

Auditor's Report and Annual Accounts

2016
Junta General d'Accionistes
Junta General de Accionistas
Annual Shareholders' Meeting

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.

**Cellnex Telecom, S.A.
(formerly Abertis Telecom
Terrestre, S.A.U.)**

Financial Statements for the year ended
31 December 2015 and Directors'
Report, together with Independent
Auditor's 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 19). In the event of a discrepancy, the Spanish-language version prevails.

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 19). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Cellnex Telecom, S.A.
(formerly Abertis Telecom Terrestre, S.A.U.),

Report on the Financial Statements

We have audited the accompanying financial statements of Cellnex Telecom, S.A., which comprise the balance sheet as at 31 December 2015, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Directors' Responsibility for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Cellnex Telecom, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2.1 to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Cellnex Telecom, S.A. as at 31 December 2015, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2015 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2015. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Cellnex Telecom, S.A.

DELOITTE, S.L.

Registered in ROAC UNDER NO. S0692

Ana Torrens

18 February 2016

**Cellnex Telecom, S.A.
(formerly Abertis Telecom
Terrestre, S.A.U.)**

Financial Statements
for the year ended
31 December 2015 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 19). In the event of a discrepancy, the Spanish-language version prevails.

CONTENTS

Balance sheet.....	2
Income statement	3
Statement of recognised income and expense.....	4
Statement of total changes in equity	5
Statement of cash flows	6
1. General information	7
2. Basis of presentation	8
3. Proposed distribution of profit.....	10
4. Accounting policies and measurement bases	11
5. Financial risk management	18
6. Intangible assets	19
7. Property, plant and equipment	20
8. Investments in Group companies and associates	21
9. Current and non-current financial investments.....	23
10. Cash and cash equivalents	23
11. Net equity.....	23
12. Current and non-current debt.....	26
13. Income tax and tax situation	29
14. Revenue and expenses	34
15. Commitments and obligations.....	36
16. Related party transactions	38
17. Other information.....	44
18. Events after the reporting period	45
19. Explanation added for translation to English	45
APPENDIX I. Direct and indirect shareholdings.....	46
Directors' Report for 2015.....	50
1. Information required under Article 262 of the Spanish Limited Liability Companies Law.....	50
2. Annual corporate governance report.....	54

CELLNEX TELECOM , S.A.
(FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.)

BALANCE SHEET AT 31 DECEMBER 2015
(Thousands of Euros)

ASSETS	Notes	31 December 2015	31 December 2014	LIABILITIES	Notes	31 December 2015	31 December 2014
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets-				NET EQUITY	Note 11	57,921	57,921
Computer software	Note 6	1,216	15	Capital		338,733	338,733
Property, plant and equipment-				Share premium		46,599	11,584
Plant and other items of property, plant and equipment	Note 7	486	-	Reserves-		11,584	11,584
Investments in Group companies and associates-				Legal and bylaw reserves		35,015	-
Equity instruments	Note 8.1	1,668,280	948,621	Other reserves		21,539	35,015
Non-current loans to Group companies and associates	Note 16.3	1,314,126	619,116	Profit for the year		(9,267)	-
Non-current investments-				Interim dividend		455,525	-
Equity instruments	Note 9	389	90	Total equity		968,347	416,021
Other financial assets		150	90				
Deferred tax assets	Note 13.6	239	30				
		92	30				
Total non-current assets		1,670,463	948,756				
				NON-CURRENT LIABILITIES:			
CURRENT ASSETS:				Non-current borrowings-	Note 12	968,347	416,021
Trade and other receivables-				Bond issues		592,804	-
Trade receivables		2,232	1,045	Bank borrowings		375,543	416,021
Receivables from Group companies and associates		171	-	Total non-current liabilities		968,347	416,021
Sundry receivables	Note 16.3	115	4				
Current tax assets		985	-	CURRENT LIABILITIES:			
Other tax receivables from Public Authorities	Note 13.2	791	-	Current borrowings-	Note 12	7,171	115
Current investments in Group companies and associates-				Bond issues		6,939	-
Current loans to Group companies and associates	Note 16.3	22,850	2,600	Bank borrowings		(1,021)	115
Current investments-				Other financial liabilities		1,253	-
Other current financial assets		-	3	Payables to Group companies and associates-	Note 16.3	263,803	158,102
Current accruals				Current payables to Group companies and associates-		263,803	158,102
Cash and cash equivalents-				Trade and other payables-	Note 16.3	4,058	2,416
Cash	Note 10	2,419	217	Payable to group companies and associates		1,955	1,438
Cash equivalents		940	67,286	Other payables		690	779
		926	2,276	Staff		1,413	145
		14	65,010	Other payables to Public Authorities	Note 13.2	275,032	160,633
Total current assets		28,441	71,151	TOTAL CURRENT LIABILITIES		1,698,904	1,019,907
TOTAL ASSETS		1,698,904	1,019,907				

The accompanying Notes 1 to 19 and Appendix I are an integral part of the balance sheet at 31 December 2015.

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 19). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM , S.A.
(FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.)

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(Thousands of Euros)

	Notes	2015	2014
ONGOING OPERATIONS:			
Revenue-	Note 14.1	53,354	45,418
Dividends		45,500	37,633
Interest income		7,854	7,785
Other operating income-	Note 14.2	2,979	791
Non-core and other current operating income		2,979	791
Staff costs-	Note 14.3	(2,966)	(840)
Wages, salaries and similar expenses		(2,570)	(696)
Employee benefit costs		(396)	(144)
Other operating expenses-	Note 14.4	(16,213)	(2,358)
Outside services		(16,116)	(2,353)
Taxes other than income tax		(97)	(5)
Depreciation and amortisation		(50)	-
Impairment losses and gains or losses on disposal of financial instruments-	Note 8.1	-	(63)
Impairment losses and gains or losses on disposal of financial instruments		-	(63)
Profit from operations		37,104	42,948
Finance income-	Note 14.5	300	175
Borrowings from Group companies and associates		115	-
Borrowings from third parties		185	175
Finance costs-	Note 14.5	(25,152)	(9,359)
Borrowings from Group companies and associates	Note 16.3	(543)	(4,290)
Borrowings from third parties		(24,609)	(5,069)
Exchange differences		(6)	(1)
Net financial profit/loss		(24,858)	(9,185)
Profit before tax		12,246	33,763
Income tax	Note 13.4	9,293	1,252
Profit for the year		21,539	35,015

The accompanying Notes 1 to 19 and Appendix I are an integral part of the income statement for 2015.

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 19). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM , S.A.
(FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

	2015	2014
PROFIT FOR THE YEAR PER INCOME STATEMENT	21,539	35,015
Income and expense recognised directly in equity	-	-
Transfers to the income statement	-	-
Total recognised income and expense	21,539	35,015

The accompanying Notes 1 to 19 and Appendix I are an integral part of the statement of recognised income and expense for 2015.

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 19). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM , S.A.
(FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Thousands of Euros)

	Capital	Share premium	Reserves	Results from previous years	Profit for the year	Interim dividend	Total
Total balance 2013	57,921	338,733	11,754	(1)	48,082	-	456,489
Total recognised income and expense	-	-	-	-	35,015	-	35,015
Transactions with shareholders or owners							
Distribution of dividends	-	-	(48,251)	-	-	-	(48,251)
Other changes in equity	-	-	48,081	1	(48,082)	-	-
Total balance 2014	57,921	338,733	11,584	-	35,015	-	443,253
Total recognised income and expense	-	-	-	-	21,539	-	21,539
Transactions with shareholders or owners							
Distribution of dividends	-	-	-	-	-	(9,267)	(9,267)
Other changes in equity	-	-	35,015	-	(35,015)	-	-
Total balance 2015	57,921	338,733	46,599	-	21,539	(9,267)	455,525

The accompanying Notes 1 to 19 and Appendix I are an integral part of the statement of total changes in equity for 2015.

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 19). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX TELECOM , S.A.
(FORMERLY ABERTIS TELECOM TERRESTRE, S.A.U.)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

(Thousands of Euros)

	Notes	2015	2014
CASH FLOWS - OPERATING ACTIVITIES (I)		33,944	40,436
Profit for the year before tax		12,246	33,763
Adjustments to profit-		24,908	9,248
Depreciation and amortisation charge		50	-
Gains/(losses) on derecognition and disposal of financial instruments		-	63
Finance income		(300)	(175)
Finance costs	Note 14.5	25,152	9,359
Exchange differences		6	1
Changes in working capital-		(2,118)	4,992
Trade and other receivables		(2,042)	(1,032)
Other current assets and liabilities		2,514	4,334
Trade and other payables		(2,590)	1,690
Other cash flows from operating activities-		(1,092)	(7,567)
Interest paid		(9,832)	(7,549)
Interest received		300	175
Income tax recovered (paid)		10,683	(193)
Other receivables and payables		(2,243)	-
CASH FLOWS - INVESTING ACTIVITIES (II)		(740,170)	(240,942)
Payments due to investments-		(740,170)	(240,979)
Group companies and associates	Note 16.3	(739,388)	(240,874)
Property, plant and equipment and intangible assets		(483)	(15)
Other financial assets		(299)	(90)
Proceeds from disposals-		-	37
Group companies and associates		-	37
CASH FLOWS - FINANCING ACTIVITIES (III)		639,880	267,785
Proceeds and payments relating to financial liabilities		647,955	316,036
Proceeds from issue of bank borrowings	Note 12.1	674,885	413,650
Bond issues	Note 12.1	591,174	-
Debt issues with Group companies and associates (cash pooling)	Note 16.3	104,136	49,324
Repayment and redemption of bank borrowings and bond issues	Note 12.1	(722,240)	-
Repayment of borrowings from Group companies and associates	Note 16.3	-	(146,938)
Dividends paid and returns on other equity instruments-		(8,075)	(48,251)
Dividends	Note 11.4	(8,075)	(48,251)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		(66,346)	67,279
Cash and cash equivalents at beginning of period		67,286	7
Cash and cash equivalents at end of period		940	67,286

The accompanying Notes 1 to 19 and Appendix I are an integral part of the statement of cash flows for 2015.

