in equity and changes in cash flows, in accordance with the aforementioned current legislation in force. The financial statements of Cellnex Telecom, S.A. for the year ended on 31 December 2019, were authorised for issue by the Directors of the Parent Company at the meeting of the Board of Directors held on 25 February 2020. They will be submitted for approval by the General Meeting of Shareholders, and it is expected that they will be approved without any changes. The 2018 financial statements were approved by the General Shareholders' Meeting of Cellnex Telecom, S.A. on 9 May 2019.

In the present annual accounts, that information or breakdowns have been omitted that, not requiring any detail due to their qualitative importance, have been considered non-material or have no relative importance according to the concept of materiality or relative importance defined in the conceptual framework of the Spanish General Accounting Plan 2007.

2.3. Non-mandatory accounting principles applied

No non-mandatory accounting principles were applied. However, the directors drew up these financial statements in due consideration of all mandatory accounting principles and standards with a significant impact on the statements. All mandatory accounting principles were applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

Preparation of the financial statements requires the Company to make a number of accounting estimates and judgments. These estimates and judgments are reviewed constantly and are based on historical experience and other factors, including expectations of future events, which are considered reasonable under the circumstances.

Although the estimates used were made on the basis of the best information available at the date on which the financial statements were drawn up, any future modification to these estimates would be applicable prospectively as of that time, and the effect of the change on the estimates would be recognised in the income statement for the year concerned.

The main estimates and judgments considered in drawing up the financial statements are the following:

- Recoverable amount of investments in Group companies and associates and loans to Group companies (see Notes 4.3, 8 and 17.3).
- The criterion of recognition of deferred taxes and its recoverability plan (see Notes 4.4 and 13).
- Assessment of litigations, commitments and contingent assets and liabilities at year-end (see Notes 4.6 and 16).
- Valuation of derivatives and other financial instruments (see Notes 4.3.3 and 12.3).

2.5. Comparative information

The application of the accounting criteria in 2019 and 2018 has been uniform, therefore there are no transactions or operations that have been recorded following different accounting principles that could lead to discrepancies in the interpretation of the comparative figures for both periods.

The information in the accompanying notes to the 2018 financial statements is presented for the purposes of comparison with information relating to 2019.

2.6. Correction of errors

No significant errors in the preparation of the accompanying financial statements were detected that required the figures disclosed in the 2018 financial statements to be restated.

2.7. Grouping of items

Certain items on the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to make them easier to understand; however, whenever the amounts involved are material, the information is broken down in the notes concerned.

2.8 Changes in accounting criteria

During fiscal year 2019, there were no changes in significant accounting criteria with respect to the criteria applied in the year 2018.

3. Proposed distribution of profit

The distribution of 2019 profit proposed by the Company's Directors for approval by the General Shareholders' Meeting is as follows:

| | Thousands of Euros |
|-------------------------------|-----------------------|
| Basis of distribution: | |
| Profit for the year | 7,415 |
| | 7,415 |
| Distribution: | |
| Legal reserves | 7,415 |
| | 7,415 |

4. Accounting policies and measurement bases

As indicated in Note 2, the main accounting policies and measurement bases used by the Company in drawing up its financial statements for 2019 and 2018, in accordance with Spain's General Accounting Plan, were as follows:

4.1. Intangible assets

The intangible assets indicated below are recognised at acquisition cost less accumulated amortisation and any loss due to impairment, with their useful life being evaluated on the basis of prudent estimates. When the useful life of these assets cannot be estimated reliably they are amortized over a period of ten years.

Computer software

The Company records in this account the costs incurred in the acquisition and development of computer programs, including the costs of developing the web pages. The maintenance costs of computer applications are recorded in the profit and loss account for the year in which they are incurred. The amortization of computer applications is done by applying the straight-line method over a useful life of 4 years.

Impairment of intangible assets and materials

The Company evaluates, at each balance sheet date, whether there is any indication of impairment in the value of any asset. If any such indication exists, or when an annual impairment test is required (in the case of assets with an indefinite useful life), the Company estimates the asset's recoverable amount, which is the greater of the fair value of an asset less costs to sell and its value in use.

The procedure implemented by the management of the Company to carry out the test is the following:

To determine the value in use of an asset, the future cash inflow that the asset is expected to generate is discounted from its present value using an interest rate that reflects the current value of money at long-term rates and the specific risks of the assets.

In the event that the asset analysed does not generate cash flows that are independent of those from other assets (as is the case for goodwill), the fair value or value in use of the cash-generating unit that includes the asset (smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets) is estimated. In the event of an impairment loss for a cash-generating unit, the loss is first allocated to reduce the carrying amount of any goodwill allocated and then to the other assets pro rata on the basis of the carrying amount of each asset.

Impairment losses (excess of an asset's carrying amount over the recoverable amount) are recognised in the income statement for the year.

With the exception of goodwill, where impairment losses are irreversible, the Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In such a case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. This reversal would be recognised in the income statement for the year.

4.2. Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost less accumulated depreciation and any loss due to impairment, in accordance with the principle set forth in Note 4.1.

Staff costs and other costs directly related to property, plant and equipment are capitalised as part of the investment until brought into use.

Costs incurred to renovate, enlarge or improve items of property, plant and equipment which increase the capacity or productivity or extend the useful life of the asset are capitalised as part of the cost of the asset, provided that the carrying amount of the assets replaced and derecognised from inventories is known or can be estimated.

The costs of major overhauls are capitalised and depreciated over their estimated useful lives, while recurring upkeep and maintenance costs are charged to the income statement in the year in which they are incurred.

The depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated systematically on a straight-line basis, using the estimated useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.

The depreciation rates used to calculate the depreciation of the various items of property, plant and equipment are as follows:

| Item | Useful life in years |
|--|----------------------|
| Plant and other items of property, plant and equipment | 10 - 25 |

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately reduced to its recoverable amount, and the effect is taken to the income statement for the year (see Note 4.1).

4.3. Financial instruments

4.3.1 Financial assets

Allocation

The Company's financial assets are classified as:

- a) Loans and receivables: loans and receivables are financial assets originating from the sale of goods or the rendering of services in the ordinary course of the Company's business, or those that are not of commercial origin, are not equity instruments or derivative, have fixed or determinable payments and are not traded on an active market.
- b) Equity investments in Group companies and associates: group companies are deemed to be those related to the Company as a result of control relationship and associates are companies over which the Company exercises significant influence.

Initial recognition

Financial assets are initially recognised at the fair value of the consideration given plus directly attributable transaction costs.

Since 1 January 2010, fees paid to tax advisors or other professionals in relation to the acquisition of investments in Group companies which exercise control over the subsidiary are recognised directly in the income statement.

Subsequent valuation

Loans and receivables are valued at their amortized cost.

Investments in Group, associated and multi-group companies are valued at cost, reduced, when appropriate, by the accumulated amount of impairment corrections. These corrections are calculated as the difference between their book value and the recoverable amount, understood as the highest amount between their fair value less sell costs and the current value of future cash flows derived from the investment. Except for better evidence of the recoverable amount, the equity of the investee is taken into account, corrected for the tacit capital gains existing on the valuation date (including goodwill, if any).

At least at year-end, the Company performs an impairment test for financial assets that are not recorded at fair value. It is considered that there is objective evidence of impairment if the recoverable value of the financial asset is lower than its book value. When it occurs, the recording of this impairment is recorded in the profit and loss account.

In particular, and with respect to the valuation adjustments relating to commercial debtors and other accounts receivable, the criteria used by the Company to calculate the corresponding value adjustments, if any, is to estimate the fair value of said balances based on the collections estimated futures.

The Company derecognizes financial assets when the rights on the cash flows of the corresponding financial asset expire or have been transferred and the risks and benefits inherent to its property have been substantially transferred, such as in firm sales of assets, assignments of commercial loans in "factoring" operations in which the company does not retain any credit or interest risk, sales of financial assets with a repurchase agreement at their fair value or securitizations of financial assets in which the assignor does not retain subordinated financing neither grants any type of guarantee or assumes any other type of risk.

On the contrary, the Company does not derecognize financial assets, and recognizes a financial liability for an amount equal to the consideration received, in assignments of financial assets in which the risks and benefits inherent to its property are substantially retained, such as the discount of effects, the "factoring with recourse", the sales of financial assets with repurchase agreements at a fixed price or the sale price plus an interest and the securitizations of financial assets in which the transferor retains subordinated financing or other types of guarantees that absorb substantially all the expected losses.

4.3.2 Financial liabilities

This category includes trade and non-trade payables. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement for at least twelve months after the balance sheet date.

Trade payables falling due within one year and which do not have a contractual interest rate are stated, both initially and afterwards, at nominal value when the effect of not discounting the cash flows is not material.

Borrowings are initially recognised at fair value, including the costs incurred in raising the debt. In subsequent periods, the difference between the funds obtained (net of the costs required to obtain them) and the repayment value, if any and if it is significant, is recognised on the income statement over the term of the debt at the effective interest rate.

If existing debts are renegotiated, it is considered that there are no substantial modifications to the financial liabilities when the lender for the new loan is the same party that extended the initial loan and the present value of the cash flows, including net commissions, does not differ by more than 10% from the present value of the cash flows payable from the original liability calculated using the same method.

4.3.3 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates and exchange rates (see Note 5). These derivative financial instruments were classified as cash flow hedges and recognised at fair value (both initially and subsequently), using valuations based on the analysis of discounted cash flows using assumptions that are mainly based on the market conditions at the reporting date and adjusting for the bilateral credit risk in order to reflect both the Company's risk and the counterparty's risk.

At the inception of the hedge, the Company documents the relationship between the hedging instruments and the hedged items, in addition to its risk management objective and the strategy for undertaking the hedge. The Company also documents how it will assess, both initially and on an ongoing basis, whether the derivatives used in the hedges are highly effective for offsetting changes in the fair value or cash flows attributable to the hedged risk.

The fair value of the derivative financial instruments used for hedging purposes is set out in Note 12.3.

Hedge accounting, when considered to be such, is discontinued when the hedging instrument expires or is sold, terminated or exercised or when it no longer qualifies for hedge accounting. Any accumulated gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net accumulated gain or loss recognised in equity is transferred to net profit or loss for the year.

Classification on the balance sheet as current or non-current will depend on whether the maturity of the hedge at year-end is less or more than one year.

The criteria used to account for these instruments are as follows:

a) Cash flow hedge

The positive or negative variations in the valuation of the derivatives qualifying as cash flow hedges are charged, in their effective portion, net of the tax effect, to equity under "Reserves – Hedging reserves", until the hedged item affects the income (or when the underlying part is sold or if it is no longer probable that the transaction will take place), which is when the accumulated gains or losses in net equity are released to the income statement for the year.

Any positive or negative differences in the valuation of the derivatives corresponding to the ineffective portion are recognised directly in profit or loss for the year under "Change in fair value of financial instruments".

This type of hedge corresponds primarily to those derivatives entered into by the Company to convert floating rate debt to fixed rate debt.

b) Hedges of a net investment in currencies other than the euro

The Company finances its major foreign investments in the same functional currency in which they are held so as to reduce the foreign currency risk. This is carried out by obtaining financing in the corresponding currency or by entering into cross-currency and interest-rate swaps.

The exchange-rate component of hedges of net investments in foreign operations in subsidiaries, jointly controlled entities and associates are accounted for as a fair value hedge.

The changes in fair value of the designated derivatives, which meet the conditions for qualifying as hedges of net investments in foreign operations, are recognised in the income statement under "Change in fair value of financial instruments", together with any changes in the fair value of the hedged investment in subsidiaries, jointly controlled entities or associates that is attributable to foreign-exchange risk.

c) Derivatives not recognised as hedges

In the case of derivatives that do not qualify as hedging instruments, the positive or negative difference resulting from the fair value adjustments are taken directly to the income statement for the year.

The Company does not use any derivative instruments which do not qualify as hedging instruments.

d) Fair value and valuation techniques

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, irrespective of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are classified as level 1, 2 or 3 depending on the extent to which inputs used are observable and the importance of the inputs for measuring fair value in its entirety, as described below:

- Level 1 - Inputs are based on quoted prices (unadjusted) for identical instruments in active markets.
- Level 2 – Inputs are based on quoted prices for similar instruments in active markets (not included in level 1), prices quoted for identical or similar instruments in markets that are not active and techniques based on valuation models for which all relevant inputs are observable in the market or can be corroborated by observable market data.

- Level 3 – In general, inputs are unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in the valuation models are significant in the fair values of the assets and liabilities.

To determine the fair value of its derivatives, the Company uses valuation techniques based on expected total exposure (which includes both current exposure as well as potential exposure) adjusted for the probability of default and loss given default of each counterparty.

The expected total exposure of the derivatives is obtained using observable market inputs such as interest rate, exchange rate and volatility curves in accordance with the market conditions at the measurement date. The inputs used for the probability of default by the Company and by the counterparties are estimated on the basis of the credit default swap (CDS) prices observed in the market.

In addition, in order to reflect the credit risk in the fair value the market standard of 40% is applied as a recovery rate, which relates to the CDS in relation to senior corporate debt.

4.4. Income tax

The income tax expense or income includes the portion relating to the expense or income for current tax and the portion corresponding to the deferred tax expense or income.

Current income tax expense is the amount the Company pays as a result of income tax settlements for a given year. Tax credits and other tax benefits applied to taxable profit, excluding tax withholdings, prepayments and tax loss carryforwards from previous years, reduce current income tax expense.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences, measured as the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax losses and tax credits. These amounts are measured by applying to the corresponding temporary difference or tax asset, the tax rate at which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax liabilities are recognised in respect of all taxable temporary differences, with the exception of those arising from initial recognition of goodwill or other assets and liabilities in an operation that does not affect either taxable profit or accounting profit and is not a business combination.

Deferred tax assets are recognised only to the extent that it is considered likely the Company will have sufficient taxable profit in the future against which the deferred tax assets can be offset.

Deferred tax assets and liabilities arising from operations that are charged or credited directly to equity accounts are also recognised with a balancing entry under equity.

The deferred tax assets recognised are reconsidered at each closing date, and any necessary corrections are made if there are any doubts concerning future recovery. Deferred tax assets not recognised on the balance sheet are also assessed at each closing date, and are recognised if it is likely they will be recovered with future tax gains.

4.5. Employee benefits

Under the respective collective bargaining agreements, the Company has the following obligations with its employees:

(i) Post-employment obligations:

Defined-contribution obligations

In relation to defined-contribution employee welfare instruments (which basically include employee pension plans and group insurance policies), the Company makes fixed contributions to a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. Consequently, the obligations under this type of plan are limited to the payment of contributions, the annual expense of which is recognised on the income statement for the year as the obligations arise.

Defined-benefit obligations

Defined-benefit obligations relate mainly to bonuses or payments for retirement from the company and temporary and/or life-time annuities.

With regard to these obligations, where the company undertakes certain actuarial and investment risks, the liability recognised on the balance sheet is the present value of the obligations at the balance sheet date less the fair value of any plan assets at that date not arranged with related parties.

The actuarial valuation of the defined benefits is made annually by independent actuaries using the projected credit unit method to determine both the present value of the obligations and the related current and past service costs. The actuarial gains and losses arising from changes in the actuarial assumptions are recognised in the year in which they occur. They are not included on the income statement, but are presented on the statement of recognised income and expense.

(ii) Termination benefits

Termination benefits are paid to employees as a result of the decision to terminate their employment contract before the normal retirement date, or when the employee voluntarily accepts to resign in exchange for such compensation. The Company recognises these benefits when it is demonstrably committed to terminate the employment of the employees in accordance with a formal detailed plan without the possibility of withdrawal or to provide termination benefits. If a mutual agreement is required, a provision is only recorded in situations in which the Company has decided that it will consent to termination of the employees when this has been requested by them.

(iii) Obligations arising from plans for termination of employment

Provisions for obligations relating to plans for termination of employment of certain employees (such as early retirement or other forms of employment termination) are calculated individually based on the terms agreed with the employees. In some cases, this may require actuarial valuations based on both demographic and financial assumptions.

(iv) Long-term Incentive Plan

The amounts considered by the Company in relation to the Long Term Incentive Plans which were formalised in 2017, 2018 and 2019 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described below:

LTIP (2017-2019)

On 27 April 2017 Cellnex's Board of Directors approved the LTIP (2017-2019) and decided to make the LTIP a rolling plan going forward to further incentivise the retention of the beneficiaries, which includes the CEO, the Senior Management and certain key employees (up to 50 employees). The LTIP (2017 - 2019) is divided into two phases:

Phase I (2017-2018) accrues from 1 January 2017 until 31 December 2018 and was paid once the Group's annual accounts corresponding to the 2018 financial year were approved.

The amount received by the beneficiaries of this Phase I (2017-2018) has been determined by the degree of fulfilment of three objectives, each with the following weight:

1. 50%; the attainment of certain RLFCF (Recurring Leverage Free Cash Flow) per share figures according to the market consensus and at a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;
2. 30%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2018, 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; and
3. 20%; the attainment of certain Adjusted EBITDA figure according to the market consensus and the constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;

With regards to this Phase I (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%.

In accordance with the attainment above, the cost of Phase I (2017-2018) of the LTIP (2017-2019) for Cellnex was EUR 2.5 million, which has been paid after the Group's annual accounts corresponding to the 2018 financial year were approved.

Phase II (2018-2019) accrues from 1 January 2018 until 31 December 2019 and will be payable once the Group's annual accounts corresponding to the 2019 financial year have been approved.

The amount to be received by the beneficiaries of this Phase II (2018-2019) will be determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2019, 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.

With regards to this Phase II (2018-2019) 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% and for the second objective, which was related the share price appreciation, the percentage of attainment was 125%.

As at 31 December 2019, the cost of the Phase II (2018-2019) is EUR 5.8 million, and will be paid once the Group's annual accounts for the year 2019 have been approved.

For the LTIP (2017 – 2019) all Senior Management and certain employees must receive a minimum of 30% of their LTIP remuneration in Cellnex shares and for the CEO and Deputy CEO 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.

LTIP (2018-2020)

On 27 September 2018 Cellnex's Board of Directors approved the LTIP (2018-2020). The beneficiaries of this Plan are the CEO, the Deputy CEO, the Senior Management and key employees (approximately 55 employees). This plan has the same characteristics as the LTIP 2017-2019. This plan accrues from 1 January 2018 until 31 December 2020 and is payable once the Group's annual accounts corresponding to the 2020 financial year have been approved.

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%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 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.

As at 31 December 2019, the estimated cost of the ILP (2018-2020) is approximately EUR 5.1 million. If it were to achieve the maximum level of achievement of the objectives, the estimated cost would be approximately EUR 6.4 million.

For the LTIP (2018 – 2020) all Senior Management and certain employees must receive a minimum of 40% of their LTIP remuneration in Cellnex shares and for the CEO and Deputy CEO the minimum amount is 50% 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.

LTIP (2019-2021)

In November 2018 the Board of Directors approved the 2019-2021 LTIP. The beneficiaries include the CEO, the Deputy CEO, 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 initial starting price of the period and the average price in the three months prior to november 2021, 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 Group as of and for the year ended December 31, 2021 by the General Shareholders' Meeting.

For the LTIP 2019 – 2021 all Senior Management and Deputy CEO must receive a minimum of 50% of their LTIP remuneration in Cellnex shares and for the CEO the minimum amount is 30% of their LTIP remuneration in Shares. The outstanding 50% or 70% 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 at 31 December 2019, the estimated cost of the 2019-2021 LTIP is approximately EUR 6.4 million. The cost of the 2019-2021 LTIP assuming full achievement of the Company's objectives is estimated at approximately EUR 8 million.

4.6. Provisions and contingent liabilities

The Directors of the Company in the formulation of the annual accounts differentiate between:

- a) Provisions: credit balances that cover current obligations derived from past events, whose cancellation is likely to result in an outflow of resources, but which are indeterminate in terms of their amount and / or time of cancellation.
- b) Contingent liabilities: possible obligations arising as a result of past events, whose future materialization is conditioned on the occurrence, or not, of one or more future events independent of the Company's will.

The annual accounts include all provisions with respect to which it is estimated that the probability of having to meet the obligation is greater than otherwise. Unless they are considered remote, contingent liabilities are not recognized in the annual accounts, but they are reported in the notes to the report.

Provisions are valued at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available on the event and its consequences, and recording the adjustments arising from the updating of such provisions as a financial expense as it accrues.

The compensation to be received from a third party at the time of settlement of the obligation, provided that there is no doubt that said reimbursement will be received, is recorded as assets, except in the case that there is a legal link through which part of the risk, and by virtue of which the Company is not obliged to respond; in this situation, the compensation will be taken into account to estimate the amount for which, in its case, the corresponding provision will appear.

4.7. Current and non-current items

Current assets are those related to the normal operating cycle that is generally considered to be one year, as well as those assets whose maturity, disposal or realization is expected to occur in the short term from the closing date of the year. Financial assets held for trading, with the exception of financial derivatives whose settlement period is greater than one year and cash and other equivalent liquid assets. Assets that do not meet these requirements are classified as non-current.

Similarly, current liabilities are liabilities linked to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives whose settlement period is greater than one year and, in general, all the obligations whose maturity or extinction will occur in the short term. Otherwise, they are classified as non-current.

4.8. Recognition of revenue and expenses

On the basis of the consultation to Spain's Accounting and Audit Institute (ICAC) resolved on 23 July 2009, concerning accounting classification of the revenue and expenses of a holding company in individual accounts, income from dividends and interest accruing from the financing of investees were classified under "Revenue".

Income and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, provided that the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method.

4.9. Leases

Leases are classified as finance leases, provided that the conditions of the leases show that the risks and benefits inherent to the ownership of the asset that is the object of the contract are substantially transferred to the lessee. The other leases are classified as operating leases.

Operating lease

i. The Company acts as a lessee

Expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.

Any collection or payment that may be made when contracting an operating lease, will be treated as a prepayment or payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

4.10. Cash and cash equivalents

For the purposes of the statement of cash flows, "Cash and cash equivalents" includes the Company's cash and current deposit accounts with an initial maturity of three months or less. The carrying amount of these assets is similar to their fair value.

4.11. Treasury shares

If the Company acquires treasury shares, these are recognised in the balance sheet under "Treasury shares" and deducted from equity and measured at their acquisition cost without recognising any valuation adjustment.

When these shares are sold, any amount received, net of any additional directly attributable transaction costs and the corresponding effect of the tax on the gain generated, is included in equity of the Company.

4.12. Payments based on shares

The Company recognizes, on the one hand, the goods and services received as an asset or as an expense, according to its nature, at the time of its acquisition and, on the other hand, the corresponding increase in net assets, if the transaction is settled with equity instruments, or the corresponding liability if the transaction is settled with an amount that is based on the value of the equity instruments.

In the case of transactions that are settled with equity instruments, both the services rendered and the increase in net equity are valued at the fair value of the equity instruments transferred, referring to the date of the concession agreement. If, on the contrary, they are settled in cash, the goods and services received and the corresponding liability are recognized at the fair value of the latter, referring to the date on which the requirements for recognition are met.

4.13. Related party transactions

The Company carries out all its transactions with related parties on an arm's length basis. Also, as transfer prices are adequately documented, the Company's Directors feel there are no significant risks that could give rise to material liabilities in the future.

For balance sheet presentation purposes, Group companies are considered as those that are direct or indirect subsidiaries of Cellnex Telecom, S.A., and associates are considered as companies that have this status with respect to companies controlled by Cellnex Telecom, S.A.; and other related companies are deemed to be those with significant influence over Cellnex Telecom, S.A., with the right to nominate a director or with a shareholding above 5% (see Note 11).

4.14. Transactions in currencies other than the euro

Transactions in currencies other than the euro are translated into the functional currency of the Company (the euro) using the exchange rates in effect on the transaction date. Gains and losses on currencies other than the euro arising from the settlement of these transactions and from the translation of monetary assets and liabilities held in currencies other than the euro at the year-end exchange rates are recognised in the income statement.

4.15. Activities affecting the environment

The Company's activities and business purpose are such that it has no environmental impact, and therefore it is not necessary to incur any expenses or invest to meet the environmental requirements laid down in law.

5. Financial risk management

5.1. Factors of financial risk

The activities of the Company and the Group, of which it is the Parent, are exposed to various financial risks: exchange-rate risk, interest-rate risk, credit risk, liquidity risk and inflation risk.

Financial risk management of the companies in the Cellnex Group is controlled by the General Finance Department following authorisation by the most senior executive officer of Cellnex, as part of the respective policy adopted by the Board of Directors.

a) Foreign-exchange risk

The Company presents its accounts in euros, therefore, fluctuations in the exchange rate of the currencies in which loans are implemented and transactions are carried out, can have an impact on: future commercial transactions, the recognition of assets and liabilities, as well as in investments in currency other than the euro.

In addition, since 2016 the Company operates outside the Euro zone and has assets mainly in the United Kingdom and Switzerland, which entails exposure to foreign currency risk and in particular to the risk of fluctuations in the exchange rates of the euro, the pound sterling and the Swiss franc. The strategy for hedging the exchange rate risk for investments in currencies other than the euro should aim at full risk coverage, and should be implemented within a reasonable period of time, depending on market conditions and the previous impact analysis. of said coverage.

Despite the fact that most of the Company's transactions are carried out in euros, the volatility in the conversion into euros of the agreements entered into in pounds sterling and Swiss francs may have negative consequences for the Company, affecting its business prospects, projections, financial statements and results of operations, as well as the generation of cash flows.

b) Interest rate risk

The Company is exposed to interest rate risk through its non-current and current borrowings.

Foreign resources issued at variable rates expose the Company to interest rate risks of cash flows, while non-fixed interest rate exposures expose the Company to interest rate risks on fair value. In addition, any increase in interest rates may increase the financial expense of the Company associated with variable rate loans, as well as the costs of refinancing existing debt and issuing new debt.

The objective of interest rate risk management is to achieve a balance in the debt structure that minimizes volatility in the income statement over a multi-year horizon.

The Company could use derivative financial instruments to manage its financial risk derived mainly from interest rate variations. These derivative financial instruments have been classified as cash flow hedges and have been recognized at fair value (both initial and subsequent valuations). These valuations have been calculated by analyzing the discounted cash flows using assumptions based mainly on the market conditions existing at the balance sheet date, in the case of unlisted derivative instruments (see Notes 4.3.3 and 12.3).

On December 31, 2019 there is financing contracted to third parties that presents interest rate hedging mechanisms (see Note 12.3).

c) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as other debts, including outstanding receivables and committed transactions.

To mitigate this credit risk, the Company carries out derivative transactions and spot transactions mainly with banks with strong credit ratings as qualified by international rating agencies. The solvency of these institutions, as indicated in each institution's credit ratings, is reviewed periodically in order to perform active counterparty risk management.

During the years for which information is reported, no credit limits were exceeded and management does not expect to incur losses as a result of default by any of the counterparties indicated above.

d) Liquidity risk

The Company carries out prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of finance through established credit facilities as well as the ability to liquidate market positions.

e) Inflation risk

Most of the Company's services contracts are indexed to inflation through part of its operating expenses and infrastructure lease agreements. The same is true of its other contracts.

5.2. Fair value measurements

The fair value of financial instruments not quoted on active markets is determined using valuation techniques. The Company uses a variety of methods and makes assumptions based on the existing market conditions at each balance sheet date.

6. Intangible assets

The changes in this heading on the balance sheets in 2019 and 2018 are as follows:

2019

| | Thousands of Euros |
|---|-----------------------|
| | Computer software |
| At 31 December 2018 | |
| Cost | 15,786 |
| Accumulated amortisation | (5,590) |
| Carrying amount | 10,196 |
| Carrying amount at beginning of period | 10,196 |
| Additions | 7,293 |
| Transfers | 82 |
| Amortisation charge | (4,374) |
| Carrying amount at end of period | 13,197 |
| At 31 December 2019 | |
| Cost | 23,160 |
| Accumulated amortisation | (9,963) |
| Carrying amount | 13,197 |

2018

| | Thousands of Euros |
|---|-----------------------|
| | Computer software |
| At 31 December 2017 | |
| Cost | 10,093 |
| Accumulated amortisation | (2,585) |
| Carrying amount | 7,508 |
| Carrying amount at beginning of period | 7,508 |
| Additions | 5,651 |
| Transfers | 42 |
| Amortisation charge | (3,005) |
| Carrying amount at end of period | 10,196 |
| At 31 December 2018 | |
| Cost | 15,786 |
| Accumulated amortisation | (5,590) |
| Carrying amount | 10,196 |

The additions of the 2019 and 2018 exercises correspond to the improvement and adaptation of software developments.

All the intangible assets described in the table above have definite useful lives.

As of December 31, 2019, there are intangible assets in operation that are fully amortized for an amount of EUR 2,110 thousand (EUR 26 thousand as of December 31, 2018).

It is Company policy to take out all the insurance policies considered necessary to safeguard against any risks that might affect its intangible assets.

7. Property, plant and equipment

The changes in this heading on the balance sheets in 2019 and 2018 were as follows:

2019

| | Thousands of Euros | | | |
|---|--------------------|--|--|--------------|
| | Land and buildings | Plant and other items of property, plant and equipment | Property, plant and equipment under construction | Total |
| At 31 December 2018 | | | | |
| Cost | 570 | 3,664 | 463 | 4,697 |
| Accumulated amortisation | (22) | (934) | - | (956) |
| Carrying amount | 548 | 2,730 | 463 | 3,741 |
| Carrying amount at beginning of period | 548 | 2,730 | 463 | 3,741 |
| Additions | - | 378 | 38 | 416 |
| Amortisation charge | (17) | (580) | - | (597) |
| Transfers | 1 | 350 | (433) | (82) |
| Carrying amount at end of period | 532 | 2,878 | 68 | 3,478 |
| At 31 December 2019 | | | | |
| Cost | 571 | 4,392 | 68 | 5,031 |
| Accumulated amortisation | (39) | (1,514) | - | (1,553) |
| Carrying amount | 532 | 2,878 | 68 | 3,478 |

2018

| | Thousands of Euros | | | |
|---|--------------------|--|--|--------------|
| | Land and buildings | Plant and other items of property, plant and equipment | Property, plant and equipment under construction | Total |
| At 31 December 2017 | | | | |
| Cost | 314 | 2,646 | 79 | 3,039 |
| Accumulated amortisation | (8) | (476) | - | (484) |
| Carrying amount | 306 | 2,170 | 79 | 2,555 |
| Carrying amount at beginning of period | 306 | 2,170 | 79 | 2,555 |
| Additions | 256 | 980 | 463 | 1,700 |
| Amortisation charge | (14) | (458) | - | (472) |
| Transfers | - | 37 | (79) | (42) |
| Carrying amount at end of period | 548 | 2,730 | 463 | 3,741 |
| At 31 December 2018 | | | | |
| Cost | 570 | 3,664 | 463 | 4,697 |
| Accumulated amortisation | (22) | (934) | - | (956) |
| Carrying amount | 548 | 2,730 | 463 | 3,741 |

The additions of the 2019 and 2018 periods correspond mainly to the adaptation and improvement of the offices where the Company carries out its activity.

All the property, plant and equipment described in the table above (excluding "lands") have definite useful lives.

At December 31, 2019, there are property, plant and equipment assets in operation that are fully amortized for an amount of EUR 224 thousand (EUR 0 thousand as of December 31, 2018).

It is Company policy to take out all the insurance policies considered necessary to safeguard against any risks that might affect its property, plant and equipment.

8. Investments in Group companies and associates

8.1. Equity instruments

The breakdown of direct and indirect shareholdings in Group companies and associates, together with their carrying amount, the breakdown of equity and the dividends received from them, is shown in Appendix I.

At 31 December 2019 and 2018 there were no investees which, with a stake of less than 20%, it may be concluded there was significant influence or, in the case of investees with a stake of more than 20%, it may be concluded there was no significant influence.

The breakdown of the direct shareholdings in Group companies as well as the movement of the years 2019 and 2018 is as follows:

2019

| Shareholding in Group companies | Thousands of Euros |
|------------------------------------|-----------------------|
| At 31 December 2018 | 3,313,122 |
| Additions- | |
| Cellnex Italia, S.r.L. | 107,000 |
| Cellnex Netherlands, B.V. | 1,286 |
| Cellnex UK Limited | 151,263 |
| Cellnex France Groupe, S.A.S. | 2,323,341 |
| Cellnex Switzerland AG | 413,647 |
| Cellnex Telecom España, S.L.U. | 60,000 |
| Towerlink Portugal, ULDA | 4,000 |
| Signal Infrastructure, Ltd | 111,928 |
| Disposals- | |
| Cellnex France, S.A.S. | (908,341) |
| | 2,264,124 |
| At 31 December 2019 | 5,577,246 |

| Shareholding in Group companies | Thousands of Euros | | |
|------------------------------------|-----------------------|------------|------------------|
| | Cost | Impairment | Net Value |
| Cellnex Italia, S.r.L. | 952,310 | - | 952,310 |
| Cellnex Netherlands, B.V. | 516,437 | - | 516,437 |
| Cellnex UK Limited | 281,489 | - | 281,489 |
| Cellnex France Groupe, S.A.S | 2,324,391 | - | 2,324,391 |
| Cellnex Switzerland AG | 579,191 | - | 579,191 |
| Cellnex Telecom España, S.L.U. | 807,500 | - | 807,500 |
| Towerlink Portugal, ULDA | 4,000 | - | 4,000 |
| Signal Infrastructure, Ltd | 111,928 | - | 111,928 |
| Total 31.12.2019 | 5,577,246 | - | 5,577,246 |

2018

| Shareholding in Group companies | Thousands of Euros |
|---|-----------------------|
| At 31 December 2017 | 3,012,456 |
| Additions- | |
| Cellnex Italia, S.r.L. | 55,700 |
| Cellnex France, S.A.S. | 390,249 |
| Cellnex Telecom España, S.L. | 977,497 |
| Cellnex Switzerland AG | 5,993 |
| Disposals- | |
| Retevisión-I, S.A.U. | (368,938) |
| Tradia Telecom, S.A.U. | (127,121) |
| On Tower Telecom Infraestructuras, S.A.U. | (395,711) |
| Cellnex Switzerland AG | (5,932) |
| Cellnex Telecom España, S.L. | (230,000) |
| Cellnex UK Ltd. (formerly Shere Group Ltd.) | (1,071) |
| | 300,666 |
| At 31 December 2018 | 3,313,122 |

| Shareholding in Group companies | Thousands of Euros | | |
|---|-----------------------|------------|------------------|
| | Cost | Impairment | Net Value |
| Cellnex Italia, S.r.L. | 845,310 | - | 845,310 |
| Cellnex Netherlands, B.V. | 515,151 | - | 515,151 |
| Cellnex France, S.A.S. | 908,341 | - | 908,341 |
| Cellnex UK Ltd. (antes Shere Group Limited) | 130,226 | - | 130,226 |
| Cellnex France Groupe, S.A.S. | 1,050 | - | 1,050 |
| Cellnex Switzerland AG | 165,544 | - | 165,544 |
| Cellnex Telecom España, S.L.U. | 747,500 | - | 747,500 |
| Total 31.12.2018 | 3,313,122 | - | 3,313,122 |

The main additions in 2019 relate to the following transactions:

i) *Cellnex Italia, S.r.L.*

On November 14, Cellnex Italia (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of EUR 107,000 thousand.

ii) *Cellnex Netherlands, B.V.*

In August 2019, the Company has paid EUR 1,286 thousand relating the Shere Group acquisition in 2016, and according to the purchase agreement, which has been registered as major investment on Cellnex Netherlands.

Durante el mes de agosto del ejercicio 2019, la Sociedad ha realizado un pago por importe de 1.286 miles de euros derivado de la adquisición del Subgrupo Shere Group en el ejercicio 2016 y según el acuerdo de compraventa, que se ha registrado como mayor participación sobre Cellnex Netherlands.

iii) *Cellnex UK Limited*

On July 26, Cellnex UK Limited (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of GBP 123,000 thousand (EUR 137,226 thousand).

iv) *Cellnex France Groupe, S.A.S.*

On June 28, Cellnex France Groupe, S.A.S. (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of EUR 1,415,000 thousand).

In addition, the following restructuring process was carried out in 2019 among companies belonging to the Cellnex Group in which the Company holds a 100% stake:

- Acquisition by Cellnex France Groupe, S.A.S. of all the shares of Cellnex France, S.A.S, to date owned by Cellnex Telecom, S.A., for its carrying amount of EUR 903,341 thousand.
- To fund the purchase, Cellnex Telecom, S.A. carried out a shareholders' contribution to Cellnex France Groupe, S.A.S. in the same amount.

v) *Cellnex Switzerland AG*

On July 30, 2019, Cellnex Switzerland AG, formalized an increase in share capital in the amount of CHF 332,227 thousand (EUR 301,012 thousand).

In addition, during December 2019, Deutsche Telekom Capital Partners ("DTCP") exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom. As a result, Cellnex Telecom acquired an additional 9% (DTCP stake in Cellnex Switzerland at the date of execution) of the share capital of Cellnex Switzerland for CHF 109,876 thousand (with a Euro value of EUR 100,316 thousand as of 31 December 2019), which has been registered as more value of the investment in Cellnex Switzerland.

vi) *Cellnex Telecom España, S.L.U.*

On September 10, 2019, Cellnex Telecom España, S.L.U. (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of EUR 60,000 thousand).

vii) *Towerlink Portugal, ULAD*

On June 14, 2019, the sole shareholder of the company Towerlink Portugal decided on performing voluntary ancillary capital contributions, in the total amount of EUR 4,000 thousand, totally disbursed at December 31, 2019.

viii) *Signal Infrastructure, Ltd.*

During the second half of 2019, the Company acquired 100% of the share capital of Signal from InfraVia Capital Partners, owner of 546 sites in Ireland for a total purchase price of EUR 111,928 thousand.

ix) *Changes in the portfolio as a result of the exchange rate:*

During the current financial year 2019, the net investment coverage in foreign businesses of certain companies as Cellnex UK Limited and Cellnex Switzerland resulted in an increase in the cost of the investment in these investees amounting to of EUR 14,037 thousand and an EUR 12,319 thousands, respectively (decrease of EUR 1,071 thousand and increase of EUR 5,993 thousand respectively in 2018). This variation was made with a balancing entry in the income statement for the year (under the heading "Variation in the fair value of financial instruments") due to the effect of the exchange rate on the part of the coverage considered as effective coverage, said impact being offset due to the effect of the contracted coverage (see Note 12), also recorded in the same section of the income statement (see Note 15.5).

The main additions in 2018 related to the following transactions:

i) *Cellnex Telecom España, S.L.U.*

On February 14, 2018, the non-monetary contribution of Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infraestructuras, S.A.U. (Spanish companies) within the consolidation perimeter in which Cellnex Telecom, S.A. had a 100% stake, for a value of 977 million euros, generating a contribution of share capital and share premium in the Company for the same amount (see Note 8.1).

The cost of the portfolio of the companies contributed to Cellnex Telecom España, S.L.U. amounted to EUR 892 million, an amount that Cellnex Telecom, S.A. has written off in its share portfolio.

From this operation, a capital gain has been generated that has been recorded against reserves in the statement of changes in equity, for an amount of EUR 85.7 million.

The transaction has been defined as the contribution of a business between Group companies. As defined in section 2.1 of the NRV 21st of the General Accounting Plan, in the wording introduced by Royal Decree 1159/2010, of September 17, when regulating non-monetary contributions, it establishes that in non-monetary contributions to a company of the group, the contributor and the receiver, will value their investment for the book value of the assets delivered in the consolidated annual accounts on the date on which the operation is carried out, according to the Rules for the Formulation of the Consolidated Annual Accounts, which they develop the Commercial Code.

Additionally, on July 20, 2018, the company Cellnex Telecom España, S.L.U. has distributed an issue premium of 230 million euros.

ii) *Cellnex France, S.A.S.*

On December 18, 2018, the company Cellnex France, S.A.S. (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of EUR 9,255 thousand with an issue premium of EUR 380,994 thousand.

iii) *Cellnex Switzerland AG*

On May 7, 2018, the distribution of a dividend amounting to CHF 15 million was approved, which resulted in the reduction of the participation of Cellnex Switzerland AG in the amount of EUR 5.9 million.

iv) *Cellnex Italia, S.r.L.*

On November 29, 2018, the company Cellnex Italia (a sole proprietorship owned 100% by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of 55,700 thousand euros.

v) *Changes in the portfolio as a result of the exchange rate:*

During the current financial year 2018, the net investment coverage in foreign businesses of certain companies as Cellnex UK Ltd (formerly Shere Group Ltd) and Cellnex Switzerland resulted in a decrease in the cost of the investment in these investees amounting to a decrease of EUR 1,071 thousand and an increase of EUR 5,993 thousands, respectively. This variation was made with a balancing entry in the income statement for the year (under the heading "Variation in the fair value of financial instruments") due to the effect of the exchange rate on the part of the coverage considered as effective coverage, said impact being offset due to the effect of the contracted coverage (see Note 12), also recorded in the same section of the income statement (see Note 15.5).

8.2. Impairment

As indicated in Note 4.3, at the end of the year, the Company evaluates whether any of the investments recorded in books show signs of impairment and, if applicable, their recoverable value.

For this purpose, the method for estimating the recoverable value from the net equity value was used first.

In those cases in which when applying said method it has been shown that the book value was higher, the recoverable amount of the investment has been determined based on the present value of the future cash flows derived from the investment, calculated by estimating their share in the cash flows expected to be generated by the investee, or the market value (price of recent similar transactions in the market) minus the costs associated with the sale.

In those cases in which the main activity of the investee is holding company shares, the recoverable amount has been calculated based on the aggregation of the present value of the future cash flows derived from the investment of its subsidiaries.

In order to determine this current value of the future cash flows derived from the investment, the following has been mainly carried out:

- The projections of income and expenses of the impairment tests of the previous year have been reviewed to evaluate possible deviations. In this sense, no significant deviations have been observed in the review of the impairment tests for 2018 with respect to the results for the year 2019.
- The corresponding projections of income and expenses have been made, according to the following general criteria:
 - o In terms of business activity, the growth of the consumer price index (CPI) in each country in which the company operates, provided by the corresponding official bodies of each country (affected), has been taken as a reference for its estimation. by the correctors that are applicable in each case), and and a 2% fix escalator in France. In the activity of the Infrastructure business for mobile telecommunications operators has been estimated taking as reference the expected growth based on the agreements they have with different customers and the possibilities of co-location in based on the configuration and distribution of the acquired network, and other specific aspects that could affect future activity. In addition, for those countries in which exist an asset purchase agreement, the Company has considered the commitments to acquire "Built to Suite" assets in the projections.
 - o For expenses, the trends were considered in light of the expected changes in the respective CPI and the projected performance of the business.
 - o Additionally, the Company considered the impact of the maintenance of the infrastructure that will be carried out, using the best estimates available based on the Group's experience and taking into account the projected return of the activity.

- The cash projections obtained from the projection of income and expenses carried out according to the above-mentioned criteria, have been updated to the discount rate resulting from adding to the cost of money without risk in the long term, the risk premium assigned by the market to the country where the activity of the company is carried out, the risk premium assigned by the market to each business (both considering a long-term vision).
- Projections for the first years are generally based on the closing 2019 and on the most recent medium-term projection and, after approximately year ten, on the activity growth rate evident from the service contracts. Projections covers a period higher than five years of cash flows after closing, due to the duration of the existing service contracts with customers.

As a result of the foregoing, during the 2019 and 2018 periods the need to record impairment losses in any of the investments recorded under this heading has not been revealed.

As of December 31, 2019 and 2018, there is no provision for impairment of the value of the shares held in Group companies and associates.

The most significant assumptions used in determining the fair value of the investments in Group companies were as follows:

2019

The discount rate before tax considered for CGU Broadcast business (Tradia Telecom), CGU TIS business (On Tower Telecom Infraestructuras), CGU Italy (Towerco, Galata, Commscon), CGU Netherlands (Towerlink NL, Shere Masten, Alticom BV), CGU France (Cellnex France, S.A.S), CGU UK (Cellnex UK Ltd. (formerly Shere Group Ltd.)) and CGU Switzerland (Cellnex Switzerland)) is 6.6%, 6.2%, 7.5%, 5.4%, 6.0%, 6.0% and 5.2% respectively.

The activity growth rate considered for CGU Broadcast business (Tradia Telecom) was 1.5% per annum, and for CGU TIS business (On Tower Telecom Infraestructuras), CGU Italy (Towerco, Galata), CGU Netherlands (Towerlink NL, Shere Masten, Alticom BV), CGU France, CGU UK (Cellnex UK Ltd. (antes Shere Group Ltd.)), and CGU Switzerland is 3% per annum. The activity growth rate considered in the Commscon's (CGU Italy) growth rate was determined at 11.9% per annum due to the highly dynamic market and growth opportunities.

The 'terminal g', considered for all CGUs was 2.5% apart from CGU Broadcast business (Tradia Telecom), which represented 1.5% due to the broadcasting component, which was in line with a general inflation rate.

All CGUs apart from TowerCo and Commscon (CGU Italy) have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment. As the TowerCo business is based on a concession agreement with Atlantia, this CGU has been projected until the end of the concession in 2038. Commscon's business has different market dynamics, as a result, this CGU has been projected until 2028.

2018

The discount rate before tax considered for Tradia Telecom, On Tower Telecom Infraestructuras, CGU Italy (Towerco, Galata, Commscon), CGU Netherlands (Towerlink NL, Shere Masten, Alticom BV), CGU France (Cellnex France, S.A.S), CGU UK (Cellnex UK Ltd. (formerly Shere Group Ltd.)) and CGU Switzerland (Cellnex Switzerland)) is 7.1%, 7.1%, 8.4%, 5.4%, 6.4%, 5.6% y 5.7% respectively.

