Consolidated annual accounts and directors' report (including non-financial information)

2020 Junta General de Accionistas
Annual Shareholders' Meeting

2019

Integrated Annual Report

Consolidated Management Report

Consolidated Financial Statements

cellnex

2019

Integrated Annual Report

Consolidated Management Report

The accompanying Consolidated Management Report incorporates the Group's Non-Financial Information Statement to comply with the requirements specified in the Non-Financial Information and Diversity Law of December 29, 2018.

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Interview with the President and the CEO

2019, a quantum leap into a new dimension

In your opinion, what attributes would best define 2019? What would be the headlines of the financial year?

Franco Bernabè (FB): Certainly, this last year has been a transformational one that marked a quantum leap in terms of size as well as a qualitative leap in consolidating the group's position in key markets like Italy, France, Switzerland, the United Kingdom and also in Spain.

Another prominent headline is the trust that Cellnex's shareholders continue to place in our project, evidenced by their high degree of participation in and support for the two capital increases in March and October.

Thirdly, is thethe way in which the management team has pushed forward with an ambitious growth strategy without losing focus of the organic growth that underlies the sustainability of the project in the medium and the long term.

Tobias Martinez (TM): I would rate 2019 as an exceptional year. Two capital increases totalling € 3.7 billion; investment of more than € 7 billion for a company with revenues of € 1 billion; a 90% increase in the share price; all without losing focus of the day-to-day management of the company. Taken separately, each of these factors is extraordinary within the activity of any company. Combined, they are exceptional and unique in corporate terms.

As the President mentioned, this growth will allow us to consolidate the group's position in the markets in which we operate while further expanding our geographical footprint in Europe with the incorporation of two new countries - Ireland and Portugal - into the project.

All of this was achieved without neglecting the organic growth in which the company continues to display very solid indicators - around 5% - and with consolidated data that once again show double-digit growth in revenue (14%) and EBITDA (14%).

What happened in 2019 to cause this intense dynamic of growth and transformation? What factors lay behind it?

TM: I think a whole series of factors came together in 2019. For our company, 2018 appeared somewhat less dynamic from the point of view of inorganic growth, however during that time our teams were already working to prepare some of the opportunities which we saw materialise in 2019.

Another factor is a more structural change that is occurring in the telecommunications sector through which large mobile network operators are decoupling infrastructure management from service provision. In 2019 we have seen key benchmark companies like Vodafone, Orange, Hutchinson and Telefónica announce plans to set up specific companies or business units for the separate management of their infrastructure.

Added to this trend are the decisions taken by Iliad in France and Italy, or Salt in Switzerland, to segregate and transfer management of their infrastructure to neutral operators like Cellnex.

This further confirms the wisdom of the decision made by pure infrastructure operators like Cellnex to opt for separate management of the infrastructure, a fact which in our case is also characterised by our neutrality and independence.

Something that makes us proud of our project is both its European character and the fact that our customers include the key mobile network operators in the markets in which we operate.

FB: Indeed, as Tobias has pointed out, what is significant is this undercurrent in the European telecommunications infrastructure sector marked by mobile network operators outsourcing their assets, driven by the need to increase sharing, efficiency, cost optimisation and MNOs capturing value, generating resources that can be ploughed back into new investments such as 5G or improving their balance sheet structures.

Furthermore, we understand that this is a structural trend with great future potential that will continue to offer opportunities for infrastructure operators such as Cellnex. Our company has a long-term industrial vision which can not only take advantage of the opportunities for inorganic growth but focuses on accompanying its customers in long-term day-to-day management and therefore helps consolidate sustained and sustainable organic growth.

Two capital increases in the same year, two corporate bond issues, improved conditions in available credit lines... Cellnex seems able to activate a diversified range of financial instruments to support this growth strategy. Will they continue in this vein? And again, as we pointed out in 2018, where is the limit?

FB: There is no doubt that the current state of the sector, which offers opportunities for inorganic growth, is helped by the prevailing situation of debt and capital markets. These tailwinds help companies like Cellnex, with its industrial and growth project, to enjoy excellent conditions in terms of lending costs or liquidity by investors that are willing to support capital increases with a solid base project. That has facilitated this combination of instruments which has afforded us access to considerable financing to accompany and support this exceptional growth.

TM: The combination of factors mentioned by the President was certainly the key to facilitating this series of growth operations as well as maintaining a liquidity position - including debt not drawn down and cash and banks – of over €6 billion. Above and beyond the transactions that have been completed, this continues to provide us with enough leeway to react quickly to any new opportunities that may arise.

The Company takes very seriously its credit rating because it sends out a message of financial discipline and rigour to markets and investors.

So where is the limit? It will be set by the opportunities that arise in the sector, the situation of the financial markets and how these opportunities fit into the industrial vision of Cellnex's model.

FB: In this regard, I think it is also very important to highlight the commitment and support shown by all our shareholders in this growth project, which was expressed very tangibly in both the capital increases executed in 2019. Almost 99% of shareholders with subscription rights signed up for these capital increases, which were also heavily oversubscribed. This alone perfectly exemplifies this trust. It is up to the Board and the management team to continue to deserve this trust going forward by making successful decisions and persevering in bringing them to bear.

It could be said that the past behaviour of Cellnex shares on the stock market, which have revalued by 95%, clearly reflects this transformation. Cellnex shares enjoyed the highest increase on the IBEX 35 during the year. How do you value this?

TM: It would be hard not to view the quite remarkable increase in the value of Cellnex's shares on the stock market as anything but positive. As the President pointed out in relation to investor support for the capital increases, this reflects the trust in a project that combines geographical expansion with stability, recurrence and predictability of the flows generated.

In this regard, I always like to highlight that the backlog of contracted sales which stood at over €38.5 billion at the close of FY 2019.

FB: There can be no doubt that the market has welcomed Cellnex very warmly since its IPO in May 2015. In fact, if we analyse total shareholder return, which is 217,27% since the IPO, it has evolved in parallel to the quality and quantum leap by the Group.

TM: Echoing the President here, I would say that we should not forget that we closed 2019 with revenues more than double those at the end of 2014, which will rise to almost four times in 2020 once we consolidate the acquisitions announced in 2019 and consolidated between 2019 and 2020. Cellnex's market cap during this period between 2015 and 2019, incorporating the increases, has increased by a factor of 4.5, reflecting the consistency between the company's real growth and its market valuation.

We tend to evaluate listed companies in a one-dimensional way - looking only at the share price - but investors are also increasingly valuing environment, social responsibility, corporate governance (ESG) criteria. How relevant are these criteria for Cellnex?

FB: Indeed, the elements comprising the company's best practices in terms of good governance, corporate responsibility (CR) and sustainability are factors that are increasingly appreciated and monitored by investors, analysts and markets.

In fact, a recent internal analysis of the company's shareholder base showed how almost 80% of Cellnex investors take these ESG criteria into account when valuing their investment policies.

There is no doubt that the value creation that we must foster, recognise and, where appropriate, reward, is that of sustainable and distributed value. It is normal to focus" shareholder value" as a driving force, and in fact it is an important driver, but it is not the only objective of the company. Either you go up on the stock market or you don't; you pay a good dividend, or you don't. However, this is merely an assessment of the financial dimension. And while the prime exercise in responsibility and sustainability of any manager is to ensure a sound income statement - without which there can be no long term to sustain -, it is no less true that this income statement will be sustainable in time only if we focus on this overarching vision of the creation of tangible and intangible value.

In this context, we see the transposition of the EU Directive on non-financial information into the Spanish legislative framework as very positive. Being as demanding about “non-financial” reporting as financial information is certainly a very important step forward. As the highest corporate governance body, the Board is responsible for approving it and therefore for supervising it. It is accountable, and year after year reporting must show progress based on the evidence of data and indicators which will also be validated and audited in the same way as financial indicators.

I also believe that we must celebrate and welcome the growing “activism” of investors who increasingly demand that we consider not only the “shareholder value” paradigm, but also the non-financial dimension of our company’s behaviour.

TM: We truly create value in terms of all the stakeholders with an interest in our project, beginning with our employees. In fact, in 2019 we announced a Share Distribution Plan for all Group employees, to be rolled out in 2020, giving them a share in this value creation. I would also highlight the approval by the Board of the Group's Equity, Diversity and Inclusion Policy which applies to all the countries in which we operate. There can be no doubt that people, and the talent which they bring to the project, constitute the company's most important asset, which is why difference and plurality, equal opportunities, non-discrimination and inclusion in the workplace are priority strategic factors in the organisation, especially through inclusive leadership.

We must also call for commitment from our supply chain, requiring our suppliers to take on board principles related to the sustainability of their own business activity, just as our customers and stakeholders expect it from us. In this area at Cellnex we have undertaken to meet the Science Based Target’s (SBTi) emission reduction objectives to keep the global temperature increase below 1.5°C., thus contributing to the fight against climate change.

Also, we must redirect resources towards society, not only in the form of taxes, but adopting a leading role in innovation and entrepreneurship projects to foster talent and encourage the creation of industrial and knowledge ecosystems and clusters that add value to our economic fabric.

This also applies to projects and initiatives that bring home the values of training, integration and bridging the digital divide to sectors of society at risk of exclusion. Here I would like to highlight the “Cellnex’s Youth Challenge” corporate volunteer initiative focusing on preventing pupils from dropping out of school and promoting youth employment, as well as fostering professional training in telecommunications.

It is very important to target the fulfilment of these criteria, which is why we also take on public commitments, which we renew each year, such as Cellnex's adherence to the United Nations Global Compact and its Principles, or being part of the FTSE4GOOD and CDP (Carbon Disclosure Project) and "Standard Ethics" sustainability indexes.

Looking to 2020, and the new decade that is beginning, where do you see Cellnex?

FB: The great challenge for Cellnex is to consolidate this quantum leap in terms of the size that we have achieved over these last few years, and which has sped up during 2019. Consolidating means integrating teams, aligning strategies and objectives across the group as a whole and in different countries. Promoting a culture and a common language. Working to deliver strategies and actions that can lay the groundwork for organic and sustained growth based on the geographic footprint and size we have already achieved. Neither must we lose sight of the fact that the market will continue to offer growth opportunities through asset purchases and the consolidation dynamics of the sector. I am confident that the company under the leadership of Tobias will be able to meet all these challenges.

TM: I agree with Franco and the challenges he has identified. 2020 and the following years will herald the arrival of 5G and its entire technological ecosystem along with applications that will display its full potential. To this end, and looking beyond the inorganic growth that will remain a dominant vector for the group, we must continue to focus on the three key axes that will facilitate the effective roll-out of 5G on which Cellnex has already been working, confirming the migration of the model from tower operator - the traditional towerco - to become an all-encompassing digital infrastructure service provider. This evolution involves moving from a vision focused on steel and concrete to one focused on managing transport of the signal and its associated service.

I am thinking here of Small Cells and Distributed Antenna Systems (DAS) that will play a key role in the necessary densification of transmission equipment, as well as in coverage of sports facilities like football stadiums. 5G will initially be rolled out mainly indoors. Examples of this are sports stadiums, convention centres, shopping centres, offices, tunnels, stations and transport systems, etc.

A second axis will be to ensure fibre optic connectivity to the various telecommunications sites, the so-called backhauling fibre, or Fibre To The Antenna (FTTA). This is a key structural element, since this connectivity is vital for managing the large volume of data flows associated with 5G.

And the third axis is the network-distributed data processing capacity, also known as Edge Computing, to roll out strategic telecoms centres ready to house data processing capacity close to the points at which such data are sent and received.

In all these areas we are looking at new opportunities and projects.

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Cellnex in 2019: milestones, key figures, business model & prospects

European leader in telecommunications infrastructures

PORTFOLIO

c.54,000

Sites located in 7 European countries

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

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

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

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

[(1)] without mobile network operator as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the Board.

Milestones and main figures for the year 2019

Growth

2019, a year of transformational growth

During 2019 Cellnex struck several agreements to acquire assets and companies which, once signed and with all the associated programme for the construction of new sites rolled out, will mean an increase of some 24,000 assets in the current portfolio in the seven European countries in which the company is present.

In the first half of 2019, Cellnex signed long-term strategic collaboration agreements with Iliad in France and Italy and with Salt in Switzerland to acquire 10,700 sites (5,700 in France, 2,200 in Italy and 2,800 in Switzerland) and roll out a construction programme (BTS) of 4,000 new sites up to 2027 (2,500 in France and 1,000 in Italy for Iliad, and 500 for Salt in Switzerland). With a total planned investment of close to EUR 4 billion (EUR 2.7 billion for the acquisition of sites and EUR 1.3 billion for BTS programmes).

In June Cellnex and BT announced that they had signed a long-term strategic collaboration agreement through which Cellnex acquired the operation and marketing rights of 220 tall telecoms towers in the UK. The agreement additionally includes a commitment to explore further opportunities between the two companies in the UK, which consists of the pre-emptive right of acquisition of up to 3,000 sites from BT during the next six years (The "Right of First Offer"). In addition, according to the agreement, Cellnex will have a period of time in which to make a further and final offer, to match with a third party offer (The "Right to Match"), that BT could receive regarding these 3,000 sites.

In September Cellnex announced the acquisition of Cignal in Ireland, one of the main Irish telecommunications infrastructure operators, for a total of EUR 210 million. Cignal operates 546 sites in Ireland, which is now the seventh European country in which Cellnex has started operating. Furthermore, the Company expects to roll out another 600 new sites up to 2026, with an additional investment estimated at EUR 60 million.

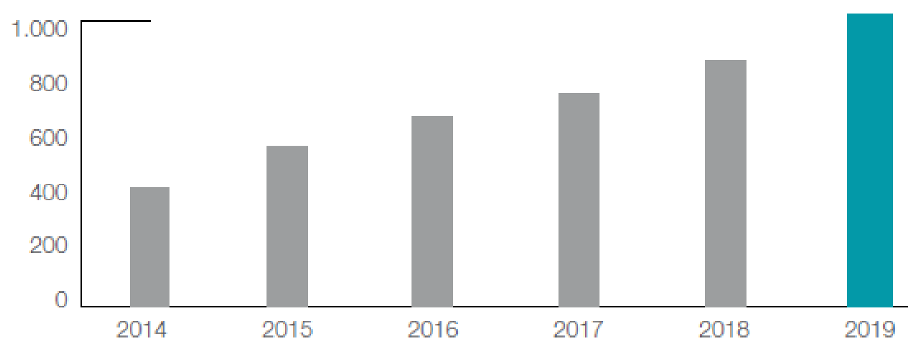
In October, the Company announced the agreement to acquire Arqiva's telecommunications division for around GBP 2 billion. The transaction includes 7,400 owned sites and acquiring the marketing rights of some 900 sites in the United Kingdom. It also includes concessions for the use of urban fixtures for the deployment in 14 districts of London for telecommunications infrastructure, a key resource for the densification and roll-out of 5G. The finalisation of the operation - subject to the competition authorities obtaining the corresponding administrative authorisations, and other suspensive conditions - is planned for the second half of 2020.

Since the IPO in 2015, Cellnex has executed or committed investments worth around EUR 11.4 billion for the acquisition or construction - by 2027 - of up to 44,000 telecommunications infrastructures in addition to the sites that the Company had at that time.

Business lines. Main indicators for the period

Income from operations for the period ended on 31 December 2019 reached EUR 1,031 million, which represents a 15% increase over 2018 year-end. This increase was mainly due to the expansion of the above-mentioned telecom infrastructure services for mobile network operators.

TOTAL INCOME (MILLIONS OF EUROS)



Telecom Infrastructure Services' income increased by 19% to EUR 694 million due to both the organic growth achieved and the acquisitions performed during 2018 and 2019. This business segment is characterised by solid growth driven by increasing demand for wireless data communication services, and by the growing interest of mobile network operators (MNO) in developing high quality networks that fulfill their consumers' needs in terms of uninterrupted coverage and availability of wireless bandwidth (based on new Long-Term Evolution "LTE" technologies), in the most efficient way. In recent years the Group consolidated its infrastructure network and long-term strategic relationships with its main customers, the mobile network operators. In addition to its current portfolio Group's Management has identified several potential acquisitions which are currently being analysed following its demanding capital deployment criteria. The Group owns a high-quality asset portfolio, which is made up of selective assets in all countries where it operates and performs the subsequent streamlining and optimisation of the tower infrastructure for Telecom Infrastructure Services. Its main added value proposals in this line of business consist of providing services to additional mobile network operators in its towers and therefore streamlining the customer's network. By increasing the ratio of customers to infrastructures, the Group will generate additional income with very little additional costs. This network streamlining may generate significant efficiencies for the Group and for the MNOs.

SECOND DIGITAL DIVIDENI

Cellnex is working to comply with calendars, investments and technical issues looking for the minimum impact for the citizens and the society

With regard to the Broadcasting Infrastructure business, income amounted to EUR 235 million which represents a 1% increase compared with 2018 year-end, mainly due to the works related to second digital dividend as explained in section "Milestones 2019 – Broadcasting Infrastructure". Even though Broadcast Infrastructure activity is a mature business in Spain, has demonstrated resilience to new additional TV consumption models.

Other Network Services increased its income by 23%, to EUR 101 million. This constitutes a specialised business that generates stable cash flows with attractive potential for growth. Taking into account the critical nature of the services in which the Group collaborates, its customers require in-depth technical know-how that is reflected in the demanding service level agreements. The Group considers that it has a privileged market presence and geographical distribution, established relationships with government agencies and excellent infrastructure for emergencies and public services.

The Group's aim is to maintain long-term relationships with its customers maximise the renewal rate of its contracts and expand its business through new contracts. The Group classifies Other Network Services into five groups: (i) connectivity services; (ii) PPDR services; (iii) operation and maintenance; (iv) Smart Cities/IoT ("Internet of Things"); and (v) other services. During the second half of 2018, Cellnex incorporated the XOC, a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya.

All of the above has helped boost operating income and operating profit, with the latter also being impacted by the measures to improve efficiency and optimise operating costs.

In line with the increase in revenue, Adjusted EBITDA was 16% higher than the 2018 year-end which reflects the Group's capacity to generate cash flows on a continuous basis.

Operating profit increased by 27% compared with 2018 year-end mainly due to the reorganisation plan agreed during the first quarter of 2018 in order to adjust the workforce in its Spanish subsidiaries Tradia and Retevisión, which manage the terrestrial television infrastructure network (see Note 17.b of the accompanying consolidated financial statements), as well as due to the increase of the Adjusted EBITDA, partially offset by the higher depreciation and amortisation derived from the acquisition of telecom infrastructures during 2019.

Moreover, the net financial loss increased by 32%, derived largely from the increase in the Group's bond issues and loans and credit facilities during 2019. On the other hand, the income tax for 2019 includes the effect of updating the tax rate of certain subsidiaries, which has resulted in a positive impact of EUR 19 million in the accompanying consolidated income statement, among other effects (see Note 16 of the accompanying consolidated financial statements).

Taking into account these considerations, the consolidated loss attributable to shareholders on 31 December 2019 stood at EUR 9 million (EUR 15 million at 31 December 2018).

Consolidation in Europe

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

In 2019, Cellnex continued expanding its presence in Europe, and by the end of the year 60% of Adjusted EBITDA was generated outside Spain (56% of Adjusted EBITDA was generated outside Spain at the 2018 year-end).

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

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

France

Iliad France Acquisition

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad7 group of companies by virtue of which, Cellnex, through its fully owned subsidiary Cellnex France Groupe, has acquired the 70% of the share capital of Iliad 7, S.A.S. ("Iliad7"), owner of approximately 5,700 sites located in France. Additionally, Cellnex has agreed to the deployment of 2,500 sites in France in a seven-year term.

The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 1.4 billion (see Note 5 of the accompanying consolidated financial statements).

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

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

Agreements reached during 2016, 2017 and 2018

At 31 December 2019, in accordance with the agreements reached with Bouygues during 2016, 2017 and 2018, Cellnex, through its subsidiaries Cellnex France and Towerlink France, has committed to acquire and build up to 5,250 sites that will be gradually transferred to Cellnex until 2024 (see Note 6 of the accompanying consolidated financial statements). Of the proceeding 5,250 sites, a total of 3,504 sites have been transferred to Cellnex as at 31 December 2019.

Switzerland

Swiss Infra Acquisition

In the first half of 2019, the Group entered into a long-term industrial alliance with Matterhorn Telecom, S.A. ("Matterhorn") by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra Services SA ("Swiss Infra") owner of approximately 2,800 sites located in Switzerland for a total amount of approximately EUR 770 million. Additionally, Cellnex agreed to the deployment of 500 additional sites in Switzerland in an eight-year term.

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

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

Other agreements

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

Italy

Iliad Italy Acquisition

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

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

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

Other agreements

During 2019, the agreement with Wind Tre dated 27 February 2015 was extended, through an increase of the built-to-suit project up to 800 additional sites to be built (increasing the agreement to build sites from up to 400 to up to 1.200 sites, with a total investment of up to EUR 70 million).

Spain

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

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

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

The Netherlands

On Tower Netherlands subgroup Acquisition

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

United Kingdom

During 2019, Cellnex Telecom (through its subsidiary Cellnex Connectivity Solutions Limited) and British Telecommunications PLC ("BT") signed a long-term strategic agreement according to which Cellnex acquired the rights to operate and market 220 high towers located throughout the United Kingdom for a period of 20 years. The acquisition price amounted to GBP 70 million, approximately (with a Euro value of EUR 79 million). The aforementioned rights have been totally transferred to Cellnex as of 31 December 2019 (See Note 7 of the accompanying consolidated financial statements).

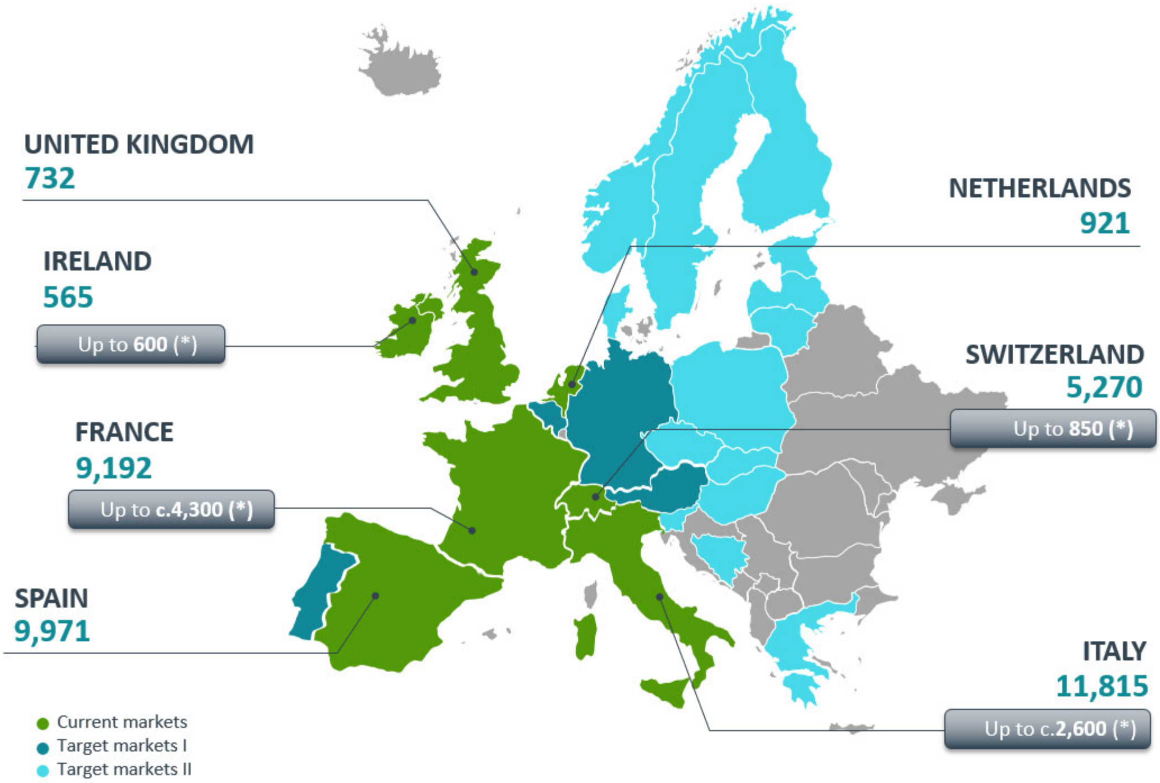
The agreement additionally includes a commitment to explore further opportunities between the two companies in the UK, which consists of the pre-emptive right of acquisition of up to 3,000 sites from BT during the next six years (The "Right of First Offer"). In addition, according to the agreement, Cellnex will have a period of time in which to make a further and final offer, to match with a third party offer (The "Right to Match"), that BT could receive regarding these 3,000 sites. The corresponding value assigned by Cellnex in relation to both Right of First Offer and Right to Match, amounted to GBP 30 million, approximately (with a Euro value of EUR 34 million).

Ireland

Cignal Acquisition

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

At 31 December 2019, the total number of Cellnex infrastructures acquired and build (sites and nodes) in Europe was as follows:



(*) Perimeter to be executed by 2027 mainly through the BTS programs.

Transformation. Towards a new industrial model

During 2019, the large companies in the telecommunications sector have made moves and decisions in line with a new business model within the framework of separating infrastructure management and service management. This trend is a confirmation of the model that Cellnex opted for since its flotation on the stock exchange in 2015, as an independent operator that is not controlled by an MNO (Mobile Network Operator).

In 2015 it was a commitment to validate with an element of "wishful thinking" because it was necessary for there to be a market of telecommunications towers so that Cellnex could acquire a share of the corresponding market and demonstrate the growth potential of the company.

Cellnex has diversified its business risk both geographically and at the customer level. This means that the company is increasingly present in more countries and with a higher geographic share, extends its customer base to other markets and maintains a growth strategy of customers with presence in different countries, with an increasingly cross of different cultures and working methods and with the possibility of creating a stable relationship among the involves parties. In this sense, during 2019, the company has significantly increased its presence in Italy, France, Switzerland, the UK and Spain, and has even entered new markets such as Ireland.

In the meantime, from the outset, Cellnex has been characterised by promoting activities of a transformational nature, in search of excellence. Thus, each year the company re-evaluates the status of its ongoing initiatives, draws conclusions and lessons learned, and uses them to implement improvements in the various areas.

In 2018 the company's new Industrial Model was published, which considers an End-to-End vision of five elements: guidelines, organization, processes, tool and dashboard. These pillars allow us to industrialize each of Cellnex's key functions.

MODEL
Strategic principles and governance defined at Corporate level are adjusted and implemented at Country and Corporate level

ORGANIZATION
The function as defined has an organization in place and people that execute it at Country and Corporate level

PROCESS
The function is being executed at Country and Corporate level following Blueprint Processes

TOOL READINESS
The function is being executed at Country and Corporate level using the tools upon last IT Architecture

DASHBOARD
The function is being monitored at Country and Corporate following Blueprint KPI's and Dashboards

Each function within the Organization has a Corporate and/or Country Owner, who is responsible for the End-to-End deployment of those five elements, with the support of Organization, Processes and IT Services

Along these lines, publishing the new Industrial Model in 2018 meant redefining the company's Transformation Programme to adjust to the levers of the model, which was structured into 16 initiatives grouped into 3 axes: Global Commercial, Global Operational and Global Governance.

In 2019, the initiatives included in the Transformation programmes were continued and the company has implemented a series of new lines of action identified for all the areas of the company, to define new transformational ideas. This year the Transformation Office (PMO) has defined, planned and monitored the execution of the transformation programs, reporting on a bimonthly basis to the Transformation Committee the state of progress, milestones and next steps for each of the programs.

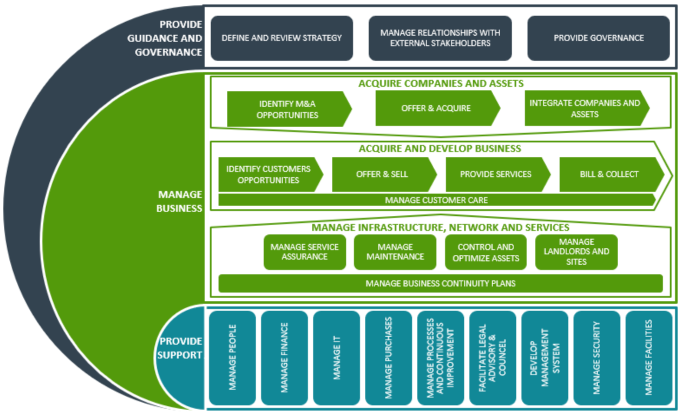
In addition, this Transformation Office will be in charge of reviewing and guaranteeing the implementation of the industrial model in all the functions of Cellnex according to the five pillars defined in the model. The monitoring of the implementation will be done by applying Project Management methodology through the development of dashboards.

The eleven transformation programs defined for 2019 are articulated on three axes: commercial, operational and governance, and they have as a high-level target the implementation of Cellnex's industrial model.

The Global Commercial axis consists of two initiatives: the Sales Model, which sets up Business Lines of the new Sales Model Global and the Salesforce Implementation in countries (explained in section "Customers").

The Global Operational axis includes three subprogrammes:

- IT Enhancement: A new IT platform has been designed and deployed to manage the TIS operations and improve the quality of the IT Service. The IT platform allows us to potentiate collaboration, improve user experience and increase group efficiency, improving the quality of the IT Service.



- Process Map: Cellnex's global process map has been adapted in 2019, giving visibility to inorganic growth and infrastructures and networks, key aspects for the Cellnex group and including innovation as part of Cellnex's strategy. This new global process map contributes to the implementation of Cellnex's industrial model in all key functions in the different business units and allows the company to be certified globally as an industrial group. In the same way, this map will be implemented in all countries along with the systems that support them. Therefore, a key aspect during 2020 will be change management.
- Global Security: It is explained in section "Information security management".

The Global Governance axis comprises the initiatives related to:

- Finance Model: The initiative consists on the definition, standardization and implementation of the new industrial model for areas of Treasury & Administration and establish a scalable model to support the group growth.
- Culture, Digital Workplace and Job Levelling: See section on "Culture, leadership and people development". In this regard, we are working to develop and deploy a Corporate Culture built on the values that best define the company and our employees.

In 2020, the Transformation Office will conclude and present the results of the transformation programs implemented in 2019 and will define the new Cellnex transformation programs with the criterion of initiatives with a highly transformational component, due to the evolution in the maturity of the company's transformation.

New Corporate offices model

Furthermore, the current rate of growth of the company has undertaken the design and move to new offices in Rome and Zurich in 2019. These new offices respond not only to growth issues but also to grouping different work centres that allow the integration and industrialization of different business units. On the other hand, they are a good opportunity to reinforce the Cellnex's brand and to continue consolidating a common culture throughout the Group.

In addition, the recent acquisitions and integration processes taking place in Cellnex lead to the design and occupation of new offices in France, Netherlands and the UK, and in Barcelona (2021). In line with the new offices deployed in 2019, they will also opt for open spaces that allow collaboration, the digital transformation of workplaces and well-being for our employees. During 2020, work will be done on the design and deployment of a new corporate office in Barcelona. The new office will be located in the BcnFira District.

These new offices aim to strengthen the Cellnex's brand and bet on a new way of designing corporate spaces that adapt to the current and future needs of the Group, and promote the new ways of working that are in place nowadays

Some of the initiatives included in the design project for the new corporate headquarters in Barcelona are:

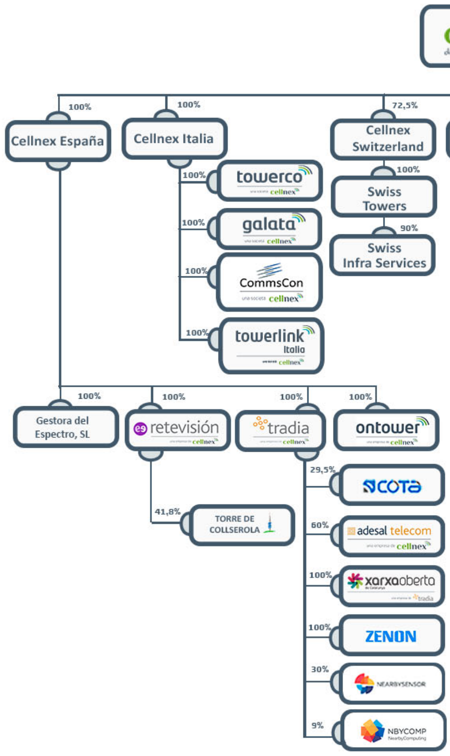
- Free seating - the non-fixed allocation of workplaces will allow informal meetings between the members of aproject and more flexibility when it comes to occupying work spaces.

- Paperless - the implementation of a free seating policy necessarily goes hand in hand with a commitment to paper lessness and order in the workplace.

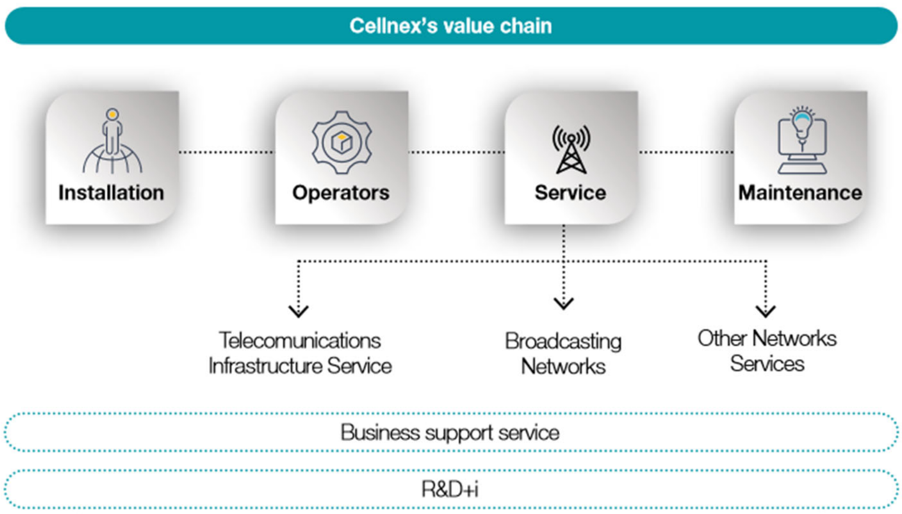
- The aim is to encourage the existence of new spaces: phone booth, concentration spaces, cooperation and collaboration spaces, more diversity in meeting room formats, etc.

- More flexible organisation - organisational barriers that differentiate jobs are eliminated.

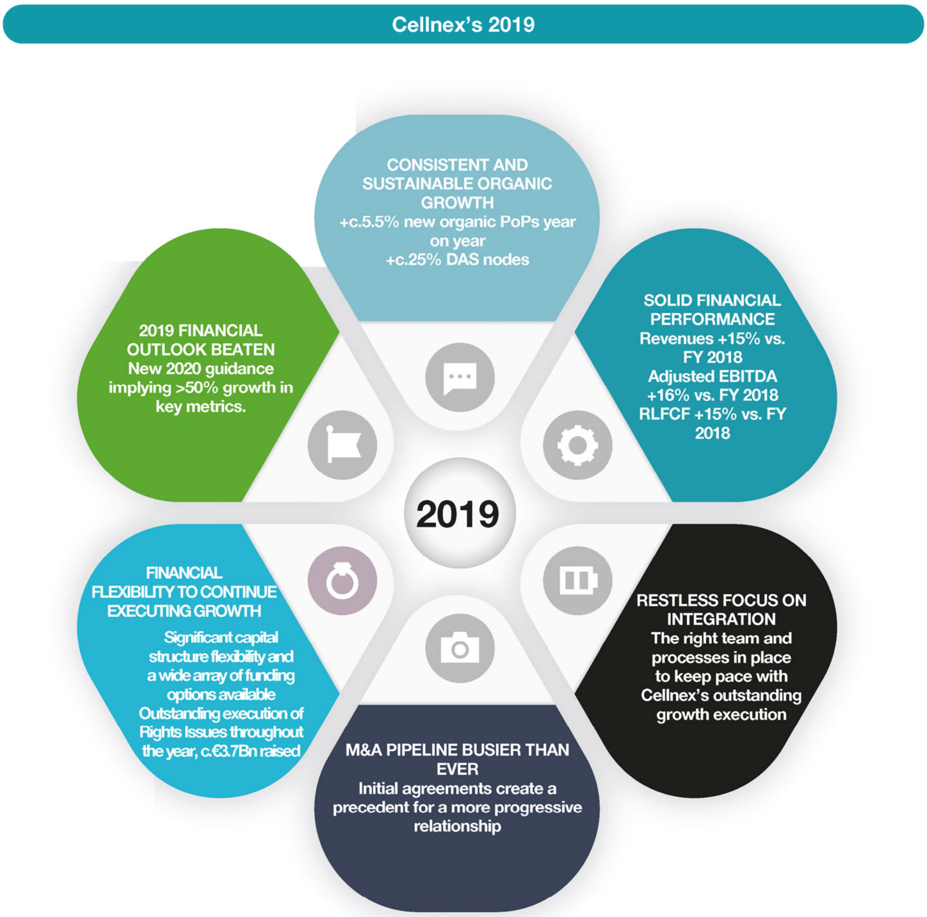
AS OF 31 DECEMBER 2019, THE ORGANISATIONAL STRUCTURE OF THE CELLNEX GROUP IS AS FOLLOWS:



Details of the Group's subsidiaries and associated companies as of 31 December 2019, together with the percentages of stakeholding, are shown in Appendices I and II respectively of the accompanying consolidated financial statements.



View of 2019



Market figures: Cellnex on the stock market

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

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

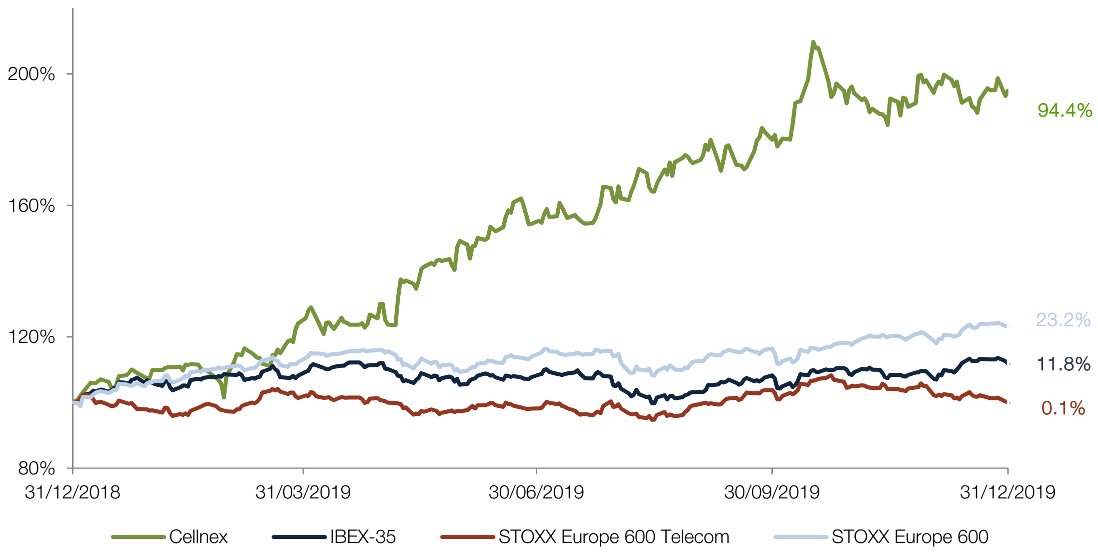
Cellnex's share price experienced a 94% increase during 2019, closing at EUR 30.2 per share. The average volume traded has been approximately 1,040 thousand shares a day. The IBEX 35, STOXX Europe 600 and the STOXX Europe 600 Telecom increased by 11.8%, 23.2% and 0.1% during the same period.

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

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

CELLNEX'S POSITION AS A REFERENCE GLOBAL OPERATOR OF IOT

More than
1 Mn
objects connected in Spain's largest IoT network



THE DETAIL OF THE MAIN STOCK MARKET INDICATORS OF CELLNEX IN 31 DECEMBER 2018 AND 2017 IS AS FOLLOWS:

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

Treasury shares

TREASURY SHARES

199,943

0.052%

of its share capital

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

During 2019, the treasury shares transactions carried out, are disclosed in Note 12.a to the accompanying consolidated financial statements.

Business performance and results

The year ended on 31 December 2019 highlights the strong alignment between the objectives set and the results achieved, given that the Group considers as a key element the integration of this growth into its management processes, ensuring that it can guarantee and deliver quality service to customers.

Alternative Performance Measures

An Alternative Performance Measure (APM) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Cellnex believes that there are certain APMs, which are used by the Group's Management in making financial, operational and planning decisions, which provide useful financial information that should be considered in addition to the financial statements prepared in accordance with the accounting regulations that apply (IFRS-EU), in assessing its performance. These APMs are consistent with the main indicators used by the community of analysts and investors in the capital markets.

In accordance with the provisions of the Guide issued by the European Securities and Markets Authority (ESMA), in force since 3 July, 2016, on the transparency of Alternative Performance Measures, Cellnex below provides information concerning those APMs it considers significant: Adjusted EBITDA; Adjusted EBITDA Margin; Gross and Net Financial Debt; Maintenance, Expansion and M&A CAPEX; and Recurring leveraged free cash flow.