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 19). In the event of a discrepancy, the Spanish-language version prevails.

Cellnex Telecom, S.A. (formerly Abertis Telecom Terrestre, S.A.U.)

Notes to financial statements
for the year ended
31 December 2015

1. General information

Cellnex Telecom, S.A. ("the Company") was incorporated in Barcelona on 25 June 2008. Its registered office is at Avenida del Parc Logístic No. 12-20, Barcelona. On 17 October 2013, it changed its name from Abertis Americana, S.L.U. to Abertis Telecom Terrestre, S.L.U. On 17 November 2014 the then Sole Shareholder approved the change of corporate format from a "sociedad limitada" limited liability company to a "sociedad anónima" limited liability company, and it was registered in the Companies Register on 15 December 2014.

Finally, 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.

Public Offering and admission of Cellnex shares for trading (IPO)

On 19 March 2015 the Company's Board of Directors, as delegated by the General Shareholders' Meeting of Abertis Infraestructuras, S.A. on the same date, unanimously resolved to apply for admission for official trading on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and the consequent public offering of shares in the Spanish securities market, a process that was successfully completed, with all the Company's shares listed as of 7 May 2015. A total of 66% of the shares were offered for public sale by Abertis Infraestructuras, S.A., due to exercise by the coordinating banks of the green-shoe option (see Note 11).

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 2015 were drawn up by the Directors at a Board meeting on 18 February 2016.

The consolidated financial statements for 2014 were approved by the General Shareholders' Meeting of Cellnex Telecom, S.A. on 5 March 2015, and were filed with the Barcelona Companies Register.

The main figures of the consolidated financial statements for 2015, 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
	2015
Total assets	2,026,590
Equity (of the Parent)	454,366
Equity (of non-controlling interests)	82,851
Income from consolidated operations	611,784
Profit for the year attributable to the parent	47,290
Profit for the year attributable to non-controlling interests	1,175

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 National Charter of Accounts approved by Royal Decree 1514/2007 and sector-specific adaptations, and also Royal Decree 1159/2010 of 17 September amending certain portions of the National Charter of Accounts.
- 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. 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 2014 financial statements were approved by the Sole Shareholder on 5 March 2015.

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 4.4 and 8).
- The criterion of recognition of deferred taxes (see Notes 4.7 and 13).
- Assessment of litigation, commitments and contingent assets and liabilities at year-end (see Notes 4.9 and 15).

2.5. Comparative information

The information in the accompanying notes to the 2015 financial statements is presented for the purposes of comparison with information relating to 2014.

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 2014 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. Going concern

At 31 December 2015 and 2014, the accompanying balance sheet showed a negative working capital of EUR 246,591 thousand and EUR 89,482 thousand respectively. This was due to the credit facilities (cash pooling) signed by the Company with Cellnex Italia, S.r.L., Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. (see Note 16.3), which were classified as current on the accompanying balance sheet as their maturity date is 31 December 2016, and they may be renewed tacitly on an annual basis. The Company's Directors drew up these financial statements on the going-concern principle, with consideration given, as mitigating factors, to the belief that generating cash flows on operations in accordance with the Cellnex Group business plan will be sufficient to fund the operations planned for 2016, and acknowledgement by Cellnex Italia, S.r.L., Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. that they will not enforce these credit facilities.

3. Proposed distribution of profit

The distribution of 2015 profit proposed by the Company's Directors for approval by the General Shareholders' Meeting is as follows:

	Thousands of euros
Basis of distribution:	
Profit/(loss)	21,539
	21,539
Distribution:	
Interim dividend	9,267
Final Dividend	10,889
Voluntary reserves	1,383
	21,539

Dividends to be distributed to shareholders are recognised as a liability in the financial statements from when the dividends are approved by the General Shareholders' Meeting (or by the Board of Directors, in the case of interim dividends) until they are paid.

In 2015 an interim dividend totalling EUR 9,267 thousand was paid out, equivalent to EUR 0.04 gross per share, payable on all the shares that make up the share capital of the Company.

In accordance with the requirements of Article 277 of the Spanish Limited Liability Companies Law, a provisional accounting statement prepared by the Company showing sufficient profit for the period to permit distribution of the interim dividend and the liquidity statement establishing that there is sufficient cash to make the interim dividend payment are set out below:

	Thousands of euros
Net profit for the period 01/01/2015 to 31/10/2015	16,131
To deduct:	
Legal reserve	-
Available for interim dividend	16,131
Total interim dividend 2015	9,267
Available in lines of credit for Cellnex Telecom, S.A. at 31/10/2015	50,000
Available in bank accounts at 31/10/2015	9,151
Collections-Payments scheduled up to 31/12/2015	(3,874)
Liquidity available prior to payment	55,277
Interim dividend	(9,267)
Liquidity available after payment	46,010

4. Accounting policies and measurement bases

The main accounting policies and measurement bases used by the Company in drawing up its financial statements for 2015 and 2014, in accordance with Spain's National Charter of Accounts, 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.

The carrying amount of intangible assets is reviewed for possible impairment when certain events or changes indicate that their carrying amount may not be recoverable.

Research and development costs

Research costs are recognised as they are incurred, whereas development costs incurred in a project are capitalised if the project is feasible from a commercial perspective, if there are sufficient financial resources to complete the project, if the costs incurred can be reliably determined and the generation of future profits is likely. These are recognised at their cost of acquisition.

Amortisation is on a straight-line basis against the estimated useful life for each project.

Computer software

This refers mainly to the amounts paid for access to property or for usage rights on computer programmes, only when usage is expected to span several years.

Computer software is stated at acquisition cost and amortised on a straight-line basis over a useful life of 4 years. Computer software maintenance costs are charged to the income statement in the year in which they are incurred.

4.2. Property, plant and equipment

Property, plant and equipment are accounted for at acquisition or production cost less accumulated depreciation and any loss due to impairment, in accordance with the principle set forth in Note 4.3.

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 4.3).

4.3. Impairment of non-financial assets

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, such as goodwill), 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.

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.

4.4. Financial assets

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.

The Company's financial assets are classified as:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and that are not traded on active markets. They are included in current assets, except when they mature in more than 12 months as from the balance sheet date, in which case the item is recorded under non-current assets.

This account mainly relates to:

- Deposits and guarantees arranged in accordance with current legislation, recognised at their nominal value plus the interest accrued to the year-end.
- Trade accounts receivable, which are measured at their nominal amount, which is similar to fair value on initial recognition. This value is reduced, if necessary, by provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be collected in full, with an impact on the income statement for the year.
- Receivables from loans with group companies, which are measured at their nominal value (which does not differ significantly from their amortised cost using the effective interest method).

At year-end, the necessary valuation adjustments due to impairment are performed if there is objective evidence that the total receivable will not be collected.

b) Equity investments in Group companies and associates

These are stated at cost less any accumulated valuation adjustments due to impairment. Nevertheless, when there is an investment prior to its classification as a Group company or associate, the cost of the investment is its carrying amount before it is classified as such. The preceding valuation adjustments recognised directly in equity are maintained until the asset is derecognised.

If there is objective evidence that the carrying amount is not recoverable, the necessary adjustments are made for the difference between the carrying amount and the recoverable amount, the latter being understood as the greater of its fair value less costs to sell and the present value of the cash flows generated by the investment. Unless there is better evidence of the recoverable amount, the estimate of the impairment of the investments takes into account the equity of the investee adjusted by the amount of the unrealised gains at the date of measurement. Valuation adjustments and, as appropriate, their reversal, are recognised on the income statement in the year in which they arise.

Financial assets are derecognised when substantially all the risks and rewards incidental to ownership of the asset are transferred. Specifically, for accounts receivable, this situation is generally understood to arise if the insolvency and default risks have been transferred.

4.5. 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.

4.6. Derivative financial instruments

The Company uses derivative financial instruments to manage its financial risk, arising mainly from changes in interest 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.

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) 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.

c) 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, 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.

At 31 December 2015 and 2014 the Company did not hold any derivative financial instruments.

4.7. 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.

4.8. 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 Plan which was formalised in 2015 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described in Note 16.1.

4.9. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal, contractual or constructive) as a result of a past event; it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The provisions are measured at the present value of the disbursements expected to be necessary to settle the liability. Adjustments to the provision due to its restatement are recognised as borrowing costs as they accrue.

Provisions expiring in one year or less and that do not have a material financial impact are not discounted.

When it is expected that part of the disbursement required to settle the provision will be refunded by a third party, the refund is recognised as a separate asset, provided it is practically bound to be received.

Contingent liabilities are possible obligations arising as a result of past events, the emergence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company.

4.10. 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 accruals 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.

Dividends receivable from investees in Spain are recognised at the time the dividends are approved by the respective General Shareholders' Meetings. Dividends receivable from investees not located in Spain are recognised when they are collected, at the exchange rate prevailing at the time.

4.11. Leases

When assets belonging to the company are used in operating leases, the assets are posted on the balance sheet according to their type. Income from leases is recognised using the straight-line method over the term of the lease.

4.12. 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.

4.13. 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.

4.14. 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 Company's activities are exposed to various financial risks, as set out below. The Company's financial risk management is controlled by the General Finance Department, with authorisation by the most senior executive officer of Cellnex Telecom, S.A., as part of the policies adopted by the Board.

a) Foreign currency risk

Practically all Company transactions are denominated in euros, and thus there is no exposure to foreign currency risk.

b) Interest rate risk

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

Borrowings issued at floating rates expose the Company to cash flow interest rate risk, while fixed-rate borrowings expose it to fair value interest rate risk.