The activity growth rate considered for Tradia Telecom was 1.2% per annum, and for On Tower Telecom Infraestructuras, CGU Italy (Towerco, Galata), CGU Netherlands (Towerlink NL, Shere Masten, Alticom BV), CGU UK (Cellnex UK Ltd. (antes Shere Group Ltd.)) is 2.5% per annum. The activity growth rate considered in CGU Switzerland is 2.0%, in CGU France is 5% and the Commscon's growth rate was determined at 11.5% per annum due to the highly dynamic market and growth opportunities.

The 'terminal g', considered for all CGUs was 1,5% apart from Tradia Telecom, which represented 1.0% due to the broadcasting component, which was in line with a general inflation rate.

All CGUs apart from TowerCo and Commscon (CGU Italy) have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment. As the TowerCo business is based on a concession agreement, this CGU has been projected until the end of the concession in 2038. Commscon's business has different market dynamics, as a result, this CGU has been projected until 2025.

Sensitivity to changes in the key assumptions

With regards to the impairment tests performed on the investments in Group companies, the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the shareholdings to such an extent that even if the hypothesis used were changed significantly there would be no significant risk of impairment.

In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate "g" of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment to investments in Group companies recognised by the company at 31 December 2019.

Thus, the recoverable amount obtained exceeds the carrying amount of the assets, although the sensitivity analyses conducted on the projections evidence clearly a high tolerance (above 20%) to changes in the key assumptions used.

8.3. Other information

The Company has no commitments in relation to its investees other than the financial investments made, with the exception of the balances held with those companies, which are included in Note 17.3.

9. Non-current financial investments

The breakdown of financial investments by categories is as follows:

| | Thousands of Euros | |
|-------------------------|--------------------|-------------|
| | 31/12/2019 | 31/12/2018 |
| | Non-current | Non-current |
| Investment fund | 450 | 343 |
| Non-current Loans | 456 | - |
| Deposits and guarantees | 786 | 380 |
| Total | 1,692 | 723 |

The Company join a venture capital fund in the ICT sector, with an undertaking to subscribe six hundred thousand shares with a nominal value of one euro each. The initial disbursement amounted to EUR 90 thousand, accounting for 15% of the equity undertaken by the Company.

As of December 31, 2019, additional contributions and partial reimbursements have been made for 54 and 53 thousand euros, respectively (66 and 17 thousand euros, respectively, as of December 31, 2018).

Deposits and guarantees also included the amount of the deposit made in respect of the office rental contract, as well as the amount of the deposit made in respect of the new offices rental (see Note 16.3).

10. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

| | Thousands of Euros | |
|------------------|--------------------|----------------|
| | 31/12/2019 | 31/12/2018 |
| Cash | 2,162,659 | 240,260 |
| Cash equivalents | 80,000 | 50,000 |
| Total | 2,242,659 | 290,260 |

As of December 31, 2019, the Company has contracted fixed-term deposits with credit institutions, for a total amount of EUR 80,000 thousand (EUR 50,000 thousand as of December 31, 2018). It was created on December 23, 2018 with a 74 days maturity (November 27, 2018 and expiration to 93 days as of December 31, 2018).

11. Net equity

11.1. Capital and treasury shares

Share capital

At 31 December 2018, the share capital of Cellnex was represented by 231,683,240 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

At 31 December 2019, in accordance with the capital increases detailed below, the share capital of Cellnex Telecom increased by EUR 38,411 thousand to EUR 96,332 thousand (EUR 57,921 thousand at the end of 2018), represented by 385,326,529 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

March 2019 Capital Increase

On 27 February 2019, the Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 31 May 2018, approved a capital increase (hereinafter, the "Capital Increase") through monetary contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

The Capital Increase was carried out through the issuance and sale of 66,989,813 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 17.89 per each new share. Thus, the Capital Increase amounted to EUR 1,198 million, which has been fully subscribed.

Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 1 March 2019 and whose transactions were registered in Iberclear as at 5 March 2019. Each share in circulation at that time granted the right to receive a preferential subscription right (38 rights were required to subscribe 11 new shares). The pre-emptive subscription period ended on 16 March 2019.

The New Shares offer the same political and economic rights as the ordinary shares of the Company.

On 25 March 2019, the public deed for the Capital Increase, granted on 22 March 2019, was duly registered.

On 26 March 2019, the 66,989,813 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

October 2019 Capital Increase

On 7 October 2019, the Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 9 May 2019, approved a capital increase (hereinafter, the "Capital Increase") through cash contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

The Capital Increase was carried out through the issuance and sale of 86,653,476 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 28.85 per each new share. Thus, the Capital Increase amounted to approximately EUR 2,500 million, which has been fully subscribed.

Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 10 October 2019 and whose transactions were registered in Iberclear up to 14 October 2019 (both inclusive). Each share in circulation at that time granted the right to receive a preferential subscription right (31 rights were required to subscribe 9 new shares). The pre-emptive subscription period ended on 25 October 2019.

The New Shares offer the same political and economic rights as the ordinary shares of the Company.

The funds from the capital increase will be used to support Cellnex's active projects pipeline.

On 5 November 2019, the public deed for the Capital Increase, granted on 4 November 2019, was duly registered.

On 7 November 2019, the 86,653,476 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Significant Shareholders

In accordance with the notifications concerning the number of shares held made to the National Securities Market Commission, the shareholders who hold significant shareholdings in the share capital of the Company, both directly and indirectly, greater than 3% of the share capital at 31 December 2019 and 2018, are as follows:

| | % stake | |
|--|---------------|---------------|
| | 31/12/2019 | 31/12/2018 |
| ConnecT, S.p.A. | 29,90% | 29,90% |
| Criteria Caixa, S.A.U. | 5,00% | 5,00% |
| Threadneedle Asset Management Ltd ⁽¹⁾ | - | 5,00% |
| Wellington Management Group LLP ⁽²⁾ | 4,28% | - |
| Blackrock, Inc ⁽³⁾ | 4,98% | 4,75% |
| Canada Pension Plan Investment Board | 3,16% | 3,16% |
| Permian Investment Partners, LP | - | 3,16% |
| Total | 47,32% | 50,97% |

Source: Comisión Nacional del Mercado de Valores ("CNMV")

⁽¹⁾ At the end of 2018, Threadneedle Asset Management Ltd controlled 5.00% of the rights to vote across several investment funds and other accounts. None of the above mentioned funds and/or accounts had a shareholding higher than 3%.

- (2) Wellington Management Company LLP is a direct controlled undertaking of Wellington Investment Advisors Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Group Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Management Group LLP.
- (3) Corresponds to managed collective institutions with a percentage lower than 5%. In addition, there is a total holding of 1.053% through financial instruments connected to shares in the Company. At the year-end 2018, corresponded to managed collective institutions with a percentage lower than 5%. In addition, there was a total holding of 1.253% through financial instruments connected to shares in the Company.

Additionally to the significant shareholdings detailed above, Atlantia, S.p.A. holds a shareholding through financial instruments amounting to 5.98%, which is currently owned by Connect.

At 31 December 2019, Connect is positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 29.9% stake in its share capital.

Changes in 2019

On 11 July 2019, Edizione sold a 5% stake of Connect (which holds 29.9% of Cellnex) to Abu Dhabi Investment Authority ("ADIA") and Singapore's sovereign wealth fund ("GIC").

As a result of the above, Edizione remains Connect's largest shareholder with a 55% stake, while ADIA and GIC each hold 22.5% stake in Connect.

Changes in 2018

Changes in Abertis shareholding on Cellnex

In the context of the tender offer over Abertis ("the tender offer"), during 2018, the relevant facts detailed below took place, in relation to the shareholding structure of Cellnex:

On 23 March 2018, Atlantia announced that it had made a request to Hochtief, subject to the positive outcome of the tender offer, to adopt the appropriate actions for the sale by Abertis of all or part of its 34% stake in Cellnex Telecom, by virtue of the Call Option granted to Atlantia by Hochtief.

Likewise, Atlantia accepted the proposal from Edizione, S.r.L. ("Edizione") dated March 20, 2018, by virtue of which Edizione granted to Atlantia a Put Option on 29.9% of Cellnex share capital, subject to the positive outcome of the tender offer.

On 5 June, 2018, Abertis concluded the process of accelerated placement of shares of Cellnex Telecom, S.A. among qualified investors. The placement consisted of a block of 9,499,013 ordinary shares of the Company, representing 4.1% of its issued share capital, at a purchase price of EUR 22.45 per share. As a result of that placement, at that date Abertis held ordinary shares of Cellnex Telecom, representing 29.9% of its issued share capital.

On July 12, 2018, Abertis sold to Connect S.p.A. 69,273,289 ordinary shares in Cellnex, which represented 29.9% of the total share capital of the latter, at a price of EUR 21.50 per share. Connect is a subsidiary fully controlled by Sintonia S.p.A., a subholding company wholly owned by Edizione S.r.l. ("Edizione").

Thus, as of 31 December 2018, Connect was positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 29.9% stake in its share capital.

Shareholders' agreement entered into between Sintonia, ConneCT, Infinity and Raffles

On 9 October 2018, Edizione announced through a regulatory information notice ("hecho relevante") that Sintonia and ConneCT, both entities under its control, had executed a shareholders agreement with Infinity, an entity ultimately wholly-owned by the Abu Dhabi Investment Authority ("ADIA"), and Raffles, an entity ultimately wholly-owned by GIC Pte. Ltd. ("GIC"), governing the terms of the minority investment by Infinity and Raffles in the share capital of ConneCT and their commitment to inject up to EUR 1,500 million of further new equity in ConneCT to support the Company's growth in the next four years.

On 12 October 2018, Edizione announced through a regulatory information notice ("hecho relevante") the successful closing of this investment and the commencement of the Shareholders Agreement. Following completion Sintonia holds approximately 60% of ConneCT's share capital and each of Infinity and Raffles hold approximately 20% of ConneCT's share capital.

Pre-emptive subscription rights in offers for subscription of securities of the same class

On 9 May 2019, the ordinary general shareholder's meeting of Cellnex, pursuant to article 297.1.(b) of the Law of Corporations, resolved to delegate in favour of the Company's Board of Directors the faculty to increase the share capital, whether through one or more issuances, up to an amount equivalent to 50% of the Company's share capital on 9 May 2019 (the date of such resolution), until May 2024 (i.e. the authorization has a term of 5 years). This authorization includes the power to exclude the pre-emptive subscription rights of shareholders, in accordance with the provisions of article 506 of the Spanish Companies Act; however, under these circumstances the Board of Directors has the authority to issue up to 10% of the Company's share capital (this limit being included within the maximum limit of 50% referred above).

Furthermore, the ordinary general shareholder's meeting of Cellnex resolved to delegate in favour of the Company's Board of Directors the (also with a term of 5 years, i.e., until May 2024) the faculty to issue debentures, bonds and other similar fixed-income securities, convertible (including contingently) into shares of the Company, preferential shares (if legally permissible) and warrants (options to subscribe to new shares of the Company) up to a limit of 10% of the Company's share capital on 9 May 2019 (this limit being also included within the maximum limit of 50% referred above).

Treasury shares

Pursuant to the authorisation granted by the Board of Directors in its meeting of 26 May 2016, Cellnex has made various purchases and sales of treasury shares.

On 31 May 2018 the ordinary general shareholder's meeting of Cellnex resolved to delegate in favour of the Company's Board of Directors the faculty to purchase treasury shares up to a limit of 10% of the share capital of the Company.

At 31 December 2019, Cellnex did not carry out discretionary purchases of treasury shares. However, during this period, 63,912 treasury shares have been transferred to employees in relation mainly to the Long Term Incentive Plan's described in Note 16.4.

During 2019, the Company has registered a profit of EUR 316 thousand (a profit of EUR 215 thousand at 31 December 2018), net of fees and commissions, as a result of these operations and this has been taken as a reserve movement in the balance sheet.

The number of treasury shares as at 31 December 2019 amounts to 199,943 shares and represents 0.052% of the share capital of Cellnex Telecom, S.A. (0.11% as at 31 December 2018).

The use of the treasury shares held at 31 December 2019 will depend on the agreements reached by the Corporate Governance bodies.

The movement in the portfolio of treasury shares during 2019 and 2018 has been as follows:

2019

| | Number (Thousands of Shares) | Average price | Purchases /Sales (Thousands of Euros) |
|----------------------------|------------------------------------|---------------|---|
| At 1 January 2019 | 264 | 21,117 | 5,572 |
| Purchases | - | - | - |
| Sales | (64) | 21,117 | (1,350) |
| At 31 December 2019 | 200 | 21,117 | 4,222 |

2018

| | Number (Thousands of Shares) | Average price | Purchases /Sales (Thousands of Euros) |
|----------------------------|------------------------------------|---------------|---|
| At 1 January 2018 | 87 | 21.427 | 1,859 |
| Purchases | 4,365 | 21.921 | 95,680 |
| Sales | (4,188) | 21.961 | (91,967) |
| At 31 December 2018 | 264 | 21.117 | 5,572 |

11.2. Share premium

As at 31 December 2019 the share premium of Cellnex Telecom increased by EUR 3,572 million to EUR 3,886 million (EUR 315 million at the end of 2018) mainly due to the Capital Increases described in Note 11.1.

During 2019, a cash pay out to shareholders of EUR 26,620 thousand was declared from the share premium account.

11.3. Reserves

The breakdown of this account is as follows:

| | Thousands of Euros | |
|--------------------|--------------------|----------------|
| | 31/12/2019 | 31/12/2018 |
| Legal reserve | 11,584 | 11,584 |
| Voluntary reserves | 114,465 | 140,595 |
| Other reserves | 1,005 | 690 |
| | 127,054 | 152,869 |

Legal reserve

In accordance with the consolidated text of the Spanish Limited Liability Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may not be distributed to shareholders unless the Company is liquidated.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Apart from the purpose mentioned above, the legal reserve may be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

At 31 December 2019, because of the capital increases explained in Note 11.1 the legal reserve had not reached the legally established minimum. At 31 December 2018 it was fully constituted.

Voluntary reserves

On February 14, 2018, Cellnex Telecom España, S.L. acquired 100% of the shares of Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infraestructuras, S.A.U. owned by Cellnex Telecom, S.A., for a book value of 977 million euros. The capital gain generated by this operation amounted to 86 million euros, and was recorded with a credit to reserves.

Voluntary reserves are freely available.

Other equity instruments

The main impact on this line during 2019 relates to the issue of Convertible Bonds in January and July (see Note 12).

The main impact on this line during 2018, related to the issue of Convertible Bond in January 2018 (see Note 12)

At 31 December 2019, the convertible bond reserve increased by EUR 67,467 thousand to EUR 129,947 thousand (EUR 62,480 thousand at the end of 2018)

Hedge Reserve

This line item includes the reserve generated by the effective portion of the changes in the fair value of the derivative financial instruments designated and classified as cash flow hedges and/or hedges of net investments in foreign operations.

11.4. Dividends

The determination of the distribution of dividends is carried out based on the individual statutory accounts of Cellnex Telecom, S.A., and within the framework of the legislation in force in Spain.

The dividends to distribute to the shareholders are recorded as liabilities in the financial statements as soon as the dividends are approved by the Annual General Meeting (or by the Board of Directors in the case of interim dividends) and until their payment.

On 31 May 2018 the Annual General Meeting approved the distribution of a cash pay out to shareholders charged to the share premium reserve to a maximum of EUR 63 million, payable in one or more instalments during the years 2018, 2019 and 2020. It was also agreed to delegate to the Board of Directors the authority to

establish, if this is the case, the amount and the exact date of each payment during this period, always attending to the maximum overall amount stipulated.

During 2019, in compliance with the Company's dividend policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 31 May 2018, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,816 thousand, which represented EUR 0.03956 for each existing and outstanding share with the right to receive such cash pay-out. In addition, on 14 November 2019, the Board of Directors, approved the distribution of a dividend charged to the share premium reserve in the amount of EUR 14,804 thousand, which represented EUR 0.03842 per share.

Along with the final cash dividend of EUR 11,818 thousand to be paid in 2020 (pursuant to the corresponding approval by the Annual General Meeting), the total cash dividend distribution against 2019 equity will have increased by 10% in relation to the dividend distributed against 2018 equity.

12. Current and non-current debt

The breakdown, by category, of short and long-term debts payable is as follows:

| | Thousands of Euros | | | | | |
|-----------------------------|---------------------|------------------|------------------|----------------|------------------|------------------|
| | Debits and payables | | | | | |
| | 31/12/2019 | | | 31/12/2018 | | |
| | Current | Non current | Total | Current | Non current | Total |
| Bond Issues | 40,326 | 3,460,798 | 3,501,124 | 99,890 | 2,410,286 | 2,510,176 |
| Loans and credit facilities | 4,944 | 1,142,714 | 1,147,658 | 2,167 | 443,946 | 446,743 |
| Derivatives | 201 | 3,593 | 3,794 | 180 | 1,255 | 1,435 |
| Other financial liabilities | 3,601 | - | 3,601 | 1,111 | - | 1,111 |
| Total | 49,072 | 4,607,105 | 4,656,177 | 103,798 | 2,855,487 | 2,959,285 |

During the year ended at 31 December 2019, the Company increased its borrowings from bond issues and loans and credit facilities (which do not include "Derivative Financial Instruments" or "Other financial liabilities") by EUR 1,692,043 thousand to EUR 4,648,782 thousand.

The increase in the Company's bond issues and other loans is mainly due to the two issuances of convertible bonds that have been carried out during 2019, as detailed in section "Convertible bond issues" of this note, as well as the issuance of a straight bond (EUR 60,500 thousand).

Additionally, the increase of loans and credit facilities is mainly due to the fact that the Company has entered into several financing agreements, as detailed below:

On 2 July 2019 Cellnex signed a EUR 100 million 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. The proceeds will be used to finance new investments abroad, such as in France.

On 17 July 2019 Cellnex Group signed a total of EUR 2.1 billion financing with a pool of banks to increase its liquidity position and to finance some Group expansion investments. The financing consists of the following two facilities agreements:

- i) A syndicated loan of CHF 183,000 thousand, which mainly replaced the CHF 190,000 thousand facility while extending the maturity until 2024, and

- ii) a syndicated facilities agreement consisting of a EUR 1,500,000 thousand multicurrency revolving credit agreement, refinancing existing EUR 500,000 thousand revolving credit facility and a new CHF 450,000 thousand term loan to fund the equity contribution into Cellnex Switzerland to finance the acquisitions in Switzerland and to refinance partially the existing CHF 190,000 thousand facility.

On 5 November 2019 Cellnex Group signed a GBP 2 billion financing consisting of a GBP 1,400,000 thousand term loan facility for the benefit of Cellnex Telecom with a maturity of up to 3 years and a GBP 600,000 thousand term loan facility for the benefit of Cellnex UK Limited (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), guaranteed by Cellnex Telecom, with a 5-year bullet maturity to finance acquisitions in UK. As of the date hereof, these facilities remain undrawn.

In addition, during the year ended 31 December 2019, Cellnex has amended certain credit facilities for a total of EUR 370,000 thousand and GBP 100,000 thousand to extend its maturities and reduce margins. In addition, Cellnex has cancelled a credit facility by EUR 10,000 thousand.

As of 31 December 2019 and 2018, the average interest rate of all available borrowings would have been 1.5% and 1.9% respectively, in the event they had been entirely drawn down. The average weighted interest rate as of 31 December 2019 of all available borrowings drawn down was 1.8% (2.2% as of 31 December 2018).

The Company'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 Company prioritizes securing sources of financing at 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 at 31 December 2019 and 31 December 2018, the breakdown of the Company's borrowings (i) by maturity, (ii) by type of debt and (iii) by currency was as follows:

(i) *Borrowings by maturity*

2019

| | Thousands of Euros | | | | | | | |
|---|--------------------|---------------|---------------|----------------|----------------|------------------|---------------------------|------------------|
| | Limit | Current | Non-current | | | | | Total |
| | | | 2021 | 2022 | 2023 | 2024 | 2025 and subsequent years | |
| Bond issues | 3,600,500 | 47,039 | - | 600,000 | - | 750,000 | 2,142,687 | 3,539,726 |
| Accrual of bond arrangement expenses | | (6,713) | (6,962) | (6,629) | (6,051) | (4,677) | (7,570) | (38,602) |
| Loans and credit facilities | 4,600,867 | 7,229 | 32,500 | 223,374 | 116,169 | 585,695 | 192,125 | 1,157,092 |
| Accrual of loans and credit facilities arrangement expenses | | (2,285) | (2,310) | (1,902) | (1,778) | (938) | (221) | (9,434) |
| Derivatives | | 201 | - | - | - | - | 3,593 | 3,794 |
| Other financial liabilities | | 3,601 | - | - | - | - | | 3,601 |
| Total | 8,201,367 | 49,072 | 23,228 | 814,843 | 108,340 | 1,330,080 | 2,330,614 | 4,656,177 |

2018

| | Thousands of Euros | | | | | | | |
|---|--------------------|----------------|---------------|---------------|----------------|----------------|---------------------------|------------------|
| | Limit | Current | Non-current | | | | | Total |
| | | | 2020 | 2021 | 2022 | 2023 | 2024 and subsequent years | |
| Bond issues | 2,552,835 | 104,445 | - | - | 600,000 | - | 1,833,631 | 2,538,076 |
| Accrual of bond arrangement expenses | | (4,555) | (4,746) | (4,949) | (4.568) | (3,942) | (5,140) | (27,900) |
| Loans and credit facilities | 1,446,668 | 3,429 | 90,057 | 30.625 | 78,498 | 169,213 | 77,750 | 449,572 |
| Accrual of loans and credit facilities arrangement expenses | | (812) | (676) | (629) | (431) | (146) | (315) | (3,009) |
| Derivatives | | 180 | - | - | - | - | 1,255 | 1,435 |
| Other financial liabilities | | 1,111 | - | - | - | - | - | 1,111 |
| Total | 3,999,503 | 103,798 | 84,635 | 25,047 | 673,499 | 165,125 | 1,907,181 | 2,959,285 |

(ii) *Borrowings by type of debt*

| | Thousand of Euros | | | | | |
|-----------------------------|-------------------------------|------------------|------------------|-------------------------------|------------------|----------------|
| | Notional as of 31/12/2019 (*) | | | Notional as of 31/12/2018 (*) | | |
| | Limit | Drawn | Undrawn | Limit | Drawn | Undrawn |
| Bond issues | 3,600,500 | 3,600,500 | - | 2,552,835 | 2,552,835 | - |
| Loans and credit facilities | 4,600,867 | 1,152,909 | 3,447,958 | 1,446,668 | 447,150 | 999,518 |
| Total | 8,201,367 | 4,753,409 | 3,447,958 | 3,999,503 | 2,999,985 | 999,518 |

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

As of 31 December 2019, the total limit of loans and credit facilities available was EUR 4,600,867 thousand (EUR 1,446,668 thousand as of 31 December 2018), of which EUR 2,513,330 thousand in loans and EUR 2,087,537 thousand in credit facilities (EUR 318,983 thousand in loans and EUR 1,127,684 thousand in credit facilities as of 31 December 2018).

Furthermore, of the EUR 4,600,867 thousand of loans and credit facilities available (EUR 1,446,668 thousand as of 31 December 2018), EUR 4,196,242 thousand (EUR 480,793 thousand as of 31 December 2018) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and U.S. dollar (USD).

As at 31 December 2019 the amount drawn down of the loans and credit facilities was EUR 1,152,908 thousand (EUR 447,150 thousand drawn down as at 31 December 2018).

(iii) Borrowings by currency

| | Thousand of Euros | |
|--------------|-------------------|------------------|
| | 31/12/2019(*) | 31/12/2018(*) |
| Euro | 3,783,375 | 2,634,128 |
| GBP | 331,631 | 167,909 |
| CHF | 589,207 | 188,157 |
| Total | 4,704,213 | 2,990,194 |

(*) The amounts shown in the preceding table relate to the cash flows set forth in the contracts, which differ from the carrying amount of the borrowings due to the effect of avoiding the incorporation of accrual expenses

As described in Note 5.1 of these annual accounts, the foreign exchange risk on the net investment of operations of the Company denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency.

In this regard, as of 31 December 2019 and 2018, the Company maintained borrowings in GBP, which acted as a natural hedge of the net investment in Cellnex UK Limited. These borrowings amounted to GBP 282,152 thousand with a Euro value of EUR 331,631 thousand (GBP 150,200 thousand with a Euro value of EUR 167,909 thousand as of 31 December 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 the Cellnex UK Ltd. The maturities of these borrowings are between 2022 and 2023.

In addition, as of 31 December 2019, the Company maintained borrowings in CHF, which act as a natural hedge of the net investment in Cellnex Switzerland. Such borrowings amounted to CHF 639,525 thousand with a Euro value of EUR 589,207 thousand (CHF 212,035 thousand with a Euro value of EUR 188,157 thousand as of 31 December 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 are between 2024 and 2026.

12.1. Bond issues

The detail of the bonds and other financing instruments at 31 December 2019 and 2018 is as follows:

| | Miles de Euros | |
|---------------------------------------|------------------|------------------|
| | 31/12/2019 | 31/12/2018 |
| Bond issues | 3,501,090 | 2,447,318 |
| Promissory notes and commercial paper | 34 | 62,858 |
| Bond issues and other loans | 3,501,124 | 2,510,176 |

i) Euro Medium Term Note Programme – (EMTN) Programme

In May 2015, the Group established an EMTN Programme through the Company. This Programme is registered on the Irish Stock Exchange and is renewed annually. As at 31 December 2019, the EMTN Programme allows the issue of bonds in the aggregate amount of up to EUR 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 the Corporate Sector Purchase Programme (CSPP) by European Central Bank (ECB). However, the BCE publicly announced that they will not increase the size and reinvest the proceeds of the Corporate Purchase Programme (CSPP) from December 2018 onwards.

Since May 2015, under the aforementioned EMTN Programme, Cellnex has issued the bonds described in the table below, all of them addressed to qualified investors:

2019

| Issue date | Duration | Maturity date | Fitch / S&P rating | ISIN | Fixed coupon payable per annum | Thousands of Euros | |
|------------|----------|---------------|--------------------|--------------|--------------------------------|--------------------|-------------------------------------|
| | | | | | | Amount of issue | Amount of issue at 31 December 2019 |
| 27/07/2015 | 7 years | 27/07/2022 | BBB-/BB+ | XS1265778933 | 3.13% | 600,000 | 600,000 |
| 10/08/2016 | 8 years | 16/01/2024 | BBB-/BB+ | XS1468525057 | 2.38% | 750,000 | 750,000 |
| 16/12/2016 | 16 years | 20/12/2032 | BBB-/NA | XS1538787497 | 3.88% | 65,000 | 65,000 |
| 18/01/2017 | 8 years | 18/04/2025 | BBB-/BB+ | XS1551726810 | 2.88% | 335,000 | 335,000 |
| 07/04/2017 | 9 years | 07/04/2026 | BBB-/NA | XS1592492125 | Eur 6M+2.27% ⁽¹⁾ | 80,000 | 80,000 |
| 03/08/2017 | 10 years | 03/08/2027 | BBB-/NA | XS1657934714 | Eur 6M+2.20% | 60,000 | 60,000 |
| 31/07/2019 | 10 años | 31/07/2029 | BBB-/NA | XS2034980479 | 1.90% | 60,500 | 60,500 |
| | | | | | | 1,950,500 | 1,950,500 |

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

2018

| Issue date | Duration | Maturity date | Fitch / S&P rating | ISIN | Fixed coupon payable per annum | Thousands of Euros | |
|------------|----------|---------------|--------------------|--------------|--------------------------------|--------------------|-------------------------------------|
| | | | | | | Amount of issue | Amount of issue at 31 December 2018 |
| 27/07/2015 | 7 years | 27/07/2022 | BBB-/BB+ | XS1265778933 | 3.13% | 600,000 | 600,000 |
| 10/08/2016 | 8 years | 16/01/2024 | BBB-/BB+ | XS1468525057 | 2.38% | 750,000 | 750,000 |
| 16/12/2016 | 16 years | 20/12/2032 | BBB-/NA | XS1538787497 | 3.88% | 65,000 | 65,000 |
| 18/01/2017 | 8 years | 18/04/2025 | BBB-/BB+ | XS1551726810 | 2.88% | 335,000 | 335,000 |
| 07/04/2017 | 9 years | 07/04/2026 | BBB-/NA | XS1592492125 | Eur 6M+2.27% ⁽¹⁾ | 80,000 | 80,000 |
| 03/08/2017 | 10 years | 03/08/2027 | BBB-/NA | XS1657934714 | Eur 6M+2.20% | 60,000 | 60,000 |
| | | | | | | 1,890,000 | 1,890,000 |

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

The bond issues have certain associated costs, customary in this type of transactions such as arrangement expenses and advisors' fees, which amount to EUR 16,321 thousand as of 31 December 2019 in relation to the bonds issued, which the Company defers over the life of the bonds and are taken to the income statement following a financial criteria. In this regard, an amount of EUR 38,602 thousand and EUR 27,900 thousand was deducted from bond issues in the balance sheet as of 31 December 2019 and 31 December 2018, respectively. The arrangement expenses and advisor's fees accrued in the income statement for the year ended 31 December 2019 in relation to the bond issues amounted to EUR 5,619 thousand (EUR 4,339 thousand as of 31 December 2018).

ii) Convertible bonds issue

January 2019 issuance of convertible bonds

On 8 January 2019, Cellnex Telecom successfully placed additional senior unsecured convertible bonds due 2026 (the "New Bonds") which were, from the Issue Date (21 January 2019), consolidated and form a single series with the existing convertible bonds with a coupon of 1.50% senior unsecured convertible bonds due 2026 issued by Cellnex on 16 January 2018 (the "Original Bonds", and together with the New Bonds, the "Bonds").

Each New Bond was issued at EUR 100,270.55 (including interest accrued from, and including, 16 January 2019 to, but excluding 21 January 2019). The New Bonds carry a coupon of 1.50% (resulting in an implied yield to maturity of c.1.45%) payable annually in arrears and its prevailing conversion price into Cellnex shares was EUR 38.0829, the same as for the Original Bonds (issued in January 2018). The conversion price, which is subject to customary adjustments, represented a premium of c. 60% over the price of Cellnex's shares on the Spanish Stock Exchanges at close of the market at issuance (7th January 2019). The shares underlying the New Bonds are equivalent to c.2.3% of the company's capital, based on the prevailing conversion Price at the time of the issuance.

As a result of the issue of 66,989,813 Ordinary Shares at subscription price of EUR 17.89 (see Note 11.1) each by way of conferring subscription rights to shareholders of record as of 5 March 2019, the conversion price has been adjusted to EUR 35.8205 (from EUR 38.0829 previously), effective 4 March 2019.

As a result of the issue of 86,653,476 Ordinary Shares at subscription price of EUR 28.85 (see Note 11.1) each by way of conferring subscription rights to shareholders of record as of 14 October 2019, the conversion price has been adjusted to EUR 33.6902 (from EUR 35.8205 previously), effective 11 October 2019.

The New Bonds will be convertible at the option of the bondholders into ordinary shares of Cellnex, the same as the Original Bonds. Cellnex may opt to redeem all (but not some) of the Bonds on or after 18 July 2022 if the market value of the underlying shares per EUR 100,000 principal amount of the Bonds exceeds EUR 130,000 during a specified period of time, or, at any time, if more than 85% of the aggregate principal amount of the Bonds issued have been converted and/or redeemed and/or purchased and cancelled.

This issuance allowed Cellnex to increase its weighted average debt maturity, to improve its weighted average cost of borrowing and to continue to maintain its liquidity position. The Convertible Bond, is trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

July 2019 issuance of convertible bonds

On 5 July 2019 Cellnex placed a new issuance of senior unsecured convertible bonds ("The Convertible Bond") which was issued at par and will mature on 5 July 2028. Any Bonds which have not been previously converted, redeemed or repurchased and cancelled by this time, are 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 Bond accrues fixed interest at a rate of 0.50% per annum, payable annually in arrears on 5 July of each year, starting on 5 July 2020. The initial conversion price of the Convertible Bond is EUR 57.1756, which represents a premium of 70% over the volume weighted average price of a Cellnex Share on the Spanish Exchanges (Bolsa de Valores), from the time between market opening and market closing on the day of placement. The initial conversion price of the Convertible Bond is subject to customary adjustments.

As a result of the agreed redemption price, the effective conversion price will be EUR 62.1, therefore the effective conversion premium will be 84.6%. The initial amount of underlying Shares of the Convertible Bond represent approximately 5.0% of the total issued share capital of Cellnex as at 25 June 2019.

As a result of the issue of 86,653,476 Ordinary Shares at subscription price of EUR 28.85 (see Note 11.1) each by way of conferring subscription rights to shareholders of record as of 14 October 2019, the conversion price has been adjusted to EUR 53.7753 (from EUR 57.1756 previously), effective 11 October 2019.

The Convertible Bond is rated BBB- by Fitch and is trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

In accordance to the aforementioned, the Company has issued the Convertible Bonds described in the table below, all of them addressed to qualified investors:

31 December 2019

| Issue | Initial duration | Maturity | Fitch / S&P rating | ISIN | Coupon | Balance as at 31 December 2019 (Thousands of Euros) |
|--------------|------------------|------------|--------------------|--------------|--------|--|
| 25/06/2019 | 9 years | 25/07/2028 | BBB-/NA | XS2021212332 | 0.50% | 810,168 |
| 21/01/2019 | 7 years | 16/01/2026 | BBB-/NA | XS1750026186 | 1.50% | 181,079 |
| 16/01/2018 | 8 years | 16/01/2026 | BBB-/NA | XS1750026186 | 1.50% | 550,940 |
| Total | | | | | | 1,542,187 |

31 December 2018

| Issue | Initial duration | Maturity | Fitch / S&P rating | ISIN | Coupon | Balance as at 31 December 2018 (Thousands of Euros) |
|--------------|------------------|------------|--------------------|--------------|--------|--|
| 16/01/2018 | 8 years | 16/01/2026 | BBB-/NA | XS1750026186 | 1.50% | 543,631 |
| Total | | | | | | 543,631 |

Clauses regarding changes of control

The Terms and Conditions of the bonds include a change of control put clause, at the option of bondholders, which could result in its early repayment.

For the bonds issued under the EMTN Programme, 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 Programme). For the convertible bond, 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 Programme and the Convertible Bond, 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 at 31 December 2019 and 2018, the Company has no restrictions regarding the use of capital resources nor has guarantees and the bonds rank *pari passu* with the rest of the unsecured and unsubordinated borrowings, and did not require the Company to comply with any financial ratio.

iii) Euro-Commercial Paper Programme – (ECP) Programme

In June 2018, Cellnex established an ECP Programme with the Irish Stock Exchange which is renewed annually. The ECP Programme has a limit of EUR 500 million or its equivalent in GBP, USD and CHF. As of 31 December 2019, the amount utilized under the ECP Programme was not drawn down (EUR 44,200 thousand as of 31 December 2018), in GBP was not drawn down (not drawn down as of 31 December 2018), and in CHF was also not drawn down (CHF 21,000 thousand as of 31 December 2018 with a Euro value of EUR 18,635 thousand).

Bonds obligations and restrictions

As at 31 December 2019 and 2018, the Company had no restrictions regarding the use of capital resources nor had it guarantees and the bonds rank *pari passu* with the rest of the unsecured and unsubordinated borrowings.

12.2. Loans and credit facilities

As of 31 December 2019, the total limit of loans and credit facilities available was EUR 4,600,867 thousand (EUR 1,446,668 thousand as of 31 December 2018), of which EUR 2,513,330 thousand in loans and EUR 2,087,537 thousand in credit facilities (EUR 318,983 thousand and EUR 1,127,684 thousand respectively as of 31 December 2018).

On 2 July 2019 Cellnex signed a EUR 100 million 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. The proceeds will be used to finance new investments abroad, such as in France.

On 17 July 2019 Cellnex Group signed a total of EUR 2,1 billion financing with a pool of banks to increase its liquidity position and to finance some Group expansion investments. The financing consists of the following two facilities agreements:

- i) A syndicated loan of CHF 183,000 thousand, which mainly replaced the CHF 190,000 thousand facility while extending the maturity until 2024, and
- ii) a syndicated facilities agreement consisting of a EUR 1,500,000 thousand multicurrency revolving credit agreement, refinancing existing EUR 500,000 thousand revolving credit facility and a new CHF 450,000 thousand term loan to fund the equity contribution into Cellnex Switzerland to finance the acquisitions in Switzerland and to refinance partially the existing CHF 190,000 thousand facility.

On 5 November 2019 Cellnex Group signed a GBP 2 billion financing consisting of a GBP 1,400,000 thousand term loan facility for the benefit of Cellnex Telecom with a maturity of up to 3 years and a GBP 600,000 thousand term loan facility for the benefit of Cellnex UK Limited (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), guaranteed by Cellnex Telecom, with a 5-year bullet maturity to finance acquisitions in UK. As of the date hereof, these facilities remain undrawn.

During the year ended 31 December 2019, Cellnex has amended certain credit facilities for a total of EUR 370,000 thousand and GBP 100,000 thousand to extend its maturities and reduce margins. In addition, Cellnex has cancelled a credit facility by EUR 10,000 thousand.

Clauses regarding changes of control

Loans and credit policies include an early termination clause for change of control, either by the acquisition of more than 50% of the shares with voting rights or by obtaining the right to appoint or dismiss the majority of the members of the Board of Directors of the Company.

Loans and credit facilities obligations and restrictions

As at 31 December 2019 and 2018, the Company has no restrictions regarding the use of capital resources derived from the loans and credit facilities.

Submitted guarantees and financial ratios

As at 31 December 2019 and 2018, all the loans and credit facilities entered into by the Company are unsecured and unsubordinated, have no guarantees or shares pledged, rank pari passu with the rest of the unsecured and unsubordinated borrowings, and do not require the Company's to comply with any financial ratio.

12.3 Derivative financial instruments

From time to time the Company 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 Company assesses the need to hedge the foreign exchange risk with the aim of minimising the exposure to possible adverse variations in exchange rates.

The Company 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 Company 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 bond issued in April 2017 for EUR 80 million and maturing in April 2026 has been hedged with floating-to-fixed IRS, converting the floating rate of the bond in to 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 EUR 80 million bond is 2.945%.

The Company uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. Within the framework of these operations, the Company has contracted certain hedging financial instruments according to the following detail:

a) Cash flow hedge

2019

| | Classification | Type | Thousands of Euros | | | | |
|--------------------|------------------------|-------------------|--------------------|------------|------------------------------|------------|----------------|
| | | | Contracted amount | Expiration | Inefficacy Registered in P&L | Fair Value | |
| | | | | | | Asset | Liabilities |
| Interest rate swap | Interest rate coverage | Variable to fixed | 60.000 | 07/04/2026 | - | - | (2.681) |
| Interest rate swap | Interest rate coverage | Variable to fixed | 20.000 | 07/04/2026 | - | - | (912) |
| | | | | | - | - | (3.593) |

2018

| | Classification | Type | Thousands of Euros | | | | |
|--------------------|------------------------|-------------------|--------------------|------------|------------------------------|------------|----------------|
| | | | Contracted amount | Expiration | Inefficacy Registered in P&L | Fair Value | |
| | | | | | | Asset | Liabilities |
| Interest rate swap | Interest rate coverage | Variable to fixed | 60,000 | 07/04/2026 | - | - | (938) |
| Interest rate swap | Interest rate coverage | Variable to fixed | 20,000 | 07/04/2026 | - | - | (317) |
| | | | | | | - | (1,255) |

b) Hedges of a net investment in currencies other than the euro

2019

| | Classification | Thousands of Euros | | | | |
|----------------------|------------------------|--------------------|---------------|------------------------------|------------|-------------|
| | | Contracted amount | Expiration(*) | Inefficacy Registered in P&L | Fair Value | |
| | | | | | Asset | Liabilities |
| Loan in sterling | Exchange rate coverage | 281,489 | 22/05/2022 | - | - | 255.899 |
| Loan in Swiss francs | Exchange rate coverage | 579,191 | 17/07/2024 | - | - | 526.537 |

(*) The loans subscribed as hedging instruments have been contracted with various banks with different maturities. The closest expiration is indicated in the table above.

2018

| | Classification | Thousands of Euros | | | | |
|----------------------|------------------------|--------------------|---------------|------------------------------|------------|-------------|
| | | Contracted amount | Expiration(*) | Inefficacy Registered in P&L | Fair Value | |
| | | | | | Asset | Liabilities |
| Loan in sterling | Exchange rate coverage | 130,226 | 22/05/2022 | - | - | 118,387 |
| Loan in Swiss francs | Exchange rate coverage | 165,544 | 22/05/2023 | - | - | 150,495 |

(*)The loans subscribed as hedging instruments have been contracted with various banks with different maturities. The closest expiration is indicated in the table above.

12.4 Other financial liabilities

The heading "other financial liabilities" corresponds to the outstanding balance with fixed asset suppliers as a result of the acquisitions of fixed assets undertaken by the Company during the current year (see Notes 6 and 7)

12.5 Corporate rating

As at 31 December 2019 Cellnex holds a long term "BBB-" (Investment Grade) with stable 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.

13. Income tax and tax situation

13.1. Tax-related disclosures

The sole shareholder of Cellnex Telecom, S.A. until May 7, 2015, Abertis Infraestructuras, S.A., culminated on that date the process of going public (OPV) of the aforementioned company. As a result of the foregoing, all the Spanish companies that make up the Cellnex Group are taxed under the tax consolidation regime, for the purposes of Corporate Tax, being Cellnex Telecom, S.A. the parent company of the Tax Group with respect to which the dominant entity holds a stake equal to or greater than 75%. The subsidiaries companies included in the tax consolidation group in 2019 are the following: : Cellnex Telecom España, S.L., Retevisión I, S.A., Tradia Telecom, S.A., On Tower Telecom Infraestructuras, S.A. Gestora del Espectro, S.L. Xarxa Oberta de Catalunya, S.A. y Zenon Digital Radio, S.L.

During the year 2016, the Company became the parent company of a new group of fiscal consolidation for the purposes of the Value Added Tax in Spain.

Status of inspections and litigation

The Company has pending verification of all taxes not legally prescribed. In relation to Corporate Tax, the years that are pending verification are from the year 2015 onwards. Due to interpretative differences of the current fiscal regulations applicable to some operations, fiscal liabilities of a contingent nature of difficult objective quantification could be revealed in the future. In any case, the consequences that could arise should not significantly affect the annual accounts of the Company.

On July 3, 2018, the Company received notice of initiation of 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 2015 (individual) and 2016 (VAT group).

Besides, Abertis Group (former shareholder of the Company) received notice of initiation of tax audit for the Corporate Income Tax consolidated group and Value Added Tax (VAT group) for fiscal years 2014, 2015 and 2016. At date, no notification has been received in relation to Company's individual taxes or its subsidiaries for the years 2014 and first quarter of 2015.

The Company considers that no significant impacts derived from the tax audit will be revealed, nor will possible interpretative differences in the tax legislation.

13.2. Current balances with public authorities

Details of current balances with public authorities are as follows:

Receivables

| | Thousands of Euros | |
|--------------------------|--------------------|--------------|
| | 31/12/2019 | 31/12/2018 |
| Corporate tax refundable | 1,674 | 2,160 |
| VAT refundable | 44,544 | 616 |
| Total | 46,218 | 2,776 |

The debit balance for Corporate tax at December 31, 2019 relates to the installment payments made during 2019 by the consolidation group. The debit balance for VAT at December 31, 2019 corresponds mainly to the amount of VAT requested to be returned by the group in the December's VAT self-assessment, for an amount of EUR 42,714 thousand. The rest of the amount corresponds to not accrued VAT.

Payables

| | Thousands of Euros | |
|----------------------------------|--------------------|--------------|
| | 31/12/2019 | 31/12/2018 |
| VAT payable | - | 6,161 |
| Personal Income tax withholdings | 1,063 | 228 |
| Social security taxes payable | 112 | 65 |
| Total | 1,175 | 6,454 |

13.3. Reconciliation between net accounting income and taxable income

Reconciliation between net accounting income and taxable income for income tax purposes is as follows:

2019

| | Thousands of Euros | | |
|--------------------------------------|--------------------|------------------|------------------|
| | Increases | Decreases | Total |
| Net accounting income for the period | | | 7,415 |
| Income tax for the period | | | (39,661) |
| Permanent differences: | | | |
| Donations | 41 | - | 41 |
| Dividends (Note 15.1) | - | (126,435) | (126,435) |
| Issue of equity instruments | - | (82,265) | (82,265) |
| Temporary differences: | | | |
| Non-deductible financial expenses | 63,236 | - | 63,236 |
| Remuneration Provisions | 10,025 | (2,096) | 7,929 |
| Taxable income | 73,302 | (210,796) | (169,740) |

2018

| | Thousands of Euros | | |
|--------------------------------------|--------------------|-----------------|------------------|
| | Increases | Decreases | Total |
| Net accounting income for the period | | | (26,146) |
| Income tax for the period | | | (29,805) |
| Permanent differences: | | | |
| Donations | 1 | - | 1 |
| Dividends (Note 15.1) | - | (63,278) | (63,278) |
| Temporary differences: | | | |
| Arising in the year | 5,466 | (4,078) | 1,388 |
| Taxable income | 5,467 | (67,356) | (117,840) |

The temporary differences correspond, mainly, to the provisions related to the Long Term Incentive Plan, which are not deductible until the moment of their payment (see Note 16.4), as well as the non-deductible financial expenses from the tax consolidation group in 2019.