The definition and determination of the aforementioned APMs are disclosed in the accompanying consolidated financial statements, and therefore, they are validated by the Group auditor (Deloitte).

Adjusted EBITDA

Relates to the "Operating profit" before "Depreciation and amortisation charge" (after IFRS 16 adoption) and after adding back (i) certain non-recurring items (such as cost related to acquisitions, tax related to acquisitions, service contract cancellation cost, redundancy provision and extra compensation and benefit costs) or (ii) certain non-cash items (such as advances to customers, and LTIP remuneration payable in shares).

The Company uses Adjusted EBITDA as an operating performance indicator as it is considered a measure that best represents the cash generation of its business units and which is widely used as an evaluation metric among analysts, investors, rating agencies and other stakeholders. At the same time, it is important to highlight that Adjusted EBITDA is not a measure adopted in accounting standards and, therefore, should not be considered an alternative to cash flow as an indicator of liquidity. Adjusted EBITDA does not have a standardised meaning and, therefore, cannot be compared to the Adjusted EBITDA of other companies.

The Company presents comparative financial information from previous year as detailed in Note 2.e of the accompanying Consolidated Financial Statements.

As at 31 December 2019 and 2018, respectively, the amounts are as follows:

ADJUSTED EBITDA (THOUSANDS OF EUROS)

	31 December 2019	31 December 2018
Telecom Infrastructure Services	694,248	582,758
Broadcasting infrastructure	235,383	232,773
Other Network Services	101,214	82,340
Operating income	1,030,845	897,871
Staff costs	(144,171)	(172,650)
Repairs and maintenance	(35,596)	(32,223)
Leases	(11,102)	(11,537)
Utilities	(84,798)	(72,312)
General and other services	(111,872)	(93,773)
Depreciation and amortisation charge	(500,814)	(402,846)
Operating profit	142,492	112,530
Depreciation and amortisation	500,814	402,846
Non-recurring expenses	38,461	72,067
Advances to customers	3,790	3,383
Adjusted operating profit before depreciation and amortisation charge (Adjusted EBITDA)	685,557	590,826

As at 31 December 2019 and 2018, non-recurring expenses and advances to customers are set out below (see in Note 18.d of the accompanying consolidated financial statements):

i) Costs related to acquisitions, which mainly includes expenses incurred during acquisition processes (non-recurring item), amounted to EUR 19,208 thousand (13,607 at 2018 year-end).
ii) Tax associated with acquisitions, which relates to the stamp duty paid on the acquisition in Ireland (non-recurring item) amounted to EUR 1,077 thousand (0 at 2018 year-end).
iii) Service contract cancellation cost, which relates to the cancellation expense concerning the change of the administration and treasury services provider, amounted to EUR 1,545 thousand (0 at 2018 year-end). This change took place in order to implement a new industrial model at Group level, to guarantee the optimization and standardization of policies, processes and procedures in all the countries (non-recurring item).
iv) Redundancy provision, which mainly includes the impact in 2019 and 2018 year-end derived from the reorganisation plan detailed in Note 17.b of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 5,552 thousand (56,160 at 2018 year-end).
v) Extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 5,117 thousand (0 at 2018 year-end).
vi) LTIP remuneration payable in shares, which corresponds to the LTIP remuneration accrued at the year-end, which is payable in Cellnex shares (See Note 17.b of the accompanying consolidated financial statements, non-cash item), amounted to EUR 5,962 thousand (2,300 at 2018 year-end).
vii) Advances to customers, which Includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs, amounted to EUR 3,790 thousand (3,383 at 2018 year-end). These costs are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures (non-cash item).

Adjusted EBITDA Margin

Corresponds to Adjusted EBITDA divided by total revenues excluding elements pass-through to customers (mostly electricity) from both expenses and revenues.

The Company presents comparative financial information from previous year as detailed in Note 2.e of the accompanying Consolidated Financial Statements.

According to the above, the Adjusted EBITDA Margin as at 31 December 2019 and 2018 was 68% and 68%, respectively.

Gross financial debt

The Gross Financial Debt corresponds to "Bond issues and other loans", "Loans and credit facilities" and "Lease liabilities", but does not include any debt held by Group companies registered using the equity method of consolidation, "Derivative financial instruments" or "Other financial liabilities".

The Company presents comparative financial information from previous year as detailed in Note 2.e of the accompanying Consolidated Financial Statements.

According to the above, its value as at 31 December 2019 and 2018, respectively, is as follows:

GROSS FINANCIAL DEBT (THOUSANDS OF EUROS)

	31 December 2019	31 December 2018
Bond issues and other loans (Note 13)	3,501,124	2,510,176
Loans and credit facilities (Note 13)	1,636,450	585,561
Lease liabilities (Note 14)	1,152,027	526,337
Gross financial debt	6,289,601	3,622,074

Net financial debt

Relates to "Gross financial debt" minus "Cash and cash equivalents"

Together with Gross Financial Debt, the Company uses Net Financial Debt as a measure of its solvency and liquidity as it indicates the current cash and equivalents in relation to its total debt liabilities. From the net financial debt, common used metrics are calculated such as the "Annualised Net Debt/12-month forward looking Adjusted EBITDA" which is frequently used by analysts, investors and rating agencies as an indication of financial leverage.

The Company presents comparative financial information from previous year as detailed in Note 2.e of the accompanying Consolidated Financial Statements.

The "Net financial debt" at 31 December 2019 and 2018 is detailed in Section "Liquidity and Capital Resources" of this Consolidated Management Report.

Capital expenditures

Maintenance capital expenditures

Corresponds to investments in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites.

Expansion capital expenditures

Includes site adaptation for new tenants, ground leases (cash advances and renegotiations), and efficiency measures associated with energy and connectivity, and early site adaptation to increase the capacity of sites. Thus, it corresponds to investments related to business expansion that generates additional adjusted EBITDA.

Expansion capital expenditures (Build to Suit programs)

Includes Built to Suit committed with different MNO's (like Bouygues Telecom, Sunrise, Iliad and Salt, among others), at the moment of the closing of the M&A projects or the corresponding new extensions.

M&A capital expenditures

Corresponds to investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites or lands (asset purchases).

Total capital expenditure for the period ended 31 December 2019 and 2018, including property, plant and equipment, intangible assets, advance payments on ground leases and business combinations are summarised as follows:

TOTAL INVESTMENT (THOUSANDS OF EUROS)

	31 December 2019	31 December 2018
Maintenance capital expenditures	40,556	30,653
Expansion capital expenditures	97,110	93,764
Expansion capital expenditures (Build to Suit programs)	229,500	147,341
M&A capital expenditures	3,663,285	395,305
Total investment	**4,030,451**	**667,063**

Recurring leveraged free cash flow

The Company considers that the recurring leveraged free cash flow is one of the most important indicators of its ability to generate stable and growing cash flows which allows it to guarantee the creation of value, sustained over time, for its shareholders. The criteria used to calculate the Recurring leveraged free cash flow is the same as the previous year.

The Company presents comparative financial information from previous year as detailed in Note 2.e of the accompanying Consolidated Financial Statements.

At 31 December 2019 and 2018 the Recurring Leveraged Free Cash Flow ("RLFCF") was calculated as follows:

RECURRING LEVERAGED FREE CASH FLOW (THOUSANDS OF EUROS)

	31 December 2019	31 December 2018
Adjusted EBTIDA [(1)]	685,557	590,826
Payments of lease instalments in the ordinary course of business and interest payments [(2)]	(192,038)	(166,493)
Maintenance capital expenditures [(3)]	(40,556)	(30,653)
Changes in current assets/current liabilities [(4)]	(99)	2,034
Net payment of interest [(5)]	(76,925)	(64,503)
Income tax payment [(6)]	(25,262)	(20,219)
Net dividends to non-controlling interests [(7)]	(699)	(6,274)
Recurring leveraged free cash flow (RLFCF)	349,978	304,718
Expansion Capex [(8)]	(97,110)	(93,764)
Expansion Capex (Build to Suit programs) [(9)]	(229,500)	(147,341)
M&A Capex (cash only) [(10)]	(3,659,031)	(392,125)
Non-Recurrent Items (cash only) [(11)]	(30,827)	(45,048)
Net Cash Flow from Financing Activities [(12)]	5,597,960	553,370
Other Net Cash Out Flows [(13)]	(35,785)	(19,113)
Net Increase of Cash [(14)]	1,895,685	160,697

(1) Adjusted EBITDA: Profit from operations before D&A (after IFRS 16 adoption) and after adding back (i) certain non-recurring items (such as cost related to acquisitions (€19Mn), tax associated with acquisitions (€1Mn), service contract cancelation cost (€2Mn), extra compensation and benefits costs (€5Mn) and redundancy provision (€5Mn)) or (ii) certain non-cash items (such as advances to customers (€4Mn) which include the amortisation of amounts paid for sites to be dismantled and their corresponding dismantling costs, and LTIP remuneration payable in shares (€6Mn)).

(2) Corresponds to i) payments of lease instalments (€122Mn) in the ordinary course of business and; ii) interest payments on lease liabilities (€70Mn). See Note 14 of the accompanying Consolidated Financial Statements.

(3) Maintenance capital expenditures: investment in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites.

(4) Changes in current assets/current liabilities (see the relevant section in the Consolidated Statement of Cash Flows for the year ended 31 December 2019).

(5) Corresponds to the net of “Interest paid” and “interest received” in the accompanying Consolidated Statement of Cash Flows for the year ended 31 December 2019). This amount corresponds to net interest payments (€77Mn), which do not include “Interest payments on lease liabilities” (€70Mn) (see Note 14 of the accompanying consolidated financial statements).

(6) Income tax payment (see the relevant section in the accompanying Consolidated Statement of Cash Flows for the period ended 31 December 2019).

(7) Corresponds to the net of “Dividends to non-controlling interests” and “Dividends received” in the accompanying Consolidated Statement of Cash Flows for the period ended 31 December 2019.

(8) Expansion capital expenditures: Ground lease renegotiations (€45Mn), efficiency measures associated with energy and connectivity (€13Mn), and others (including early site adaptation to increase the capacity of sites). Thus, it corresponds to investments related to business expansion that generates additional adjusted EBITDA.

(9) Committed Build to Suit Programs with several MNOs at the moment of the closing of the M&A project.

(10) M&A capital expenditures (cash only): Investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites or land (asset purchases), after integrating into the consolidated balance sheet mainly the "Cash and cash equivalents" of the acquired companies. The amount resulting from: (3)+(8)+(9)+(10) corresponds to “Total Investment” (see caption “Capital Expenditures” in the accompanying Consolidated Financial Statements for the year ended 31 December 2019) minus the “Cash and cash equivalents” of the acquired companies (4Mn) and; this sum also corresponds to “Total net cash flow from investing activities” (see the relevant section in the accompanying Consolidated Statement of Cash Flows for the year ended 31 December 2019), after adding mainly the Cash advances to landlords (€53Mn) (see Note 14 of the accompanying Consolidated Financial Statements), and excluding timing effects such as VAT related to assets purchases and the contribution of minority shareholders.

(11) Consists of "non-recurring expenses and advances to customers" that have involved cash movements, corresponding to "Costs related to acquisitions", “tax associated with acquisitions”, “service contract cancellation cost”, “extra compensation and benefits costs” and “Redundancy provision”.

(12) Corresponds to “Total net cash flow from financing activities”, which do not include “Net payment of lease liabilities” (174Mn€), “Dividends to non-controlling interests” (1Mn€) and “Dividends received” (0Mn€) (see the relevant section in the Consolidated Statement of Cash Flows for the year ended 31 December 2019).

(13) Mainly corresponds to the repayment of factoring, timing effects such as VAT related to assets purchases, registration tax in Italy, contribution of minority shareholders in Switzerland and “Foreign exchange differences” (see the relevant section in the Consolidated Statement of Cash Flows for the year ended 31 December 2019).

(14) “Net (decrease)/increase in cash and cash equivalents from continuing operations” (see the relevant section in the Consolidated Statement of Cash Flow for the year ended 31 December 2019).

Revenues and Results

Income from operations for the period ended on 31 December 2019 reached EUR 1,031 million, which represents a 15% increase over 2018 year-end. This increase was mainly due to the expansion of the above-mentioned telecom infrastructure services for mobile network operators.

Telecom Infrastructure Services' income increased by 19% to EUR 694 million due to both the organic growth achieved and the acquisitions performed during 2018 and 2019. This business segment is characterised by solid growth driven by increasing demand for wireless data communication services, and by the growing interest of mobile network operators (MNO) in developing high quality networks that fulfil their consumers' needs in terms of uninterrupted coverage and availability of wireless bandwidth (based on new Long-Term Evolution "LTE" technologies), in the most efficient way. In recent years the Group consolidated its infrastructure network and long-term strategic relationships with its main customers, the mobile network operators. In addition to its current portfolio Group's Management has identified several potential acquisitions which are currently being analysed following its demanding capital deployment criteria. The Group owns a high-quality asset portfolio, which is made up of selective assets in Spain, Italy, the Netherlands, France, the United Kingdom and Switzerland and performs the subsequent streamlining and optimisation of the tower infrastructure for Telecom Infrastructure Services. Its main added value proposals in this line of business consist of providing services to additional mobile network operators in its towers and therefore streamlining the customer's network. By increasing the ratio of customers to infrastructures, the Group will generate additional income with very little additional costs. This network streamlining may generate significant efficiencies for the Group and for the MNOs.

With regard to the Broadcasting Infrastructure business, income amounted to EUR 235 million which represents a 1% increase compared with 2018 year-end, mainly due to the works related to second digital dividend as explained in section "Milestones 2019 – Broadcasting Infrastructure". Even though Broadcast Infrastructure activity is a mature business in Spain, has demonstrated resilience to new additional TV consumption models. It should be noted that Cellnex is facing a general cycle of renewal of contracts with customers in the broadcasting area, although in recent years the relative weight of this segment has decreased significantly.

Other Network Services increased its income by 23%, to EUR 101 million. This constitutes a specialised business that generates stable cash flows with attractive potential for growth. Taking into account the critical nature of the services in which the Group collaborates, its customers require in-depth technical know-how that is reflected in the demanding service level agreements. The Group considers that it has a privileged market presence and geographical distribution, established relationships with government agencies and excellent infrastructure for emergencies and public services. The Group's aim is to maintain long-term relationships with its customers maximise the renewal rate of its contracts and expand its business through new contracts. The Group classifies Other Network Services into five groups: (i) connectivity services; (ii) PPDR services; (iii) operation and maintenance; (iv) Smart Cities/IoT ("Internet of Things"); and (v) other services. During the second half of 2018, Cellnex incorporated the XOC, a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya.

All of the above has helped boost operating income and operating profit, with the latter also being impacted by the measures to improve efficiency and optimise operating costs.

In line with the increase in revenue, Adjusted EBITDA was 16% higher than the 2018 year-end which reflects the Group's capacity to generate cash flows on a continuous basis.

Operating profit increased by 27% compared with 2018 year-end mainly due to the reorganisation plan agreed during the first quarter of 2018 in order to adjust the workforce in its Spanish subsidiaries Tradia and Retevisión, which manage the terrestrial television infrastructure network (see Note 17.b of the accompanying consolidated financial statements), as well as due to the increase of the Adjusted EBITDA, partially offset by the higher depreciation and amortisation derived from the acquisition of telecom infrastructures during 2019.

Moreover, the net financial loss increased by 32%, derived largely from the increase in the Group's bond issues and loans and credit facilities during 2019. On the other hand, the income tax for 2019 includes the effect of updating the tax rate of certain subsidiaries, which has resulted in a positive impact of EUR 19 million in the accompanying consolidated income statement.

Taking into account these considerations, the consolidated loss attributable to shareholders on 31 December 2019 stood at EUR 9 million (EUR 15 million at 31 December 2018).

Consolidated Balance Sheet

Total assets at 31 December 2019 stood at EUR 13,000 million, a 153% increase compared with the year-end December 2018, mainly as a result of the asset purchases made during 2019 in France, Switzerland, Italy and the United Kingdom. Around 56% of total assets relates to property, plant and equipment and other intangible assets, in line with the nature of the Group's business related to the management of terrestrial telecommunications infrastructure. The increase in property, plant and equipment and other intangible assets as a result of the above-mentioned acquisitions.

Consolidated net equity at 31 December 2019 stood at EUR 5,051 million, a 721% increase compared with the year-end December 2018, as a result of the capital increases amounting to EUR 3.7 billion carried out in March 2019 and October 2019 to finance the Group's growth (as detailed in Note 12 of the accompanying consolidated financial statements).

In relation to bank borrowings and bond issues, Cellnex closed 2019 financial year with a debt structure marked by the flexibility provided by the various instruments that were used: low cost and high average life. The average life of this debt is 5.7 years, the approximate average cost is 1.7% (debt drawn), and 68% at a fixed rate.

The Group's net debt as of 31 December 2019 stood at EUR 3,937 million compared to EUR 3,166 million at the close of 2018. Likewise, at 2019 year-end Cellnex had access to immediate liquidity (cash & undrawn debt) to the tune of approximately EUR 6,6 billion.

Cellnex Telecom's bond issues maintain their "investment grade" rating from Fitch (BBB- with a stable outlook), confirmed by this agency in November 2019. For its part, S&P maintains the BB+ rating with stable perspective confirmed by the agency in October 2019.

Consolidated cash flow generation

Net Payment of Interest

The reconciliation of the caption “Net payment of interest” from the consolidated cash flow statement corresponding to the year ended on 31 December 2019 and 2018, with the “net interest expense” in the financial statements is as follows:

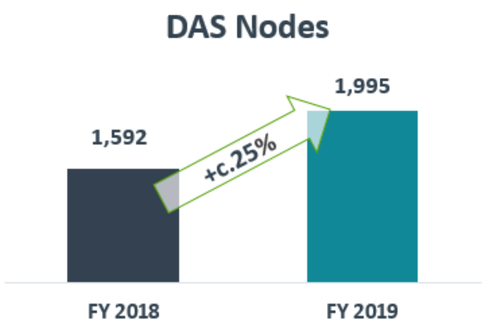
	31 December 2019	31 December 2018
Interest Income	1,254	3,461
Interest Expense	(197,838)	(152,285)
Bond & loan interest accrued not paid	54,462	44,582
Put Options – non-cash	-	5,676
Amortised costs – non-cash	39,371	15,147
Interest accrued in prior year paid in current year	(44,582)	(35,538)
Net payment of interest as per the Consolidated Statement of Cashflows	(147,333)	(118,957)

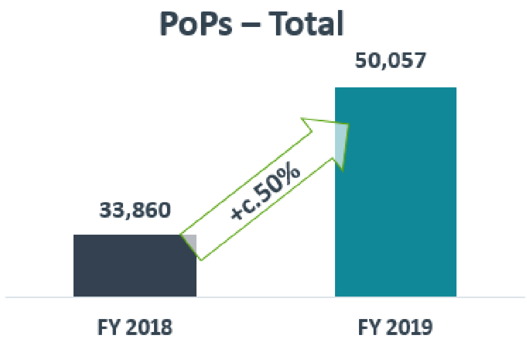
Income Tax Payment

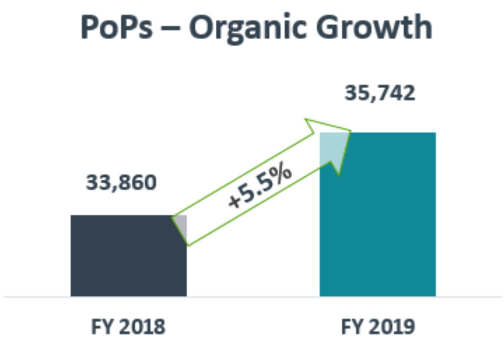
The reconciliation between the payment of income tax according to the consolidated statement of cashflows and the current income tax expense for 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Current tax expense	(14,555)	(18,290)
Payment of income tax prior year	(3,950)	(5,975)
Receivable of income tax prior year	1,048	1,318
Income tax (receivable)/payable	(5,997)	5,739
Others	(1,808)	(3,011)
Payment of income tax as per the Consolidated Statement of Cashflows	(25,262)	(20,219)

Business indicators







Information relating to the deferment of payments to suppliers

See Note 15 of the accompanying consolidated financial statements.

Use of financial instruments.

See Note 4 of the accompanying consolidated financial statements.

Sustained value creation

Creating value in the company

Cellnex´s Financial Structure

Cellnex' borrowings are represented by a combination of loans, credit facilities and bonds issues. As at 31 December 2019, the total limit of loans and credit facilities available was EUR 5,877,303 thousand (EUR 1,606,398 thousand as of 31 December 2018), of which EUR 2,290,227 thousand in credit facilities and EUR 3,587,076 thousand in loans (EUR 1,287,415 thousand in credit facilities and EUR 318,983 thousand in loans as of 31 December 2018).

Cellnex´s Financial Structure [1] (Thousands of Euros):

	Notional as of 31 December 2019 (*)			Notional as of 31 December 2018 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	3,600,500	3,600,500	-	2,552,835	2,552,835	-
Loans and credit facilities	5,877,303	1,643,971	4,233,332	1,606,398	586.471	1,019,927
Total	**9,477,803**	**5,244,471**	**4,233,332**	**4,159,233**	**3,139,306**	**1,019,927**

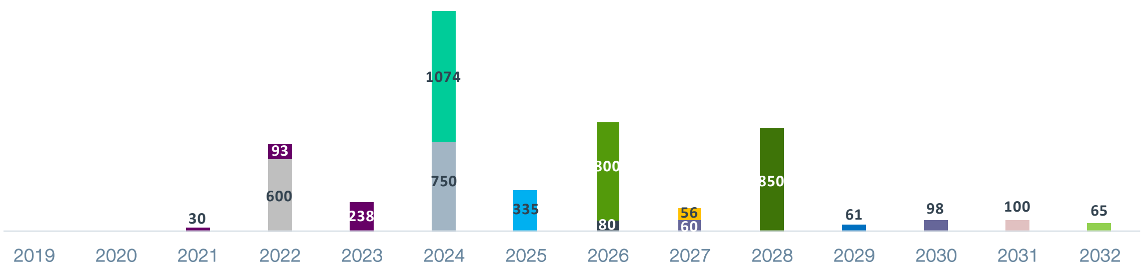
(*) These concepts include the notional value of each caption, and are not the gross or net value of the caption. See "Borrowings by maturity" of the Note 13 of the accompanying consolidated financial statements.

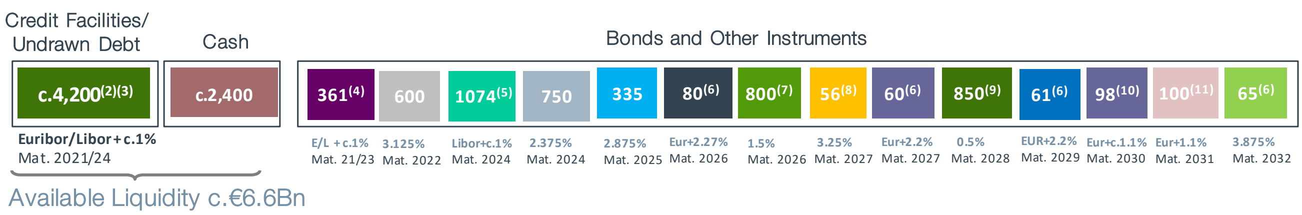
As at 31 December 2019, Cellnex weighted average cost of debt (considering both the drawn and undrawn borrowings) was 1.5% (1.9% as at 31 December 2018) and the weighted average cost of debt (considering only the drawn down borrowings) was 1.7% (2.2% as at 31 December 2018).

The following graph sets forth Cellnex's notional contractual obligations in relation to borrowings as of 31 December 2019 (EUR million):

LONG-TERM STRATEGIC COLLABORATION AGREEMENTS

With Iliad in France and Italy and with Salt in Switzerland





[1] Without including "Lease liabilities" caption of the accompanying consolidated financial statements.

(1) Considering current Euribor rates; cost over full financing period to maturity.

(2) Including RCF EUR 1,500Mn, c.EUR300Mn bilaterals and GBP 2Bn facilities agreement (EUR 2.4 billion, assuming a GBP/EUR 1.2 exchange rate), not yet drawn (if drawn upon the closing of the Arqiva deal will act as a natural hedge).

(3) RCF; Credit facilities Euribor 1M/3M; floor of 0% applies.

(4) Includes c.£330Mn debt in GBP; natural hedge investment in Cellnex UK Ltd.

(5) EUR 583Mn debt in Swiss Francs at corporate level (natural hedge)) + EUR 491Mn debt in Swiss Francs at local level in Switzerland. No financial covenants or share pledge (Swiss Tower and/or Cellnex Switzerland) in line with all the debt placed at the Parent Company Corporate level.

(6) Private placement.

(7) Convertible bond into Cellnex shares (conversion price at c. EUR 33.6902 per share). Includes 200Mn convertible issued in January 2019.

(8) Bilateral loan.

(9) Convertible bond into Cellnex shares (effective conversion price at c.EUR 53.7753 per share).

(10) EIB loan.

(11) ICO Loan.

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

ACQUISITION OF **CIGNAL** IN IRELAND

One of the main Irish telecommunications infrastructure operators

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

Liquidity and Capital Resources

Net financial debt

The "Net financial debt" at 31 December 2019 and 2018 is as follows:

NET FINANCIAL DEBT (THOUSANDS OF EUROS)

	31 December 2019	31 December 2018
Gross financial debt (1)	6,289,601	3,622,074
Cash and cash equivalents (Note 11)	(2,351,555)	(455,870)
Net financial debt	3,938,046	3,166,204

(1) As defined in Section "Business performance and results" of the accompanying Consolidated Management Report corresponding to the year ended on 31 December 2019.

At 31 December 2019, the net bank financial debt amounted to EUR 3,938 million (EUR 3,166 million in 2018), including a consolidated cash and short term deposits position of EUR 2,352 million (EUR 456 million in 2018).

Net financial debt evolution

NET FINANCIAL DEBT EVOLUTION

Net Debt Evolution (including accrued interest)	31 December 2019	31 December 2018
Beginning of Period	3,166,204	2,662,617
Recurring leveraged free cash flow	(349,978)	(304,718)
Expansion Capex	97,110	93,764
Expansion Capex (Build to Suit programs)	229,500	147,341
M&A Capex (cash only)	3,659,031	392,125
Non-Recurrent Items (cash only)	30,827	45,048
Other Net Cash Out Flows	35,785	19,113
Payment of Dividends [1]	26,620	24,211
Treasury Shares [2]	-	5,035
Issue of equity instruments	(3,683,375)	(62,480)
Net repayment of other borrowings [3]	26,978	11,220
Change in Lease Liabilities [4]	625,690	100,355
Accrued Interest Not Paid and Others (non-cash)	73,654	32,573
End of Period	3,938,046	3,166,204

[1] "Dividends paid" (see the relevant section in the Consolidated Statement of Cash Flows for the period ended 31 December 2019).

[2] "Acquisition of treasury shares" (see the relevant section in the Consolidated Statement of Cash Flows for the period ended 31 December 2019).

[3] "Net repayment of other borrowings" (see the relevant section in the Consolidated Statement of Cash Flows for the period ended 31 December 2019).

[4] Changes in "Lease liabilities" long and short term of the accompanying Consolidated Balance Sheet as of 31 December 2019. See Note 14 of the accompanying Consolidated Financial Statements.

Liquidity availability

The breakdown of the available liquidity at 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Available in credit facilities (Note 13)	4,233,332	1,019,927
Cash and cash equivalents (Note 11)	2,351,555	455,870
Available liquidity	6,584,887	1,475,797

Regarding the Corporate Rating, at 31 December 2019, Cellnex holds a long term "BBB-" (investment grade) with stable outlook according to the international credit rating agency Fitch Ratings Ltd. and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC.

Shareholder remuneration

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

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

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

The payment of the dividends will be made on the specific dates to be determined in each case and will be duly announced.

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

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

2017-2019 Dividend Policy

The following Dividend Policy shall be applicable:

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

The Cellnex tax contribution

Cellnex's taxation strategy establishes the fundamental guidelines governing the decisions and actions of the Cellnex Group in tax matters. Likewise, the company has established the control and management of tax risks rule, which defines the principles and structure of the control and management framework of these.

During 2018, the company sent out the control and management framework for tax risks to the appropriate areas whose functions and responsibilities make them particularly sensitive in the field of taxation. Likewise, to comply even more effectively with the rules on control and management of tax risks, the company began to implement a tool that makes it possible to perform recurrent monitoring of its tax situation and optimises the management of any risks that may be detected.

In 2019 this model has already begun to be implemented in Spain since it is the country where Cellnex headquarters is located. The implementation phase on other countries is scheduled in 2020, first among them Italy. The Control and Management Model for tax risks includes around 70 controls and all key elements, which allow us to know the degree of compliance in fiscal matters with regard of any area of the organisation whose activity could have tax impacts.

The Group acts responsibly in tax matters in its business management and meets its tax obligations in all the countries in which it operates - currently Spain, Italy, the Netherlands, Switzerland, France, the UK, Portugal and Ireland - applying consistent fiscal criteria in accordance with regulations, administrative doctrine and case law and maintaining appropriate relations with the corresponding tax authorities.

Cellnex is also sensitive to and aware of its responsibility in the economic development of the territories in which it operates, helping to create economic value by paying taxes, both on its own account and those collected from third parties. Accordingly, it makes a substantial effort and pays great attention to fulfilling its tax obligations, in accordance with the applicable rules in each territory.

In this sense, the company is working to adhere the Code of Good Tax Practice, where includes a series of recommendations aims to achieve the application of tax system, through cooperation between public Administration and companies.

Since the company wish to adhere to these proposed guidelines, in September of 2019, the Board of Directors agreed to adhere to the Code of Good Tax Practice and therefore, in 2020 the company will be initiate the necessary procedures to go ahead adherence.

Following OECD methodology on cash basis accounting, Cellnex's total tax contribution in 2019 was € 169.1 million (160.5 in FY 2018). Own taxes are those paid for the company and third-party taxes are those collected and aid into the various tax offices on behalf of such third parties, therefore they are not a cost to the company.

CELLNEX'S TAX CONTRIBUTION IN 2019 (MN €)

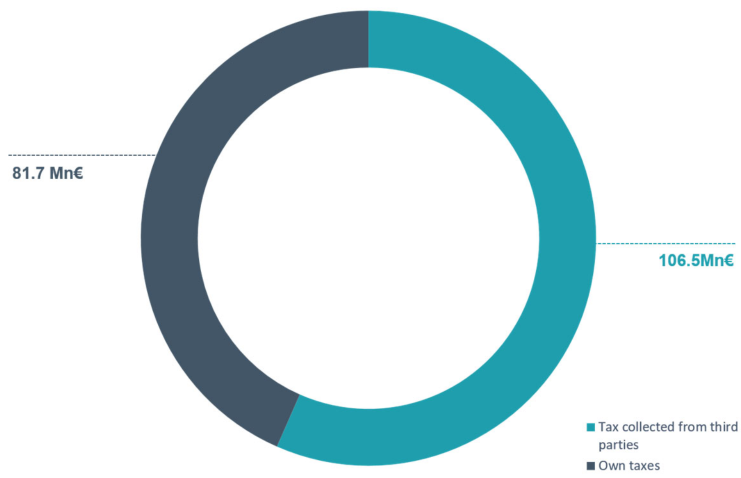
	31 December 2019			31 December 2018		
	Own taxes(1)	Tax collected from third parties (2)	Total	Own taxes(1)	Tax collected from third parties (2)	Total
Spain	25.5	64.2	89.7	24.1	68.1	92.2
Italy	38.7	27.6	66.3	17.6	30.9	48.5
France	2.7	1.0	3.7	0.3	0.8	1.1
Netherlands	4.6	9.9	14.5	0.8	8.4	9.2
United Kingdom	1.0	1.6	2.6	1.2	1.8	3.0
Switzerland	9.2	1.3	10.5	3.7	2.8	6.5
Ireland	0.1	0.8	0.9	-	-	-
Total	81.7	106.5	188.2	47.7	112.8	160.5

(1) Includes taxes that are an effective cost to the company (basically includes payments of income tax, local taxes, miscellaneous taxes and employer's social security contributions).

(2) Includes taxes that do not affect the result but are collected by Cellnex on behalf of the tax administration or are paid in for third parties (basically includes net value added tax, deductions from employees and third parties, and employees' Social Security contributions).

TAX CONTRIBUTION

188.2 Mn€



Income tax payment

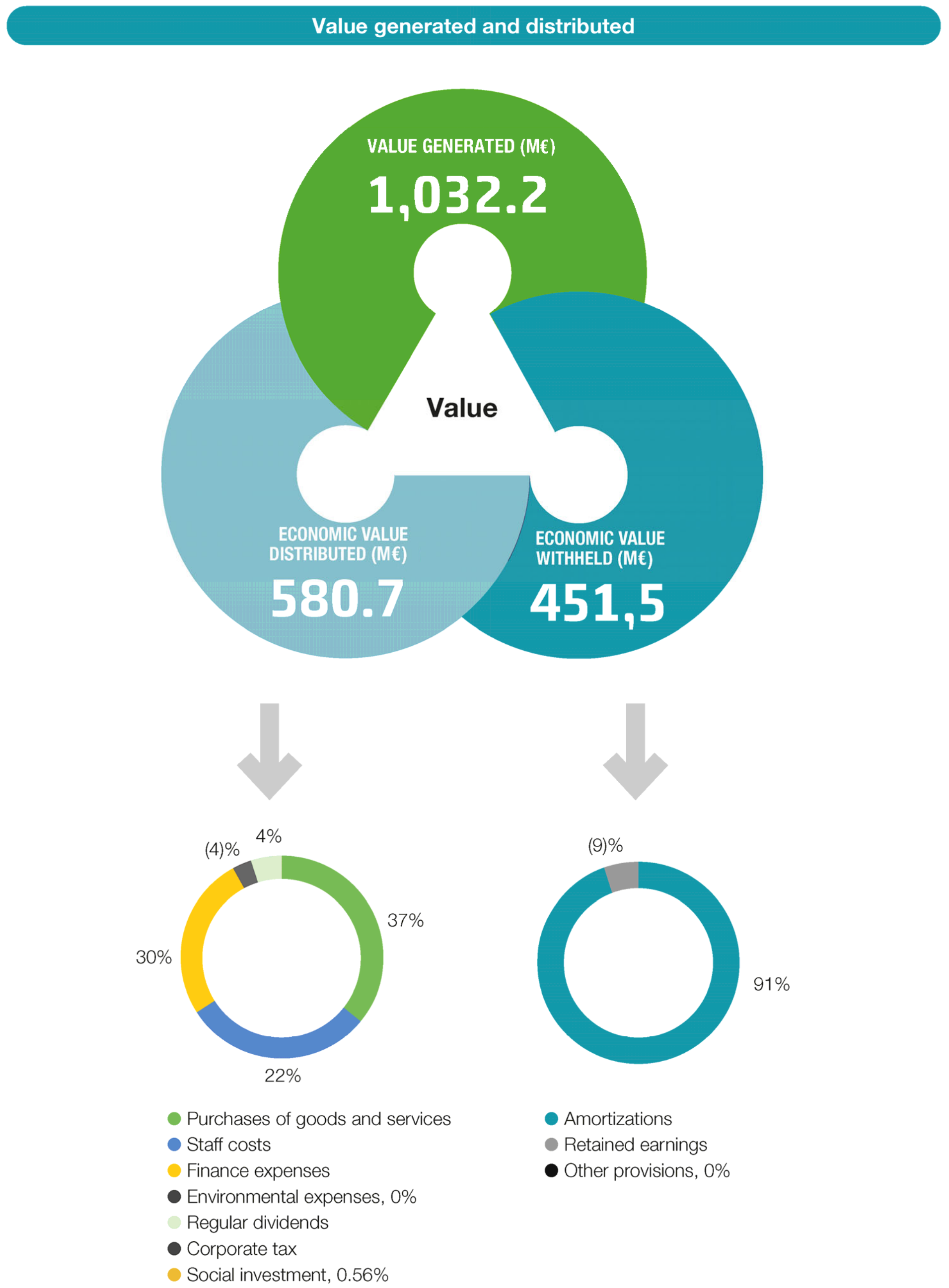
The breakdown of the income tax payment by country for the 2019 financial year is as follows:

BREAKDOWN OF THE INCOME TAX PAYMENT BY COUNTRY

	31 December 2019	31 December 2018
Spain	1,567	1,601
Italy	16,616	13,980
France	-	-
Netherlands	3,831	354
United Kingdom	806	1,069
Switzerland	2,100	3,220
Ireland	-	-
Total	24,920	20,224

Value generated and distributed

Value generated in 2019 by Cellnex was € 1,032 million (901 million FY 2018), distributed mainly to suppliers, employees, shareholders and public administration.



Post balance sheet events

Acquisition of Omtel in Portugal

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

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

New Bond issuances

Bond issuance for an amount of EUR 450 million

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

Bond issuance for an amount of CHF 185 million

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

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

Business outlook

SHARE CAPITAL

66%

of increase in 2019

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

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

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

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

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

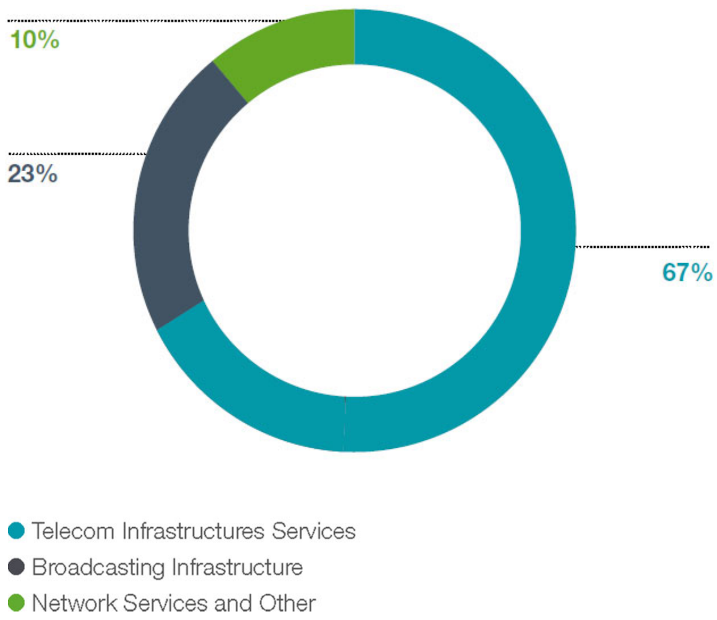
Business model

The Cellnex Group provides infrastructure management services for wireless telecommunications to the following markets:

- Telecom Infrastructure Services (TIS)
- Broadcasting Infrastructure.
- Network Services and Other.

In terms of their relative weight in the group's 2019 Income statement, the TIS business continues to strengthen its profile as a direct consequence of the significative growth experienced in the European core markets, which is mainly driven by the acquisition and integration of new telecom sites. This relative weight in favour of the TIS business will further increase in 2020 and beyond following the consolidation in the balance and P&L of the assets and companies acquired throughout 2019.

CONTRIBUTION IN INCOME AS OF 31 DECEMBER 2019



Infrastructure services for mobile telecommunications operators

5G

Will require a new network architecture and Cellnex is working on a neutral operator model

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

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

- Distributed Antenna Systems (DAS): This new network architecture will require adaptation of the equipment installed in existing infrastructures (macro sites) while increasing the densification of the network through Distributed Antenna Systems (DAS) and Small Cells in indoor areas (stadiums and sports venues, shopping centres, theatres, skyscrapers, carparks, underground networks, etc.) and outdoor areas (city centres, public transport networks, ports, airports, etc); especially high-footfall spaces.

- Edge Computing: This is another key element in the 5G ecosystem which shifts computing capabilities closer to the transmitting antennas and therefore closer to the data receivers (vehicles, people, machines). Bringing infrastructure closer to the end-user is fundamental to achieving minimum latency (1 millisecond), which is one of the elementary parameters of 5G technology and is directly related to the development of sectors such as autonomous vehicles, industry 4.0 or telemedicine. Cellnex is therefore committed to extending "Edge computing" - data processing at the edge of the network - bringing computing capabilities closer to antennas and therefore closer to the users (people, vehicles, and machines).

- Optical fibre: One of Cellnex's proposals is the roll-out, operation and maintenance of fibre optic networks connected to towers and antennas (macro and "small cells") since optical fibre will be a necessary element of 5G for transmitting the huge amount of data that will be gathered by the new access networks to the operator network. Furthermore, "backhauling" with optical fibre telecommunications towers is essential to developing 5G networks, associated to the remote or "caching" servers that physically bring the data processing and storage capacity closer to the end users of 5G-based applications.

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

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

These assets are expected to provide co-location services offered by a neutral provider, similarly to the Group's current Telecom Infrastructure Services segment and potentially with comparable economic principles in terms of long-term contract duration, price escalators and potential for upselling to third parties.