The aim of interest rate risk management is to strike a balance in the debt structure which makes it possible to minimise the volatility in the income statement in a multi-annual setting.

The Company uses derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. 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 with assumptions that are mainly based on the market conditions at the balance sheet date for unlisted derivative instruments (see Notes 4.6 and 12).

The main financing granted to third parties by the Company in 2015 and 2014 has no interest rate hedging mechanisms.

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.

Operations are arranged only with banks and financial institutions with sound 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.

d) Liquidity risk

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

The expected cash outflows for the Company's borrowings are set out in Note 12.

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.

The Company has not arranged any hedging instruments since the greater portion of its flow of income and expense is tied to the consumer price index (CPI).

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 2015 and 2014 are as follows:

2015

	Thousands of euros		
	Computer software	Usage rights	Total
At 31 December 2014			
Cost	15	48	63
Accumulated amortisation	-	(48)	(48)
Carrying amount	15	-	15
Carrying amount at beginning of period	15	-	15
Additions	1,237	-	1,237
Disposals	-	(48)	(48)
Amortisation charge	(36)	-	(36)
Derecognition of depreciation	-	48	48
Carrying amount at end of period	1,216	-	1,216
At 31 December 2015			
Cost	1,252	-	1,252
Accumulated amortisation	(36)	-	(36)
Carrying amount	1,216	-	1,216

2014

	Thousands of euros		
	Computer software	Usage rights	Total
At 31 December 2013			
Cost	-	48	48
Accumulated amortisation	-	(48)	(48)
Carrying amount	-	-	-
Carrying amount at beginning of period	-	-	-
Additions	15	-	15
Carrying amount at end of period	15	-	15
At 31 December 2014			
Cost	15	48	63
Accumulated amortisation	-	(48)	(48)
Carrying amount	15	-	15

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

At 31 December 2015 and 2014, no totally amortised intangible assets were in operation.

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 2015 and 2014 were as follows:

2015

	Thousands of euros		
	Land and buildings	Plant and other items of property, plant and equipment	Total
At 31 December 2014			
Cost	1	2	3
Accumulated amortisation	(1)	(2)	(3)
Carrying amount	-	-	-
Carrying amount at beginning of period	-	-	-
Additions	-	500	500
Disposals	(1)	(2)	(3)
Amortisation charge	-	(14)	(14)
Derecognition of depreciation	1	2	3
Carrying amount at end of period	-	486	486
At 31 December 2015			
Cost	-	500	500
Accumulated amortisation	-	(14)	(14)
Carrying amount	-	486	486

2014

There were no movements in this item in 2014.

All the PPE described in the table above have definite useful lives.

At 31 December 2015 and 2014, no totally depreciated PPE were in operation.

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 2015 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 detail of this item is as follows:

2015

Shareholding in Group companies	Thousands of euros
At 31 December 2014	619,116
Additions- Cellnex Italia, S.r.L. (formerly Smartowers Italy, S.r.L.)	789,610
	789,610
Disposals- TowerCo, S.p.A.	(94,600)
	(94,600)
At 31 December 2015	1,314,126

2014

Shareholding in Group companies	Thousands of euros
At 31 December 2013	524,616
Additions- TowerCo, S.p.A.	94,600
	94,600
Disposals- Abertis Telecom Brasil, Ltda.	(100)
	(100)
At 31 December 2014	619,116

On 27 May 2014 the Company reached an agreement with the infrastructure manager Atlantia, S.p.A. to acquire 100% of the share capital of the Italian company Towerco, S.p.A., in which it was the Sole Shareholder, for EUR 94,600 thousand.

On 19 May 2014 Abertis Telecom Brasil, Ltda. was sold to Abertis Infraestructuras, S.A. for the sum of EUR 37 thousand.

On 19 February 2015 Cellnex Telecom, S.A. incorporated the Italian company Smartowers Italy, S.r.L. with a share capital of EUR 10 thousand, with a view to subsequently acquiring Galata, S.p.A. On 9 July 2015 the company name was changed to Cellnex Italia, S.r.L. On 26 March 2015, through Cellnex Italia, S.r.L., Cellnex completed its purchase of 90% of the share capital of the Italian company Galata from Wind Telecomunicazioni, S.p.A. for a total of EUR 693 million.

On 15 September 2015 the Company incorporated the British company Cellnex UK Limited with a share capital of 1 sterling pound. This company is non-operational at present.

The following restructuring process was carried out in 2015 among companies belonging to the Cellnex Group in which the Company holds a 100% stake:

- Purchase by Smartowers Italy, S.r.L. of all the shares of TowerCo, S.p.A., to date owned by Cellnex Telecom, S.A., for its carrying amount of EUR 94.6 million.
- To fund the purchase, Cellnex Telecom, S.A. carried out a shareholders' contribution to Smartowers Italy, S.r.L. in the same amount.
- Subsequently, on 9 July 2015 the bylaws of Smartowers Italy, S.r.L. were amended, changing the name of the company to Cellnex Italia S.r.L., with registered address in Rome.

9. Current and non-current financial investments

The breakdown of financial investments by categories is as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	
	Non-current	Non-current	Current
Investment fund	150	90	-
Deposits and guarantees	239	-	3
Total	389	90	3

On 1 September 2014 the Company joined 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 sum of EUR 90 thousand was the initial disbursement, accounting for 15% of the equity undertaken by the Company.

In 2015 an additional contribution was made in the amount of EUR 60 thousand.

Deposits and guarantees also included the amount of the deposit made in respect of the office rental contract (see Note 15.3).

10. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	Thousands of euros	
	31/12/2015	31/12/2014
Cash	926	2,276
Cash equivalents	-	65,000
Bank interest	14	10
Total	940	67,286

At 31 December 2014 the Company had a fixed-term deposit with a bank, a related party at the time, in the amount of EUR 65,000 thousand. It was created on 31 December 2014, with a 7-day maturity.

11. Net equity

11.1. Capital

At 31 December 2015 and 2014, Company share capital was composed of 231,683,240 ordinary registered shares, cumulative and indivisible, each with a nominal value of EUR 0.25, fully subscribed and paid up.

On 21 November 2014 the Company approved a split of the nominal value and the number of its shares, through a reduction of the nominal value of the shares and the simultaneous issue of 40 new shares for each previous

share with no change to the amount of share capital, and awarding new shares to the Sole Shareholder. Therefore, the 5,792,081 shares with a nominal value each of EUR 10, of which the Company's share capital was composed, were split at a ratio of 40 shares at EUR 0.25 each for every EUR 10 share.

To this end the Company decided to simultaneously:

- Reduce the nominal value of each of the 5,792,081 existing shares by EUR 9.75, and
- Issue 225,891,159 shares of EUR 0.25 nominal value each, of the same class and series, and with the same rights as the existing shares.

As mentioned in Note 1, on 19 March 2015 the Company's Board of Directors, as delegated by the General Shareholders' Meeting of Abertis Infraestructuras, S.A. on the same date, unanimously resolved to apply for admission for official trading on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and the consequent public offering of shares in the Spanish securities market, a process that was successfully completed, with all the Company's shares listed as of 7 May 2015. A total of 66% of the shares were offered for public sale by Abertis Infraestructuras, S.A., due to exercise by the coordinating banks of the green-shoe option.

The number of shares in the public offering was set at 139,009,944, with a nominal value of EUR 0.25 each, offered to qualified investors through global collaborating entities. It was also decided to set the volume of the call option (green-shoe option) at 13,900,994 shares, to be conferred by Abertis Infraestructuras, S.A.

The price of the public offering was set at EUR 14 per share.

According to communications issued to the Spanish National Securities Market Commission (CNMV) on the number of company shares, the shareholders with significant direct or indirect stakes in the Company's share capital exceeding 5% were as follows at 31 December 2015:

	% stake
	2015
Abertis Infraestructuras, S.A.	34.00%
Ameriprise Financial, Inc. ⁽¹⁾	8.86%
Blackrock, Inc. ⁽²⁾	6.22%

⁽¹⁾ 8.63% stake held through Threadneedle Asset Management Holdings Limited and 0.23% through Columbia Management Investment Advisers, LLC.

⁽²⁾ 4.38% stake held through Blackrock Advisors, LLC and the rest, less than 3%, through managed collective institutions.

As a result of this change to the shareholder structure, the Abertis Group companies are no longer classified as Group companies but as other related companies (see Note 16.4).

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

On 10 April 2015 the then sole Shareholder, Abertis Infraestructuras, S.A., decided, under the terms established by article 297.1(b) of the Spanish Companies Law, to delegate to the Company's Board of Directors the capacity to increase the share capital, either for the entire amount or in various, successive instalments, up to half of the current share capital of the Company at any time within a period of five years from the date of this decision. The decision expressly states that the Board of Directors has the capacity to exclude pre-emptive rights in accordance with article 506 of the above law (although this capacity is limited to share capital increases for an amount equivalent to 20% of the share capital of the Company at the date the decision takes effect.) In this regard, any member may substitute another.

In addition, pursuant to the same decision of 10 April 2015 by the then solo Shareholder, the authority has been conferred on the Company's Directors to:

- i. Issue convertible bonds up to EUR 750 million euros.
- ii. Issue non-convertible bonds up to EUR 2,000 million euros.
- iii. Purchase treasury shares representing up to 10% of the share capital of the Company.

11.2. Share premium

In 2013, as a result of corporate restructuring due to the contribution of the terrestrial telecommunications business to the Company, its share premium was increased by EUR 338,733 thousand.

At 31 December 2015 and 2014, there were no changes in this heading.