13.4. Reconciliation between net accounting income and income tax expense

The standard income tax rate for 2019 and 2018 is 25%.

Reconciliation between net accounting income and income tax expense is as follows:

| | Thousands of Euros | |
|---|--------------------|---------------|
| | 2019 | 2018 |
| Profit (Loss) before tax | (32,246) | (55,951) |
| Theoretical tax | 8,062 | 13,988 |
| Impact on tax expense from (permanent differences): | | |
| Donations | (10) | - |
| Dividends (Note 15.1) | 31,609 | 15,819 |
| Income tax expense for the year | 39,661 | 29,807 |
| Other tax effects | - | (2) |
| Income tax expense | 39,661 | 29,805 |

In 2019 and 2018, dividends from companies in the consolidated tax group that were eliminated for the purposes of determining taxable income were considered permanent differences.

13.5. Breakdown of income tax expense

The main items of income tax expense in the year are as follows:

| | Thousands of Euros | |
|---------------------------|--------------------|---------------|
| | 2019 | 2018 |
| Current tax | 21,869 | 29,460 |
| Deferred tax | 17,791 | 347 |
| Previous years tax/others | 1 | (2) |
| Income tax expense | 39,661 | 29,805 |

Tax withholdings and prepayments totalled EUR 1 thousand (EUR 9 thousand in 2018).

13.6. Deferred taxes

The balance of the recognised deferred assets and liabilities, as well as their movement during the financial year, was as follows:

| | Miles de Euros | | |
|--------------------------------------|--------------------------|--------------------------|--------------------------|
| | 31/12/2019 | 31/12/2018 | |
| | Impuesto diferido activo | Impuesto diferido activo | Impuesto diferido pasivo |
| At 1 January | 7,103 | 1,611 | 41 |
| Debits/(credits) in income statement | 26,746 | 4,946 | - |
| Debits/(credits) in equity | 812 | 546 | (41) |
| At 31 December | 34,661 | 7,103 | - |

| | Thousands of Euros | |
|---|--------------------|--------------|
| | 31/12/2019 | 31/12/2018 |
| (Debits)/credits in income statement | | |
| Deferred tax assets | 26,746 | 4,946 |
| (Debits)/credits in equity | | |
| Deferred tax assets | 812 | 546 |
| Deferred tax liabilities | - | (41) |
| Total debit to deferred tax expense | 27,558 | 5,451 |

The breakdown of the deferred taxes is as follows:

| | Thousands of Euros | |
|------------------------------------|--------------------|--------------|
| | 31/12/2019 | 31/12/2018 |
| Deferred tax assets: | | |
| Employee benefit obligations | 3,817 | 1,769 |
| Derivative hedge | 899 | 314 |
| Swiss Management fee | 189 | 189 |
| Convertible Bond | 459 | 232 |
| Tax credits for negative tax bases | 11,326 | 4,599 |
| Tax credits for deductions | 2,162 | |
| Non deductible financial expense | 15,809 | - |
| Total deferred tax assets | 34,661 | 7,103 |

The deferred tax assets indicated above were recognised in the balance sheet because the Company's Directors considered that, based on their best estimate of the Company's future earnings, it is probable that these assets will be recovered.

During fiscal year 2019, the Company has recognized credits for negative tax bases amounting to EUR 6,727 thousand (EUR 4,599 thousand during fiscal year 2018), as parent of the fiscal consolidation group.

Expected schedule for reversal the deferred tax assets and liabilities

In most cases, the use of the Company's deferred tax assets and liabilities is conditional upon the future performance of the business activities, the tax regulations of the country in which it operates, and the strategic decisions to which it may be subject. Under the assumption used, it is estimated that the deferred tax assets and liabilities recognised in the balance sheet at 31 December 2019 and 2018 will be used as follows:

| | Miles de Euros | |
|-----------------------|--------------------------|--------------|
| | 2019 | 2018 |
| | Diferencias temporarias | |
| | Impuesto diferido activo | |
| Less than one year | 1,171 | 945 |
| More than one year | 33,490 | 6,158 |
| At 31 December | 34,661 | 7,103 |

14. Foreign currency balances and transactions

The detail of the most significant balances and transactions in foreign currency, valued at the year-end exchange rate and the average exchange rates for the year, respectively, is as follows:

| | Thousands of Euros | |
|---------------------|--------------------|---------|
| | 2019 | 2018 |
| Other assets | 899,779 | 322,104 |
| Accounts receivable | 267 | 124 |
| Loans received | 957,285 | 364,426 |
| Accounts payable | 612 | 489 |
| Services rendered | 558 | 862 |
| Services received | 13,008 | 6,442 |

The breakdown of the exchange differences recognised in 2019 and 2018, by type of financial instrument, is as follows:

| | Thousands of Euros | |
|------------------|--------------------------------------|--------------|
| | Transactions settled during the year | |
| | 2019 | 2018 |
| Cash equivalents | - | 45 |
| Other payables | 672 | 2,307 |
| Total | 672 | 2,352 |

15. Revenue and expenses

15.1. Revenue

Revenue in 2019 and 2018 was as follows:

| | Thousands of Euros | |
|-----------------------------|--------------------|---------------|
| | 2019 | 2018 |
| Dividends (Note 17.3) | 126,435 | 63,278 |
| Interest income (Note 17.3) | 6,595 | 1,333 |
| Total | 133,030 | 64,611 |

"Interest income" was generated by the Company's cash pooling operation with Group companies and by the loans to these companies (see Note 17.3). The interest rate stipulated in these operations is the market rate.

15.2. Other operating income

"Other operating income" chiefly relates to services rendered to Group companies as management fees as well as the re-invoicing of expenses related to the building's rental and supply costs and other costs (see Notes 16.3 and 17.3).

15.3. Staff costs

The detail of staff costs is as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|---------------|
| | 2019 | 2018 |
| Wages and salaries | 24,923 | 11,998 |
| Compensation | 12 | - |
| Social Security contributions | 962 | 477 |
| Other employee benefit costs | 1,408 | 771 |
| Staff costs | 27,305 | 13,246 |

The average number of employees at the Company at the end of the 2019 and 2018, broken down by job category and gender, is as follows:

| | 2019 | | | 2018 | | |
|--|-----------|-----------|-----------|-----------|----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Chief Executive Officer | 1 | - | 1 | 1 | - | 1 |
| Senior management | 6 | - | 6 | 5 | - | 5 |
| Other executives, senior and middle management | 13 | 3 | 16 | 11 | 3 | 14 |
| Other employees | 26 | 15 | 41 | 12 | 5 | 17 |
| Total | 46 | 18 | 64 | 29 | 8 | 37 |

The number of employees at the Company in 2019 and 2018, broken down by job category and gender, was as follows:

| | 2019 | | | 2018 | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Chief Executive Officer | 1 | - | 1 | 1 | - | 1 |
| Senior management | 6 | - | 6 | 6 | - | 6 |
| Other executives, senior and middle management | 18 | 4 | 22 | 12 | 3 | 15 |
| Other employees | 31 | 21 | 52 | 19 | 12 | 31 |
| Total | 56 | 25 | 81 | 38 | 15 | 53 |

The average number of employees at the Company with a level of disability of 33% or above in 2019 and 2018 was zero.

At the end of 2019, the Board of Directors is composed of eight male Directors and four female Directors (eight male Directors and four female Director at the end of 2018).

15.4. Other operating expenses

The detail of “Other operating expenses” on the income statement is as follows:

| | Thousands of Euros | |
|---|--------------------|---------------|
| | 2019 | 2018 |
| Leases and royalties | 3,327 | 3,310 |
| Independent professional services | 19,942 | 14,446 |
| Advertising, publicity and public relations | 2,856 | 2,471 |
| Other external services | 22,840 | 17,573 |
| Total external services | 48,965 | 37,800 |

15.5. Net financial profit/loss

The breakdown of financial income and costs by item is as follows:

| | Thousands of Euros | | | |
|---|--------------------|----------------|-----------------|----------------|
| | 2019 | | 2018 | |
| | Income | Expense | Income | Expense |
| Finance income and interest from third parties | 50 | - | 88 | |
| Finance expenses and interest from third parties | - | 108,120 | - | 83,893 |
| Finance expenses and interest from Group and Associates (Note 17.3) | - | 482 | - | 170 |
| Change in fair value of financial instruments | 142,848 | 146,299 | 106,713 | 108,537 |
| Exchange differences | 7,441 | 6,769 | 3,296 | 945 |
| | 150,339 | 261,670 | 110,097 | 193,545 |
| Financial Profit/loss | (111,331) | | (83,448) | |

The change in fair value of financial instruments for 2019 and 2018 is as follows:

| | Thousands of Euros | |
|-----------------------|--------------------|----------------|
| | 2019 | 2018 |
| Gain/(Loss) on hedges | (3,451) | (1,825) |
| | (3,451) | (1,825) |

This item includes mainly the net impact deriving from the accounting treatment of net investments in foreign operations as hedges (see Note 12.3).

16. Commitments and obligations

16.1. Contingent liabilities

At 31 December 2019 the Company had guarantees with third parties amounting to EUR 49 million (EUR 33 million in 2018) (see Note 16.5).

16.2. Purchase commitments

At 31 December 2019 the Company had signed contracts for the purchase of property, plant and equipment and intangible assets in the respective amounts of EUR 556 thousand and EUR 531 thousand (EUR 187 thousand and EUR 0 thousand in 2018, respectively).

16.3. Operating lease commitments

The Company leases spaces, equipment and vehicles under operating leases.

Most of the leases are for one year and have a renewable option at expiry under market terms. In some cases, the lease term is greater than one year, also with renewal options.

Total future minimal rentals payable under operating leases are recurring, as all the current leases are considered to be essential for the Company's operations.

The detail of operating lease payments undertaken by the Company is as follows:

| Minimum operating lease payments | Thousands of Euros | |
|----------------------------------|--------------------|--------------|
| | 2019 | 2018 |
| Within one year | 2,367 | 2,113 |
| 1 to 5 years | 4,865 | 5,434 |
| More than 5 years | 1,665 | 1,814 |
| Total | 8,897 | 9,361 |

The Company's main operating lease is as follows:

On 20 July 2015 a contract was signed between Parc Logístic de la Zona Franca, S.A. and the Company for the provision of corporate building management services, which included the lease of the company offices at Parc Logístic de la Zona Franca, Barcelona, for a period of 6 years. The rent paid in 2019 was EUR 1,748 thousand (EUR 1,723 thousand in 2018).

16.4. Employee benefit obligations

ILP (2017-2019)

As described in note 4.5, based on the best possible estimation of the related liability and taking into consideration all the available information, the Company has recorded a provision of EUR 3,455 and 2,304 thousand in the line "Staff" and "Other equity instruments" of the accompanying balance sheet (EUR 1,959 thousand in "non current provisions" at the end of 2018). Therefore, the impact on the income statement attached to the closing of the 2019 financial year amounted to EUR 3,800 thousand (EUR 2,965 thousand at the end of 2018).

ILP (2018-2020)

As described in note 4.5, based on the best possible estimation of the related liability and taking into consideration all the available information, the Company has recognised a provision of EUR 1,672 and 1,733 thousand for this item in "non-current provisions" and "Other equity instruments" of the accompanying balance sheet as at 31 December 2019 (EUR 1,668 thousand as at 31 December 2018). Therefore, the impact on the income statement attached to the closing of the 2019 financial year amounted to EUR 1,717 thousand (EUR 1,688 thousand at the end of 2018).

ILP (2019-2021)

As described in note 4.5, based on the best possible estimation of the related liability and taking into consideration all the available information, the Company has recognised a provision of EUR 2,133 thousand for this item in "Other equity instruments" of the accompanying balance sheet as at 31 December 2019.

16.5. Other Contingencies

Because of the spin-off of Abertis Telecom S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, Cellnex Telecom, S.A. assumed all rights and obligations that may arise from the before mentioned legal proceedings, as they relate to the spin-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the before mentioned amounts have to be paid, Retevisión-I, S.A.U. will be responsible for paying these fines. At 31 December 2019, Cellnex Telecom, S.A. has provided four guarantees amounting to EUR 46.3 million (EUR 32.5 million at the close of 2018) to cover the disputed rulings with the National Competition Commission explained above.

On 19 May 2009, the Board of the National Commission on Markets and Competition (CNMC) imposed a fine of EUR 22.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for abusing its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The Company filed an appeal for judicial review with the National Appellate Court against the CNMC fine, which was dismissed in the judgement passed on 16 February 2012. This judgement was appealed to the Supreme Court on 12 June 2012. On 23 April 2015 the appeal was resolved, upholding the appeal and annulling the decision of the CNMC with regard to the amount of the fine, ordering the current CNMC to recalculate that amount in accordance with the provisions of law 16/89. The CNMC has issued its decision recalculating the aforementioned amount, reducing it to EUR 18.7 million and this decision was appealed against in the National High Court on 29 September 2016. Based on the opinion of its legal advisers, at 31 December 2019 Retevisión-I, SAU has recorded a provision for a total of EUR 18.7 million (EUR 16 million at the close of 2018).

On 8 February 2012, the Board of the National Commission on Markets and Competition (CNMC) imposed a fine of EUR 13.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Cellnex for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Company filed an appeal for judicial review against the decision of the CNMC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNMC to recalculate the fine as it considered that the criteria used at the time by the CNMC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Company did not break any competition rules.

On 23 March 2018, the Supreme Court issued a judgment dismissing the appeal, and is awaiting the return of the file to the CNMC for the recalculation of the sanction. Cellnex Telecom, S.A. filed a nullity incident, which was dismissed on 19 July 2018. On 10 October 2018, Cellnex Telecom, S.A. filed an appeal with the Constitutional Court against the ruling. On 13 February 2019 the Constitutional Court dismissed Cellnex Telecom, S.A.'s appeal. Following the corresponding calculation procedure, the CNMC has ruled that the amount of the fine should not be amended. Cellnex Telecom, S.A., has filed an appeal against such decision. With regard to these proceedings, the provision recognised, by the Company's Directors based on the opinion of their legal advisers, amounted to EUR 13.7 million under "non-current provisions and other liabilities" of the balance sheet of Retevisión-I, S.A.U. at 31 December 2019 (EUR 7 million at 31 December 2018).

17. Related party transactions

17.1. Directors and senior management

Remuneration received by the Company's directors in 2019 and 2018 was as follows:

- i. Members of the Board of Directors accrued EUR 1,464 thousand for exercising the functions as directors of Cellnex Telecom, S.A. (EUR 1,373 thousand in 2018).
- ii. For performing senior management duties, the CEO accrued EUR 3,195 thousand, corresponding to fixed and variable remuneration (EUR 1,225 thousand in 2018) and EUR 1,893 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plans" (EUR 1,282 thousand in 2018 related to all the "Long Term Incentive Plans").
- iii. In addition, the CEO of Cellnex Telecom, S.A. accrued by way of other benefits contributions to cover pensions and other remuneration in kind in the respective amounts of EUR 250 thousand and EUR 28 thousand (EUR 175 thousand and EUR 7 thousand in 2018, respectively).

Cellnex Telecom, S.A. defines Senior Management as directors that perform management duties and report directly to the CEO. Fixed and variable remuneration for 2019 for members of senior management amounted to EUR 5,671 thousand (EUR 2,247 thousand in 2018).

In addition, members of Senior Management accrued by way of other benefits contributions to cover pensions and other remuneration in kind in the respective amounts of EUR 304 thousand and EUR 132 thousand in 2019 (EUR 134 thousand and EUR 118 thousand in 2018).

Additionally, in accordance with the Company's Remuneration Policy for the 2018, 2019 and 2020 fiscal years, a multi-year incentive plan was approved linked to the achievement of the Company's three-year plan objectives for the same period (see Note 16.4).

The Company has taken out an executives and directors civil liability policy for the members of the Board of Directors, the Chief Executive Officer and all the directors of the Cellnex Telecom group at a cost amounting to EUR 288 thousand and EUR 114.5 thousand at 31 December 2019 and 2018, respectively.

17.2. Other disclosures concerning Directors

In accordance with Article 229 of the Spanish Limited Liability Companies Law, the directors have reported that neither they nor any persons related to them are involved in any situations that may lead to a direct or indirect conflict with the Company's interests.

17.3. Group companies and associates

The financial assets and liabilities held by the Company with Cellnex Group companies and associates at year-end 2019 and 2018, with the exception of equity instruments (see Note 8), are as follows:

2019

| | Thousands of Euros | | | | | |
|---|--------------------|---------------|--------------|-------------|----------------|------------------|
| | Assets | | | Liabilities | | |
| | Non current loans | Current loans | Receivables | Payables | Curent loans | Non Curent loans |
| Adesal Telecom, S.L. | - | 18 | - | - | - | - |
| Alticom, BV | - | - | - | - | - | - |
| Cellnex France, S.A.S. | 211,672 | 310 | 3,749 | - | - | - |
| Cellnex France Groupe, S.A.S. | - | 41 | 1,556 | - | - | - |
| Cellnex Italia, S.r.L. | 205 | - | 97 | - | - | - |
| Cellnex Netherlands, BV | 163 | 8,475 | 1,206 | - | 10,748 | - |
| Cellnex Telecom España, S.L. | 142 | - | 67 | - | 78,154 | 17,050 |
| Cellnex Switzerland, AG | 211 | - | 90 | - | - | - |
| Commscon Italia S.R.L. | - | - | - | 508 | - | - |
| Cellnex UK Limited | 95 | 2,500 | 109 | 114 | 39,454 | - |
| Signal Infrastructures, Ltd | 106,991 | 1,756 | - | - | - | - |
| Galata, S.p.A | 600,016 | 1,233 | - | - | - | - |
| On Tower Telecom Infraestructuras, S.A.U. | 250,306 | 1,867 | 2 | - | 47,266 | - |
| Retevisión-I, S.A.U. | 133 | 14,883 | 326 | - | 5 | - |
| Shere Masten BV | - | - | 51 | - | - | - |
| Towerlink Portugal, ULDA | - | 1,000 | - | - | - | - |
| Tradia Telecom, S.A.U. | 192 | 3,226 | 255 | - | - | - |
| Xarxa Oberta de Catalunya, S.A. | 29 | 392 | 47 | - | - | - |
| Zenon Digital Radio, S.L. | - | 57 | - | - | - | - |
| Total | 1,170,155 | 35,758 | 7,555 | 622 | 175,627 | 17,050 |

2018

| | Thousands of Euros | | | | |
|--|--------------------|---------------|---------------|---------------|------------------|
| | Assets | | Liabilities | | |
| | Current loans | Receivables | Payables | Curent loans | Non Curent loans |
| Adesal Telecom, S.L. | 8 | - | - | - | - |
| Alticom, BV | - | 7 | - | - | - |
| Cellnex France, S.A.S. | 106 | 2,379 | - | - | - |
| Cellnex France Groupe, S.A.S. | 100 | 1 | - | - | - |
| Cellnex Italia, S.r.L. | - | 3,455 | 2 | - | - |
| Cellnex Netherlands, BV | - | 1,088 | - | 7,301 | - |
| Cellnex Telecom España, S.L. | 12 | 5,518 | 47 | 65,755 | 17,050 |
| SGL Reserve, Ltd. (formerly Cellnex UK, Ltd) | - | 892 | - | - | - |
| Cellnex Switzerland, AG | - | 63 | - | - | - |
| Commscon Italia S.R.L. | - | - | 501 | - | - |
| On Tower Telecom Infraestructuras, S.A.U. | 2,034 | 2 | - | - | - |
| Retevisión-I, S.A.U. | 7,828 | 116 | 11,445 | - | - |
| Cellnex UK, Ltd (formerly Shere Group, Ltd) | - | 4 | 149 | 10,402 | - |
| Tradia Telecom, S.A.U. | 2,250 | 91 | 3,912 | - | - |
| Total | 12,338 | 13,616 | 16,056 | 83,458 | 17,050 |

At December 31, 2019, the Company recognised the following amounts under "Non-current loans to Group companies and associates":

- On December 17, 2019, the Company subscribed a credit facility with Cellnex France, S.A.S. with a limit of EUR 370,000 thousand and maturity at 5 years. At December 31, 2019 the amount drawn down on this credit facility is EUR 211,500 thousand, and the accrued and unpaid interest amount to EUR 205 thousand.
- Derived from the acquisition of the 100% of the shares of Cignal Infraestructuras, during 2019 the Company has subrogated to the credit facility held for an amount of EUR 55 million, maturity at August 26, 2030 and a market interest rate. Additionally, on September 9, 2019, the Company subscribed a new credit facility with Cignal Infraestructuras amounting EUR 52 million and maturity at 5 years. At December 31, 2019, the accrued and unpaid interest amount to EUR 1,756 thousand.
- On December 2, 2019, the Company subscribed a credit facility with Galata, S.p.A. amounting EUR 600.000 thousand and maturity at 5 years. At December 31, 2019, the accrued and unpaid interest amount to EUR 1,233 thousand.
- On December 4, 2019, the Company subscribed a credit facility with On Tower Telecom Infraestructuras, S.A.U. with a limit of EUR 450,000 and maturity at 5 years. At December 31, 2019, the amount drawn down on this credit facility is EUR 250,306 thousand and the accrued and unpaid interest amount to EUR 455 thousand.

At December 31, 2019, the Company recognised the following amounts under "Current loans to Group companies and associates":

- a) Account receivable from the amount drawn from the credit facility that the Company subscribed on June 1, 2017 with Cellnex France Groupe, SAS, with a limit of EUR 5 million and maturity December 31, 2017, tacitly renewable for semi-annual periods, at a market interest rate. At the closing date of these annual accounts, the amount drawn down on this policy is EUR 41 thousand (EUR 100 thousand at the end of 2018).
- b) On September 29, 2016, the Company subscribed a credit facility with the company of the Cellnex France Groupe, S.A.S., with a limit of EUR 30 million and half-yearly maturity from the disposition date, tacitly renewable for periods of the same duration. On 1 January 2018, the limit of was extended to 600 million. The balance drawn at the close of the 2019 financial year was EUR 0 thousand (EUR 0 thousand euros in 2018) and interest accrued and not collected totalled EUR 106 thousand (EUR 106 thousand at the end of 2018).
- c) On January 15, 2017, the Company subscribed a credit facility with Cellnex UK Limited, with a limit of EUR 25 thousand and tacitly renewable for half-yearly periods, at an interest rate of market. At December 31, 2019, the amount drawn down is EUR 2,500 thousand.
- d) On December 10, 2019, the Company subscribed a credit facility with Towerlink Portugal with a limit of EUR 1 million and maturity December 10, 2020, tacitly renewable for annual periods. At December 31, 2019, the amount drawn down is EUR 1 million.
- e) On December 27, 2019 the Group company Cellnex Netherlands approved a dividend distribution of EUR 8,475 thousand. At December 31, 2019, the entire amount remains unpaid.
- f) At the 2018 year-end, this caption includes a current balance receivable with the Group companies that are part of the fiscal consolidation group, by consolidated tax regime related to corporate tax, amounting EUR 13,780 thousand (EUR 3,768 thousand in 2018).
- g) Finally, at the 2018 year-end, this caption includes a current balance receivable with the Group that are part of the fiscal consolidation group, by consolidated tax regime related to VAT, amounting EUR 6,207 thousand.

At December 31, 2019, the Company recognised the following amounts under "Current loans from Group companies and associates":

- a) Amount drawn from the credit policy that the Company subscribed on July 1, 2019 with Cellnex UK Limited, with a limit of GBP 20 million and a maturity of July 1, 2019, tacitly renewable for yearly periods, at an interest rate of market. On November 18, 2019 the limit of was extended to 80 million. As of December 31, 2019 the amount drawn down on this policy is EUR 39,426 thousand (GBP 33,544 thousand) (EUR 10,396 thousand at the end of 2018), and accrued and unpaid interest amount to EUR 28 thousand (EUR 6 thousand at closing of the year 2018).
- b) On January 15, 2017, the Company subscribed a credit policy with the company of the group, Cellnex Netherlands, BV, with a limit of 20 million euros and half-yearly maturity from the disposition date, tacitly renewable for periods of the same duration. On January 15, 2019 the limit of was extended to 80 million. As of December 31, 2019 the amount drawn down on this policy is EUR 10,747 thousand (EUR 7,300 at the end of 2018) and interest accrued and not collected totalled EUR 1 thousand (EUR 1 at the end of 2018).
- c) On September 26, 2019, a centralized treasury management contract was signed between Cellnex Telecom, S.A. and Cellnex Telecom España, S.L.U., with a limit of 300 million euros, which includes disposals both in the short and long term, and with a duration of one year, tacitly renewable for annual periods. In relation to this contract, on December 31, 2019, the Company maintains a short-term debt amounting EUR 77,039 thousand (EUR 67,755 thousand at December 31, 2019).

- d) Credit balances with the Group companies that are part of the fiscal consolidation group, by consolidated tax regime related to corporate tax, amounting to EUR 1,005 thousand (EUR 369 thousand at the end of 2018).
- e) Credit balances with the Group companies that are part of the fiscal consolidation group, by consolidated tax regime related to VAT, amounting to EUR 47,311 thousand.

On July 24, 2018, a centralized treasury management contract was signed between Cellnex Telecom, S.A. and Cellnex Telecom España, S.L.U., with a limit of 200 million euros, which includes disposals both in the short and long term, and with a duration of one year, tacitly renewable for annual periods.

In relation to the centralized treasury management contract was signed between Cellnex Telecom, S.A. and Cellnex Telecom España, S.L.U. signed on July 24, 2018 and novated on September 26, 2019, Cellnex Telecom, S.A. maintains a long-term debt amounting to 17,050 thousand euros at December 31, 2019 (EUR 17,050 thousand at the end of 2018)

The debts with Group companies and associates, previously described, have a short-term maturity, except for the debt with the company Cellnex Telecom España, S.L.U. mentioned above.

The Company's transactions with Cellnex Group companies and associates in 2019 and 2018 are as follows:

2019

| | Miles de Euros | | | | |
|---|----------------|-------------------|------------------|-------------------|------------------|
| | Income | | | Expenses | |
| | Dividends | Services rendered | Accrued interest | Services received | Accrued interest |
| Cellnex France, S.A.S. | - | 4,229 | 1,073 | - | - |
| Cellnex France Groupe, S.A.S. | - | - | 1,555 | - | - |
| Cellnex Italia, S.r.L. | 31,601 | 3,781 | - | - | - |
| Cellnex Netherlands, BV | 8,475 | 1,206 | - | - | - |
| Cellnex Switzerland, AG | - | 27 | - | - | - |
| Cellnex Telecom España, S.L. | 86,359 | 13,239 | - | - | 408 |
| Cellnex UK Limited | - | 1,646 | 522 | 564 | 74 |
| Cignal Infrastructures, Ltd. | - | - | 1,756 | - | - |
| Commscon Italia S.R.L. | - | - | - | 512 | - |
| Galata, S.p.A | - | - | 1,233 | - | - |
| On Tower Telecom Infraestructuras, S.A.U. | - | 75 | 455 | 62 | - |
| Retevisión-I, S.A.U. | - | 1,486 | - | 11,798 | - |
| Shere Masten BV | - | 50 | - | - | - |
| Swiss Towers, AG | - | 1,688 | - | - | - |
| Towerlink Portugal, ULDA | - | - | 1 | - | - |
| Tradia Telecom, S.A.U. | - | 667 | - | 4,308 | - |
| Xarxa Oberta de Catalunya, S.A. | - | 157 | - | - | - |
| Total | 126,435 | 28,251 | 6,595 | 17,244 | 482 |

2018

| | Thousands of Euros | | | | |
|--|--------------------|-------------------|------------------|-------------------|------------------|
| | Income | | | Expenses | |
| | Dividends | Services rendered | Accrued interest | Services received | Accrued interest |
| Cellnex France, S.A.S. | - | 2,485 | 1,249 | - | - |
| Cellnex France Groupe, S.A.S. | - | - | 1 | - | - |
| Cellnex Italia, S.r.L. | 30,798 | 3,455 | - | - | - |
| Cellnex Netherlands, BV | 3,976 | 1,087 | - | - | 1 |
| Cellnex Telecom España, S.L. | 20,000 | 4,565 | 1 | - | 87 |
| SGL Reserve Ltd. (formerly Cellnex UK, Ltd.) | - | 892 | - | 230 | - |
| Cellnex Switzerland, AG | 810 | - | - | - | - |
| Commscon Italia S.R.L. | - | - | - | 501 | - |
| On Tower Telecom Infraestructuras, S.A.U. | - | 33 | 82 | - | - |
| Retevisión-I, S.A.U. | - | 2,250 | - | 9,459 | 15 |
| Cellnex UK Ltd. (formerly Shere Group, Ltd.) | 7,694 | - | - | 301 | 63 |
| Swiss Towers, AG | - | 1,550 | - | - | - |
| Tradia Telecom, S.A.U. | - | 992 | - | 3,233 | 4 |
| Total | 63,278 | 17,309 | 1,333 | 13,724 | 170 |

Financial interest with the various Group companies are those accrued on loans and financial debt held by the Company, as mentioned above.

During the financial year 2018, the Cellnex Telecom Group Management has proceeded to centralize transactions between group companies in corporate services.

17.4. Other related parties

Other related parties, in addition to the Group companies and associates indicated in Note 17.3 above and as defined in Spain's General Accounting Plan, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with the right to appoint a director or those with a stake of more than 3%.

On 12 July 2018, ConnectT acquired 29.9% of the Company's share capital. ConnectT is controlled by Sintonia, a subholding company wholly-owned by Edizione and, in turn, Sintonia is the largest shareholder of Atlantia. As a result, as of 31 December 2018, Edizione, together with its group of companies, is considered a party related to the Company.

Services rendered and received

The transactions carried out with Abertis Group companies and associates during 2019 and 2018 financial years are as follows:

2019

| | Thousands of Euros | |
|---------------------------------|--------------------|-------------------|
| | Income | Expenses |
| | Services rendered | Services received |
| Abertis Autopistas España, S.A. | 192 | - |
| Total | 192 | - |

2018

| | Thousands of Euros | |
|---------------------------------|--------------------|-------------------|
| | Income | Expenses |
| | Services rendered | Services received |
| Abertis Autopistas España, S.A. | 47 | - |
| Total | 47 | - |

The Company carries out all its transactions with related parties on an arm's length basis. Also, given that transfer prices are adequately documented, the Company's Directors consider that there are no significant risks that could give rise to material liabilities in the future.

Other

The other assets and liabilities held by the Company with companies of the Abertis group and associates at December 31, 2019 and 2018 are the following:

2019

| | Thousands of Euros | |
|---------------------------------|--------------------|-------------|
| | Assets | Liabilities |
| | Receivables | Payables |
| Abertis Autopistas España, S.A. | 254 | - |
| Total | 254 | - |

2018

| | Thousands of Euros | |
|---------------------------------|--------------------|-------------|
| | Assets | Liabilities |
| | Receivables | Payables |
| Abertis Autopistas España, S.A. | 50 | - |
| Total | 50 | - |

18. Other information

18.1. Audit fees

In 2019 and 2018 the fees for financial audit and other services provided by the auditor of the Company's financial statements, Deloitte, S.L., or by companies related to these auditors as a result of control, common ownership or common management, were as follows:

| | Thousands of Euros | |
|--|--------------------|--------------|
| | 2019 | 2018 |
| Audit of financial statements | 626 | 816 |
| Verification services | 1,637 | 496 |
| Total audit services and other related services | 2,263 | 1,312 |
| Tax advisory services | 97 | 105 |
| Total professional services | 2,360 | 1,417 |

18.2. Information on deferral of payment to suppliers.

The information required by the additional third decree of Law 15/2010 of 5 July (modified by the second final decree of Law 31/2014) prepared in accordance with the resolution issued by the Spanish Accounting and Auditing Institute (AAI) of 29 January 2016 in relation to the information to be disclosed in the annual report with regard to the average supplier payment period for commercial transactions, is set up below:

| | Thousands of Euros | |
|--|--------------------|---------|
| | 2019 | 2018 |
| Total payments in the year | 62,971 | 22,190 |
| Total payments outstanding | 1,389 | 1,309 |
| Average payment period to suppliers (days) | 38 days | 42 days |
| Ratio of transactions paid (days) | 39 days | 43 days |
| Ratio of transactions outstanding (days) | 26 days | 29 days |

In accordance with the AAI resolution, only the delivery of goods and services from the date Law 31/2014 of 3 December came into force have been taken into account.

For the sole purpose of the disclosure of information required by this resolution, the term 'suppliers' relates to the trade payables for debts with suppliers of goods or services included in the heading 'Trade and other payables' in the short term liabilities of the balance sheet.

Average payment period to suppliers is understood to mean the period lapsed from the delivery of goods or services by the supplier to the actual payment of the transaction.

18.3 Modification or termination of contracts

There has been no conclusion, modification or early termination of any contract between the Company and any of its partners or Directors or person acting on their behalf, affecting operations outside the ordinary traffic of the Company or that has not been carried out under normal conditions.

19. Events after the reporting period

Acquisition of Omtel in Portugal

On 2 January 2020 Cellnex Telecom reached an agreement with Altice Europe and Belmont Infra Holding's to acquire 100% of the share capital of Belmont Infra Holding, S.A. from its shareholders which, in turn, owns all the shares of BIH – Belmont Infrastructure Holding, S.A. and Omtel, Estruturas de Comunicações, S.A. ("OMTEL") for an equivalent Enterprise Value of approximately EUR 800 million. As a result of the acquisition, Cellnex directly owns all the shares of Belmont Infra Holding, S.A. and, consequently, all the shares of its subsidiaries. The initial consideration in relation to this transaction was EUR 300 million cash outflow paid on January 2nd and the incorporation of EUR 200 million of borrowings on the balance sheet of the acquired subgroup. The remaining balance will be paid in December 2027, at the expected fair market value estimated as of today. The acquisition comprises the roll out of 750 sites (of which 400 sites are contracted) by 2027. The estimated investment for this build to suit plan amounts to EUR 140 million.

OMTEL currently operates a nationwide portfolio of approximately 3,000 sites in Portugal, which becomes the eighth country where Cellnex operates in Europe. MEO (formerly Portugal Telecom, the incumbent MNO) is the anchor tenant of this portfolio of telecom sites, with whom Cellnex has signed an Inflation-linked Master Lease Agreement for an initial period of 20 years, to be automatically extended for 5-year periods (all-or-nothing basis) with undefined maturity.

New Bond issuances

Bond issuance for an amount of EUR 450 million

On 9 January 2020, Cellnex successfully completed the pricing of a EUR-denominated bond issuance (with expected ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors for an amount of EUR 450 million, maturing in April 2027 and with a coupon of 1.0%. Simultaneously, Cellnex entered into several cross-currency swap agreements with strong financial counterparties by which Cellnex lends the EUR 450 million received and borrows the equivalent amount of sterling at an agreed exchange rate enabling Cellnex to obtain approximately 382 million sterling pounds at a cost of 2.2%.

Bond issuance for an amount of CHF 185 million

On 29 January 2020, Cellnex successfully completed the pricing of a CHF-denominated bond issuance (with an expected rating of BBB- by Fitch Ratings) aimed at qualified investors for an amount of CHF 185 million, maturing in February 2027 and with a coupon of 0.775%.

Cellnex is taking advantage of favourable market conditions to lower its average cost of debt and increase its average debt maturity by issuing a new long term instrument, at highly attractive terms. The net proceeds from the Issue will be used for general corporate purposes.

20. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2019 financial statements
(Thousands of Euros)

Direct Ownership Interests

| Company | Registered Office | Activity | % Direct ownership | Ownership net value | Auditor | Net Equity | | Operating profit/loss | Profit for the year | Dividends received |
|-----------------------------|--|----------|--------------------|---------------------|----------|---------------|--|-----------------------|---------------------|--------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | | |
| 2019: | | | | | | | | | | |
| Cellnex Italia, S.r.L.(*) | Via Carlo Veneziani 58, 00148 Roma (Italia) | Holding | 100% | 952,310 | Deloitte | 952,310 | (1,758) | (2,739) | 36,115 | 31,601 |
| Cellnex Netherlands, BV (*) | Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage | Holding | 100% | 516,437 | Deloitte | - | 327,119 | (1,266) | 7,490 | 8,475 |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

| Company | Registered Office | Activity | % Direct ownership | Ownership net value | Auditor | Net Equity | | Operating profit/loss | Profit for the year | Dividends received |
|---|---|--|--------------------|---------------------|----------|---------------|--|-----------------------|---------------------|--------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | | |
| 2019: | | | | | | | | | | |
| Cellnex UK Limited | River Court, Albert Dr, Woking GU21 5RP, Reino Unido | Holding | 100% | 281,489 | Deloitte | - | 213,890 | (4,706) | (5,396) | - |
| Cellnex France Groupe, S.A.S. (**) | 1, Avenue de la Cristallerie, 92310 Sèvres | Holding | 100% | 2,324,391 | Deloitte | 7,466 | 2,315,816 | (1,251) | (5,705) | - |
| Cellnex Telecom España, S.L.U. (*) | Juan Esplandiú, 11 28007 Madrid | Holding | 100% | 807,500 | Deloitte | 103,753 | 703,748 | 101,133 | 101,378 | 86,359 |
| Cellnex Switzerland AG (*) | Postastrasse 12 CH-6301, Zug, Switzerland | Holding | 54% | 579,191 | Deloitte | 188 | 733,999 | (1,261) | 8,175 | - |
| Towerlink Portugal, ULDA (**) | Avenida Álvares Cabral, nº61 – 4º piso, 1250-017 Lisboa, Portugal | Fixed and mobile telecommunications services provider | 100% | 4,000 | - | 4,000 | - | 127 | 111 | - |
| Cignal Infrastructures Services, Ltd.(**) | Suite 311 Q House, 76 Furze Road, Sandford Industrial Estate, Dublin 18, D18, YV50, Ireland | Terrestrial telecommunications infrastructure operator | 100% | 111,928 | Deloitte | - | (4,375) | 1,743 | (1,930) | - |
| Total share | | | | 5,577,246 | | | | | | 126,435 |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2019 financial statements

(Thousands of Euros)

Indirect Ownership Interests

| Sociedad | Domicilio | Actividad | % Participación Indirecta | Sociedad titular de la participación indirecta | Auditor | Patrimonio neto | | Resultado explotación | Resultado ejercicio |
|--|---|---|---------------------------|--|----------|-----------------|---|-----------------------|---------------------|
| | | | | | | Capital | Prima de Emisión y Reservas (deducido dividendo a cuenta) | | |
| 2019: | | | | | | | | | |
| Participación indirecta | | | | | | | | | |
| Retevisión I, S.A.U.(*) | Juan Esplandiú, 11 28007 Madrid | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Telecom España, S.L. | Deloitte | 81,270 | 49,218 | 99,115 | 92,796 |
| Tradia Telecom, S.A.U. (*) | Avenida del Parc Logístic 12-20 08040 Barcelona | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Telecom España, S.L. | Deloitte | 131,488 | 19,001 | 26,429 | 20,623 |
| On Tower Telecom Infraestructuras, S.A.U.(*) | Juan Esplandiú, 11 28007 Madrid | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Telecom España, S.L. | Deloitte | 72,725 | 384,529 | 10,976 | 7,564 |
| Gestora del Espectro, S.L. (**) | Juan Esplandiú, 11 28007 Madrid | Development, implementation, management and marketing of terrestrial telecommunications services. | 100% | Cellnex Telecom España, S.L. | - | - | - | - | - |
| Adesal Telecom, S.L.(*) | Ausias March 20, Valencia | Provision of related services for terrestrial telecommunications concessions and operators. | 60.08% | Tradia Telecom, S.A.U. | Deloitte | 3,228 | 847 | 7 | 3 |
| Zenon Digital Radio, S.L.(**) | C/Doctor Casas 20, Zaragoza | Marketing, development, installation and maintenance of TETRA systems | 100% | Tradia Telecom, S.A.U. | - | 32 | - | 223 | 166 |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

| Sociedad | Domicilio | Actividad | % Participación Indirecta | Sociedad titular de la participación indirecta | Auditor | Patrimonio neto | | Resultado explotación | Resultado ejercicio |
|--|--|---|---------------------------|--|----------|-----------------|---|-----------------------|---------------------|
| | | | | | | Capital | Prima de Emisión y Reservas (deducido dividendo a cuenta) | | |
| 2019: | | | | | | | | | |
| Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.(*) | Av. Parc Logístic 12-20, Barcelona | Management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya | 100% | Tradia Telecom, S.A.U. | Deloitte | 6,825 | 9,251 | 5,400 | 3,750 |
| Galata, S.p.A(*) | Via Carlo Veneziani 56L, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | Deloitte | 1,000 | 302,313 | 74,361 | 29,299 |
| TowerCo, S.p.A. (*) | Via Alberto Bergamini 50, Rome Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | Deloitte | 20,100 | 6,380 | 9,465 | 5,742 |
| TowerLink Italia, S.r.L (**) | Via Carlo Veneziani 58, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | - | - | - | - | - |
| Commscon Italia, S.r.L. (*) | Via Carducci 32, 20123 Milano | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | Deloitte | 100 | 1,715 | 2,559 | 2,594 |
| Towerlink Netherlands, B.V. (*) | Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands, BV | Deloitte | - | 69,391 | 3,166 | 2,315 |
| Shere Masten B.V. (*) | Leeghwaterstraat 21, 2811 DT Reeuwijk, Netherlands | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | 18 | 206,070 | 16,267 | 14,565 |
| Breedlink BV(*) | Branderweg 7, 8042 PD, Zwolle | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | - | (25) | (576) | (577) |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

| Sociedad | Domicilio | Actividad | % Participación Indirecta | Sociedad titular de la participación indirecta | Auditor | Patrimonio neto | | Resultado explotación | Resultado ejercicio |
|---------------------------------|---|---|---------------------------|--|----------|-----------------|---|-----------------------|---------------------|
| | | | | | | Capital | Prima de Emisión y Reservas (deducido dividendo a cuenta) | | |
| 2019: | | | | | | | | | |
| Alticom B.V. (*) | Branderweg 7, 8042 PD, Zwolle | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | 18 | 182,661 | 3,523 | 2,642 |
| On Tower Netherlands, B.V. (**) | Axelstraat, 58, 4537 AL, Terneuzen, The Netherlands | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | 1,825 | 10,059 | 2,041 | 2,012 |
| Springbook Mobility | 1, Avenue de la Cristallerie, 93210, Sèvres | Prestación de servicios conexos para concesionarios y operadores de telecomunicaciones terrestres | 100% | Cellnex France Groupe, S.A.S. | - | 1 | 32 | (57) | (57) |
| Cellnex France, S.A.S. (*) | 1, Avenue de la Cristallerie, 92310 Sèvres | Holding | 100% | Cellnex France Groupe, S.A.S. | Deloitte | 21,543 | 861,059 | (5,906) | (25,356) |
| Towerlink France, SAS (**) | 1, avenue de la Cristallerie (9th floor), Sèvres (92310). | Acquisition and deployment of strategic telecommunications centers with capacity to house data processing capabilities. | 99.99% | Cellnex France, S.A.S | - | 20 | (15) | (77) | (103) |
| Iliad 7 | 31, Rue de la Baume – Paris (75008) | Terrestrial telecommunications infrastructure operator | 70% | Cellnex France Groupe, S.A.S. | Deloitte | 381,384 | 3,623 | 1,045 | 286 |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

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| Sociedad | Domicilio | Actividad | % Participación Indirecta | Sociedad titular de la participación indirecta | Auditor | Patrimonio neto | | Resultado explotación | Resultado ejercicio |
|--|---|--|---------------------------|--|----------|-----------------|---|-----------------------|---------------------|
| | | | | | | Capital | Prima de Emisión y Reservas (deducido dividendo a cuenta) | | |
| 2019: | | | | | | | | | |
| Shere Midco Limited(*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Holding | 100% | Cellnex UK Limited | Deloitte | - | 215,088 | (9) | 54 |
| Watersite Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Cellnex UK Midco Ltd | Deloitte | 29,703 | (10,954) | 2,338 | 1,935 |
| Radiosite Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Cellnex UK Midco Ltd | Deloitte | 31,878 | (5,310) | 3,265 | 3,114 |
| Cellnex Connectivity Solutions Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Cellnex UK Midco Ltd | Deloitte | 1,977 | 146,504 | (1,745) | (2,010) |
| Cellnex UK Consulting Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Cellnex UK Midco Ltd | Deloitte | 2,598 | (1,927) | 584 | 592 |
| Swiss Towers AG (*) | Binzmühlestrasse 130, 8050 Zürich, Switzerland | Terrestrial telecommunications infrastructure operator | 54% | Cellnex Switzerland AG | Deloitte | 279,903 | 51,689 | 18,912 | 5,871 |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

| Sociedad | Domicilio | Actividad | % Participación Indirecta | Sociedad titular de la participación indirecta | Auditor | Patrimonio neto | | Resultado explotación | Resultado ejercicio |
|-------------------------------------|--|---|---------------------------|--|----------|-----------------|---|-----------------------|---------------------|
| | | | | | | Capital | Prima de Emisión y Reservas (deducido dividendo a cuenta) | | |
| 2019: | | | | | | | | | |
| Swiss Infra Services (*) | Rue du Caudray, 4, 1020 Renens, Vaud | Terrestrial telecommunications infrastructure operator | 64.99% | Swiss Towers, AG | Deloitte | 92 | 41,987 | 9,128 | 3,383 |
| Cellcom Ireland Limited (**) | Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18, YV50, Ireland | Provision of communication sites used by Mobile Network Operators | 100% | Cignal Infrastructure Services | Deloitte | - | 12,358 | 235 | 235 |
| National Radio Network Limited (**) | Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18, YV50, Ireland | Provision of communication sites used by Mobile Network Operators | 100% | Cignal Infrastructure Services | Deloitte | - | 535 | - | - |
| Torre de Collserola, S.A. (*) | Ctra. Vallvidrera a Tibidabo, s/n Barcelona | Construction and operation of terrestrial telecommunications infrastructure | 41,75 | Retevisión-I, S.A. | Deloitte | 4,520 | 173 | 26 | (4) |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

| Sociedad | Domicilio | Actividad | % Participación Indirecta | Sociedad titular de la participación indirecta | Auditor | Patrimonio neto | | Resultado explotación | Resultado ejercicio |
|---|--|--|---------------------------|--|-----------------|-----------------|---|-----------------------|---------------------|
| | | | | | | Capital | Prima de Emisión y Reservas (deducido dividendo a cuenta) | | |
| 2019: | | | | | | | | | |
| Consortio de Telecomunicaciones Avanzadas, S.A. (*) | C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia) | Provision of related services for terrestrial telecommunications concessions and operators | 29,5% | Tradia Telecom, S.A. | Areas Auditores | 1.000 | 1,204 | 629 | 374 |
| Nearby Sensors, S.L. (**) | C/Berruguete 60-62, Barcelona | Software and IT development app; development of network telecommunication systems | 30,00% | Tradia Telecom, S.A. | - | 58 | 1,111 | (339) | (171) |
| Nearby Computing, S.L. (**) | C/Travessera de Gràcia, 18, Barcelona | Software and IT development app; development of network telecommunication systems | 9,00% | Tradia Telecom, S.A. | - | - | 500 | (25) | (19) |

(*) Audited financial statements at 31 December 2019.