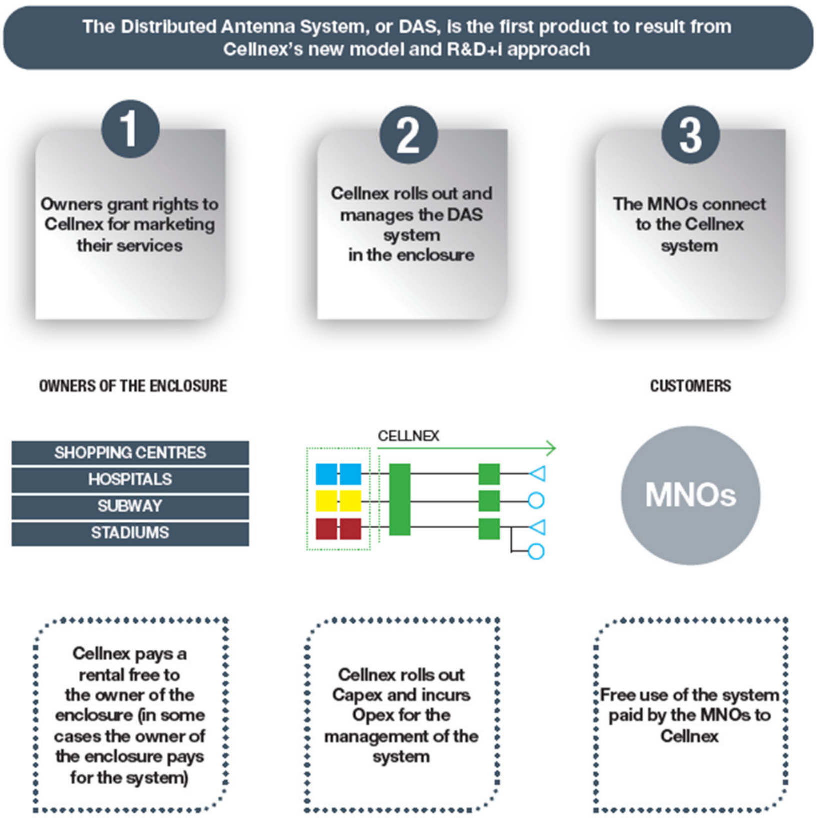
In addition, 5G technology provides a wide variety of capabilities that enable many different usage cases that can vary from autonomous vehicles to advanced emergency services.

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

- Improved mobile broadband: Not only thanks to increased capacity, but also because of improved reliability (broadband access always available) and by allowing higher speed use cases (enabling new services in cars, trains or aircraft)

- Increased connectivity: more devices can communicate simultaneously in a specific area (up to one million devices per square kilometre), providing the possibility to create new services related mainly to the Internet of Things (IoT)

- Enhanced response time: 5G improves the time response from the network, enabling a set of new use cases such as remotely controlling machinery or autonomous vehicles.



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

Infrastructure Master Plan 2018-2022

The Infrastructure Master Plan designed in 2018 with the ultimate goal of providing autonomous management at the main centres of the network and ensuring continuity of service (DTT, radio, data transmission, etc.). Therefore, it not only increases the guarantee of continued service, but also reduces operating and maintenance costs.

The Plan affects some 120 sites covering a broad swathe of the population or housing equipment for security and emergency networks, which are critical in operational terms. Therefore, the actions to be carried out will consist of renewing obsolete infrastructure and equipment and designing and implementing contingency plans.

Milestones 2019

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

Spain

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

France

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

Italy

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

Switzerland

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

UK

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

5G Barcelona

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

Transport For London (Tender in process)

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

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

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

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

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

Specifically in DAS (Distribution Antenna Systems):

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

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

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

The Telecom Infrastructure Services site portfolio at 31 December 2019 is summarised below:

Framework Agreement	Project	Nº of Sites acquired	Beginning of the contract	Initial Terms + Renewals (2)
Telefónica	Babel	1,000	2012	10+10+5
Telefónica and Yoigo (Xfera Móviles)	Volta I	1,211	2013	10+10+5 (Telefónica) Until 2030+8 (Yoigo)
Telefónica	Volta II	530	2014	10+10+5
Business combination	TowerCo purchase	321	2014	Until 2038
Telefónica and Yoigo (Xfera Móviles)	Volta III	113	2014	10+10+5 (Telefonica)
				Until 2030+8 (Yoigo)
Telefónica	Volta Extended I	1,090	2014	10+10+5
Neosky	Neosky	10	2014	10+10+5
Telefónica	Volta Extended II	300	2015	10+10+5
Business combination	Galata purchase	7,377	2015	15+15 (Wind)
Business combination	Protelindo purchase	261	2012	+15 (KPN)
			2016	+12 (T-Mobile)
Bouygues	Asset purchase (3)	371	2016	20+5+5
		129	2017	20+5+5
		1,098	2017	15+5+5+5
		1,205	2018	15+5+5+5
		701	2019	15+5+5+5
Business combination	Shere Group purchase	1,042	2011	+15 (KPN)
			2015	+10 (T-Mobile)
			2015	+15 (Tele2)
Business combination	On Tower Italia purchase	11	2014	9+9 (Wind)
			2015	9+9 (Vodafone)
K2W	Asset purchase	32	2017	Various
Business combination	Swiss Towers purchase	2,239	2017	20+10+10 (Sunrise Telecommunications)
Business combination	Infracapital Alticom subgroup purchase	30	2017	Various
Others Spain	Asset purchase	45	2017	15+10
		36	2018	15+10
		375	2018	20+10
Masmovil Spain	Asset purchase	551	2017	18+3
		85	2018	6+7
Linkem	Asset purchase	426	2018	10+10
Business combination	TMI purchase	3	2018	Various
Business combination	Sintel purchase	15	2018	Various
Business combination	BRT Tower purchase	30	2018	Various
Business combination	DFA purchase	9	2018	Various
Sunrise	Asset purchase	173	2019	20+10+10

Business combination	Video Press purchase	8	2019	Various
Business combination	On Tower Netherlands purchase	114	2019	7 [7]
Business combination	Swiss Infra purchase	2,771	2019	20+10 [4]
Business combination	Cignal purchase	546	2019	20 [5]
Business combination	Business unit from Iliad Italia, S.p.A.	1,776	2019	20+10 [4]
Business combination	Iliad7 purchase	5,686	2019	20+10 [4]
Orange Spain	Asset purchase	1,067	2019	10+10+1 [6]
Shared with broadcasting business		1,844		
"Built to Suit" and others [1]		61		

[1] "Built to Suit" and others: towers that are built to meet the needs of the customer. This does not include the "BTS" programs with Bouygues and Sunrise at the closing of the M&A projects.

[2] Renewals: some of these contracts have clauses which prohibit partial cancellation and can therefore only be cancelled for the entire portfolio of sites (typically termed "all or nothing" clauses), and some of them have pre agreed pricing (positive/negative).

[3] In accordance with the agreements reached with Bouygues during 2016, 2017 and 2018, at 31 December 2019 Cellnex has committed to acquire and build up to 5,250 sites that will be gradually transferred to Cellnex up to until 2024 (see Note 6 of the accompanying consolidated financial statements). Of the proceeding 5,250 sites, a total of 3,504 sites have been transferred to Cellnex as at 31 December 2019 (as detailed in previous table). Note that all Bouygues transactions have a common characteristic "up to" as Bouygues does not have the obligation to reach the highest number of sites.

[4] Master Agreements with initial terms of approximately 20 years, to be automatically extended for 10-year periods (all-or-nothing basis), with an undefined maturity.

[5] Contracts with clients are linked to CPI, have an average duration of c.20 years and a high probability of renewal due to the portfolio's strong commercial appeal and limited overlap with third party sites.

[6] Orange Spain will beT the main customer of this portfolio of telecom sites, with whom Cellnex has signed an inflation-linked Master Lease Agreement for an initial period of 10 years that can be extended by one subsequent period of 10 years and subsequent automatic 1-year periods (undefined maturity).

[7] Contracts with clients are linked to CPI and have an average duration of approximately c.7 years to be automatically extended (undefined maturity).

As at 31 December 2019 the Group also maintains 1,995 antennas nodes with the DAS.

Broadcasting infrastructure

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

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

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

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

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

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

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

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

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

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

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

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

Milestones 2019

LOVEStv

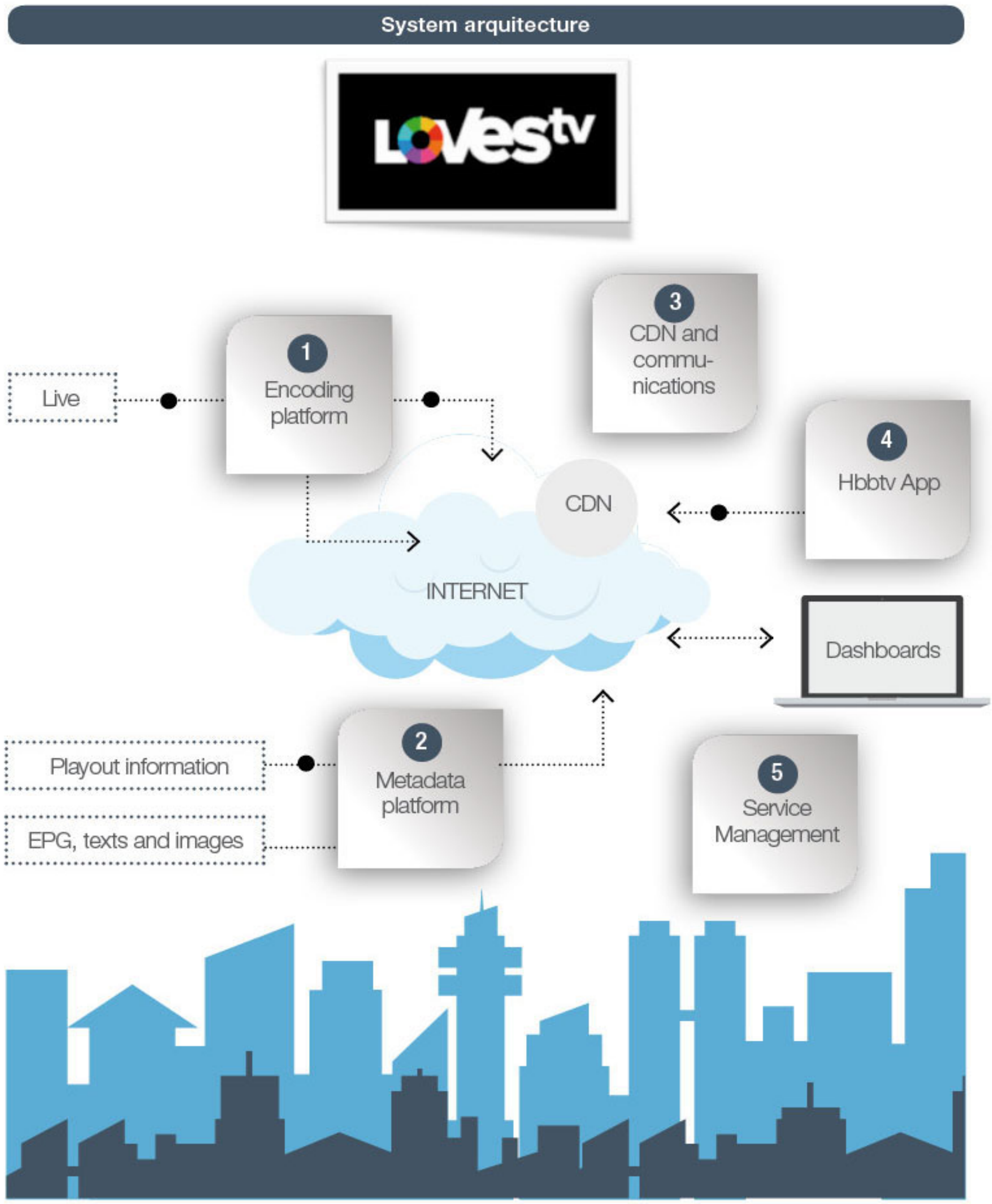
LOVEStv streaming platform was launched on 28 November 2018, one week after World Television Day. Cellnex Telecom, as the technology provider, developing together with the public broadcaster RTVE and the two large Spanish private broadcasting groups, Atresmedia and Mediaset España. The project's test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

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

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

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

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


System arquitecture
Live
1
Encoding platform
3
CDN and commu-nications
4
Hbbtv App
CDN
INTERNET
Dashboards
Playout information
EPG, texts and images
2
Metadata platform
5
Service Management

Pilot test for Ultra High-Definition

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

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

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

Other network services

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

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

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

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

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

Security and Control

- Securitas Direct renewed and extended the Internet of Things (IoT) connectivity services contract with Cellnex Telecom in June 2019. This agreement allows Securitas Direct to maintain its exclusive ATN network, increasing its size, coverage and capabilities to continue to develop innovative solutions. Cellnex Telecom will increase six-fold the current capacity of the IoT network, based on Sigfox technology, to provide it with more features, such as the ability to transmit images and send audio messages. It will also extend its coverage to Portugal with Sigfox, becoming the operator of the network in both countries, providing service to more than 1.2 million customers. The contract has been signed for a total of fifteen years, starting with a six-year period followed by an extension of nine more years.

- In addition, a contract was signed in September 2019 for an emergency and security digital mobile communications service in the Autonomous Community of Navarre for the six-year period of, 2020-2025. This network provides coverage to the entire region and serves various units of the Government of Navarre, including emergencies in Navarre, the Autonomous Police, the Fire Service of Navarre, Ambulances, the Environmental Nursery Service, and the Road Maintenance Service.

- Pilot testing of combining TETRA and LTE technologies for Critical Mission.

- Coverage in AVE high-speed rail tunnels to different places in Spain to extend the safety and emergency network.

- Zenon: sales of Mission Critical Handsets (TETRA).

Smart communications networks

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

- IoT Project with the company Red Eléctrica. Fire detection system from the high-voltage towers of Red Eléctrica. It is a project called "challenge the open innovation" that emerged from Ennomotive, a crowfunding platform of engineers' ideas for challenges related to fire detection and prevention.

- Multioperator SmallCells Pilot. A multi-operator Small-Cells pilot has been deployed to validate installation models and the impact on urban environments, while validating integration into operators' networks.

- Alokabide. Extension of the Social House project (monitored houses) with the Basque Government, after the implementation already rolled out in Catalonia. Cellnex will equip the selected homes with sensors that will allow remote data collection and monitoring in order to improve the comfort conditions of the users of these homes and facilitate the protection and management of these "connected" homes.

- Pilot network tests of domestic water consumption meters (IoT)

- Development of new IoT verticals.

- Smart & Iot in Italy.
- Deployment of an IoT network in Switzerland, reaching more than 85% coverage.

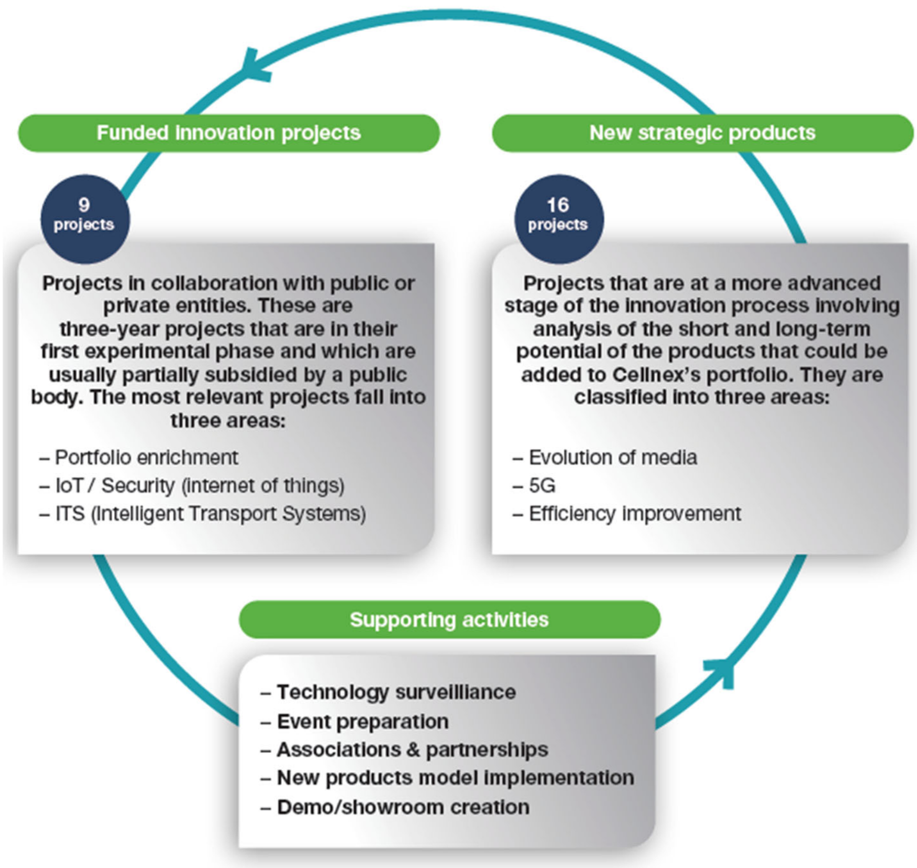
Communications infrastructures - Smart

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

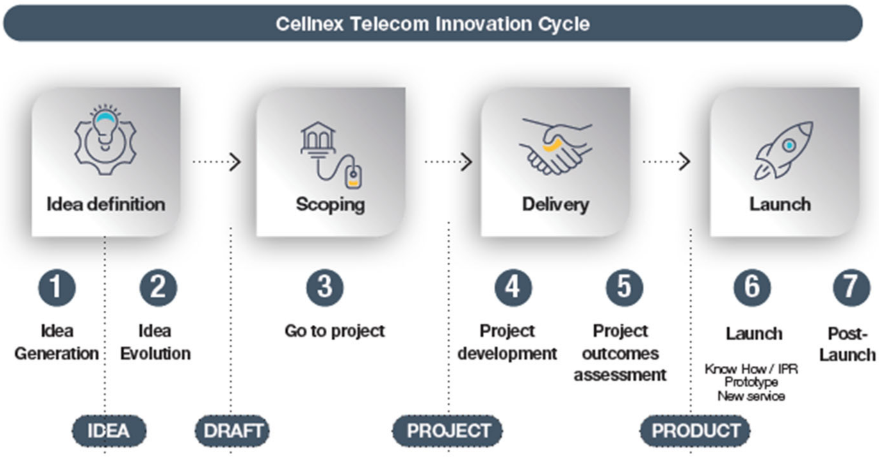
An innovative and transformational business

Cellnex's innovation is closely linked to its strategy, and this is embodied in its aim to be the company that generates value for society, customers and shareholders, through innovative, efficient, neutral and high-quality management in delivering service and contributing technological solutions. This commitment to R&D+i represents one of the main drivers for Cellnex in the current global context, characterised by its strong innovative character and being a company that is strongly linked to the digital world and the communication technologies.

In this sense, Cellnex works on different projects to be one step ahead, specifically, in two areas: innovation and product strategy. This model also embodies a cross-cutting approach, where working procedures are defined in multidisciplinary teams and enhanced cooperation with the stakeholders that deal with Cellnex.



Cellnex has an efficient and consolidated Innovation Model based on streamlined integration processes, as well as on standardising the development of innovative activity. This model fosters a culture of innovation throughout the company that encourages everyone to continue working in line with the vision of cross-cutting integration of innovation and work with multidisciplinary teams, both inside and outside the company.



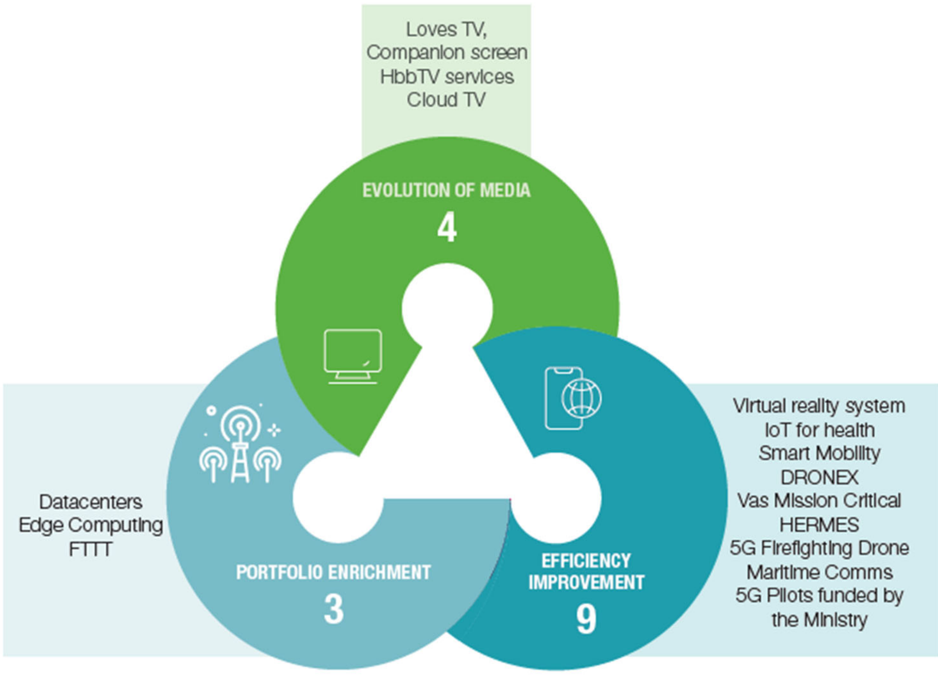
Open innovation

Cellnex is driving open innovation, allowing the company to deal with companies with a wide variety of verticals, nature or size. In this sense, the company is developing different initiatives:

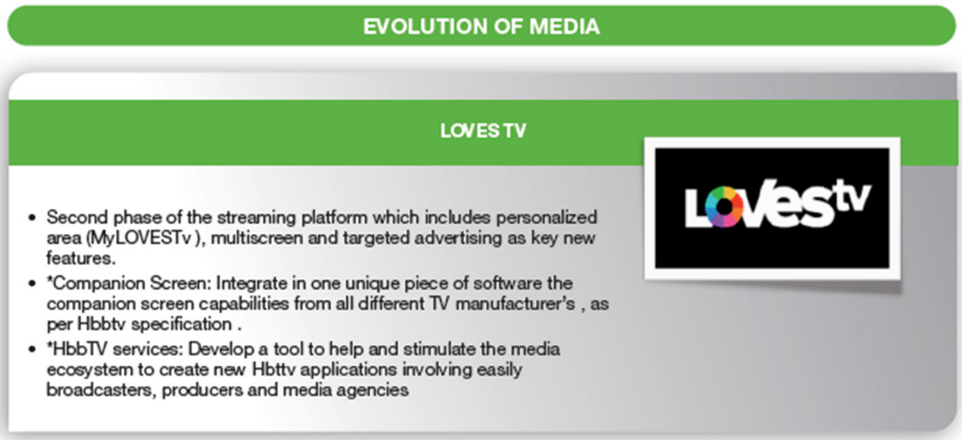
- Acquisition: we evaluate potential acquisitions of start-ups related to Cellnex business.
- Investment: Cellnex is dedicating time to identify investment opportunities with Start-ups. At this point, the project with the start-up Nearby Computing stands out.
- Acceleration: we collaborate with third party acceleration programs in order to get a faster evaluation of a potential opportunity with a startup.
- Co-Innovation: A lot of activity around Open Innovation is through collaboration with external companies in a variety of verticals
- Discovery/Scouting: We do usual start-up ecosystem surveillance, attend to start ups events and collaborate with seed funding companies among other activities in order to detect potential opportunities.

R&D+I projects developed in 2019

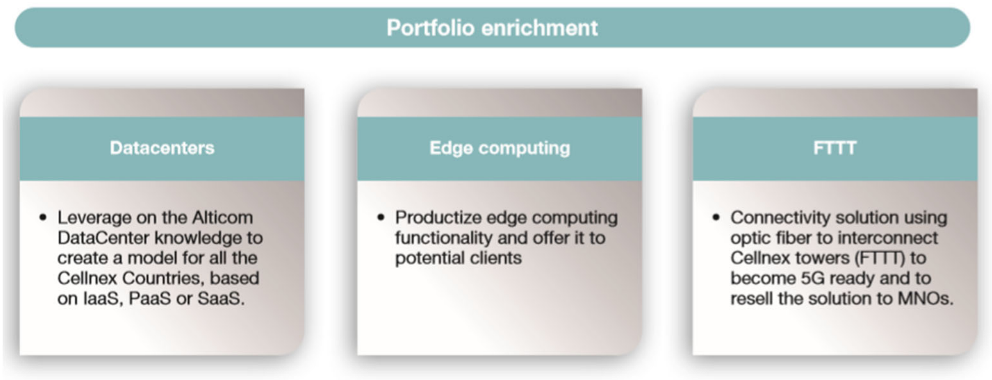
New strategic products



Evolution of Media



Portfolio enrichment



Vertical projects

Verticals

Virtual reality system

- Virtual reality project at the Cruïlla Festival: those attending the festival were able to experience musical interpretation immersed in a 360º live virtual reality. The main stage concerts were broadcast live to Cruïlla Village. There, visitors can use the virtual reality glasses to get a 360º immersive projection of everything that happens on and around the stage during a performance (with Acciona and MasMovil partners).

IoT for Health

- Agreement with Hospital Clinic to carry out a project to monitor non-critical patients using low-cost IoT sensors over a 5G network (initially the tests will be carried out using the Sigfox network). For optimum use in hospitals, these IoT sensors will adhere to the patient using a patch that will allow, among other things, the measurement of surface temperature

ITS Italy

- Project in Italy creates an experimental environment in the field of mobility for intelligent cities. Specifically, Cellnex's contribution to the project has consisted in the implementation of a solution that improves Urban Mobility, through the monitoring of the access and exit of vehicles to the enclosure and the management of several parking areas.

DRONEX

- Development of a Drone-based inspection service for Infrastructures

Verticals (cont.)

5G Firefighting Drone

- This pilot belongs to the security and emergency sector, and its scope of application was in Barcelona at the 'Barcelona Drone Center' aerodrome. It consists of the use of drones with temperature sensors and high resolution camera for the management of fire extinction and control of the extinct perimeter.

Maritime Comms

- Implementation of a commercial implementation of vDES maritime comms . protocol and associated services for security and fishing legal control.

VAS Mission Critical

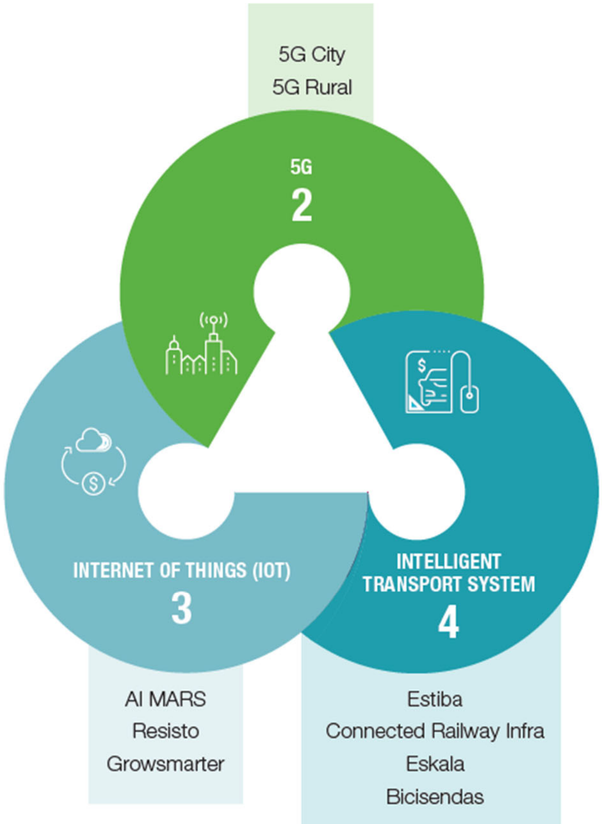
- Open Innovation initiative to include Third party applications as part of the Mission Critical Value Proposal. The target is to add services with the infrastructure.

5G Pilots funded by the Ministry

- Cellnex has collaborated with mobile operators on four specific projects for the development of four government-funded projects:
  - 5G energy study
  - Fixed Wireless Access
  - Crowd Security
  - Autonomous Harvesting

GOBIERNO DE ESPAÑA
MINISTERIO DE ENERGÍA, TURISMO Y AGENDA DIGITAL

Funded innovations projects



5G projects

5G

5G City

- The objective of the project is the deployment of a common 5G network, open and multi-operator that extends the centralized model in the cloud to the edge of the network.

5G rural

- The project explores the various possibilities for deploying a 5G network in selected rural areas in an economically viable manner.

Internet of Things (IoT)/ Security

Internet of Things (IoT)

AI MARS

- Project in collaboration with the Spanish military police, aiming to investigate technologies and methodologies to support surveillance and prevention of incidents in areas with high concentration of people

Resisto

- Cybersecurity and physical security project for critical infrastructures such as the Coixerola Tower, Torrespaña, seaport, etc.

Growsmarter

- This is an evolution of the Smartbrain platform with applications and sensors for services that improve the quality of life of city dwellers, as well as reducing the environmental footprint.

Intelligent Transport System

Intelligent Transport System

Estiba

- Development of i4.0 technologies for the digitalization of Spanish ports by means of highly automated logistics (autonomous cars and cranes from the installation of sensors in the containers).

Connected Railway Infra

- This Project focuses on rail networks, maintenance and repair. The network is applied. In order to achieve this objective, Sigfox technology is being applied and ADIF is participating in the project.

ESKALA

- Integrate airport processes and actors to offer a new concept of global operation, providing the airport control center with artificial intelligence to minimize stopover time.

BICISENDAS

- The objective of the project is the development of innovative cycle lanes that include new construction processes and the integration of digital communications to improve the environment and increase comfort and safety in the vicinity of the cycle lane. Within the activities of the project, Cellnex will focus on the development of a communications infrastructure that ensures the proper management and use of the information collected in the bike lane. To this end, the use of 5G as a technology for communication between vehicles and infrastructure is evaluated.

Opportunities for 2020 and long-term innovation strategy

5G projects

5G projects

Datacenters

- Expansion of the Data Centers product in Cellnex footprint countries where this product is not established on the basis of Alticom's experience in the Netherlands.

MEC

- Multi-Access Edge Computing (MEC) product development. The MEC is a key element in new communications networks that brings computing power and storage to the edge of the network by drastically reducing traffic to the core of operators and drastically reducing latency in communications. This element combined with the new generation 5G networks enables an enormous amount of new services unthinkable until now, such as Virtual Reality, the Autonomous Car or the automation of industrial operations.

Efficiency Improvement

Efficiency Improvement

5G Energy Study

- 5G energy efficiency study. Given the increase in energy consumption that 5G technology represents compared to 4G, it is proposed that solutions be sought to minimise this impact through the application of different technologies.

Edge/OpenRAN

- Projects focused on the testing and evaluation of new radio access technologies (OpenRAN, C-RAN...) and Edge computing with operators and OTT (Over-The-Top) companies.

DAS ENABLER

- Exploring how the combination of DAS (Distributed Antenna System) and MEC (multi-Access Edge Computing) densification technology in football stadiums opens the door to a new generation of services that will increase the demand for these network infrastructures by facility owners. Possible projects with Atlético de Madrid, Barcelona or Real Madrid stadiums stand out.

INDUSTRY

- Evaluation of innovative projects in any of Cellnex's business lines in collaboration with large companies in the vertical industry with the aim of creating new products. Among others, the following organizations stand out: Natury, Enel, Acciona, Ferrovial, Repsol.

E-HEALTH

- Evaluation of innovative projects in any of Cellnex's business lines in collaboration with large companies in the vertical health with the aim of creating new products. The Clinic, Red Cross and Tic Salut organisations stand out.

TOURISM

- Evaluation of innovative projects in any of Cellnex's business lines in collaboration with large companies in the vertical leisure/tourism industry with the aim of creating new products. Possible projects include Cruilla, Primavera Sound, Sonar, IFEMA, Fira de Barcelona, IESE, Loves TV.

Intelligent Transport System

Intelligent Transport System

Vehicle communications

- Activities with the aim of continuing to work in the field of infrastructure for the connected vehicle. For this purpose, the creation of a laboratory for the study of V2X technology and its evolution is proposed.

Supporting activities

Supporting activities

Collaborations with other entities

- Cellnex is driving open innovation, allowing the company to deal with companies with a wide variety of verticals, nature or size.

Sustainable development goals

- Projects with a social component that contributes to the achievement of the United Nations Sustainable Development Goals and that seek the sustainability of people, the economy and the planet. We are working with CSR in this area.

Future prospects. The opportunity of the Digital Single Market

The European Commission has been working on the Digital Single Market Strategy since 2015. The objective is to ensure that Europe's economy, industry and society take full advantage of the new digital era, so that citizens can shop online across borders and companies can sell online across the EU. Within the framework of this strategy, Cellnex plays a very important role in achieving its objectives through the deployment of new locations for telecommunications in rural and urban environments, as well as DAS nodes, which are located at points of high demand concentration.

DIGITAL SINGLE MARKET STRATEGY

Objective: at least one city in each member state of the EU can offer 5G services by 2020

One of the objectives of this strategy is to prepare mobile networks for the arrival of 5G so that at least one city in each member state of the EU can offer 5G services by 2020, something for which Cellnex is working to position itself as a reference point in the market. It should also achieve the objectives of the Digital Agenda for Europe (DAE). This strategy aims for all Europeans to have access to much higher internet speeds (30 Mbps or above) by 2020, with 50% or more of European households subscribing to internet connections above 100 Mbps.

Furthermore, new European Code of Electronic Communications came into force at the end of 2018, and is the regulatory framework for electronic communications for the next decade, including the roll-out of 5G networks. The deadline for transposition into national law of the provisions of the Directive has been established as two years from the date of its entry into force. It is therefore expected that Member States will have approved the relevant legislation by the end of 2020.

The main objective of the Code is to encourage investment and innovation in high-capacity networks and services throughout the European Union, including rural and remote areas. Among other measures, the Code recognizes the figure of the independent infrastructure operator endowing it with a specific "light" regulation while proposing measures to promote and accelerate the roll-out of the 5G network throughout the territory, providing facilities for the physical deployment of Small Cells and the densification of the network. It also proposes a better management of the radioelectric spectrum, an improvement in the protection of data from smart phone users, and a reduction in the price of European calls.

European regulators are also assessing relevant market regulation. In this context, we will assess whether any emerging regulation could affect Cellnex's activity. To this end, the company continues to play an active role in this regard and participates in several associations in Brussels along with its peers and/or main competitors, allowing it to have an influence on the drafting of sector regulation with respect to policy-makers.

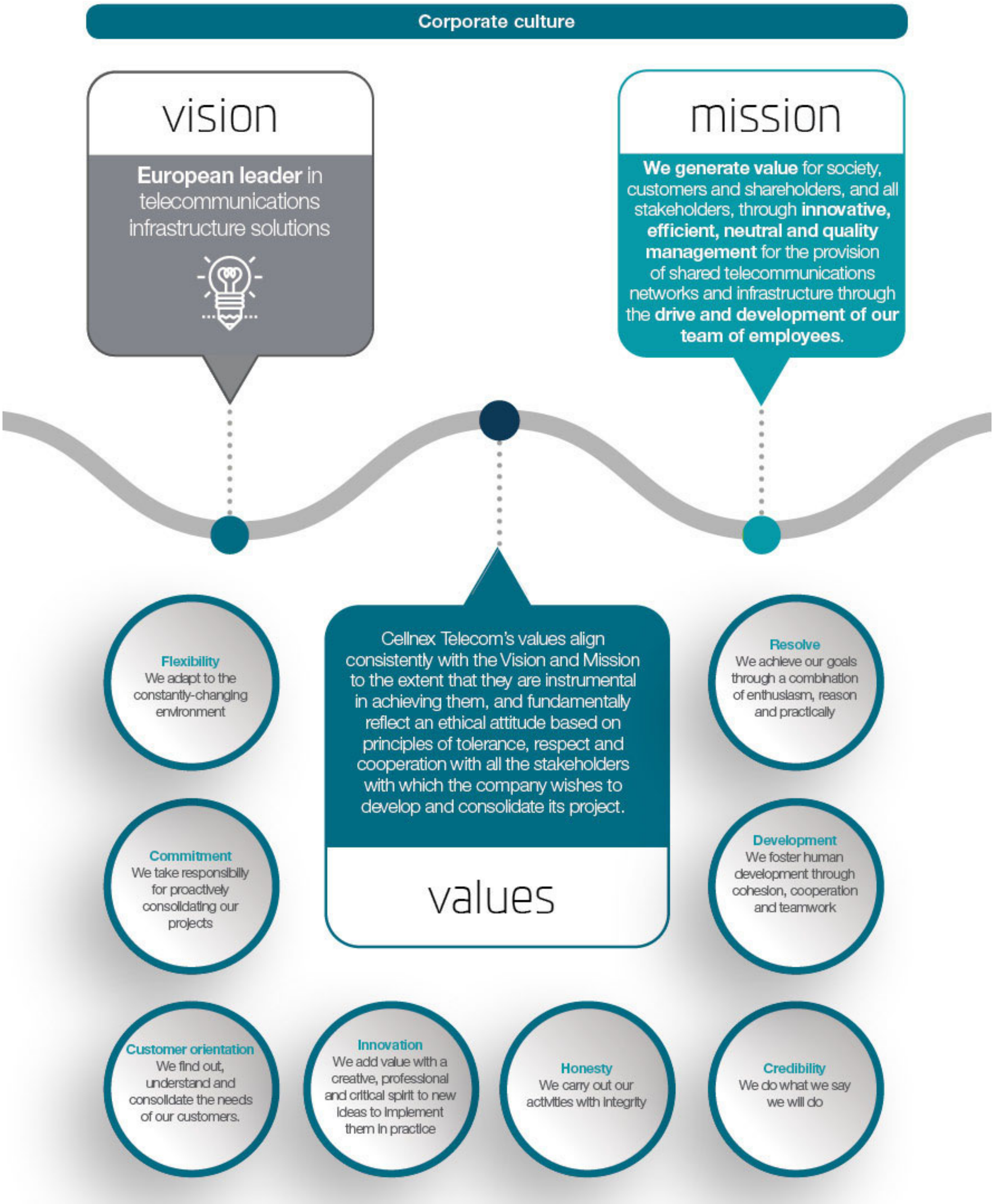
In October – November 2019 the World Radiocommunication Conference. (WRC), organised by the International Telecommunication Vision (ITV) was held in Egypt. During the WRC the global administration met to discuss spectrum usage and, the possibility of changing the Radio Regulations. These are an International Treaty establishing spectrum use and country-to-country coordination and have a considerable impact on developing worldwide telecommunications.

Cellnex was present during the WRC-19 and is actively involved in the ITV process to defend its interests. Depending on the results of the WRC, we envisage intensive studies and work, in the years to come until next WRC (2019-2023).

3

Governance Model

Corporate culture



Corporate governance

In 2018, Cellnex conducted a self-assessment of the performance of the Board of Directors. The result was positive. However, a series of objectives were established in order to correct the slight deficiencies detected.

During 2019, Cellnex has continued to incorporate the best Corporate Governance practices through the actions adopted as a consequence of the result of this evaluation and the recommendations included in the Good Governance Code of the listed companies of the National Securities Market Commission (CNMV).

At the end of 2019, the Board of Directors carried out a new self-assessment of its functioning through a comprehensive questionnaire made up of the following components: (i) Board composition; (ii) functioning of the Board; (iii) Chairman of the Board; (iv) Board Secretariat; (v) Board Committees; (vi) performance of the CEO and relationship with senior management; (vii) alignment and commitment of the Board with the Company's strategic objectives; and (viii) overall assessment of the Board. The questionnaire was answered by all the members.

As a global assessment, the Board members identify their diversity, their independence, their professionalism and their knowledge of the sector as their strengths. Their dedication, their commitment to the success of Cellnex and the confidence atmosphere in which meetings take place were also appreciated. Notwithstanding the above, some areas for improvement were identified for the coming years, which are specified in an Action Plan to be implemented.

An independent external consultant will perform an evaluation of the functioning of the Board and its Committees in 2020.

The selection policy for directors, approved by the Appointments and Remuneration Committee of the Board of Directors in 2016 seeks to ensure an appropriate composition of the Board. According to the policy, Board member selection must take into account factors such as the company's shareholder structure, members' diversity of knowledge, professional experience, background, nationality and gender, as well as their availability to perform the role, specific expertise in particularly relevant areas (financial, legal, telecommunications, etc.), conflicts of interest (actual or potential), and their personal commitment to defending the company's interests. With regard to gender diversity under this policy, the company must ensure as soon as possible and at the latest by the end of 2020 that the least represented gender makes up to at least 30% of total members of the Board of Directors.

The composition of the Board was maintained during FY 2019, although were changes in some positions. The current composition of the Board ensures a compact, experienced and strategy-oriented Board of Directors comprising four Proprietary directors and seven Independent directors, in addition to the Chief Executive Officer.

Governance Model

Changes in 2019

Changes in the Shareholder structure

There were no material changes in the Shareholder structure in 2019. Please note that over this period two share capital increases took place which slightly modified the shareholding rates.

7th January

Issue of senior unsecured convertible bonds

The Board of Directors of Cellnex resolved to carry out a tap issue of senior unsecured convertible bonds due 2026, convertible into new or existing ordinary shares of the Company, with shareholders having no preferred subscription right.