11.3. Reserves

The breakdown of this account is as follows:

	Thousands of euros	
	31/12/2015	31/12/2014
Legal reserve	11,584	11,584
Voluntary reserves	35,015	-
	46,599	11,584

Legal reserve

In accordance with the Revised Spanish Limited Liability Companies Law, 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 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 2015 and 2014, the legal reserve had reached the legally established minimum.

Voluntary reserves

Voluntary reserves are unrestricted.

11.4. Dividends

As explained in Note 3, in 2015 an interim dividend totalling EUR 9,267 thousand was paid out, equivalent to EUR 0.04 gross per share, payable on all the shares that make up the equity of the Company.

On 30 June 2014 approval was issued for distribution by the Company to its then Sole Shareholder of an extraordinary dividend in the amount of EUR 48,251 thousand, charged to available reserves. This was paid out in full in 2014.

12. Current and non-current debt

12.1 Bond issues and bank borrowings

The breakdown of this item at year-end 2015 and 2014 is as follows:

	Thousands of euros					
	31/12/2015			31/12/2014		
	Non-current	Current	Total	Non-current	Current	Total
Syndicated financing	375,543	(1,021)	374,522	416,021	115	416,136
Bonds	592,804	6,939	599,743	-	-	-
Total	968,347	5,918	974,265	416,021	115	416,136

Developments in syndicated financing

On 26 June 2014 the Company arranged a syndicated loan for a maximum of EUR 800 million, accruing interest at market rates, in accordance with the following clauses:

- Loan amounting to EUR 350,000 thousand, accruing interest at market rates, repayable in a single instalment in June 2017, which had yet to be drawn down at year-end 2014.
- Loan amounting to EUR 375,000 thousand, accruing interest at market rates, repayable in a single instalment in June 2019, which was fully drawn down at year-end 2014.
- Credit facility with a limit of EUR 75,000 thousand, accruing interest at market rates, repayable in a single instalment in June 2019, EUR 45,000 thousand of which had been drawn down at year-end 2014.

On 20 February 2015 the Company signed an additional syndicated financing agreement amounting to EUR 300 million, accruing interest at market rates, repayable in a single instalment on 30 June 2021. The EUR 350 million tranche drawn down on the EUR 800 million syndicated loan and the EUR 300 million drawdown on the new syndicated loan were used to finance the acquisition of Galata, S.p.A. (see Note 8.1).

In accordance with the above and the financial policy approved by the Company's Board, the Group gives priority to obtaining finance via Cellnex Telecom, S.A. The purpose is to obtain funds at a lower cost, bolster access to the capital market and provide greater flexibility in any contracts that assist with the Group's growth strategy.

Change of control clauses

The syndicated loan includes a change of control clause, which is triggered either due to the acquisition of more than 50% of the shares with right to vote, or due to achieving the right to appoint or dismiss the majority of the Board members of the Company.

The bond issue contracts also include a change of control clause (in the same terms as the bank financing), but in addition, to be triggered, the change in control would need to cause a reduction in the rating of the bonds and with the condition that the rating agency would need to state that the reduction in the credit rating is caused by the change in control.

Change to the Company's financial structure

In 2015, the Company's financial debt structure was subsequently restructured to extend the profile of borrowing due dates, eliminate financial covenants and pledges on shares, and take up low interest rates in the long run, at an average annual cost of 2.2%.

The Company reached an agreement with the banks concerned for a non-extinctive novation of the EUR 800 million and EUR 300 million syndicated loans, whereby the Company succeeded in extending the average lifespan of the debt with a 5-year EUR 200 million loan and a 5-year EUR 300 million credit facility, each with two one-year extensions.

Moreover, on 20 July 2015, in accordance with the Programme described below, Cellnex successfully established the price of a simple bond issue (BBB- rating by Fitch Ratings and BB+ by Standard & Poor's) offered to qualified investors in the amount of EUR 600 million, maturing in July 2022 with a 3.125% coupon. This issue was closed and paid up on 27 July 2015.

At 31 December 2015, EUR 4.5 million were deducted from "Bond issues and bank borrowings" in respect of liabilities that were derecognised from the balance sheet following the conversion of EUR 500 million of syndicated financing, into a loan of EUR 200 million loan and a EUR 300 million credit facility, as it was considered that the conditions of current regulations governing the derecognition of financial assets had been met. These operations were accounted for partially as a non-material amendment to pre-existing liabilities.

EUR 180 million had been drawn down on the credit facility at 31 December 2015.

Bond issue programme – Euro Medium Term Note Programme (EMTN Programme)

On 14 May 2015 the Company arranged a Euro Medium Term Note Programme (EMTN). A total of EUR 2,000 million of bonds can be issued on the Irish Stock Exchange under the programme.

The details of the bond issue are as follows:

Issue date	Duration	Maturity date	Fixed coupon payable per annum	Thousands of euros
				Amount of issue at 31 December 2015
27/07/2015	7 years	27/07/2022	3.125%	600,000

Due to the issue of bonds the Company has incurred certain costs amounting to EUR 8,826 thousand relating to arrangement expenses and advisors' fees that the Company will accrue/defer during the years of validity of the bonds following a financial criterion (EUR 8,351 thousand at 31 December 2015). The payment of the amount for the aforementioned bond issue and the aforementioned financial restructuring involved the payment of commissions and other costs amounting to EUR 4,656 thousand, which have been recorded under "Financial expenses" in the income statement at 31 December 2015.

The total amount of financial debt in nominal terms before and after the refinancing process may be summarised as follows:

	Thousands of euros		Thousands of euros
Before refinancing:		After refinancing:	
Syndicated debt - Galata	300,000	Bonds	600,000
Credit facility	75,000	Syndicated debt	200,000
Syndicated debt - Tranche A	350,000	Credit facility	300,000
Syndicated debt - Tranche B	375,000		
Total	1,100,000	Total	1,100,000

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

At 31 December 2015 and 2014, the types of debt and maturity dates of financial debt were as follows:

2015

	Thousands of euros								
	Limit	Current	Non-current					2021 and subsequent years	Total
			2017	2018	2019	2020			
Syndicated financing	500,000	193	-	-	-	380,000	-	380,193	
Accrual of syndicated debt arrangement expenses		(1,214)	(1,228)	(1,240)	(1,254)	(735)	-	(5,671)	
Bonds	600,000	8,094	-	-	-	-	600,000	608,094	
Accrual of bond arrangement expenses		(1,155)	(1,194)	(1,234)	(1,276)	(1,319)	(2,173)	(8,351)	
Total	1,100,000	5,918	(2,422)	(2,474)	(2,530)	377,946	597,827	974,265	

2014

	Thousands of euros								
	Limit	Current	Non-current					2020 and subsequent years	Total
			2016	2017	2018	2019			
Syndicated financing	800,000	1,721	-	-	-	420,000	-	421,721	
Accrual of syndicated debt arrangement expenses		(1,606)	(1,608)	(1,225)	(738)	(408)	-	(5,585)	
Total	800,000	115	(1,608)	(1,225)	(738)	419,592	-	416,136	

Syndicated financing obligations and restrictions

At 31 December 2015 the Company had no restrictions on the use of capital resources arising from the syndicated financing arranged during the year.

At 31 December 2014, however, there were certain restrictions on the financing structure operated at that date, pursuant to the following clauses:

- Limits on the distribution of the Company's dividends in 2014, subject to compliance with the obligations arising from the loan, unless payment of all obligations arising from this loan and compliance with certain agreements was evidenced upon distribution of the dividends.
- Prohibition of disposal of strategic assets, with the exception of those expressly permitted in the loan agreement or exchanged for assets of the same or greater value and quality.
- Limits on the arranging and granting of debt by the Company.

At the date on which the previous year's financial statements were drawn up, none of the grounds for early termination stipulated in this agreement applied to the Company.

Guarantees furnished and financial ratios

At 31 December 2015, following the restructuring of the Company's financial debt as described above, the guarantees furnished for the syndicated financing maintained at the end of the previous year had been withdrawn.

The syndicated financing contract maintained at the end of 2015 is not linked to compliance with financial ratios by the Company. At 31 December 2014 the Company met the financial ratios and delivered the guarantees stipulated in the financing agreement, and thus enforceability of financial liabilities did not apply.

Interest rate and fees of the syndicated financing

The interest rate applicable in each of the tranches is obtained by calculating the difference between the margin established in the syndicated financing agreement and the EURIBOR applicable in each interest period. The Company may select the EURIBOR period to be settled.

The loan accrues a EURIBOR interest rate plus a margin between 70 and 120 basis points, and the credit facility accrues a EURIBOR interest rate plus a margin between 40 and 90 basis points. These margins may vary depending on the Group's net debt: EBITDA ratio. The credit facility also accrues an availability fee depending on the amount drawn and a non-availability fee of 0.35% over the margin of interest applied depending on the amount not drawn.

Derivative financial instruments

The Company hedges the interest rate risk on a portion of the financing in euros bearing floating interest rates through IRSs. In an 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 derivative offsets the interest payable on the borrowings. The end result is a fixed interest rate payment on the hedged borrowings.

The Company determines the fair value of interest rate derivatives (fixed-rate swaps or IRSs) by discounting cash flows on the basis of the implicit euro interest rate calculated on the basis of market conditions at the measurement date, adjusting for the bilateral credit risk such as to reflect both parties risk profile.

The Company performs interest rate hedging operations in accordance with its risk management policy. These operations are intended to mitigate the effect that changes in interest rates could have on the future cash flows of the credits and loans tied to variable interest rates.

Expenditure on settlements of derivative financial instruments resulting in a loss in 2015 stood at EUR 2,240 thousand (EUR 0 thousand in 2014).

As at 31 December 2015 and 2014 the Company had no derivative financial instruments.