(**) Unaudited financial statements at 31 December 2019.

This appendix forms an integral part of Note 8 to the 2019 financial statements, with which it should be read.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2018 financial statements
(Thousands of Euros)

Direct Ownership Interests

| Company | Registered Office | Activity | % Direct ownership | Ownership net value | Auditor | Net Equity | | Operating profit/loss | Profit for the year | Dividends received |
|-----------------------------|--|----------|--------------------|---------------------|----------|---------------|--|-----------------------|---------------------|--------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | | |
| 2018: | | | | | | | | | | |
| Cellnex Italia, S.r.L.(*) | Via Carlo Veneziani 58, 00148 Roma (Italia) | Holding | 100% | 845,310 | Deloitte | 845,310 | (305) | (3,084) | 31,544 | 30,798 |
| Cellnex Netherlands, BV (*) | Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage | Holding | 100% | 515,151 | Deloitte | - | 330,778 | (719) | 4,727 | 3,976 |
| Cellnex France, S.A.S. (*) | 1, Avenue de la Cristallerie, 92310 Sèvres | Holding | 100% | 908,341 | Deloitte | 21,543 | 875,887 | (4,788) | (13,575) | - |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read.

| Company | Registered Office | Activity | % Direct ownership | Ownership net value | Auditor | Net Equity | | Operating profit/loss | Profit for the year | Dividends received |
|--|--|----------|--------------------|---------------------|----------|---------------|--|-----------------------|---------------------|--------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | | |
| 2018: | | | | | | | | | | |
| Cellnex UK Ltd. (antes Shere Group Ltd.) (*) | River Court, Albert Dr, Woking GU21 5RP, Reino Unido | Holding | 100% | 130,226 | Deloitte | - | 59,471 | (1,122) | 6,612 | 7,694 |
| Cellnex France Groupe, S.A.S. (**) | 1, Avenue de la Cristallerie, 92310 Sèvres | Holding | 100% | 1,050 | - | 1,050 | (906) | (2) | (140) | - |
| Cellnex Telecom España, S.L.U. (*) | Juan Esplandiú, 11 28007 Madrid | Holding | 100% | 747,500 | Deloitte | 97,753 | 669,719 | (1,843) | 23,732 | 20,000 |
| Cellnex Switzerland AG(*) | Postastrasse 12 CH-6301, Zug, Switzerland | Holding | 54% | 165,544 | Deloitte | 88 | 299,573 | (591) | 3,129 | 810 |
| Total share | | | | 3,313,122 | | | | | | 63,278 |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2018 financial statements

(Thousands of Euros)

Indirect Ownership Interests

| Company | Registered office | Activity | % ownership interest | Company holding the interest ownership | Auditor | Net Equity | | Operating profit/loss | Profit for the year |
|--|---|---|----------------------|--|----------|---------------|--|-----------------------|---------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | |
| 2018: | | | | | | | | | |
| Indirect ownership | | | | | | | | | |
| Retevisión I, S.A.U.(*) | Juan Esplandiú, 11 28007 Madrid | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Telecom España, S.L. | Deloitte | 81,270 | 85,912 | 44,778 | 32,668 |
| Tradia Telecom, S.A.U. (*) | Avenida del Parc Logístic 12-20 08040 Barcelona | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Telecom España, S.L. | Deloitte | 131,488 | 26,098 | 14,614 | 12,028 |
| On Tower Telecom Infraestructuras, S.A.U.(*) | Juan Esplandiú, 11 28007 Madrid | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Telecom España, S.L. | Deloitte | 72,725 | 385,664 | 15,297 | 11,186 |
| TowerCo, S.p.A. (*) | Via Alberto Bergammini 50, Rome Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | Deloitte | 20,100 | 6,253 | 10,180 | 6,263 |
| Galata, S.p.A(*) | Via Carlo Veneziani 56L, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | Deloitte | 1,000 | 249,947 | 64,896 | 32,029 |
| Adesal Telecom, S.L.(*) | Ausias March 20, Valencia | Provision of related services for terrestrial telecommunications concessions and operators. | 60.08% | Tradia Telecom, S.A.U. | Deloitte | 3,228 | 1,493 | 332 | 221 |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read.

| Company | Registered office | Activity | % ownership interest | Company holding the interest ownership | Auditor | Net Equity | | Operating profit/loss | Profit for the year |
|---------------------------------|---|---|----------------------|--|----------|---------------|--|-----------------------|---------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | |
| 2018: | | | | | | | | | |
| Gestora del Espectro, S.L. (**) | Juan Esplandiú, 11 28007 Madrid | Development, implementation, management and marketing of terrestrial telecommunications services. | 100% | Cellnex Telecom España, S.L. | - | 3 | - | - | - |
| TowerLink Italia, S.r.L. (**) | Via Carlo Veneziani 58, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | - | - | - | - | - |
| Commscon Italia, S.r.L. (*) | Via Carducci 32, 20123 Milano | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L. | Deloitte | 100 | 1,650 | 775 | 534 |
| Towerlink Netherlands, B.V. (*) | Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands, BV | Deloitte | - | 67,507 | 4,312 | 3,886 |
| Shere Midco Limited(*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Holding | 100% | Cellnex UK Limited (antes Shere Group Limited) | Deloitte | - | 67,016 | (15) | 54 |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read.

| Company | Registered office | Activity | % ownership interest | Company holding the interest ownership | Auditor | Net Equity | | Operating profit/loss | Profit for the year |
|------------------------------|---|--|----------------------|--|----------|---------------|--|-----------------------|---------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | |
| 2018: | | | | | | | | | |
| Shere Masten B.V. (*) | Leeghwaterstraat 21, 2811 DT Reeuwijk, Netherlands | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | 18 | 199,873 | 15,815 | 12,871 |
| Watersite Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Shere Midco Ltd | Deloitte | 29,703 | (13,595) | 1,949 | 1,671 |
| Radiosite Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Shere Midco Ltd | Deloitte | 31,878 | (8,999) | 3,279 | 2,394 |
| QS4 Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Shere Midco Ltd | Deloitte | 1,977 | 1,441 | 422 | 359 |
| Shere Consulting Limited (*) | River court, Albert Dr, Woking GU21 5RP, United Kingdom | Terrestrial telecommunications infrastructure operator | 100% | Shere Midco Ltd | Deloitte | 2,598 | (2,418) | 433 | 441 |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read.

| Company | Registered office | Activity | % ownership interest | Company holding the interest ownership | Auditor | Net Equity | | Operating profit/loss | Profit for the year |
|--|--|---|----------------------|--|----------|---------------|--|-----------------------|---------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | |
| 2018: | | | | | | | | | |
| Alticom BV(*) | Branderweg 7, 8042 PD, Zwolle | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | 18 | 188,495 | 5,198 | 3,939 |
| Breedlink BV(*) | Branderweg 7, 8042 PD, Zwolle | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Netherlands BV | Deloitte | - | 304 | (332) | (333) |
| Swiss Towers AG(*) | Binzmühlestrasse 130, 8050 Zürich, Switzerland | Terrestrial telecommunications infrastructure operator | 54% | Cellnex Switzerland AG | Deloitte | 880 | 49,294 | 18,086 | 10,807 |
| Zenon Digital Radio, S.L.(**) | C/Doctor Casas 20, Zaragoza | Marketing, development, installation and maintenance of TETRA systems | 100% | Tradia Telecom, S.A.U. | - | 32 | 1.398 | 480 | 354 |
| Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.(*) | Av. Parc Logístic 12-20, Barcelona | Management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya | 100% | Tradia Telecom, S.A.U. | Deloitte | 6,825 | 5,534 | 5,347 | 3,717 |
| Sintel S.r.L(**) | Via Carlo Veneziani 58, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L | - | 90 | 41 | 149 | 100 |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read.

| Company | Registered office | Activity | % ownership interest | Company holding the interest ownership | Auditor | Net Equity | | Operating profit/loss | Profit for the year |
|---|--|---|----------------------|--|-----------------|---------------|--|-----------------------|---------------------|
| | | | | | | Share Capital | Share premium and reserves (interim dividend deducted) | | |
| 2018: | | | | | | | | | |
| BRT Tower S.r.L(**) | Via Carlo Veneziani 58, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L | - | 20 | 70 | 12 | 9 |
| DFA Telecomunicazioni S.r.L(**) | Via Carlo Veneziani 58, 00148 Rome, Italy | Terrestrial telecommunications infrastructure operator | 100% | Cellnex Italia, S.r.L | - | 100 | 12 | 14 | 10 |
| Towerlink France, SAS (**) | 1, avenue de la Cristallerie (9th floor), Sèvres (92310). | Acquisition and deployment of strategic telecommunications centers with capacity to house data processing capabilities. | 100% | Cellnex france, S.A.S | - | 20 | - | (5) | (5) |
| Torre de Collserola, S.A. (*) | Ctra. Vallvidrera a Tibidabo, s/n Barcelona | Construction and operation of terrestrial telecommunications infrastructure | 41,75% | Retevisión-I, S.A. | Deloitte | 4,520 | 168 | 37 | 5 |
| Consortio de Telecomunicaciones Avanzadas, S.A. (*) | C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia) | Provision of related services for terrestrial telecommunications concessions and operators | 29,5% | Tradia Telecom, S.A. | Areas Auditores | 1,000 | 1,204 | 499 | 374 |
| Nearby Sensors, S.L. (**) | C/Berruguete 60-62, Barcelona | Software and IT development app; development of network telecommunication systems. | 30,00% | Tradia Telecom, S.A. | - | 47 | 503 | 6 | - |

(*) Audited financial statements at 31 December 2018.

(**) Unaudited financial statements at 31 December 2018.

This appendix forms an integral part of Note 8 to the 2018 financial statements, with which it should be read

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Cellnex Telecom, S.A.

Directors' Report for the year ended 31 December 2019

1. Information required under Article 262 of the Spanish Limited Liability Companies Law

1.1 Situation of the Company

Cellnex Telecom, S.A. (a company listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges), hereinafter the Company, is the Parent of a Group in which it is both the sole shareholder and the majority shareholder of the companies heading the various business lines and geographical markets in which the Group operates. The Cellnex Group provides services related to infrastructure management for terrestrial telecommunications through the following business segments:

- Telecom Infrastructure Services
- Broadcasting Infrastructure
- Other Network Services

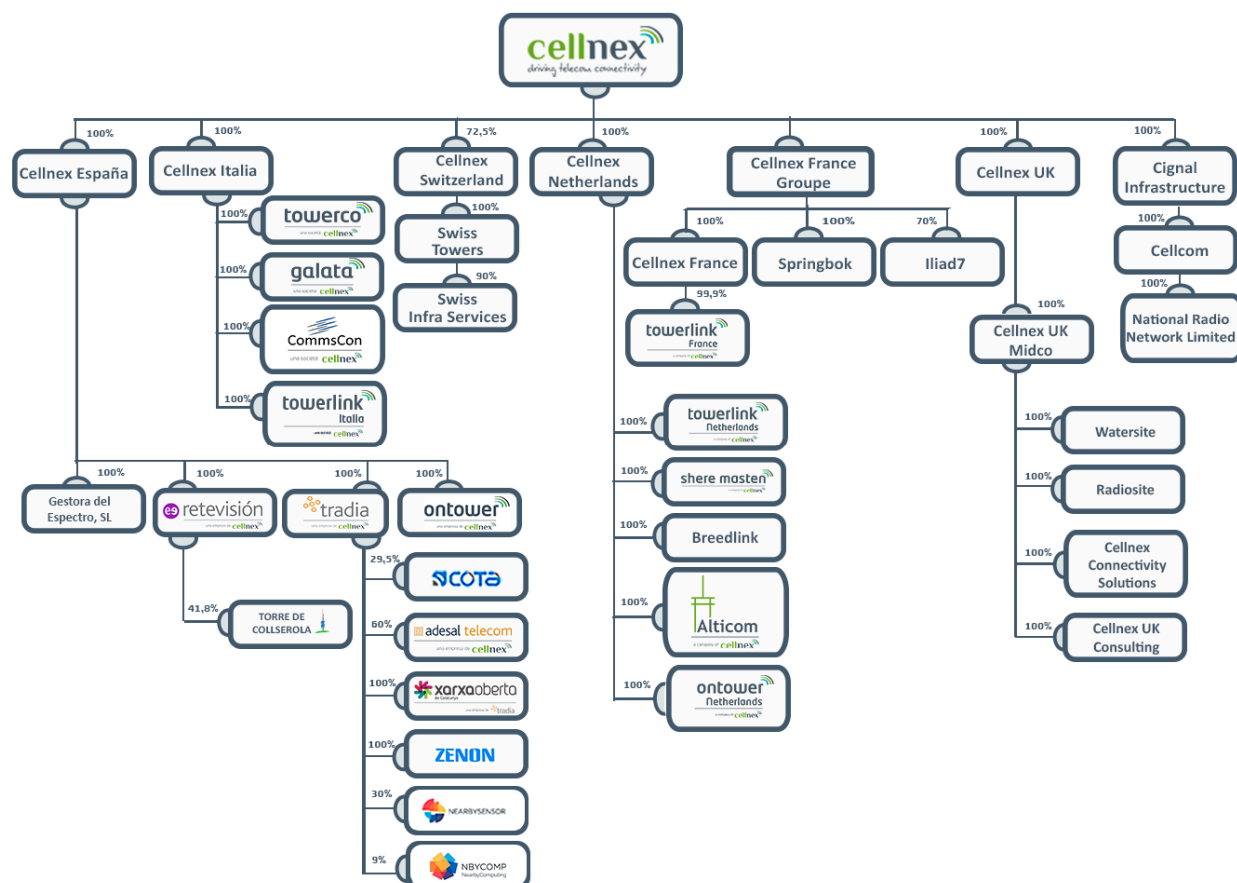
Cellnex's business model focuses on providing services to mobile network operators (MNOs), broadcasters and other public and private companies acting as a neutral ⁽¹⁾ European telecommunications infrastructure operator. This business model is based on innovative, efficient, sustainable, independent and quality management to create value for its shareholders, customers, employees and all stakeholders. In addition, the Group is the main Broadcasting Infrastructure provider in Spain with a majority share in the national and regional markets.

In accordance to the above, Cellnex is Europe's leading operator of wireless telecommunications and broadcasting infrastructures with a portfolio of up to 54,000 sites (including forecast roll-outs up to 2027) located in Spain, Italy, Netherlands, France, Switzerland, the United Kingdom and Ireland. As at 31 December 2019, the Group manages a portfolio of 36,471 sites and 1,995 nodes, which make a total of 38,466 infrastructures.

Cellnex is listed on the continuous market of the Spanish stock exchange and is part of the selective IBEX 35 and EuroStoxx 600 indices. It is also part of the FTSE4GOOD and CDP (Carbon Disclosure Project), "Standard Ethics" and Sustainalytics indexes. During 2019, Cellnex Telecom (CLNX SM) was added to the MSCI Europe index, following the May 2019 semi-annual index review.

(1) without mobile network operator 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.

As of 31 December 2019, the organisational structure of the Cellnex Group, hereinafter Cellnex or the Group, is as follows:



The breakdown of direct and indirect shareholdings in Group companies and associates is shown in Appendix I of the accompanying financial statements.

1.2 Significant events in 2019

The most significant events during the 2019 financial year were as follows:

Infrastructure services for mobile telecommunications operators

Providing infrastructure services to mobile operators continues to be one of Cellnex's main activities. During 2019 we worked on the various aspects required to allow us to evolve infrastructure to meet new upcoming challenges, with special focus on understanding how 5G technology will change the role of infrastructure providers.

5G will mean a paradigm shift in terms of connectivity, enabling an exponential increase in data consumption and transmission, as well as the minimum latency necessary for the development of applications. 5G will require a new network architecture, therefore the company is working on a neutral operator model where sharing a single infrastructure between operators will be key factor and relies upon technologies such as Optical fibre, Edge Computing and Distributed Antenna Systems (DAS) and Small Cells.

- **Distributed Antenna Systems (DAS):** This new network architecture will require adaptation of the equipment installed in existing infrastructures (macro sites) while increasing the densification of the network through Distributed Antenna Systems (DAS) and Small Cells in indoor areas (stadiums and sports venues, shopping centres, theatres, skyscrapers, carparks, underground networks, etc.) and outdoor areas (city centres, public transport networks, ports, airports, etc); especially high-footfall spaces.
- **Edge Computing:** This is another key element in the 5G ecosystem which shifts computing capabilities closer to the transmitting antennas and therefore closer to the data receivers (vehicles, people, machines). Bringing infrastructure closer to the end-user is fundamental to achieving minimum latency (1 millisecond), which is one of the elementary parameters of 5G technology and is directly related to the development of sectors such as autonomous vehicles, industry 4.0 or telemedicine. Cellnex is therefore committed to extending “Edge computing” - data processing at the edge of the network - bringing computing capabilities closer to antennas and therefore closer to the users (people, vehicles, and machines).
- **Optical fibre:** One of Cellnex's proposals is the roll-out, operation and maintenance of fibre optic networks connected to towers and antennas (macro and “small cells”) since optical fibre will be a necessary element of 5G for transmitting the huge amount of data that will be gathered by the new access networks to the operator network. Furthermore, “backhauling” with optical fibre telecommunications towers is essential to developing 5G networks, associated to the remote or “caching” servers that physically bring the data processing and storage capacity closer to the end users of 5G-based applications.

Increased fibre availability is essential to meet exponential data demand from 5G-based applications. As such, greater optic fibre capillarity is to be expected in the coming years throughout the entire mobile network in its various forms (FTTT -fibre to the tower, FTTO - fibre to the offices, FTTS -fibre to the small cell-, FTTA - fibre to the antenna-, etc.), and European MNOs are shifting from copper- or microwave-based technologies towards fibre technologies to meet such increased bandwidth requirements.

In this context, the Group is assessing how to increase its commercial offer to meet the needs of its customers, increasingly investing in optical fibre, and always without retail exposure.

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.

In addition, 5G technology provides a wide variety of capabilities that enable many different usage cases that can vary from autonomous vehicles to advanced emergency services.

Each new generation of mobile technology has fostered an increase in connection speeds and has enabled more reliable communications, but in the case of this fifth generation there are three main benefits:

- **Improved mobile broadband:** Not only thanks to increased capacity, but also because of improved reliability (broadband access always available) and by allowing higher speed use cases (enabling new services in cars, trains or aircraft)
- **Increased connectivity:** more devices can communicate simultaneously in a specific area (up to one million devices per square kilometre), providing the possibility to create new services related mainly to the Internet of Things (IoT)
- **Enhanced response time:** 5G improves the time response from the network, enabling a set of new use cases such as remotely controlling machinery or autonomous vehicles.

To this end, at the end of 2018 Cellnex entered the capital of Nearby Sensors, a technology start-up dedicated to rolling out the Internet of Things (IoT), distributed or Edge computing, and automation of hybrid IT-OT (Information Technology/Operational Technology) processes. Nearby Sensors is therefore a part of our open and collaborative innovation strategy, identifying entrepreneurial initiatives that start out from a close collaboration with universities and knowledge centres and end up translating into innovative value and service proposals within the scope of connectivity and telecommunications.

- **Milestones 2019**

During 2019 Cellnex has carried out different projects in several countries, including:

Spain

- 5G Barcelona.
- Decommissioning of MNO monotenant sites to existing Cellnex sites.
- Built to Suit (B2S).
- Organic Acquisition.
- Data transport service with fiber and radio links, Backhaul and Access (Fibre to the tower).
- Integration with the permanent Regime of La Jor.
- Selling fibre transmission.
- DAS services to office buildings for companies and shopping centers.
- Sale of DAS to Public Administrations (municipal parks, markets, etc.).
- IoT – Contract renewal and extension Securitas / Sigfox in Spain and Portugal.

France

- Iliad – Framework contract Rooftops
- Sigfox – Framework contract
- OR – Framework contract Tower
- SFR – Framework contract Tower
- Springbok

Italy

- Underground of Milan.
- Stadium of San Siro.
- Outdoor coverage of Ciampino town.
- Ortigia, historical town close to Syracuse.
- Niguarda hospital in Milan.
- Massive roll-out of DAS instalments has been carried out, including Palalottomatica, Chiesi Farmaceutici or Intesa San Paolo.

Switzerland

- Lidl: Frame work agreement signed.
- Deployment of 5G networks in Europe with our customers (Swisscom, Sunrise and Salt).
- Collaboration with Sunrise.
- Collaboration with working groups on radio thresholds to facilitate the deployment of 5G networks.

UK

- Transport for London (Tender in process)
- First DAS agreement in Manchester City:

5G Barcelona

Cellnex Telecom and 5G Barcelona have signed a collaboration agreement to develop and implement pilot projects that will make it possible to test the use of 5G technology in different sectors. This agreement has enabled Cellnex to test in Barcelona different potential new products and technologies. 5G drones to detect fires and 5G 360 video experience in music festivals are two examples of the cooperation with this institution.

Transport For London (Tender in process)

Cellnex UK is in competition with other consortia to provide coverage of the entire London Underground, laying a complementary fibre optic network and possible surface Small Cell needs. This is a pioneering tender in a new market model with partners for the implementation of integrated management of telecommunications networks (end-to-end), with various technologies (neutral network (4 and 5G), critical mission network, Wi-Fi networks, fibre optic connectivity, urban fixtures management for telecommunication services, etc.).

During 2019, Cellnex organised workshops with mobile telecommunications operators to reduce the Time-to-Market of operations. These workshops made it possible to reduce the number of inefficiencies of the various commercial phases, speeding up the process and improving the success rate of operations and coordination with operators.

In addition to this, throughout 2017, 2018 and 2019 the Group incorporated an innovative relationship practice called Land Aggregation with the site owners to provide efficiency in renting buildings and properties where the sites are located using a "cash advance" of the capitalisation of rents.

The Group, on request by its customers performs certain works and studies such as adaptation, engineering and design services on the Cellnex network (hereinafter "Engineering Services"), providing a separate income stream and performance obligation under IFRS 15. The costs incurred in relation to these services can be internal personnel costs or outsourced. The revenue in relation to these services is generally booked as the costs are incurred.

A massive rollout of landlord negotiations and land acquisitions took place during 2019. These operations involve 367 negotiations (average saving 30%), 175 Land Purchases (100% saving) and 263 DDS-Surface Rights (accounting view: 70% saving, adjusted view 100% saving).

Specifically in DAS (Distribution Antenna Systems):

Notable among the DAS projects carried out during 2019, was the first DAS agreement at Manchester City. This project came into trial service for operators in December 2019, and will be fully operational in February 2020. Due to the need for this project, work is under way to create a Network Operation Centre (NOC), which will be extended to other infrastructures, with the collaboration of external suppliers.

Mass roll-out of DAS installations has been carried out in Italy, including Palalottomatica, (DAS solution with "5G ready" fibre cabling), Chiesi Farmaceutici (Headquarter premises DAS coverage) or Intesa San Paolo. Likewise, Cellnex Spain has performed DAS services to office buildings for companies and shopping centres as well as Public Administrations (municipal car parks, markets, etc.).

Cellnex Netherlands acquired On Tower Netherlands subgroup, which is present in the Netherlands and Belgium. This acquisition allows Cellnex Netherlands to incorporate know-how to enhance other Product Lines as well as entering the Flemish market in Belgium and position Cellnex ideally with a view to further deals. Moreover, in Switzerland Cellnex has signed a collaboration with Sunrise for the deployment of indoor solutions and first roll-outs of 4G and 5G nodes.

Consolidation in Europe

Internationalising via mergers and acquisitions is a basic pillar of the Cellnex strategy.

The Group's business presents significant barriers to entry into its main markets, mainly due to its difficult-to-replicate total asset base of 36,471 sites and 1,995 nodes, which make a total of 38,466 infrastructures.

The main changes in the consolidation perimeter, together with assets purchased during financial year 2019 are as follows:

France

Iliad France 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, Cellnex, through its fully owned subsidiary Cellnex France Groupe, has acquired the 70% of the share capital of Iliad 7, S.A.S. ("Iliad7"), owner of approximately 5,700 sites located in France. Additionally, Cellnex has agreed to the deployment of 2,500 sites in France in a seven-year term.

The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 1.4 billion.

The 30% remaining non-controlling interest in Iliad7 can be purchased by Cellnex France Groupe at a price to be calculated pursuant to the shareholder agreement between the two parties. The price of this potential acquisition will undoubtedly be subject to inflationary pressure given the favourable performance of such assets.

The transaction has been completed in December 2019, once several administrative authorizations has been satisfied.

Agreements reached during 2016, 2017 and 2018

At 31 December 2019, in accordance with the agreements reached with Bouygues during 2016, 2017 and 2018, Cellnex, through its subsidiaries Cellnex France and Towerlink France, has committed to acquire and build up to 5,250 sites that will be gradually transferred to Cellnex until 2024. Of the proceeding 5,250 sites, a total of 3,504 sites have been transferred to Cellnex as at 31 December 2019.

Switzerland

Swiss Infra Acquisition

In the first half of 2019, the Group entered into a long-term industrial alliance with Matterhorn Telecom, S.A. ("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 Switzerland for a total amount of approximately EUR 770 million. Additionally, Cellnex agreed to the deployment of 500 additional sites in Switzerland in an eight-year term.

The 10% remaining non-controlling interest in Swiss Infra Services can be purchased by Swiss Towers at a price to be calculated pursuant to the corresponding shareholder agreement. The price of this potential acquisition will undoubtedly be subject to inflationary pressure given the favourable performance of such assets.

This transaction was completed in the second half of 2019, following the satisfaction of the closing conditions which included the granting of several administrative authorizations.

Other agreements

At 31 December 2019, in accordance with the agreement reached with Sunrise during 2018, Cellnex, through its subsidiary Swiss Towers, has acquired 133 sites in Switzerland for an amount of CHF 39 million (EUR 34 million).

Italy

Iliad Italy Acquisition

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad group of companies by virtue of which, Cellnex entered into an agreement to acquire (through its fully owned subsidiary Galata) a business unit containing approximately 2,200 sites located in Italy from Iliad Italia, S.p.A. for an estimated aggregate consideration of approximately EUR 600 million, (the "Iliad Italy Acquisition"). Additionally, Cellnex has agreed, to the deployment of 1,000 sites in Italy in a seven-year term.

The transaction has been completed in December 2019, once several administrative authorizations have been satisfied.

The transfer of the aforementioned business unit will be performed in one or more tranches, and the infrastructures involved are being gradually integrated into, and operated by Galata. This gradual process allows for the completion of formal administrative procedures with landlords and local administrations. As of 31 December 2019 approximately 80% of the total sites have been transferred to Cellnex.

Other agreements

During 2019, the agreement with Wind Tre dated 27 February 2015 was extended, through an increase of the built-to-suit project up to 800 additional sites to be built (increasing the agreement to build sites from up to 400 to up to 1,200 sites, with a total investment of up to EUR 70 million).

Spain

On 3 December 2019, Cellnex has reached an agreement with Orange Espagne, S.A.U. ("Orange Spain") for the acquisition of 1,500 telecom sites in Spain for a total amount of EUR 260 million. As of 31 December 2019, 1,067 sites have been transferred to Cellnex for an amount of EUR 185 million, while the remaining 433 sites will be transferred during January 2020.

This project is fully aligned with Cellnex's growth strategy and is also fully compliant with the Company's strict value creation criteria.

In addition, in the last quarter of 2019, Cellnex Telecom and El Corte Inglés ("ECI") signed a long-term strategic agreement according to which Cellnex acquired the rights to operate and market approximately 400 buildings located mainly throughout Spain for a period of 50 years. The acquisition price amounted to approximately EUR 60 million. The aforementioned rights have been totally transferred to Cellnex as of 31 December 2019.

The Netherlands

On Tower Netherlands subgroup Acquisition

During the second half of 2019, Cellnex Telecom (through its subsidiary Cellnex Netherlands BV) reached an agreement to acquire 100% of the On Tower Netherlands subgroup for an amount of EUR 40 million (Enterprise Value). 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. The actual cash outflow in relation to this transaction was EUR 39 million following the incorporation of EUR 1 million of cash balances on the balance sheet of the acquired subgroup. As a result of this acquisition, Cellnex acquired 114 additional infrastructures.

United Kingdom

During 2019, Cellnex Telecom (through its subsidiary Cellnex Connectivity Solutions Limited) and British Telecommunications PLC ("BT") signed a long-term strategic agreement according to which Cellnex acquired the rights to operate and market 220 high towers located throughout the United Kingdom for a period of 20 years. The acquisition price amounted to GBP 70 million, approximately (with a Euro value of EUR 79 million). The aforementioned rights have been totally transferred to Cellnex as of 31 December 2019.

The agreement additionally includes a commitment to explore further opportunities between the two companies in the UK, 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 (with a Euro value of EUR 34 million).

Ireland

Signal Acquisition

During the second half of 2019, Cellnex Telecom acquired 100% of the share capital of Signal from InfraVia Capital Partners, owner of 546 sites in Ireland for a total amount of EUR 210 million (Enterprise Value). Additionally, Signal will deploy up to 600 new additional sites by 2026.

Broadcasting infrastructure

The broadcasting infrastructure business is the Group's second area of activity by turnover, and the largest in Spain. The company is the only operator offering nationwide coverage of the DTT service.

The value-creation model, In the broadcasting infrastructure business, the value-creation model is based on sharing the transmission network between broadcasters who do not have their own networks.

Its services consist of distributing and transmitting television and radio signals, and operating and maintenance of broadcasting networks, providing of connectivity for media content, hybrid broadcast-broadband services, and over-the-top (OTT) streaming services. Through the provision of broadcasting services, Cellnex has developed unique know-how and expertise that has helped to develop the other services in its portfolio.

In addition, Cellnex has established the strategic objective of positioning itself as a leader in Ultra High-Definition Video (UHD) technology, providing images with significantly better quality for the user than other options.

At the end of the first quarter of 2017, the UHF Decision of the European Parliament and the Council of the European Union regulating the use of the Spectrum band 470 - 790 MHz was published and is, mandatory for all the Member States of the European Union. It is a balanced decision as it ensures that terrestrial TV will maintain the priority use of the Sub700 MHz band (470 - 694MHz) at least until 2030 and, at the same time, allocates the 700 MHz band (694 - 790 MHz) to mobile services. The UHF Decision provides a realistic timetable for both the Broadcast industry, offering long-term security in the use of spectrum and for the investments to be made, and for the mobile industry, which will have the 700MHz band within a reasonable time horizon (2020 with the possibility to delay it by two years with justified reasons). The Decision also suggests that Member States should compensate for the costs arising from the forced migration of services related to spectrum reallocation.

Royal Decree 391/2019 was published on 21 June 2019 and, approves the National Technical Plan for Digital Terrestrial Television ("The National Plan") and regulates certain aspects for the release of the second digital dividend. The National Plan establishes the main guidelines for making the most of the second digital dividend, including:

- The 700MHz (694-790MHz) band will be ready for mobile services on 30 June 2020.
- The sub700MHz (470 – 694MHz) band will be used by DTT at least until 2030.
- The Spanish DTT bouquet remains unchanged, keeping the current multiplex number.
- All DTT contents will be in HD before 1 January 2023.
- DTT receivers shall be compatible with HD, UHD and HbbTV services under certain conditions.

The current challenge of the Group is how to work to comply with timetables, investments and technical issues while ensuring the impact for citizens and society is kept to a minimum.

Furthermore, during 2019, the Group has continued to work together with the Administration in relation to the second digital dividend, as well as on research and implementation of technical improvements, in the provision of DTT, and in the on-line distribution of audiovisual content. Such technological advances include the interactivity of Hybrid DTT, or the quality improvement provided by UHD.

In relation to the above, the Group is the technological provider of LOVEStv, the new HbbTV-based DTT audiovisual platform developed jointly with the public radio broadcaster RTVE and the two large Spanish commercial radio broadcasting groups, Atresmedia and Mediaset Spain. This platform allows the viewer to access the contents of the last week from the television (catch-up), as well as viewing programmes from the beginning even if they have already started (start-over).

Cellnex Telecom, as an independent agent, has worked together with broadcasters and developers in implementing the necessary solutions for these new audiovisual services, since Cellnex satisfies the conditions making it the right partner, given its technological capacity and extensive know-how in OTT platform services and HbbTV.

Additionally, Cellnex continues its international work in the main forums developing the future of the audiovisual sector such as HbbTV, DVB, EBU, ITU or BNE.

- **Milestones 2019**

LOVEStv

LOVEStv streaming platform was launched on 28 November 2018, one week after World Television Day. Cellnex Telecom, as the technology provider, developing together with the public broadcaster RTVE and the two large Spanish private broadcasting groups, Atresmedia and Mediaset España. The project's test launch took place in June.

This new service is based on Hybrid DTT technology and allows viewers to enjoy the advantages of linear DTT while they can access content and new non-linear services. LOVEStv makes it possible to harness the capacity of the Internet to improve viewer experience, offering more features, such as:

- Viewing the contents of the previous week.
- Starting a programme from the beginning when it has already begun.
- An improved programming guide.

LOVEStv was designed as an open platform that can easily integrate any broadcasters wishing to enrich its content offering. It is worth pointing out that the LOVEStv platform was awarded with the Grand Prix of the jury of the prestigious HbbTV Awards, 2018, which acknowledges innovation in content discovery applications.

The second phase of LovesTv is expected to be launched soon, including a personalised area (MyLOVEStv), multiscreen and targeted advertising as key new features.

Pilot test for Ultra High-Definition

Cellnex is showcasing DTT as a platform ready for UHD broadcasting, UHD DTT test transmissions are broadcasting contents provided by RTVE using seven transmitters located in five different cities in Spain (Madrid, Barcelona, Sevilla, Málaga and Santiago de Compostela). The contents broadcasted includes a complete set of technological improvements associated to UHD such as: 4k resolution, High Frame Rate (HFR) up to 100 frames per second, High Dynamic Range (HDR)10, Wider Colour Gamut (WCG) of REC ITU BT 2020, and Next Generation Audio (NGA), HEVC and AC-4 have been used for video and audio coding respectively.

Numerous actions continued to be performed in the Ultra High Definition area throughout 2019, via collaborative projects such as:

- Broadcast over the UHD TDT test channel from Torrespaña (Madrid), Valencina (Seville) and Collserola (Barcelona).
- Demos of TDT broadcast in UHD during the Mobile World Congress.
- Demos of TDT broadcast in UHD during the BIT Broadcast fair.
- First TDT broadcasts of a complete UHD signal with HFR, HDR and WCG in collaboration with RTVE.
- Demo at the 4K Summit in Malaga.

Other network services

At Cellnex, the "smart" concept means sharing, efficiency, security, resilience and ubiquitous connectivity. Cellnex provides the infrastructure required for the development of a connected society by providing the following network services: transport of data, security and control, Smart communication networks including IoT, Smart services and managed services and consulting.

As an infrastructure operator, Cellnex can facilitate, streamline and speed up the deployment of these services through efficient connectivity of objects and people, in rural and urban environments, helping to build genuinely smart territories.

The network and other services activity is a specialised business that creates value through innovative solutions and stable financial flows with attractive growth potential. Given the critical nature of these services, the customers of this activity demand in-depth technical know-how and strict service level agreements.

The connectivity of objects is set to grow very significantly in the near future. The Internet of Things (IoT) network is based on a model that connects physical objects and keeps them integrated in a network. The alliance between Cellnex Telecom and IoT network provider Sigfox is evidence of the Group's commitment to develop this technology both today and in the near future. In this regard, Cellnex's position as a reference global operator of IoT has become consolidated with more than one million objects connected in Spain's largest network dedicated to the Internet of Things.

This activity will continue to grow in the security market through our main customer in the home, people and vehicles sector. In addition to this, the main development is occurring in the water metering and smart city services markets.

Security and Control

- Securitas Direct renewed and extended the Internet of Things (IoT) connectivity services contract with Cellnex Telecom in June 2019. This agreement allows Securitas Direct to maintain its exclusive ATN network, increasing its size, coverage and capabilities to continue to develop innovative solutions. Cellnex Telecom will increase six-fold the current capacity of the IoT network, based on Sigfox technology, to provide it with more features, such as the ability to transmit images and send audio messages. It will also extend its coverage to Portugal with Sigfox, becoming the operator of the network in both countries, providing service to more than 1.2 million customers. The contract has been signed for a total of fifteen years, starting with a six-year period followed by an extension of nine more years.
- In addition, a contract was signed in September 2019 for an emergency and security digital mobile communications service in the Autonomous Community of Navarre for the six-year period of, 2020-2025. This network provides coverage to the entire region and serves various units of the Government of Navarre, including emergencies in Navarre, the Autonomous Police, the Fire Service of Navarre, Ambulances, the Environmental Nursery Service, and the Road Maintenance Service.
- Pilot testing of combining TETRA and LTE technologies for Critical Mission.
- Coverage in AVE high-speed rail tunnels to different places in Spain to extend the safety and emergency network.
- Zenon: sales of Mission Critical Handsets (TETRA).

Smart communications networks

- Mobility Lab, a project developed by Cellnex Telecom, was presented at the Circuit Parcmotor Castellolí Barcelona. The operator has equipped the venue with the necessary infrastructure and technology to allow users and customers to develop new products and services in the field of smart mobility and vehicle connectivity, (IoT, 5G and connected/autonomous vehicle), designed especially for non-urban or semi-rural environments. The connectivity implemented means that what happens on the track and inside the car can be checked, viewed and/or monitored from anywhere in the world. The company's experience in the telecommunications sector and Castellolí's infrastructure offer a complete solution for testing connected and autonomous vehicles in a controlled, safe and sustainable environment. Moreover, the solutions deployed by Cellnex Telecom at Parcmotor Castellolí operate under the premise of an efficient and environmentally responsible energy management, since they are self-powered by wind and/or solar energy.

- IoT Project with the company Red Eléctrica. Fire detection system from the high-voltage towers of Red Eléctrica. It is a project called "challenge the open innovation" that emerged from Ennomotive, a crowdfunding platform of engineers' ideas for challenges related to fire detection and prevention.
- Multioperator SmallCells Pilot. A multi-operator Small-Cells pilot has been deployed to validate installation models and the impact on urban environments, while validating integration into operators' networks.
- Alokabide. Extension of the Social House project (monitored houses) with the Basque Government, after the implementation already rolled out in Catalonia. Cellnex will equip the selected homes with sensors that will allow remote data collection and monitoring in order to improve the comfort conditions of the users of these homes and facilitate the protection and management of these "connected" homes.
- Pilot network tests of domestic water consumption meters (IoT)
- Development of new IoT verticals.
- Smart & IoT in Italy.
- Deployment of an IoT network in Switzerland, reaching more than 85% coverage.

Communications infrastructures – Smart

- Extension of contract with Endesa to renew the entire connectivity network of its own buildings.
- Extension of the contract for the renewal and maintenance of fibre networks to different companies.
- Co-location of SigFox networks at sites in France, Italy and Switzerland.
- A tender has been submitted in the Netherlands for the deployment of a telecommunications network for air traffic control.
- Agreement to manage TLC services for the public transportation system of Milan and other surrounding areas thanks to a joint venture with other companies (ATM, A2A, ...).

1.3 Activity and main risks and uncertainties

The financial statements of Cellnex Telecom, S.A. reflect the consequences of its investment activity and its activity as parent company of the group, both from the point of view of the balance sheet (investments and financing) and the income statement (contributions through dividends from the different companies and borrowing costs and structure).

The Company balance sheet is chiefly composed of shareholdings in companies and the financing required for their acquisition using debt.

Due to the nature of its investment activity, the Company is exposed to certain financial risks, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and Inflation risk. For more details, see note 5 of the accompanying financial statements.

The Cellnex risk management model is formalised in a risk management policy approved and overseen by the Audit and Control Committee. This model is embodied in a comprehensive risk management system that allows risks to be managed in a logical and structured way while facilitating effective and efficient decision-making.

The information concerning the risks of the Company is presented, with this same date and in the same mercantile register, in the Consolidated Management report of the Cellnex Group, which has been prepared according to internationally recognised standards.

1.4 Information relating to the deferred of payments to suppliers

See the information in Note 18.2. of the accompanying financial statements

1.5 Use of financial instruments

In the year ended 31 December 2019, Cellnex Telecom, S.A. abided by the policy for use of financial instruments described in Note 5 to the accompanying financial statements.

1.6 Research and Development activities

The Company as Parent Company of Cellnex Group has not carried out any research and development activities, due to the fact that they have been developed at operative companies level. The information concerning the Group research and development activities is presented, in the Consolidated Management report of the Cellnex Group, which has been prepared according to internationally recognised standards.

1.7 Cellnex's Corporate Social Responsibility framework

Cellnex's key objective is to generate sustained value in the short, medium and long term, through responsible management of the business, incorporating the interests and expectations of the company's stakeholders.

Cellnex has a Corporate Social Responsibility (CSR) policy that the Board of Directors approved in 2016 which sets out Cellnex's CSR strategy and commitment to best practices in the countries in which it operates, on the basis of international reference standards. In 2019 was updated CSR policy to introduce SA8000 standard.

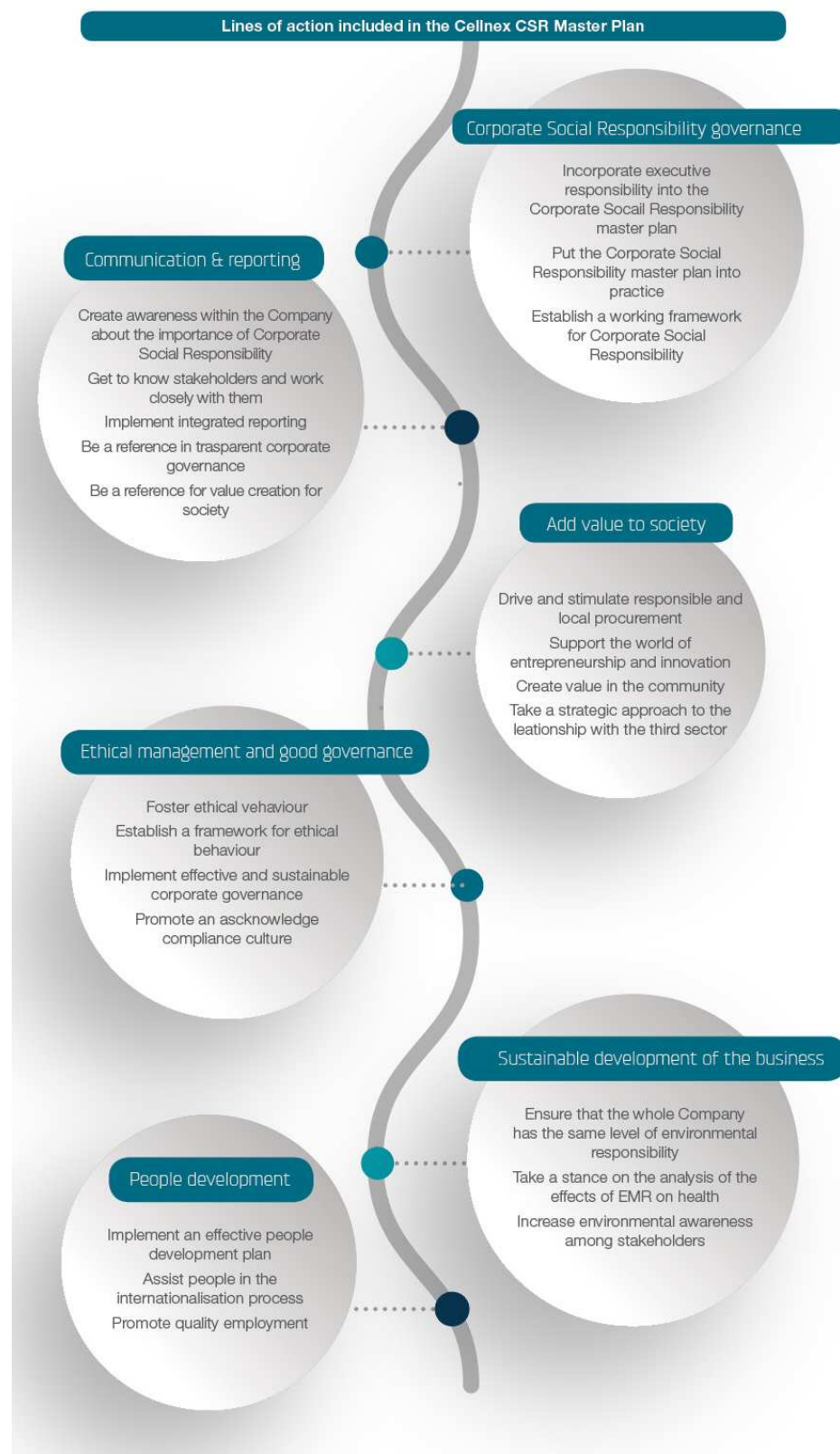
This commitment is set forth in the company's 2016-2020 CSR Master Plan, which constitutes the reference framework and the tool for systematising the strategic objectives, monitoring indicators and the actions and programmes under way for each of the axes of the Plan.