The aggregate principal amount was €200 Million.

28th February

First share capital increase of €1.2 billion

The share capital increase, with preferential subscription rights for current shareholders, amounted to €1.2 billion, representing 28.9% of the share capital before the capital increase and 22.4% after.

During the pre-emptive subscription period, shares representing 98.8% of the new shares were subscribed.

25th June

Issue of senior unsecured convertible bonds

The Board of Directors of Cellnex resolved to carry out an issue of senior unsecured convertible bonds due 2028, convertible into new or existing ordinary shares of the Company, with shareholders having no preferred subscription right.

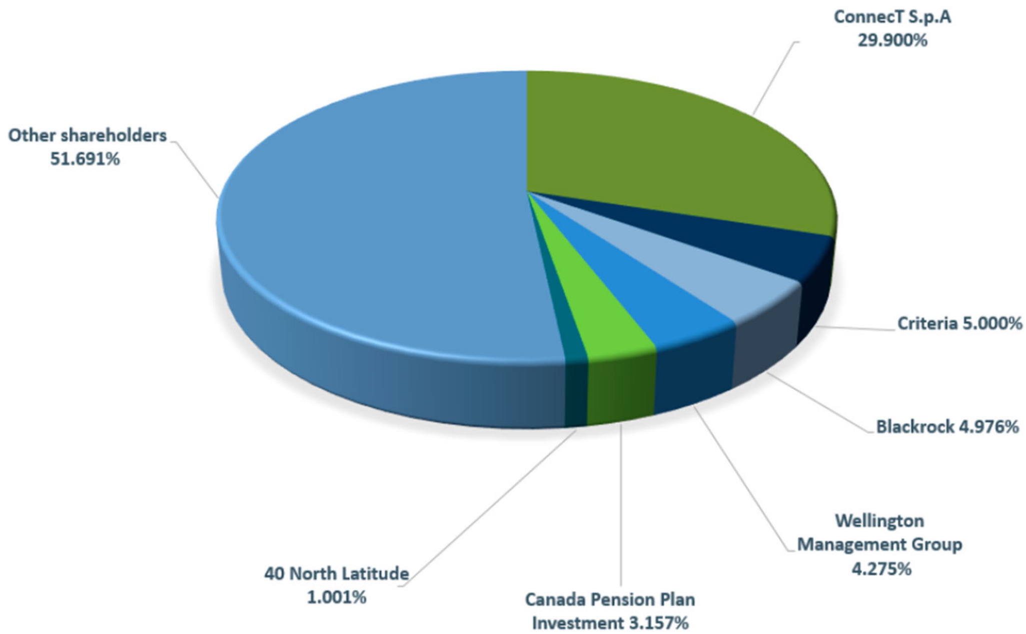
The aggregate principal amount was €850 million.

8th October

Second share capital increase of €2.5 billion

The share capital increase, with preferential subscription rights for current shareholders, amounted to €2.5 billion, representing 29% of the share capital before the capital increase and 22.5% thereafter.

SHAREHOLDER STRUCTURE



Changes in the Board of Directors

The most significant adaptations and changes made to the Group's Corporate Governance in 2019 are as follows:

- Appointment of Mr. Franco Bernabè (25/7/2019) as a member of the Board of Directors, replacing Mr. Marco Patuano (Director and Chairman of the Board of Directors). Mr. Marco Patuano was a proprietary director on behalf of the shareholder Connect S.p.A., so his replacement, Mr. Franco Bernabè, was also appointed, following a report from the Nominations and Remuneration Committee and from the Board of Directors, by the co-optation procedure as proprietary director on behalf of the shareholder Connect S.p.A.

- Likewise, and after a favourable report from the Nominations and Remuneration Committee, it was decided to appoint Mr. Franco Bernabè as the non-executive Chairman of the Company. Mr. Tobías Martínez maintains his responsibilities as CEO.

- Appointment of Mr. Mamoun Jamai (20/6/2019) following a report from the Nominations and Remuneration Committee and from the Board of Directors, by the co-optation procedure as proprietary director on behalf of the shareholder Connect S.p.A and as a member of the Nominations and Remuneration Committee, replacing Mr. John Benedict McCarthy.

- Appointment of Mr. Jaime Velazquez (31/12/2019) following a report from the Nominations and Remuneration Committee and from the Board of Directors as non-Director Secretary of the Board, replacing Mr. Javier Martí de Veses Estades. This appointment was preceded by the search and validation of candidates by a head hunter of recognised prestige.

- Appointment of Ms. Virginia Navarro (26/9/2019) following a report from the Nominations and Remuneration Committee and from the Board of Directors as non-Director Vice-Secretary of the Board of Directors, replacing Ms. Mary Gatehouse.

The Board of Directors met 17 times in 2019, achieving an attendance rate of over 95%. This shows that Cellnex's Board of Directors participates actively in decision-making. Also, there were 10 ACC meetings and 8 NRC meetings.

During 2019, there were no changes in the recommendations of the CNMV's Code of Good Governance. Therefore, Cellnex continues to comply with 60 out of the 64 existing recommendations. For the remaining 4 recommendations, the situation is as follows:

- Recommendation 16: proportional representation of proprietary directors out of the total of non-executive directors.
    - In 2019 proprietary directors represented a percentage higher than their shareholding: 4 out of 11 (36% of the Board excluding the CEO vs. 29.9% shareholding).
    - The CNMV mitigates the strict criterion of proportionality when there are few significant shareholders (4 in the case of Cellnex) with more than 3%.
- Recommendation 48: having two separated commissions: one for appointments and one for remuneration.
    - Not justified by workload.
    - A separation may be considered in light of future developments in the Company.

- Recommendation 62: shares given as remuneration may not be sold within a 3-year period.
    - Entitlement to shares received by the CEO is generated in a 3-year period, after which they may not be transferred for a further 2-years period. This is considered a sufficient period of time in terms of loyalty and to avoid speculation.
    - On the other hand, in the last LTIPs approved the criterion was changed and instead of establishing a lock-up period, they now establish the obligation for the CEO to hold a certain percentage of his salary in shares at all times: 1 year of his base salary for ILP 2019-2021; 2 years of his base salary for ILP 2020-2022.
- Recommendation 64: CEO compensation for termination of contract may not exceed 2 years' total compensation.
    - The CEO's compensation for termination of his contract is 2 years of his salary.
    - In addition to this, as a consideration for a non-compete undertaking, he has the right to receive a compensation equivalent to 1 year of his salary.

The Strategy Retreat was held in November 2019. This is an annual meeting of the Board of Directors and Steering Committee with certain key directors of the Group to discuss matters relating to the company's strategy and development.

The success of the meeting led to an increase in the number of participants and the duration of the meeting. All directors had a positive opinion of the meeting, which gave them a first-hand view of the strategy of the company. This was true, not only of senior management but also to other directors and country managers, who normally have no opportunity for contact. It was also a way to facilitate an exchange of opinions between the Board of Directors and managers. Furthermore, it enabled us to conduct an analysis of the implementation of the proposals made in the last meeting of the previous year.

The number of officers comprising the Steering Committee was increased extended, incorporating Managing Directors of the countries, in order to include the view of different countries. Moreover, the Steering Committee was renamed Business and Operations Executive Committee.

The Shareholders Meeting held on 9 May of 2019 in Madrid was a resounding success with the approval of the Annual Accounts and Management Report for 2018, with 99.8% of the votes in favour, and an attendance quorum of over 82%.

The Cellnex Board of Directors

Independent directors:

- Bertrand-Boudewijn Kan, former Managing Director and Head of the Telecommunications Group of Morgan Stanley. He subsequently moved to Lehman Brothers where he was Co-Head of the Global Telecoms Team and was a member of the European Operating Committee. In 2008 he became Head of the Global Telecoms, Media and Technology Group at Nomura and served on the Investment Banking Global Executive Committee. He is currently Chairman of the Advisory Board of Wadhwani Asset Management and of the Supervisory Board of UWC in the Netherlands.

- Pierre Blayau, President of Caisse Central Réassurance, member of the strategic committee of SECP (Canal+ Group), Censor of FIMALAC, Senior Advisor of Bain & Company and Chairman of Harbour Conseils. He was previously CEO of Pont à Mousson, PPR, Moulinex, Geodis, and Executive Director of SNCF. He has also served as Executive Director of La Redoute, as member of the Board of Directors of FNAC, and Independent Director of Crédit Lyonnais, and President of the Board of Directors of Areva. Pierre Blayau is a Public Finance Inspector of the French Ministry of Finance and graduated from the École National d'Administration in Paris and the École Normale Supérieure de Saint-Cloud.

- Giampaolo Zambeletti, Chairman of RCS Investimenti and Vice-President of Unidad Editorial. He was previously Founder and Managing Director of Zambeletti España, President and CEO of Zambeletti Group, President of Italgas SpA, President and Managing Director of Ellem Industria Farmaceutica SpA . He served as Vice President of the pharma labs association, Farmindustria. In 2001 he was appointed Group Senior Vice President International Affairs of Telecom Italia. He has also been a member of the Board of Directors of Telecom Italia International (The Netherlands), Auna, S.A. (Spain), Avea (Turkey), Oger Telecom (Dubai), Ojer Telekomunikasyon (Turkey) and Telekom Austria. He is currently Vice-President of Unidad Editorial, S.A.

- Peter Shore, former Chairman of the telecommunications infrastructure operator Arqiva in the United Kingdom, and of Uecomm, Lonely Planet Publications, HostWorks Group and Airwave. He has also been Managing Director of the Telstra Group in Australia, CEO of MyPricein Australia and New Zealand, and Managing Director of Media/Communications/Partners. He also served as a Director of Objectif Telecommunications Limited, Foxtel, SMS Management and Technology, and OnAustralia. He was also a member of the Advisory Board of Siemens Australia.

- Marieta del Rivero, Independent Director of Gestamp Automocion, Member of the Avisory Board of the Mutual Society of Lawyers and of Made in Mobile. She is also a partner at Seeliger y Conde, Vice-president of International Women Forum and member of Board of the Spanish Directors Association (AED). She is the former worldwide Marketing Officer of Telefonica and CEO of Nokia Iberia. Ms. Del Rivero has also held executive positions in telecommunication operators such as Amena or Xfera mobiles. Marieta del Rivero is a graduate of Business Administration and Economics by Universidad Autónoma de Madrid, AMP by IESE and EP by Singularity University California.

- Anne Bouverot is currently Chairperson of the Board of Directors of Technicolor, as well as Senior Advisor of TowerBrook Capital Partners and Independent Director at Capgemini and Edenred. She also chairs Foundation Abeona, which looks at the social impact of Artificial Intelligence and digital technology. Previously she was CEO of Morpho, a biometrics and cybersecurity company and Managing Director of the GSMA. She previously held several international management positions in telecommunications companies such as France Telecom / Orange (Executive Vice President of Mobile Services), Global One Communications, Equant and Telmex.

- María Luisa Guijarro, has held executive positions in Telefónica including Global Marketing and Sponsorship Manager, CEO of Terra España, Director of Marketing and Business Development in Spain and, more recently, member of the Executive Committee in Spain as head of Strategy and Quality.

Proprietary directors:

- Franco Bernabè is Chairman of FB Group, a family investment vehicle based in Rome. Until February 2019 he was Chairman of Nexi S.p.A. Prior to this, he was Chairman and CEO of Telecom Italia, Chairman of GSMA (the international organisation of mobile network operators), CEO of ENI, the Italian state oil company, Vice-Chairman of Rothschild Europe, member of the board and Chairman of the Audit Committee of PetroChina for 14 years, member of the Supervisory Board of TPG Post Group in the Netherlands, member of the International Council of JP Morgan. He was also member of the Executive Committee of Confindustria and a member of the European Roundtable of Industrialists. He currently serves pro bono as Chairman of the Italian National Commission for UNESCO. He is Senior Advisor to Barclays Bank. In 2011 he was knighted by the President of the Italian Republic.

- Carlo Bertazzo, is CEO of Atlantia since January 2020 and former General Manager of Edizione Srl, the industrial holding company of the Benetton family. He is also Director of other companies forming part of the Edizione Group: Sintonia (CEO), ConnecT, Schema 33. In addition, he is a Board member of Abertis Infraestructuras, S.A.

- Elisabetta De Bernardi Di Valserra, began her career in the investment banking team at Morgan Stanley (2000) where she worked in the Communications & Media team in London, later joining the corporate finance team in Milan, where she remained as Executive Director until 2013. She has been Investment Director at Edizione Srl, the holding company of the Benetton family, since 2015 and is a Board member of other companies forming part of the Edizione Group: ConnecT (CEO), Sintonia. In addition, she is Board Member of Getlink and Aeroporti di Roma.

- Mamoun Jamai serves is a “Senior Portfolio Manager” of the Infrastructure Division at the Abu Dhabi Investment Authority (“ADIA”). In addition to his responsibilities at ADIA, Mr. Jamai is a Chairman of ConnecT S.p.A and Director of Anglian Water Group and Tank & Rast. Prior to joining ADIA in 2008, he served as a member of the Industrials team at Bank of America.

Executive Director:

- Tobías Martínez Chief Executive Officer of Cellnex. He is the executive head of the company. He joined Acesa Telecom (now Cellnex Telecom) in 2000, first as a Director and Managing Director of Tradia and, subsequently, of Retevisión. Before joining Acesa Telecom Group he led his own information and telecommunications systems business project for over 10 years.

Secretary non-member of the Board:

- Until 31 December 2019. Javier Martí de Veses holds a degree in Law from the University of Barcelona (UB) and also has a Master in Legal Practice from the Instituto de Empresa (Business School of Madrid). He was in charge of the company's legal area, covering Legal Advice, regulatory matters and insurance. He was Chairman of the Ethics and Compliance Committee. He had worked for the Group since 1998 when he took over the Legal Department of what was then Retevisión, and has since held various different positions in the organisation.

  From 31 December 2019, Jaime Velázquez has a Law degree from the University of Extremadura and is a State Lawyer (*Abogado del Estado*) on leave from that post. He has extensive experience in Commercial Law, mainly in corporate merger and acquisition operations in regulated sectors and in matters related to corporate governance of companies. He is currently running an international law firm in Spain, which he joined in 2005. Previously, he served as secretary of the Board of Directors and General Counsel of the Spanish Official Credit Institute (ICO), and General Secretary of the Council of the Telecommunications Market Commission (CMT). He has taken part in numerous talks and has also been an associate professor of Commercial Law at the Pompeu Fabra University in Barcelona.

Vice Secretary non-member of the Board:

- Virginia Navarro is Director of Legal M&A & Financing at Cellnex. Prior to that, she was Senior Manager of the Legal Department of Abertis Infraestructuras, actively participating in M&A and financing projects of the Group both national and cross-border. Previously, she worked at Linklaters in Spain as Associate in the Corporate Department and in the legal department of Morgan Stanley.

Committees of the Board of Directors

The Cellnex governance bodies are supplemented by the Audit and Control Committee (ACC) and the Appointments and Remuneration Committee (NRC), both composed of non-executive Directors, mostly independent Directors. It is also important to note that independent Directors chair the Board Committees. The responsibilities and functioning of the ACC and the NRC are set out in the Internal Regulations of the Board of Directors.

Franco Bernabè
Chairman
Proprietary

Tobias Martinez
Chief Executive Officer
Executive

Bertrand Boudewijn Kan
Vice chairman
Independent
● Chairman

Giampaolo Zambeletti
Coordinating director
Independent
● **Chairman**

Carlo Bertazzo
Proprietary

Pierre Blayau
Independent
●

Anne Bouverot
Independent
●

Elisabetta De Bernardi
Proprietary
●

Marieta del Rivero
Independent
●

María Luisa Guijarro
Independent
●

Mamoun Jamai
Proprietary
●

Peter Shore
Independent
●

Javier Martí De Veses
Secretary non-member of the Board
(until 31/12/2019)
● Secretary

Jaime Velázquez
Secretary non-member of the Board
(from 31/12/2019)

Virginia Navarro
Vice secretary non-member of the Board
● Secretary

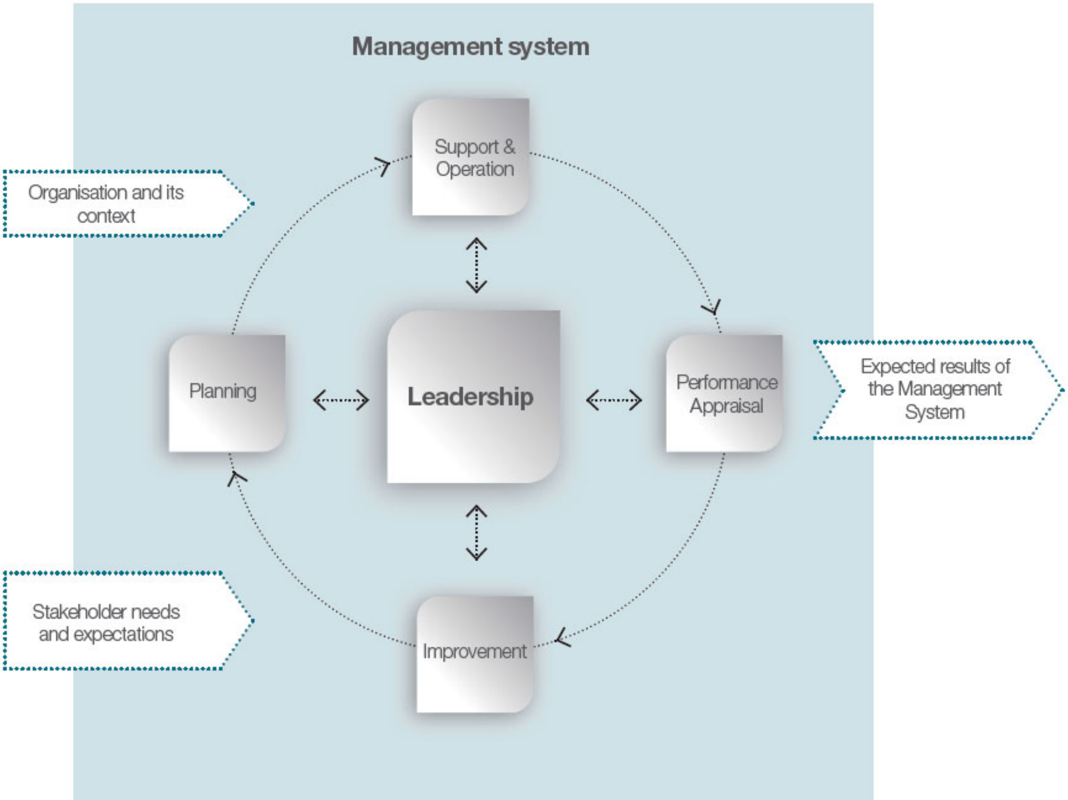
● Audit and Control Committee (ACC)
● Appointments and Remuneration Committee (NRC)
* Mr. Alberto López Prior (Global Resources & Operations Director) is the secretary of the NRC as from 31/12/2019

Management Systems

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

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

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



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

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

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

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

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

INFORMATION SECURITY MANAGEMENT SYSTEM

Globally implemented and certified according to ISO 27001

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

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

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

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

Ethics and compliance

The Ethics and Compliance Committee

The Ethics and Compliance Committee of the Cellnex Group represents the highest body in charge of ensuring the respect for business ethics and integrity and guaranteeing the compliance with the imperative and voluntary regulations that are applicable to the Group and in whose epicentre is the Code of Ethics. Thus, this Committee is the advisory and management body, as well as the executive body, of all matters related to the Cellnex Group's Code of Ethics.

Likewise, the Ethics and Compliance Committee, as the body responsible for criminal compliance, is in charge of identifying the criminal risks specific to the Cellnex Group, and establishing controls and measures to mitigate these risks through the dynamic management of the system of Prevention and Detection of Crimes.

The current composition of the Ethics and Compliance Committee is as follows:

- Jose Mª Miralles (President) - General Counsel – Legal & Regulatory affairs.
- Toni Brunet - Corporate & Public Affairs Director
- Alberto López - Resources & Operations Director
- Sergi Martínez (Secretary) - Head of Internal Audit & Risk Control

In order to ensure the independence of Ethics and Compliance Committee of the Cellnex Group, it maintains its functional and organic dependence on the Appointments and Remuneration Committee of the Board of Directors of Cellnex Telecom, S.A.

Following this approach, the Ethics and Compliance Committee regularly reports its activities and initiatives directly to the Appointments and Remuneration Committee. It should be underlined that compliance management is currently centralised in Cellnex Telecom, S.A. However, the rules provide that local Ethics and Compliance Committees may be set up in each of the countries where Cellnex is present should this prove necessary.

The Ethics and Compliance Committee, while paying attention to all aspects related to the Code of Ethics and other related internal regulation, is strengthening the Compliance function in line with the new concept of "corporate integrity". For this purpose, an internal structure has been created under the General Counsel- Legal & Regulatory affairs and aims to promote all aspects related to Compliance.

Main responsibilities of Cellnex's Ethics and Compliance Committee

Compliance with the Code of Ethics and development of internal regulations

Cellnex's Code of Ethics, approved in 2015 by the Board of Directors of Cellnex Telecom, S.A., is the fundamental rulebook of the Cellnex Group and its aims are:

- To establish general guidelines for action and behaviour.
- To define an ethical framework of reference, which must be complied with and which should govern the working and professional behaviour of those subject to it.
- To create a set of rules of conduct for those stakeholders that come into contact with any of the Group companies.
- To establish a regulation for the prevention of corruption in order to implement the guidelines to be followed in the fight against corruption.

According to the Cellnex Group Code of Ethics, guiding principles of the Cellnex Group are the following:

- We base our activity on the ethical principles of integrity, honesty, and transparency, always maintaining a conduct based on the good faith.
- We seek and commit to protect and respect those basic human rights universally accepted.
- We comply with all applicable legislation in the countries in which the Cellnex Group operates as well as with the Cellnex Group's internal regulations.
- Ethical conduct and compliance with rules take precedence over the Cellnex Group's results.
- The applicable legislation shall prevail whenever there is a conflict between the latter and the internal regulations which apply to the Cellnex Group.
- We avoid any personal situations involving the People Subject to this Code directly or indirectly clashing with the interests of any of the Cellnex Group's companies.
- We handle information with the utmost care.
- We use and protect the company's assets in an appropriate manner and we believe that people are the most important asset.
- We ensure equal opportunities and we do not discriminate against the People Subject to this Code.
- We guarantee freedom from reprisal for anyone who submits a query/notification regarding non-compliance with the Cellnex Group Code of Ethics and its implementing regulations, whenever the aforesaid are made in good faith.
- We protect the environment.

- We encourage political neutrality.

In 2019, various actions related to the Code of Ethics have been carried out. Among others, the Code of Ethics has been updated in order to bring them into line with the current regulations. Additionally, the Social Corporate Responsibility (CSR) Policy and the Ethical Channel have also been updated.

Likewise, in 2019 the Ethics and Compliance Committee continued to advance on disseminating and communicating the Group's Code of Ethics through various actions according to the geographical area concerned:

- In 2019 information on compliance was updated on the Group’s website and intranet.

- During 2019, the training actions initiated in the Group in 2018 in relation to the Code of Ethics and other related internal regulations continued. In 2019, training was given to 80% of the staff in Celllnex Spain, 91% of the staff in Cellnex Italy, 26% of the staff in Cellnex France, 54% of the staff in Cellnex Switzerland, 33% of the staff in Cellnex Netherlands and 77% of the staff in Cellnex UK.

- In the near future, a slight update of the course materials is expected. This training will be given to all employees of the Group. For subsidiaries located in Ireland, which have recently joined the Group, training actions are expected to begin in 2020. Regarding new employees, in addition to providing the appropriate training on the Code of Ethics, through the signing of their employment contract they undertake to respect the Group's Code of Ethics in all its content.

- In addition, taking advantage of the launch of the new intranet at Group level, the training relating to the Code of Ethics has been incorporated into it. In this way, training is always available to all Group employees. Given the importance of training in the area of compliance, it is planned to encourage this aspect and to distribute it more widely via the intranet.

- The Cellnex Group’s General Conditions include in its provisions a clause referred to the Group’s Code of Ethics in order to require suppliers to declare knowledge and full compliance with the contents of the Code of Ethics. Additionally, it is also compulsory for suppliers to inform their employees and, if applicable, their subcontractors of the existence and content of the Code of Ethics and to ensure that they comply with it. Moreover, such clause has also been included in the employment contracts of all the new hires of the Group.

- The Cellnex Group Code of Ethics has created an information channel, called the Ethical Channel and managed by the Ethics and Compliance Committee of the Group., to confidentially notify any potentially significant irregularities detected within Cellnex Group companies.

Ethical Channel

By using the Ethical Channel, all affected individuals and stakeholders can:

- Request clarification about the interpretation of the Code of Ethics, its implementing regulations, and all applicable legislation and internal rules.
- Report any conducts that may imply non-compliance of the Code of Ethics, of internal rules or, in general, of the legislation in force applicable to the Cellnex Group.

The Ethical Channel is easily accessible through the following channels:

- The Cellnex Group’s intranet. An interactive form is available to facilitate communications. It provides an effective and confidential way to send communications and notifications directly to the Committee via e-mail without the need to print them on paper.
- E-mail: canal.etico@cellnextelecom.com. A form is available on the website to facilitate communications.
- By post addressed to the President of the Ethics and Compliance Committee.
- New site for the Ethical Channel on the corporate website (https://www.cellnextelecom.com/en/ethical-channel/).

New site

for the Ethical Channel on the corporate website

Three notifications alleging breaches of the Cellnex Group Code of Ethics were received during 2019 through the Group's Ethical Channel, however all of these have been dismissed since the alleged not constitute a breach of the Code of Ethics. None of the notifications received were related to human rights violations or cases of corruption.

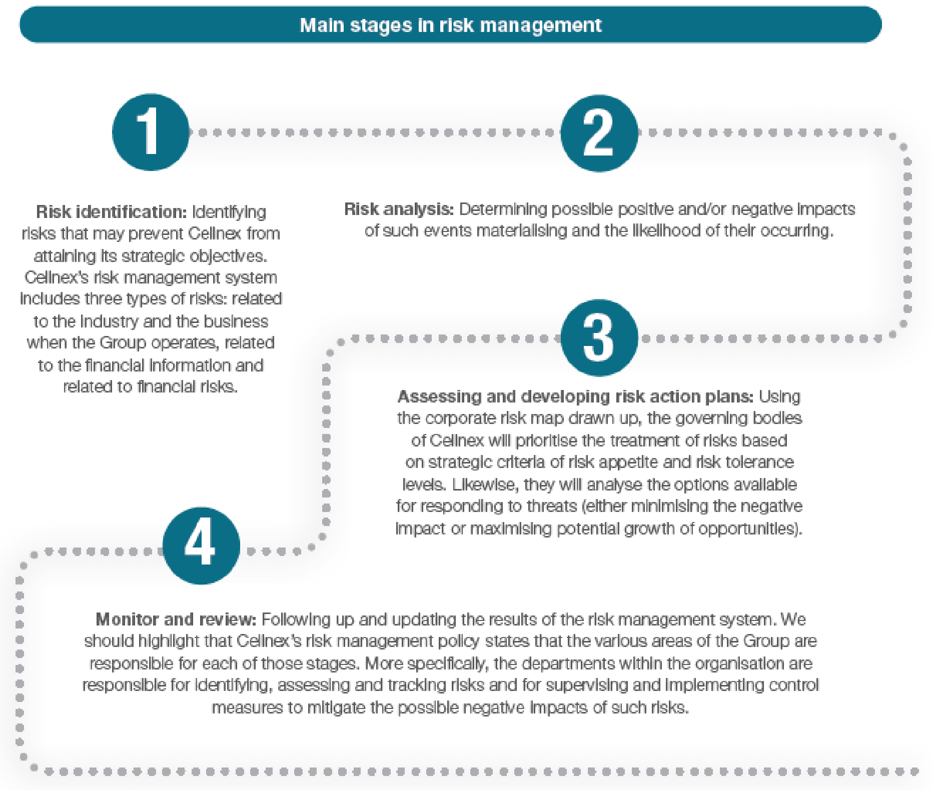
System of Prevention and Detection of Crimes and Prevention of Corruption Procedure

Cellnex has implemented a system of Prevention and Detection of Crimes. The system consists of a general and specific protocol which includes the appropriate surveillance and control measures to prevent crimes or significantly minimise them. This system is reviewed periodically and thus in 2019 and independent third party (PwC) updated and verified the current system. The Cellnex Group's internal policies and procedures will be updated as part of this process of verification. It is expected that the independent third party will evaluate its effectiveness and issue a report containing its conclusions on the matter. This report is expected to be issued by 2020. Moreover, one of the main objectives for 2020 is to obtain the UNE-19601 Certification of Criminal Compliance Management Systems.

Likewise, Cellnex has implemented a corruption prevention procedure, which aims to develop patterns of behaviour to combat corruption. This procedure applies to all employees, directors and stakeholders. In 2019, the independent third party (PwC) initiated a forensic analysis of several suppliers of the Cellnex group. This analysis aims to verify whether the controls implemented by Cellnex in its relations with third parties reasonably and sufficiently mitigate the risks envisaged in the Group's corruption prevention procedure. Once the Forensic analysis has been completed, the independent third party (PwC) will issue a report with its conclusions in this respect. This report is expected to be issued in 2020.

Risk management

The Cellnex risk management model is formalised in a risk management policy approved and overseen by the Audit and Control Committee. This model is embodied in a comprehensive risk management system that allows risks to be managed in a logical and structured way while facilitating effective and efficient decision-making. The main stages in risk management include: risk identification, risk analysis, assessing and developing risk action plans and monitor and review.



Cellnex's integrated risk management model involves the Steering Committee developing and monitoring a risk map while the Audit and Control Committee oversees its development. In 2019, the Board of Directors examined all the Risk Maps. When a new company joins the group, there is a prudential period of consolidation from which time the risks are analysed, and the Code of Ethics disseminated.

It is important to note here that in 2019 a risk map in Corporate adopting the Cellnex Group risk management model was defined and a Risk Map and Action Plan set out using the same typology and methodology as the rest of the Group. At the end of 2019, Cellnex's Board of Directors approved the implementation of the "three lines of defense" risk model and the consequent creation of a Risk Committee. Both the Model and the functioning of the Committee will be fully operational by 2020". Likewise, maintaining the objective of homogenising risk management, there is a single risk map by geographical area. In Ireland, which recently joined the Group, the risk map is expected to be deployed in 2020. In this regard, we should underline that the management team and the governing bodies of Cellnex are aware that creating value for the organisation is directly linked to managing risks that may jeopardise the sustainability of its strategy.

The main risks that may affect the achievement of the Group's objectives are:

Strategic risks	I)	Risks related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.
	II)	Risks of increasing competition.
	III)	The Group's status as a "significant market power" ("SMP") operator in the digital terrestrial television ("DTT") market in Spain imposes certain detrimental obligations on it compared to its competitors.
	IV)	Industry trends and technological developments may require the Group to continue investing in asset class-businesses adjacent to telecommunication towers, such as fiber, edge computing and small cells.
	V)	Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products.
	VI)	Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers.
	VII)	Risk of infrastructure sharing.
	VIII)	Risk of non-execution the entire committed perimeter.
	IX)	The expansion or development of the Group's businesses, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations.
	X)	Risks inherent to the businesses acquired and the Group's international expansion.
	XI)	Risk related to the non-control of certain subsidiaries.
	XII)	Risks related to execution of Cellnex's acquisition strategy.
	XIII)	Risks related to the Arqiva Acquisition: the Arqiva Acquisition may fail to close if certain conditions precedent are not met.
	XIV)	Regulatory and other similar risks.
	XV)	Litigation.
	XVI)	Risk related to the Company's significant shareholder's interests may differ from those of the Company.
Operational risks	XVII)	Risks related to the industry and the business in which the Group operates.
	XVIII)	Risk of not developing the strategic sustainability plan.
	XIX)	Risks related to maintaining the rights over land where the Group's infrastructures are located.
	XIX)	Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business.
	XXI)	The Group relies on third parties for key equipment and services, and their failure to properly maintain these assets could adversely affect the quality of its services.
Financial risks	XXII)	Financial information.
	XXIII)	Expected contracted revenue (backlog).
	XXIV)	Foreign currency risks.
	XXV)	Interest rate risk.
	XXVI)	Credit risk.
	XXVII)	Liquidity risks.
	XXVIII)	Inflation risk.
	XXIX)	Risk related to the Group's indebtedness.
	XXX)	The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so).
Compliance risks	XXXI)	Fraud and compliance risks.
	XXXII)	Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses.

See Annex 2 for detail of risks.

Cellnex's Corporate Social Responsibility framework

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

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

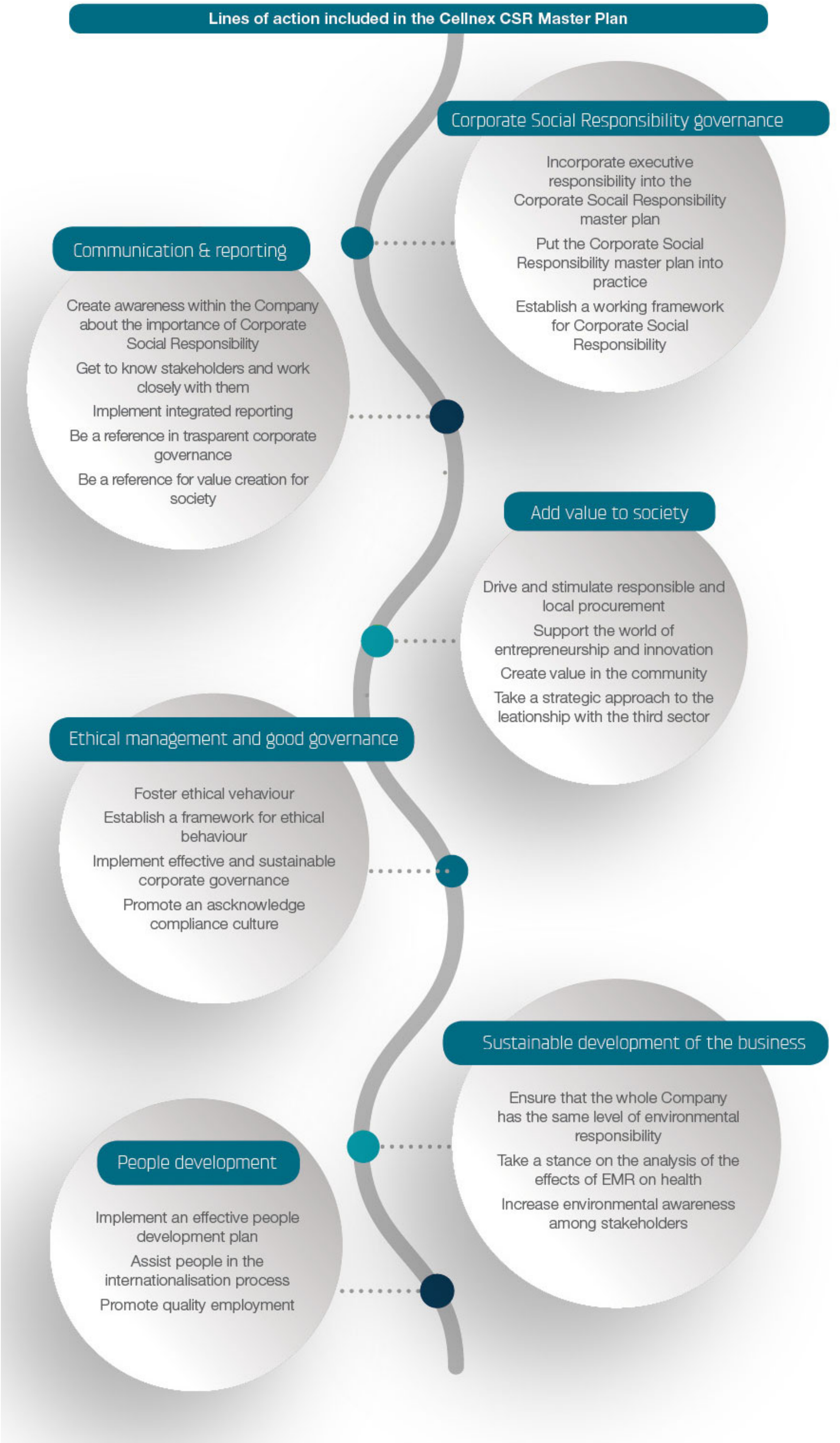
This commitment is set forth in the company's 2016-2020 CSR Master Plan, which constitutes the reference framework and the tool for systematising the strategic objectives, monitoring indicators and the actions and programmes under way for each of the axes of the Plan.

New CSR Master Plan

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

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

LINES OF ACTION INCLUDED IN THE CELLNEX CSR MASTER PLAN



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

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

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

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

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

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

CSR Master Plan 2016-2020 and degree of progress

In 2019 great efforts were made to implement the various goals and actions included in the Master Plan. The degree of implementation of these is shown below:

CSR 2016-2020 MASTER PLAN

Action Areas	No. Action lines	No. Lines under development	No. of actions	Attainment of the different actions
Ethical management and good governance	5	100%	21	90%
People development	6	100%	9	89%
Sustainable development of the business	9	100%	17	71%
Adding value to society	5	80%	9	89%
Communication and reporting	10	80%	13	85%
Governance of Corporate Responsibility	3	100%	13	92%
TOTAL	38	93%	82	86%

Degree of progress of the Plan. Performance lines and goals started

100% ETHICAL MANAGEMENT AND GOOD GOVERNANCE

100% PEOPLE DEVELOPMENT

100% SUSTAINABLE DEVELOPMENT OF THE BUSINESS

80% ADDING VALUE TO SOCIETY

80% COMMUNICATION AND REPORTING

100% GOVERNANCE OF CORPORATE RESPONSIBILITY

MAIN ACTIONS IMPLEMENTED IN 2019 / KEY FUTURE ACTIONS TO BE IMPLEMENTED IN 2020

Main actions implemented in 2019	Key future actions to be implemented in 2020
Ethical management and good governance	
Creation of an ethical channel on the web, more participatory and for all stakeholders	
People development	
Continue to measure staff satisfaction through work climate surveys.	Annalise the possibility of consolidating the work-life balance programme through the certification of Cellnex as a Family-Responsible Company (EFR).
Sustainable development of the business	
Incorporate environmental criteria in Due Diligence processes prior to a merger, acquisition or joint venture operation.	To implement a Plan for the protection of the environment and biodiversity for application in the natural spaces in which Cellnex operates.
	Design an environmental course adapted to professional categories and functional areas.
Adding value to society	
Attend dialogue tables with CR experts.	
Carry out actions to economically involve employees in the company's social action and encourage their participation.	
Continue corporate volunteering and define a volunteering approach and program that encourages and facilitates employee participation in initiatives.	
To conduct a study on the convenience of having a Cellnex foundation that articulates social action and the sponsorships and donations carried out by the Company.	
Communication and reporting	
To make CR and the creation of shared value the core of senior management discourse, defining the key messages related to impact management that must be transferred to the corporate level.	To design the necessary methodology to identify the concerns of the different interest groups. Detect relevant actions for the different interest groups and assume commitments with them.
Publish a periodic internal report based on the financial indicators reported by the areas.	
CSR governance	
Define common Corporate Responsibility requirements for all companies in the group.	

Contribution to Sustainable Development Goals

Cellnex is committed to achieving the Sustainable Development Goals, a UN initiative that aims to eradicate poverty, protect the planet and ensure the prosperity of humanity as part of a new sustainable development agenda. Achieving the SDGs requires the involvement of the entire business sector to contribute through their creativity and innovation to solving the most pressing challenges facing humanity. Through its activity, Cellnex specifically contributes to the following objectives:

Key indicators

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Increase of some 24,000 assets in the current portfolio in the seven European countries in which the company is present.
- 1,8 MN in R&D+I investment projects.

13 CLIMATE ACTION

- Approval of the Strategic Sustainability Plan (2019-2023).
- Adherence to Science Based Target (SBT) initiative and Business Ambition for 1.5°C commitment.
- Joining to the 'A List' of companies leading the fight against climate change by CDP.

5 GENDER EQUALITY

- Approval of the Equity, Diversity and Inclusion Policy by the Board of Directors
- Adherence to the "Charter of Diversity" of Cellnex Spain

17 PARTNERSHIPS FOR THE GOALS

- Cellnex Telecom, recognized as "Supplier Engagement Leader" by CDP
- Joining to the MSCI Europe index
- Renewing the Agreement with the 3rd sector entities.
- Collaborating on the execution of the Llar Casa Bloc Project promoted by HÀBITAT3.

10 REDUCED INEQUALITIES

- Launch of Cellnex program of social projects and volunteering.

8 DECENT WORK AND ECONOMIC GROWTH

- Contribution to the economic development of the territories by paying 169.1 MN in taxes.

4

Sustainable Management of the Value Chain

Culture, leadership and people development

> **Because the only way of growing as a company is doing it together as a team.**
>
> Tobías Martínez
> CEO

Due to the transformation process that the company is going through, we consider that one of the most important pillars of this process are the people who are part of Cellnex. For this reason, "Corporate culture: Growing Together" is one of the transformation projects, whose main aim is promoting a common culture in Cellnex.