12.2 Other financial liabilities

This heading relates to the outstanding balance with suppliers of fixed assets following the acquisition of assets by the Company during the year (see Notes 6 and 7).

13. Income tax and tax situation

13.1. Tax-related disclosures

Cellnex Telecom, S.A.'s sole shareholder until 7 May 2015, Abertis Infraestructuras, S.A., completed the initial public offering (IPO) of this company on the same date. As a result, all Spanish companies making up

the Cellnex Group file consolidated income tax returns, and are at least 75% owned by the Parent of the tax group, Cellnex Telecom, S.A.

All taxes for which the Company is liable and in respect of which the statute of limitations has not expired are open for review. Income tax is open for review from 2011 onwards. As a result of the different interpretations that could be afforded to Spanish tax legislation applicable to some transactions, contingent tax liabilities could arise in the future, which are difficult to quantify objectively. Any additional assessments that might be made would not significantly affect the Company's financial statements.

In 2015 a general inspection was carried out on Abertis Infraestructuras, S.A. in relation to consolidated Income Tax between 2010 and 2011, and on the group's Value-Added Tax between July and December 2011. In this regard, it should be mentioned that in 2010 and 2011 Cellnex Telecom, S.A. was a subsidiary of the Abertis tax consolidation group. Likewise, with respect to value-added tax, Adesal Telecom, S.L. formed part of the Abertis Group's VAT group between July and December 2011. At the date on which these financial statements were drawn up, inspections were at the preliminary stages.

13.2. Current balances with public authorities

Details of current balances with public authorities are as follows:

Receivables

	Thousands of euros	
	31/12/2015	31/12/2014
VAT refundable	791	-
Total	791	-

Payables

	Thousands of euros	
	31/12/2015	31/12/2014
Income tax payable	208	47
Social security taxes payable	12	7
Other taxes payable	1,193	-
Total	1,413	54

"Other taxes payable" is totally accounted for by the provisional withholding from the Company in respect of capital returns, pursuant to the provisions of Article 128 of Law 27/2014, as a result of the interim dividend distributed to shareholders in 2015.

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:

2015

	Thousands of euros		
	Increases	Decreases	Total
Net accounting income for the period			21,539
Income tax for the period			(9,293)
Permanent differences:			
Donations	40	-	40
Dividends	-	(45,500)	(45,500)
Temporary differences:			
Arising in the year	229	-	229
Taxable income	269	(45,500)	(32,985)

2014

	Thousands of euros		
	Increases	Decreases	Total
Net accounting income for the period			35,015
Income tax for the period			(1,252)
Permanent differences:			
Donations	-	(10)	(10)
Dividends	-	(37,633)	(37,633)
Temporary differences:			
Arising in the year	109	-	109
Taxable income	109	(37,643)	(3,771)

13.4. Reconciliation between net accounting income and income tax expense

The standard income tax rate for 2015 is 28%.

Article 29 of Corporate Income Tax Law 27/2014, of 27 November, which entered into force on 1 January 2015, establishes a standard tax rate of 25% for taxpayers liable for this tax.

However, a standard tax rate of 25% will be applicable for tax periods beginning on or after 1 January 2016, due to the temporary measures applicable in the 2015 tax period set forth in Transitional Provision Thirty-One of Law 27/2014, which establishes a standard tax rate of 28% for the 2015 tax period.

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

	Thousands of Euros	
	2015	2014
Profit before tax	12,246	33,763
Theoretical tax	(3,429)	(10,129)
Impact on tax expense from (permanent differences):		
Donations	(11)	3
Dividends	12,740	11,290
Income tax expense for the year	9,300	1,164
Changes in tax rates	(7)	(4)
Other tax effects	-	92
Other tax effects	(7)	88
Income tax expense	9,293	1,252

In 2015 and 2014, dividends from companies in the consolidated tax group that were eliminated for the purposes of determining consolidated 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	
	2015	2014
Current tax	9,231	1,223
Deferred tax	69	33
Tax from prior years/other	(7)	(4)
Income tax expense	9,293	1,252

The impact of changes in the tax rates approved in Corporate Income Tax Law 27/2014 of 27 November gave rise to a greater income tax expense for the year of EUR 7 thousand (EUR 4 thousand in 2014).

Tax withholdings and prepayments totalled EUR 36 thousand (EUR 193 thousand in 2014).

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:

	Thousands of Euros	
	31/12/2015	31/12/2014
	Deferred tax assets	Deferred tax assets
At 1 January	30	1
Debits/(credits) in income statement	69	33
Changes in tax rates	(7)	(4)
At 31 December	92	30

	Thousands of Euros	
	31/12/2015	31/12/2014
(Debits)/credits in income statement		
Deferred tax assets	69	33
Changes in tax rates	(7)	(4)
Total debit to deferred tax expense	62	29

The breakdown of the deferred taxes is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Deferred tax assets:		
Employee benefit obligations	74	12
Investment sale	18	18
Total deferred tax assets	92	30

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.

Deferred tax assets include the temporary differences recognised at year-end. At 31 December 2015 and 2014, the Company did not have any unused tax credits or deductions unrecognised.

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 2015 and 2014 will be used as follows:

	Thousands of Euros		
	31/12/2015		
	Less than one year	More than one year	Total
Deferred tax assets	18	74	92
Total	18	74	92

	Thousands of Euros		
	31/12/2014		
	Less than one year	More than one year	Total
Deferred tax assets	18	12	30
Total	18	12	30

14. Revenue and expenses

14.1. Revenue

Revenue in 2015 and 2014 was as follows:

	Thousands of euros	
	2015	2014
Dividends	45,500	37,633
Interest income (Note 16.3)	7,854	7,785
Total	53,354	45,418

All dividends attributed as revenue and recognised by the Company in 2015 and 2014 are distributed by its investee Retevisión-I, S.A.U.

"Interest income" was generated by the Company's cash pooling operation with Group companies and by the loans to these companies (see Note 16.3). The interest rate stipulated in these operations is the market rate.

14.2. Other operating income

"Other operating income" chiefly relates to services rendered to Group companies and other related companies as management fees (see Note 16.3).

14.3. Staff costs

The detail of staff costs is as follows:

	Thousands of euros	
	2015	2014
Wages and salaries	2,570	696
Social Security contributions	111	73
Other employee benefit costs	285	71
Staff costs	2,966	840

The average number of employees at the Company at the end of the 2015 and 2014, broken down by job category and gender, is as follows:

	2015			2014		
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	-	-	-
Senior management	3	-	3	1	1	2
Other executives, senior and middle management	2	3	5	2	2	4
	6	3	9	3	3	6

The number of employees at the Company in 2015 and 2014, broken down by job category and gender, was as follows:

	2015			2014		
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	-	-	-
Senior management	3	-	3	-	-	-
Other executives, senior and middle management	2	3	5	3	2	5
	6	3	9	3	2	5

At year-end 2015 the Board was composed of nine male Directors.

14.4. Other operating expenses

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

	Thousands of euros	
	2015	2014
Leases and royalties	1,159	14
Independent professional services	13,100	1,956
Advertising, publicity and public relations	1,755	29
Other external services	102	354
Total external services	16,116	2,353

14.5. Net financial profit/loss

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

	Thousands of euros	
	2015	2014
Finance income-		
Borrowings with Group companies and associates (Note 16.3)	115	-
Borrowings with third parties	185	175
	300	175
Finance costs-		
Borrowings with Group companies and associates (Note 16.3)	543	4,290
Borrowings with third parties	24,609	5,069
	25,152	9,359

15. Commitments and obligations

15.1. Contingent liabilities

At 31 December 2015 the Company had guarantees with third parties amounting to EUR 36.4 thousand (EUR 0 thousand in 2014).

15.2. Purchase commitments

At 31 December 2015 the Company had signed contracts for the purchase of property, plant and equipment and intangible assets in the respective amounts of EUR 33 thousand and EUR 1,263 thousand (EUR 0 thousand in 2014).

15.3. 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	
	2015	2014
Within one year	1,437	14
1 to 5 years	7,185	-
More than 5 years	-	-
Total	8,622	14

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 2015 was EUR 687 thousand (EUR 0 thousand in 2014).

15.4. Employee benefit obligations

A Long-term Incentive Plan was drawn up in 2015 for various beneficiaries, and approved by the then Sole Shareholder (Abertis Infraestructuras, S.A.) on 10 April 2015. The aim of the Plan is to maintain key personnel and incentivise long-term value creation for the shareholder. The Long-term Incentive Plan commenced in May 2015 and runs until 31 December 2017.

In accordance with the description in Note 16.1, on the basis of the best possible estimate of the commitment to the plan and in due consideration of all information available, the Company had not made any provision for this item at 31 December 2015.

15.5. Other contingencies

Following the spin-off of Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, the Company undertakes any rights and obligations arising from the judicial proceedings set out below. An agreement was therefore entered into between the Company and Abertis Telecom Satélites, S.A.U. stipulating that if the amounts stipulated below have to be paid, Retevisión-I, S.A.U. will be responsible for paying these fines. At 31 December 2015 Cellnex Telecom, S.A. had furnished two guarantees amounting to EUR 36.4 million (EUR 0 million at 31 December 2014) to cover the judicial reviews with Spain's National Competition Commission as explained below. As at 31 December 2014 the above mentioned guarantees were provided by Abertis Telecom Satélites, S.A.U.

On 19 May 2009, the Board of Spain's National Competition Commission (CNC) fined Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) EUR 22.7 million for abuse of its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to Article 2 of Spain's Competition Law and Article 102 of the Treaty on the Functioning of the European Union. Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) filed an appeal for judicial review with the National Court (Audiencia Nacional) against the CNC fine, which was overruled in a judgment on 16 February 2012. This judgment was appealed at the Supreme Court on 12 June 2012. On 14 April 2015 (notification received on 8 May 2015), a decision on this appeal was handed down, overturning and annulling the CNC ruling with respect to the amount of the fine, and ordering the current CNMC body to recalculate the amount in accordance with Law 16/89. The CNMC has still not commenced procedures to recalculate the fine. Based on the opinion of its legal advisors, Retevisión-I, S.A.U. had recognised provision of EUR 16 million at 31 December 2015.