New CSR Master Plan

In 2020, CSR Master Plan 2016-2020 will be revised to evaluate lessons learned and best practices, which will help us to consolidate the actions implemented and identify improvement actions for the next plan.

Taking into account feedback from the previous plan and current CSR demands, the new CSR Master Plan will be developed in 2020. This will represent a unique chance to update Cellnex CSR strategy, taking into account changes in our business perimeter as well as the internationalisation process.

Lines of action included in the Cellnex CSR Master Plan



With the 2016-2020 CSR Plan, Cellnex aims to create an instrument bringing together all the company's ethical, environmental and social initiatives. Furthermore, it sets out a long-term vision, establishing commitments in accordance with internationally recognised standards that place it on the same level as the major infrastructure companies operating in Europe, specifically in the telecommunications sector. This plan also aims to improve two-way dialogue between Cellnex and all stakeholders, especially the company's staff, customers, suppliers and contractors, administrations, shareholders, the community and partners in shared projects.

In 2017, Cellnex Telecom drafted a declaration on slavery and trafficking in human beings (currently available on its corporate website), in response to the United Kingdom Modern Slavery Law, which condemns any practice of labour exploitation and pledges to prevent it both in its activity and its supply chain. This commitment is developed through the Group's Corporate Responsibility Policy, which sets basic guidelines and lines of action in this area. The declaration on slavery and trafficking in human beings is updated annually. Likewise, Cellnex's Code of Ethics expresses its commitment to complying with human rights and expresses its total rejection of child labour and forced or compulsory labour and undertakes to respect freedom of association and collective bargaining.

During 2018, Cellnex has drawn up its Human Rights Policy applicable to the entire organisation which establishes that Cellnex is committed to protecting and respecting the Human Rights. In the supply chain, Cellnex evaluates its most critical suppliers in terms of human rights on an annual basis. Furthermore, in 2017, Cellnex drafted a Purchasing Policy under which its suppliers undertake to protect and respect human rights and to be familiar with the Code of Ethics and circulate it among their employees and subcontractors.

In 2019, the company carried out an internal audit as part of the process to obtain SA8000 certification.

The company is committed to the application of best practices in the countries in which it operates and based on international reference standards. For this reason, CSR criteria have been introduced in Due Diligence. In this way, Cellnex requires knowledge of the CSR policies and practices of the companies with which it works or will work.

In addition, the company's senior managers are committed to the corporate social responsibility through specific ESG-related objectives. Specifically, this year an objective was set for this group which consists of evaluating and monitoring the efforts made by the Group in the area of ESG (Environment, Social and Governance), based on a combination of the general score obtained in a selection of ESG indexes in which Cellnex Telecom participates.

1.8 Other Information

Non-financial information

The non-financial information presented in this Director's Report is complemented with the information presented, with this same date and in the same mercantile register, in the Consolidated Management report of the Cellnex Group, which has been prepared according to internationally recognised standards.

Shareholder remuneration

On 31 May 2018 the AGM approved the distribution of a cash pay out to shareholders charged to the share premium reserve to a maximum of EUR 63 million, payable in one or more instalments during the years 2018, 2019 and 2020. It was also agreed to delegate to the Board of Directors the authority to establish, if this is the case, the amount and the exact date of each payment during said period, always attending to the maximum overall amount stipulated.

During 2019, in compliance with the Company's dividend policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 31 May 2018, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,816 thousand, which represented EUR 0.03956 for each existing and outstanding share with the right to receive such cash pay-out. In addition, on 14 November 2019, the Board of Directors, approved the distribution of a dividend charged to the share premium reserve in the amount of EUR 14,804 thousand, which represented EUR 0.03842 per share.

Along with the final cash dividend of EUR 11,818 thousand to be paid in 2020 (pursuant to the corresponding approval by AGM), the total cash dividend distribution against 2019 results or reserves will have increased by 10% in relation to the dividend distributed against 2018 results or reserves.

The payment of the dividends 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 depends on a number of circumstances and factors including, but not limited to, net profit attributable to the Company, any limitations included in financing agreements and Company's growth strategy. As a result, such circumstances and factors may modify this Dividend Policy. In any case, any future amendment on this policy will be duly announced.

The Dividend Policy aims at keeping the appropriate balance between, shareholder remuneration, Company's profit generation and Company's growth strategy, ensuring an adequate capital structure.

2017-2019 Dividend Policy

The following Dividend Policy shall be applicable:

- 2017: dividend, which will be distributed against 2017 Net Profit, will be equivalent to that of 2016 (€20Mn against 2016 Net Profit) increased by 10%.
- 2018: dividend, which will be distributed against 2018 Net Profit, will be equivalent to that of 2017, increased by 10%.
- 2019: dividend, which will be distributed against 2019 Net Profit, will be equivalent to that of 2018, increased by 10%.

Business outlook

2019 was a year of transformation for Cellnex in which it performed two capital increases worth EUR 3,7 billion, announced the commitment of more than EUR 7.7 billion and consolidated our presence in Western Europe thanks to the entry into new markets such as Ireland or the consolidation in the UK, a reference market in the world of telecommunications.

As a result, in 2019 Cellnex has achieved the one billion threshold in revenues and has more than doubled in size in the last four years. This situation was accompanied and supported by the shareholding base of the company, which has always supported on Cellnex's business model project.

In view of the company's business prospects, Cellnex pursues a growth strategy that allows both customer and geographic diversification. Thus, in 2020 the Company will continue to focus on executing organic growth (leveraging its neutral operator character), integrating assets resulting from inorganic agreements already signed and seeking new inorganic opportunities to continue to remain a benchmark independent tower operator in Europe.

It should be noted that Cellnex is facing a general cycle of renewal of contracts with customers in the broadcasting area, although in recent years the relative weight of this segment has decreased significantly. In this regard, the Telecommunications Infrastructure Services business line is expected to account for close to 85% of total revenues once the entire contracted perimeter has been transferred (Bouygues, Iliad and Salt, Wind Tre, Sunrise, Arqiva).

Likewise, the company's challenge continues to be to grow in new countries and to be able to work with all European operators, offering them an industrial and neutral business model that allows them to rely on the infrastructure of Cellnex. At this point, it should be noted that Cellnex has managed to position itself as the benchmark in the sector in Europe thanks to its truly independent character, its vocation to seek long-term agreements beneficial to both parties and to build relationships based on an industrial approach of high added value, which has allowed it to benefit greatly from the accelerated trend of infrastructure outsourcing by mobile operators.

Market figures: Cellnex on the stock market

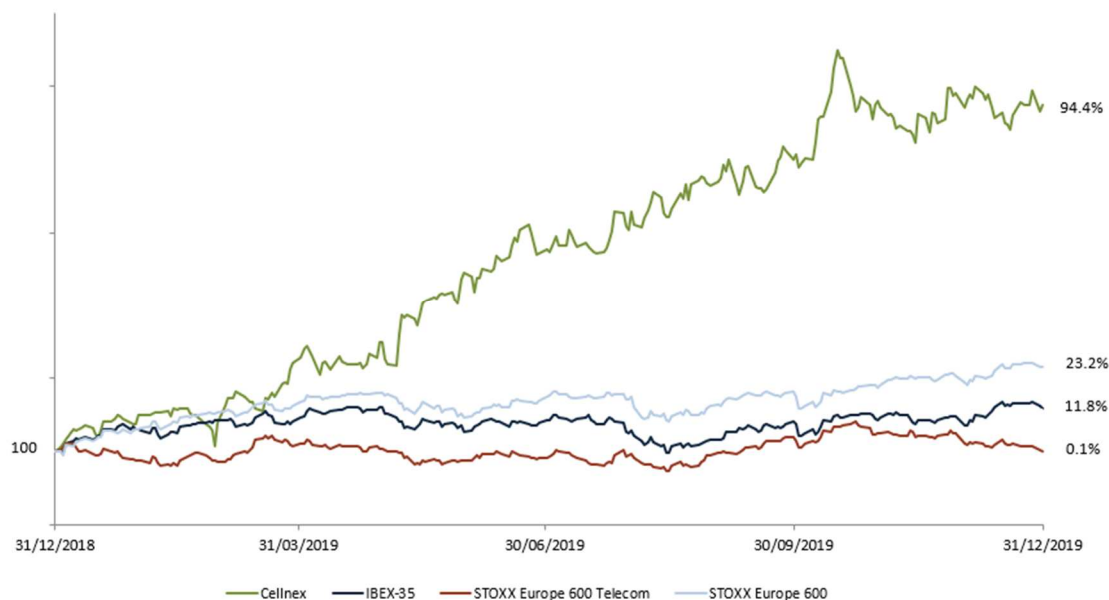
On 20 June 2016, the IBEX 35 Technical Advisory Committee approved Cellnex Telecom's (CLNX: SM) inclusion in the benchmark index of Spain's stock exchange, the IBEX 35, which brings together the principal companies on the Spanish stock exchange in terms of capitalisation and turnover. This milestone brought with it a broadening of the shareholder base, giving Cellnex higher liquidity and making it more attractive to investors. At present Cellnex has a solid shareholder base and the majority consensus of analysts who follow our company +50% - is a recommendation to buy.

As at 31 December 2019, the share capital of Cellnex Telecom increased by EUR 38,411 thousand to EUR 96,332 thousand (EUR 57,921 thousand at the end of 2018), represented by 385,326,529 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid (see Note 12.a of the accompanying consolidated financial statements).

Cellnex's share price experienced a 94% increase during 2019, closing at EUR 30.2 per share. The average volume traded has been approximately 1,040 thousand shares a day. The IBEX 35, STOXX Europe 600 and the STOXX Europe 600 Telecom increased by 11.8%, 23.2% and 0.1% during the same period.

Cellnex's market capitalization stood at EUR 14,784 million at the year ended on 31 December 2019, 356% higher than at start of trading on 7 May 2015, compared to a 14% drop in the IBEX 35 in the same period.

The evolution of Cellnex shares during 2019, compared to the evolution of IBEX 35, STOXX Europe 600 and STOXX Europe 600 Telecom, is as follows:



The detail of the main stock market indicators of Cellnex in 31 December 2019 and 2018 is as follows:

| | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| Number of shares | 385,326,529 | 231,683,240 |
| Stock market capitalisation at period/year end (millions of euros) | 14,784 | 5,187 |
| Share price at close (EUR/share) | 38.37 | 22.39 |
| Maximum share price for the period (EUR/share) | 41.29 | 24.52 |
| Date | 16/10/2019 | 29/11/2018 |
| Minimum share price for the period (EUR/share) | 19.9 | 19.7 |
| Date | 02/01/2019 | 13/02/2018 |
| Average share price for the period (EUR/share) | 30.24 | 22.26 |
| Average daily volume (shares) | 1,039,628 | 769,574 |

Treasury shares

In accordance with the authorisation approved by the Board of Directors, at 31 December 2019 the Company held 199,943 of treasury shares (0.052% of its share capital). The use to which the treasury shares will be put has not been decided upon and will depend on such resolutions as might be adopted by the Group's governing bodies.

During 2019, the treasury shares transactions carried out, are disclosed in Note 11.1 of the accompanying financial statements.

Sustainable development of the business

Responsible environmental management

Cellnex bases its activity on the principles of sustainability and responsibility and has therefore defined a Strategic Sustainability Plan, which was approved by the company's senior management in 2019. The project aims to raise the level of the company's responsibility in the field of sustainability to work towards becoming a leader in environmental management. The plan also seeks to achieve a high level of commitment among the company's stakeholders that contributes to increasing their environmental awareness.

The Strategic Sustainability Plan covers five years (2019-2023) and has been drawn up within the framework of the CR Master Plan (2016-2020). This Plan will be integrated into the next CR Master Plan (2020-2025).

The Plan is part of the company's daily activities and is structured around 11 lines linked to the United Nations Sustainable Development Goals (SDG). To that end, we carried out an analysis of the company's risks and opportunities in order to identify the Sustainable Development Goals that Cellnex may influence, beginning with the definition of three strategic goals related to sustainability.

| Lines | Goals | SDG |
|--|---|-----|
| 1 Planning and management of sustainability | Develop and implement a Sustainability Plan as a roadmap for the organisation, which includes specific actions and measurement indicators, aligned with the Sustainable Development Goals. | |
| 2 Mitigation of and adaptation to climate change. | Implement a comprehensive strategy to combat climate change, with sustainable management of emissions, offsetting them where appropriate. | |
| 3 Energy management | Manage energy and water consumption responsibly, minimising impacts and optimising resources. | |
| 4 Responsible and circular management of resources | Responsible management of the inputs and outputs of the organisation's resources (basically water, raw materials and waste, applying the principles of sustainability). | |
| 5 Sustainable and safe mobility | Ensure that travel by and for CELLNEX is as sustainable as possible, incorporating the security vector as the main criterion. | |
| 6 Natural spaces and biodiversity | Preserve the natural spaces in which our activity is carried out, minimising any environmental impacts. | |
| 7 Development of sustainable products and services | Analyse the existing product portfolio from the perspective of sustainability and the circular economy, and incorporate these as criteria when launching new products. | |
| 8 Responsible management of the supply chain | Many of the impacts generated by our company occur outside our company, along our supply chain, so they also need to be managed responsibly. | |
| 9 Measuring the impacts on society and the planet | To develop systems of metrics of impact on society and the natural environment in order to make explicit the social value generated and to be able to manage it. | |
| 10 Strengthening relationships with stakeholders and society | Strengthen, in a participative and inclusive manner, the relationship with stakeholders in order to know their expectations and anticipate opportunities and risks, developing a battery of strategic actions to strengthen the positive perception of society. | |
| 11 Communication of the sustainability strategy | Devise a communication plan for stakeholders (internal and external), matching their expectations and using the most appropriate channels to optimise impact. | |

On the basis of the corporate goals, it will set up specific goals for the different geographical areas and standardise global management systems and regulations at Group level.

As shown in the figure above, the first strategic line of the Plan consists of planning and management of sustainability, for which an Action Plan will be devised. The Action Plan will include more detailed actions that facilitate the execution of the Strategic Plan in order to plan, communicate, train and implement a certifiable management system.

Over the coming years, the development of the Action Plan aims to design the implementation and future certification of a global integrated management system under a number of International Standards (ISO 9001, ISO 14001, ISO 45001, AS8000, with a focus on energy certification ISO 50001) for all business units.

On the other hand, Cellnex Spain has an Environmental Policy based on respecting the environment, protecting and preserving biodiversity, using renewable energies, mitigation of and adaptation to climate change, and contributing to sustainable development through the efficient use of resources, as well as promoting preventive and mobility actions.

Main actions implemented in 2019 / Key future actions to be implemented in 2020

| Main actions implemented in 2019 | | Key future actions to be implemented in 2020 |
|----------------------------------|--|--|
| 1 | Devise an action plan | Plan the implementation of a global integrated ISO system for its future certification |
| 2 | Draft a Strategic Plan for carbon management | Incorporate Ireland and other acquired companies in the calculation of the Cellnex Carbon Footprint of. |
| 3 | Sign Green Power Purchase Agreement in Spain | Define the global energy management model as well as the company's energy efficiency plans, aligned for possible ISO certification. |
| 4 | Valuing almost 100% of the waste generated directly from our activity in Spain. | Carry out a Life Cycle Analysis. Perform an analysis of climate scenarios following the recommendations of the TCFD. |
| 5 | Carrying out studies on sustainable and safe mobility in Spain | Work on the development of a safe and sustainable Travel/Mobility Plan. |
| 6 | Evaluation of the sites acquired until the first quarter of 2019 (assess whether these are natural and/or protected areas and the regulations that apply to them.) | Identify natural spaces and applicable regulations. Keep in step with legislation relevant to the management system. Prepare of the environmental impact map. |
| 7 | Planning of possible actions | Analyse the life cycle of the main products/services. |
| 8 | Maintenance of the value chain with CDP Supply Chain suppliers. During 2019 suppliers from France, the Netherlands, and Switzerland join. | Incorporate environmental and social criteria in contracting processes. Maintain the value chain with CDP Supply Chain suppliers and maintain or improve the current index. |
| 9 | Plan actions from 2020 onwards. | Plan a systematic follow-up to UN SDG. |
| 10 | Actions in coordination with the Management of Corporate & Public Affairs | Plan action with the CSR unit of Corporate & Public Affairs Management. |
| 11 | Actions in coordination with the Management of Corporate & Public Affairs | Plan action with the CSR unit of Corporate & Public Affairs Management. |

Management Systems

The Cellnex organisational model is underpinned by the Management Systems which provide the framework for a systematic approach to processes, ensuring they are effective. It also allows a procedure to be established to guarantee the quality of the services provided and to ensure that the activity is carried out in compliance with standards on the environment, health and safety at work and information security as well as current legislation.

To ensure that the companies recently incorporated can adapt to this Management System, common guidelines have been set out on quality, prevention and sustainability, in addition to a self-evaluation method that allows each company to easily and quickly assess the level of development of their Management System.

The Management System approach is based on the iterative Plan-Do-Check-Act (PDCA) method to achieve ongoing improvement.

In 2019 Cellnex Telecom globally implemented the Information Security Management System which has been certified according to ISO 27001. This is the first global certification process as a Cellnex group whose scope covers the corporate areas and business units in Spain, Italy, Switzerland, France, the Netherlands and the United Kingdom.

This certification evidences our commitment to Information Security, ensuring the protection of information in all our processes and services, minimising risks and responding to the expectations of our stakeholders in this area.

Cellnex has again measured and obtained independent third-party confirmation of its carbon footprint in accordance with the Standard ISO 14064-1 Greenhouse gases. Part 1: Specification with guidance, at organisation level, for quantifying and reporting emissions and removal of greenhouse gases. This year, in addition to calculating the carbon footprint of Spain, Italy and France, it has been calculated that of Cellnex Netherlands, Cellnex Switzerland and Cellnex UK.

Cellnex is also implementing a Corporate Social Responsibility Management System based on the requirements of the international SA8000 standard, with the purpose of achieving its future certification.

As a driver of the Integrated Management System and in its commitment to quality and excellence, Cellnex Spain holds the following certifications, issued by TÜV Rheinland, apart from those certified at Group level:

- ISO 9001 Standard for a Quality Management System
- ISO 14001 Standard for an Environmental Management System
- We implemented and certified ISO 45001 Standard of the System Occupational Health and Safety Management, which replace the old OSHAS 18001.
- At the same time, we passed the legal audit of the Labour Risk Prevention (Law 31/1995 154/2003)
- As part of its effort to continue improving, Cellnex Spain has set the objective of reinforcing its Management System with the ISO 50001 (Energy) and ISO 20000 Standard for Service Management.

Internal and external audits are an essential component of the Management System and are therefore performed annually to check compliance with the requirements of the reference standards and to take the measures required to correct any deviations found.

In 2019, Cellnex Italia further developed its Management Systems, obtaining the following certifications issued by DNV GL, apart from those certified at Group level:

- ISO 9001 Standard for a Quality Management System
- SA8000 Standard for Social Responsibility
- ISO 45001 Standard for an Occupational Health and Safety Management System
- In addition, Cellnex Italy it has implemented and integrated into its Integrated Management System the requirements of ISO 14001, being certified in December 2019.
- In 2019, Cellnex Netherlands has renewed the ISO 9001 and ISO 27001 certifications for its subsidiary Alticom, apart from those certified at Group level.

Post balance sheet events

Acquisition of Omtel in Portugal

On 2 January 2020 Cellnex Telecom reached an agreement with Altice Europe and Belmont Infra Holding's to acquire 100% of the share capital of Belmont Infra Holding, S.A. from its shareholders which, in turn, owns all the shares of BIH – Belmont Infrastructure Holding, S.A. and Omtel, Estruturas de Comunicações, S.A. ("OMTEL") for an equivalent Enterprise Value of approximately EUR 800 million. As a result of the acquisition, Cellnex directly owns all the shares of Belmont Infra Holding, S.A. and, consequently, all the shares of its subsidiaries. The initial consideration in relation to this transaction was EUR 300 million cash outflow paid on January 2nd and the incorporation of EUR 200 million of borrowings on the balance sheet of the acquired subgroup. The remaining balance will be paid in December 2027, at the expected fair market value estimated as of today. The acquisition comprises the roll out of 750 sites (of which 400 sites are contracted) by 2027. The estimated investment for this build to suit plan amounts to EUR 140 million.

OMTEL currently operates a nationwide portfolio of approximately 3,000 sites in Portugal, which becomes the eighth country where Cellnex operates in Europe. MEO (formerly Portugal Telecom, the incumbent MNO) is the anchor tenant of this portfolio of telecom sites, with whom Cellnex has signed an Inflation-linked Master Lease Agreement for an initial period of 20 years, to be automatically extended for 5-year periods (all-or-nothing basis) with undefined maturity.

New Bond issuances

Bond issuance for an amount of EUR 450 million

On 9 January 2020, Cellnex successfully completed the pricing of a EUR-denominated bond issuance (with expected ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors for an amount of EUR 450 million, maturing in April 2027 and with a coupon of 1.0%. Simultaneously, Cellnex entered into several cross-currency swap agreements with strong financial counterparties by which Cellnex lends the EUR 450 million received and borrows the equivalent amount of sterling at an agreed exchange rate enabling Cellnex to obtain approximately 382 million sterling pounds at a cost of 2.2%.

Bond issuance for an amount of CHF 185 million

On 29 January 2020, Cellnex successfully completed the pricing of a CHF-denominated bond issuance (with an expected rating of BBB- by Fitch Ratings) aimed at qualified investors for an amount of CHF 185 million, maturing in February 2027 and with a coupon of 0.775%.

Cellnex is taking advantage of favourable market conditions to lower its average cost of debt and increase its average debt maturity by issuing a new long term instrument, at highly attractive terms. The net proceeds from the Issue will be used for general corporate purposes.

2. Annual corporate governance report

The Annual Corporate Governance Report submitted by the Board of Directors of Cellnex Telecom, S.A. is included below, and consists of 103 pages numbered 1 to 103, both inclusive.

Sitges, 25 February 2020

Note: This document is a translation of a duly approved Spanish language document, and is provided for information purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish language document which this translation is intended to reflect, the text of the original Spanish language document shall prevail.

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES**

ISSUER'S IDENTIFICATION

YEAR ENDING

31/12/2019

CORPORATE TAX ID [C.I.F.] A-64907306

Company name:

CELLNEX TELECOM. S.A.

Registered office:

C/ JUAN ESPLANDIÚ 11-13, MADRID (SPAIN)

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A STRUCTURE OF OWNERSHIP

A.1 Complete the following table on the company's capital:

| Date of latest modification | Share capital (€) | Number of shares | Number of voting rights |
|-----------------------------|-------------------|------------------|-------------------------|
| 05/11/2019 | 96,331,632.25 | 385,326,529 | 385,326,529 |

| Remarks |
|---------|
| |

Please specify whether there are different classes of shares with different associated rights:

Yes ☐

No ☒

| Class | Number of shares | Par value | Number of voting rights | Rights and obligations conferred |
|-------|------------------|-----------|-------------------------|----------------------------------|
| | | | | |

| Remarks |
|---------|
| |

A.2 Give details on the direct and indirect holders of significant interests at the year-end, excluding directors:

| Name of shareholder | % voting rights attributed to the shares | | % voting rights through financial instruments | | % total voting rights |
|------------------------|--|----------|---|----------|-----------------------|
| | Direct | Indirect | Direct | Indirect | |
| BLACKROCK INC | 0.00 | 4.59 | 0.00 | 0.38 | 4.97 |
| EDIZIONE, S.R.L. | 0.00 | 29.90 | 0.00 | 0.00 | 29.90 |
| CRITERIA CAIXA, S.A.U. | 5.00 | 0.00 | 0.00 | 0.00 | 5.00 |
| FUNDACION | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |

| | | | | | |
|---|------|------|------|------|------|
| BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA | | | | | |
| 40 NORTH LATITUDE MASTER FUND LTD | 1.00 | 0.00 | 0.00 | 0.00 | 1.00 |
| ATLANTIA, S.P.A. | 0.00 | 0.00 | 0.00 | 5.98 | 5.98 |
| CANADA PENSION PLAN INVESTMENT BOARD | 3.15 | 0.00 | 0.00 | 0.00 | 3.15 |
| WELLINGTON MANAGEMENT GROUP | 0.00 | 4.27 | 0.00 | 0.00 | 4.27 |

| Remarks |
|---------|
| |

Indirect interest:

| Indirect shareholder | Direct shareholder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights |
|--|--|--|---|--------------------------|
| BLACKROCK INC. | VARIOUS FUNDS NOT SUBJECT TO OBLIGATION TO INDIVIDUALLY DISCLOSE | 4.59 | 0.38 | 4.97 |
| EDIZIONE, S.R.L. | CONNECT, S.P.A. | 29.90 | 0.00 | 29.90 |
| FUNDACION BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA | CRITERIA CAIXA, S.A.U. | 5.00 | 0.00 | 5.00 |
| WELLINGTON MANAGEMENT GROUP | WELLINGTON GROUP HOLDINGS LLP | 4.27 | 0.00 | 4.27 |

| Remarks |
|---------|
| |

Indicate the principal movements in the shareholding structure during the year:

| | | |
|--|--|--|
| | | |
| | | |

| Most significant movements | | |
|--|------------|--|
| WELLINGTON MANAGEMENT GROUP LLP (shares and financial instruments) | 24/01/2019 | Exceeded 3% of aggregate capital |
| WELLINGTON MANAGEMENT GROUP LLP (shares and financial instruments) | 31/01/2019 | Fell below 3% of aggregate capital |
| WELLINGTON MANAGEMENT GROUP LLP (shares and financial instruments) | 01/02/2019 | Exceeded 3% of aggregate capital |
| WELLINGTON MANAGEMENT GROUP LLP (shares and financial instruments) | 05/02/2019 | Fell below 3% of aggregate capital |
| WELLINGTON MANAGEMENT GROUP LLP (shares and financial instruments) | 01/03/2019 | Exceeded 3% of aggregate capital |
| PERMIAN INVESTMENT PARTNERS.LP (shares and financial instruments) | 05/03/2019 | Fell below 3% of aggregate capital |
| THREADNEEDLE ASSET MANAGEMENT LIMITED (shares and financial instruments) | 06/03/2019 | Fell below 5% of aggregate capital |
| THREADNEEDLE ASSET MANAGEMENT LIMITED (shares and financial instruments) | 15/03/2019 | Exceeded 5% of aggregate capital |
| THREADNEEDLE ASSET MANAGEMENT LIMITED | 19/03/2019 | Fell below 6% of share capital |
| BLACKROCK INC | 04/04/2019 | Fell below 5% of aggregate capital (shares and financial instruments) |
| MILLENNIUM GROUP MANAGEMENT LLC (financial instruments. Tax havens only) | 15/05/2019 | Exceeded 1% of share capital |
| WELLINGTON MANAGEMENT GROUP LLP (shares and financial instruments) | 23/05/2019 | Exceeded 5% of aggregate capital |
| BLACKROCK INC | 28/05/2019 | Exceeded 5% of aggregate capital (shares and financial instruments) |
| MILLENNIUM GROUP MANAGEMENT LLC | 29/05/2019 | Sold all the share capital held |
| FIL LIMITED | 02/08/2019 | Exceeded 1% of aggregate capital (shares and financial instruments). Tax havens only |
| CAPITAL RESEARCH AND MANAGEMENT COMPANY | 21/10/2019 | Exceeded 3% of aggregate capital (shares and financial instruments) |
| FIL LIMITED | 23/10/2019 | Fell below 1% of aggregate capital (shares and financial instruments). Tax havens only |
| FIL LIMITED | 04/11/2019 | Exceeded 1% of aggregate capital (shares and financial instruments). Tax havens only |
| CAPITAL RESEARCH AND MANAGEMENT COMPANY | 07/11/2019 | Fell below 3% of aggregate capital (shares and financial instruments) |
| WELLINGTON MANAGEMENT GROUP LLP | 07/11/2019 | Fell below 5% of aggregate capital |

| |
|---|
| (shares and financial instruments) |
| FIL LIMITED 07/11/2019 Fell below 1% of aggregate capital (shares and financial instruments). Tax havens only |
| BLACKROCK INC 04/12/2019 Fell below 5% of aggregate capital (shares and financial instruments) |

A.3 Complete the following tables on company directors that hold voting shares in the company:

| Name of director | % voting rights attributed to the shares | | % voting rights through financial instruments | | % total voting rights | % of voting rights <u>that can be transferred</u> through financial instruments | |
|---------------------------|--|----------|---|----------|-----------------------|---|----------|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| MR TOBIAS MARTINEZ GIMENO | 0.02 | 0.00 | 0.00 | 0.00 | 0.02 | 0.00 | 0.00 |
| MR PIERRE BLAYAU | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR BERTRAND BOUDEWIJN KAN | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MS ANNE BOUVEROT | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | |
|---|------|
| % total of voting rights held by the Board of Directors | 0.02 |
|---|------|

| Remarks |
|---------|
| |

Indirect interest:

| Name of director | Direct shareholder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights | % of voting rights <u>that can be transferred</u> through financial instruments |
|------------------|--------------------|--|---|-----------------------|---|
| MR PIERRE BLAYAU | HARBOUR CONSEILS | 0.00 | 0.00 | 0.00 | 0.00 |

| Remarks |
|---------|
| |

- A.4 If applicable, please specify any family, commercial, contractual or corporate relationships that exist among significant shareholders that are known to the company, unless they are insignificant or arise in the ordinary course of business and except for those reported in section A.6:

| Name of related person or company | Type of relationship | Brief description |
|-----------------------------------|----------------------|-------------------|
| See Section D.2. | | |

- A.5 Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

| Name of related person or company | Type of relationship | Brief description |
|-----------------------------------|----------------------|-------------------|
| See Section D.2. | | |

- A.6 Describe the relationships that exist between significant shareholders or parties represented on the Board of Directors and the directors, or their representatives, in the case of legal persons, unless they are immaterial for the two parties.

Explain how significant shareholders are represented, if appropriate. Specifically, identify directors that have been appointed to represent significant shareholders, those whose appointment was initiated by significant shareholders, or that are related to significant shareholders and/or its group companies, specifying the nature of those relationships. Identify, if appropriate, the existence, identity and position of members of the Board or representatives of directors of the listed company that are, in turn, members of the board of directors or representatives at companies that hold significant shareholdings in the listed company or in group companies pertaining to those significant shareholders.

| Name of the related director or representative | Name of the related significant shareholder | Name of the company pertaining to the significant shareholder's group | Description of the relationship/position |
|--|---|---|--|
| MR CARLO BERTAZZO | CONNECT S.P.A. | EDIZIONE S.R.L. | General Manager Edizione S.r.l. |
| MS ELISABETTA DE BERNARDI DI VALSERRA | CONNECT S.P.A. | EDIZIONE S.R.L. | Investment Director |
| MR FRANCO BERNABÈ | CONNECT S.P.A. | CONNECT | Member of the Board of Directors |
| MR MAMOUN JAMAI | CONNECT S.P.A. | INFINITY INVESTMENTS, S.A. | Director |

| Remarks |
|---------|
| |

A.7 Indicate any shareholders' agreements of which the company has been notified pursuant to articles 530 and 531 of the Spanish Limited Liability Companies Act. Describe briefly, if any, indicating the shareholders bound by the agreement:

Yes ☒

No ☐

| Parties to the agreement | % of share capital affected | Brief description of the agreement | Date the agreement expires, if applicable |
|---|-----------------------------|--|---|
| INFINITY INVESTMENTS S.A., RAFFLES INFRAHOLDINGS LIMITED, CONNECT S.P.A., SINTONIA S.P.A. | 29.90 | Shareholder Agreement dated 9 October 2018 which regulates, among others, the appointment of proprietary directors in Cellnex and establishing certain reinforced quorum for adopting certain resolutions in ConnecT. The specific terms of this agreement are available on the CNMV's and Cellnex's websites. | 5 years |
| EDIZIONE S.R.L., CONNECT S.P.A., SINTONIA S.P.A., ATLANTIA S.P.A. | 5.98 | Co-investment agreement dated 24 July 2018 which regulates certain agreements including the right granted by Sintonia to Atlantia to co-invest in Cellnex a stake of up to 5.98% and a right of first | -- |

| | | | |
|--|--|--|--|
| | | offer and a right to match in favor of Atlantia in certain circumstances. The terms and conditions of this co-investment agreement are available on the CNMV's website as well as in Cellnex's website | |
|--|--|--|--|

| Remarks |
|---------|
| |

Indicate any concerted actions among company shareholders of which the company is aware. Describe briefly, if any:

Yes ☐

No ☒

| Parties to the agreed action | % of share capital affected | Brief description of the agreed action | Date the agreed action expires, if applicable |
|------------------------------|-----------------------------|--|---|
| | | | |

| Remarks |
|---------|
| |

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that have taken place during the year:

| |
|--|
| |
|--|

A.8 Indicate any individuals or entities that exercise or may exercise control over the company pursuant to article 5 of the Securities Market Act. Identify any that exist:

Yes ☐

No ☒

| Name |
|------|
| |

| Remarks |
|---------|
| |

A.9 Please complete the following tables on the company's treasury stock:

At the year-end:

| Number of direct shares | Number of indirect shares (*) | % total of share capital |
|-------------------------|-------------------------------|--------------------------|
| 199,943 | | 0.05 |

| Remarks |
|---------|
| |

(*) Through:

| Name of direct holder of the stake | Number of direct shares |
|------------------------------------|-------------------------|
| | |
| Total: | |

| Remarks |
|---------|
| |

Explain any significant changes during the year:

| Explain any significant changes |
|---------------------------------|
| |

A.10 Detail the conditions and the period(s) of the authorization(s) granted by the shareholders' meeting to the board of directors for the issue, buy-back or transfer of treasury stock.

At the 31 May 2018 Annual General Meeting, Cellnex Telecom's shareholders approved point nine on the agenda to:

Authorise the Company's Board of Directors to carry out the derivative acquisition of treasury stock, either directly by the Company or indirectly by its controlled companies, in accordance with articles 146 and 509 of the Spanish Limited Liability Companies Act and as per the terms set out below:

1. Modalities: The acquisition may be through a sale-purchase, swap, donation, foreclosure, transfer in lieu of payment or, in general, through any other legal means of acquisition on a payment basis of outstanding and fully paid-up shares.
2. Maximum number of shares that can be acquired: Up to the legal limit of ten percent (10%) of share capital or higher if permitted by law.
3. Minimum and maximum prices: The price or consideration will vary between a minimum equivalent to par value and a maximum equivalent to the higher of (i) 110% of the trading price of the Company's shares on the Spanish Continuous Market at the time of acquisition or the closing price of the last trading session prior to the acquisition, if the latter is done outside the normal working hours of the Continuous Market; and (ii) the result of increasing by 10% the maximum share price of the three months prior to the acquisition date.
4. Authorisation period: This authorisation will remain in force for five years as from the date of this agreement.

Shares acquired in this manner will not confer any political or voting rights, while economic rights will be allocated proportionately to the other shares as per article 148 of the Spanish Limited Liability Companies Act.

Moreover and for the purposes set out in the second paragraph of point 1.a) of article 146 of the Spanish Limited Liability Companies Act, it is proposed that express authorisation be given to acquire the Company's shares to any of the controlled companies under the same terms of this agreement.

Shares acquired by virtue of this authorisation may be disposed of or redeemed or allocated either directly to the Company's employees or directors, or as a result of said holders exercising their option rights, in accordance with the third paragraph of point 1.a) of article 146 of the Spanish Limited Liability Companies Act.

Lastly, it is proposed in relation to any shares not yet acquired that Resolution Five of the Company's Sole Shareholder on 10 April 2015 authorising the Company's Board of Directors to carry out the derivative acquisition of treasury stock either directly or through group companies and to dispose of them, be cancelled.

At the 9 May 2019 Annual General Meeting, Cellnex Telecom's shareholders approved point eleventh on the agenda to:

Delegate to the Board of Directors of the Company, in accordance with Article 297.1.b) of the Spanish Limited Liability Companies Act, the authority to increase share capital, without previously consulting the Annual General Shareholders' Meeting, within the deadline set for such purpose and for a maximum limited amount provided for in the Spanish Limited Liability Companies Act, with or without pre-

emptive subscription rights, thus rewording Article 5 of the Company By-laws concerning share capital, in compliance with the following conditions:

1. Authorized capital, amount and term: the Board of Directors is authorized, as broadly as required in Law, so that, in accordance with Article 297.1. b) of the Spanish Limited Liability Companies Act, it may increase share capital, without previously consulting the Annual General Shareholders' Meeting, on one or more occasions and at any time, within the period of five years from the conclusion of this Meeting, to an amount corresponding to half of the share capital at the time of authorization (i.e. 37,334,131.625 euros of nominal value), through the issuance of new shares, ordinary or otherwise, in accordance with the applicable legal requirements - with or without share premium- the consideration of the newly issued shares consisting of cash contributions.
2. Scope of delegation: the Board of Directors may set all terms and conditions of capital increases and the characteristics of the shares as well as determine the investors and markets to which the capital increases are intended and the placement procedure to be followed, freely offer the new shares not subscribed to in the pre-emptive subscription period, and, in the case of incomplete subscription, establish that the capital increase be rendered null or that the capital be increased solely by the amount of the subscriptions made and reword the article of the by-laws relating to share capital. The Board of Directors may designate the person or persons, whether directors or not, who are to execute any of the agreements adopted in application of this authorization and, in particular, the closing of the capital increase.
3. Rights of the new shares, issue rate and consideration of the increase: the new shares issued as a consequence of the capital increase or increases agreed upon under this delegation shall be ordinary shares equal in rights to existing shares (except for dividends already declared and pending payment at the time of issuance), that will be issued at the rate of their nominal value or with the share premium determined, when applicable. The consideration of the newly issued shares shall necessarily consist of cash contributions.
4. Exclusion of pre-emptive subscription right: in accordance with the provisions of Article 506 of the Spanish Limited Liability Companies Act, the Board of Directors is expressly granted the power to exclude, in whole or in part, the pre-emptive rights in respect of all or any of the issues it agrees to carry out by virtue of this authorization, although this power will be limited to capital increases carried out under the present delegation, as well as to those increases that are carried out within the scope of the authorization provided in item twelve on the Agenda, up to an amount equivalent to 10% of the capital of the Company at the date that this decision comes into effect (i.e. 7,466,826.325 euros of nominal value).

In accordance with applicable law, the Board of Directors may make use of the authority granted to it pursuant to the provisions of the preceding paragraph when the interests of the Company so require, and provided that the nominal value of the shares to be issued, plus the share premium, if any, corresponds to the fair value of the shares of the Company resulting from the report that, at the request of the Board of Directors, must be drawn up by an independent expert, appointed for this purpose by the Companies Registrar on each occasion that use of the powers of exclusion of the right to pre-emptive subscription rights conferred in the present paragraph.

5. Request for admission: the Board of Directors is authorized to apply for admission to trading, and their exclusion, in the organized domestic or foreign secondary markets, of all shares that may be issued or, in the case of a change in the nominal value of those already issued, their exclusion and new admission, in compliance with the applicable regulations regarding trading, maintenance of and exclusion from trading.
6. Power of substitution: the Board of Directors is authorized so that, in turn, it may delegate in favour of any of the members of the Board of Directors or any other person, whether or not a member of said body, the delegated powers referred to in this agreement.

It should be noted that the shareholders have been provided with the corresponding explanatory directors' report on the delegation to increase the share capital.

Finally, it is agreed to cancel in the undrawn part Resolution Seven adopted by the General Shareholders' Meeting of the Company on 31 May 2018, under which the Board of Directors of the Company was authorized to increase share capital.

A.11 Estimated floating capital:

| | |
|------------------------------------|-------|
| | % |
| Estimated floating capital: | 51.69 |

| Remarks |
|---------|
| |

- A.12 State if there is any restriction (as per articles of association or legislation, or any other type) on the transfer of securities and/or any restriction on voting rights. In particular, report the existence of any type of restrictions that make it difficult to take control of the company by acquiring shares on the market, or any prior authorization or reporting requirements concerning the acquisition or transfer of the company's financial instruments that may be applicable due to industry regulations.

Yes ☐

No ☒

| Description of the restrictions |
|---------------------------------|
| |

- A.13 Indicate whether the general shareholders' meeting has voted to adopt measures to neutralise a takeover bid under Act 6/2007.

Yes ☐

No ☒

If so, explain the measures approved and the terms under which the constraints would become ineffective:

| |
|---|
| If so, explain the measures approved and the terms under which the constraints would become ineffective: |
| |

A.14 Please specify whether the company has issued securities that are not traded on a regulated market within the European Union.

Yes ☐

No ☒

Indicate, as the case may be, the different types of shares and for each type, the rights and obligations they confer.

| |
|---|
| Indicate the different classes of shares |
| |

B

GENERAL MEETING

B.1 State and, if appropriate, provide details about differences arising with respect to the minimum quorum established by the Spanish Limited Liability Companies Act compared to the quorum required to hold a general meeting.

Yes ☐

No ☒

| | % quorum different to that established in article 193 of the Spanish Limited Liability Companies Act for general matters | % quorum different to that established in article 194 of the Spanish Limited Liability Companies Act for special matters |
|---------------------------------------|---|---|
| Quorum required on first call | | |
| Quorum required on second call | | |

| |
|-----------------------------------|
| Description of differences |
| |

B.2 Indicate and explain, if appropriate, if there are any differences with the system stipulated in the Spanish Limited Liability Companies Act for adopting corporate resolutions:

Yes ☐

No ☒

Describe how it differs from the system set forth in the Spanish Limited Liability Companies Act.

| | Qualified majority different to that established in article 201.2 of the Spanish Limited Liability Companies Act for matters | Other cases of qualified majorities |
|--|---|--|
| | | |

| | | |
|--|--|--|
| | governed by article 194.1 of said act | |
| % established by the company to adopt resolutions | | |

| |
|---------------------------------|
| Describe the differences |
| |

- B.3 Indicate the rules applicable to changes in the company's articles of association. In particular, report any majorities required to make amendments to the articles of association and any rules established for safeguarding shareholder rights when amending the articles of association.

The provisions of the Spanish Limited Liability Companies Act shall be applied to the majorities required to amend the articles of association.

- B.4 Provide details of attendance at the general meetings held during the year to which this report refers, as well as for the two preceding years:

| | Attendance | | | | |
|--------------------------------|---|---------------------------|----------------------|-------|-------|
| Date General meeting | % of directors physically present | % represented by proxy | % remote voting | | Total |
| | | | Electronic voting | Other | |
| 27/04/2017 | 40.63 | 36.69 | 0.00 | 0.00 | 77.32 |
| Of which, floating capital: | 0.63 | 16.62 | 0.00 | 0.00 | 17.25 |
| 31/05/2018 | 34.15 | 49.39 | 0.00 | 0.00 | 83.54 |
| Of which, floating capital: | 0.16 | 35.15 | 0.00 | 0.00 | 35.31 |
| 09/05/2019 | 30.36 | 51.49 | 0.00 | 0.00 | 81.85 |
| Of which, floating capital: | 0.37 | 25.79 | 0.00 | 0.00 | 26.16 |

| |
|---|
| Remarks |
| Given there are institutional investors, it is not possible to guarantee the identity of ultimate shareholders. |

- B.5 State whether any point on the agenda of the general meetings during the year was not approved by the shareholders for any reason:

Yes ☐

No ☒

| Agenda points that were not approved | % votes against (*) |
|--------------------------------------|---------------------|
| | |

(*) If the point was not approved due to a reason other than votes against, provide an explanation and include “n/a” in the “% votes against” column.

- B.6 Please specify whether the articles of association establish any restrictions on the minimum number of shares required to attend the general meeting or to vote remotely:

Yes ☒

No ☐

| | |
|---|-----|
| Number of shares required to attend the general meeting | 100 |
| Number of shares required to vote remotely | 100 |

| Remarks |
|---------|
| |

- B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate actions that must be subject to the approval of the general meeting.

Yes ☐

No ☒

| |
|---|
| Explain the decisions that must be submitted to shareholders at a general meeting, other than those established by law. |
| |

- B.8 Indicate the address and manner of accessing corporate governance and other general meeting information that must be made available to shareholders on the company's website.

The “Shareholders & Investors” section on the website www.cellnextelecom.com provides the information stipulated in article 539.2 of the Spanish Limited Liability Companies Act and in the Spanish National Securities Market Commission Circular 3/2015.