In this sense, we share a common commitment towards a Corporate Culture:

As a starting point, in 2019 the culture study has been launched with the aim of aligning and integrating the Organisational Culture (Current and Aspirational) with the global strategy of Cellnex.

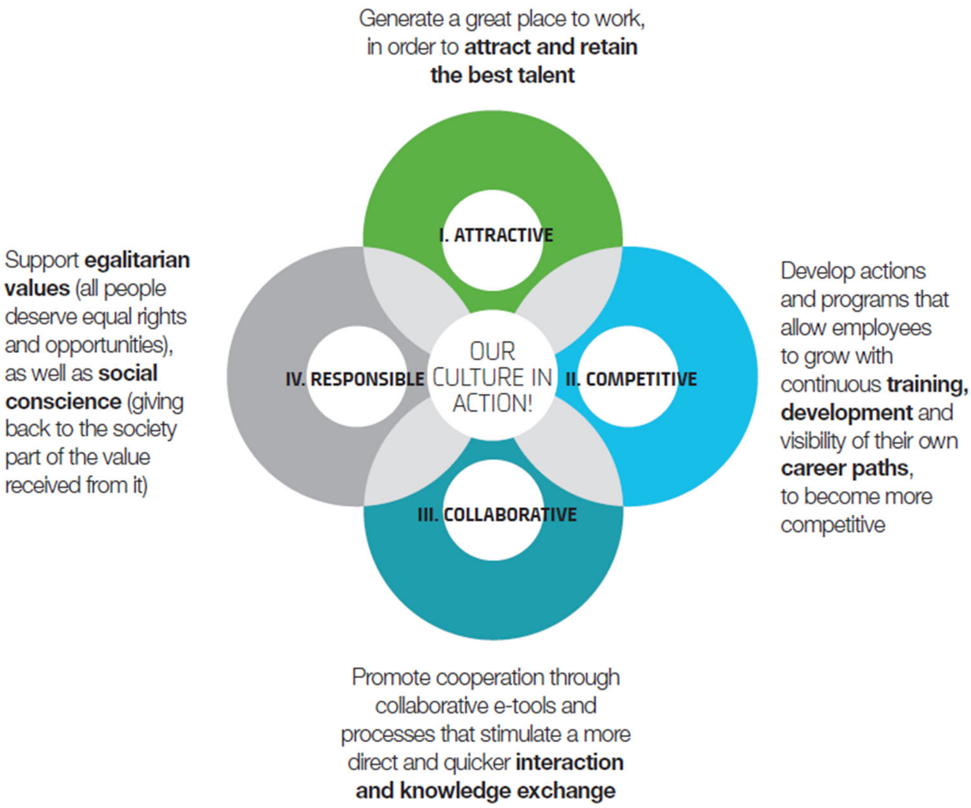
The specific goals are:

- Define and Validate the Global Aspirational Cultural Model, mainly through the Management Team.
- Know the Current Cultural Model(s) in Cellnex.
- Design the Implementation Roadmap to align and integrate the Cultural Model (gap analysis, roadmap design, communication and Leadership).
- Implement the actions defined in the Roadmap.

In 2019 the survey of 40% of Cellnex's workforce was launched with 71% employee participation. The results showed a clear pride in belonging to the Group, enthusiasm for participating in a successful project, as well as personal and professional satisfaction for the possibility of developing in this company. There were also points of improvement, that have served to redefine and reinforce our People Strategy.

Specifically, during this year change levers will be identified with the Management and by means of a work team and the design of the Implantation Roadmap will begin.

In this sense, we are working to develop and deploy a Corporate Culture built on the cultural axes that best define the company and our employees.



Our Corporate Culture is organised around four cultural axes:

I. Attractive

In the first instance, we are working to create a great place to work, strengthening our branding and recruiting, facilitating mobility and building new spaces that foster integrated and aligned organisational culture.

To strengthen our brand, we are boosting our external presence, both physically and in social media, and managing a pool of young talent to attract external talent and generate pride in belonging to Cellnex.

In terms of recruitment, we are looking to combine bench" (experienced hiring) and "talent pool" (young blood) as well as selection and recruitment process based on values, skills and capabilities, where soft skills are equally (or even more) valued than hard ones

In addition, we facilitate the mobility of our employees by publishing all available vacancies on the internet and offering international assignments to employees according to country needs.

Finally, new offices have been designed in line with the trends. They reflect a corporate entity and enhance our brand value and presence.

II. Competitive

In addition, we have undertaken specific actions related to compensation schemes and training programmes, such as the learning model 70:20:10, Cellnex Corporate Master or Cellnex Corporate Leadership School. However, training is not the only element; we are also developing other projects to generate a challenging place to work such as Job Leveling, Management by Objectives or Development Dialogues.

"We need your talent. Your effort. Your commitment to reach further. Because as a team we are better, stronger, more efficient and more streamlined. Teamwork is the key. Together is the key to achieve great goals. We believe in people. We believe in you".

Job Levelling

Job Levelling got underway in 2019 to identify, evaluate and draw up a unique catalogue of positions in Cellnex at Group level. This project provides a global framework and language, facilitating career management, internal rotation, talent mobility within the group and the rolling out of competitive compensation policies, while meeting business needs: attracting, engaging and retaining key talent.

It addresses the definition of roles and uniform professional categories based on three professional careers (management, key contribution, commercial). This allows us to design a Job Progression that defines the skills and aptitudes required for each position, as well as the remuneration according to the market.

- Standardisation of catalogue positions - we went from more than 300 items in various languages and differentiated by country to 190 items in English common to the entire Cellnex group.
- Definition of mission and functions to these 190 catalogue positions
- Definition of 3 professional careers and 13 professional roles/categories
- Assignment of the new positions to more than 1,500 employees from the entire Cellnex group.

The implementation of Job Leveling in the Corporation will allow us to obtain lessons learned and best practices through feedback from the corporate collective, helping us to more successfully roll this out in the countries. By 2020, all countries in the Cellnex Group will have implemented the new Job Leveling position catalogue and will have job description of all catalogue positions. From this point on, we will work with them in rolling out the Job Progression defined by the Corporation.

III. Collaborative

Moreover, we have made collaborative IT tools available to employees based on their needs and designed to improve their experience and cooperation. In this connection, we have a new intranet at the centre of the Digital Workplace, My Compensa (the employee benefits portal) and The Hub (the online portal of talent management).

Digital Workplace

During 2019 we have worked to define and conceptualise the Digital Workplace, understood as the new communicative environment that supports and facilitates information, helps to motivate and integrate the collaborators of the Cellnex Group and allows us to be more streamlined, productive and collaborative.

The Digital Workplace development and implementation project will be rolled out between 2019 and 2020.

This year, deployment of the communication work line was prioritised as quick win. This has allowed us to bridge the most important gap: To have a single channel where we can all connect anywhere, anytime, any device before the end of 2019.

The project to develop and implement the communication line was launched in under six months for all the business units of the Cellnex Group and has served as a lever for transformation of all the projects in which we are immersed.

IV. Responsible

Finally, we are developing programmes that promote Social Values. In this regard, we have developed the Equity, Diversity and Inclusion Programme for the period 2019-2022 and had the Equity, Diversity and Inclusion Policy approved by the Board of Directors. In addition, we are participating in the programme for the insertion of disadvantaged people in collaboration with the FutureWay and we are corporate partners of the United Way Foundation.

In addition, internal communication between the various countries was strengthened through the Internal Communication Strategic Plan and the Global Internal Communication Action Plan or the Global Coordination Meeting – Extended.

Internal Communication Strategic Plan

The growth environment has made it necessary for us to define the Internal Communication Strategic Plan in 2019. This Plan defines the vision, mission and principles of the internal communication function and the Workstreams on which we will focus in 2019-2021. The role of the internal communication function is understood as strategic and integrating and allows us to accompany our collaborators in the Cellnex project.

All the projects and communication needs of the company have been aligned to the strategic objectives through a graphic line and an inspiring narrative that impacts on all the people who are part of Cellnex. Providing this coherence allows us to put individual talent at the disposal of the group, increasing efficiency, pride in belonging and cohesion.

Global Coordination Meeting – Extended

In the April we will hold the Global Coordination Meeting of the management team and strategic positions of the Cellnex group to share milestones, challenges and objectives. The aims of cohesion of the management team, cementing a common culture and reinforcing the spirit of belonging through an inspiring discourse and enthusiasm. Growing together was the watchword during this event and will be the key message in the projects that we are creating for an integrated and aligned culture.

+80 executives and managers representing the main management structure of the Cellnex group. Overall satisfaction level of 4.73/5.

Global Internal Communication Action Plan

Rolling out the Global Internal Communication Action Plan makes it possible to inform or raise awareness on various issues that have an impact both on providing information on the progress of different projects and the company itself and on raising awareness to improve behaviour in various areas as while generating pride in belonging and community. For example: Diversity, My Compensa, Wellness, Mobility, Environment, GDPR, information security, optimisation of 365 tools, corporate social-volunteer project, On holiday photography competition, Christmas celebrations.

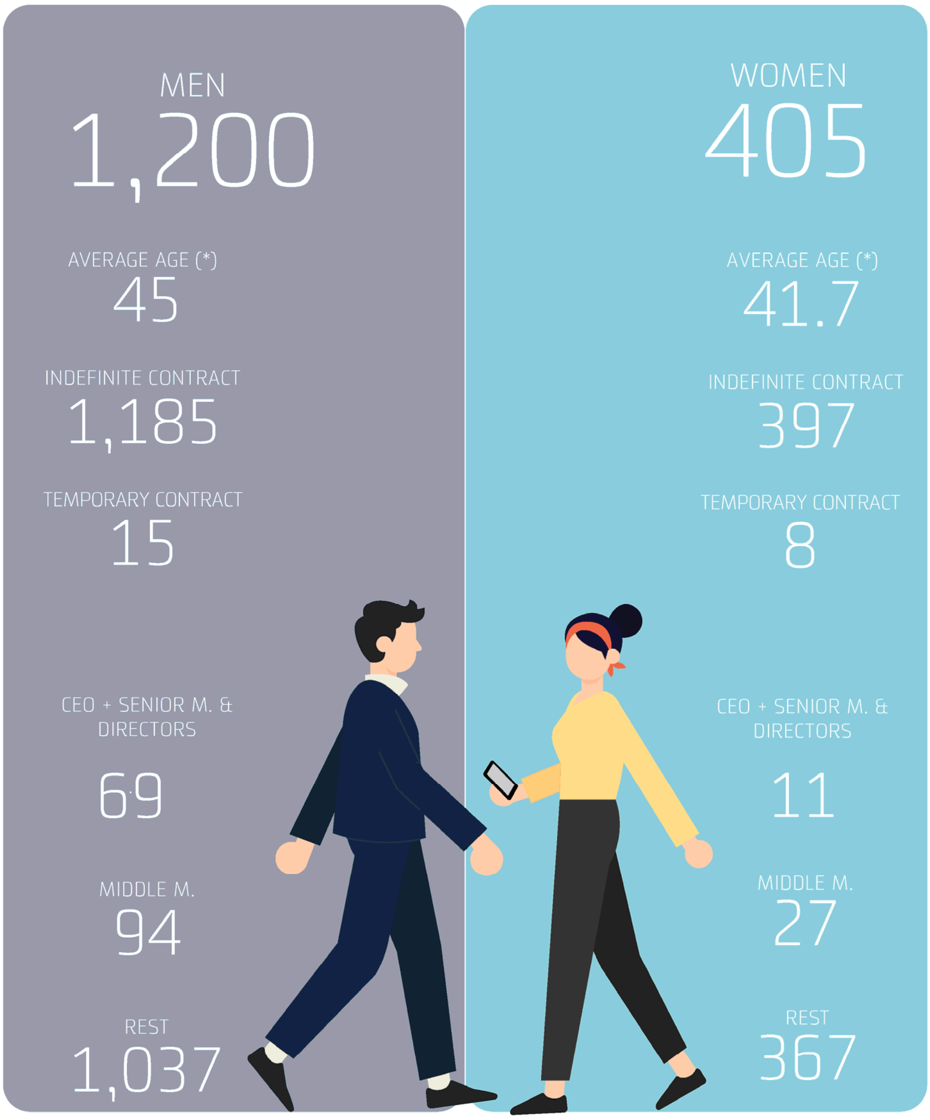
People management

The Cellnex team consists of 1,605 people, distributed geographically in Spain (75%), Italy (9%), France (6%), the Netherlands (6%), the United Kingdom (1%), Switzerland (2%), and Ireland (1%). This multidisciplinary team is key to a successful business project, which enables Cellnex Telecom to be one of the main telecommunications infrastructure operators in Europe.

The workforce is predominantly male, reflecting the current situation of the sector.

Staff numbers of Cellnex France, Cellnex Netherlands and Cellnex Switzerland increased considerably as they completed their process of formalising the team. The workforce of these countries increases 238%, 181% and 56%, respectively.

In 2019, the staff turnover rate in Cellnex is 4.68%.

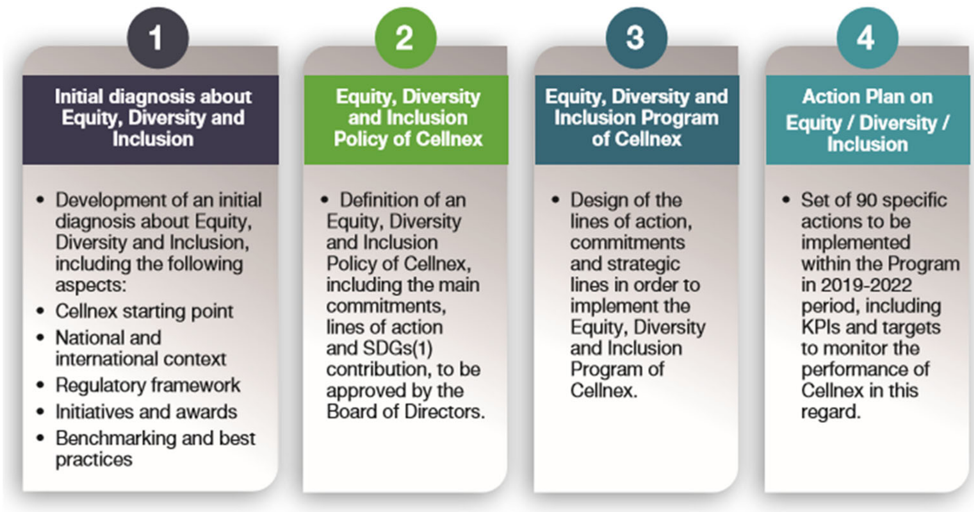


Equity, diversity and inclusion

Significant milestones in 2019	Main challenges for 2020
Developing the Equity, Diversity and Inclusion Programme for 2019-2022 period.	Implement and monitor the actions defined in the 2020 programme.
Approval of the Equity, Diversity and Inclusion Policy.	Implementation of diversity governance. Review of the specific actions of the Equity, Diversity and Inclusion Programme and introduction of improvements.
Developing and analysing the pilot's tests on teleworking in order to roll this out to all employees.	Extension of teleworking to a larger number of employees and to other countries.
Working together with Futureway on inclusion issues to try to incorporate students at risk of social exclusion.	

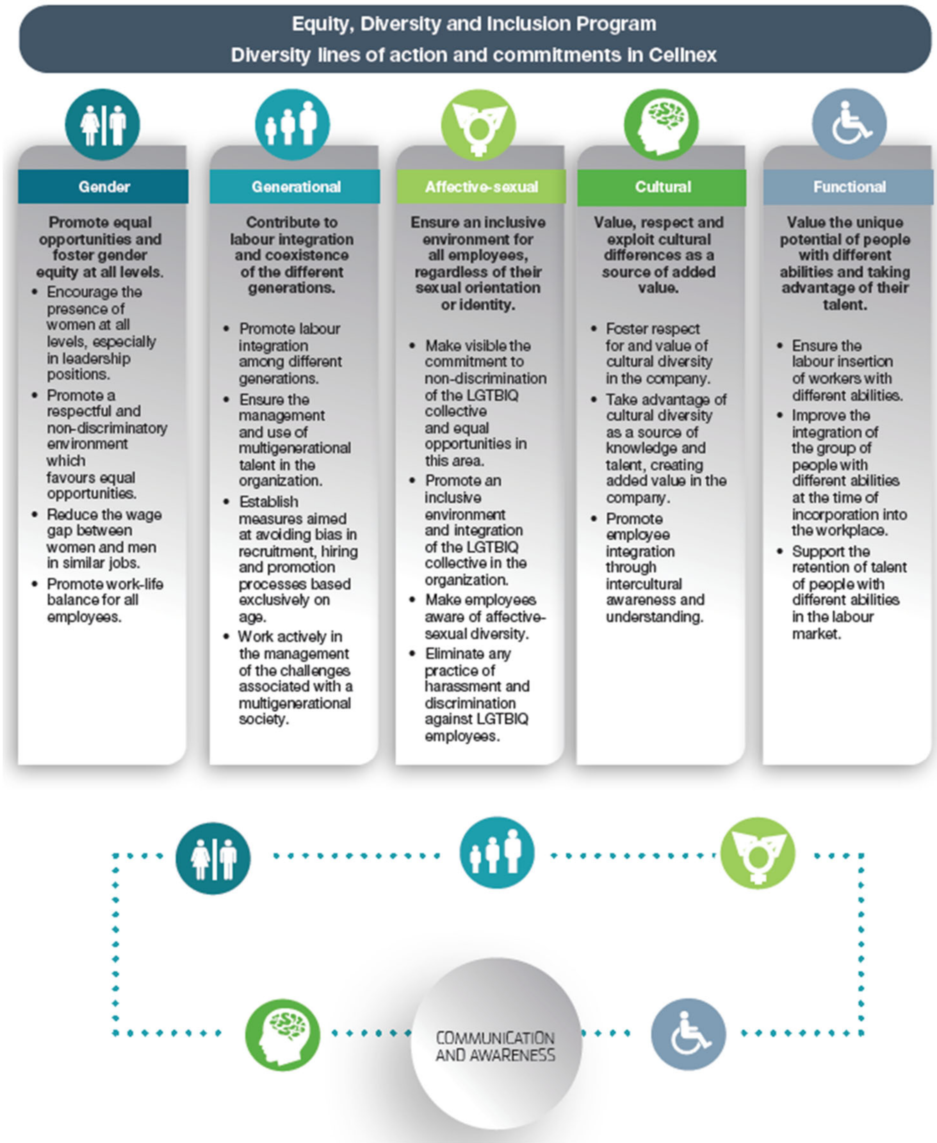
In Cellnex we consider that equity, diversity and inclusion is not only an element related to the corporate social responsibility we have as a company with all our stakeholders, but as an essential element to improve the competitiveness and talent of our employees. Therefore, we are firmly committed to equity, diversity and inclusion, defining a comprehensive global strategy in this area for the period 2019-2022 in line with our corporate culture and values.

We are currently working to make diversity part of our business. But it is not enough for us to have the commitment, we want to understand and manage the diversity. In this sense, in 2019 we carried out an Initial diagnosis about diversity and inclusion in which we analysed the national and international context, regulatory framework, initiatives and awards and we drew up a benchmarking including companies in the telecommunications sector and companies from other leading sectors in this field, as well as examining the starting point in which the company finds itself.



As a result of this analysis, we have prepared an Equity, Diversity and Inclusion Policy that establishes the guidelines and lines of action in the area of Diversity, Equality and Inclusion for the entire Cellnex Group. This policy focuses on creating a climate that allows diversity in all of the following areas: gender, age, sexual orientation, culture, race, religion, thought, education, talent, social condition, individual quality, work style, disability, special needs or any other circumstance of its personnel; and at the same time, rejecting any type of discrimination for these reasons that impedes the growth of the Company or that affects the selection, retention, advancement and well-being of its personnel. The Equity, Diversity and Inclusion Policy has been approved by the Board of Directors.

Along with the policy, we have drafted an Equity, Diversity and Inclusion Programme, defining the lines of action, commitments and strategic lines. At Cellnex we understand diversity in a broad sense and, therefore, we consider that our programme has to go beyond gender diversity and include other types of diversities such as generational, affective-sexual, cultural or functional diversity, with the aim of integrating the diversity of the society in which we live and having diverse talents. The following infographics show the commitments and strategic lines established for each of the lines of action.



Finally, we have designed an Action Plan in which 90 specific actions have been defined, an implementation schedule has been established for the next four years and a follow-up tool has been designed for the Action Plan, defining objectives and KPIs.

The Diversity Plan was implemented during the year in Spain, that implemented some of the measures, and it is planned to align this with the global Diversity Plan. Notable among the measures carried out this year are:

- Definition of the project and action plan 2019.
- Definition of objectives and areas of action (training, awareness-raising, selection and hiring and flexibility & conciliation) and their KPI's.
- Signing up to the "Diversity Charter".
- Training for the Management Committee and "first line" managers.
- Training in People & Organisation Management. Training for the Equality Committee.
- On-line training for managers (on inclusion).

In addition, during 2019 Cellnex Corporate held various training sessions on cultural diversity, with the aim of promoting cross-cultural awareness inside the organisation. Two training courses on cultural diversity were organised at Cellnex Corporate for employees and a special workshop for human resources staff. Two cultural awareness talks were also conducted on Cellnex Spain and Cellnex Corporate and specific cultural training was given to international assignees and relatives. In these sessions, 28 hours of training were given, and 140 attendees participated.

We are also working in Italy to improve the gender distribution within the company. Thus, the hiring plan takes into consideration whether it is opportune to increase the percentage of women. Currently, 2 out of 4 coordinators are women in the operational teams.

In 2018 the company continued to work on renewing its Equality Plan, applicable to the Spanish subsidiaries Retevisión and Tradia, which began in 2017 with an independent external diagnosis of the extent of equality opportunities in Cellnex. The results were used to devise and launch Cellnex's Second Equality Plan in 2018, which lasts four years.

The general objective of this plan is to progressively increase the number of female employees in all positions and responsibilities, guaranteeing equal treatment and opportunities for women and men and preventing sexual harassment and gender discrimination, both indirect and direct.

The specific objectives of the Equality Plan include:

- Following on the targets set in the 2010 equality plan.
- Contributing to hiring more women in areas where they are least represented.
- Raising staff awareness of equality through training and communications.
- Fostering the use of conciliatory measures in a more equal fashion.

The actions set out in this Equality Plan focus on a range of areas that cover almost the entire company and include recruitment, training, awareness-raising and work/life balance.

Moreover, the Monitoring and Evaluation Committee will evaluate the Equality Plan annually to examine compliance with the measures adopted in the Plan, assess whether the measures are appropriate, and to check they are in line with the objectives initially proposed.

On 2020, the Equality Plans of Retevisión and Tradia will be updated and a new Equality Plan for Cellnex Telecom will be defined, in order to cover all the employees of the company in Spain in this regard.

Cellnex continues to advance in flexibility and work-life balance through teleworking. In this connection, employees of Cellnex Netherlands, Switzerland and UK are entitled to enjoy teleworking as long as their superior authorizes it. In other companies, such as Cellnex Italy or Cellnex France, teleworking is allowed two days per month.

In Cellnex Spain we started a pilot project in 2018 with 40 employees for 3-4 months and after its success, in 2019 we moved forward with the "teleworking" project, increasing the number of places by 150 for Cellnex Telecom corporate and Spain.

In addition, Cellnex Spain, has developed a digital disconnection policy to guarantee our employee's right to privacy in relation to the digital environment and the disconnection provided for in the Workers' Statute, and to protect the health and safety of our employees.

Attracting, recruiting and retaining talent

Significant milestones in 2019	Main challenges for 2020
Consolidating and following up the Ignition Project, reinforcing the talent acquisition initiatives, and optimising and standardising recruitment and identification of potential in the countries.	Implementing the 2020 action plan of the Ignition project, with a focus on giving internal and external visibility to the programme through a communication plan.
Redefining the on-boarding process and developing and implementing the recruiting and on-boarding modules and developing this latter in Italy, France and Switzerland.	Developing and implementing the recruiting and on-boarding modules in the newly integrated countries (Ireland).
Continuing the project and extending the talent map to all middle management.	Rolling out the Talent Review process to other countries.
Developing the Rueda Project, fostering mobility opportunities, creating pools of available talent to assign according to project.	Review and update of the Rueda Project.

As it strives to become a benchmark in recruiting and retaining talent, Cellnex developed a series of initiatives throughout 2019 to publicise its image as an employer, improve the process of identifying and attracting young talent, and retaining and cultivating the talent already present in the company.

In this sense, an analysis and definition of the strategy and scope of the Employer Branding project was conducted at Cellnex:

- Promote our external presence through our collaborators providing criteria and guidelines.
- Give external visibility to our actions in the people area in Cellnex to increase both our brand image and the pride of belonging.

Also, we published the "Join us" page on our external website and the Company Life page on Linked In.

In this regard, we have continued the Ignition Project to identify a talent pool of young people (interns) to detect and retain talent in the company. This project helps to harness management of interns as a strategic recruitment source. Diversity and gender equality are fostered from the selection process onwards under this programme.

In 2019-2020, the project sets out a series of actions and objectives split into three areas:

- Employer Branding: This aims to position Cellnex as a company where people want to work and increase the Group's presence in the university sector.

- Employee experience: This seeks to optimise the selection process and incorporation of young talent to be trained through their development in the company.

- High performing orientation: The aim is to standardise young talent to identify the best and create a pool of candidates to cover future vacancies in the company.

Furthermore, one of the cross-cutting objectives of the project involves promoting gender diversity to increase the percentage of women engineers in the project, since they may subsequently be contracted by the company either internally or externally.

During 2020, we want to implement the Action Plan 2020 of Ignition project and give an internal and external visibility of the program through a communication plan.

In 2018, we implemented the onboarding programme, which aims to streamline the adaptation and integration process of new people who join the organisation. During 2019, the on boarding programme of new employees and interns was redefined, placing greater emphasis on the activities carried out in the areas of resources and organisation. Satisfaction levels of new employees were 5.6 out of 6.

During the year in Spain, we continued our Talent Review process as well as Corporation, a project seeking to draw up a talent map with which to identify, retain and develop talent. Because of the large number of staff in Spain, we extended the map to "middle management" of the workforce. This programme allows us to have a talent map and work out a specific development plan (PDI) according to the different needs.

Likewise, it enables us to have specific programmes for distinct groups such as training for high potential employees and talent development programme (identification of competences and coaching) or performance improvement plan for low performers, leveraging continuous improvement of the company. During 2020, the Talent Review process will be launched at Group level to evaluate performance and growth potential from the current position.

Furthermore, we have defined Succession Plans for the first level of Management, and in 2020 we will seek to extend this to all other levels of management.

The Rueda Project was unveiled at the end of 2018 and is an internal mobility project in which preference is given to applications from company employees, since all positions are communicated internally at a global level before being offered externally. The Rueda Project aims to foster and strengthen various aspects of the human resources area by working on a different series of levers. During 2019, Cellnex's mobility policy was reviewed and updated based on new market trends.

Training

Significant milestones in 2019	Main challenges for 2020
Extending the Development Dialogues to the remaining countries	Inclusion of new countries in the development dialogue process (Ireland)
Launching the first edition of the Cellnex Master, in collaboration with EADA (with 20 professionals from all countries).	Initiating the 2nd edition, incorporating the improvement actions identified during the first edition.
Analysing current business profiles and delivering training in countries and business lines	
Defining the Leadership Programme to ensure that all managers in the company have the same tools for training and development.	Implementation at a global level of leadership itineraries by organisational levels defined in the Leadership Programme.
Analysing and defining the strategy and scope of the employer Branding project.	
Two programmes related to the development of Business Teams were carried out within the Trinity project: Business Line and Country Commercial.	
Creation of the "Train to Grow" programme, a specific workshop to highlight the work done by internal trainers in Spain.	Continuity of the Train to Grow! Programme.

Training is a key element of the development based on the Cellnex's 70-20-10 model. Thus, every year we define training sessions that are aligned with the strategic needs of the organisation and which will determine the key guidelines.

In Cellnex Telecom we have implanted Development Dialogues, a space for dialogue between co-workers and their managers in which managers talks about the development of their co-worker, apprising their skills, defining development objectives and crafting a plan to achieve these based on the 70/20/10 model. To further strengthen these dialogues and make them a managerial function, in 2019 100% of Cellnex Group managers were trained in "Performance Appraisal: achieving objectives by developing collaborators".

This project was launched at Corporation and Spain level in 2017, incorporating Italy during 2018. Likewise, open training sessions were held for employees and new managers. As a continuation of this, this year we will seek to extend the process to France, the Netherlands, Switzerland and the United Kingdom. During 2020 the new countries, such as Ireland, will be incorporated into the process of Development Dialogues.

Similarly, Cellnex Italy has launched job shadowing project for managers, key people and process owners, to develop co-working activities for sharing different points of views, finding out what other departments are developing in the company, becoming aware of other contents, etc.

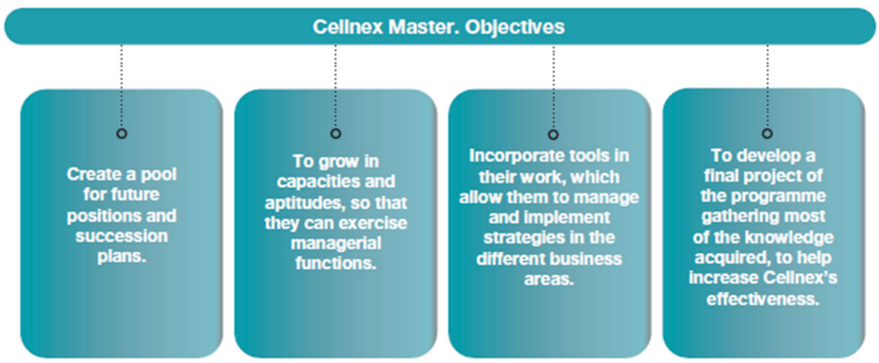
Cellnex's leadership model was defined during 2019 to ensure that all the company's managers have the same tools for their training and development. Various actions were designed for this group:

- Leadership Corner: Unique access for all managers to their leadership tools, such as the LeaderShip School, dashboards of their development, as well as information on their teams and the Leadership Community.
- Leadership School: Actions for leadership development at Cellnex:
  - Harvard Mentor: Access to a large number of tools for individual, team and business development with the endorsement of world-class experts from Harvard Business Publishing.
  - Leadership itineraries: leadership itineraries by organisational levels to be implemented in 2020.
  - Access to coaching requests.

Likewise, this programme provides access to a Competence Development Guide where ideas for “70's” development actions are contributed, according to the 70/20/10 development model. During 2020, the leadership itineraries by organisational levels defined in the Leadership model will be implemented at a global level.

In the talent and leadership area in 2019, we launched the first edition of the Cellnex Master in collaboration with EADA Business School. The programme is adapted to Cellnex's needs, starting with the Master's degree offered by the school in open format. The participants will be drawn from the various countries in which Cellnex is present and will last for a year and a half. 20 employees from all countries participated in this year.

The objectives of the Master’s are:



The professionals who participated in the Master received a total of 370 hours’ training divided into: 192 hours face-to-face learning, 6 hours tutoring for a project, 8 hours rehearsal for presenting the project, 4 hours presentation of the project and an estimate of individual and team work of 160 hours.

The programme will apply the active Learning-by-doing teaching method, rather than learning by listening. A second edition will begin in 2020, incorporating the improvement actions identified during the first edition.

In addition, a series of roles were established as result of redesigning the Commercial Model in the light of the Trinity project, associated with the consultative sales process and account management (i.e. KAM, Product Champion, etc.), which in turn led to defining the profiles associated to each one.

Two programmes related to the development of Business teams were carried out in this area in 2019:

- Business Line and innovation. Launch of a competence questionnaire with individualised feedback and training in two lines: Teamwork & empathy, and Planning & organisation.
- Country Commercials: launch of a competence questionnaire to analyse the sales profile of each (Hunter/Farmer orientation) to help managers develop their teams, and training in consultative sales and sales management.

Cellnex Spain and Corporate continues to apply its leadership training that began in 2016 through two types of actions: training for new managers and coaching sessions for managers of various levels to boost their people management skills and increase their alignment with the leadership model. Noteworthy among these programmes, is the new Leading by feedback (L2) and Performance Appraisal training course, within the leadership pathway of the company.

We also continued to impart technical training sessions associated with the core knowledge of the Department of each partner, such as innovation talks, and cross-cutting training such as project management, languages, internal certification of project managers, Intercultural Communication Programme, skills and Occupational Risk Prevention. Training is face-to-face, online and blended and provided by external experts and/or internal trainers. Training courses are also given to employees in other countries, such as Italy and the Netherlands.

Cellnex France places great emphasis on developing the knowledge and the skills of its collaborators. In this connection, in 2019 the company creates Cellnex University to share best practices and individual expertise, deepening the knowledge of our business line & strategy, discovering every Cellnex profession and training or developing new skills.

In the same way, we continued the specific pathways aimed at project managers, internal trainers and managers, which were already underway as part of the employee training plan.

A new training needs detection system was defined for 2020 to achieve a greater efficiency in training management. This system allows the Director and Managers to have a better picture of the training needs of each employee, the development programmes carried out, those available and the budget for each one (resources allocation).

We are also aware that approximately 50% of training at Cellnex is internal, i.e., given by the workers themselves, who volunteer. In this context, we created the Train to Grow! programme, a specific workshop for placing value on these collaborators. This programme will continue in 2020. A special effort has also been made to raise awareness and educate about diversity, the strategic importance for the company and the role of the inclusive manager.

Likewise, Cellnex Italy has been implemented initiatives aimed at professional and managerial development such as a Mentoring project for HR development plans to support change management, professional growth and culture to spread or Coaching activities for key people to support professional and managerial growth.

In 2019 the staff of Cellnex Spain, Italy, France, Netherlands, United Kingdom and Switzerland received more than 54,317.51 hours of training (34.4 hours per employee), of which 10,127.25 concerned safety in the workplace.

HOURS OF TRAINING

	2017	2018	2019
Corporation	-	5,722	5,994
Spain	40,452	39,722	40,380
Italy	4,372	6,682	5,826
France	-	1,190	1,007
Netherlands			798
United Kingdom			81
Switzerland			231
Total	44,824	53,316	54,318

See Annex IV for details.

Remuneration and compensation

Significant milestones in 2019	Main challenges for 2020
Completing the remuneration policy and defining wage brackets, and roll-out to the rest of the Cellnex countries	
Adjusting and implementing the My Compensa employee benefits portal in Spain, France, Switzerland and Italy.	Implementing My Compensa for all employees in the rest of the countries.
Compliance with Spanish legal requirements for labour registration and labour disconnection policies.	Evaluation of implemented measures and introduction of improvements.

Cellnex has performed various action lines to maximise talent retention, including an analysis of remuneration and compensation elements to optimise competitiveness within the telecommunications market.

In this connection, we defined positions and associated profiles for all posts in the company in 2018, in parallel to which we began a remuneration study of each one, comparing them to each other and creating a benchmark with the market. The goal of this exercise is to establish a series of competitive wage brackets for each of the professional scales and define a standardised remuneration policy to further attract and retain talent. In 2019, the remuneration policy and the definition of salary bands (remuneration by objectives) were extended to the rest of the countries and the aim is to benchmark different companies in the sector by position and country.

In parallel, we have implemented an employee benefits portal, My Compensa, bringing together all the elements of remuneration, compensation and social benefits that Cellnex offers its employees, making it easier to access and manage this information freely. The portal has been implemented in Spain as well as in France, Switzerland and Italy.

Employees currently enjoy a range of economic and social benefits inlcuding life and accident insurance, pension plans and health insurance.

Likewise, all employees of Cellnex Telecom generally have flexible hours, choosing within a margin of hours when to start their working day, provided they work the number of hours established by agreement and contract by the end of the day. Likewise, all Group employees can take the holidays established by the agreement throughout the year, by prior agreement with the head of the department. All employees who have requested a reduction in working hours are granted this right.". At the end of 2019, the procedures related to work disconnection measures and time registration were presented to the trade union representatives, thus complying with the legal requirements. Both documents were signed in January 2020.

Management by objectives

In Cellnex Telecom Management by Objectives (MBO) is considered an incentive to systematically stimulate the contribution and additional creation of value at all levels, ensuring a global alignment of efforts to achieve the group results expected in the market.

This policy is based on the definition of common objectives of group, country, area, and individual objectives for some groups. This definition and evaluation are performed annually on a scale of achievement of up to 125%. The array of objectives rolls out the group's priority strategy in each country and consistently combines crossed objectives among different areas that cover the main projects of the current year to support the business strategy. The objective for 2019 has been to extend this policy to all the countries in the group.

In addition to extending this policy to the entire Cellnex group, and within the framework of continuous improvement, the following actions were performed:

- Auditing individual objectives of all employees of the Cellnex group to analyse their compliance with the SMART definition.
    - 1,556 audited targets
    - 72.50% of the individual objectives are SMART
- Increasing the weight of group objectives in country directors to align this group with the achievement of group objectives.
    - 35 directors
    - 10% of the weight of the objectives of the group to this group.

Improvements introduced in 2019 will be consolidated in 2020 and auditing of individual objectives will continue, seeking the traceability of these objectives with the manual of missions and functions of the different areas. In this way, we ensure that the objectives defined are aligned with the company's strategy.

Occupational health and safety

Cellnex takes care of its onsite staff, striving to implement the best health and safety measures and ensuring compliance with the relevant rules in all its premises.

OCCUPATIONAL HEALTH

79%

of the workforce is covered by a Health and Safety Committee

According to the Occupational Risk Prevention Policy of Cellnex Spain, which sets out the guidelines for action in this area, it is incumbent upon Management to integrate and implement Occupational Risk Prevention throughout the organisation. This policy is implemented and developed through the Health and Safety Management System based on process management and continuous improvement to ensure effectiveness and efficiency. Other companies, such as Cellnex Italy and France also have an Occupational Risk Prevention Management System.

In 2019, Cellnex Spain obtained ISO 45001 certification, a new international standard that replaces OSHAS 18001:2007. The 45001 certification represents a further step in the management of health and safety at work since the scope is greater than that of OHSAS 18001. Here, we would highlight how ISO 45001, determines internal and external factors that can impact the company's business and that bring new risks into the business. It also requires steps to be taken to address risks and opportunities that may affect the system's ability to achieve expected results or which may affect customer satisfaction.

During this year, Cellnex Italy achieved and maintained SA8000 and ISO45001 certification and created a new "Social Performance Team" committee that holds meetings at least twice a year, or more if they receive grievances to discuss and to solve. The topics discussed by the Social Performance Team are related to "social responsibility of the Company" (SA8000) and "health and safety in workplace" (ISO45001).

Moreover, in Cellnex Spain, the commitment and participation of senior management in the leadership of the management system comes to the fore, while everyone in the organisation has an obligation to know their responsibilities to be able to work together and achieve the objectives of health and safety at work.

Necessary actions under ISO 45001 includes monitoring, measurement, analysis and evaluation of occupational safety and health performance. In this context of the standard, work observations were made to detect potentially dangerous situations and head off any future shortcomings. The development of this initiative in Cellnex Spain represents an improvement in occupational health and safety, which is possible only in mature processes such as those at Cellnex.

In addition, Cellnex has Business Coordination Activities agreements with its customers through which the company defines the audit processes to be applied to its customers. These processes seek to comply with current regulations concerning occupational hazards; RD171/2004 (the Royal Decree implementing Article 24 of Law 31/1995 of 8 November 1995 on Occupational Risk Prevention, on coordination of business activities) and LPRL 31/1955 (Law on Occupational Risk Prevention).

The company also has its own operational support system (OSS) to perform exhaustive access checks at its centres, which guarantees strict compliance with the Occupational Risk Prevention Policy and with access operations involving customers and contractors.

Cellnex Spain has a Multi-Plant Health and Safety Committee which handles prevention issues affecting the company as a whole, comprising 14 members with parity between trade union and Company representatives. It also has two Health and Safety Committees, for the Barcelona and Madrid sites. The Multi-Plant Health and Safety Committee met four times over the last year, in keeping with the legal requirement. Furthermore, there is an e-mail and a corporate Intranet application to allow any Cellnex worker to blow the whistle on any situations in which worker safety could be compromised.

Cellnex Italy also has a Health and Safety Committee comprising of 11 members, 8 internal employees and 3 external people involved only in case of emergency (the RSPP, the ASPP and the Competent Doctor). Internal employees come from all companies belonging to Cellnex Italy The Health and Safety Committee met twice in 2019.

Cellnex Spain complies with its prevention obligations under Royal Decree 39/1997 through a Joint Prevention Service. Most of Cellnex Spain's companies are already in the Joint Prevention Service, with only XOC and ZENON still to be incorporated, and are expected to be integrated in 2020.

Cellnex's Joint Prevention Service has established all the operations necessary to comply with the current regulations on radioelectric emissions (Royal Decree 299/2016) and to define working methods for any employee who may be exposed to non-ionising radiation in technical telecommunications centres. This work protocol encompasses all risk prevention and/or protection measures both in the focus, the environment and on the individual.