On 8 February 2012, the Board of the Spain's National Competition Commission (CNC) imposed a fine of EUR 13.7 million on Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) for having abused its dominant position, pursuant to Article 2 of the Competition Law and Article 102 of the Treaty on the Functioning of the European Union, in wholesale service markets with access to sites and broadcasting centres of Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DT signals in Spain by narrowing margins. On 21 March 2012, Abertis Telecom, S.A.U. (now Abertis Telecom Satélites, S.A.U.) filed an appeal for judicial review against the decision of the CNC with the National Court, also requesting suspension of payment of the fine until the court ruled on the issue. The suspension was granted on 18 June 2012. On 20 February 2015, the National Court partially upheld the appeal, ordering the CNMC to recalculate the fine on the grounds that the criteria adopted by the CNC at the time were not appropriate. Notwithstanding the above, a motion to vacate the National Court ruling was submitted at the Supreme Court on the grounds that not only should the fine be recalculated, but that the Group had not infringed any competition rules. The CNMC will therefore not proceed to calculate the fine until the Supreme Court has passed judgment on the appeal. With regard to these proceedings, on the basis of the opinion of their legal advisors, the Company's Directors consider the risk of this fine to be possible and have therefore not recognised any provision.

16. Related party transactions

16.1. Directors and senior management

Remuneration received by the Company's directors in 2015 was as follows:

- i. Members of the Board of Directors accrued EUR 520 thousand for exercising the functions as directors of Cellnex Telecom, S.A. (EUR 0 thousand in 2014).
- ii. For performing senior management duties, the CEO accrued EUR 709 thousand, corresponding to fixed and variable remuneration.
- iii. The CEO did not obtain any gains on share options in 2015, since they were exercised in full in 2013.
- iv. 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 150 thousand and EUR 0 thousand.

Cellnex Telecom, S.A. defines Senior Management as directors that perform management duties and report directly to the CEO. Fixed and variable remuneration for 2015 for members of senior management amounted to EUR 648 thousand (EUR 280 thousand in 2014).

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 59 thousand and EUR 57 thousand (EUR 23 thousand and EUR 29 thousand in 2014).

The Long-Term Incentive Plan was approved on 10 April 2015, with the aim of maintaining key personnel and incentivising long-term value creation for the shareholder. The incentive accrues between May 2015 and 31 December 2017, and is payable when the 2017 Group financial statements have been approved. The beneficiaries are the CEO, Senior Management and a number of key employees in the Cellnex Group.

The amount receivable by the beneficiaries is determined by the degree of achievement of two objectives, with a weighting of 50% each:

- The cumulative revaluation of the Cellnex share price calculated between the IPO share price and the average price of the last quarter of 2017, weighted to the volume ('vwap'), following a sliding scale.
- Achievement of certain parameters relating to the results in accordance with the market consensus and with a constant consolidation scope, following a sliding scale.

The cost to the Company of the Long-Term Incentive Plan, in the event both targets are met in full, for all affected employees including members of Senior Management, is currently estimated as EUR 4.3 million.

The Company has taken out directors' and officers' public liability insurance for the members of the Board of Directors, the CEO and all the directors of the Cellnex Telecom Group, at a cost of EUR 67.4 thousand to 31 December 2015.

16.2. 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.

16.3. Group companies and associates

The financial assets and liabilities held by the Company with Cellnex Group companies and associates at year-end 2015, with the exception of equity instruments (see Note 8), are as follows:

2015

	Thousands of euros			
	Financial assets			Financial liabilities
	Non-current loans	Current loans	Receivables	Current borrowings
Cellnex Italia, S.r.L.	-	-	85	21,004
Galata, S.p.A.	-	-	17	-
On Tower Telecom Infraestructuras, S.A.U.	354,154	22,422	1	1,302
Retevisión-I, S.A.U.	-	413	35	206,852
TowerCo, S.p.A.	-	-	17	-
Tradia Telecom, S.A.U.	-	15	15	34,645
Total	354,154	22,850	170	263,803

2014

	Thousands of euros				
	Financial assets			Financial liabilities	
	Non-current loans	Current loans	Receivables	Current borrowings	Payables
Abertis Infraestructuras, S.A.	-	1,330	-	-	-
Abertis Telecom Satélites, S.A.U.	-	6	-	-	-
On Tower Telecom Infraestructuras, S.A.U.	329,505	1,261	129	-	1,438
Retevisión-I, S.A.U.	-	-	734	142,824	-
Tradia Telecom, S.A.U.	-	3	178	15,278	-
Total	329,505	2,600	1,041	158,102	1,438

Following the change to the shareholder structure described in Note 11, Abertis Group companies are no longer considered "Group companies", but rather "related companies", and balances with these companies at the 2015 year-end are set out in Note 16.4.

"Non-current loans to Group companies and associates" include a credit facility signed by the Company with On Tower Telecom Infraestructuras, S.A.U. signed on 17 December 2013, which is repayable on 31 December 2016 and may be tacitly renewed on a yearly basis, to a limit of EUR 400 million. This facility was renegotiated in 2015, increasing the limit to EUR 500 million and extending the repayment date to 31 December 2018, and may be tacitly renewed on a two-year basis. The balance drawn down on the facility at 31 December 2015 was EUR 354,154 thousand (EUR 329,505 thousand at 31 December 2014). Interest accrued and not collected in the amount of EUR 2,674 thousand at 31 December 2015 (EUR 1,261 thousand at 31 December 2014) was also posted on the accompanying balance sheet under "Current investments in Group companies and associates".

"Current investments in Group companies and associates" also includes a credit facility secured by the Company with On Tower Telecom Infraestructuras, S.A.U. to a limit of EUR 20 million, repayable on 31 December 2016 and tacitly renewable on a yearly basis, along with the interest accrued and not collected on the facility. This facility was renegotiated in 2015, increasing the limit to EUR 60 million and extending the repayment date to 31 December 2016, and tacitly renewable on a yearly basis. The balance drawn down on the facility at the 2015 year-end was EUR 19,729 thousand (EUR 0 thousand at 31 December 2014), and interest accrued and not collected totalled EUR 19 thousand (EUR 0 thousand at 31 December 2014).

Finally, at the 2014 year-end, this heading contained a current balance payable with Abertis Infraestructuras, S.A. in the amount of EUR 1,330 thousand in respect of consolidated tax payments.

The Company recognised the following amounts under "Current payables to Group companies and associates":

- a) The amount drawn down on the credit facility signed by the Company with Cellnex Italia, S.r.L. on 23 June 2015, to a limit of EUR 30 million, repayable at one year from the drawdown date, tacitly renewable on a yearly basis, at the market interest rate. This facility was renegotiated in 2015, increasing the limit to EUR 70 million. At 31 December 2015 the drawdown on this facility stood at EUR 21 million, and interest accrued and not collected totalled EUR 4 thousand.
- b) The amount drawn down on the credit facility signed by the Company with Retevisión-I, S.A.U. on 17 December 2013, to a limit of EUR 300 million, repayable on 31 December 2016 and tacitly renewable on a yearly basis, at the market interest rate. At 31 December 2015 the drawdown on this facility stood at EUR 206,800 thousand (EUR 142,821 thousand at 31 December 2014).
- c) Interest accrued and not paid to Retevisión-I, S.A.U. in respect of the amounts used on the credit facility described, EUR 52 thousand (EUR 3 thousand at 31 December 2014).
- d) The amount drawn down on the credit facility signed by the Company on 17 December 2013 and amended on 1 July 2014 with Tradia Telecom, S.A.U., to a limit of EUR 60 million, repayable on 31 December 2016 and tacitly renewable on a yearly basis. At 31 December 2015 the drawdown on this facility stood at EUR 34,435 thousand (EUR 15,278 thousand at year-end 2014).
- e) Interest accrued and not paid to Tradia Telecom, S.A.U. in respect of the amounts used on the credit facility described, EUR 5 thousand (EUR 0 thousand at 31 December 2014).

The borrowings with Group companies and associates described above have short repayment dates.

The Company's transactions with Cellnex Group companies and associates in 2015 are as follows:

2015

	Thousands of euros			
	Income			Expenses
	Dividends	Services rendered	Accrued interest	Accrued interest
Cellnex Italia, S.r.L.	-	85	-	21
Galata, S.p.A.	-	17	-	-
On Tower Telecom Infraestructuras, S.A.U.	-	227	7,872	1
Retevisión-I, S.A.U.	45,500	1,983	90	483
TowerCo, S.p.A.	-	17	-	10
Tradia Telecom, S.A.U.	-	603	7	28
Total	45,500	2,932	7,969	543

2014

	Thousands of euros				
	Income			Expenses	
	Dividends	Services rendered	Accrued interest	Services received	Accrued interest
Abertis Infraestructuras, S.A.	-	-	6	62	4,076
Autopistas, concesionaria española, S.A.	-	-	-	21	-
Infraestructures Viàries de Catalunya, S.A.	-	-	-	13	-
On Tower Telecom Infraestructuras, S.A.U.	-	37	7,651	-	-
Retevisión-I, S.A.U.	37,633	607	-	-	214
Serviabertis, S.L.	-	-	-	79	-
Tradia Telecom, S.A.U.	-	147	128	-	-
Total	37,633	791	7,785	175	4,290

Following the change to the shareholder structure described in Note 11, Abertis Group companies are no longer considered "Group companies", but rather "related companies", and transactions with these companies in 2015 are set out in Note 16.4.