C

COMPANY MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1 Maximum and minimum number of directors specified in the articles of association and the number agreed by the general meeting:

| | |
|--|----|
| Maximum number of directors | 13 |
| Minimum number of directors | 4 |
| Number of directors set by the General Shareholders Meeting | 12 |

| |
|----------------|
| Remarks |
| |

C.1.2 Please complete the following table about board members:

| Name of director | Representative | Director category | Position on the board | Date of first appointment | Date of last appointment | Election procedure | Date of birth |
|-------------------------------|-----------------------|--------------------------|------------------------------|----------------------------------|---------------------------------|------------------------------------|----------------------|
| MS MARIA LUISA GUIJARRO PIÑAL | | Independent | DIRECTOR | 31/05/2018 | 31/05/2018 | GENERAL SHAREHOLDERS' MEETING VOTE | |
| MR GIAMPAOLO ZAMBELETTI | | Independent | LEAD INDEPENDENT DIRECTOR | 16/04/2015 | 31/05/2018 | GENERAL SHAREHOLDERS' MEETING VOTE | |
| MR TOBIÁS MARTINEZ GIMENO | | Executive | CEO | 17/11/2014 | 09/05/2019 | GENERAL SHAREHOLDERS' MEETING VOTE | |
| MS MARIETA DEL RIVERO BERMEJO | | Independent | DIRECTOR | 27/04/2017 | 27/04/2017 | GENERAL SHAREHOLDERS' MEETING VOTE | |
| MR PIERRE BLAYAU | | Independent | DIRECTOR | 16/04/2015 | 31/05/2018 | GENERAL SHAREHOLDERS' MEETING VOTE | |
| MR LEONARD PETER SHORE | | Independent | DIRECTOR | 16/04/2015 | 31/05/2018 | GENERAL SHAREHOLDERS' MEETING | |

| | | | | | | | |
|---|--|-------------|---------------|------------|------------|---|--|
| | | | | | | VOTE | |
| MR BERTRAND BOUDEWIJN KAN | | Independent | VICE CHAIR | 16/04/2015 | 31/05/2018 | GENERAL SHAREHO LDERS' MEETING VOTE | |
| MR CARLO BERTAZZO | | Proprietary | DIRECTO R | 13/07/2018 | 09/05/2019 | GENERAL SHAREHO LDERS' MEETING VOTE | |
| MS ELISABETTA DE BERNARDI DI VALSERRA | | Proprietary | DIRECTO R | 13/07/2018 | 09/05/2019 | GENERAL SHAREHO LDERS' MEETING VOTE | |
| MS ANNE BOUVEROT | | Independent | DIRECTO R | 31/05/2018 | 31/05/2018 | GENERAL SHAREHO LDERS' MEETING VOTE | |
| MR FRANCO BERNABÈ | | Proprietary | CHAIR | 25/07/2019 | 25/07/2019 | CO- OPTION | |
| MR MAMOUN JAMAI | | Proprietary | DIRECTO R | 20/06/2019 | 20/06/2019 | CO- OPTION | |

| | |
|----------------------------------|----|
| Total number of directors | 12 |
|----------------------------------|----|

State if any directors, whether through resignation, dismissal or any other reason, left the board during the reporting period:

| Name of director | Director category on removal | Date of last appointment | Removal date | Specialised committees of which he/she was a member | Indicate whether the removal took place before the end of the appointed term of office |
|---------------------------------|-------------------------------------|---------------------------------|---------------------|--|---|
| MR JOHN BENEDICT MCCARTHY | Proprietary | 09/05/2019 | 27/05/2019 | Appointments and Remuneration Committee | YES |
| MR MARCO PATUANO | Proprietary | 09/05/2019 | 24/06/2019 | N.A. | YES |

| |
|---|
| Reason for the removal and other remarks |
| Mr John Benedict McCarthy, proprietary director of ConnecT S.p.A., handed |

in his notice on 27/05/2019 and was replaced by the proprietary director, Mr Mamoun Jamai, on 20/06/2019.

Mr Marco Patuano, also a ConneCT proprietary director, stood down as Cellnex Telecom, S.A.'s director and chairman on 24/06/2019 after leaving the posts held in ConneCT S.p.A. He was replaced by Mr Franco Bernabè for both posts, as a ConneCT S.p.A. proprietary director.

C.1.3 Please complete the following tables about the members of the board and their different categories:

EXECUTIVE DIRECTORS

| Name of the director | Position in company's organizational structure | Profile |
|-----------------------------|---|--|
| MR TOBÍAS MARTINEZ GIMENO | CEO | <p>Tobias Martinez is the company's top-ranking executive (CEO). He joined Acesa Telecom (Abertis Group) in the year 2000, first as Board Member and Director General of Tradia, and subsequently of Retevisión. Before joining the Abertis Group, he headed his own business project in Information and Telecommunication Systems for more than 10 years.</p> <p>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).</p> |

| | |
|--|------|
| Total number of executive directors | 1 |
| % of board total | 8.33 |

| |
|----------------|
| Remarks |
| |

PROPRIETARY EXTERNAL DIRECTORS

| Name of the director | Name of the significant shareholder represented or that proposed the | Profile |
|-----------------------------|---|----------------|
|-----------------------------|---|----------------|

| | appointment | |
|----------------------|----------------|---|
| MR FRANCO BERNABÈ | CONNECT S.P.A. | <p>Franco Bernabè combines a unique experience in international corporate leadership with an active pro bono involvement in social and cultural organizations. He led as CEO the restructuring and the listing in the NYSE of Eni, one of the major international oil companies. After leaving ENI in 1998, he spent the following 20 years mostly in the telecommunications industry as CEO and Chairman of Telecom Italia. More recently he contributed to the creation of Nexi, the Italian leader in payments.</p> <p>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 member of the European Roundtable.</p> <p>He served pro bono in the leading Italian cultural institutions as Chairman of La Biennale di Venezia, MART, Quadriennale di Roma and the Italian Commission for UNESCO.</p> <p>He was awarded an honorary doctorate in environmental sciences at the University of Parma for the impulse given to the reclamation activities for the environmental recovery of polluted sites.</p> <p>He is senior advisor to Barclays Bank. In 2011 he was knighted by the President of the Italian Republic.</p> |
| MR CARLO BERTAZZO | CONNECT S.P.A. | As Board Member and General Manager of Edizione Srl, the Benetton family holding company. He |

| | | |
|---------------------------------------|----------------|---|
| | | <p>is also Director of other companies forming part of the Edizione Group: Sintonia (CEO), ConnecT, Schema 33. In addition he is board member of Abertis Infraestructuras and Atlantia. He has been in Edizione since 1994 and has played a key role in the diversification process of the Group over the years, managing the acquisitions of Autogrill and Generali Supermercati (1995), Atlantia (2000), a stake in Telecom Italia (2001) and Gemina (2005), now called Aeroporti di Roma, merged into Atlantia. He also contributed in the development of the partnerships that Edizione over time built 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 TIM and Telecom Italia Media. He also ran the key disposals of the Group, such as the sale of Generale Supermercati to Carrefour (2000) and of World Duty Free to Dufry (2015). 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.</p> |
| MS ELISABETTA DE BERNARDI DI VALSERRA | CONNECT S.P.A. | <p>Ms de Bernardi di Valserra is the Investment Director in Edizione Srl since 2015. She is also Director of other companies forming part of the Edizione Group: ConnecT (CEO), Autostrade</p> |

| | | |
|-----------------|----------------|---|
| | | <p>per l'Italia. In addition she is Board Member of Getlink and Aeroporti di Roma. She started her career in Morgan Stanley (2000) in the 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 has been 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 graduated in Electronic Engineering Magna cum Laude at Università degli Studi di Pavia.</p> |
| MR MAMOUN JAMAI | CONNECT S.P.A. | <p>Mamoun Jamai serves is a "Senior Portfolio Manager" of the Infrastructure Division at the Abu Dhabi Investment Authority ("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 a Chairman of ConneCT S.p.A and 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. Mamoun Jamai is a Certified Financial Analyst (CFA) and holds a Master's degree in Finance from HEC Paris.</p> |

| | |
|--|-------|
| Total number of proprietary directors | 4 |
| % of board total | 33.33 |

| |
|----------------|
| Remarks |
| |

INDEPENDENT EXTERNAL DIRECTORS

| Name of the director | Profile |
|-------------------------------|--|
| MS MARIA LUISA GUIJARRO PIÑAL | <p>María Luisa Guijarro has worked most of her career in the Telefónica group, from 1996 until 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 later years at the company, 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.</p> |
| MR GIAMPAOLO ZAMBELETTI ROSSI | <p>He has spent much of his professional career in the chemicals/pharmaceuticals and telecoms sectors. Currently holds the position Vice-President of Unidad Editorial, S.A.</p> <p>He was previously Founder and Managing Director of Zambelletti España, President and CEO of Zambelletti Group, President of Italgas SpA, President and Managing Director of Ellem Industria Farmaceutica SpA. He served as Vice President of the pharma labs association, Farminustria. In 2001 he has been 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), Oger Telekomunikasyon (Turkey) and Telekom Austria.</p> <p>Giampaolo Zambelletti 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.</p> |

| | |
|-------------------------------|---|
| MS MARIETA DEL RIVERO BERMEJO | <p>Marieta del Rivero 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 as Global CMO at Telefónica, CEO at Nokia Iberia and marketing director at Amena and at Xfera Móviles. She was Senior Advisor at Ericsson and President of the International Women's Forum. She is currently Partner at Seeliger & Conde and a Board member of Gestamp Automoción S.A. In addition, she is a member of the advisory boards of the Mutual Society of Lawyers and of the "Made in Mobile" technology incubator and a member of the Board of the Spanish Directors Association (AED). She is also Vicepresident of the International Women's Forum Spain and member the Women Corporate Directors Foundation in Spain.</p> <p>Marieta 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.</p> |
| MR PIERRE BLAYAU | <p>He is currently holding the position of president of CCR (Caisse Centrale de Reassurance), member of the strategic committee of SECP (Canal+ Group), Censor of FIMALAC, Senior Advisor of Bain & Company and Chairman of Harbour Conseils.</p> <p>He was previously Chief Executive Officer of Pont à Mousson, PPR, 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 Independent Director of Crédit Lyonnais and President of the Board of Directors of Areva.</p> <p>Pierre Blayau 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.</p> |
| MR LEONARD PETER SHORE | <p>Leonard Peter Shore has extensive experience in the telecommunications and tech sector. He held the position of Chairman of Arqiva in the UK</p> |

| | |
|---------------------------|---|
| | <p>from 2007-2014. He has also been Chairman of Uecomm, Lonely Planet Publications, the Hostworks Group and Airwave. Shore was Group Managing Director at Telstra in Australia, CEO of MyPrice (Aust/NZ) and Managing Director of Media/Communications/Partners. He has served as a Director of Objectif Telecommunications Limited, Foxtel, SMS Management and Technology and OnAustralia. He was furthermore a member of the Advisory Board of Siemens Australia. He also served as member of the Corporate Board of the National Society for the Prevention of Cruelty to Children and Board of the Australia-United Kingdom Chamber of Commerce. Leonard Peter Shore holds a degree in Applied Mathematics and Computing Science from the University of Adelaide.</p> |
| MR BERTRAND BOUDEWIJN KAN | <p>He has extensive professional experience in investment banking and 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 a chairman of the Advisory Board of Wadhvani Asset Management and of the Supervisory Board of UWC Netherlands. Bertrand Kan graduated with B.Sc. and an M.Sc. degree in Economics from the London School of Economics.</p> |
| MS ANNE BOUVEROT | <p>Anne Bouverot is currently Chairperson of the Board of Technicolor, as well as Senior Advisor of TowerBrook Capital Partners and Board Director at Capgemini and Edenred. She is also Chairperson of Foundation Abeona, whose motto is “Data Science for Fairness and Equality”, working on social impact of AI and digital technology. Previously she was CEO of Morpho, a biometrics and cybersecurity company (between 2015 and 2017) and general director of the GSMA (between 2011 and 2015). She also held several international management positions in companies in the telecommunications sector such as France Telecom / Orange (Executive Vice President of Mobile Services from 2009 to 2011), Global One Communications, Equant and Telmex.</p> <p>Anne Bouverot has a degree in Mathematics and a PhD in Artificial Intelligence from the École Normale Supérieure in Paris, and a degree in</p> |

| | |
|--|---------------------------------|
| | Engineering from Telecom Paris. |
|--|---------------------------------|

| | |
|--|-------|
| Total number of independent directors | 7 |
| % of board total | 58.33 |

| Remarks |
|----------------|
| |

State whether any director classified as independent receives any amount or benefit from the company, or its group of companies, for any reason other than remuneration for being a director; or whether the director has or has had, over the past year, a business relationship with the company or any company pertaining to the same group, whether on his/her own behalf or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If appropriate, include a statement from the board on the reasons for which it considers that the director concerned may carry out his/her duties as an independent director.

| Name of the director | Description of the relationship | Reasoned statement |
|-----------------------------|--|---------------------------|
| | | |

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why they cannot be considered proprietary or independent directors and their association with either the company, executives or shareholders:

| Name of director | Reason | Related company, executive or shareholder | Profile |
|------------------|--------|---|---------|
| | | | |

| | |
|--|------|
| Total number of other external directors | N.A. |
| % of board total | N.A. |

| Remarks |
|---------|
| |

Please specify any change, if any, in each director's category during the year:

| Name of director | Date of change | Previous category | Current category |
|------------------|----------------|-------------------|------------------|
| No information. | | | |

| Remarks |
|---------|
| |

C.1.4 Complete the following table with details of the number of female directors at the end of each of the past four years, as well as the category of those directors:

| | Number of female directors | | | | % of total directors in each category | | | |
|---------------------------------|----------------------------|----------|----------|----------|---------------------------------------|----------|----------|----------|
| | Year t | Year t-1 | Year t-2 | Year t-3 | Year t | Year t-1 | Year t-2 | Year t-3 |
| Executive directors | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Proprietary directors | 1 | 1 | | | 25.00 | 25.00 | 0.00 | 0.00 |
| Independent directors | 3 | 3 | 1 | | 42.8 | 42.8 | 20.00 | 0.00 |
| Other external directors | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Total: | 4 | 4 | 1 | | 33.33 | 33.33 | 20.00 | 0.00 |

| Remarks |
|---------|
| |

C.1.5 State whether the company has diversity policies relating to its board of directors on matters such as age, gender, disabilities or training and professional experience. In accordance with the definition set out in the Spanish Audit Act, small and medium-sized companies must at least report the policy they have in place on gender diversity.

Yes ☒

No ☐

Partial policies ☐

If so, describe these diversity policies, their objectives, the measures implemented and the manner in which they have been applied, as well as the results obtained during the year. Also indicate the specific measures adopted by the board of directors and the appointments and remuneration committee to obtain a balanced and diverse group of directors.

In the event that the company does not apply a diversity policy, explain why not.

| Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained. |
|---|
| <p>On 18 February 2016, Cellnex Telecom's Board of Directors approved the Director Selection and Appointment Policy, the aims of which are to ensure the Board of Directors has a suitable composition. When selecting members, the following aspects must be taken into account, among others: the Company's share structure; the members' diversity of knowledge, professional experience, nationality and gender; whether candidates will be able to dedicate the time required to fulfil their position; their possible specialisation in specific areas of special relevance (finance, legal matters, telecommunications, etc.); the absence of conflicts of interest (real or potential); and their personal commitment to defending the Company's interests.</p> <p>1.- Scope of application.</p> <p>This policy applies to the selection of Board members that are natural persons.</p> <p>In the case of Board members that are legal persons, the provisions of this Policy shall apply to the natural persons that represent them.</p> <p>2.- Selection process.</p> <p>Pursuant to the provisions of the Spanish Limited Liability Companies Act, as regards proposing the appointment or reappointment of members of the Board of Directors, the Appointments and Remuneration Committee shall be responsible in the case of independent Board members, while the Board of Directors itself shall be responsible in all other cases. Proposals for appointment or reappointment must be presented together with a report from the Board justifying the choice by means of an assessment of the proposed candidate's competence, experience and merits. Furthermore, proposals for the appointment or reappointment of non-independent Board members should be preceded by a report from the Appointments and Remuneration Committee.</p> |

The selection of Board member candidates shall be based on a prior analysis of the needs of the Company, performed by the Board of Directors with the advice and report from the Appointments and Remuneration Committee. The aim is to integrate different professional and management experiences and skills and to promote the diversity of knowledge, experience and gender, while bearing in mind the weight of the different activities undertaken by Cellnex and considering those specific areas or sectors that need to be strengthened.

Any Board member may ask the Appointments and Remuneration Committee to consider the merits of potential candidates to cover vacant positions on the Board.

3.- Conditions to be met by candidates.

Candidates for the position of Board member of the Company must be honourable and ideal persons of recognised solvency, with the competence, experience, qualifications, training, availability and commitment required for the position.

They must be trustworthy professionals whose conduct and professional career are aligned with the principles set down in the Cellnex Code of Ethics and with the mission, vision and values of the Cellnex Group.

When considering candidates, the Appointments and Remuneration Committee shall assess the following aspects, bearing in mind the needs of the Board of Directors:

1. The candidate's technical and professional competencies.
2. The candidate's management experience, bearing in mind the context in which Cellnex operates.
3. The commitment needed to hold the position, evaluating the positions already held by the candidate at other companies.
4. The potential existence of conflicts of interest.
5. The significance of any direct or indirect commercial, financial or professional relationships that exist or have recently existed between the candidate and the Company or other Group companies.
6. Any future proceedings that may have a detrimental effect on the candidate's responsibility or reputation.

4.- Disqualifications for being a candidate for the position of Board member.

Persons affected by any of the causes of incompatibility, incapacity or prohibition to holding the position of Board member set down by law or contained in the Company's internal regulations may not be considered as candidates for the position of Board member.

5.- Help from External advisors.

When selecting candidates for the Board of Directors, the Appointments and Remuneration Committee may hire the services of external advisors specialising in searching for and selecting candidates in order to make the process more efficient and effective.

When analysing the candidacies, the advisor must assess the requirements set

out in section 3 of this Policy.

6.- Special reference to gender diversity.

In all cases, any type of implicit bias in the candidate selection process that may imply any kind of discrimination shall be avoided.

This Policy for the Selection of Board member candidates shall promote a balanced presence of men and women on the Board of Directors.

Said Policy must ensure that, as soon as possible and at the latest by the end of 2020, the least-represented gender shall make up at least thirty percent of the total number of members of the Board of Directors.

7.- Verification of compliance with this Policy.

On an annual basis, the Appointments and Remuneration Committee shall check compliance with this Board member Selection Policy and report its conclusions to the Board of Directors.

Specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to obtain a balanced and diverse group of directors.

- C.1.6 Explain any measures that have been adopted by the Appointments Committee so that selection procedures do not give rise to implicit barriers to the selection of female Directors, and so that the Company deliberately seeks and includes female candidates that meet the required professional profile, in order to obtain a balance between men and women.

| Explanation of the measures |
|--|
| During 2019 the only changes in the Board's composition related to proprietary directors so there was no selection process run by the Company in which the NRC could adopt any relevant measures. In any event, please note that the Board of Directors currently has a percentage of women higher than the one established by the Unified Good Governance Code. |

When despite any measures that have been adopted there are few or no female directors, please explain the reasons:

| Explanation of the reasons |
|----------------------------|
| n/a |

- C.1.7 Please explain the conclusions of the appointments committee as regards verification of compliance with the director selection policy. In particular, how that policy is promoting the objective of female directors representing at least 30% of all members of the board of directors by 2020.

The Board restructuring carried out in 2018, which included the increase of the number of members, resulted in more than 30% of the Board being female board members.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than 3% of share capital:

| Name of shareholder | Reason |
|---------------------|--------|
| | |

Indicate whether any formal requests for a place on the board from shareholders with an interest equal to or greater than that of other shareholders whose request for the appointment of proprietary directors has been met have been rejected. If so, explain why such requests were rejected:

Yes ☐

No ☒

| Name of shareholder | Explanation |
|---------------------|-------------|
| | |

C.1.9 Indicate, if any, powers-of-attorney and authority delegated by the board of directors to directors or board committees:

| Name of the director | Brief description |
|------------------------|--|
| TOBÍAS MARTINEZ GIMENO | CEO who has been delegated all the powers of representation and management and power to sell assets that can be delegated by law or pursuant to the Company's Articles of Association. |

C.1.10 Please identify any board members who hold positions as administrators, representatives of administrators or executives in companies in the listed company's group:

| Name of director | Name of the group company | Position | Does he/she have executive duties? |
|------------------|---------------------------|----------|------------------------------------|
| No information. | | | |

| Remarks |
|---------|
| |

C.1.11 Name any company directors or representatives of directors who are members of the board of directors or representatives of directors of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

| Name of director | Name of the listed company | Position |
|------------------|----------------------------|----------|
|------------------|----------------------------|----------|

| | | |
|---|--------------------|-------------|
| MR CARLO BERTAZZO | ATLANTIA S.p.A. | DIRECTOR |
| MS ELISABETTA DE BERNARDI DI VALSERRA | GETLINK SE | DIRECTOR |
| MS ANNE BOUVEROT | CAPGEMINI | DIRECTOR |
| MS ANNE BOUVEROT | EDENRED | DIRECTOR |
| MS ANNE BOUVEROT | TECHNICOLOR | CHAIRPERSON |
| MS MARIETA DEL RIVERO BERMEJO | GESTAMP AUTOMOCION | DIRECTOR |

| Remarks |
|---------|
| |

C.1.12 Indicate and, if appropriate, explain whether the company has established rules on the maximum number of boards on which its directors may sit, identifying where this is regulated:

Yes ☒

No ☐

| Explanation of the rules and identification of the regulating document |
|--|
| On 28 June 2018, Cellnex Telecom, S.A.'s Board of Directors voted to amend the Board of Directors Regulations. Among others, the second paragraph of article 26 that read: "The directors must show proper dedication and will adopt the measures required for the sound management and control of the Company in the performance of their duties." was expanded by adding the following wording: "For this purpose, the directors of the Company may not sit on more than four boards of other listed companies other than the Company. For purposes of this rule, all the boards of companies that are part of the same group will be counted as a single board and the following will not be counted: (i) boards of holding companies or companies that may constitute vehicles or complements for the professional exercise of the director, his or her spouse or person with a similar sentimental relationship or their closest family members, (ii) boards on which the director sits as a proprietary director at the proposal of the Company or any company pertaining to its group, and (iii) the boards of companies whose purpose is complementary or accessory to another activity that, for the Company director may entail an activity related to leisure, assistance or aid to third parties or of any other kind that does not imply true dedication to a commercial business". |

C.1.13 State the following amounts of the overall remuneration accrued to the board of directors:

| | |
|---|-------|
| Remuneration accrued during the year to the board of directors (thousands of euros) | 6,830 |
|---|-------|

| | |
|---|-----|
| Amount of pension rights accumulated by current directors (thousands of euros) | 900 |
| Amount of pension rights accumulated by former directors (thousands of euros) | |

| |
|----------------|
| Remarks |
| |

C.1.14 Identify any members of senior management who are not executive directors and indicate the aggregate remuneration accrued to them during the year:

| Name | Position |
|----------------------------------|---|
| MR JOSÉ MANUEL AISA MANCHO | Corporate Director of Finance and M&A |
| MR ANTONI BRUNET MAURI | Director of Corporate and Public Affairs |
| MR LUIS DEULOFEU FUGUET | Deputy CEO |
| MR ALBERTO LOPEZ PRIOR | Director of Resources and Operations |
| MR DANIEL FERNÁNDEZ CAPO | Director of Service Management and Cellnex Ventures |
| MR JAVIER MARTÍ DE VESES ESTADES | General and Board Secretary |
| MR ALEXANDRE MESTRE MOLINS | General Director of Global Business |

| | |
|--|--------|
| Total senior management remuneration (thousands of euros) | 10,937 |
|--|--------|

| |
|---|
| Remarks |
| The difference with the amount that appears in the annual accounts is due to the fact that in the Annual Report on Corporate Governance we also add the remuneration of the internal auditor. |

C.1.15 Please specify whether the board of directors regulations were amended during the year:

Yes ☐

No ☒

| |
|----------------------------------|
| Description of amendments |
|----------------------------------|

| |
|--|
| |
|--|

C.1.16 Please specify the procedures for the selection, appointment, re-election and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for the selection, appointment, re-election, evaluation and removal of directors are detailed in articles 18 to 21 of the Board of Directors Regulations.

SEE EXPLANATORY NOTE ON SECTION C.1.16

C.1.17 Explain to what extent the Board's annual evaluation has given rise to significant changes with respect to its internal organisation and the procedures that are applicable to its activities:

| Description of changes |
|--|
| As a result of an assessment carried out by an external advisor in 2017 and the Board's self-assessment in 2018, various changes were made during 2019 in the following areas: <ul style="list-style-type: none">- Promotion of involvement in and participation in the Board and its committees.- Special evaluation of business and operational matters.- Senior management succession plan.- Assessment of the Corporate Social Responsibility risk map and actions. |

Describe the evaluation process and assessed areas performed by the board of directors with the assistance, where applicable, of an external consultant, regarding the board's operations and composition, and those of its committees, as well as any other area or matter that has been evaluated.

| Description of the evaluation process and assessed areas |
|--|
| At the end of 2019, the Board carried out a self-assessment of its performance by completing a questionnaire split into several blocks of questions: (i) Board composition; (ii) Board performance; (iii) Board chairman; (iv) Board secretary; (v) Board committees; (vi) performance of CEO and relationship with senior management; (vii) Board's alignment with and commitment to strategic objectives; (viii) individual contributions of members; and (ix) overall assessment of Board. All directors completed the questionnaire. |

C.1.18 Provide detailed information, as applicable for any years in which the evaluation has involve the assistance of an external consultant, on business relations between the consultant or any of its group companies with the company or any other group company.

The assessment by an external advisor was carried out in 2017. There have not been any business relations with the advisor.

C.1.19 Please specify the situations in which board members are required to resign.

1. Directors shall resign from their posts when they have completed the period for which they were appointed and when decided by the General Meeting under the powers legally or statutorily vested therein.
2. Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:
 - a) When they cease to hold the executive positions with which their appointment as Director was associated. Independent directors: when they complete twelve (12) years in the position;
 - b) When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law;
 - c) When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;
 - d) When their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed cease to exist. The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.
3. Executive directors must tender their resignation to the Board once they have reached the age of 70, and the Board must decide whether they may continue to perform their executive or delegated functions or remain simply as a director.
4. Whenever, due to resignation or any other reason, directors leave their position before the completion of their mandate, an explanation must be given of the reasons for this decision in a letter addressed to all members of the Board of Directors. Without prejudice to the timely communication of the cessation as a material event, the Board will give account of the cessation in the Annual Corporate Governance Report.
5. The Board of Directors may only propose the cessation of an independent director before the end of the statutory period when there is just cause, as appreciated by the Board following a report by the Appointments and Remuneration Committee. In particular, just cause will be deemed to exist when the director goes on to hold new offices or undertakes new duties that prevent him or her from devoting the necessary time to the tasks inherent in the role of director, fails to perform the duties inherent to his or her office or is involved in any of the circumstances that might cause him or her to lose his or her status of independent director, in accordance with the provisions of the applicable legislation. Said removal from a post may also be proposed as a result of a public tender offer, merger, or other similar

operation implying a change in the share structure of the Company, provided that such changes in the structure of the Board of Directors are required by virtue of the proportionate representation criteria.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

Yes ☐

No ☒

If so, please describe the differences.

| Description of differences |
|----------------------------|
| |

C.1.21 Explain whether or not there are any specific requirements, other than those established for directors, to be appointed chairman of the board of directors:

Yes ☐

No ☒

| Description of the requirements |
|---------------------------------|
| |

C.1.22 Indicate whether the articles of association or board regulations establish an age limit for directors:

Yes ☒

No ☐

| | Age limit |
|-------------|-----------|
| Chairperson | n/a |
| CEO | 70 |
| Director | n/a |

| Remarks |
|---------|
| |

C.1.23 Please specify whether the articles of association or the board regulations establish any limits on term of office or other stricter requirements in addition to those established by law for independent directors:

Yes ☐

No ☒

| | |
|---|--|
| Additional requirements and/or maximum number of terms of office | |
|---|--|

C.1.24 Indicate whether the articles of association or the board of directors' Regulations establish specific rules for delegating votes within the board of directors to other directors, the manner in which it is done and, in particular, the maximum number of delegations that a director may make, as well as whether there is any limitation to the categories of director who can be delegated votes other than those stipulated by law. Briefly provide details of any such rules.

Article 23.a of the Articles of Association state that any director may confer representation to another director in writing, by fax, email or any other similar method. Non-executive directors may only confer representation to another non-executive director.

C.1.25 Please specify the number of meetings held by the board of directors during the year. Also indicate how many times the board met without the chairman in attendance. Attendance is deemed to include any proxies made with specific instructions.

| | |
|--|----|
| Number of board meetings | 17 |
| Number of board meetings without the chairman present | 1 |

| |
|----------------|
| Remarks |
| |

Indicate the number of meetings held by the lead director with other directors that were not attended by any executive directors in person or by proxy:

| | |
|---------------------------|---|
| Number of meetings | 0 |
|---------------------------|---|

| |
|----------------|
| Remarks |
| |

Indicate the number of meetings held during the year by the various board committees:

| | |
|---|--|
| Number of meetings held by the executive committee | |
|---|--|

| | |
|--|----|
| Number of meetings held by the audit committee | 10 |
| Number of meetings held by the appointments and remuneration committee | 8 |
| Number of meetings held by the appointments committee | |
| Number of meetings held by the remuneration committee | |
| Number of meetings held by the _____ committee | |

| Remarks |
|---------|
| |

C.1.26 Please specify the number of meetings held by the board of directors during the year and information regarding the attendance of its members.

| | |
|---|-------|
| Number of meetings at which at least 80% of the directors were physically present | 16 |
| % attendance of total votes during the year | 94.60 |
| Number of meetings at which all directors were physically present or represented by proxies with specific instructions | 11 |
| Votes issued when physically present and represented by proxies with specific instructions, as a percentage of the total votes cast during the year | 94.60 |

| Remarks |
|---------|
| |

C.1.27 Please specify whether the annual individual and consolidated annual accounts are certified before being presented to the board for approval:

Yes ☒

No ☐

If appropriate, name the person(s) certifying the company's individual and consolidated annual accounts before they are approved by the board:

| Name | Position |
|-----------------------------|---------------------------------------|
| MR. JOSÉ MANUEL AISA MANCHO | Corporate Director of Finance and M&A |
| MR. TOBIAS MARTINEZ GIMENO | CEO |

| Remarks |
|---------|
| |

C.1.28 Explain the mechanisms, if any, established by the board to avoid a qualified audit report on the individual and consolidated annual accounts from being presented to shareholders at a general meeting.

In accordance with article 39.3 of the Board of Directors Regulations, the Board shall strive to prepare the annual accounts in such a way that avoids the auditor including any qualifications in the audit report. However, when the Board considers it should apply its own criteria, it shall explain publicly the content and scope of any discrepancies. Additionally, among others, the Audit and Control Committee shall supervise the process of preparing and presenting the statutory financial information as well as the completeness thereof.

The Audit and Control Committee holds regular meetings with the Company's external auditors to avoid discrepancies in the criteria to be followed in preparing the annual accounts.

C.1.29 Is the Secretary of the Board a Director?

Yes ☐

No ☒

If the secretary is not a director, complete the following table:

| Name of the secretary | Representative |
|----------------------------------|----------------|
| MR JAVIER MARTI DE VESES ESTADES | |

| Remarks |
|---|
| Mr Javier Martí de Veses was Secretary non-member of the Board until 31/12/2019 (including). As from 31/12/2019 Mr Jaime Velázquez Vioque is the Secretary non-member of the Board. |

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of external auditors and any mechanisms to maintain the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

One of the duties of the Audit and Control Committee (article 15.b of the Board of Directors Regulations) is to put before the Board of Directors, so that it may submit them to the General Shareholder's Meeting, in accordance with the regulations in force from time to time: (i) any proposals for the selection, appointment, re-election or replacement of the external auditor or auditing firm,

(ii) the terms of engagement, (iii) the scope of their professional mandate and, as the case may be, (iv) any revocation or non-renewal, (v) garnering from the auditor information on the audit plan and progress implementing it, and (vi) preserving its independence in the exercise of its duties.

Another function (article 15.d of the same Regulations), is to establish the appropriate relations with external auditors or auditing firms in order to receive information on issues that may jeopardise the independence of the same, to be studied by the Committee, and any other information relative to the auditing of the accounts, as well as any other notifications envisaged in legislation and regulations concerning the auditing of accounts. In all cases, the Committee must receive on an annual basis from the external auditors or external auditing companies written confirmation of their independence from the Company or any organisations directly or indirectly related thereto, in addition to information regarding any additional services of any kind provided to said organisations and the corresponding fees received therefrom by the external auditors or external auditing companies, or by persons or organisations related thereto in accordance with the provisions established in the legislation applicable to the auditing of accounts.

Additionally, another function of the Audit and Control Committee (article 15.e of the Board of Directors Regulations) is to issue annually, prior to the issuance of the audit report on the annual accounts, a report which shall express an opinion on the independence of the auditors or audit companies. This report must contain, in all cases, an evaluation of the provision of the additional services referred to in the previous paragraph, considered individually and as a whole, other than the legal audit, and in connection with their independent status or with the governing regulations of the audit.

In accordance with legal requirements, the fees paid to the Company's external auditor for all audit and non-audit services rendered are disclosed in the notes to the Company's annual accounts.

The Company's governing bodies pay particular attention to ensuring the independence of financial analysts, investment banks and rating agencies.

C.1.31 Please specify whether the company changed its external auditor during the year.

If so, name the outgoing and incoming auditor:

Yes ☐

No ☒

| Outgoing auditor | Incoming auditor |
|------------------|------------------|
| | |

| Remarks |
|---------|
| |

If the company had any disagreements with the outgoing auditor, indicate their

nature:

Yes ☐

No ☒

| Explanation of disagreements |
|------------------------------|
| |

C.1.32 State whether or not the audit firm does any work for the company and/or its group other than standard audit work and, if so, indicate the amount of the fees received for such work and the percentage these represent of the total fees invoiced to the company and/or its group:

Yes ☒

No ☐

| | Company | Group companies | Total |
|--|---------|-----------------|-------|
| Amount of work other than standard audit work (thousands of euros) | 1,734 | 32 | 1,766 |
| Fees for work other than standard audit/Fees for audit work (%) | 628 | 2.6 | 117 |

| Remarks |
|---------|
| |

C.1.33 Please specify whether the audit report on the annual accounts for the preceding year contains a disclaimer of opinion or qualifications. If so, indicate the reasons given to shareholders by the chair of the audit committee for the content and scope of those qualifications or disclaimer.

Yes ☐

No ☒

| Explanation of the reasons |
|----------------------------|
| |

C.1.34 Please provide details on the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts. In addition, indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

| | Individual | Consolidated |
|-----------------------------|------------|--------------|
| Number of consecutive years | 7 | 7 |

| | Individual | Consolidated |
|--|------------|--------------|
| Number of years audited by the current audit firm/Number of years that the company or its group has been audited (%) | 100% | 100% |

| Remarks |
|---------|
| |

C.1.35 Indicate, providing details as necessary, if there is an established procedure for directors to obtain any information they may need to prepare for meetings of the governing bodies sufficiently in advance:

Yes ☒

No ☐

| Procedure details |
|--|
| <p>Pursuant to section 22 of the Board of Directors Regulation, the agenda of Board meetings will clearly indicate any points regarding which the Board of Directors must adopt a decision or resolution so that the directors may examine or gather, in advance, the information required for the adoption thereof. All information referring to the proposals to be presented to directors will be available to them at least forty-eight (48) hours in advance.</p> <p>The information sent to directors during the financial year 2019 was generally circulated one week in advance of the meetings.</p> |

C.1.36 Indicate, providing details if appropriate, if the company has established rules requiring directors to report and, if necessary, resign in any cases that could be detrimental to the company's reputation:

Yes ☒

No ☐

| Explain the rules |
|--|
| <p>Article 21 of the Board of Directors Regulations provides that directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:</p> <ul style="list-style-type: none"> - When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law; - When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities; |

- When their continued presence on the Board may jeopardise the Company's interests; or
- When the reasons for which they were appointed cease to exist.

The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.

C.1.37 Indicate whether the company has been notified by a board member that he/she has been charged with, or is being tried for, any of the crimes stipulated in article 213 of the Spanish Limited Liability Companies Act:

Yes ☐

No ☒

| Name of the director | Crime | Remarks |
|----------------------|-------|---------|
| | | |

Indicate whether or not the board of directors has analysed the case. If the answer is yes, provide a detailed explanation of the decision taken on whether or not the director shall continue in the post or, where applicable, explain the action taken by the board of directors prior to the date of this report or any that it plans to take.

Yes ☐

No ☐

| Decision adopted/action taken | Reasoned explanation |
|-------------------------------|----------------------|
| | |

C.1.38 Provide details of any significant resolutions adopted by the company coming into force or modified or concluded in the event of a change in control of the company due to a takeover, and its effects.

Debentures and other loans

The terms and conditions of the bonds include a change of control clause (as requested by bondholders) which, if evoked, would require the bonds to be redeemed early.

For bonds issued as part of the EMTN Programme, the put option can only be triggered if there is a change of control event and the bonds' credit rating is downgraded due to said change of control (as defined in the terms and conditions of the EMTN Programme). For the convertible bonds, the put option can only be exercised if there is a change of control or an event that triggers the offering (as defined in the terms and conditions of the EMTN Programme).

In both clauses, a change of control event is defined as the acquisition of more than 50% of the voting rights in the parent company or the right to appoint or remove all or a majority of the controlling company's board of directors.

Loans and credit facilities

For the loans and credit facilities entered into by Cellnex, the change of control trigger is at Cellnex level and 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 Services (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.

Infrastructure procurements

With regards to purchases of the Group’s infrastructure by mobile telephone operators, the agreements signed with the vendors include change of control clauses stipulating that if one of the vendor’s competitors becomes the controlling shareholder of the company in question (where control is defined as the acquisition of more than 50% of the voting rights in the parent company or the right to appoint or remove all or a majority of the controlling company’s board of directors), the vendor is entitled to repurchase the aforesaid infrastructure. This repurchase right may also be granted if one of the vendor’s competitors acquires a significant part of the shares or obtains the voting or governance rights that could be exercised in such a way that is detrimental to the vendor’s interests. The change of control provisions can be triggered in Cellnex Telecom and at group company level.

C.1.39 Please identify, individually when concerning directors and on an aggregate basis in all other cases, any agreements between the company and its administration and management or employees entitling said parties to compensation or including guarantee or gold parachute clauses upon their resignation or wrongful dismissal, or if the contractual relationship comes to an end due to a takeover or any other type of transaction.

| Number of beneficiaries | 2 |
|---------------------------|---|
| Type of beneficiary | Description of the agreement |
| CEO and senior management | <p>Directors have signed agreements with the Company that contain compensation clauses.</p> <p>In general terms, the compensation clause in these agreements provides for the payment of compensation to the executive in the event of unfair dismissal. Said compensation will be equal to the higher of the following amounts:</p> <ul style="list-style-type: none"> a) compensation equivalent to one year’s salary, taking into consideration the annual gross fixed remuneration in cash received at the time the employment relationship is terminated, as well as the annual gross variable remuneration received by the executive in the 12 months immediately before the |

| | |
|--|--|
| | <p>effective cessation of their services; or</p> <p>b) the compensation established in current employment legislation.</p> <p>In the case of the CEO and other members of senior management, compensation will be equal to the higher of the following amounts:</p> <p>a) compensation equivalent to one year's salary, taking into consideration the annual gross fixed remuneration in cash received at the time the employment relationship is terminated, as well as the annual gross variable remuneration received by the executive in the 12 months immediately before the effective cessation of their services; or</p> <p>b) the compensation established in current employment legislation.</p> <p>In the case of the CEO and other members of senior management, the compensation clause in the contracts provides for the payment of compensation in favour of the executive in the event of (i) unfair dismissal or (ii) unilateral termination of the contract by the director due to serious breach by the Company of the obligations set out in the contract, a substantial change in their duties without consent, a change in control of the Company as specified in article 42 of the Code of Commerce and similar circumstances.</p> |
|--|--|

State whether these agreements have to be reported to and/or approved by the governing bodies of the company or its group, beyond what is required by law: If so, specify the procedures, foreseen cases and the nature of the bodies responsible for said reporting and/or approval:

| | Board of directors | General meeting |
|-------------------------------------|---------------------------|------------------------|
| Body authorising the clauses | X | |

| | Yes | No |
|--|------------|-----------|
| Is the general meeting informed of the clauses? | | X |

| Remarks |
|---|
| The Board approves the basic conditions applicable to senior management based on a report from the Appointments and Remuneration Committee. |

C.2 Board committees

C.2.1 Please provide details on all board committees, their members and the proportion

of executive, proprietary, independent, and other external Directors on the committee:

EXECUTIVE COMMITTEE

| Name | Position | Category |
|------|----------|----------|
| | | |

| | |
|-------------------------------|--|
| % of executive directives | |
| % of proprietary directors | |
| % of independent directors | |
| % of other external directors | |

| Remarks |
|---------|
| |

Explain the duties delegated or attributed to this committee, other than those already described in section C.1.10 and describe the procedures and rules governing its organisation and operation. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreements, have been fulfilled in practice.

| |
|--|
| |
|--|

AUDIT COMMITTEE

| Name | Position | Category |
|---------------------------------------|----------|-------------|
| MR LEONARD PETER SHORE | MEMBER | Independent |
| MR BERTRAND BOUDEWIJN KAN | CHAIRMAN | Independent |
| MS ELISABETTA DE BERNARDI DI VALSERRA | MEMBER | Proprietary |
| MS ANNE BOUVEROT | MEMBER | Independent |

| | |
|----------------------------|-------|
| % of executive directives | 0.00 |
| % of proprietary directors | 25.00 |

| | |
|--------------------------------------|-------|
| % of independent directors | 75.00 |
| % of other external directors | 0.00 |

| Remarks |
|----------------|
| |

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

SEE EXPLANATORY NOTE ON SECTION C.2.1

Identify the directors on the audit committee appointed based on his or her knowledge and experience in the areas of accounting, auditing, or both and state the date on which the chairperson of this committee was appointed.

| | |
|---|---|
| Names of experienced directors | MR BERTRAND BOUDEWIJN KAN/MS ELISABETTA DE BERNARDI DI VALSERRA |
| Date the chairperson was appointed | 16/02/2017 |

| |
|----------------|
| Remarks |
| |

APPOINTMENTS AND REMUNERATION COMMITTEE

| Name | Position | Category |
|----------------------------------|-----------------|-----------------|
| MS MARIA LUISA GUIJARRO PIÑAL | MEMBER | Independent |
| MR GIAMPAOLO ZAMBELETTI ROSSI | CHAIRMAN | Independent |
| MS MARIETA DEL RIVERO BERMEJO | MEMBER | Independent |
| MR PIERRE BLAYAU | MEMBER | Independent |
| MR MAMOUN JAMAI | MEMBER | Proprietary |

| | |
|--------------------------------------|-------|
| % of executive directives | 0.00 |
| % of proprietary directors | 20.00 |
| % of independent directors | 80.00 |
| % of other external directors | 0.00 |

| |
|----------------|
| Remarks |
| |

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

| |
|---------------------------------------|
| SEE EXPLANATORY NOTE ON SECTION C.2.1 |
|---------------------------------------|

APPOINTMENTS COMMITTEE

| Name | Position | Category |
|------|----------|----------|
| | | |

| | |
|-------------------------------|--|
| | |
| % of proprietary directors | |
| % of independent directors | |
| % of other external directors | |

| Remarks |
|---------|
| |

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

| |
|--|
| |
|--|

REMUNERATION COMMITTEE

| Name | Position | Category |
|------|----------|----------|
| | | |

| | |
|-------------------------------|--|
| | |
| % of proprietary directors | |
| % of independent directors | |
| % of other external directors | |

| Remarks |
|---------|
| |

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

| |
|--|
| |
|--|

_____ COMMITTEE

| Name | Position | Category |
|------|----------|----------|
| | | |

| | |
|-------------------------------|--|
| % of executive directives | |
| % of proprietary directors | |
| % of independent directors | |
| % of other external directors | |

| Remarks |
|---------|
| |

Please explain the duties attributed to this committee and describe the procedures and rules for its organization and operation. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

| |
|--|
| |
|--|

C.2.2 Please complete the following table with the information on the number of female directors on the Board Committees at the end of the last four years:

| | Number of female directors | | | |
|--|----------------------------|------------------------|------------------------|------------------------|
| | Year t Number – % | Year t-1 Number – % | Year t-2 Number – % | Year t-3 Number – % |
| Executive committee | | | | |
| Audit committee | 2 – 50% | 2 – 50% | 0 – 0% | 0 – 0% |
| Appointments and remuneration committee | 2 – 40% | 2 – 40% | 1 – 25% | 0 – 0% |
| Appointments committee | | | | |
| Remuneration committee | | | | |
| _____ committee | | | | |

| Remarks |
|---------|
| |

C.2.3 Indicate the existence, if appropriate, of board committee regulations, where they are available for consultation, and any amendments made during the year. Also indicate whether an annual report on the activities of each committee has been drafted voluntarily.

The Board committees do not have their own regulations and their functioning is regulated by the Board of Directors Regulations, which are available on the Company's website.

Each of these committees has drawn up an activity report for 2019, which is available on the Company's website.

RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain any procedures and competent bodies for approving transactions with related parties or intragroup transactions.