Likewise, Cellnex Italy has an external prevention service (*responsabile del servizio prevenzione e protezione*), complying with the italian law. This service is responsible for all matters related to prevention and protection. Every year Cellnex Italy performs an “evacuation drill” and holds a meeting with RSPP, RLS and the Managers “employers for the law” (Datori di Lavoro) in order to check the level of safety in the Company (in all different premises), to evaluate and to start improving potential actions.

Cellnex Group has 12 agreements that cover aspects related to health and safety at work, 4 agreements in Cellnex Spain and 8 in Cellnex Italy. In Spain, 90.5% of the workforce is covered by a Health and Safety Committee and in Italy is 100%.

In order to ensure a safe working environment in which all company staff know the health and safety measures in the workplace, Cellnex Spain provides information and training in occupational health and safety for the whole workforce. Training was provided in this area throughout 2019. Thus, training and awareness-raising activities were reorganised by area, and the training approach was changed to a more pedagogical approach in which workers are encouraged to be proactive, involving them in prevention at work.

Also noteworthy are the Health and Safety training initiatives of Cellnex Italy and the Netherlands. Cellnex Italy carried out all training activities in 2019 involving employees in first aid, fire escape, electrical risks, defibrillation (BLSD) and at Cellnex Netherlands they regularly train employees on how to avoid risks.

We organise numerous communication campaigns to raise employee awareness about the importance of safety at the workplace. Moreover, information documents are available for employees on working at height and using personal protective equipment (PPE), and informative talks are held to address any queries that arise on the job. In addition to these documents, the intranet provides access to all procedures, guidelines, etc., which cover all aspects of the work done by Cellnex Spain staff, both technical and office.

Furthermore, the process of managing occupational safety information relating to Cellnex work centres has been optimised, improving the information available from each centre in the systems and allowing greater accessibility and streamlining of the information to customers and suppliers.

One project that stands out in this field is Cosmos Mobile, an innovative application for preventing occupational risks which provides real-time information on technicians' locations and site status, allowing us to enhance employee safety as well as maximise the efficiency and quality of operations.

In addition, and pursuant to Law 31/1995 on the Prevention of Occupational Risks, in 2018 assessed the psychosocial risks to which Cellnex staff are exposed in Spain, with the company Norprevención-Ibersys. After the initial consultation phase via questionnaire (62% response rate) and a quantitative and qualitative analysis of the results, a diagnosis was generated of the current situation of the various risk factors. Following the evaluation of psychosocial risks carried out in 2018, Cellnex Spain set up a work commission in 2019 to implement preventive and corrective measures.

Mobility Plan

Cellnex Spain's Mobility Plan was approved and implemented in 2018. Its primary objectives are to reduce accidents *in itinere*, raise awareness on preventing traffic accidents and improve the mobility of workers, partners, providers and customers. The expected outcomes are better health, energy savings, fewer emissions, and higher productivity and competitiveness.

At this point, it is worth noting that the Metropolitan Transport Authority of the Barcelona area has created the PDE (Company Travel Plan) Label. In 2019, the offices of Cellnex located in the free trade zone have received this label as a result of the preparation and presentation of our mobility plan for this work centre.

Furthermore, in line with the Mobility Plan approved in 2018, Cellnex Spain is working to optimise more sustainable and safer mobility through different initiatives such as teleworking.

Mobility Plan: actions undertaken and future actions

Actions taken in 2019	**Actions to be taken in 2020**
4x4 Training and Road Safety	4x4 Training and Road Safety
Online training	Awareness-raising courses for middle managers
Road Safety awareness campaigns	Awareness conferences at venues held by professionals affected by traffic accidents
	Promotion of teleworking

Health and Safety Training

OCCUPATIONAL HEALTH

10,127

hours of training in occupational risk prevention and occupational safety

In 2019, 10,127 (5,937 FY2018) hours of training were imparted at Cellnex in occupational risk prevention and occupational safety.

Training provided in 2019
Compulsory occupational risk prevention training
Firefighting
Cargo handling
Maintenance operations on carrier wave coupling devices
Self-protection plan
First aid
Preventive resources
Electrical risk
Work at height
Work in telecommunications facilities

Accident rate

Cellnex continually monitors safety at work and strives to minimise risks and reduce incidents and accidents among employees and anyone else on its facilities.

	Men	Women
Accident frequency rate (AFR)	1.26	2.17
Accident severity rate	0.011	0.067
Incidence of occupational diseases	0	0

It should be noted that the frequency and severity rates have been calculated only for Spain because it is the only country where accidents have occurred. Therefore, the number of hours worked in Spain has been taken into consideration, not at Group level.

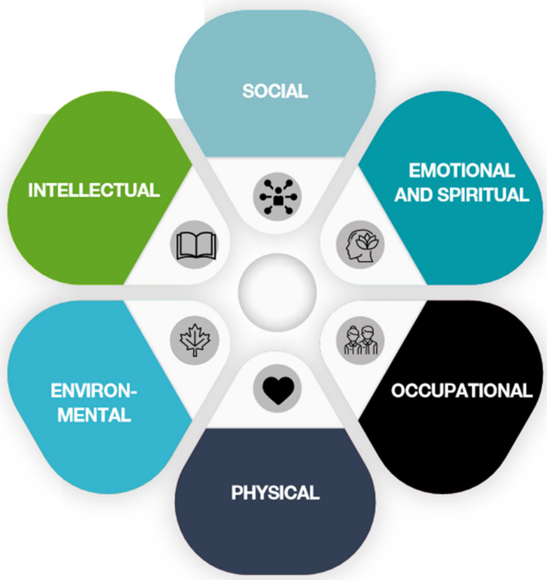
	Men	Women
Falls on the same level	0	1
Falls on different level	0	0
Hit against object	0	0
Overexertion/ bad posture	1	0
Traffic accident / initinere	1	0
Total	2	1

Healthy company

This year, Cellnex Spain continued working on its healthy business model. This model establishes the requirements of a management system for organisations committed to existing international principles and recommendations on healthy businesses that wish to promote and continuously protect the health, safety and welfare of their workers.

In 2018 Cellnex signed up to the Luxembourg Declaration. This declaration is a consensus document drawn up by the European Network for Workplace Health Promotion (ENWHP) that sets down the basic principles of action and the framework for good management of workers' health. Participanting companies undertake to put the principles of health and safety into practice in business strategies and to promote and disseminate them.

During 2019 the company continued to foster the promotion of healthy lifestyle habits through the “Click into Wellness” project, to promote and protect the health and well-being of all workers in the Cellnex Group. In 2019, activities focused on promoting healthy eating patterns and habits, including online and in-person training, as well as showcooking workshops. By 2020, the initiative is expected to focus on promoting physical activity and sport.



Moreover, we continued making progress in this area in 2019 through various initiatives, including:

- Regular health promotion campaigns:
  - Blood pressure tests, flu prevention and encouraging blood donation.
  - Campaign to prevent glaucoma: the mobile unit of Tres Torres Ophthalmological Institute gave a full eye test to employees at the Parc Logístic Barcelona offices at their request and at the Ophthalmological Institute for staff from Madrid.
- Integrating health surveillance (epidemiology) to design specific campaigns on good posture, nutrition, stress management, cancer prevention, etc.
- Celebrating the World Day for Safety and Health at Work by providing fresh fruit at the vending machines in the Barcelona Parc Logístic to promote healthy eating.
- Organisation of informative sessions on "Emotional Eating and Stress" by the Preventive Management unit, within the project "Click into Wellness".
- Corporate medical and physiotherapy service.
- Promoting sports among group partners who work in the central offices.

Furthermore, Cellnex Italy designated the “Competent Doctor”, complying with the law. With his support, they listed the official “Medical Protocol” for each job profile of the company. In each "medical protocol" there is a list of medical checks to be done for each employee, related to the occupational risk associated with the job, and the duration of the validity of the medical examination.

In Cellnex Netherlands, they are organising a preventive medical research for all employees wishing to take part, providing them with an opportunity to check their physical and mental health.

Adding value to society

Customers

Cellnex Telecom applies a customer relations model based on proximity, transparency and the search for constant improvement.

One key factors of the business model is continuous customer support throughout the service provision process, from commercial to incident management, reporting and possible consultations and complaints during provision, operation and maintenance. The customer's main contact person is therefore the commercial manager, who involves the required specialist arear according to the service phase and characteristics to provide a suitable response to the customer's needs at all times.

To guarantee a personal and stable customer relationship, we strive to focus our commercial force on market segments by enhancing the role of the account manager who looks after the specialist end-to-end relationship with customers by providing a comprehensive and personalised service geared towards their overall satisfaction.

In 2019 Cellnex Spain continued managing user complaints under the Complaint Management Procedure. Especially significant here is the second digital dividend, which comprises all the changes required in DTT Networks to free up the 700 MHz band for Mobile Telecom Services (mobile telephony and data) and the first 5G network roll-outs. This second digital dividend project will finish in 2020 and to date has required significant coordination with the Spanish Administration and with broadcast customers.

In 2019, Cellnex Spain managed 12 user complaints related to DTT and Cellnex Italy managed 4. All of them have been processed and resolved according to the company's procedures before the end of the year.

The effective management of significant events and incidents requires, various business continuity guidelines and plans that we have designed to ensure that continuity of critical services in the event of failure in any system, either by protect on or redundancy.

In 2019 Spain also consolidated the integration of the various resources for ensuring network monitoring and performance in a single Network Operation Centre (NOC). This has improved the detection and resolution of network incidents.

The NOC operates and supervises the network 24/7 through two levels of customer service: the first level provides a broad overview to improve the service given to and perceived by customers, while the second level is split into technologies with operators who are highly skilled at each, to ensure efficiency in proactively detecting and solving incidents and problems. The equipment supporting the delivery of core services is controlled remotely from the NOC and, if necessary, can force the manoeuvres necessary for the correct provision of the service. In addition, technical units are available in all provinces of Spain so that a qualified technician can be sent to the site of the fault, when necessary, to provide a solution within the time stated in the service level agreements. Since the company provides its services and operates its network 24/7 in all locations, there is no downtime on any sites.

With the provision of new network services such as DAS, Private Networks, Smart Cities and IoT services, Cellnex is seeing a change in the type of its customers. Specifically, the new services entail managing a greater number of customers and players from different sectors that are also geographically disparate. This new scenario involves a change in the customer management model, which requires the implementation of new communication channels in addition to the account manager, web or email. In this new scenario it is particularly important for Cellnex to be present in forums, conferences and events in which Cellnex plays an active role.

Likewise, Cellnex has established a number of communication channels with customers, such as those contained in the service-level agreement (SLA) reports, or the studies of perceived customer satisfaction, the outcome of which feeds into action and improvement plans.

These studies were established with the following specific objectives:

- To have a complete picture of customers' overall perception of the company.
- To learn about the level of customer satisfaction, breaking down and parametrising overall levels of satisfaction into the various values and attributes in the study.
- To produce a map of customer indicators with the services provided by the company for each activity and segmented by business area and type of customer.
- To determine company recommendation and loyalty rates relating to each service, activity, business area and customer type.
- To determine the critical points and strengths and establish an action plan based on the external customer satisfaction study.

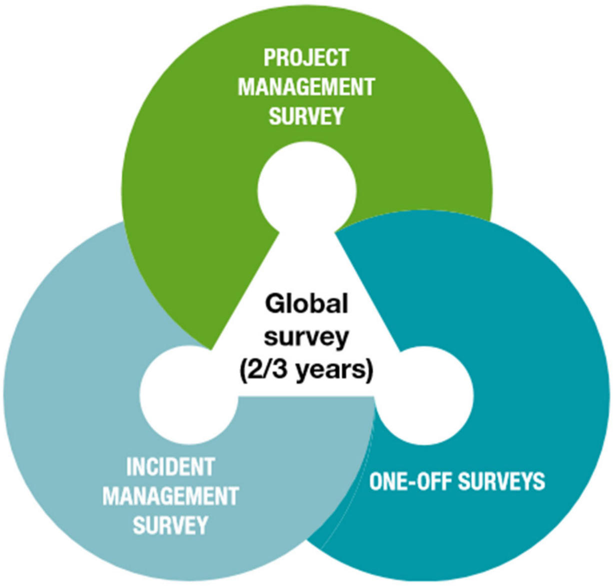
Customer satisfaction survey

The customer satisfaction survey in Cellnex Spain was conducted in 2017 and yielded very positive results, with 92% of Cellnex Telecom customers either satisfied or very satisfied with the company's service. Cellnex used the results of the 2017 survey of its key customers to pinpoint specific initiatives for each one and devised and implemented individuals Action Plans to strengthen the company's relationship with them. This plan is supported by a monitoring and evaluation process geared towards continuous improvements.

A new model for measuring customer satisfaction was developed in 2019. This model integrates various measurements of customer satisfaction to gauge customer satisfaction at all stages of the process.

It was also designed taking into account that the interlocutors, represent either the customer or Cellnex (according to the stage of the process), therefore using different measurements enables a greater number of interlocutors to be reached.

This new model makes it possible to obtain specific feedback on projects/services and, much more frequently, to carry out more streamlined management of action plans, by receiving results directly from the client/project managers and reducing the outsourced cost by increasing the time taken to carry out the global survey.



Furthermore, Cellnex Italy incorporated the annual customer satisfaction survey as a standard practice. The survey asks customers about their relationship with the company, the sales process, Cellnex project management, its after-sale service, administrative service, general satisfaction, and overall satisfaction with other competitors on the market. In 2019, Cellnex Italy obtained 70% customer participation.

Cellnex Netherlands will conduct the next customer satisfaction survey in 2020, including Towerlink, Shere and Alticom.

Zero Outage

The Deutsche Telekom Group renewed Cellnex Telecom's 'Zero Outage Supplier' certification for the third year running through Rainer Anton Offermann, Head SuperSquad Production Infrastructure & Service Enabling within the Deutsche Telekom Technik GmbH unit. This certification is part of the German company's worldwide programme to select and certify key connectivity service providers in each country with the aim of working jointly as partners in improving the service given to the end customer.

The programme sets the Deutsche Telekom Group's quality standards for its customers based on the operational excellence, security and stability of the systems, monitoring of critical components and reduction / resolution of incidents with availability 24/7 by its key suppliers.

Cellnex has been working for Deutsche Telekom in Spain since 2015, providing connectivity services to T-Systems. This company of the German Group has been responsible for performing the type-approval and certification process on Cellnex based on the criteria and quality levels set by Deutsche Telekom.

Suppliers

Cellnex has a supplier management model based on cooperation and joint improvement. This model aims to implement more efficient procurement procedures and find technological solutions to bring about improvements, both in internal management and in providing services to customers. It should be underlined that the model is governed by the use of best practices in procurement processes.

For Cellnex it is essential that suppliers should be familiar with corporate policies and ensure compliance with all of them. They can access Cellnex policies on purchasing, quality, environment, occupational risk prevention, information security, corporate responsibility and R&D + innovation as well as our Code of Ethics on the Cellnex corporate website. Suppliers must comply with these requirements in the course of their work, and must also make these rules and requirements available to all contracted and subcontracted personnel.

Cellnex established a Procurement Policy, which promotes a guide for action in the procurement process that goes beyond product and service price and quality to impact social, ethical, environmental, privacy and continuous improvement aspects in the performance of Cellnex Group suppliers.

In 2019, Cellnex acquired an IT tool to be rolled-out during 2020 that will enable Cellnex to have a common Supplier Portal (Portal) for all countries, which will provide a single point of contact with suppliers, help standardise and digitalise processes, improve supplier contact management and be able to request additional information for improvement. “Portal” is an scalable tool applicable to all countries.

LOCAL SUPPLIERS

91%
In Spain

94%
In Italy

87%
In France

95%
In Switzerland

98%
In Netherlands

73%
In UK

Cellnex Spain has increased the contracts with local suppliers up to 95% for maintenance and network deployment activities regarding infrastructures. Our current policy for supplier section has been considered as added value due to the local proximity and knowledge of their staff.

Cellnex suppliers perform important maintenance tasks and techniques that contributes to Cellnex providing high quality services to its customers. Cellnex strives to generate local value by contracting 91% of local suppliers in Spain, 94% in Italy, 87% in France, 95% in Switzerland, 98% in Netherlands and 73% in UK. Whenever its possible, Cellnex priority is allocate provision of goods and services to local suppliers (local terms mean suppliers who are based in the same country where delivery of goods or provision of services is done).

In terms of Occupational Risk Prevention, Cellnex Telecom establishes coordination requirements between the company and its suppliers of works and services to comply with the obligations established in the Law on Prevention of Occupational Risks and other complementary regulations. It has specific guidelines for suppliers that access the company's facilities, mainly those involved in installations and maintenance projects, and customer colocation services. Likewise, Cellnex informs its suppliers of the environmental requirements for works. Suppliers must respect these rules to avoid generating environmental impacts while performing their work. If so impact are caused, corrective measures must be implemented to remedy them.

Cellnex is extremely committed to preventing corruption, which affects suppliers within supply chain. To this end, Cellnex applies an audit process to find out supplier’s position and schedule any necessary actions to avoid problems in this regard.

Evaluation, selection and monitoring of suppliers

Cellnex's companies apply a procedure for evaluating and selecting suppliers to ensure they are aligned and compliant with corporate policies and ethos.

Cellnex has a system for evaluating, selecting and monitoring suppliers that includes an internal procedure setting out the criteria and phases to be followed to become a Cellnex supplier.

- Initially, suppliers' performance is evaluated using quality and time criteria to obtain a grading by levels according to the results. For suppliers with unsatisfactory results, while there is a desire to continue the business relationship, an action plan is established to correct and adjust their service level to that required by Cellnex. If a supplier does not improve its results and is unable to make the appropriate improvements, commercial relations may be terminated. This evaluation phase covers all Cellnex countries that have ERP system for purchases, such as the corporation, Cellnex Spain, Cellnex Italy, Cellnex France, Cellnex Switzerland and Cellnex Netherlands, for the current year.

- Additionally, an evaluation of main suppliers regarding social responsibility issues is performed. The scope of the suppliers involved in this evaluation was updated in 2019, to align it, as much as possible, with the criteria used to define the scope of suppliers to participate in the CDP Supply Chain. The CSR supply survey methodology has been modernised to increase participation in the survey and therefore gather information from more suppliers and have sufficient critical mass to determine actions for continuous improvement. The survey includes labour, risk prevention, social, environmental, quality and human rights aspects. The survey also expressly requires suppliers to accept Cellnex's code of ethics and recommends that suppliers ensure that their subcontractors respect and apply it.

Along with the survey, Cellnex has informed its suppliers that it is in the process of certification (SA8000 Certification) and has sent its corporate social responsibility policy, as well as the requirements of the SA 8000 standard to make its suppliers aware of Cellnex's commitment to corporate social responsibility. Cellnex Italy has also achieved ISO9001, SA8000, ISO45001 certifications. In 2019, Cellnex Spain has evaluated 98 suppliers in terms of the environment and 100 suppliers in terms of labour relations. Similarly, 229 suppliers were assessed in terms of labour relations at Cellnex Italia, 2 at Cellnex France and 3 at Cellnex Switzerland, and 229 suppliers were evaluated in environmental terms at Cellnex Italia, 3 at Cellnex France and 3 at Cellnex Switzerland. At the beginning of 2020 we will develop a comprehensive analysis of the responses and, if necessary, agree on appropriate actions to be taken with each supplier.

In terms of the evaluation of new main suppliers, 89% were evaluated in Spain, 83% in Italy, 9% in France and 18% in Switzerland.

A specific information clause about the company's Code of Ethics is included in the general conditions for purchase orders in Cellnex Spain, Italy, France, Switzerland and Netherlands as part of the company's dissemination and communication drive.

CDP
SUPPLIER
ENGAGEMENT
LEADER
2019

For the second consecutive year, the CPD Supply Chain questionnaire was launched to our suppliers, improving the response rate to 37%. In this questionnaire, company's suppliers report data on their emissions and environmental behaviour to evaluate their efforts to combat climate change. These actions carried out by the company during 2019, aimed at reducing emissions of polluting gases and managing climate risks throughout its supply chain, have received recognition from CDP, as the organisation has designated Cellnex Telecom as a global "Supplier Engagement Leader". Only 160 companies globally, barely 3% of a sample of more than 4,800, have this distinction. CDP thus recognizes the commitment to the fight against climate change that the operator has motivated among its suppliers.

Shareholders

Cellnex works continuously to maintain investor confidence and to meet investor expectations. To this end, since 2015 the Group has had an Investor Relations Department, dedicated exclusively to channelling and making available all financial information to shareholders and analysts, as a key tool for publicising the real value and the potential of the company, plus its growth opportunities. During this year it has been confirmed that investors trust the company's long-term vision as well as the industrial profile offered by Cellnex. This model is attractive to our investors and has the confidence of most of our analysts, as more than 50% have a Buy recommendation on Cellnex (a very significant percentage considering that in 2019 the share price revalued by 94%. This was achieved in 2019 thanks to the greater number of brokers that follow the company (currently 29).

The person in charge of this department is Juan José Gaitán, who in 2017 was recognised by Extel 2017 in the leading European survey among the investment community, and in 2018 ranked second in the Best IR Professional Telecommunication Services category by the renowned Institutional Investor Magazine.

During 2019, we continued to roll out our ongoing communication with investors and support for the financial analysts who follow the Company, which is increasingly due to the increased market focus on the Company.

It is worth pointing to the over 700 face-to-face meetings held with investors during the year, more than 400 telephone meetings and our participation in more than 40 sector conferences, where all relevant aspects such as capital increases, new M&A transactions or the strategic positioning of Cellnex were communicated.

Public administration and regulatory bodies

Cellnex Telecom maintains a close relationship with the various public administrations in Spain and throughout Europe.

As an Operator with significant market power (SMP) for the broadcast carrier service of the television signal in Spain, Cellnex is regulated by the National Commission for Markets and Competition (CNMC) in the wholesale access service to its broadcast centres.

Finally, Cellnex's level of internationalisation and the sector's significant level of globalisation means that the European level of administration and regulation is even more relevant. The European Commission and European Parliament, along with the key players in the telecommunications sector, are involved in defining the regulatory framework and creating policies at European level. In this area, Cellnex plays an active role in defending sector positions.

Cellnex's participation in relevant initiatives

Cellnex action and participation in relevant industry associations

In 2019, Cellnex continued to participate in initiatives related to sector activity. Cellnex belongs to the following associations:

Cellnex's participation in relevant initiatives

Cellnex is a founding partner and active member of:

- Broadcast Networks Europe (BNE): A Europe-wide association of broadcasters and operators, with the objective of developing the broadcasting technology ecosystem.
- EWIA (European Wireless Infrastructure Association): This Association aims to support its members in the development and emergence in Europe of independent telecommunications infrastructure operators and represent the industry's interests in matters of public policy within the European Union.

Technological Platforms

- Networked & Electronic Media" (NEM)
- e-nem (Spanish audiovisual network technologies platform)
- E-isi (Spanish Satellite Communications Platform)
- e-mov (Spanish Wireless Communications Platform)
- Es. Internet (Spanish industry technological platform)

Associations

- European Broadcasting Union (UER/EBU)
- Digital Video Broadcasting (DVB)
- TCCA (formerly Tetra MOU association)
- Digitales
- National Federation of Telecommunications Installers (FENITEL)
- Spanish Association of Interactive Television Companies (AEDETI)
- Broadcast Network Europe (BNE)
- The European Wireless Infrastructure Association (EWIA)
- European Internet Foundation
- HbbTV Association
- Association of businessmen and executives of Aragon (ADEA)
- Spanish Association for Quality (AEC)
- Spanish Association for Investor Relations (AERI)
- Association for Management Progress (APD)
- Italian Chamber of Commerce and Industry for Spain (CCIS)
- Business Confederation of security and services users (CEUSS)
- European Telecommunications Standard Institute (ETSI)
- European Innovation Partnership on Smart Cities and Communities (EIP-SCC)
- SmartCat Challenge
- IoT Catalan Alliance
- Audiovisual Cluster of Catalonia
- RTVE Chair
- Global Compact
- ENERTIC
- Chamber of Commerce of Barcelona
- Association of infrastructure, equipment and public services companies (CCIES)
- BARCELONA GLOBAL
- Institute of Internal Auditors
- Spanish Broadcasters' Association
- GSMA
- AIOTI (European Grouping of the IoT)
- Institute of Compliance Officers (IOC)
- Foro Conecta Digital
- Chamber of Commerce Spain
- French Chamber of Commerce in Catalonia (CCI).

Foundations

- EURECAT
- i2CAT
- SERES, foundation
- Foundation Portolà

Universities and Training Centres

- School for New Interactive Technologies - University of Barcelona
- ESADE
- Barcelona Graduate School of Economics
- IESE

Forums

- Digital TV Forum
- International Telecommunications Union (ITU)
- Circle of Technologies Foundation for Defence and Security
- European Conference of Postal and telecommunications Administrations - The Electronic Communications Committee (CEPT-ECC)
- Mobile Infrastructure Panel
- Official Professional Association of Telecommunications Engineers (COIT)
- TowerXchange
- Digi-CONNECT
- Digital Radio Forum
- Hybrid Radio Forum
- CTN178
- 5G Forum Malaga
- International Women Forum
- Forum Telecos
- Foro IN
- 5G Forum Malaga
- International Women Forum
- Forum Telecos
- Foro IN
- Big Bang Santé
- Vakbeurs Facilitair & Gebouwbeheer
- ChannelConnect This is IT
- IBC trade show
- Telecom Infra Event
- Rotterdamse Vastgoeddag
- Asamblea General FENITEL
- Semana Makers Galicia
- DigitalES Summit
- EuCNC 2019 – European Conference on Networks and Communications
- La España Digital Vaciada
- 4K SUMMIT

Likewise, Cellnex has taken part in the following key international events:

TowerXchange Meetup 2019

For the fourth year running, Cellnex took part in the TowerXchange Meetup 2019, one of the most important international meetings in the telecommunications infrastructure sector. TowerXchange is a think tank that offers conferences, panel debates and talks. The last Meetup brought together more than 250 industry leaders.

Mobile World Congress MWC-2019

Cellnex Telecom took part once again in this year's Mobile World Congress, the global meeting place for the mobile communication sector, at which the operator has participated in every one of the 13 yearly editions.

On this occasion, the company presented its latest solutions in terms of "intelligent connectivity", especially focused on the ecosystem of infrastructures that will serve as the basis for the deployment of 5G, as well as the most relevant cases of use in which it is working related to this technology, such as the connected vehicle, the IoT and the emergency management pilot using drones.

Smart Cities for Smart Citizens Congress

Cellnex took part in the Smart Cities for Smart Citizens Congress promoted by Valencia Marina, where José Antonio Aranda, Director of Innovation and Product Strategy at Cellnex, took part in the programme of conferences at the Congress offering the company's vision of the process of digital transformation linked to the roll-out of 5G technology.

World radiocommunication conferences (WRC)

The World radiocommunication conferences (WRC) took place in October-November 2019. They were organised by International Telecommunication Union (ITU) and are the meeting place for global administrations every three to four years to review and, if necessary, revise the Radio Regulations. These conferences serve to take decisions about the radio-frequency spectrum, as an international treaty, which affects the development of telecommunications.

Cellnex is actively involved in the ITU process, where it defends its interests. The expected results of the WRC point to an intensive period in terms of study and research in the coming years (2019-2023).

Significant awards and recognition of Cellnex in 2019

- We were awarded the special designation of "Most Honoured Company" from the 2019 All-Europe Executive Team ranking organized by Institutional Investor. Of the more than 1,200 companies nominated, only 125 companies received this distinction, obtaining at least two of the top positions in the main research categories.

- Cellnex received the ECM Deal of the Year in Iberia award for the 600 million convertible bond. This award is a comprehensive recognition of achievements in the capital markets and acknowledges Cellnex's excellence throughout the EMEA region.

- The Regional Interior Ministry of the Catalan Generalitat distinguished Gabriel Sevilla, Head of Corporate Security of Cellnex, with an honourable mention in Private Security for the direct collaboration of the whole team with various areas and units of the Catalan Police Force.

- Cellnex improved its FTSE4Good sustainability score, obtaining an overall rating (ESG, Environment, Social and Corporate Governance) of 4.4 out of 5 - as opposed to the 3.9 out of 5 recorded in 2018 - and far exceeds the average of the selective in the telecommunications sector, located at 2.9 out of 5.

- Cellnex was selected, together with Ferrovial and ACS, as a candidate for the company of the year 2019 award in the Influentials Awards. This category rewards companies for their innovative business model and contribution to social and economic development. In this regard, Cellnex was selected for doubling its stock market value in 2019, becoming the Spanish company with the best comparative results in the entire park, and for positioning itself as one of the best European companies in the roll-out of 5G technology.

Cellnex's participation in Sustainability Indices and initiatives

CDP (formerly Carbon Disclosure Projects)

Once again Cellnex tooks part in the Carbon Disclosure Project (CDP), one of the most highly recognised organisations for its work on climate change, which seeks to assess the quality of – and systems for reporting – the information provided by private companies or by the public sector in the sustainability and environment area.

CDP
DISCLOSURE INSIGHT ACTION
A LIST
2019
CLIMATE

This year Cellnex was rated the “A” score, the highest score allocated by the CDP. Only 12% of the more than 8,400 companies and organisations analysed worldwide – 178 in total – are part of the “A List”. Seven of the 90 Spanish companies analysed obtain the highest score allocated by the CDP.

Cellnex’s score has risen from ‘B’ to ‘A’ in recognition of its implementation of best practices in the fight against climate change in 2019, above all relating to Corporate Governance, the impact of its activity and financial planning, environmental risk management and the calculation and verification of emissions.

Furthermore, CDP has designated Cellnex Telecom as a global "Supplier Engagement Leader". Only 160 companies globally, barely 3% of a sample of more than 4,800, have this distinction. CDP recognises the company's strategy to reduce pollutant emissions and climate management throughout its supply chain.

United Nations Global Compact

FTSE4GOOD

4,4

points out of 5

5/5

in Governance and Climate Change

In November 2015 Cellnex Telecom joined the United Nations Global Compact as an expression of its commitment to including the corporate social responsibility concept into its operational strategy and organisational culture. United Nations Global Compact is an international voluntary initiative that includes more than 8,000 companies and institutions across 135 countries. Under this agreement, Cellnex Telecom undertakes to promote and spread corporate sustainability policies and practices based on the 10 key principles promoted by the United Nations, focusing on the areas of human rights, labour standards, environment and combating corruption in business activities. Cellnex's commitment to the United Nations Global Compact is part of its Corporate Responsibility (CR) programme.

FTSE4Good

Cellnex was added to the FTSE4Good sustainability index, which recognises the good practices of listed companies in the environmental, social and corporate governance fields. This year, Cellnex total score is 50% higher compared to the sector average, up to 4,4 points out of 5. The company obtains the maximum score in the Governance Themes and in the Climate Change theme (5/5).

Standard Ethics

Cellnex has taken part in the Standard Ethics sustainability index since 2017, obtaining this year an "EE-", the same score as last year, which is equivalent to an adequate level for good compliance in governance, sustainability and social responsibility.

Sustainalytics

For the third year running, Cellnex was evaluated by Sustainalytics, an environmental, social and corporate governance (ESG) research and rating company for investors worldwide. This year its average score was 70 points, up from 67 in 2018 and taking the company to 23th position (out of 96) from 29th the previous year. Cellnex scores average for the sector on social and environmental matters but holds a leading position when it comes to governance.

Dow Jones Sustainability Index

In 2017, Cellnex participated in the DJSI index for the first time and achieved good results, ranking above the industry average in the three dimensions evaluated: economic, environmental and social.

This year Cellnex was again invited to participate in the Dow Jones Sustainability Index, as one of the few telecommunications operators worldwide. In 2019, Cellnex improved its total score by 5%, taking it to 60 points. More specifically, it scored better in the environmental (+13) and social (+5) dimensions. With a slightly lower economic score (-1) than in 2018, Cellnex will strive to continue working on all areas.

MSCI Europe index

Cellnex was added to the MSCI Europe index, following the May 2019 semi-annual index review. Cellnex was previously a constituent of MSCI Europe Small Cap Index. The announcement follows the company's recent acquisition of 10,700 sites in France, Italy and Switzerland in line with its strategic expansion into Central and Western European markets. The company also recently delivered strong Q1 results and a successful share capital increase of €1.2billion in March 2019. MSCI is a leading provider of research-based indexes and analytics, and the MSCI index is of interest to several passive funds.

Social contribution

Cellnex works with non-governmental organisations through corporate volunteering actions, donations and joint development of projects. In 2019, Cellnex Spain launched the Programme of social projects and volunteerism, a platform that includes all projects aimed at contributing to the construction of a fairer society.

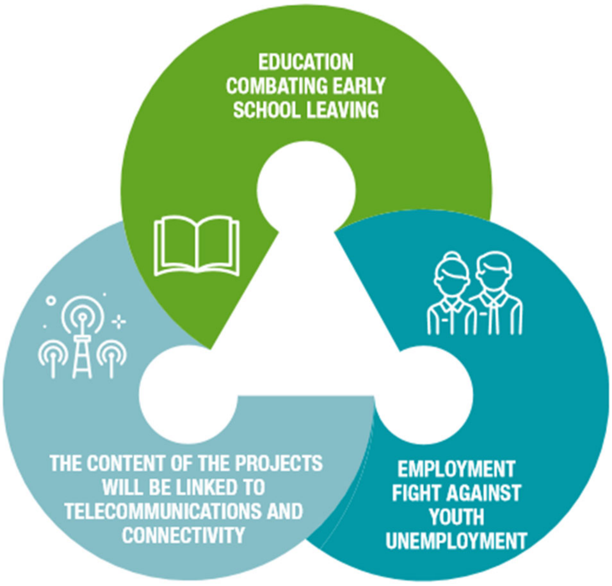
Likewise, other countries such as Netherlands or Italy have developed social contribution projects. Cellnex Netherlands implemented an initiative entitled "Media parks of broadcasting", a project in which tickets were offered for EUR 5 for students to visit the towers on a study visit day. Cellnex Italy collaborated with different foundations which help children affected by diseases and health institutions in addition to participating in humanitarian actions. Also, in Ireland, Cignal was the main sponsor of the Cancer Fund for Children Charity ball at The Shelbourne Hotel in aid of Daisy Lodge.

Social projects and volunteer programme

In Cellnex we have a significant group of volunteers who contribute their ideas, skills, knowledge and time to developing solidarity projects. This year, we wanted to go one step further, creating a platform that not only recognises the work of these volunteers but also promotes further corporate volunteer activity and Cellnex as a socially responsible company, increasing our social contribution.

The purpose of Cellnex's social action was defined through the programme, and the company's social action and volunteer projects were planned strategically for three years. It will also serve as a platform for the future creation of the Cellnex Foundation.

The Cellnex social projects and volunteer programme was created to improve our social environment by promoting the development of young people in vulnerable situations through education and inserting them into the world of work, promoting innovation and technology.



The first project launched called "Cellnex Youth Challenge" is an educational and on-the-job training project in which Cellnex and its employees are closely linked to the La Mercè secondary school, offering support to vocational training students in telecommunications through motivation, mentoring, transmission of knowledge, experience and employability.

The initiative is aimed at several of the school's courses. The programme covers all students involved in vocational training in telecommunications, with 67 young people benefitting from this initiative during this first academic year.

The main goal of the project is to reduce the school drop-out rate and promote youth employment, but it also has several secondary cross-cutting objectives. These include empowering students, using their skills to perform projects and involving of company volunteers and teachers to motivate students on their way to training and employment. This year 64 volunteers participated in the initiative.

In December a solidarity campaign in which we collected food, toys, books and money at national level for children and teenagers who need them was launched. As in previous years, in Barcelona there will be collaboration with the Juvanteny Foundation and in Madrid with the Madrina Foundation. Thanks to the contributions of the employees, a total of 755 kg of food, EUR 847 in financial contributions and two whole vanloads of toys have been obtained.

Donations

Once again, this year Cellnex continued to collaborate with non-governmental organisations through its specific budget allocation for Christmas gifts. The Group's 2019 corporate donation was given to Unicef. The collaboration with Unicef in the project “For me and for all my companions” in favour of equality and against discrimination and gender violence is framed in the Group's Diversity and Inclusion Plan. Specifically, the project focuses on girls and women who suffer exclusion in areas such as education, health, political participation and economic opportunities.

Also, in Cellnex Ireland sponsored a Masquerade Ball event. This event aims to raise money for the Cancer Fund for Children's Daisy Chain, an organization that builds therapeutic short break facility for children diagnosed with cancer and their families. Thanks to the donations received, they are building a second Daisy Lodge in Mayo to ensure 70 families across Ireland get the vital emotional support they need with a therapeutic short break in Daisy Lodge.

Contribution to initiatives

For years Cellnex has shown its commitment to society by joining and organising numerous Corporate Responsibility initiatives. Below are the most important initiatives of 2019.

Seres Foundation

The company worked with the Seres Foundation, whose aim is to "Build a healthier, stronger society with competitive businesses that can stand the test of time". The foundation aims to foster and promote strategic business actions that contribute to an overall improvement in the social situation. Cellnex has signed an agreement pledging to work with the Seres Foundation, disseminate their joint work, share knowledge on good practices in social matters, and attend meetings with partners and other social entities. In 2019, Cellnex donated EUR 6,000.

AMPANS

Cellnex contributes to the AMPANS foundation by buying the company's Christmas gift hampers from them. The AMPANS Foundation promotes education, quality of life and employment for people with an intellectual disability, mental illness and other groups at risk of exclusion, by creating and managing centres, services, programmes, support and business activities that pursue excellence.

WWF Earth Hour 2019

For the third year running, Cellnex joined the WWF 2019 Earth Hour campaign and turned the lights off in the offices of Cellnex in Barcelona, Rome, Milan, Paris, Zurich, Reeuwikj and Zmolle (Netherlands) and Woking (UK) from 8.30am to 9.30pm on 30 March. In doing so Cellnex hopes to show its concern about the effects that climate change is having on the planet's people, nature and economy, in addition to its public commitment to reduce CO2 emissions. In 2019, Cellnex donated EUR 500.

Installation of forest water connections

Since 2008, Cellnex has been investing in forest water connections at its centres for firefighters to use in the event of an emergency. To date Cellnex has installed water connections in 23 of its centres in Spain, with a total investment of EUR 153,425 (EUR 6,973.86 per connection).

Barcelona Climate Plan

Participation in co-producing the Barcelona Climate Plan with Barcelona City Council, which sets down all ongoing and planned actions related to climate change in the city. Cellnex draws up proposals within the company and takes part in the debate on the proposals submitted by all participants.

TV3 Telethon

Cellnex has been taking part in the TV3 Telethon for more than 10 years. The Telethon Foundation aims to foster and promote biomedical research into and social awareness of diseases for which no cure has been found. In 2019, Cellnex donated EUR 9,000. The money raised is used to research new methods of prevention, diagnosis and treatment for minority diseases.

Collaboration with the BEST Foundation

Cellnex made a commitment to the Barcelona Engineering and Economic Studies project this year as a sponsor company of the BEST Foundation. This new inter-university degree offered by the Polytechnic University of Catalonia (UPC), Pompeu Fabra University (UPF), Barcelona Global, and FemCat aims to train highly skilled engineers to address the challenges of a continuously changing society and equip professionals who are interested in business leadership. Cellnex will sponsor two students in a four-year commitment with an annual contribution of EUR 10,000 each.

IESE

Cellnex has been an IESE sponsor company since 2017 and is involved in various projects run by the Public Sector-Private Sector Centre of the Business School. In 2019, Cellnex will sponsor with a contribution of EUR 35,000.

Fundació Portolà

In 2019 Cellnex collaborated with Portalà Foundation, an organisation going back almost 30 years and supporting the social and labour integration of people with intellectual disabilities. Through this collaboration, Cellnex takes on the foundation’s commitment to responsible consumption and the development of social logistics by importing fair trade and social economy products.

Social projects

Third Social Sector Board

As part of the m4Social Project, Cellnex Telecom signed a collaboration agreement in December 2017 with the Third Social Sector Board to carry out a social housing project involving the use of sensorisation and connectivity technologies linked to the Internet of Things (IoT). In 2019, the number of social housing units equipped with various sensors making it possible to collect and monitor data related to energy efficiency, temperature, humidity and CO2 levels, among other indicators, will rise to 50, thereby helping these social entities to better monitor and protect these “connected” homes. This data is stored on an IoT platform that Cellnex provides which allows the housing authorities to anticipate abnormal situations or risks, optimise resource use, and make decisions on possible actions according to the parameters obtained. It also enables them to learn a new management methodology, which in addition optimises and renders their operations more efficient.

Casa Bloc Project

This year Cellnex started the steps to collaborate in the execution of the Llar Casa Bloc Project promoted by HÀBITAT3. This organisation is a social housing manager promoted by the Third Social Sector of Catalonia with the aim of ensuring that all of society, especially the most vulnerable groups, have decent housing.

Llar Casa Bloc Project aims to remodel the former residence of the Casa Bloc to create 17 homes that will host people in vulnerable situations in the city of Barcelona. Cellnex's collaboration is focused on the installation of the necessary elements for an integral management of the houses' consumption and to provide them with the Wi-Fi communication infrastructure.