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

16.4. Other related parties

Other related parties, in addition to the Group companies and associates indicated in Note 16.3 above and as defined in Spain's National Charter of Accounts, 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 5%.

In addition to the dividends paid to shareholders, the breakdown of balances and transactions carried out with significant shareholders during 2015 and 2014 and at the reporting dates is as follows:

2015

The balances and transactions with Abertis Group companies and associates during 2015 and at the year-end are as follows:

Balances

	Thousands of euros		
	Assets	Liabilities	
	Receivables	Current borrowings	Payables
Abertis Infraestructuras, S.A.	119	15	15
Autopistas, concesionaria española, S.A.	52	-	-
Total	171	15	15

Transactions

	Thousands of euros	
	Income	Expenses
	Services rendered	Services received
Abertis Autopistas España, S.A.	47	-
Autopistas, concesionaria española, S.A.	-	21
Infraestructures Viàries de Catalunya, S.A.	-	13
Total	47	34

2014

Balances with the related company CaixaBank, S.A. at year-end 2014 were as follows:

	Thousands of euros
	31/12/2014
Receivables:	
Fixed-term deposits	65,000
Current accounts	1,627
Risk capital fund	90
Interest accrued and not collected	10
	66,727
Payables:	
Syndicated financing ⁽¹⁾	38,182
Interest accrued and not paid	98
Life insurance	8
Commitment fee	58
	38,346

⁽¹⁾ CaixaBank, S.A. was a participant in the syndicated loan to the Company with two loans of up to EUR 31,818 thousand and EUR 34,091 thousand and a revolving credit facility of up to EUR 6,818 thousand.

Transactions with related companies in 2014 were as follows:

	Thousands of euros
	2014
Income:	
Interest accruing on fixed-term deposits and bank account	176
	176
Expenses:	
Interest and fees on syndicated loan	276
Commitment fee on syndicated loan	75
	351

17. Other information

17.1. Audit fees

In 2015 and 2014 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:

Services rendered by the auditors and related companies	Thousands of euros	
	2015	2014
Audit services	259	51
Other professional services	1,023	280
Total professional services	1,282	331

17.2 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:

In accordance with the provisions of the aforementioned Act, no comparative information is disclosed, this being the first year of application.

	Thousands of euros
	2015
Total payments in the year	16,361
Total payments outstanding	561
Average payment period to suppliers (days)	42 days
Ratio of transactions paid (days)	43 days
Ratio of transactions outstanding (days)	35 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. Events after the reporting period

At the date on which these financial statements were drawn up for the year ended 31 December 2015, there were no significant subsequent events.

19. 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.
(formerly Abertis Telecom Terrestre, S.A.U.)**

Appendix I to the Notes to the 2015 financial statements
(Thousands of Euros)

Direct Ownership Interests

Company	Registered office	Activity	% direct ownership interest	Net value of ownership interest	Auditor	Equity		Operating profit	Profit for the year	Dividends received
						Share capital	Share premium and reserves			
2015:										
Retevisión I, S.A.U. ^(*)	Avenida del Parc Logístic n° 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	368,938	Deloitte, S.L.	81,270	324,987	52,405	39,409	45,500
Tradia Telecom, S.A.U. ^(*)	Avenida del Parc Logístic n° 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	127,121	Deloitte, S.L.	131,488	8,582	19,771	15,073	-
On Tower Telecom Infraestructuras, S.A.U. ^(*)	Avenida del Parc Logístic n° 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	28,457	Deloitte, S.L.	30,000	(8,282)	10,955	2,103	-
Cellnex Italia, S.r.L. (formerly Smartowers Italy, S.r.L.) ^(*)	Via Carlo Veneziani 58, 00148 Rome (Italy)	Holding	100%	789,610	Deloitte Italy S.p.A	789,610	-	(291)	(213)	-
Cellnex UK Limited ^(**)	55 Old Broad Street, London EC2M 1RX, United Kingdom	Holding	100%	-	-	-	-	-	-	-
Total ownership interest				1,314,126						

(*) Audited financial statements at 31 December 2015.

(**) Unaudited financial statements at 31 December 2015.

This appendix forms an integral part of Note 8 to the 2015 financial statements, with which it should be read.

**Cellnex Telecom, S.A.
(formerly Abertis Telecom Terrestre, S.A.U.)**

**Appendix I to the Notes to the 2015 financial statements
(Thousands of Euros)**

Indirect Ownership Interests

Company	Registered office	Activity	% indirect ownership interest	Company holding the indirect interest	Auditor	Equity		Operating profit	Profit for the year
						Share capital	Share premium and reserves		
2015:									
Consorcio de Telecomunicaciones Avanzadas, S.A. ^(*)	c/Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Alcantarilla (Murcia)	Provision of related services for telecommunications concessions and operators	29.50%	Tradia Telecom, S.A.U.	Áreas Auditores, S.L.	1,000	1,730	132	106
Torre de Collserola, S.A. ^(*)	Ctra. Vallvidrera a Tibidabo, s/n Barcelona	Construction and operation of telecommunications infrastructure	41.75%	Relevision-I, S.A.U.	Deloitte, S.L.	5,520	886	110	8
Adesal Telecom, S.L. ^(*)	c/Ausias March 20, Valencia	Provision of related services for telecommunications concessions and operators	60.08%	Tradia Telecom, S.A.U.	Deloitte, S.L.	3,228	8,072	2,463	1,692
Gestora del Espectro, S.L. ^(**)	Avda. Parc Logistic, 12-20. 08040	Development, implementation, management and marketing of telecommunications services	100%	Relevision I, S.A.U.	-	3	(1)	-	-
TowerCo, S.p.A. ^(*)	Via Alberto Bergamini 50, Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	Deloitte Italy S.p.A	20,100	8,620	9,393	6,325
Galata, S.p.A. ^(*)	Via Carlo Veneziani 56L, 00148 Rome (Italy)	Terrestrial telecommunications infrastructure operator	90%	Cellnex Italia, S.r.L.	Deloitte Italy S.p.A	1,000	267,772	(871)	(1,291)
Towerlink Italia, S.r.L. ^(**)	Via Carlo Veneziani 58, Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	10	-	-	-
Total									

(*) Audited financial statements at 31 December 2015.

(**) Unaudited financial statements at 31 December 2015.

This appendix forms an integral part of Note 8 to the 2015 financial statements, with which it should be read.

**Cellnex Telecom, S.A.
(formerly Abertis Telecom Terrestre, S.A.U.)**

Appendix I to the Notes to the 2015 financial statements
(Thousands of Euros)

Direct Ownership Interests

Company	Registered office	Activity	% direct ownership interest	Net value of ownership interest	Auditor	Equity		Operating profit	Profit for the year	Dividends received
						Share capital	Share premium and reserves			
2014:										
Retevisión I, S.A.U. ^(*)	Avenida del Parc Logístic nº 12-20	Terrestrial telecommunications infrastructure operator	100%	368,938	Deloitte, S.L.	81,270	331,139	61,011	39,481	37,633
Tradia Telecom, S.A.U. ^(*)	Avenida del Parc Logístic nº 12-20	Terrestrial telecommunications infrastructure operator	100%	127,121	Deloitte, S.L.	131,488	(2,937)	15,102	11,519	-
On Tower Telecom Infraestructuras, S.A.U. ^(*)	Avenida del Parc Logístic nº 12-20	Terrestrial telecommunications infrastructure operator	100%	28,457	Deloitte, S.L.	30,000	(4,862)	2,765	(3,420)	-
TowerCo, S. p. A. ^(*)	Via Alberto Bergamini 50, Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	94,600	Deloitte Italy S.p.A	20,100	2,090	9,554	6,530	-
Total ownership interest				619,116						

(*) Audited financial statements at 31 December 2014.

This appendix forms an integral part of Note 8 to the 2015 financial statements, with which it should be read.

**Cellnex Telecom, S.A.
(formerly Abertis Telecom Terrestre, S.A.U.)**

Appendix I to the Notes to the 2015 financial statements (Thousands of Euros)

Indirect Ownership Interests

Company	Registered office	Activity	% indirect ownership interest	Company holding the indirect interest	Auditor	Equity		Operating profit	Profit for the year
						Share capital	Share premium and reserves		
2014:									
Consortio de Telecomunicaciones Avanzadas, S.A. ^(*)	c/Uruguay, parcela 3R, nave 6, Parque Empresarial Magaña, polígono industrial oeste	Provision of related services for telecommunications concessions and operators	29.50%	Tradia Telecom, S.A.U.	Áreas Auditores, S.L.	1,000	1,629	131	101
Torre de Collserola, S.A. ^(*)	Ctra. Vallvidrera a Tibidabo, s/n Barcelona	Construction and operation of telecommunications infrastructure	41.75%	Retevisión-I, S.A.U.	Deloitte, S.L.	5,520	855	152	32
Adesal Telecom, S.L. ^(*)	c/Ausias March 20, Valencia	Provision of related services for telecommunications concessions and operators	60.08%	Tradia Telecom, S.A.U.	Deloitte, S.L.	3,228	7,384	2,133	1,688
Gestora del Espectro, S.L. ^(**)	Avda. Parc Logístic, 12-20, 08040	Development, implementation, management and marketing of telecommunications services	100%	Retevisión I, S.A.U.	-	3	(1)	-	-
Total									

(*) Audited financial statements at 31 December 2014.

(**) Unaudited financial statements at 31 December 2014.

This appendix forms an integral part of Note 8 to the 2015 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 2015

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

Cellnex Telecom, S.A., hereinafter the Company, heads a business group providing terrestrial telecommunications infrastructure management services in the following markets:

- i. Telecom site rental,
- ii. Broadcasting infrastructure,
- iii. Network services & other,

mainly through its subsidiaries Retevisión-I, S.A.U., Tradia Telecom, S.A.U., On Tower Telecom Infraestructuras, S.A.U. and the Italian companies TowerCo, S.p.A. and Galata, S.p.A.