Pursuant to article 4 of the Board of Directors Regulations, the Board will have the authority to approve, based on a report from the Audit and Control Committee, any operations between the Company and its directors, significant shareholders, shareholders with board representation or other persons related thereto, except when these fulfil the three following conditions:

- 1) They are carried out by virtue of contracts, the conditions of which are standardised and apply en masse to many customers.
- 2) They go through at market prices, generally set by the person supplying the goods or services.

3) Their amount is no more than 1% of the group's annual revenues.

Furthermore, article 33 of the aforementioned regulations establishes that:

The Board of Directors formally reserves the right to know about any important transaction by the Company with a significant shareholder.

With regard to ordinary transactions, the general authorisation for the line of operations and their conditions of execution will suffice.

D.2 Please describe any transactions for significant amounts or relating to significant issues between the Company or group companies and the company's significant shareholders:

| Name of the significant shareholder | Name of the company or group company | Nature of the relationship | Type of transaction | Amount (Thousand euro) |
|--------------------------------------|--------------------------------------|----------------------------|--|------------------------|
| ConnecT | Cellnex Telecom, S.A. | Corporate | Dividends and other benefits distributed | 7,959 |
| Criteria Caixa, S.A.U. | Cellnex Telecom, S.A. | Corporate | Dividends and other benefits distributed | 1,331 |
| Canada Pension Plan Investment Board | Cellnex Telecom, S.A. | Corporate | Dividends and other benefits distributed | 840 |
| Wellington Management Group LLP | Cellnex Telecom, S.A. | Corporate | Dividends and other benefits distributed | 1,229 |
| Blackrock, Inc | Cellnex Telecom, S.A. | Corporate | Dividends and other benefits distributed | 1,317 |

| Remarks |
|---------|
| |

D.3 Please describe any transactions for significant amounts or relating to significant issues between the company or group companies and the company's administrators or directors:

| Name of administrators or directors | Name of the related party | Relationship | Nature of the transaction | Amount (thousands of euros) |
|-------------------------------------|---------------------------|--------------|---------------------------|-----------------------------|
| | | | | |

| Remarks |
|--|
| See Note 22.a) of the 2019 consolidated annual accounts. |

- D.4 Please describe any significant transactions carried out by the company with other companies belonging to the same group, to the extent that they are not eliminated for the purposes of preparing the company's consolidated financial statements and do not (in terms of their purpose and conditions) form part of the company's ordinary business activities.

In any event, any intragroup transactions carried out with companies established in countries or territories that are considered to be tax havens will be reported:

| Name of the group company | Brief description of the transaction | Amount (thousands of euros) |
|---------------------------|--------------------------------------|--------------------------------|
| n/a | n/a | n/a |

| Remarks |
|--|
| At 31 December 2019, the Group had no material balances payable to or receivable from associates of the Cellnex Group. |
| It also performed no transactions for material amounts with associates in 2019. |

- D.5 Describe any significant transactions between the company or group companies and other related parties, if not reported in the preceding sections.

| Name of the related party | Brief description of the transaction | Amount (thousands of euros) |
|---------------------------|---|--------------------------------|
| Hispasat, S.A. | Leasing of capacity of certain satellite transponders | 2 |
| Atlantia | Agreement under which the Group can install certain assets to provide telecommunications infrastructure services on Italian motorways that are operated under concession by Atlantia until 2038 | 4 |

| Remarks |
|---|
| In addition to the aforementioned contracts, no transactions for material amounts have been performed with related parties during the financial periods ended 31 December 2019. |

D.6 Please describe the mechanisms established to detect, assess, and resolve potential conflicts of interests between the company and/or its group and its directors, executives or significant shareholders.

In accordance with the Board of Directors Regulations, directors and executives must report any conflicts of interest and abstain from participating or influencing the decision-making process on matters affected by the conflict. Directors (article 27.c of the Board of Directors Regulations) must abstain from participating in discussions and votes regarding resolutions or decisions in which they or a related person has a direct or indirect conflict of interest. Resolutions or decisions that affect their status as directors, such as their appointment to or removal from positions in the governing body or other similar decisions, shall be excluded from the aforementioned obligation to abstain.

Additionally, Directors (article 27.e of the same Regulations) must adopt the necessary measures to avoid situations in which their interests, whether on their own account or that of others, may conflict with the Company's interests and their duties towards the Company. The foregoing excludes cases in which the Company has provided its consent, pursuant to the terms set forth in article 230 of the Spanish Limited Liability Companies Act.

Directors (article 28 of the same Regulations) must advise the Board of Directors of any direct or indirect conflict that they or people related to them might have with the Company's interests. The director concerned will refrain from taking part in resolutions or decisions related to the operation to which the conflict refers. The votes of the directors affected by the conflict and who must abstain, will be deducted for the purposes of calculating the majority of votes needed. In particular, the duty to avoid conflicts of interest obliges directors to refrain from:

- a) Carrying out transactions with the Company, except when these are ordinary operations, carried out under standard conditions for customers, and are of little importance; understood as those operations whose information is not required to convey a true and fair view of the Company's assets, financial position and results.
- b) Using the Company's name or their status as director to unduly influence the conduct of private operations.
- c) Using the Company's assets, including its confidential information, for private purposes.
- d) Taking advantage of the Company's business opportunities.
- e) Obtaining benefits or payments associated with the performance of their position from third parties other than the Company or its Group, unless they are acts of mere courtesy.
- f) Carrying out activities, on their own account or for others, that cause them to be in effective competition, whether real or potential, with the Company or which, in any other way, cause a permanent conflict with the Company's interests.

In July 2016, Cellnex's Board of Directors approved a new Internal Code of Conduct (ICC) adapted to the requirements of the European Market Abuse Regulation. With regard to conflicts of interest, the ICC establishes:

Principles of action

In any situation involving a "Conflict of Interest" (being a clash between the interests of the Company and the personal interests of the Affected Person), Affected Persons shall act in accordance with the following principles:

(i) Independence.

They must act at all times with loyalty to the Company, irrespective of their own interests or those of third parties.

(ii) Abstention.

They must refrain from intervening or influencing in the taking of decisions concerning matters affected by the conflict.

(iii) Confidentiality.

They shall refrain from accessing confidential information which may have a bearing on the aforesaid conflict.

Notification of conflicts of interest

Affected Persons shall notify the General Secretary's Office of any possible conflicts of interest to which they are subject by their family relationships, their personal holdings, their activities outside the Company, or on any other grounds.

It shall be considered that there is no conflict of interests owing to family relationships when said relationship is beyond the fourth degree of consanguinity or the second degree of affinity.

It shall be considered that there is a possible conflict of interests derived from personal holdings when said holdings arise in relation to a company in which the Affected Person 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).

Affected Persons must ensure that the information is kept up to date, reporting any modification to or termination of previously communicated situations, as well as the emergence of any new possible conflicts of interest.

Communications must be issued without delay once the current or possible situation of conflict of interest is recognised, prior to taking any decision which may be affected by the possible conflict of interest.

Members of the Board of Directors

In addition to the foregoing, the members of the Company's Board of Directors shall be subject to the provisions of the applicable corporate regulations and internal Company's rules.

D.7 Is there more than one group company listed in Spain?

Yes ☐

No ☒

Identify other companies that are listed in Spain and its relationship with the company:

| |
|--|
| Identity and relationship with other listed companies in the group. |
| |

State whether or not the respective areas of activity and business relationships between them, as well as those between any other listed company and all other group companies, have been precisely disclosed publicly.

Yes ☐

No ☐

| |
|---|
| Define any business relationships between the parent company and the listed subsidiary, and between the latter and other group companies |
| |

Identify the mechanisms established to resolve any conflicts of interest between the listed company and other group companies:

| |
|---|
| Mechanisms to resolve possible conflicts of interest |
| |

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's risk management and control system, including the tax area.

The Risk Management and Control System provides continuous, end-to-end management, consolidated by geographical area/subsidiary and support services at corporate level. It is currently in place at corporate headquarters and in Spain, France, the Netherlands, Italy, the United Kingdom and Switzerland. It is planned that the Risk Management and Control System will be rolled out at the subsidiary in the Republic of Ireland in 2020, since it recently joined the Group.

A risk management model is in place that has been approved and is overseen by the Audit and Control Committee. It is applicable to all business units and corporate units in every country where the Cellnex Group operates.

There are guidelines to identify risks that have been defined and approved by the Audit and Control Committee. Each area of the Company is responsible for identifying, assessing and monitoring inherent and residual risks and also for supervising and implementing control measures to mitigate such measures.

The risk map is approved and reviewed by the Audit and Control Committee which informs the Board of Directors, and it is also discussed with and implemented by the Management Committee.

E.2 Please identify the bodies of the company that are responsible for developing and implementing the risk management and control system, including the tax area.

The following bodies are responsible for defining, executing and monitoring the risk management system:

- *Board of Directors*: the highest body responsible for defining the risk control strategy and policy.
- *Audit and Control Committee*: designated as such by the Board of Directors, its role is to monitor the effectiveness of the risk management model and the information supplied to third parties regarding the system, making sure that the risk management system is able to identify, manage, prioritise, control, monitor and provide complete information on risks.
- *Risk Control*: is responsible for preparing and updating risk management policies, setting out mechanisms and methodologies to identify and assess risks, updating risk maps, implementing a system for monitoring and reporting to the most senior governing bodies, and reviewing the controls that mitigate the identified risks.
- *Management Committee*: is responsible for risk management involving implementation of the defined risk policies, approval of risk maps, assigning of responsibilities, implementation of control activities and action plans, and monitoring of existing risks within its jurisdiction.
- *Managers*: each area manager is responsible for identifying their risks and informing Risk Control in a timely fashion. Likewise, he or she is responsible for identifying and implementing control activities aimed at mitigating risks.

- E.3 Indicate the primary risks, including tax risks and, if significant, those deriving from corruption (the latter being those defined in Royal Decree-Law 18/2017) that may affect achieving the Company's business objectives.

The main risks that may prevent the Company from achieving its objectives are:

- Strategic: such as mergers between telecommunications operators, the emergence of new competitors, restrictions on growth in regulated markets.
- Compliance: following changes in tax, legal or environmental law or being subject to litigation or other judicial processes, etc.
- Financial: as a result of customers defaulting on payments, access to financing, fluctuations in share price.
- Operating: derived from the integration and optimisation of acquisitions, increase in exposure of information systems, emergence of alternative technologies, capacity to attract and retain qualified personnel.

- E.4 State whether the company has a risk tolerance threshold, including in the tax area.

Tolerance thresholds are defined in the risk assessment matrix.

For the identified risks, each person responsible evaluates the possible impact of such risks should these occur, and classifies them as low, medium, high or critical depending on their economic impact, implications for the organisation and impact on reputation. Following this, the probability of each risk actually occurring is evaluated. The degrees of probability used are: unlikely, possible, probable and almost certain. Risks are prioritised based on their impact and probability.

- E.5 State the risks, including those in the tax area, that have occurred during the year.

The most relevant risks occurring during the year are as follows:

- . Part of the Group's revenue comes from a small number of customers. The main customers in the segment providing infrastructure services for mobile telecommunications operations are telecommunications operators (primarily MNOs); the main customers in the broadcasting infrastructure segment are media organisations (TV channels and radio stations); and in the other network services segment, the main customers are: (i) a small number of local, regional and national public administrations, (ii) emergency and security organisations, (iii) companies operating in the public services sector, and (iv) certain telecommunications operators. The current process of consolidation in the telecommunications and broadcasting sectors could reduce the number of communications and broadcasting operators in the future, which could have a negative impact on the Group's core segments.
- . Access to finance to ensure sufficient funds are in place to fulfil future investment commitments and payment obligations.
- . Increase in competition to acquire assets and companies in relation to the Group's business expansion.

- E.6 Explain the response and supervision plans for the company's main risks, including tax risk, as well as the procedures followed by the company to ensure that the board of

directors responds to any new challenges that arise.

Response and supervision plans for the main risks are established in risk management model that is in place. The risks are assessed to determine their importance.

The risk maps and risks classed as a priority are reviewed by the Audit and Control Committee, which then reports to the Board of Directors. Any changes in non-priority risks are also reviewed in the same manner. All areas are also responsible for managing risks.

With a view to reducing exposure to risks such as: the risks of sharing infrastructure; regulatory changes; technological advances and the development of alternative, currently unused technologies; a heightening of competition, the Group implements a policy of selective growth, diversification and internationalisation, nurtures ties with public administrations to develop infrastructure, and forges ahead with an efficiency plan to streamline operational investments and expenses.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFRS)

Describe the mechanisms that make up the risk management and control systems in place in relation to the company's financial reporting system (ICFRS).

F.1 The company's control environment

Describe the following, providing details of their principal characteristics:

F.1.1 Which bodies and/or areas are responsible for: (i) the existence and maintenance of an adequate and effective ICFRS; (ii) its implementation and (iii) its supervision.

The Internal Control over Financial Reporting System (ICFRS) at Cellnex forms part of its general internal control system and consists of a set of processes which the Board of Directors, the Audit and Control Committee, management and staff implement to provide reasonable assurance as to the reliability of the financial information reported to the market.

Cellnex's ICFRS Organisation and Supervision Model (hereinafter, the "ICFRS Organisation Model") establishes that the Board of Directors is the highest authority responsible for supervising the internal reporting systems, as well as the Risk Management and Control Policy. In addition, the Company's Articles of Association and Board of Directors Regulations stipulate, inter alia, the following powers and responsibilities:

- Defining general company policies and strategies, as well as the Company's corporate governance policies.
 - Preparing and approving the annual accounts and any other report or information required by law.
 - Approving the financial information that, because of its status as a listed company, the Company must periodically publish.
- Drawing up the Risk Management and Control Policy, including tax risks, as well as supervising internal information and control systems.

- Supervising the correct functioning and actions of the delegated bodies, including the Audit and Control Committee and designated directors.

According to the Board of Directors Regulations (article 15), the Audit and Control Committee's basic responsibilities include:

- Supervising the preparation and filing of mandatory financial information, as well as the completeness thereof.
- Supervising the effectiveness and suitability of Cellnex's internal control and risk assessment procedures, and the monitoring and control measures required to avoid criminal offences and the risk management systems, including tax risks, and the systems in place to manage compliance with all applicable legislation.
- Discussing with the auditor any significant weaknesses of the internal control system detected during the auditing process.
- Overseeing internal auditing services, ensuring their independence and making sure that the recommendations and suggested corrective measures be considered by management.

Cellnex Internal Audit is in turn responsible for supervising the ICFRS under the powers bestowed on it by the Audit and Control Committee. The Corporate Development and Finance Division is responsible for its design, maintenance and implementation.

F.1.2 Do any of the following exist, especially with respect to the process of preparing financial information:

- Departments and/or mechanisms responsible for: (i) designing and revising the organisational structure; (ii) clearly defining lines of responsibility and authority, ensuring proper distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures in place for the proper dissemination thereof within the company.

The Cellnex Board of Directors assigns responsibility for designing and reviewing the organisational structure related to the preparation of financial information to the General Services and Organisation Division and to the Corporate Development and Finance Division. These divisions draw up guidelines on the organisational structure and distribution of responsibilities and the procedure to design, review, update and disseminate these guidelines. This process is documented in the form of organisational charts and process models and associated regulations which form part of Cellnex's catalogue of policies.

Cellnex has an internal organisational chart which covers all areas and which is basically divided by division (including those divisions involved in preparing, analysing and overseeing financial information). This organisational chart indicates responsibilities up to a certain management level and is supplemented by other more detailed organisational charts at departmental level.

Regarding the preparation of financial information, in addition to the detailed organisational charts and with the aim of assigning responsibilities, an ICFRS

Organisational Model has been developed by the Consolidation Department in the Corporate Development and Finance Division, which is submitted to the Audit and Control Committee for approval.

- Code of conduct, authorising body, degree of publication and reporting, principles and values included (identifying whether there is any specific mention of the registration of transactions and drafting of financial information), body tasked with assessing non-compliance and proposing corrective actions and sanctions.

Cellnex has a Code of Conduct (Code of Ethics) approved by the Ethics and Compliance Committee that comprises representatives from Internal Audit and Risk Control, the Legal Division, the Resources Department, the General Secretary's Office, and the Regulation Department. This code has been communicated to the employees and is available on the corporate intranet. Specific staff training on the code is being planned.

The main values and principles set out in the Code of Ethics are: integrity, honesty, transparency and good faith. The fundamental principles of the Code of Ethics include the commitment to offer financial information that provides a true and fair view of the economic and financial position in compliance with applicable generally accepted accounting principles and international financial reporting standards, and the responsibility of staff and management to ensure this is so, both by correctly carrying out their functions and by notifying the governing bodies of any circumstance which might affect this commitment.

The Ethics and Compliance Committee is responsible for analysing any breaches and proposing corrective actions and sanctions.

- Whistle-blowing channel through which financial and accounting irregularities can be reported to the audit committee, as well as for reporting potential breaches of the code of conduct and other irregular activities within the organisation. Please indicate whether this channel is confidential.

Cellnex has and promotes the use of channels through which potential breaches of the Code of Ethics and other irregular activities in the organisation can be reported, especially from a financial and accounting point of view. Any such reports are referred to the Ethics and Compliance Committee in all cases.

As stated in Cellnex's Ethics Channel Policy regulating the procedure, scope and response to any alleged breaches, such breaches can be reported using a form submitted by post or email. Confidentiality is protected at all times.

Any reports will be received, analysed and followed up by the Ethics and Compliance Committee, and this committee will periodically inform the Appointments and Remuneration Committee and the Audit and Control Committee. From time to time, the Ethics and Compliance Committee will inform the Appointments and Remuneration Committee and the Audit and Control Committee about the functioning of the Ethics Channel.

If reports have been received during the year, the Ethics and Compliance Committee will produce an annual report on the cases received, to facilitate the analysis of the functioning of the whistle-blowing channel.

- Regular training and refresher programmes for staff involved in preparing and reviewing financial information, as well as on assessing the ICFRS, covering at least accounting, auditing, internal control, and risk management rules.

Regarding training and refresher courses on the preparation and publication of financial information, Cellnex believes the continuous development and training of its staff and management is crucial. Cellnex also considers that complete and up-to-date training on accounting regulations, the rules for preparing financial information, the regulations on capital markets, taxation and internal control is necessary to ensure that the information reported to the market is reliable and in accordance with regulations.

In 2019, Cellnex provided training on the preparation and review of financial information based on the needs identified by the Corporate Management Control and Consolidation departments in relation to:

- New accounting, tax, capital markets and internal control regulations, adopted by the European Union and applicable to Cellnex.
- Changes in methodology for reporting to the regulator and/or to information systems.
- Individual initiative of team members.

Once the needs of these areas have been identified, appropriate training activities are designed and rolled out to cover annual training objectives on these matters.

In 2019, Cellnex provided training using external experts and internal training sessions for personnel involved in preparing and reviewing financial information. As in the previous year, in 2019 training primarily focused on those accounting, tax and financial matters which could have the greatest impact on the preparation of Cellnex's consolidated financial information, particularly changes to tax and accounting rules at both national and international levels and any developments during the year concerning EU-IFRS.

Cellnex has an e-learning platform where both technical training for specific work groups and more general training can be accessed on a voluntary and, in some cases, mandatory basis.

Moreover, specific training on systems was provided in 2019 regarding:

- SAP RE – IFRS 16 Module – Spain, Italy, France and Switzerland
- IFRS 16 posting process in SAP FI – Spain, Italy, France and Switzerland

In this regard, the Consolidation, Corporate Accounting Policy and Corporate Management Control departments have subscriptions to a number of publications and journals on accounting and financial matters and to the

website of the International Accounting Standards Board which regularly sends new developments and other communications of interest which are analysed and disseminated to ensure they are taken into consideration when preparing Cellnex's financial reporting.

F.2 Evaluation of financial reporting risk

Report on at least the following:

F.2.1 What are the main characteristics of the risk identification process, including the risk of error or fraud, with respect to:

- Whether or not the process exists and is documented.

See Section F.2.1.5

- Whether the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), and whether it is updated, and with what frequency.

See Section F.2.1.5

- Whether the company has a process for identifying the perimeter of consolidation, taking into account, inter alia, the potential existence of complex corporate structures, holding companies or special purpose vehicles.

See Section F.2.1.5

- Whether the process considers the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) where they affect the financial statements.

See Section F.2.1.5

- Which governing body at the company supervises the process?

Cellnex has a Risk Management and Control Policy setting out the basic principles and general framework for controlling and managing all types of risks to which it is exposed. Cellnex identifies and updates the principle risks, putting adequate reporting and internal control systems in place and carrying out regular monitoring of these risks.

The ICFRS Internal Control and Risk Management Manual (hereafter Risk Management Manual) describes and formalises Cellnex's internal control and risk management model for the ICFRS and establishes mechanisms used to determine the risks in this area, the key business processes, and the practical and operational documentation for this internal control model.

This manual sets out what financial information needs to be included when preparing and issuing financial reporting, as well as the methodology for defining materiality. Furthermore, guidelines are established to determine whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), and whether it is updated and with what frequency.

Cellnex has identified the key business processes together with their inherent risks and has designed a Risk and Controls Matrix to identify the main risks. Control activities have then been designed to control such risks, which when adequately complied with, ensure complete and reliable financial information can be obtained.

The Consolidation Department is entrusted with identifying and documenting risks of error in the financial information; this process is supplemented by Internal Audit, which considers identified risks of error in relation to Cellnex's overall Risk Map (covering both financial and non-financial risks). The entire process is ultimately overseen by the Audit and Control Committee.

Cellnex's Audit and Control Committee is responsible for overseeing the risk control systems with the support of Internal Audit.

F.3 Control activities

Indicate whether or not the company has at least the following, describing the main characteristics where applicable:

F.3.1 Procedures for reviewing and authorising the financial information and description of the ICFRS to be disclosed to securities markets, stating who is responsible in each case as well as the documents and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Cellnex has a Regulated Information Reporting Manual, duly approved by the Audit and Control Committee, setting out the process for preparing and approving financial information and describing the ICFRS to be disclosed to securities markets and investors. This manual sets out the criteria to identify material public financial information, this being as follows:

- Regular reporting obligations (RRO) of issuers:
 - Quarterly financial report.
 - Half-year financial report.
 - Annual Financial Report and Annual Corporate Governance Report (ACGR).
- Annual Directors Remuneration Report (ADRR).
- Significant event disclosures.

Cellnex's Regulated Information Reporting Manual also details the departments involved in preparing, reviewing and authorising the financial information and their respective responsibilities from the accounting close to publication of material disclosures. In particular, there is a procedure for preparing and reviewing each set of regulated financial information to be published that requires completing questionnaires for the internal control of regulated information to provide reasonable assurance as to the reliability of the Company's financial statements.

Following the Regulated Information Reporting Manual and completing the specific internal control questionnaires is obligatory and subject to review by Cellnex's internal auditor.

Regarding documentation describing the activity flows and controls of the different transactions that can materially affect the financial statements, Cellnex has a ICFRS Organisational Model that structures the specific mechanisms set up to ensure there is an internal control environment in place to generate complete, reliable and appropriate financial information and to detect any irregularities and the manner through which these can be detected and remedied. Cellnex has the following procedures in place for those processes that are considered material and relevant given their potential impact on the financial information to be published:

- Accounts receivable and revenue recognition
- Fixed assets and investments
- Purchases and accounts payable
- Staff costs
- Judgements and estimates
- Accounting close, consolidation (definition of perimeter) and reporting
- Cash and borrowings
- Taxes

Individual and consolidated financial statements, six-monthly financial reports and the financial information in the quarterly interim statements of Cellnex are prepared and reviewed by the Corporate Development and Finance Division prior to submission to the Audit and Control Committee. This division follows the procedures defined in the Regulated Information Reporting Manual before submitting this information to Cellnex's Board of Directors for final approval.

Cellnex has descriptions of controls over activities and controls directly related to transactions that might have a material impact on the financial statements, to mitigate the risk of material error in the information reported to the markets. These descriptions are documented in the ICFRS Risk and Control Matrix and contain information on what the controls should consist of, the reason they are carried out, who should carry them out, how often, and other information on what information systems or what operations carried out by third parties are important for the effectiveness of the control operation in question. The controls cover areas such as revenue generation, investments and expenditure on concessions, acquisitions and subsequent valuation of other assets, analysis of the recoverability of investments, recording of taxation of profits or the correct presentation of financial instruments and of the financing operations of Cellnex.

Cellnex discloses in its consolidated financial statements any areas of uncertainty in relation to significant judgements and estimations that it deems to be relevant. Significant judgements, estimates, measurements and projections as well as the key assumptions used to calculate them, with a material impact on the consolidated financial statements, are specifically reviewed and approved by the Corporate Development and Finance Division and, where applicable, by the Managing Director. The most significant of these, such as the monitoring of asset values and hedging policies are reviewed by the Audit and Control Committee before being submitted for the Board's approval.

F.3.2 Internal control procedures and policies regarding information systems (including access security, change controls, their operation, operating continuity and segregation of duties) used to perform the company's relevant processes with respect to the preparation and publication of financial information.

Cellnex uses information systems to keep adequate records and monitor its operations and, therefore, their proper operation is a key element and a priority for Cellnex.

The Systems Department in the Organisation and Efficiency Division, which reports directly to the Resources Division, is responsible for establishing the internal control over information systems model regarding access security, segregation of duties (in coordination with the business areas and support areas) and change control, as well as monitoring risks and controls derived from any outsourcing of such systems.

F.3.3 Internal control procedures and policies to supervise subcontractors, as well as the evaluation, calculation or measurement activities tasked to independent experts that could have a material effect on the financial statements.

Cellnex regularly uses reports by independent experts to value its financial instruments and employee benefit commitments and to value the assets and liabilities acquired under business combinations. In addition, Cellnex has outsourced to an external provider certain activities associated with accounting, payroll and the administration and maintenance of its corporate information systems.

Cellnex has guidelines on outsourcing and the outcomes thereof. These guidelines are detailed in the internal purchasing procedures.

The Corporate Development and Finance Division monitors the work of these experts to check:

- The competence, capacity, accreditation and independence of these experts.
- The validity of the data and methods used.
- The reasonableness of the assumptions used, if applicable.

Certain risk management and control mechanisms have been established with the supplier to ensure that financial information derived from such activities is complete and correct, these include: a management and monitoring committee for each outsourcing arrangement, service-level agreements, risk indicators, performance reports, IT security measures, external audits as well as contingency and continuity plans.

F.4 Information and communications

Indicate whether or not the company has at least the following, describing the main characteristics where applicable:

F.4.1 A specific function responsible for defining and updating accounting policies (accounting policy department or area) and for resolving doubts or conflicts deriving from their interpretation, maintaining fluid communication with the persons responsible for the organization's operations, as well as an accounting policy manual that is up to date and issued to the units through which the company operates.

The responsibility for defining, maintaining and updating Cellnex accounting policies falls upon the Corporate Accounting Policy Department.

This department's duties also include responding to accounting queries submitted by the various business units or other corporate areas of Cellnex.

Cellnex has an accounting policies manual – the Group Reporting and Accounting Principles Handbook (GRAPH) – for preparing financial statements under EU-IFRS, which is drawn up by the Corporate Accounting Policy Department and regularly updated by it (at least once a year) to include the rules applicable in each year. The auditing instructions sent by the external auditor to the auditors of the various group companies for the limited review or audit in each six-monthly and annual close respectively indicate that the auditors must adopt the accounting principles contained in the Cellnex GRAPH.

The subsidiaries are notified by email of any subsequent changes to these. The most recent update was in 2019 and, in any event, checks are performed to verify whether any new significant modifications have been made in the preceding quarter that might affect the preparation of consolidated annual financial information

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F.4.2 Mechanisms for capturing and preparing financial information using standard formats that are applicable to and used by all company or group units when drawing up the main financial statements and notes thereto, as well as the information provided regarding the ICFRS.

Cellnex has various integrated platforms for booking transactions and for preparing consolidated financial information (SAP BCP consolidation and reporting). The completeness and reliability of such information systems are validated using the general controls stated in section F.3.2.

The Corporate Development and Finance Division is centrally responsible for preparing the regulated financial information and individual financial statements of Cellnex's companies in Spain, thus ensuring it is prepared on a consistent basis.

Six-monthly forms/Annual forms are received every six and 12 months containing all the information needed to prepare the Group's consolidated financial information (condensed interim financial statements and annual accounts).

These six-monthly and annual forms ensure uniformity of information insofar as:

- It is standard and uniform for all countries and businesses.
- It is prepared in accordance with Cellnex's accounting manual which is applicable to all group companies.
- It complies with all applicable legal, tax, commercial and regulatory requirements.

The information in the monthly reports and FORMS 2019 is inputted directly by the controllers.

In 2019, the project to roll out and migrate data to the new tool, Oracle Financial Consolidation and Close Cloud Service, was launched. This tool will be used to produce the Cellnex Group's consolidated financial statements. The main aim of the new tool is to standardise and maximise the interconnection with the current corporate management control tool, Oracle Planning and Budgeting Cloud Service (implemented in every country) to obtain one standardised reporting output that meets both departments' needs. It is planned that this migration will maximise synergies between areas (Planning & Control and Consolidation) in an interconnected financial information environment. The new tool will also offer additional benefits to the current system as it is cutting edge and incorporates the latest technological advances in financial reporting (narrative reporting, etc.). It is envisaged that this tool will be fully deployed at corporate level and across all countries during the first half of 2020.

F.5 Monitoring functioning of the system

Describe, indicating the main characteristics, at least the following:

F.5.1 The ICFRS supervision activities carried out by the audit committee, as well as

whether or not the company has an internal audit area that supports the committee with its duty to supervise the internal control system, including the ICFRS. Also provide details of the scope of the ICFRS evaluation carried out during the year and the procedure through which the person responsible for executing the evaluation reports the results, whether or not the company has an action plan that covers the future corrective measures, and whether or not the impact on the financial information has been taken into consideration.

As in the prior year, the Audit and Compliance has carried out the following ICFRS-related activities in 2019:

- Monitoring of implementation levels and possible changes to Cellnex ICFRS models.
- Review of the information related to the ICFRS included in the Annual Corporate Governance Report.
- Review of the financial information Cellnex has reported to the markets.
- Periodic supervision and analysis of implementing the ICFRS, determining the degree of implementation and effectiveness of the system.
- Follow-up of the work performed by the Company's external auditors with the aim of understanding the weaknesses in internal controls which they have detected during their work as well as other relevant aspects or incidents concerning these controls.

The Audit and Control Committee has already approved the Internal Audit Plan for 2020, which includes the necessary actions to guarantee adequate supervision and evaluation of the plan throughout the year by regularly reporting the incidents detected and the necessary actions for improvement once discussed with the audited areas.

Cellnex has an Internal Audit function that reports to the Audit and Control Committee and – as stipulated in the Cellnex Board of Directors Regulations and specifically in the section on the powers assigned to the Audit and Control Committee – is primarily responsible for monitoring the effectiveness of the Company's internal controls and the internal auditing services, by verifying their suitability and integrity, and reviewing the appointment and replacement of internal audit officers, and supervising the monitoring and control measures necessary for preventing criminal offences, the risk management systems, including tax-related ones, and the legal compliance management systems. It is also tasked with discussing with the auditors any significant weaknesses in the internal control system detected while carrying out the audit.

In 2019, Internal Audit carried out several reviews of key business processes, and did not detect any significant weaknesses that could have a material impact on Cellnex's 2019 financial information. These reviews were duly reported to the Audit and Control Committee on a timely basis. Furthermore, it put corrective actions in place to resolve other future possible weaknesses.

Likewise, as stated in section F.7.1, the external auditor has issued a report on the procedures agreed regarding the ICFRS description drawn up by Cellnex, which has not highlighted any material issues.

F.5.2 Whether or not there are lines of communication through which the auditor (in accordance with the provisions of the Technical Audit Standards), the internal audit area and other experts can inform senior management and the audit committee or company directors of any significant internal control weaknesses identified during the review of the annual accounts or any others that may have been brought to their attention. Report if there is an action plan in place to correct or mitigate any weaknesses detected.

In general, the procedure for communicating any significant internal control weaknesses identified consists of regular meetings of the various parties involved. In this regard, the Internal Audit function informs the Corporate Development and Finance Division, on a regular basis, of its conclusions on internal control drawn during the reviews of the ICFRS and the internal audit of processes carried out during the year, along with the degree of completion of mitigation action plans.

Relations with external auditors, as described in article 39 of the Cellnex Board of Directors Regulations, are channelled through the Audit and Control Committee. To this effect and to fulfil its duty of supervising the external auditor's actions and receive memoranda on any potential internal controls weaknesses identified during the auditor's work, should there be any, the Audit and Control Committee will periodically meet with the external auditor. These meetings are recorded in the Audit and Control Committee's minutes and are monitored by Internal Audit.

In addition, Cellnex's external auditors have direct contact with the Corporate Development and Finance Division and hold regular meetings both to obtain the information needed to carry out their work and to communicate any weaknesses detected.

F.6 Other significant information

No additional aspects requiring disclosure have been identified.

F.7 External audit report

Please report on:

F.7.1 If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment.

Cellnex has submitted to the external auditor for review the ICFRS information submitted to the markets for 2019. The scope of the auditor's review procedures is consistent with the Spanish Institute of Certified Auditors Circular E14/2013 of 19 July 2013, which sets out the guidelines and a template for preparing the audit report in relation to the internal control over the financial reporting (ICFR) of listed companies.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. **The articles of association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**

Complies ☒ Explain ☐

2. **When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**
- a) **The activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.**
- b) **The mechanisms in place to resolve possible conflicts of interest.**

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

3. **During the annual general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:**
- a) **Changes taking place since the previous annual general meeting.**
- b) **The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.**

Complies ☒ Partially complies ☐ Explain ☐

4. **The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.**

Complies ☒ Partially complies ☐ Explain ☐

5. **The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation. When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.**

Complies ☒ Partially complies ☐ Explain ☐

6. **Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:**
- a) **Report on auditor independence.**
- b) **Reviews of the operation of the audit committee and the nomination and remuneration committee.**
- c) **Audit committee report on third-party transactions.**
- d) **Report on corporate social responsibility policy.**

Complies ☒ Partially complies ☐ Explain ☐

7. The company should broadcast its general meetings live on the corporate website.

Complies ☒ Explain ☐

8. The audit committee should strive to ensure that the Board of Directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Complies ☒ Partially complies ☐ Explain ☐

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies ☒ Partially complies ☐ Explain ☐

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies ☒ Partially complies ☐ Explain ☐

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies ☒ Explain ☐

14. The Board of Directors should approve a Director selection policy that:

- a) Is concrete and verifiable;
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each Director.

The Director selection policy should pursue the goal of having at least 30% of total board places occupied by women Directors before the year 2020.

The nomination committee should run an annual check on compliance with the Director selection policy and set out its findings in the annual corporate governance report.

Complies ☒ Partially complies ☐ Explain ☐

15. Proprietary and independent Directors should constitute an ample majority on the Board of Directors, while the number of executive Directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies ☒ Partially complies ☐ Explain ☐

16. The percentage of proprietary Directors out of all non-executive Directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies ☐ Explain ☒

This recommendation establishes that the ratio of proprietary directors to the total number of non-executive directors must be the same as the ratio of the share capital represented by the proprietary directors to total share capital. Currently, Cellnex's proprietary directors make up 36% of the non-executive directors while the shareholder they represent – Connect, S.p.A. – holds 29.9% of total share capital. Nevertheless, it should not be ignored that this recommendation establishes that this criterion may be relaxed in companies in which significant shareholdings are scarce. In Cellnex, apart from Connect S.p.A., there are only 6 significant shareholders (holding stakes of more than 3%) and, in addition, none of them has expressed an interest in serving on the Board.

17. Independent Directors should be at least half of all Board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent Directors should occupy, at least, a third of Board places.

Complies ☒ Explain ☐

18. Companies should post the following Director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background;
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the Director class to which they belong, in the case of proprietary Directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complies ☒ Partially complies ☐ Explain ☐

19. Following verification by the nomination committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

20. Proprietary Directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary Directors, the latter's number should be reduced accordingly.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

21. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the Articles of Association, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when Directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.

Complies ☒ Explain ☐

22. Companies should establish rules obliging Directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a Director is indicted or tried for any of the offences stated in company legislation, the Board of Directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies ☒ Partially complies ☐ Explain ☐

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other Directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation also apply to the Secretary of the Board, even if he or she is not a Director.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

25. The Nomination Committee should ensure that non-executive Directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company boards on which Directors can serve.

Complies ☒ Partially complies ☐ Explain ☐

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Complies ☒ Partially complies ☐ Explain ☐

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, Directors should delegate their powers of representation with the appropriate instructions.

Complies ☐ Partially complies ☒ Explain ☐

Article 26 of the Board of Directors Regulations states that directors must carry out and comply with obligations set out in the company articles of association and with due business diligence, keeping in mind the nature of the roles and the functions assigned to each of them. They also establish that directors must show due dedication and must adopt the necessary measures to ensure good management and control of the Company when carrying out their functions. Therefore absences are kept to the bare minimum and where they cannot be avoided, are reported in the Annual Corporate Governance Report. However, the Board of Directors Regulation does not impose an obligation on the Board of Directors to assign a proxy with instructions in the event of absence because this is not always possible as the proxy may not have been party to prior discussions and debates on the matters put before the Board.

28. When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

29. The company should provide suitable channels for Directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies ☒ Partially complies ☐ Explain ☐

30. Regardless of the knowledge Directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies ☒ Explain ☐ Not applicable ☐

31. The agendas of Board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly drawn up in the minutes, of the majority of directors present.

Complies ☒ Partially complies ☐ Explain ☐

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies ☒ Partially complies ☐ Explain ☐

33. The Chairman, as the person responsible for the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so dictate.

Complies ☒ Partially complies ☐ Explain ☐

34. When a lead independent director has been appointed, the Articles of Association or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the Chairman or Deputy Chairmen; give voice to the concerns of non-executive directors; maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance; and coordinate the Chairman's succession plan.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

35. The Board Secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies ☒ Explain ☐

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the Board's operation.
- b) The performance and membership of its committees.
- c) The diversity of Board membership and competences.
- d) The performance of the Chairman of the Board of Directors and the company's Chief Executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of Board committees.

The evaluation of Board committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the Appointments Committee.

Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointments Committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the Annual Corporate Governance Report.

The process followed and areas evaluated should be detailed in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐ Explain ☐

37. When an executive committee exists, its membership mix by Director class should resemble that of the Board. The Secretary of the Board should also act as Secretary to the Executive Committee.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

38. The Board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all Board members should receive a copy of the committee's minutes.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

39. All members of the audit committee, particularly its Chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent Directors.

Complies ☒ Partially complies ☐ Explain ☐

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's Non-Executive Chairman or the Chairman of the audit committee.

Complies ☒ Partially complies ☐ Explain ☐

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitoring the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies ☒ Partially complies ☐ Explain ☐

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies ☒ Partially complies ☐ Explain ☐

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

45. Control and risk management policy should specify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies ☒ Partially complies ☐ Explain ☐

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the Audit Committee or some other dedicated Board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Complies ☒ Partially complies ☐ Explain ☐

47. **Members of the Appointments and Remuneration Committee - or of the Appointment Committee and Remuneration Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to perform. The majority of their members should be independent Directors.**

Complies ☒ Partially complies ☐ Explain ☐

48. **Large cap companies should operate separately constituted appointment and remuneration committees.**

Complies ☐ Explain ☒ Not applicable ☐

For now it is not considered necessary to have an Appointments Committee and a separate Remuneration Committee, as the current Appointments and Remuneration Committee is qualified to analyse both aspects in a unified way. The possibility of dividing the current committee will be analysed depending on how the company evolves.

49. **The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.**

When there are vacancies on the Board, any Director may approach the nomination committee to propose candidates that it might consider suitable.

Complies ☒ Partially complies ☐ Explain ☐

50. **The remuneration committee should operate independently and have the following functions in addition to those assigned by law:**

- a) Propose to the Board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Statement.

Complies ☒ Partially complies ☐ Explain ☐

51. **The Remuneration Committee should consult with the Chairman and Chief Executive, especially on matters relating to executive Directors and senior officers.**

Complies ☒ Partially complies ☐ Explain ☐

52. **The terms of reference of supervision and control committees should be set out in the Regulations of the Board, and aligned with those applicable to legally mandatory Board committees as specified in the preceding sets of recommendations. They should include at least the following terms:**

- a) Committees should be formed exclusively by non-executive Directors, with a majority of independents.
- b) That their chairmen are independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's missions, discuss their proposal and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all Board members.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one Board committee or split between several, which could be the Audit Committee, the Nomination Committee, the Corporate Social Responsibility Committee, where one exists, or a dedicated committee established ad hoc by the Board under its powers of self-organisation, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies ☒ Partially complies ☐ Explain ☐

54. The corporate social responsibility policy should state the principles or commitments that the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Specific practices in matters related to the following: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☒ Partially complies ☐ Explain ☐

55. The company should report on corporate social responsibility developments in its Directors' report or in a separate document, using an internationally accepted methodology.

Complies ☒ Partially complies ☐ Explain ☐

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive Directors.

Complies ☒ Explain ☐

57. Variable remuneration linked to the company and the Director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive Directors.

The company may consider the share-based remuneration of non-executive Directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Complies ☒ Partially complies ☐ Explain ☐

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

61. A major part of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Complies ☐ Partially complies ☐ Explain ☒ Not applicable ☐

The Company does not comply with this recommendation because it imposes certain restrictions, although these are not exactly the same as those stipulated in the recommendation. Specifically, the CEO is obliged to retain all the shares allocated to him under the long-term variable remuneration schemes (known as ILP 2017-2019 and the ILP 2018-2020) for at least two years from the date they are received. The Company believes two years is a sufficiently long period to garner the loyalty of key staff and also avoid merely speculative conduct involving the immediate sale of shares received. Further, during the latest approved rounds of the long-term variable remuneration scheme, the criterion was modified and instead of

imposing a lock-in period for shares received, the CEO is now required to always hold a certain amount of shares; specifically, an amount with a value equivalent to a year of his basic salary for ILP 2017-2019 and two years of his basic salary for ILP 2020-2022.

- 63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.**

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

- 64. Termination payments should not exceed a fixed amount equivalent to two years of the Director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.**

Complies ☐ Partially complies ☐ Explain ☒ Not applicable ☐

The Company does not fully comply with the recommendation because, although the indemnity payment the CEO is entitled to receive equates to two years of his annual remuneration, there is also a post-contractual non-compete agreement with the CEO providing him with monetary compensation for such a restriction equivalent to a year of his fixed remuneration. If the CEO breaches his non-compete obligation, he must return the sum received and pay an additional consideration equivalent to another year of his fixed remuneration.

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.
2. You may include in this section any other information, clarification or observation related to the above sections of this report that is relevant and not repeated.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption. In particular, indicate whether the company adheres to the Code of Best Tax Practices of 20 July 2010.

Cellnex's participation in Sustainability Indices and initiatives

CDP (formerly Carbon Disclosure Projects)

Once again Cellnex took part in the Carbon Disclosure Project (CDP), one of the most highly recognised organisations for its work on climate change, which seeks to assess the quality of – and systems for reporting – the information provided by private companies or by the public sector in the sustainability and environment area.

This year Cellnex was rated the “A” score, the highest score allocated by the CDP. Only 12% of the more than 8,400 companies and organisations analysed worldwide – 178 in total – are part of the “A List”. Seven of the 90 Spanish companies analysed obtain the highest score allocated by the CDP.

Cellnex's score has risen from 'B' to 'A' in recognition of its implementation of best practices in the fight against climate change in 2019, above all relating to Corporate Governance, the impact of its activity and financial planning, environmental risk management and the calculation and verification of emissions.

Furthermore, CDP has designated Cellnex Telecom as a global "Supplier Engagement Leader". Only 160 companies globally, barely 3% of a sample of more than 4,800, have this distinction. CDP recognises the company's strategy to reduce pollutant emissions and climate management throughout its supply chain.

United Nations Global Compact

In November 2015 Cellnex Telecom joined the United Nations Global Compact as an expression of its commitment to including the corporate social responsibility concept into its operational strategy and organisational culture. United Nations Global Compact is an international voluntary initiative that includes more than 8,000 companies and institutions across 135 countries. Under this agreement, Cellnex Telecom undertakes to promote and spread corporate sustainability policies and practices based on the 10 key principles promoted by the United Nations, focusing on the areas of human rights, labour standards, environment and combating corruption in business activities. Cellnex's commitment to the United Nations Global Compact is part of its Corporate Responsibility (CR) programme.

FTSE4Good

Cellnex was added to the FTSE4Good sustainability index, which recognises the good practices of listed companies in the environmental, social and corporate governance fields. This year, Cellnex total score is 50% higher compared to the sector average, up to 4,4 points out of 5. The company obtains the maximum score in the Governance Themes and in the Climate Change theme (5/5).

Standard Ethics

Cellnex has taken part in the Standard Ethics sustainability index since 2017, obtaining this year an "EE-", the same rate as last year, which is equivalent to an adequate level for good compliance in governance, sustainability and social responsibility.

Sustainalytics

For the third year running, Cellnex was evaluated by Sustainalytics, an environmental, social and corporate governance (ESG) research and rating company for investors worldwide. This year its average score was 70 points, up from 67 in 2018 and taking the company to 23th position (out of 96) from 29th the previous year. Cellnex scores average for the sector on social and environmental matters but holds a leading position when it comes to governance.