Sustainable development of the business

Responsible environmental management

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

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

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

	Lines	Goals	SDG
1	Planning and management of sustainability	Develop and implement a Sustainability Plan as a roadmap for the organisation, which includes specific actions and measurement indicators, aligned with the Sustainable Development Goals.	9, 8, 17
2	Mitigation of and adaptation to climate change.	Implement a comprehensive strategy to combat climate change, with sustainable management of emissions, offsetting them where appropriate.	11, 13
3	Energy management	Manage energy and water consumption responsibly, minimising impacts and optimising resources.	11, 12, 7
4	Responsible and circular management of resources	Responsible management of the inputs and outputs of the organisation's resources (basically water, raw materials and waste, applying the principles of sustainability.	9, 11, 12
5	Sustainable and safe mobility	Ensure that travel by and for CELLNEX is as sustainable as possible, incorporating the security vector as the main criterion.	9, 11, 13
6	Natural spaces and biodiversity	Preserve the natural spaces in which our activity is carried out, minimising any environmental impacts.	14, 15
7	Development of sustainable products and services	Analyse the existing product portfolio from the perspective of sustainability and the circular economy, and incorporate these as criteria when launching new products.	9, 12
8	Responsible management of the supply chain	Many of the impacts generated by our company occur outside our company, along our supply chain, so they also need to be managed responsibly.	8, 12
9	Measuring the impacts on society and the planet	To develop systems of metrics of impact on society and the natural environment in order to make explicit the social value generated and to be able to manage it.	10, 11, 14, 15
10	Strengthening relationships with stakeholders and society	Strengthen, in a participative and inclusive manner, the relationship with stakeholders in order to know their expectations and anticipate opportunities and risks, developing a battery of strategic actions to strengthen the positive perception of society.	11, 17
11	Communication of the sustainability strategy	Devise a communication plan for stakeholders (internal and external), matching their expectations and using the most appropriate channels to optimise impact.	17

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

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

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

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

MAIN ACTIONS IMPLEMENTED IN 2019 / KEY FUTURE ACTIONS TO BE IMPLEMENTED IN 2020

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

Monitoring and managing the main risks, opportunities and environmental impacts

Within the environmental management system already implemented and certified, Cellnex Spain periodically updates the identification and evaluation of its environmental aspects, risks and opportunities related to the company's activity and the derived environmental impacts, as well as the significance criteria. The most significant impacts are extracted from these evaluations, to which end a monitoring system is established and actions are planned to mitigate them. The following risks were identified during 2019:

Risk	Risk	Management
	Damage from extreme weather events (extreme temperatures)	• Implementation of projects related to the monitoring of meteorological information. Noteworthy among them are the ENERTIKA project, which involves installing temperature sensors to obtain detailed meteorological information (temperature, relative humidity, etc.), the R&D+I SOLARE2RF-Potenciación project and efficient cooling for radio-frequency sites. • Implementation of pilot refrigeration projects such as Free-Cooling projects in Italy and Spain.
	Damage by natural disasters	• Measures to ensure continuity of service • Monitoring the state of the territory in the areas most at risk of natural disasters • Evaluation of the impact of natural disasters • Have emergency plans in place • Insurance contracts covering these disasters, etc.
	Repercussions for non-compliance with corporate agreements in the framework of COP 21	• Investment in energy efficiency and emission reduction projects- Setting of targets for the reduction of energy and own emissions 2018 • Project to increase renewable energy for self-consumption (Desigenia Project Pilot) • Maintenance of the Environmental Management System • Be up to date with emerging regulations and compliance with established limits and requirements- We are part of the digital sector DigitalES. • Invest in equipment that works at high temperature to minimise cooling needs
	Control of GHG emissions from diffuse sectors	• Investment in energy efficiency and emission reduction projects- Setting of targets for the reduction of energy and own emissions 2018 • Project to increase renewable energy for self-consumption (Desigenia Project Pilot) • Maintenance of the Environmental Management System • Be up to date with emerging regulations and compliance with established limits and requirements- We are part of the digital sector DigitalES. • Invest in equipment that works at high temperature to minimise cooling needs
	Repercursions associated with the regulation of WEEE (Waste Electrical and Electronic Equipment).	• Identify actions that will help to minimise electrical and electronic equipment waste, in order to reduce emissions from treating it. (Outsourced processes).
	Incidences due to the creation of new taxes and regulations on energy and fuels.	• Actions to promote the use of renewable energies • Project to increase renewable energy for self-consumption (Desigenia Project Pilot). • Actions for the purchase of certified green energy • Investments in energy efficiency projects - Follow-up actions on possible changes in electricity regulation
	Changes in the behaviour of customers and investors: demand for environmental information on the services provided	• Calculation and publication of our carbon footprint. • Implementation of the online tool Clean CO2, a software application that allows the calculation of the carbon footprint and the offset of emissions of the companies of the Group and also of the services it offers. • Annual reports on Cellnex's environmental performance in sustainability indices and international organizations, including Carbon Disclosure Project, Dow Jones Sustainability Index, United Nations Global Comapct, FTSE Russell. • Participation in the I + D + i GROWSMARTER project (2015-2019), which develops measures, pilots and demonstrations in the field of energy efficiency and sustainable urban mobility for the City of Barcelona.

Sustainable use of resources

Owing to the nature of Cellnex's business, the only material environmental aspect is, energy. In this context, Cellnex monitors the organisation's energy consumption to achieve maximum efficiency and the lowest possible impact on the environment and hence on society.

Most of Cellnex's electricity consumption comes from its sites and, to a lesser extent, its offices. In 2019, the company's total electricity consumption was 563,003,094 kWh (460.972.053 kWh in 2018).

Cellnex is committed to using renewable energies, as borne out by the Cellnex Netherlands practice of buying 100% green energy, Cellnex UK aims to buy green energy in 2020and Cellnex Italy has issued a tender for its energy supplier that specifies that 30% of power must come from green sources by 2021. Also, Cellnex Switzerland uses 100% renewable electricity (water and solar).

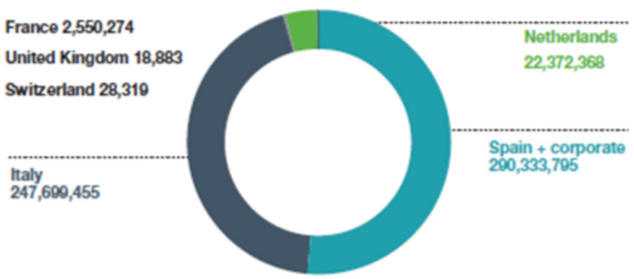
Cellnex Spain has been working on a Green Power Purchase Agreement in 2019 by negotiating PPAs, to be implement in 2020.

Cellnex Spain has photovoltaic power generation facilities for producing electricity for its own sites. They generated 1,756,294 kWh in 2019, thereby cutting 667,391 of CO2 from the company's carbon footprint.

On the other hand, Cellnex Netherlands has replaced oil with biodiesel, certified as buying 100% green energy.

BREAKDOWN OF ELECTRICITY CONSUMPTION

Region	Electricity consumption (kWh)
Spain + Corporate	290,333,795
Italy	247,699,455
France	2,550,274
Netherlands	22,372,368
United Kingdom	18,883
Switzerland	28,319



GASOLINE CONSUMPTION BY COUNTRY [KWH]

	2017	2018	2019
Spain	9,576	7,966	34,770
Italy	-	-	-
France	-	-	-
Switzerland	-	-	-
Netherlands	-	-	-
UK	-	-	-
Total	9,576	7,966	34,770

NATURAL GAS CONSUMPTION BY COUNTRY [KWH]

	2017	2018	2019
Spain	11	9	10
Italy	-	-	-
France	-	-	-
Switzerland	-	-	-
Netherlands	-	-	1,062,034
UK	-	-	53,204
Total	11	9	1,115,248

DIESEL CONSUMPTION BY COUNTRY [KWH]

	2017	2018	2019
Spain	1,783,846	2,022,536	2,187,968
Italy	1,908,753	2,568,292	3,637,404
France	-	-	-
Switzerland	-	-	-
Netherlands	-	-	497
UK	-	-	-
Total	3,692,598	4,590,828	5,825,869

Energy efficiency

ENERGY-EFFICIENCY PROJECTS

667
of CO2-eq avoided

As per the Strategic Sustainability plan, Cellnex continued working towards achieving more efficient procedures and taking initiatives to reduce energy consumption. This objective focuses primarily on improving equipment and implementing technologies that increase efficiency, and it is applied in two different approaches: products and services provided by the company and Cellnex's own offices and centres.

One of the main energy efficiency measures implemented on sites is a type of cooling system that consumes less energy by using external air to chill water for more efficient air conditioning than traditional systems. These free-cooling systems have already been installed at numerous sites in Spain, Italy and the Netherlands. In Italy the goal is to install this system in 1,000 sites by 2020 - equivalent to 30% of all sites in the country where it can potentially be installed, while Cellnex Netherlands aims to cut energy consumption by 6%.

Furthermore, this year Cellnex established energy efficiency criteria in new offices in Rome and Zurich. The premises Zurich comply with the Minergie energy standard, with 100% renewable electricity (water and solar). In line with the new offices that opened in 2019, Cellnex Spain will use these criteria in the new corporative headquarters planned for 2020.

In addition, in Cellnex Spain, measures have been taken to reduce energy consumption, such as replacing the uninterruptible power supply systems (UPS) with more efficient ones, replacing light fittings and altering tariffs which, without reducing consumption, have managed to reduce the associated cost.

In 2020, Cellnex Spain will define a global energy management model together with an energy efficiency plan for the company, aligned with a possible ISO 50001 certification.

On the other hand, Cellnex France has opted for a fleet of 100% hybrid vehicles, minimising damage to the environment and human health.

In Cellnex Spain, during 2019, the above energy-efficiency projects enabled savings of 1,756,294 Kwh, which equals to 667.391 tonnes of CO2-eq.

Note that HIVOS (a Dutch non-profit organisation for human development) named Alticom, a Cellnex Netherlands subsidiary, one of the most sustainable Data Centre providers in the country because of its energy efficiency measures in 2014, 2015 and again in 2018.

Other relevant projects that achieved energy savings in 2019 were:

- Replacement of old batteries, power stations and rectifiers with more efficient ones in Cellnex Italy. The replaced batteries were re-used in a specific recycling project.
- Achievement in December 2019 of ISO 14001 Certification in Cellnex Italy.
- Minergie energy standard premises with 100% renewable electricity (water & solar) in Cellnex Switzerland.
- Decommissioning programmes in the Cellnex Group.
- Infrastructure sharing in the Cellnex Group.

Carbon footprint and climate change

As part of the Environmental Policy, an initial diagnosis and an analysis of risks and opportunities related to climate change in the Cellnex Spain's activities were carried out in 2017. The results of this first phase were used to draft the Cellnex Spain Carbon Management Plan in 2017, which aims to reduce the company's greenhouse gas emissions and sets out individual measures and priorities for tackling climate change. In 2019 this plan was integrated into the Strategic Sustainability Plan.

Once again, this year, Cellnex measured and obtained independent third-party confirmation of its carbon footprint, to ascertain the company's impact on climate change and to set a baseline for managing and reducing its emissions. Since the foundation of Cellnex Telecom in 2015, the carbon footprint has been calculated yearly at group level. Each year, the various companies acquired by Cellnex are incorporated into the carbon footprint calculation.

Scopes 1, 2 and 3 have been calculated for all countriesIn 2020, it is planned to incorporate Ireland and acquired companies into Cellnex's carbon footprint calculation.

In 2019, the GHG emissions from Cellnex Spain, Italy, France, Netherlands, Switzerland and UK were calculated according to the financial control approach.

The operational scope is based on the following criteria:

Scope 1: covers GHG emissions that are directly under Cellnex control.

Scope 2: covers indirect GHG emissions associated with the electricity consumption of Cellnex's own facilities.

Scope 3: this covers indirect GHG emissions resulting from the organisation's activities but which are generated in sources owned or controlled by another organisation. To calculate scope 3 emissions, the following categories defined in the 'Corporate Accounting and Reporting Standard (scope 3)' were taken into account:

a) Purchase of goods and services: emissions from water and paper consumption.

b) Third-party upstream transport and distribution: from road, air and/or sea travel by third parties paid by Cellnex.

c) Waste generation: emissions linked to managing waste fractions with a contribution of over 1%.

d) Corporate travel: linked to related air travel, taking account of the characteristics of flights taken by Cellnex staff.

e) End-of-life of sold products: waste management at the end of the useful life of products that account for at least 1% of the total, provided that the sum of those excluded does not exceed 5% of the total.

As part of its efforts to manage greenhouse gas emissions, in 2019 Cellnex offset 2,814tCO2 by purchasing 2,814 VER (Verified Emissions Reductions) credits on the voluntary market from the Mariposas Project in Chile, with the Verified Carbon Standard (VCS), to achieve neutrality in Scope 1 carbon footprint emissions from all countries.

In October of 2019 (signature in July), Cellnex undertook to develop a Science-Based Emission Reduction Target over the next 24 months, which will be recognised by the Science-Based Targets Initiative (SBTi, https://sciencebasedtargets.org/). The Science-Based Targets Initiative, aligned with the Paris agreement (COP 21, 2015), is a joint initiative by CDP, the UN Global Compact, the World Resources Institute and WWF, that supports companies in setting emission reduction targets in line with the level of decarbonisation required to keep the global temperature increase below 2ºC compared to pre-industrial temperatures. The targets are calculated using methodologies based on scientific knowledge and making it the dominant practice. The quantitative objectives for 2025 and other time horizons will be defined in the future, depending on resources available to achieve them.

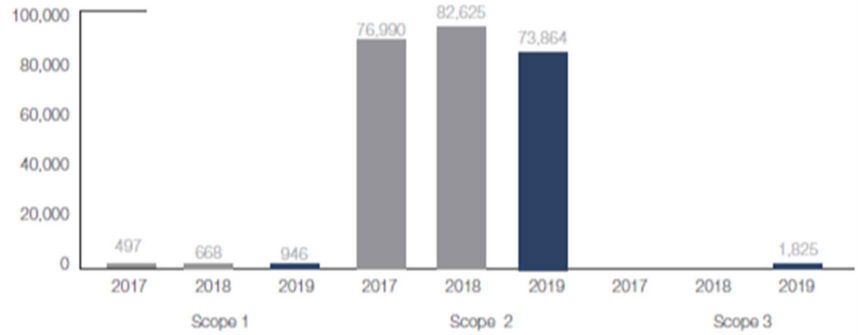
In the same month, Cellnex joined the Global Compact initiative "Business ambition for 1.5ºC". This is a global initiative, signed by more than a hundred companies, 10% of which are Spanish. The initiative sets out two areas of action: "1.5°C science-based targets", aligning its GHG emissions in all relevant areas with emission scenarios at 1.5°C, and "Zero Emissions Commitment" setting a public target to achieve zero emissions by 2050. In this way, the Group steps up and commits the business to set science-based targets aligned with limiting the global temperature rise to 1.5°C above pre-industrial levels.

BUSINESS AMBITION FOR 1.5°C OUR ONLY FUTURE

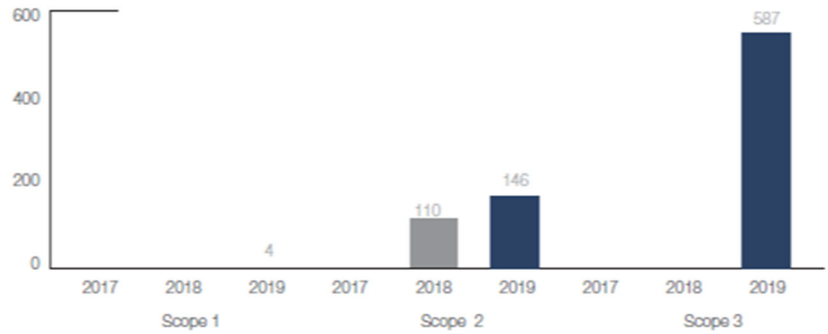
In December, the Spanish Global Compact Network, together with the UN Global Compact, the Chilean Network and the British Network, held an event in the context of COP25 in which, in addition to presenting the commitments in the manifesto, publicly recognised the Spanish entities adopting Business Ambition for 1.5°C.

CELLNEX SPAIN EMISSIONS (T. CO2 E) [2]

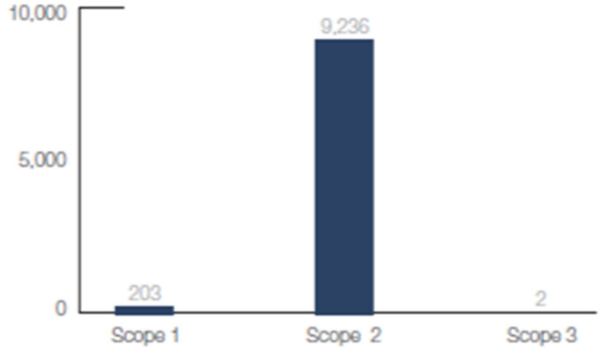
CELLNEX ITALY EMISSIONS (T. CO2 E) [1]



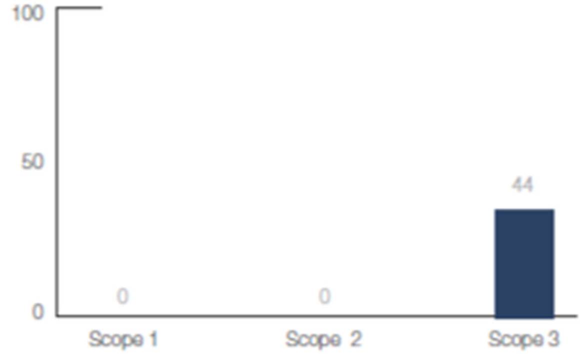
CELLNEX FRANCE EMISSIONS (T. CO2 E) [1]



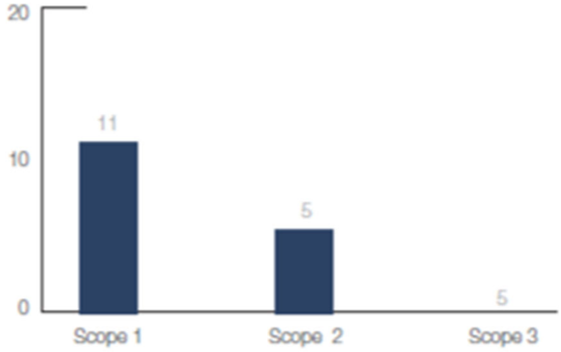
CELLNEX NETHERLANDS EMISSIONS (T. C02 E) (1)



CELLNEX SWITZERLAND EMISSIONS (T. C02 E) (1)



CELLNEX UK EMISSIONS (T. C02 E) (1)



From a communication and awareness-raising standpoint, the company has released several communications of its actions:

- Publication of the company's carbon footprint report on the Cellnex corporate website.
- Registration in the Footprint Registry of the Spanish Climate Change Office under the Ministry of Agriculture, Food and Environment.
- Joining the Catalan Generalitat's Voluntary Agreements Programme for reducing greenhouse gas (GHG) emissions. This tool is promoted by the Catalan Office for Climate Change (OCCC) for companies seeking a voluntary commitment to reduce their GHG emissions beyond the statutory requirements.
- Publication of the withdrawal of the carbon credits from the project selected in the Markit Environmental Registry or equivalent as evidence of the compensation made.

In addition, Cellnex has drawn up Sustainability Guidelines. This tool will help to ensure that the sustainability principles will be in place in companies close to acquisition. Furthermore, this tool will help measure our positioning on the market in relation to other companies in the sector.

Biodiversity

By assessing and monitoring the aspects and impacts of Cellnex Spain, the organisation has identified the Effect on Biodiversity – the environmental impact associated with the loss of biodiversity of living beings and natural species –as one of its significant aspects. Indeed, one of the strategic lines of the Strategic Plan for Sustainability is “Natural spaces and biodiversity”.

Cellnex manages its facilities so as to minimise any type of environmental impact of its activities that affects biodiversity. It takes into account not only of the work of the company itself but also of its providers, since their maintenance work and services can have the greatest environmental impact. Cellnex works with its suppliers to ensure they are environmentally responsible and use best practices, for instance by properly managing waste and protecting biodiversity.

To ensure a proper management of these impacts, it is essential to diagnose the presence of Cellnex's activity in the most vulnerable areas. To that end, Cellnex Spain uses the Inventory of Natural Parks and Biodiversity Protection Areas. During 2019, the inventory was modified to take account of the updating of the regulations in this area. In 2019, Cellnex Spain assessed all the sites, including the sites purchased up to the first quarter of 2019, in order to assess whether the sites were in protected areas as well as any applicable regulations. In 2019, the surface area of the protected area affected by company activity was 193,585.4 m^2.

In accordance with Strategic Plan for Sustainability, Cellnex will produce an environmental impacts map for 2020. We are also continuing to identify natural spaces and applicable regulation.

To monitor the company's impact on birdlife, Cellnex Spain uses signage to identify centres with nesting birds to establish whether a centre does in fact cause such an effect and to remind staff of the preventive measures to be taken. Likewise, in Cellnex Netherlands,nesting boxes were installed on 16 of the 24 Alticom towers for protected peregrine falcons .Moreover, during the breeding season, no work is allowed on platforms with nesting boxes.

Furthermore, as a key preventive environmental protection measure, every year Cellnex Spain notifies its employees of the start of the forest fire prevention campaign, when use of machinery that may cause fire is restricted on company facilities.

DaMA programme

Cellnex uses the DaMA (environmental data server) tool to display geographical data and identify declared natural protection sites in the country, this information is also found in the aQua Sites database. The server also provides access to environmental data relating to Cellnex Spain's sites.

Cellnex is also working on a new tool to manage the sites of all countries, which will allow each country to manage its sites. At the moment, the study has been completed to find out how many sites in each country are located in protected areas.

Electromagnetic emissions

Cellnex Telecom complies with the rules governing electromagnetic emissions for the general public and its workers. Pursuant to Royal Decree 299/2016, it conducts periodic measurements at technical centres with a permanent staff presence. As regards the general public, it ensures compliance with Royal Decree 1066/2001 at all sites in Spain. The regulatory framework in Italy is stricter and Cellnex Italy works to ensure compliance.

Cellnex works with expert groups in researching the impact of electromagnetic fields and takes part in activities related to assessing, managing and communicating the possible health risks of exposure. Specifically, Cellnex works with a subdivision in a department of DigitalES, the Spanish Association for Digitisation, formed mainly by telecommunications operators and Cellnex, which carries out activities related to radio emissions. This work involves examining issues of legal compliance and proposals for improvement, based on the recommendations of the International Electrotechnical Commission (IEC), in addition to studying 5G emissions.

Furthermore, in autumn 2018, the former Federal Councillor Doris Leuthard, head of the Department of the Environment, Transport, Energy and Communications (DETEC) in Switzerland, decided to set up a working group to discuss mobile communications and radiation. As new independent player and with its forward-looking infrastructure model, Cellnex Switzerland is part of the group and is helping to shape the future development of the mobile network. As a member, Cellnex, through its knowledge and experience, make a significant contribution to the established working group.

In addition, Cellnex is working with epidemiology research groups from ISGlobal (Barcelona Biomedical Research Park) by providing information on emission sources (television, radio, etc.).

Moreover, at Cellnex we are working with various groups, such as our employees and suppliers, to explain what 5G is and the consequences of this technology. These awareness-raising activities are aimed at improving knowledge on this subject among our stakeholders.

Information security management

Significant milestones in 2019	Main challenges for 2020
Definition and implementation of Strategic Global Security Plan for Cybersecurity and Physical Security.	Deployment of Global Security Office and intelligence & legal vigilance service in all integrated countries in 2019 (Spain, France, Italy, The Netherlands, Switzerland and UK).
Establish an information security governance model.	Analysis and deployment of a risk management technical solution that enables automated management of global security risks.
ISO 27001 certification in all countries.	Implementation of a security event monitoring model in all integrated countries in 2019.
	Deployment of a CASB solution to enable policy enforcement and governance of cloud applications.

The telecommunications sector needs to be protected from a wide variety of different types of threats to provide a stable and high-quality service to its customers. For this reason, Cellnex has been placing special emphasis on the area of security, whether physical or IT, performing a large number of activities aimed at avoiding and mitigating any possible threat that might affect its service.

Accordingly, this year we have devised a Strategic Global Security Plan for Cybersecurity and Physical Security that allows high-impact events to be anticipated, in accordance with Reference Frameworks. The Plan applies to all companies in the Cellnex group and covers all aspects of corporate security regardless of the type of threat, whether physical, IT, or hybrid. The following actions were rolled out under this plan:

- Integral Security Assessment.
- Definition of a risk map.
- Development of a global action plan.
- Three-year budget approval.

In the first place, we analyse company security based on standard frameworks (NIST cybersecurity and ISO 27001) with focus on IT, OT and Physical, and five high-level blocks, which encompass a variety of security activities (identify, protect, detect, respond and recover). Each control has been evaluated considering the maturity level of the Business Units, whose levels have been classified into four categories (Not implemented, partially implemented, widely implemented and fully implemented).

On the other hand, a three-year global action plan has been defined, in agreement with the Risk Committee, with the aim of improving the safety level of Cellnex. This Plan has defined six strategic lines and 36 initiatives, most of which are at corporate level or for Spain, but there are also projects in other countries. To this end, an objective maturity threshold has been established based on benchmarking.

The Strategic Global Security Plan for Cybersecurity and Physical Security has been formalised in the Information Security Policy applicable to all the companies that compose the Cellnex group, which is aligned with ISO standard 27001.
This policy sets out the guidelines and lines of action for Information Security that will govern how Cellnex will manage and protect its information and services, as well as its communication to stakeholders and implementation in all Group companies and functional units.

The information security governance model has also been defined and is structured as follows:

- At group level
  - Global security manager
  - Security Control Centre
  - Security office
- At the country level:
  - Local cyber security (logical security)
  - Responsible for physical security
  - Local front end

As a result of these actions, in 2019 there were no data leaks, theft or loss in Cellnex, nor were any complaints received in relation to information security and data protection.

In September, ISO 27001 certification was obtained for all countries and all companies. This standardisation guarantees the implementation of the industrial model and the homogenisation of processes at a global level in a group as diverse as the Cellnex group, which integrates different countries and allows for continuous improvement. This certification also enables us to have access to certain markets and customers who require this certification in order to work with them.

In order to obtain ISO 27001 certification, in 2019 the Corporation, Spain, Switzerland and Italy were audited. In 2020 the Netherlands and France will be audited, together with Spain and the Corporation, which will always be audited owing to their size and importance in the Cellnex group.

The progress made in 2019 will raise the level of maturity and reduce the level of risk associated with information management.

With regard to the personal data managed by the company, with the entry into force of the new General Data Protection Regulation (GDPR) on 25 May 2018, the Group has made several changes to ensure full compliance. One of the main changes under the GDPR was that it became compulsory to appoint a Data Protection Officer (DPO). In Cellnex these duties will be performed by the company's Director of Legal Affairs, who will periodically report to the Committee of Ethics and Compliance on the status of GDPR implementation and compliance in the companies of the Group. Because the company fully complied with the previous European regulation and already had a mature and robust system, it has adapted quickly and effectively.

In addition, this year the deployment of some projects has begun to protect of information and prevent the leakage of the most sensitive types, notably the following:

- AIP implementation (Azure Information Protection): aimed at protecting information, regardless of whether it is hosted at Cellnex, in the Cloud or at third-party locations.
- Replacement MDM (Mobile Device Management): allows advanced management of mobile devices, ensuring that only authorised devices can access corporate information.
- Regularisation of administrator users: allows access to be given to information, with the appropriate permissions for processing it.
- Implementation CASB (Cloud Access Security Broker): allows access control for information located in public clouds.

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Bases for the Preparation of the Report

This document represents the Consolidated Management Report for 2019 which includes the information that complies with the provisions of Article 262 of the Capital Companies Law, establishing the content of the management report drafted in tandem with the annual accounts of the company. Likewise, this report has incorporated best practices in corporate transparency during the 2019 period, applying the international framework of the Integrated Annual Report, presenting financial and non-financial, management, corporate governance and strategic information for the company.

As a sign of Cellnex's commitment to transparency and responding to the applicable regulations in this regard, this report has been prepared in accordance with the provisions of Royal Decree Law 18/2017, which transposes Directive 2014/95/EU into Spanish law with regard to the dissemination of non-financial information and diversity.

Likewise, in order to ensure the credibility of the information and generate trust with its stakeholders, this report has been verified by an independent third party, as presented in the Verification Report in Annex 5.

Structure and content of the report

The structure of the Report follows the guidelines of the International Integrated Reporting Council, Directive 2015/95/EU on non-financial information, the CMNV guide for the preparation of management reports of listed companies and was prepared in accordance with GRI Standards in their Essential option and the AA1000 AccountAbility Principles standard (the principle of inclusivity, the principle of materiality, and the principle of responsiveness).

Following the guidelines laid down by those standards, the content of this report was defined on the basis of a materiality study, which was used to identify the relevant internal issues for the company, expectations and concerns of Cellnex stakeholders and relevant Corporate Responsibility issues in the sector.

Reporting scope

Regarding Non-financial information scope, the report covers six of the seven countries in which Cellnex operates, which account for more than 95% of the revenues. Cellnex Spain (Cellnex Telecom, S.A., Retevisión, S.A.U, On Tower Telecom Infraestructuras, S.A.U and Tradia Telecom, S.A.U.); Cellnex Italy (Cellnex Italia, S.r.L., TowerCo, S.p.A, Galata, S.p.A. and Commsocon Italia, SrL), excluding the company Sirtel, S.r.L.; Cellnex France (Cellnex France, Springbook e Iliad7), Cellnex Switzerland (Cellnex Switzerland, Swiss Towers y Swiss Infra Services), Cellnex UK (Cellnex UK Midco, Watersite, Radiosite, Cellnex Connectivity Solutions and Cellnex UK Consulting) and Cellnex Netherlands (Towerlink Netherlands B.V., Shere Masten B.V., Breedlink, Alticom B.V. and On Tower Netherlands). It is supplemented with the information presented in the Cellnex Consolidated Annual Accounts for the financial year ended 31 December 2019 and the 2019 Annual Corporate Governance Report, all publicly available on the company website. However, the information reported regarding total staff and taxes refers to the entire Cellnex Group, unless otherwise stated.

The GRI contents that Cellnex has addressed in this report are detailed in the GRI table presented in the Annex, with the scope of information reported by each of them as shown in the table, depending on whether it applies specifically to Cellnex Spain, Cellnex Italy, Cellnex France, Cellnex Switzerland, Cellnex Netherlands, Cellnex UK or to the Cellnex Group.

Also appended to the end of this document is the independent limited assurance report issued by Deloitte S.L. in relation to the review of CSR indicators in their adaptation to the GRI Essential Option standards reported in this document.

This review process was conducted in accordance with ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for limited assurance reports. We have also applied the AA100 Assurance Standard which provides moderate assurance in applying the principles set down in AA1000 APS and in drawing up sustainability performance indicators (type 2 moderate assurance).

Determining the content of the report

In 2018 Cellnex carried out a materiality analysis to identify and update the most relevant matters for the group, as well as adapt them to the new size of the company. This analysis enables the company to define its priority topics according to internal perceptions, the expectations and concerns of Cellnex stakeholders, and relevant issues regarding Corporate Responsibility in the sector. By performing this materiality study Cellnex can detect any changes that have taken place, both internally and in stakeholder expectations, which allows the company to focus its efforts on programmes that generate greater shared value and maximize its contribution to the society. The results obtained in the materiality analysis developed in 2018 remain in place during 2019. After obtaining the results of the study, Cellnex carried out a transparency and accountability exercise, by publishing this Integrated Report.

The study was conducted in accordance with the AccountAbility AA1000 standard and was structured into the following phases:

1. initial phase identifying relevant issues;
2. prioritising issues on the basis of the analysis results;
3. assessment and validation of the issues identified by the main stakeholders of Cellnex Group (the stakeholders map of the company considered in this phase of the materiality analysis is shown bellow);
4. detailed examination of the material issues identified.

The list of material issues identified for Cellnex Group are shown in the following table.

MATERIAL ISSUES IDENTIFIED

Ethical management and good governance	1.	Corporate governance
	2.	Ethics and regulatory compliance
	3.	Transparency and reporting
	4.	Human Rights
	5.	Management of risks and opportunities (business, environmental, societal, etc.)
Responsible and sustainable management	6.	Energy
Responsibility to employees	7.	Training, professional development and retention of talent
	8.	Employee health and safety
	9.	Hiring head of employees
Commitment to customers	10.	Service security (technology disruption)
	11.	Data privacy
Commitment to innovation and value creation	12.	Economic performance (direct economic value generated)
	13.	Resource rationalisation (sharing infrastructure)

Carbon Footprint: Scope & Calculation methodology for CO2 emissions

The company reported all GHG emissions attributable to the operations it controls. Cellnex Spain: Tradia, Retevisión, Ontower and Cellnex corporate; Cellnex Italy: Galata TowerCo and CommsCon; Cellnex France: Towerlink France; Cellnex Netherlands: Alticom, Shere Masten and Towerlink Netherlands; Cellnex Switzerland: Swiss Towers, and Cellnex UK: Cellnex UK Consulting.

The reference used to calculate the CO2 emissions that Cellnex generates in Spain was the emission factors listed in *Carbon Footprint Registry, carbon dioxide offsetting and absorption projects,* published by the Spanish Ministry of Agriculture, Fisheries and Food in July 2017. In some cases we also used the emission factors provided by DEFRA, the 'Practical Guide to calculate greenhouse gas emissions' by the Catalan Office for Climate Change (OCCC) of the Generalitat of Catalonia, the Environmental Paper Network Calculator version 3.2, and Ecoinvent database version 3.3.

For Cellnex Italy, the latest emission factors published by the *Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA)* in 2016 were used.

In the case of Cellnex France, in the calculating of the carbon footprint, the emission factors are those published in the public database of emission factors called Base Carbone administered by the French Environment & Energy Management Agency (ADEME).

In the case of Cellnex Switzerland, the DEFRA GHG Conversion Factors 2019 has been taken into account for the calculation of the carbon footprint.

Cellnex Netherlands has followed the information provided by the Ministerie van Economische Zaken en Klimaat.

Finally, in the UK, the data provided by the UK Government GHG Conversion Factors for Company Reporting has been considered.

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Produced and compiled by:

Cellnex's Corporate & Public Affairs

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Annexes

Annex 1. Other public documents

At the date of issue of the accompanying Integrated Annual Report, information of a public nature is available, which must be read in conjunction with this Consolidated Management Report for the year ended on 31 December 2019, and which is detailed below on a non-exhaustive illustrative basis:

- Prospectus Offer of Sale and Admission to Negotiate Shares of Cellnex Telecom, S.A.U (https://www.cellnextelecom.com/en/investor-relations/7838-2/).
- Supplement to the informative prospectus for the sale and admission to trading of shares of Cellnex Telecom, S.A.U. (https://www.cellnextelecom.com/en/investor-relations/7838-2/).
- Prospectus March Capital Increase (https://www.cellnextelecom.com/content/uploads/2019/05/Prospectus-Capital-Increase.pdf)
- Prospectus October Capital Increase https://www.cellnextelecom.com/content/uploads/2019/10/Prospectus-Capital-Increase.pdf
- Universal Registration Document (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Euro Medium Term Note Program (EMTN) Base Prospectus (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Euro-Commercial Paper Programme (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Report of the Board of Directors on Convertible Bonds (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Auditor's Report on Convertible Bonds (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Ratings Rating Agencies (https://www.cellnextelecom.com/en/rating-eng/).
- Corporate Policies (https://www.cellnextelecom.com/).
- Press releases (https://www.cellnextelecom.com/en/press-room/news/).
- Relevant Facts (https://cellnextelecom.com/en/investor-relations/relevant-facts/).
- Results Presentations (https://www.cellnextelecom.com/en/investor-relations/quaterly-results/).
- Annual/half-yearly consolidated financial statements and Annual Governance Report (https://www.cellnextelecom.com/en/investor-relations/annual-report/).
- Corporate Bylaws of Cellnex Telecom S.A. which can be found in the Commercial Registry of Barcelona.
- Comisión Nacional del Mercado de Valores ("CNMV") website (https://www.cnmv.es/portal/home.aspx).
- Cellnex Telecom website (https://www.cellnextelecom.com/en/)
- Research released by the sell-side community covering the stock are highly recommended. Please find Analysts relation at: https://www.cellnextelecom.com/en/recomendaciones-analistas/

Annex 2. Risks

The Cellnex Telecom Group has implemented a risk management model that has been approved and is monitored by the Audit and Control Committee, and is applicable to all business and corporate units in countries where the Group operates. The risk management model is aimed at effectively ensuring that the Group's objectives are achieve. The main risks to the fulfilment of the Group's objectives are as follows:

Strategic risks	I)	Risks related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.
	II)	Risks of increasing competition.
	III)	The Group's status as a "significant market power" ("SMP") operator in the digital terrestrial television ("DTT") market in Spain imposes certain detrimental obligations on it compared to its competitors.
	IV)	Industry trends and technological developments may require the Group to continue investing in asset class-businesses adjacent to telecommunication towers, such as fiber, edge computing and small cells.
	V)	Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products.
	VI)	Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers.
	VII)	Risk of infrastructure sharing.
	VIII)	Risk of non-execution the entire committed perimeter.
	IX)	The expansion or development of the Group's businesses, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations.
	X)	Risks inherent to the businesses acquired and the Group's international expansion.
	XI)	Risk related to the non-control of certain subsidiaries.
	XII)	Risks related to execution of Cellnex's acquisition strategy.
	XIII)	Risks related to the Arqiva Acquisition: the Arqiva Acquisition may fail to close if certain conditions precedent are not met.
	XIV)	Regulatory and other similar risks.
	XV)	Litigation.
	XVI)	Risk related to the Company's significant shareholder's interests may differ from those of the Company.
Operational risks	XVII)	Risks related to the industry and the business in which the Group operates.
	XVIII)	Risk of not developing the strategic sustainability plan.
	XIX)	Risks related to maintaining the rights over land where the Group's infrastructures are located.
	XIX)	Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business.
	XXI)	The Group relies on third parties for key equipment and services, and their failure to properly maintain these assets could adversely affect the quality of its services.
Financial risks	XXII)	Financial information.
	XXIII)	Expected contracted revenue (backlog).
	XXIV)	Foreign currency risks.
	XXV)	Interest rate risk.
	XXVI)	Credit risk.
	XXVII)	Liquidity risks.
	XXVIII)	Inflation risk.
	XXIX)	Risk related to the Group's indebtedness.
	XXX)	The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so).
Compliance risks	XXXI)	Fraud and compliance risks.
	XXXII)	Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses.

Strategic risks

I) Risk related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.

The Group's business includes the provision of services through its three different segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure and (iii) Other Network Services. Any factor adversely affecting the demand for such services could potentially have a material adverse impact on its business, prospects, results of operations, financial condition and cash flows.

Through the Telecom Infrastructure Services segment, the main business activity, the Group facilitates access to the spectrum (owned by its customers), by means of providing access to telecom through its connectivity services as well as the related passive and active infrastructure to external MNOs, typically under mid- and long-term contracts. Therefore, the Telecom Infrastructure Services segment is highly dependent on the demand for such infrastructures and a decrease in such demand may adversely affect the Group's business.

In the Broadcasting Infrastructure activity, the demand for the Group's communications depends on the coverage needs from its customers, which, in turn, depend on the demand for TV and radio broadcast by their customers.

Likewise, for the Other Network Services segment, the demand for connectivity, public protection and disaster relief ("PPDR") networks, operation and maintenance ("O&M"), Smart City and Internet of Things ("IoT") services depends on the demand from public administrations as well as entities operating in the private and public sectors.

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

- increased use of network sharing, roaming or resale arrangements by MNOs;
- increased sharing initiatives among MNOs (both related to passive and active network sharing), roaming or resale arrangements by MNOs;
- mergers or consolidations among the Group's customers such as MNOs;
- the ability and willingness of MNOs to maintain or increase capital expenditures on network infrastructure;
- the financial condition of the Group's customers, including the availability or cost of capital;
- governmental licensing of spectrum or restrictions on or revocations of spectrum licenses;
- changes in electromagnetic emissions' regulations;
- changes in demand for TV and radio services and consumption habits (channels, etc.) by end consumers, including the level of multimedia content consumption;
- significant increases in the attrition rate of customers or decreases in overall demand for broadcast space and services, caused by, among others, the adoption of new digital patterns by customers and the obsolescence of the products and services rendered by the Group's companies;

- a decrease in consumer demand for wireless telecom and broadcasting services due to economic, political and market/regulatory conditions, disruptions of financial and credit markets or other factors, including inflation, zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof, as well as taxes/customs duties levied on the Group's services;
- the evolution of the advertising business' revenue in the media sector, and especially, TV, internet and radio;
- changes in connectivity to the internet;
- an increase in demand for private networks;
- the evolution of public internet;
- changes in the data traffic demand worldwide as well as changes in data transmission prices and speed;
- the availability or capacity of the Group's infrastructure or associated land interests where the infrastructure is located;
- the location of the Group's wireless infrastructure;
- changes in, or the success or failure of, the Group's customers' business models;
- delays or changes in the deployment of next generation wireless technologies or the failure by the Group to anticipate the development of new wireless technologies;
- technological advances and development of alternative technologies that the Groups does not currently use, such as the development of satellite-delivered and optical fibre-delivered radio and video services and internet TV;
- the existence of alternative providers of the Group's services or, alternatively, the self-provision of services by the Group's customers;
- the willingness of the Group's current or future customers to make contractual arrangements with the Group under the current terms and conditions; and
- the Group's customers' desire to renegotiate its agreements with them or to adversely amend current contractual arrangements (especially those relating to broadcasting services and other network services, where Cellnex is facing a general cycle of renewal of contracts with customers).