Significant events in 2015

Cellnex is the leading independent provider¹ of infrastructures for telecommunications operators in Spain and Italy. **Cellnex** is also the largest provider of broadcasting infrastructure services in Spain, with a market share of 87% in the national and regional market. The Group's markets have significant entry barriers due to the hard-to-replicate asset base of 15,119 telecommunications towers throughout Spain and Italy.

On 19 March 2015, the Company's Board of Directors, as delegated by the General Shareholders' Meeting of Abertis Infraestructuras, S.A. of the same date, unanimously resolved to apply for admission to official trading in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and the resulting public offering of shares in the Spanish securities market, a process that was successfully completed, with all the Company's shares listed in the stock exchange as of 7 May 2015. A total of 66% of such shares were offered for public sale by Abertis Infraestructuras, S.A., including exercise of the green-shoe option by the coordinating banks.

Telecom Site Rental business

As explained in Note 8 to the accompanying financial statements, a purchase was made during the year from Wind Telecomunicazioni for 90% of Galata, an Italian company with 7,377 mobile telephone towers in Italy. The purchase was finalised on 26 March 2015 for the sum of EUR 693 million through the Italian company Smartowers Italy, S.r.L. Also signed with Wind at the time of finalisation of the acquisition of Galata were service agreements relating to the lease of the mobile telephone towers to Wind and the maintenance thereof, a shareholders agreement, and a put option contract for the sale of Wind to Smartowers ("Put Option") of the remaining 10%.

This acquisition consolidated the Group's position as a key component in the process to streamline the use of infrastructures for operators of mobile telecommunications in Spain and Italy, with a unique portfolio of assets. It has also enabled new business opportunities to be developed through the sharing of the infrastructure necessary in the roll-out of fourth-generation mobile telephones, based on the dismantling of duplicate infrastructures.

¹ Independent: no mobile phone operators as shareholders.

Broadcasting Infrastructure business

Royal Decree 805/2014 of 19 September was passed in 2014, approving the National Digital Terrestrial Television Technical Plan and regulating certain aspects of freeing up the digital dividend, thereby consolidating seven national multiplexes for digital terrestrial television. This process of freeing up the 800 MHz band was successfully completed on 31 March 2015.

Due to certain irregularities in the public tender proceedings of 6 May 2014 aimed at assigning channels to private operators, nine channels were shut down (2.25 national multiplexes - MUX). In addition, in January 2015 the Spanish General Audiovisual Law for Televisión Española (TVE) reduced the usage of its second multiplex by 0.33 as part of the process to reassign the spectrum to private radio broadcasters.

Spanish government Order 677/2015 of 16 April 2015 modified the initial assignment of the digital multiplex capacity of national cover RGE2 in favour of RTVE, setting it at half the capacity of the RGE2 multiplex, where the capacity had been two thirds to date. A government resolution of 17 April 2015 arranged a public tender to assign six new DTT licences, three in high definition and three in standard quality. On 16 October 2015 the Spanish government approved the six new DTT channels. Atresmedia, Mediaset and Real Madrid TV were awarded HD channels, and Secuoya, 13TV and Kiss TV were chosen for the standard-definition channels. Cellnex drew up contracts to broadcast these channels with all the radio broadcasters. They will occupy the capacity pending assignment, i.e. 1.75 MUX (1.58 MUX plus a sixth of MUX of the aforementioned capacity reduction of RTVE), thus completing the intended seven national MUXs. At year-end 2015 the six new DTT channels were commencing their test broadcasts, and in 2016 it is expected that income will be recovered to reach the seven national MUXs.

In any case, the Group continues to research and implement better techniques, both in the provision of digital terrestrial television (DTT) services in Spain, and in the distribution of audiovisual content on the Internet and on mobile networks (television via mobile telephone).

Network and Other Services business

In 2015 the Group signed a contract with the autonomous government of Valencia (Generalitat Valenciana) to extend the COMDES network on the region's TETRA emergency services system. A contract was also signed with Catalan railway entity Ferrocarrils de la Generalitat de Catalunya to extend the TETRA rail network on the Martorell-Igualada-Manresa line. In terms of connectivity, Cellnex consolidated its position as a wholesale supplier of back-haul for mobile networks and also for the corporate services of major operators.

In terms of quality control, through Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infraestructuras, S.A.U., the Group again consolidated its commitment to quality by renewing its ISO 9001 Quality certification, ISO 14001 Environmental Management certification, OSHAS 18001 Occupational Health and Safety certification, UNE 166002 Research, Development and Innovation certification, ISO 17025 Competence of Testing and Calibration Laboratories certification, and ISO 27001 Information Security certification.

Activity and results

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 liquidity risk, cash flow interest rate risk and credit risk.

The Group attempts to minimise these risks through a financial risk management policy, setting maximum limits on interest rate exposure, which are defined at the Group level; identifying authorised types of hedges and instruments for each of the identified needs; and monitoring and extending the maturity of borrowings.

Information on deferral of payment to suppliers

See the information in Note 17.2.

Use of financial instruments

In the year ended 31 December 2015, Cellnex Telecom, S.A. abided by the policy for use of financial instruments described in Note 5 to the accompanying financial statements.

Research and development

The Company has not carried out any research and development activities.

Corporate Responsibility Master Plan

Coinciding with its floatation on the stock exchange in May 2015 and the subsequent splitting from Abertis Infraestructuras, S.A., the Company began a process of internal and external analysis with its stakeholders to specify the lines of priority and areas for action in the field of corporate responsibility. This analysis, and the diagnosis of priorities, culminated in the definition of the Corporate Responsibility Master Plan. This process updated the analysis on the material aspects, value chain and stakeholders that specifically define the framework of a telecommunications infrastructure operator like Cellnex Telecom, S.A.

There are two main areas: sustainability from the perspective of the optimisation and efficiency of the resources employed, which is also part of the value proposal of Cellnex's business model; and open innovation, as covered in the previous section on R&D+i activities. The innovation area is of fundamental importance for a company operating in a highly dynamic technological environment, and involves providing internal talent and capabilities for collaborative projects with universities and other companies and institutions, contributing to a knowledge transfer flow to foster areas of convergence between cutting-edge research and applied innovation.

To enhance the actions taken in the corporate responsibility field, the company will publish an Integrated Annual Report in which it will set out the main initiatives and indicators in this area. To that end, Cellnex has compiled information on the various indicators that reflect its performance on environmental, social and economic matters, provided by the people responsible for management and reporting in the various units and departments involved. Furthermore, traceability and comparability has been ensured by setting the correspondence between these and the Global Reporting Initiative (GRI) index and indicators.

Shareholder remuneration

The Board of Directors of Cellnex Telecom, S.A. adopted a resolution to propose to the shareholders at the Annual General Meeting the distribution of a final dividend of EUR 0.047 gross per share against 2015 profit.

The maximum total dividend charged to 2015 profit will therefore be EUR 20,156 thousand.

Business outlook

Having promoted the internationalisation and diversification of the Group's activity in 2015 with the purchase of Galata, S.p.A., in 2016 the Group will continue to analyse investment and growth opportunities that comply with the strict security and profitability requirements that the Group applies to its investment portfolio, with a particular focus on opportunities to acquire infrastructures for mobile telephony operators as well as Spanish and international companies that operate in this sector.

In this regard, the Group actively seeks out new acquisitions across Europe with important mobile telephone operators in these countries.

Telecom Site Rental business

The Group intends to consolidate its acquisitions in the year ended 31 December 2015, particularly its purchase of the Italian company Galata.

Broadcasting Infrastructure business

Following the shutdown of nine digital terrestrial television (DTT) channels in 2014, and the reduction of the use of 0.50 of the second MUX of Televisión Española (TVE) as part of the reassignment of the radio spectrum to private broadcasters for 2015, on 17 April 2015 the Spanish government gave the green light to a tender for six new DTT freeview licences, three high-definition and three with standard quality, which will occupy 1.75 MUX, up to the seven national MUXs stipulated in Royal Decree 805/2014.

On 16 October 2015 the Spanish government approved the six new DTT channels. Atresmedia, Mediaset and Real Madrid TV were awarded HD channels, and Secuoya, 13TV and Kiss TV were chosen for the standard-definition channels. The group has signed contracts with all the successful radio broadcasters, and intends to start the invoicing process in the course of 2016.

Network and Other Services business

In general, the balance among its overall investments in terms of maturity and profitability, as well as in terms of geographic diversification, should ensure that all areas of the business make a sustained positive contribution. In addition, the Group expects to continue identifying new investment opportunities and operating efficiencies, thereby strengthening its balance sheet and financial position.

This outlook for the Group, along with the ongoing efforts to improve efficiency, allows us to expect higher EBITDA.

No new risks or uncertainties are expected other than those noted above that are inherent to the business or those indicated in the accompanying financial statements for the year ended 31 December 2015. Nonetheless, the Group has strived and will continue to strive to optimise its management in order to exercise greater control over operating costs and investments, bearing in mind the new scenario and economic outlook for 2016.

Treasury shares

No transactions were carried out with treasury shares in the year ended 31 December 2015.

Other matters

It is Group policy to pay maximum attention to environmental protection and conservation, and each subsidiary adopts measures to minimise the environmental impact of the infrastructure that it manages, and ensure the maximum degree of integration with the surroundings.

Events after the reporting period

There were no events between the end of the period at 31 December 2015 and the date on which the accompanying financial statements were drawn up.

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 53 pages numbered 1 to 53, both inclusive.

Barcelona, 18 February 2016