Dow Jones Sustainability Index

In 2017, Cellnex participated in the DJSI index for the first time and achieved good results, ranking above the industry average in the three dimensions evaluated: economic, environmental and social. This year Cellnex was again invited to participate in the Dow Jones Sustainability Index, as one of the few telecommunications operators worldwide. In 2019, the total score of Cellnex improved its total score by 5%, taking it to 60 points. More specifically, in the environmental dimension (+13) and social (+5) its score was improved. With slightly lower economic score (-1) than in 2018, Cellnex will strive to continue working on all areas.

MSCI Europe index

Cellnex have been added to the MSCI Europe index, following the May 2019 semi-annual index review. Cellnex was previously a constituent of MSCI Europe Small Cap Index. The announcement

follows the company's recent acquisition of 10,700 sites in France, Italy and Switzerland in line with its strategic expansion into Central and Western European markets. The company also recently delivered strong Q1 results and a successful share capital increase of €1.2billion in March 2019. MSCI is a leading provider of research-based indexes and analytics, and the MSCI index is of interest to several passive funds.

Social contribution

Cellnex works with non-governmental organisations through corporate volunteering actions, donations and joint development of projects. In 2019, Cellnex Spain launched the Programme of social projects and volunteerism, a platform that includes all projects aimed at contributing to the construction of a fairer society.

Likewise, other countries such as Netherlands or Italy have developed social contribution projects. Cellnex Netherlands implemented an initiative "Media parks of broadcasting", project in which tickets were offered for 5 euros for students to go to visit the towers in a student day. Cellnex Italy collaborated with different foundations which help children affected by diseases and health institutions in addition to participating in humanitarian actions. Also, in Ireland Signal was the main sponsor of the Cancer Fund for Children Charity ball at The Shelbourne Hotel in aid of Daisy Lodge. Programme of social projects and volunteerism

In Cellnex we have an important group of volunteers who contribute their ideas, skills, knowledge and time for the development of solidarity projects. This year, we wanted to go one step further, creating a platform in which, in addition to recognizing the work of these volunteers, a greater corporate volunteer activity is promoted and Cellnex is positioned as a socially responsible company, increasing our social contribution.

Through the program, the purpose of Cellnex's social action has been defined and the company's social action and volunteer projects have been strategically planned for 3years. It will also serve as a platform for the future creation of the Cellnex Foundation.

The Cellnex program of social projects and volunteering was born with the purpose of improving our social environment by promoting the development of young people in vulnerable situations through education and their incorporation into the world of work, promoting innovation and technology.

The first project we have launched called "Cellnex Youth Challenge" is an educational and on-the-job training project in which Cellnex and its employees are closely linked to the Institut La Mercè, offering support to FP telecommunications students through motivation, mentoring, transmission of knowledge, experience and employability.

The initiative is aimed at several courses of the centre. The program covers all students of the line of professional training in telecommunications, being a total of 67 young people beneficiaries of this initiative, in this first course.

The main objective of the project is to reduce the school drop-out rate and promote youth employment, but it also has several secondary objectives that are worked on transversally. These include the empowerment of students, the use of their skills to undertake projects and the involvement of company volunteers and teachers to motivate students on their way to training and employment. This year 64 volunteers participated in the initiative.

On the other hand, during the month of December we launched a solidarity campaign in which we collected food, toys, books and economic contributions at national level for children and teenagers who need them. As in previous years, in Barcelona there will be collaboration with the Juvanteny Foundation and in Madrid with the Madrina Foundation. Thanks to the contributions of the employees, we have obtained a total of 755 kg of food, 847 Euros in economic contributions and two whole vans of toys.

Donations

Once again, this year Cellnex continued to collaborate with non-governmental organisations through its specific budget allocation for Christmas gifts. The Group's 2019 corporate donation was given to Unicef. The collaboration with Unicef in the project "For me and for all my companions" in favour of equality and against discrimination and gender violence is framed in the Group's Diversity and Inclusion Plan. Specifically, the project focuses on those girls and women who suffer exclusion in areas such as education, health, political participation and economic opportunities.

Also, in Cellnex Ireland sponsored a Masquerade Ball event. This year it will provide 70 families from Ireland with a therapeutic short break in Daisy Lodge. The need for therapeutic short breaks is overwhelming. Therefore, the aim of the organization is to build Daisy Lodge, a new therapeutic short break facility for children diagnosed with cancer and their families.

Contribution to initiatives

For years Cellnex has shown its commitment to society by joining and organising numerous Corporate Responsibility initiatives. Below are the most important initiatives of 2019.

Seres Foundation

The company worked with the Seres Foundation, whose aim is to "Build a healthier, stronger society with competitive businesses that can stand the test of time". The foundation aims to foster and promote strategic business actions that contribute to an overall improvement of social reality. Cellnex has signed an agreement pledging to work with the Seres Foundation, disseminate their joint work, share knowledge on good practices in social matters, and attend meetings with partners and other social entities. In 2019, Cellnex donated € 6,000.

AMPANS

Cellnex contributes to the AMPANS foundation by buying the company's Christmas gift hampers from them. The AMPANS Foundation promotes education, quality of life and employment for people with an intellectual disability, mental illness and other groups at risk of exclusion, by creating and managing centres, services, programmes, support and business activities that pursue excellence.

WWF Earth Hour 2019

For the third year running, Cellnex joined the WWF 2019 Earth Hour campaign and turned the lights off in the offices of Cellnex in Barcelona, Rome, Milan, Paris, Zurich, Reeuwijk and Zmolle (Netherlands) and Woking (UK) from 8.30pm to 9.30pm on 30 March. In doing so Cellnex hopes to show its concern about the effects that climate change is having on the planet's people, nature and

economy, in addition to its public commitment to reduce CO2 emissions. In 2019, Cellnex donated € 500.

Installation of forest water connections

Since 2008, Cellnex has been investing in forest water connections at its centres for firefighters to use in the event of an emergency. To date Cellnex has installed water connections in 23 of its centres in Spain, with a total investment of € 153,425 (€ 6,973.86 per connection).

Barcelona Climate Plan

Participation in co-producing the Barcelona Climate Plan with Barcelona City Council, which sets down all ongoing and planned actions related to climate change in the city. Cellnex draws up proposals within the company and takes part in the debate on the proposals submitted by all participants.

TV3 Telethon

Cellnex has been taking part in the TV3 Telethon for more than 10 years. The Telethon Foundation aims to foster and promote biomedical research into and social awareness of diseases for which no cure has been found. In 2019, Cellnex donated € 9,000. The money raised is used to research new methods of prevention, diagnosis and treatment for minority diseases.

Collaboration with the BEST Foundation

Cellnex made a commitment to the Barcelona Engineering and Economic Studies project this year as a sponsor company of the BEST Foundation. This new inter-university degree offered by the Polytechnic University of Catalonia (UPC), Pompeu Fabra University (UPF), Barcelona Global, and FemCat aims to train highly skilled engineers to address the challenges of a continuously changing society and equip professionals who are interested in business leadership. Cellnex will sponsor two students in a four-year commitment with an annual contribution of € 10,000 each.

IESE

Cellnex has been an IESE sponsor company since 2017 and is involved in various projects run by the Public Sector-Private Sector Centre of the Business School. In 2019, Cellnex will sponsor with a contribution of € 35,000.

Fundació Portolà

In 2019 Cellnex collaborated with Portolà Foundation, an organisation with a history of almost 30 years supporting the social and labour integration of people with intellectual disabilities. Through this collaboration, Cellnex takes on the foundation's commitment to responsible consumption and the development of social logistics by importing fair trade and social economy products.

Social projects

Third Social Sector Board

As part of the m4Social Project, Cellnex Telecom signed a collaboration agreement in December 2017 with the Third Social Sector Board to carry out a social housing project involving the use of sensorisation and connectivity technologies linked to the Internet of Things (IoT). In 2019, the number of social housing units equipped with various sensors making it possible to collect and monitor data related to energy efficiency, temperature, humidity and CO2 levels, among other indicators, will rise to 50, thereby helping these social entities to better monitor and protect these “connected” homes. This data is stored on an IoT platform that Cellnex provides which allows the housing authorities to anticipate abnormal situations or risks, optimise resource use, and make decisions on possible actions according to the parameters obtained. It also enables them to learn a new management methodology, which in addition optimises and renders their operations more efficient.

Casa Bloc Project

This year Cellnex started the steps to collaborate in the execution of the Llar Casa Bloc Project promoted by HÀBITAT3. This organization is a social housing manager promoted by the Third Social Sector of Catalonia with the aim of ensuring that all of society, especially the most vulnerable groups, have decent housing.

Llar Casa Bloc Project aims to remodel the former residence of the Casa Bloc to create 17 homes that will host people in vulnerable situations in the city of Barcelona. Cellnex's collaboration is focused on the installation of the necessary elements for an integral management of the houses' consumption and to provide them with the WIFI communication infrastructure.

EXPLANATORY NOTE ON SECTION C.1.16:

Art. 18. Appointment of Directors.

1. Directors will be appointed by the General Shareholders' Meeting or by the Board of Directors, in accordance with the provisions set out in Royal Decree 1/2010 of 2 July approving the recast text of the Spanish Limited Liability Companies Act or legal text replacing it.
2. The nominations for Directors submitted to the Board of Directors for deliberation at the General Meeting and the appointment decisions that the Board adopts in virtue of the powers of co-optation legally vested in it, must be preceded by the corresponding proposal by the Appointments and Remuneration Committee when in relation to independent directors, and by a report in the case of all other directors.

Art. 19. Appointment of external directors.

The Board of Directors and the Appointments and Remuneration Committee, within the scope of their remits, will ensure that the candidates selected are persons of recognised standing, competence and experience, and shall be particularly rigorous with respect to those called on to be independent directors provided for in article 5 of these Regulations and under the terms of the applicable good governance standards.

Art. 20. Term of office.

1. Directors shall hold office for the term provided for in the corporate articles of association, and may be re-elected once or more times for this same term.
2. Directors appointed by co-option shall hold their positions until the date of the first General Meeting. If a vacancy occurs once the General Meeting has been convened and before it is held, the Board of Directors may appoint a director until the next General Meeting is held. Moreover, the director appointed by co-option by the Board does not necessarily have to be a shareholder in the company.

When, following an Appointments and Remuneration Committee report, the Board of Directors considers that the interests of the Company are in jeopardy, the director whose term of office has ended or who for any other reason ceases to hold office, may not work in any other company that has a similar corporate purpose to the Company and which is considered by the Board to be a competitor, for the period determined by the Board, which in no case will be greater than two (2) years.

Art. 21. Removal of directors.

1. Directors shall resign from their positions when they have completed the period for which they were appointed and when decided on by the General Meeting under the powers legally or statutorily vested therein.
 2. Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:
 - a) When they cease to hold the executive positions with which their appointment as Director was associated. Independent directors: when they complete twelve (12) years in the position;
 - b) When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law;
 - c) When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;
 - d) When their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed cease to exist. The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.
 3. Executive directors must tender their resignation to the Board once they have reached the age of 70, and the Board must decide whether they may continue to perform their executive or delegated functions or remain simply as a director.
 4. Whenever, due to resignation or any other reason, Directors leave their position before the completion of their mandate, an explanation must be given of the reasons for this decision in a letter addressed to all members of the Board of Directors. Without prejudice to the timely communication of the cessation as a material event, the Board will give account of the cessation in the Annual Corporate Governance Report.
 5. The Board of Directors may only propose the cessation of an independent director before the end of the statutory period when there is just cause, as appreciated by the Board following a report by the Appointments and Remuneration Committee.
- In particular, just cause will be deemed to exist when the director goes on to hold new offices or

undertakes new duties that prevent him or her from devoting the necessary time to the tasks inherent in the role of director, fails to perform the duties inherent to his or her office or is involved in any of the circumstances that might cause him or her to lose his or her status of independent director, in accordance with the provisions of the applicable legislation. Said removal from a post may also be proposed as a result of a public tender offer, merger, or other similar operation implying a change in the share structure of the Company, provided that such changes in the structure of the Board of Directors are required by virtue of the proportionate representation criteria.

Furthermore, a Director Selection Policy was approved in 2016 stating that, in accordance with the provisions of the Limited Liability Companies Act, the Appointments and Remuneration Committee is responsible for proposing the nomination or re-election of members of the Board of Directors in the case of independent directors, with the Board itself being responsible for proposing nomination or re-election in all other cases. Proposals for appointment or reappointment must be presented together with a report from the Board justifying the choice by means of an assessment of the proposed candidate's competence, experience and merits. Furthermore, proposals for the appointment or reappointment of non-independent board members should be preceded by a report from the Appointments and Remuneration Committee.

Selection of the candidates for director shall be based on a preliminary analysis of the necessities of the company, which must be carried out by the Board of Directors with advice and a report from the Appointments and Remuneration Committee. The objective is to incorporate different professional and management experiences and competences, as well as to promote the diversity of knowledge, experiences and gender, considering the weight of the various activities carried out by Cellnex and taking into account any areas or sectors that should be specifically promoted.

Any board member may request that the Appointments and Remuneration Committee takes into consideration a potential candidates to cover directorship vacancies, in the event that the Committee finds them suitable in its opinion.

Additionally, the Selection Policy regulates the process and conditions that candidates must meet.

EXPLANATORY NOTE ON SECTION C.2.1 – AUDIT AND CONTROL COMMITTEE

a) Responsibilities

The rules of organization and operation of the Committee are described in the applicable legislation, the Company's by-laws and in the Company's Board of Directors' Regulation and, without prejudice to the other tasks assigned to the Committee by the applicable legislation, the Board of Directors or the regulations governing the auditing of accounts, the Committee will have at least the following responsibilities:

- a) To inform the General Shareholders' Meeting on questions arising in relation to those matters which fall within the competence of the Committee.
- b) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, proposals for the selection, appointment, re-election and replacement of the external auditor or external auditing company, their contract conditions, the scope of their professional mandate and, where appropriate, their revocation or non-renovation, all pursuant to the current regulations, as well as to regularly gather from the same information on the audit plan and the implementation thereof, and to safeguard their independence in the exercise of their duties.

- c) To monitor the process of preparing and presenting the mandatory financial information as well as the integrity thereof.
- d) To establish the appropriate relations with the external auditor or external auditing company in order to receive information on issues which may prejudice their independence, to be studied by the Committee, and any other information related to the auditing of the accounts, as well as any other notifications envisaged in the legislation and regulations concerning the auditing of accounts. In all cases, the Committee must receive on an annual basis from the external auditor or external auditing company written confirmation of their independence from the Company or any organisations directly or indirectly related thereto, in addition to information regarding any additional services of any kind provided to said organisations and the corresponding fees received therefrom by the external auditor or external auditing company, or by persons or organisations related thereto in accordance with the provisions established in the legislation applicable to the auditing of accounts.
- e) In the event of resignation of the external auditor or external auditing company, to examine the circumstances that gave rise to such resignation.
- f) To ensure that the remuneration of the external auditor or external auditing company for its work does not compromise the quality or independence thereof.
- g) To oversee that the Company communicates the change of auditor as a relevant event and accompany such, where appropriate, with a declaration on the possible existence of disagreements with the outgoing auditor and of the contents thereof.
- h) To ensure that the external auditor or external auditing meets annually with the Board of Directors at a plenary session to inform as to the work carried out and the evolution of the Company's accounting situation and risks.
- i) To ensure that the Company and the external auditor or external auditing company comply with the standards in force on the provision of services other than auditing, the limits to the concentration of the auditor's business and the other standards governing auditor independence.
- j) To issue, on an annual basis, prior to the issue of the Audit Report, a report expressing an opinion on the independence of the external auditor or external auditing company. This report must contain, in all cases, an evaluation of the provision of the additional services other than the ones related to the legal audit referred to in the previous paragraph, considered individually and as a whole, and in connection with their independent status or with the governing regulations of the audit.
- k) To inform the Board of Directors in advance on all matters provided for by the Law, the Company's by-laws and the Company's Board of Directors' Regulation and, in particular, on the financial information that the Company must publish periodically, on the creation or acquisition of holdings in entities with a special purpose or domiciled in countries or territories considered as being tax havens and on operations with associated parties.
- l) To supervise compliance with the internal protocol for relationships between the majority shareholder and the Company and the companies of their respective groups, as well as to conduct

any other actions established in the protocol itself for optimal compliance with the aforesaid duty of supervision.

- m) To provide information in relation to the transactions that involve or could involve conflicts of interest, and in general, on the matters considered in Chapter IX of the Company's Board of Directors' Regulation.
- n) To inform on operations of structural and corporate modifications which the Company plans to conduct, the economic conditions and the accounting impact thereof and, in particular, on the exchange ratio, where applicable.
- o) To monitor the effectiveness of the Company's internal control, the internal audit services, verifying the suitability and integrity thereof and to review the appointment and replacement of those persons responsible for the same, to supervise the suitable security and control measures for preventing the commission of criminal offences, the risk management systems, including fiscal risks, the systems for managing compliance with all applicable regulations, as well as to discuss with the external auditor or external auditing company any significant weaknesses detected in the internal control system while conducting the audit.
- p) To supervise a mechanism which allows employees to confidentially report potentially relevant irregularities detected inside the Company, especially those regarding finance and accounting, as well as those which may constitute a criminal responsibility for the Company.

The above responsibilities are stated by way of example, without prejudice to any others that may be conferred upon the Committee by the applicable legislation, the Board of Directors or which may be attributed thereto by the regulations governing the auditing of accounts.

b) Operation

The applicable legislation, the Company's by-laws and the Company's Board of Directors' Regulation shall define the skills of the Committee and its scheme of organization and operation.

The Board of Directors shall determine who will hold the position of Chairman of the Committee from among the independent directors of the Committee, who will be replaced every four years, being able to be re-elected once a period of one year has elapsed since his/her resignation. The Committee itself will appoint a Secretary and may also appoint a Vice-Secretary, neither needing to be members thereof.

The Committee will meet as many times as necessary for the execution of its functions and will be convened by its Chairman, either on his/her own initiative or at the request of the Chairman of the Board of Directors or of two members of the Committee itself.

The Committee will be validly constituted when the majority of its members attend the meeting, either present or represented. The resolutions will be adopted by a majority vote among those in attendance, present or represented.

Any member of the Company's management team or of the Company's personnel may be obliged to attend the Committee's sessions and to provide assistance to the Committee members and access to the information s/he has available, if so requested. The Committee can also request that the Company's external auditor or external auditing company attend its sessions.

1. Activities

During 2019, the Committee held ten meetings and carried out the activities listed below. The Committee has been fully updated by the management team on the topics of its competence (during the formal meetings, by means of other informal meetings or by correspondence and conference calls) and has been provided with the relevant supporting documentation.

a) Review of financial information

- 2018 financial statements:

- On 20 February, the Committee reviewed the December 2018 results, the 2018 Consolidated Financial Statements and the 2018 Integrated Annual Report, including the external Auditors' Report, with the finance team and the external auditors who presented the main aspects and their conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve (i) the 2018 Integrated Annual Report and the 2018 Financial Statements (including the Management Report and the Annual Corporate Governance Report) and (ii) the application of the 2018 results.

- 2019 financial statements and 2020 budget:

- On 2 May, the Committee reviewed the financial results for the first quarter of the year. This information was discussed with the members of the management team responsible for their preparation who presented the main aspects and their conclusions.
- On 24 July, the Committee reviewed the half-yearly financial statements and the relevant external Auditors' Report. This information was discussed with the members of the management team responsible for their preparation and with the external auditors who presented the main aspects and their conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve these interim financial statements that have been audited.
- On 25 September, the Committee reviewed the August 2019 results and a first draft of the 2020 budget with the finance team who presented the main aspects and its conclusions.
- On 29 October, the Committee reviewed the financial results for the third quarter of the year. This information was discussed with the members of the management team responsible for their preparation who presented the main aspects and their conclusions.
- On 29 October, the Committee reviewed the 2019 forecast and the 2020 budget with the finance team who presented the main aspects and its conclusions. The Committee approved unanimously the 2020 budget.

b) External auditors

- On 20 February, the external auditors attended the Committee to review the 2018 Consolidated Financial Statements (including the Management Report and the Annual Corporate Governance Report) and the 2018 Integrated Annual Report, including the external Auditors' Report, and presented the main aspects and their conclusions.
- On 24 July, the external auditors attended the Committee to present the report of the 2019 half-yearly financial statements.

c) Corporate Governance

- On 20 February, the Committee reviewed the three reports for year 2018 to be approved by the Committee in connection with the Annual Accounts, the Management Report and the Annual Corporate Governance Report, namely: (i) the Report on the Functions and Activities of the Committee in 2018; (ii) the Report on Related Party Transactions; and (iii) the Report on the Independence of the Auditor. The Committee approved unanimously these reports.

d) Capital markets

- On 7 January (meeting held by call), and following the discussions of the previous Committee meeting held in December 2018, the finance team presented to the Committee the proposed terms for the execution of a tap issue of the Company's convertible bond given market conditions. The Committee provided a favourable recommendation to the Board of Directors to approve the tap issue of the existing convertible bond on the terms agreed and for an amount of up to €200 million.
- On 20 February, the Secretary of the Committee together with the finance team provided the Committee with an overview of the work undertaken internally in order to understand the key areas of risk and the potential impacts of a hard Brexit within the Company's group. They briefly summarized the main risks for each of such areas and the Company's assessment for each of them. It was noted that the Company has worked on this assessment with external advisors who are experts on this topic.
- On 20 February, 8 May, 20 June, 24 July, 25 September, 29 October and 19 December, the Corporate Finance Director, together with the CFO, provided to the meeting a capital markets and financing update (including the liquidity and bond market assessment).
- On 8 May, the Committee discussed the renewal of the European Medium Term Note (**EMTN**) and the multi-currency European Commercial Paper (**ECP**). The finance team presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to authorize:
 - (i) the increase of the limit of the EMTN programme to €5,000 million; and (ii) the execution of all the documents necessary to: (a) give effect to the renewal of the EMTN programme until 2020; and (b) implement the increase of its limit; and
 - (i) drawdowns under the ECP programme for an amount up to the equivalent of €150 million in pounds (GBP) and Swiss Francs (CHF); and (ii) the execution of all the documents necessary to: (a) give effect to the renewal of the ECP programme in Euros, GBP and CHF until 2020; and (b) carry out the relevant drawdowns under the same.
- On 8 May, the Committee reviewed with the Corporate Finance Director and the CFO the treasury shares position and the authorizations in place for the acquisition of treasury shares and analysed the future needs in this regard. The Committee provided a favourable recommendation to the Board of Directors to authorize the acquisition of treasury shares in order to, among other reasons, meet the commitments of delivery of shares assumed by the Company under the MBO and the LTIP provided that such acquisitions: (i) are made under the best possible market conditions; and (ii) comply with the General Shareholders' Meeting and Board authorizations.

- On 20 June, the Committee discussed the issuance of a new convertible bond. The finance team presented the main aspects, characteristics and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the issuance of a convertible bond on the terms agreed and for an amount of at least €600 million and up to €850 million. The finance team kept the Committee fully updated on the best execution strategy and the progress of this issuance.
- On 29 October, the finance team presented to the Committee an update after the execution of the Company's October capital increase focusing mainly on investors and market feedback and on relevant financial aspects.
- On 19 December, the Corporate Finance Director, together with the CFO, proposed to the meeting the implementation of a liquidity management plan. They explained its main aspects and key considerations and presented their conclusions. The Committee approved unanimously the implementation of a liquidity management plan on the terms agreed.
- On 19 December, the Corporate Finance Director, together with the CFO, presented to the Committee two proposals of straight bond issuances in order to optimize the Company's financial structure and free bank capacity. They explained the main aspects and key considerations and noted their conclusions on each of the proposals. The Committee provided a favourable recommendation to the Board of Directors to:
 - Approve, under the EMTN programme, (i) the issuance of simple bonds of the Company in Swiss Francs (CHF) for an amount of up to CHF 500 million on the terms agreed and (ii) the issuance of simple bonds of the Company in pounds (GBP) for an amount of up to GBP 400 million or the issuance of simple bonds of the Company in Euros (EUR) for an amount of up to the equivalent of GBP 400 million together with the execution of the derivative instruments necessary on the terms agreed; and
 - Authorize the execution of all necessary transaction documents in relation to these issuances.

e) Capital structure

- On 20 February, 2 May, 8 May, 20 June, 24 July, 25 September and 29 October, the Head of Corporate Business & Finance Planning and the Corporate Finance Director, together with the CFO, attended the Committee to:
 - Provide an update on the current situation with rating agencies (including MSA and IFRS 16 updates) and the different aspects affecting the Company's credit rating;
 - Review the M&A projects pipeline and the Company's financial firepower to execute said pipeline; and
 - Provide a capital structure assessment, including financing considerations, details on the financial and debt structure of the Company and its group and strategic and key considerations and all the information necessary regarding the March and October Company's capital increases.

- On 20 February and 24 July, external financial advisors attended the Committee to present their views and strategic and key considerations on the debt and equity markets and the Company's capital structure (including the Company's March capital increase). They confirmed their agreement with the Company's proposed strategy and provided a favourable recommendation to go ahead with the Company's March capital increase.
- On 2 May, external financial advisors attended the Committee to present their views on some of the M&A projects in the Company's pipeline. They confirmed that their internal committees have approved the transactions and provided a favourable recommendation to execute them.
- On 25 September, a Spanish law firm and external financial advisors attended the Committee to present their views and strategic and key considerations on the Company's October capital increase. They explained the strong rationale for the Company to pursue the rights issue on the terms described and provided a favourable recommendation to go ahead with such capital increase.

f) Tax

- On 20 February, 25 September and 19 December, the Head of Corporate Tax, together with PwC, presented to the Committee an update of the tax audit process. PwC explained that the Company is well prepared for the audit and that the process is following the normal path. PwC also noted that the relationship with the tax authorities is positive.
- On 20 February, the Head of Corporate Tax provided an update to the Committee on the potential up-stream merger of Galata into Cellnex Italia. The reasons for the delay of this transaction were noted.
- On 25 September, the Head of Corporate Tax, together with PwC, provided the Committee with an update on (i) the development and implementation of the Tax Control Framework and (ii) the Company's position on the Code of Good Tax Practices. It was noted by PwC that the Company is diligent and applies fair tax criteria and the law with business judgment. It was also noted that the Company is working closely with expert advisers and in accordance with law and best practice.

g) Other information

- IFRS 16: The finance team has kept the Committee updated on the main aspects of this topic during all the year.
- Cybersecurity: On 20 February, the Global Operations Director presented this topic to the Committee explaining the milestones achieved in the Company and the next steps envisaged for the Company and its group to be fully protected, among others, the development of a New Strategic Global Security Plan.
- Internal Audit Manager assessment: On 20 February, the Committee discussed this topic. The Secretary of the Committee explained the performance aspects to be assessed and the procedure and metrics to do so. The Committee agreed unanimously to provide him a positive assessment.
- Non-audit services:

- On 26 February (by correspondence), the Committee approved unanimously Deloitte's fees in relation to the Company's March capital increase. The scope of work undertaken as well as the details of the fees and the key justifications regarding the level of fees were explained to the Committee.
- On 25 September, the Committee approved unanimously Deloitte's fees in relation to the Company's October capital increase. The scope of work undertaken as well as the details of the fees and the key justifications regarding the level of fees were explained to the Committee.
- Re-appointment of auditor: On 4 April, the Head of Corporate Accounting Policy, together with the CFO, proposed to the Committee the re-appointment of the Company's group external auditors for one financial year. After due consideration, the Committee provided a favourable recommendation to the Board of Directors, for its submission to the General Shareholders' Meeting, for the re-appointment of the external auditors of the Company's group for one financial year.
- Corporate matters:
 - Cellnex Portugal:
 - 1) On 4 April, the Secretary of the Committee explained to its members that due to the execution of a new project in Portugal and, for the purposes of providing the services under the relevant contracts in said country, the Company will need to set up a Portuguese subsidiary (Cellnex Portugal). The Committee approved unanimously the incorporation of this subsidiary.
 - 2) On 8 May, the CFO in Spain updated the Committee on the status of this project in Portugal and noted its main terms and figures, structure considerations and strategic rationale.
 - Capital increases: On 24 July, the Secretary of the Committee informed its members about the main corporate transactions to be carried out, that is, (i) a capital increase in Cellnex España; and (ii) a capital increase in Cellnex France Groupe in the context of a whole restructuring process to rationalize the corporate structure. The Committee approved unanimously both transactions.
- Investor relations update: On 24 July, 25 September and 29 October, the Investor Relations Director, together with the CFO, provided to the Committee an update on this topic, focusing mainly on the share price performance, the relation with investors and analysts and the status of short positions.
- Put option: On 25 September and 29 October, the CFO and the Corporate Finance Director provided to the Committee an update on the Deutsche Telekom Capital Partners put option.
- Hedging strategy: On 25 September, the Corporate Finance Director explained to the Committee the hedging strategies available to hedge the FX risk for UK projects and presented his conclusions in this regard.
- Appointment of Secretary: On 29 October, the Committee agreed unanimously to appoint Ms. Virginia Navarro as its Secretary.

- Goodwill accounting: On 29 October, the Head of Corporate Accounting Policy presented the topic to the Committee, summarizing the current situation under IFRS 3 and explaining the International Accounting Standards Board review of IFRS 3. He noted the management views on this topic.
- Audit tender: On 19 December, the Head of Corporate Accounting Policy presented to the Committee the audit tender for the next financial years and explained the main aspects and key considerations of the process and presented his conclusions. The two final candidates joined the meeting to present their respective proposals and introduce their teams that would work for the Company.

h) Internal audit

- Functions: The main internal audit functions are:
 - Perform the auditing activities as defined in the annual audit plan, based on reasonable and established criteria, especially in the risk level assessment and focusing on the main organizational activities, giving priority to those that are considered to be more exposed to risk, and those that are requested by the Committee and / or by the Senior Management.
 - Maintain an adequate coordination with the external auditors for the exchange of information regarding the audits carried out with the aim of minimizing duplication and in order to track the audits performed as well as any weaknesses in the internal control identified.
 - Report to the Committee and Senior Management of the Company's group regarding the key recommendations in each company of the group, as well as to provide them with the action plan to be performed by such companies.
- Activities: The main activities carried out by internal audit and supervised by the Committee are:
 - Audits:
 - The performance of those audits included in the 2019 audit plan and of those audits not originally included in the audit plan but requested by the Committee and / or by the Senior Management.
 - The monitoring of the recommendations and action plans proposed for the different audits. While carrying out its audit work, if internal audit detects that improvements can be made to the internal controls, it reports the main recommendations and the action plans defined to the relevant area responsible with the aim of strengthening the existing control or implementing a new control and establishing the implementation date.
 - The review of the defined processes and controls related to financial reporting which are included in the annual internal audit plan.
 - Audit Plan: Prepare the audit plan for the next year. In 29 October, the Committee reviewed and approved unanimously the audit plan for 2020 based upon:

- Assessing the risk level and focusing on the main organization's activities, giving priority to those that are considered to be more exposed to risk, and those that are requested by the Committee and / or by the Senior Management.
- Defining the activities to be reviewed, i.e., basic processes (human resources, sales, treasury, etc.), other processes (warehouse, outsourcing, etc.) or compliance (ICFR, others).
- o Strategic Plan: Prepare the internal audit and risk management strategic plan. On 24 July, the Committee reviewed and approved unanimously the internal audit and risk management strategic plan for 2019-2021 which is focused on three main pillars: the positioning of and the resources needed by internal audit and the progress of the audits.

i) Risk control

This function is carried out by internal audit.

The activities carried out in this regard by internal audit and supervised by the Committee in 2019 were:

- The review of the risk maps (including likelihood and impact) at corporate level and by country, including Spain, Italy, UK, the Netherlands, France and Switzerland.
- The review of the action plans associated to the risks in these countries.
- The analysis and approval of the proposal to create in 2020 a risk committee in the Company with the purpose to reinforce the risk control and risk management within the Company and its group.

EXPLANATORY NOTE ON SECTION C.2.1 – - APPOINTMENTS AND REMUNERATION COMMITTEE

(A) OPERATION

In accordance with the provisions of the Regulations of the Board of Directors, the Board shall appoint a Chairman of the Nominations and Remunerations Committee from among the independent directors. The Nominations and Remunerations Committee will appoint a Secretary and may also appoint a Deputy Secretary, who may not be members of the Committee.

The Nominations and Remunerations Committee shall meet whenever the Board of Directors of the Company or its Chairman requests the submission of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its duties. It 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 Committee itself.

It shall be validly constituted when the majority of its members are present or represented. Resolutions shall be adopted by a majority of the members present or represented..

(B) RESPONSIBILITIES

Without prejudice to any powers that may be entrusted to it by the Board of Directors or that may be legally attributed to it, the Nominations and Remunerations Committee shall have at least the following basic responsibilities:

- (a) To assess the skills, knowledge and experience required in the Board of Directors. To this end, it shall define the duties and skills required of the candidates to fill each vacancy and shall assess the time and dedication required for them to perform their duties effectively.
- (b) Establish a representation target for the under-represented gender on the Board of Directors and develop guidelines on how to achieve this target.
- (c) Submit to the Board of Directors proposals for the appointment of independent directors for their appointment by co-optation or for their submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- (d) To report on proposals for the appointment of the remaining directors for their appointment by co-option or for their submission to the decision of the General Meeting of Shareholders, as well as proposals for their re-election or removal by the General Meeting of Shareholders.
- (e) To report on proposals for the appointment and removal of senior management and the basic conditions of their contracts.
- (f) To report in advance on the appointments by the Board of Directors of the Chairman and, where appropriate, one or more Vice-Chairmen, as well as the appointments of the Secretary and, where appropriate, one or more Vice-Secretaries. The same procedure shall be followed to agree on the separation of the Secretary and, where appropriate, of each Vice-Secretary.
- (g) To examine and organize the succession of the Chairman of the Board of Directors and of the Chief Executive Officer of the Company and, if appropriate, to make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.
- (h) To propose to the Board of Directors the remuneration policy for the directors and general managers or those who perform their senior management duties reporting directly to the Board of Directors, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring that they are observed.
- (i) To propose to the Board of Directors the members that should form part of each of the Committees.
- (j) To periodically review the remuneration programmes, weighing their suitability and performance.
- (k) To propose to the Board of Directors, for submission to a consultative vote at the General Shareholders' Meeting, the preparation of an annual report on the remuneration of its directors under the terms of article 541 of the Law on Corporations or any other provision that may replace it in the future.
- (l) To consider the suggestions made by the Chairman, the members of the Board of Directors, the managers or the shareholders of the Company.
- (m) To report on the appointment and dismissal of directors who report directly to the Board of Directors or to some of its members, as well as the establishment of the basic conditions of their contracts, including remuneration, and also to report on decisions regarding the remuneration of directors, within the statutory framework and, where appropriate, the remuneration policy approved by the General Shareholders' Meeting.
- (n) To supervise compliance with the rules of corporate governance and internal codes of conduct.
- (o) To follow the corporate social responsibility strategy and practices and evaluate the degree of compliance.

2.- Activities

During the 2019 financial year, eight meetings of the Nominations and Remunerations Committee were held, and the following actions, among others, were carried out:

Corporate Governance

The corresponding report was issued assessing the competence, experience and merits of the proprietary directors Marco Patuano, Elisabetta De Bernardi di Valserra, Carlo Bertazzo and John McCarthy for ratification and re-election by the General Meeting.

The corresponding report was issued proposing the re-election, by the General Meeting of Shareholders, of the executive director Tobías Martínez.

The corresponding report was issued assessing the competence, experience and merits of the proprietary director Franco Bernabè for the purpose of his appointment by co-option and proposing his appointment as Chairman of the Board of Directors (in replacement of Marco Patuano).

The corresponding report was issued assessing the competence, experience and merits of the dominical director Mamoun Jamaï, in order to appoint him by co-optation and to incorporate him to the Nominations and Remunerations Committee.

The corresponding report was issued proposing the appointment of the Secretary and the Deputy Secretary of the Board of Directors.

A self-evaluation of the operation of the Board and Committees for the 2019 financial year was carried out, proposing improvements to the Board through an Action Plan.

The Annual Corporate Governance Report and the Annual Report on Remuneration were reported.

Activities related to Remuneration

The degree of compliance with the 2018 CEO's objectives and the performance assessment were analysed. The CEO's objectives for 2019 were also defined and the corresponding proposals made to the Board.

The modification of the Directors' Remuneration Policy was prepared and approved in order to submit it to the Board and to be approved by the General Shareholders' Meeting.

The remuneration of the Chairman of the Board was reviewed to adapt it to the market.

The remuneration of the CEO and the main executives (who report directly to the CEO) was reviewed for 2020, making the corresponding proposal for approval by the Board.

The final assessment of the achievement of the objectives set for the ILP 2017-2019 (phase II, corresponding to the period 2018-2019) was carried out and the approval of the Multi-annual Incentive Plan 2020-2022, applicable to the CEO and certain key personnel of the company, was prepared and proposed to the Board.

An extraordinary bonus was proposed for a group of approximately twenty people (including the CEO and Deputy CEO) for their involvement and participation in the significant growth operations carried out during 2019.

It was proposed that all employees (except directors) be given shares in the company in recognition of their outstanding performance in 2019.

Activities related to Corporate Social Responsibility

The Corporate Responsibility Master Plan for the period 2016-2020 was monitored. This is the instrument that integrates all of the company's ethical, environmental and social initiatives, and information on annual progress is included in the Integrated Annual Report.

The report on Corporate Social Responsibility Policy was prepared.

After the corresponding work and analysis, the approval of the Human Rights Policy was proposed to the Board.

After the corresponding work and analysis, it was proposed that the Board approve the Equity,

Diversity and Inclusion Policy, and an action plan was analysed to comply with it.

Activities related to the Code of Ethics / Internal Code of Conduct

The restructuring of the Ethics and Compliance Committee was reported.

A complementary training plan on the Code of Ethics and Regulations was supervised for all the Group's employees.

Potential conflicts of interest were analysed and appropriate measures were taken.

Talent Management

The Nominations and Remunerations Committee reviewed the methodology and actions taken to date in relation to the Succession Plan and the "High Potential" Program.

In this context, 11 key positions in the company (Senior Management and Country Managing Directors) and their proposals for succession (with special emphasis on CEO succession) were reviewed individually, with the help of a renowned external advisor.

EQUITY, DIVERSITY AND INCLUSION POLICY

A Background

The Board of Directors of Cellnex Telecom, S.A. (hereinafter, "Cellnex Telecom", "the Company" or "the Organization"), has the responsibility of approving the Equity, Diversity and Inclusion Policy for all the companies of the Cellnex Group.

In the exercise of these functions, the Board of Directors approves this policy and sets out the strategy for Equity, Diversity and Inclusion and its commitment to the application of best practices in the countries in which the Company operates and based on international reference standards.

B Purpose and Scope

Purpose: This policy establishes the guidelines and lines of action in the areas of Equity, Diversity and Inclusion that allow the materialization and consolidation of the concept of *Diversity* within the framework of Cellnex Telecom, as well as its communication to stakeholders and implementation in all the companies.

Scope of Application: this policy applies to all the companies in the Cellnex Telecom group, and it is the responsibility of its entire human team. Stakeholders are engaged with the mutual goal of creating a work environment that fosters Equity, Diversity and Inclusion.

This policy is aligned with and complemented with Cellnex Telecom's corporate policies and internal regulations.

C Basic Principles

People are the most important asset of Cellnex Telecom, for this reason the difference and plurality of people, equality of opportunities, non-discrimination and inclusion in the workplace are priority and strategic factors in the Organization. Cellnex Telecom maintains a strong will to promote equity, diversity and inclusion, through inclusive leadership as a lever change and business sustainability. Cellnex Telecom understands these concepts within the framework of its business strategy, culture and business values, defining them in a broad sense as:

- Connection and commitment between different human beings.
- Respect, equality of rights and opportunities and justice.

- Accessibility, ease of use and absence of barriers and prejudices.

This policy focuses on creating a climate which allows diversity in all of the following areas: *gender, age, sexual orientation, culture, race, religion, thought, education, talent, social condition, individual quality, work style, disability, special needs or any other circumstance of employees*; and, at the same time, rejecting any type of discrimination for said reasons which may prevent the growth of the Company or that affects selection, retention, development and well-being of its employees.

The Company is committed to Equity, Diversity and Inclusion through the socially responsible, integrating, inclusive and transversal management of its human team, based on:

- the variety of different cultures, backgrounds, knowledge, skills and experiences to develop the full potential of the Organization;
- equal opportunities to promote equity in the workplace,
- non-discrimination, direct or indirect, on the basis of sex, age, race, religion, sexual orientation, thought, education, social condition, culture, work style, talent, individual quality or special needs such as illness, disability, accident or family situation, and
- inclusion to provide fair opportunities of work for people with disabilities, older people or people from vulnerable situations.

D Axes, Commitments and Strategic Lines

Based on the above basic principles, Cellnex Telecom defines the following lines of action, within which are framed the strategic lines developed by the Company to achieve its objectives in terms of Equity, Diversity and Inclusion:

1. Gender diversity
2. Generational diversity
3. Affective-sexual diversity
4. Cultural diversity
5. Functional diversity

Likewise, a transversal axis to the above is defined in terms of communication and awareness-raising, with the aim of extending and making known the Equity, Diversity and Inclusion Policy of Cellnex Telecom within the Company and its stakeholders.

Based on the defined axes, and through the development of the strategic lines, Cellnex Telecom acquires the following commitments which, in turn, contribute to the achievement of various goals of United Nations Sustainable Development Goals (SDGs) 5, 8 and 10¹:

1. Gender diversity: Promote equal opportunities and foster gender equity at all levels.
 - (i) Encourage the presence of women at all levels, especially in leadership positions (SDG 5, target 5.5)
 - (ii) Promote a respectful and non-discriminatory environment which favours equal opportunities (SDG 5, target 5.2 and SDG 10, target 10.3)
 - (iii) Reduce the wage gap between women and men in similar jobs (SDG 5, target 5.5 and SDG 8, target 8.5).
 - (iv) Promote work-life balance for all employees (SDG 5, target 5.5).
2. Generational diversity: Contribute to the labour integration and coexistence of the different generations.
 - i. Promote labour integration among different generations (SDG 8, goals 8.5 and 8.6,

¹

- and SDG 10, goals 10.2 and 10.3).
 - ii. Ensure the management and use of multigenerational talent in the organization (SDG 8, goals 8.5 and 8.6; and SDG 10, goals 10.2 and 10.3).
 - iii. Establish measures aimed at avoiding bias in recruitment, hiring and promotion processes based exclusively on age (SDG 8, goals 8.5 and 8.6; and SDG 10, goals 10.2 and 10.3).
 - iv. Work actively in the management of the challenges associated with a multigenerational society (SDG 8, goals 8.5 and 8.6; and SDG 10, goals 10.2 and 10.3).
3. Affective-sexual diversity: Ensure an inclusive environment for all employees, regardless of their sexual orientation or identity.
- i. Make visible the commitment to non-discrimination of the LGTBIQ collective and equal opportunities in this area (SDG 10, goals 10.2 and 10.3).
 - ii. Promote an inclusive environment and the integration of the LGTBIQ collective in the organization (SDG 10, goals 10.2 and 10.3).
 - iii. Make employees aware of affective-sexual diversity (SDG 10, goals 10.2 and 10.3).
 - iv. Eliminate any practice of harassment and discrimination against LGTBIQ employees (SDG 10, goals 10.2 and 10.3).
4. Cultural diversity: Value, respect and exploit cultural differences as a source of added value.
- i. Foster respect for and value of cultural diversity in the company (SDG 10, goals 10.2 and 10.3).
 - ii. Take advantage of cultural diversity as a source of knowledge and talent, creating added value in the company (SDG 10, goals 10.2 and 10.3).
 - iii. Promote employee integration through intercultural awareness and understanding (SDG 10, goals 10.2 and 10.3).
5. Functional diversity: Value the unique potential of people with different abilities and taking advantage of their talent.
- i. Ensure the labour integration of workers with different abilities (SDG 8, target 8.5; and SDG 10, targets 10.2 and 10.3).
 - ii. Improve the integration of the group of people with different abilities at the time of incorporation into the workplace (SDG 8, target 8.5; and SDG 10, targets 10.2 and 10.3).
 - iii. Support the retention of talent of people with different abilities in the labour market (SDG 8, target 8.5; and ODS 10, targets 10.2 and 10.3).

E Approval, Monitoring and Control

One of the responsibilities of the Cellnex Telecom Board of Directors is the approval of the Equity, Diversity and Inclusion Policy, as well as any substantial modifications made to it.

To this end, the Management Team of Cellnex Telecom undertakes to review the Equity, Diversity and Inclusion Policy periodically, adapting it to new organizational, environmental or market requirements which may arise, as well as to communicate it to the Organization and to make it available to interested parties at all times.

Likewise, the Management Team of Cellnex Telecom undertakes to carry out periodic monitoring of the degree of progress of all the strategic lines of action derived from the implementation of this

Policy.

The objectives in terms of Equity, Diversity and Inclusion defined by the Company are consistent with this policy, aligned with Cellnex Telecom's process model, reviewed annually by the Management Team and updated according to their evolution and environment.

This annual corporate governance report was approved by the Company's Board of Directors on 25 February 2020.

Indicate whether any directors abstained from or voted against approving this report.

Yes ☐

No ☒

| Name of the member of the board of directors who did not vote to approve this report | Reasons (opposition, abstention, failure to attend the meeting) | Explain the reasons |
|---|--|----------------------------|
| | | |

| Remarks |
|----------------|
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