As a result of these factors the Group's customers may scale back their need or demand for its services which could materially and adversely affect the degree of utilisation of the capacity of the Group's communications infrastructures and its network and connectivity development services, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

To reduce its exposure to risks as a result of the environment in which it operates, the Group pursues a selective international expansion plan, diversification and growth policy, fostering understanding with Government Agencies to develop infrastructures. In addition, it has continued to implement an efficiency plan in order to streamline operating investments and expenditures.

II) Risk of increasing competition

The Group may experience at any time increased competition in certain areas of activity from established and new competitors, for example as a result of other infrastructure providers entering the European market. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group’s ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new services agreements. The higher prices for assets, combined with the competitive pricing pressure on services agreements, could make more difficult for the Group to achieve targeted returns on investments.

Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group’s business expansion, which could make the acquisition of high quality assets significantly more costly, in the current environment of low rates and taking into consideration the Group's business nature, with long term contracts, fixed fees normally inflation-linked, more and more infrastructure funds and private equity firms are showing appetite towards this kind of assets. Some competitors are larger than the Group and may have greater financial resources (such as KKR), while other competitors may apply investment criteria with lower return on investment requirements. Likewise, Cellnex also faces competition or may face future competition from its US peers, such as American Tower, Crown Castle or SBA Communications. Additionally, some of the Group´s customers have set up their own infrastructure companies (such as Telxius Telecom, S.A. or Infrastructure Wireless Italiane S.p.A.), while more European MNOs (Vodafone) are increasingly showing their willingness to set their own infrastructure vehicles, which could drive to scarcity in terms of assets for sale (thus generating inflation on prices for assets), combined with more competitiveness on the normal course of the Company’s business limiting the organic growth potential.

Besides, if the Group is unable to compete effectively with its competitors or anticipate or respond to customer needs, the Group could lose existing and potential customers, which could reduce its operating margins and have a material adverse effect on the Group´s business, prospects, results of operations, financial conditions and cash flows.

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

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

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

IV) Industry trends and technological developments may require the Group to continue investing in asset class-businesses adjacent to telecommunication towers, such as fiber, edge computing and small cells

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

While the above adjacent businesses can be managed through co-location services offered by a neutral provider (in a similar way to the Group's current Telecom Infrastructure Services business segment and potentially with comparable economic principles), the Group may face certain additional risks, such as (i) execution risk of entering into new businesses; (ii) weak local know-how about the commercial potential of new business deployments; (iii) higher financing requirements, requiring in turn increased financing capabilities; (iv) the need to be large-scale to become a relevant player in these businesses given global and local competence; (v) increased risk of overbuilding capacity affecting the price equilibrium in the market; (vi) compliance with new regulations; (vii) risk of over-paying, giving increasing valuations due to investment demand; and (viii) increased competition against players holding better operational capabilities, among others.

The Company believes it holds the technical know-how to support the long term needs of its customers and has been gradually investing in adjacent asset-class businesses in order to gain experience and mitigate potential future risks, but the investment in asset-class businesses adjacent to telecommunication towers could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

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

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

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

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

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

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

VI) Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers

In the Telecom Infrastructure Services segment its main clients are telecom operators (mostly MNOs); in the Broadcasting Infrastructure segment its main clients are media broadcasters (TV channels and radio stations); and in the Other Network Services segment its main clients are (i) a small number of public administrations, at national, regional and/or local levels, (ii) safety and emergency response organizations, (iii) companies operating in the utility sector, and (iv) certain telecom operators. The ongoing consolidation process in the telecom and broadcasting sectors may result in a decrease in the number of MNOs or media broadcasting operators in the future, which could potentially have a negative impact on the main segments of the Group.

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

Likewise, even though most of the Group's business relationships have been long-lasting to-date, the Group cannot guarantee that contracts with its major customers will not be terminated or that these customers will renew their contracts with the Group in the same terms or at all. Further, the Group is exposed to constant renegotiation and renewal processes of its contracts with its customers (especially those related to Broadcasting Infrastructure and

Other Network Services due to the contracts relating to such segments generally having shorter maturity periods), which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. In particular, contracts entered into by the Group generally provide that certain expenses are passed through to the Group's customers, such as energy costs, and the Group cannot guarantee that such contracts are renewed in the same terms, which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. In particular, contracts entered into by the Group generally provide that certain expenses are passed through to the Group's customers (such as energy costs). The Group cannot guarantee that the pass through mechanism will protect 100% of the energy cost beared, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, Cellnex could potentially be exposed to fines if it were to be held to be engaged in an electricity resale business simply because energy costs are included in the charges for which it bills its customers.

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

Additionally, in relation to Telecom Infrastructure Services, the Group currently differentiates from its competitors through the neutrality of its position in the market. The loss or weakening of such neutral position as a result of one customer becoming a reference or controlling shareholder of the Company could lead to the termination of contracts or to a loss of customers; and hence, to a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

VII) Risk of infrastructure sharing

While the Group believes the neutral operator model presents certain advantages and there is a growing trend of externalization of the provision of wireless communications infrastructure, extensive sharing of site infrastructure, roaming or resale arrangements among wireless service providers as an alternative to using the Group's services may slow down entering into new service agreements. Moreover, if MNOs utilize shared equipment (either active or passive) rather than deploy new equipment, it may result in the decommissioning of equipment on certain existing infrastructure because parts of the customers' networks may become redundant.

Any potential merger, integration or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example where they are co-customers on an infrastructure) and in the loss of commercial opportunities resulting in a lower number of potential customers for the Group. These two scenarios could materially and adversely affect revenues from the Group's wireless infrastructure and its commercial prospects.

In addition, customer -consolidation may result in a reduction in their total future capital expenditures because their expansion plans may be similar. Both MNOs' and broadcasters' consolidation could decrease the demand for the Group wireless infrastructure, which in turn could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Viii) Risk of non-execution the entire committed perimeter

The framework agreements with anchor customers may include agreements by which the parties agree further acquisitions or construction of infrastructures over a defined period or acquisition or construction of a maximum number of infrastructures. Such framework agreements may or may not be implemented, either in whole or in part, due to a potential integration or consolidation of the Group's customers. Moreover, customers could decide not to pursue such agreements due to a change in their business strategy.

In addition, framework agreements with anchor customers may include the unilateral right to dismiss a low-digit percentage of the total sites (respiration rate clause) per year.

If these circumstances occurred, there is no guarantee that the Group may have enough contractual protection in order to be compensated for such changes, which in turn could have a material adverse effect for the Group.

IX) The expansion or development of the Group's business, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations

It is an integral part of the Group´s strategy to continue driving growth through the acquisition of assets, entities or minority interests, joint ventures, mergers and other arrangements in the countries where the Group currently operates or elsewhere, which could require, among other matters, to obtain additional indebtedness, the issuance of shares to finance such acquisitions or other growth opportunities. The Group's growth strategy is linked, among other factors, to the capacity to successfully decommission and build new infrastructures. In the ordinary course of the business, the Group reviews, analyses and evaluates various potential transactions, assets, interests, activities or potential arrangements that the Group believes may add value to the business or the services it provides. Failure to timely identify growth opportunities may adversely affect the expansion or development of the Group business.

In certain occasions sellers of infrastructure assets may be reluctant to enter into joint venture, mergers, disposal or other arrangements with the Group due to, among other reasons, the accounting impact of the transaction in their financial statements. Therefore, the Group is not only exposed to the accounting impact of a transaction on itself but also to that of its prospective clients.

Moreover, the Group's ability to grow its portfolio of assets in a particular market or jurisdiction could be limited by antitrust or similar legislation. Even if compliant with anti-trust legislation, the Group may not be able to consummate such transactions, undertake such activities or implement new services successfully due to disruptions in its activities or increased risk of operations, affecting negatively the Group's business and its prospects.

In addition, the loss of the Group's neutral position as a result of an MNO having obtained either (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board may cause the sellers of infrastructure assets to be reluctant to enter into new joint ventures, mergers, disposals or other arrangements with the Group.

The Group is subject to a series of risks and uncertainties, including failing to obtain the expected returns and financial objectives, increased costs, assumed liabilities, the diversion of managerial attention due to acquisitions and potential structural changes such as mergers or consolidations of its competitors.

Any international expansion initiative is subject to additional risks such as the laws, regulations and complex business practices. Furthermore, there are additional risks associated with doing business internationally, including changes in a specific country's or region's political or economic conditions, inflation or currency devaluation, expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture, increases in the cost of labour (as a result of unionisation or otherwise), power and other goods and services required for the Group's operations and changes in consumer price indexes in foreign countries.

Achieving the benefits of new acquisitions depends in part on the timely and efficient integration of the acquired business' operations, communications, infrastructure portfolios and personnel. Integration may be difficult and unpredictable for many reasons, including, among other things, differing systems and processes, cultural differences, customary business practices and conflicting policies, procedures and operations. In addition, integrating businesses may significantly burden management and internal resources, including the potential loss or unavailability of key personnel. In this sense, while this is a clear challenge in terms of M&A bandwidth, the company has deployed its own methodology to ensure a smooth transition and business continuity. In this sense, local teams were reinforced in 2018 and 2019 in France, the UK, Italy and Switzerland, the integration project starts before a new deal is signed and transitional service agreement with the seller (up to 18 month duration) ensure a successful integration, among other measures.

The potential acquisition of minority interests in other companies that manage telecom infrastructure or similar companies or the entry by the Group into joint ventures or other arrangements where it does not have control over the investment vehicle, could result in not achieving the expected rate of return on the relevant investment. Such event may occur because the interests of other shareholders are not the same as the Group's, because the underlying business does not perform as expected, because of an impairment in the value of such investment or for other reasons.

As a result, the Group's foreign operations and expansion initiatives may not succeed as expected and may materially and adversely affect its business, prospects, results of operations, financial condition and cash flows.

X) Risks inherent in the businesses acquired and the Group's international expansion.

The Group's customers in Spain, Italy, France and Switzerland represent a significant portion of its revenues, especially exposing the Group to risks specific to these countries. Adverse economic conditions may have a negative impact on demand for the services provided and on the customers' ability to meet their payment obligations. In periods of recession, such as the one experienced by Spain and Italy in previous years, the demand for the Group' services also tends to decline, adversely affecting its operational results. The challenging economic conditions in Spain and Italy in previous years have negatively affected the financial condition of the Group's clients, and have impacted demand for wireless communication and wireless infrastructure as well as the revenues generated by advertising in the media, and have adversely affected all of the Group's lines of activity. This negative/low growth cycle could affect Cellnex again in these two countries or in others.

Likewise, as the Group is now present in new countries, it is directly exposed to each of such countries political and economic situations, and may be adversely affected by their potential instability. The Group is unable to predict how the economic and political cycle in such locations will develop in the short-term or the coming years or whether there will be a deterioration in political stability.

In addition, the financial situation and political instability, geopolitical tensions in the Middle East, trade tensions between USA and China, growth of anti-EU political parties as well as emerging political forces in member states of the EU with alternative economic policies and priorities, concerns about independence movements within the EU and Spain, and military and terrorist actions in Europe and elsewhere in the world could affect the economic situation in the EU and elsewhere, and could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

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

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

In addition to the abovementioned risks related to carrying out the Group activities internationally, it may be exposed to the following risks:

- changes on the existing or new tax laws or international tax treaties, methodologies impacting the Group's international operations, or fees directed specifically at the ownership and operation of communications infrastructures or its international acquisitions, which may be applied or enforced retroactively; also in the interpretation of the changes in the benefits derived from royalties (i.e. Patent Box) or local taxes;

- tax authorities could interpret the laws in a different way than Cellnex (for example the interpretation of scope of RETT[2] – Real Estate Transfer Tax);

- laws or regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;

- changes in a specific country's or region's political or economic conditions, including changes in the government, political goals, inflation, deflation or currency devaluation;

- changes in governmental priorities, including subsidies offered by one or more jurisdictions; expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture;

- material infrastructure security issues;

- increases in the cost of labor (as a result of unionization or otherwise), power and other goods and services required for the Group's operations;

- price setting or other similar laws for the sharing of active and passive infrastructure;

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[2] RETT (Real Estate Transfer Tax) is a tax levied on the transfer of legal or beneficiary title to real estate assets. This tax is calculated on the gain between the fair value of the real estate asset transferred and the transaction price.

- uncertain rulings or results from legal or judicial systems, including inconsistencies among and within laws, regulations and decrees, and judicial application thereof, which may occasionally be enforced retroactively, and delays in the judicial process;

- changes in consumer price indexes in foreign countries; that could adversely affect the Group results of operations; and;

- force majeure events affecting any or several countries in which the Group carries out its activities.

XI) Risk related to the non-control of certain subsidiaries

Although Cellnex has full control and a 100% stake in the vast majority of its subsidiaries, Cellnex has made and may continue to make equity investments, which may include minority investments, in certain strategic assets managed by or together with third parties, including governmental entities and private entities. In addition, the Company has full control over certain subsidiaries in which shareholders are holders of a minority investment. The Group subsidiaries with the highest percentage of minority shareholders was Cellnex Switzerland, and after the completion of the Iliad and Salt Acquisitions (See Note 12.f of the accompanying consolidated financial statements), the Group subsidiaries with the highest percentage of minority shareholders would change.

Investments in assets over which Cellnex has partial, joint or no control are subject to the risk that the other holders of interest in the assets (making use their minority rights), who may have different business or investment strategies than Cellnex or with whom it may have a disagreement or dispute, may have the ability to independently make or block business, financial or management decisions, such as the decision to distribute dividends or the appointment of members of management, which may be crucial to the success of the project or Cellnex's investment in the project, or otherwise implement initiatives which may be contrary to its interests, creating impasses on decisions and affecting its ability to implement the foreseen strategy. Additionally, the approval of other shareholders or partners may be required to sell, pledge, transfer, assign or otherwise convey Cellnex's interest in such assets. Alternatively, other shareholders may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of Cellnex's interests in such assets. These restrictions may limit the price or interest level for Cellnex's interests in such assets, in the event it wants to dispose such interests. In addition, minority shareholders may target an exit through different mechanisms (i.e. put options, right of first offers, rights to acquire belonging to Cellnex, etc.) and the Company has the willingness to acquire such minority stakes. However, the price of this acquisition may be inflationary and strongly revaluated (as it has happened in Cellnex Switzerland) or because this mechanisms may have already a defined price in the SHA, which is higher that the current original price paid by Cellnex.

Other holders of interest in the Group´s assets may become insolvent or file for bankruptcy at any time, or fail to fund their share of any capital contribution that might be required. Finally, they may be unable, or unwilling, to fulfil their obligations under the relevant shareholder or joint investment agreements or may experience financial or other difficulties that may adversely affect Cellnex's investment in a particular joint venture. This may result in litigation or arbitration procedures generating costs and diverting Cellnex's management team from their other managerial tasks. In certain of Cellnex's joint ventures, it may also be reliant on the particular expertise of other holders of interest and, as a result, any failure to perform Cellnex's obligations in a diligent manner could also adversely affect the joint venture. If any of the foregoing were to occur, Cellnex's business, prospects, results of operations, financial condition and cash flows could be materially and adversely affected.

XII) Risks related to execution of Cellnex's acquisition strategy

Cellnex' strategy includes the aim to strengthen and expand its operations, among others, through acquisitions. This strategy of growth exposes Cellnex to operational challenges and risks, such as the need to identify potential acquisition opportunities on favourable terms. It also may expose Cellnex to other risks such as the diversion of management's attention from existing business or the potential impairment of acquired intangible assets, including goodwill, as well as the acquisition of liabilities or other claims from acquired businesses.

Prior to entering into an acquisition agreement, Cellnex generally performs a due diligence exercise on the potential changes to existing or new tax laws or international tax treaties, methodologies impacting the Group's international operations, or fees directed specifically at the ownership and operation of communications infrastructures or its international acquisitions, which may be applied the acquisition. To the extent Cellnex or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, it may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling Cellnex to use the underlying infrastructure as intended, environmental, structural or operational defects or liabilities requiring remediation. Failure to identify any defects, liabilities or risks could result in Cellnex having acquired assets which are not consistent with its investment strategy which are difficult to integrate with the rest of the portfolio or which fail to perform in accordance with expectations, and/or adversely affect Cellnex's reputation, which, in turn, could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

Generally, if Cellnex cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact its ability to execute its growth strategy.

XIII) Risks related to the Arqiva acquisition: the Arqiva Acquisition may fail to close if certain conditions precedent are not met.

Completion of the Arqiva Acquisition is subject to the satisfaction of certain conditions precedent, some of which are not within the Group's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the Arqiva Acquisition. Such conditions precedent include, among other conditions, the completion of the Carve-Out (involving the successful transfer of the telecoms towers business of the Arqiva Group (the "UK Tower Business")) activity, assets and liabilities to Arqiva TowerCo and its subsidiaries, and the transfer of the non-telecoms towers business of the Arqiva Group UK (the "non-UK Tower Business") activity, assets and liabilities from Arqiva TowerCo and its subsidiaries back to the Arqiva Group), certain authorizations of the Arqiva Acquisition from the Arqiva Group's finance providers and the execution of a key agreement with a third party on the terms specified in the Arqiva SPA. Completion of the Arqiva Acquisition is subject to certain regulatory conditions precedent, and closing is expected in the second half of 2020.

As such, there is no assurance that the Arqiva Acquisition will be completed or, if completed, that it will be completed on the same terms as are described in the initial transaction agreements. Failure to complete the Arqiva Acquisition could result in significant costs to the Company, which could materially and adversely affect the value of the Company's shares and the Group's expansion plans, business, prospects, results of operations, financial condition and cash flows.

XIV) Regulatory and other similar risks

Risks related to changes in tax and legal regulations and socio-political changes are significant, given that the Group carries out an activity subject to government regulations, as well as to the regulatory framework in the European Union (the "EU"). These changes in tax and legal regulations could be applied or enforced retroactively. The main rules applicable to the Group and its customers include the availability and granting of licences for the use of the spectrum, the rates for its use and the commercial framework for the sale of terrestrial radio broadcasting assets and the obligations imposed on the Group by the Spanish competition authorities in relation to its broadcasting infrastructure activities.

Moreover, environmental and health regulation imposes additional costs and may affect the Group's results of operations. In the countries in which the Group operates, it is subject to environmental laws and electromagnetic regulations, as well as to the EU laws and regulations, concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. These laws are increasingly stringent and may create in the future substantial environmental compliance liabilities and costs.

Public perception of possible health risks associated with cellular and other wireless communications technologies could affect the growth of wireless companies, which could in turn slow down the Group's growth. In particular, negative public perception of these health risks could undermine the market acceptance of wireless communications services, increase opposition to the development and expansion of telecom infrastructures and lead to price increases of the infrastructure services where the infrastructures are located. The potential connection between radio frequency emissions and certain negative health or environmental effects has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers. If a scientific study or court decision in the jurisdictions in which the Group operates or elsewhere resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the Group's customers and the market for wireless services, which could materially and adversely affect the Group's business, prospects, financial condition, results of operations and cash flows. The Group insurance coverage may not be sufficient to cover all or a substantial portion of any liability it may have.

The Group's services are affected by the current electromagnetic emission rules applicable in terms of limiting the emissions coming from equipment of the Group's customers hosted by the Group. Despite the fact that the ratio emitting equipment is held by Cellnex, the Group´s customers are liable for the emissions of their own equipment. In the event that such rules were amended against the Group´s interest, they could limit its growth capacity and may adversely affect its business, prospects, results of operations, financial condition and cash flows.

The Group mitigates the risks to which is exposed from possible regulatory changes through coordination in the relevant areas to ensure that it follows prevailing local legislation and that it is able to anticipate regulatory changes.

XV) Litigation

The Group is subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. The Group cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm the Group's business, prospects, financial condition, results of operations or cash flows, nor can it guarantee that it will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions that it may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

XVI) Risk related to the Company's ownership structure The Company's significant shareholder's interests may differ from those of the Company

ConnecT S.p.A. ("ConnecT"), which owns 29.9% of Cellnex's share capital, is the largest shareholder of the Company as of the date of the accompanying consolidated financial statements. As of the date of the accompanying consolidated financial statements, and pursuant to publicly available information, Sintonia S.p.A. ("Sintonia") holds approximately 55% of ConnecT's share capital. Sintonia, in turn, is a sub–holding company wholly-owned by Edizione S.R.L ("Edizione"). Each of Infinity Investments, S.A. ("Infinity"), a wholly owned subsidiary of the Abu Dhabi Investment Authority ("ADIA") and the Government of Singapore ("GIC") (through Raffles Infra Holdings Limited ("Raffles")), hold approximately 22.5% of ConnecT's share capital (for further information, see "Principal Shareholders–Shareholders' agreements"). ConnecT has irrevocably committed to exercise the Preferential Subscription Rights corresponding to the Shares held by ConnecT, and to subscribe and pay for 25,933,374 New Shares in the Offering. As a result, ConnecT's equity interest in Cellnex's share capital will not be diluted. See "Plan of Distribution–Commitments from shareholders, Directors and members of the Senior Management". ConnecT has a significant influence over those matters requiring shareholders' approval, including the appointment and dismissal of the members of the Board of Directors, the payment of dividends, changes in the issued share capital of the Company and the adoption of certain amendments to the bylaws. In addition, ConnecT has appointed four out of twelve of Cellnex's Directors. There can be no assurance that ConnecT, or any other current or future significant shareholder, will act in a manner that is in the best interest of other shareholders of the Company, which could, in turn, adversely affect the Group's business, prospects results of operations, financial condition and cash flows.

Operational risks

XVII) Risks related to the industry and the business in which the Group operates

The sector where the Group develops its activities is characterized by rapid technological changes and it is essential to be able to offer the products and services demanded by the market and to select the appropriate investments.

The development and implementation of new technologies designed to enhance the efficiency of wireless networks or new technologies developing alternative network solutions (either broadcasting infrastructure or alternative technologies to the network services provided), or changes in the Group customers' business models, could reduce the need for infrastructure-based wireless services, reduce the need for broadcasting or network services, decrease demand for the Group's infrastructure space or reduce rates or other fees obtained in the past. In this regard, the Group faces the risk that its customers may not adopt the technologies the Group invests in. For example, as communication technologies continue to develop, competitors may be able to offer wireless telecom infrastructure products and services that are, or that are perceived to be, substantially similar to or better than those offered by the Group, or offer technologies that provide similar functionality with competitive prices and with comparable or superior quality.

The Group cannot be certain that existing, proposed or as yet undeveloped technologies of its complementary segments (such as, 5G, "Small Cells", DAS, data centers/edge computing and fiber) will not become dominant in the future and render the technologies and infrastructure the Group currently uses obsolete. Should the Group's competitors develop and commercialize new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, it could significantly decrease demand for existing infrastructure. The Group's business and growth prospects could be jeopardized if it was not able to promptly identify and adapt to shifting technological solutions and/or if it failed to acquire or develop the necessary capabilities and expertise to meet the clients' changing needs. The development and implementation of new services with a significant technological component is also subject to inherent risks that the Group may not be able to overcome.

In addition, customers of the Group's services may reduce the budgets they may have allocated to telecom infrastructure, broadcasting infrastructure or other services, as the industry constantly invests in the development and implementation of new technologies or because of changes in their business model. Examples of these technologies include spectrally efficient technologies, which could reduce the Group´s customers' network capacity needs and as a result could reduce the demand for infrastructure-based wireless services.

Moreover, certain Small Cell-based complementary network technologies, in which the Group is actively working, could shift a portion of its customers' investments away from the traditional infrastructure-based networks, which may reduce the need for MNOs to add more equipment at communication infrastructures. Moreover, the emergence of alternative technologies could reduce the need for infrastructure-based broadcast or network services. For example, the growth in the delivery of wireless communications, radio and video services by direct broadcast satellites could materially and adversely affect demand for the Group's infrastructure services. Further, a customer may decide to no longer outsource infrastructures or otherwise change its business model, which would result in a decrease in the Group's revenue.

In the Broadcasting Infrastructure activity, digital terrestrial television ("DTT") is the method most widely used to transmit TV signals in Europe but an eventual unexpected increase in Spain of the use of alternative distribution platforms (such as satellite, cable or internet protocol television ["IPTV"]) or the growth and deployment of Wi-Fi network could reduce the Group's current business volume. In the Other Network Services activity the Group uses, among other technologies, terrestrial trunked radio ("TETRA") services technology or radio links to deliver its services, and the use of alternative technologies could reduce its revenues and limit potential future growth. The development and implementation of any of these and similar technologies, as well as of new products and technologies, may render some of the products and services offered by the Group obsolete which could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

XVIII) Risk of not developing the strategic sustainability plan

Cellnex's degree of involvement and commitment to the environment and the fight against climate change has led it to develop a Strategic Plan for sustainability based on 11 lines of action, all of which are aligned with the United Nations' ODS.

Failure to develop the plan would entail a reputational risk. A worse rating in the sustainability indices and in the analyses of proxy advisors would mean a worse valuation by investors. It would also represent a failure to comply with the commitments acquired in environmental matters with various international bodies and institutions (United Nations, Global Compact, Business for 1.5°C or Science Based Targets initiative according to IPPC (SBTi)), as well as with our stakeholders and society in general.

The company may not comply with the environmental requirements established in the Spanish and/or European Legislative Framework, or with the requirements of listed companies such as those established in the Non-Financial Information and Diversity Act.

Failure to implement the measures set out in the Strategic Sustainability Plan to reduce the impact of climate change would ultimately have direct consequences for the company's activity. Among these are the management of energy efficiency and the associated carbon footprint, due to the impact on, for example, cooling systems to compensate for the increase in temperatures at the various types of the Group's telecommunications sites; or supply chain management by incorporating suppliers into the sustainability and carbon footprint reduction criteria.

XIX) Risks related to maintaining the rights over land where the Group's infrastructures are located

The Group's real property interests relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. In the context of acquisitions, the Group may not always have the ability to access, analyse and verify all information regarding titles and other issues prior to completing an acquisition of infrastructures and the absence of title or other issues can affect the Group's rights to access and operate an infrastructure.

The Group owns the majority of its telecommunications infrastructures it operates; however, the vast majority of the land and rooftops where these infrastructures are located is operated and managed through lease contracts, sub-lease contracts or other types of contracts with third parties (with the exception of the UK, where the group owns a large amount of the land where its sites are located). Thus, for various reasons, land owners could decide not to renew, or to adversely amend the terms of the ground lease contracts with the Group. In particular, the increasing presence of ground lease aggregators may negatively affect the Group´s ability to renew those contracts under commercially acceptable terms. For instance, the Group could lose its rights over the land, the land could be transferred to third parties or reversion of assets may be mandatory at the end of the relevant concession period. The Group also has long-term rights to use third party infrastructures and the non-compliance with its obligations would lead to the loss of the right to use these infrastructures. Lastly, in the future the Group must revert back to the corresponding government authorities certain assets under the terms of certain concession agreements.

In addition, the maturities of the lease contracts, sub-lease contracts or other types of contracts with third parties to operate and manage land and rooftops where the Group's telecommunications infrastructures are located, are generally shorter than the contracts that the Group has entered into with its customers to provide services. In that sense, there is a mis-match in the maturities of both contractual relationships which could prevent the Group from succesfully providing agreed upon services, as the Group may not have access to primary resources essential to execute those contractual obligations.

The Group's inability to use the land where its infrastructures are located may have a material adverse effect on the Group's ability to comply with its contractual obligations and to complete its current or future infrastructure or growth projects as expected on schedule or within budget, if at all. This may in turn have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Likewise, and in line with the Group's industry peers that operate telecom or broadcasting infrastructure, the Group may not always have all the necessary licenses and permits of its infrastructure assets. The lack of necessary licenses, property titles and permits could give rise to monetary fines and, as an interim measure, the authorities could order that the affected equipment or infrastructures be sealed-off or even decommissioned until the required authorization or license is obtained. Criminal liability could also arise in certain circumstances.

Similarly, the basic resources to provide service to the Group's customers may not be guaranteed. As such, some infrastructures linked to the broadcasting business are subject to the contract renewal conditions set at the time when the company CTTI was privatized and contributed assets to Cellnex's subsidiary Tradia. The duration of the contract is 35 years, distinguishing a mandatory period of 25 years until February 10, 2025 subject to be renewed for an additional period of 10 additional years if Cellnex has fulfilled its financial rent obligations to date, the maintenance of such infrastructure is adequate and there is reserved space in favor of CTTI.

To minimise these risks, the Group has specific control policies, procedures, plans and systems for each area, which are periodically reviewed and updated by specific external auditors for each area (financial reporting, quality, occupational risks, etc.). The Group also continually monitors and analyses its insurable risks and has implemented an insurance program to ensure a level of coverage and risk in keeping with the policies that have been introduced.

XX) Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business

The Group's ability to operate its business, grow and implement its strategies depends, in part, on the continued contributions of its senior executive officers and other key employees. The loss of any of its key senior executives, especially if lost to a competitor, could have an adverse effect on its business unless and until a replacement is found. The Group may not be able to locate or employ qualified executives on acceptable economic terms. Moreover, if the relationship with one or more of the Group's key employees ends for any reason, there is no assurance that the Group will be able to replace them in the short term with people of comparable experience and qualifications. Any material delay in replacing such individuals may have an adverse effect on the public perception of the strength of the Group's business, prospects, results of operations, financial condition and cash flows. In addition, the Group believes that its future success, including the ability to internationally expand the Group's business, will depend on its continued ability to attract and retain highly skilled personnel with experience in its key business areas. Demand for these persons is intense and the Group may not be able to successfully recruit, train or retain qualified managerial personnel, especially in new markets where the Group may operate.

Any failure by the Group to attract and retain skilled and experienced employees or the loss of any of its key employees, could harm its business and growth prospects and have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

XXI) The Group relies on third parties for key equipment and services, and their failure to properly maintain these assets could adversely affect the quality of its services

The Group relies on third-party suppliers to provide key equipment and services that are essential for the Group's operations. Some of these are only available from a limited number of third parties. For example, the Group relies on transmission capacity and other critical facilities that are owned by third parties. In addition, the build-to-suit programs are executed on the basis of agreements with third-party suppliers, and so the Group relies on third-parties to effectively execute its contractual obligations. The Group does not have operational or financial control over these partners, and it has no influence with respect to the manner in which these suppliers conduct their business. If these suppliers fail to provide equipment or services on a timely basis or in accordance with the agreed terms, the Group may be unable to provide services to its customers until an alternative supplier can be found. In addition, existing or new competitors in the markets where the Group operates may compete for services from the Company's existing suppliers and such competitors may obtain more favorable terms than those the Group currently benefits from. Additionally, it is possible that current suppliers of services could become competitors, therefore competing as consumers of services they provide. Either of these occurrences could result in upward pricing pressure on these contracts and the Group may not be able to renew its contracts at all or at the same rate as in the past, and could lose market share. If any of these contracts are terminated or the Group is unable to renew them on favorable terms or negotiate agreements for replacement services with other providers at comparable terms, this could have a material adverse effect on the Group's business and capacity to fulfil their contractual obligations, prospects, results of operations, financial condition and cash flows.

Likewise, any commercial dispute with a supplier, the termination of a relationship, as well as insolvency, bankruptcy, end of or curtailing business, so forth, of any supplier, including such situations in which the supplier is forced to cease the provision of services to the Group for any reason or fails to provide the services or goods deemed necessary for the Group to carry out its activities, the Group may be exposed to additional costs and may not be able to comply in full with all the contracts with its customers. If this circumstance occurred, it could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Financial risks

XXII) Financial information risk

To mitigate risks relating to financial reporting and to ensure the reliability of such information, the Group has established an Internal Control over Financial Reporting System ("ICFRS"). The Group has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

However, there can be no assurance that any policies and procedures established by the Group will be followed at all times or effectively detect and prevent all violations of the applicable laws and regulations in every jurisdiction in which one or more of the Group employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners are located. As a result, the Group could be subject to penalties and reputational damage if its employees, agents, suppliers or business partners take actions in violation of the compliance systems as well as violate any anti-corruption or anti-bribery laws. Violations of such laws may also lead to other consequences such as the early termination of the financing contracts, which, together with the above, could materially and adversely affect the Group business, prospects, financial conditions, results of operations and/or cash flows.

XXIII) Expected contracted revenue (backlog)

Expected contracted revenues from the service agreements (backlog) represents management's estimate of the amount of contracted revenues that the Group expects will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date but does not include adjustments for inflation. One of the main assumptions for calculating backlog is the automatic renewal of contracts for services with the Group's anchor customers. Such contracts have renewable terms including, in some cases, 'all or nothing' clauses that only allow the renewal of the entire portfolio of the relevant project (not the renewal of a portion thereof) on terms that are generally pre-agreed and may result an increase or a decrease in price, within certain parameters. In some instances, the contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty.

It should be noted that the first renewals of the Telecom Infrastructure Services contracts will take place in 2022 and 2023, being Telefónica (as defined herein) the customer of the relevant contract. In addition, contracts with mayor customers in the Broadcasting Infrastructure segment will face a new cycle of renewals in the following years with most of its customers. The termination of the contracts ("churn") with mayor customers in both of the segments above may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. It should also be noted that contracts in place with Telefónica and Wind may be subject to change in terms of the fees being applied at a time of a renewal, within a predefined range applied to the last annual fee (that reflects the cumulative inflation of the full initial term). In addition, the Group´s definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of the Group backlog may not be comparable to the backlog reported by such other companies. The realization of the Group backlog estimates is further affected by the performance under its contracts. The ability to execute the Group's backlog is dependent on its ability to meet the clients' operational needs, and if the Group was unable to meet such needs, the ability to execute its backlog could be adversely affected, which could materially affect the Group's business, prospects, financial condition, results of operations and cash flows. There can be no assurance that the revenue projected in the Group's backlog will be realized or, if realized, will result in profit. Contracts for services are occasionally modified by mutual consent. Because of potential changes in the scope or schedule of services the Group provides to its clients, the Group cannot predict with certainty when or if its backlog will be realized. In the case of "engineering services", that are pre-agreed and associated to incremental fees may be phased over a longer than expected period of time, reduced or even cancelled, seriously affecting the management's estimate of contracted revenues over time. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Delays, payment defaults or cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group business, prospects, financial condition, results of operations and cash flows.

XXIV) Foreign currency risk

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

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

Although the majority of the Group transactions are denominated in euros, the volatility in converting into euro agreements denominated in pound sterling and Swiss francs may have negative consequences to the Group, affecting its overall business, prospects, financial condition, results of operations and/or cash flow generation.

XXV) Interest rate risk

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally any increase in interest rates would increase Group finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt.

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 consolidated income statement in a multi-annual setting.

The Group can use derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments are classified as cash flow hedges and recognised at fair value (both initially and subsequently). The required valuations were determined by analysing discounted cash flows using assumptions mainly based on the market conditions at the reporting date for unlisted derivative instruments (see Note 13 of the accompanying consolidated financial statements).

As at 31 December 2019 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 13 of the accompanying consolidated financial statements).

XXVI) Credit risk

Each of the Group's main business activities (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) obtain a significant portion of revenues from a limited number of customers, many of which are long-term customers and have high-value contracts with the Group.

The MNOs are the Group's main customers in the Telecom Infrastructure Services; television and radio broadcasting operators are the main clients in the broadcasting infrastructure; and certain central, regional and local government authorities, emergency and security forces, the public service sector and telecommunications operators are the main customers in its activities relating to Other Network Services.

The Group is sensitive to changes in the creditworthiness and financial strength of its main customers due to the importance of these key customers to the overall revenues. The long-term nature of certain Group contracts with customers and the historically high renewal ratio of these contracts helps to mitigate this risk.

The Group depends on the continued financial strength of its customers, some of which operate with substantial leverage and are not investment grade or do not have a credit rating.

Given the nature of the Group's business, it has significant concentrations of credit risk, since there are significant accounts receivable as a result of having a limited number of customers. To mitigate this credit risk, the Group has place contractual arrangements to transfer this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including unsettled receivables and committed transactions.

The loss of significant customers, or the loss of all or a portion of the Group's expected services agreements revenues from certain customers and an increase in the Group's level of exposure to credit risk, or its failure to actively manage it, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

XXVII) Liquidity risk

The Group carries out a 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 ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity c. EUR 6,100 million, considering cash and available credit lines, as at the date of approval for issue of these consolidated financial statements, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 13).

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

However, the Group may not be able to draw down or access liquid funds in a sufficient amount and at a reasonable cost to meet its payment obligations at all times. Failure to maintain adequate liquidity levels may materially and adversely affect the Group business, prospects, results of operations, financial conditions and/or cash flows, and, in extreme cases, threaten the Group future as a going concern and lead to insolvency.

XXVIII) Inflation risk

Despite a long period of historically low inflation, there is no assurance that inflation may not increase as a result of among others. A significant portion of the Group's operating costs could rise as a result of higher inflation and monetary policies of the European Central Bank. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, its results of operations could be affected by inflation and/or deflation.

XXIX) Risk related to Group indebtedness

The Group's indebtedness may increase, from time to time, due to potential new acquisitions, fundamental changes to corporate structure or joint ventures and issuances made in connection with any of the foregoing. The Group´s present or future leverage could have significant negative consequences, including:

- Placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities;

- Requiring the dedication of a substantial portion of cash flow from operations to service the debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends;

- Requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations;

- Accepting financial covenants in the financing contracts such as: debt limitation, minimum cash restriction, or pledge of assets;

- A potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive; and

- Requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered.

As of 31 December 2019 and 2018, the outstanding loans and credit facilities entered into by Cellnex and its subsidiaries are unsecured and unsubordinated and rank pari passu with the rest of the Group's unsecured and unsubordinated borrowings. Most of these contracts are subject to cross-default provisions and generally do not require Cellnex nor its subsidiaries to comply with any financial ratio. Certain loan and credit facilities are subject to various restrictions, including but not limited to, requiring Cellnex to maintain a minimum rating of Ba2 by Moody's Investors Service, Inc., or BB by Fitch Ratings Ltd. or Standard & Poor's Financial Services LLC, requiring shares to be pledged and provided as collateral if certain financial ratios are not satisfied, and imposing restrictions on additional indebtedness. The financing contracts of the Group do not contain any limitations on the distribution and payment of dividends, other than the syndicated facilities agreement entered into by Swiss Towers, which includes a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers –but not Cellnex– based on leverage levels.

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

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

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

Compliance risks

XXXI) Fraud and compliance risks

The Group's operations are also subject to anti-bribery and anti-corruption laws and regulations and affect where and how its business may be conducted. The Group has established certain systems to monitor compliance with applicable laws and regulations and provides training to its employees to facilitate compliance with such laws and regulations.

The Cellnex Group has a code of conduct (the "Ethics' Code") approved by the Board of Directors. The corporation prepares an Ethics' Code Framework which is then adapted in each country . This Ethics' Code is communicated to all employees.

The Group has created a corporate compliance function to improve compliance with the Group's Ethics' Code, implemented through specific regulations for each country and the establishment of whistle-blowing channels and the supervision of oversight and control measures to prevent criminal acts. The main values and principles included in the Ethics' Code are: integrity, honesty, transparency, loyalty, commitment to and defence of Group interests, and responsibility in all actions. The Ethics' Code includes among its fundamental principles the commitment to strictly comply with the obligation of the Group to offer reliable financial information prepared in accordance with applicable regulations, and the responsibility of its employees and management to ensure this is so, by correctly carrying out of their functions and by notifying the governing bodies of any circumstance which might affect that undertaking.

XXXII) Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses

Certain material contracts entered into by Group companies (all of the contracts entered into in connection to debt instruments and most of the contracts entered into with anchor investors) could be modified or terminated if a change of control clause is triggered. A change of control clause may be triggered if a third party, either alone or in conjunction with others, obtains “significant influence” and/or “control” (which is generally defined as having (i) more than 50% of shares with voting rights or (ii) the right to appoint or dismiss the majority of the members of the board of directors) of the relevant Group company. A change of control clause may be capable of being triggered at Parent Company level or at the level of the relevant subsidiary that has entered into the contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law of the relevant country.

With regards to the material contracts entered into by Group companies with anchor customers, the triggering of a change of control provision is generally limited to events where the acquiring company is a competitor of the anchor customer. In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). In addition, such buy back option may also be granted in the event that a competitor of the anchor customer acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer’s interests.

Additionally, both the bonds issued under the EMTN Program and the Convertible Bonds and bank financing contracts of the Group include certain change of control clauses which could trigger an early repayment under the respective debt arrangement.

Asset buy back options can also be exercised in case of an explicit breach by a Group company of the contractual obligations under services level agreements with its customers (“SLAs”). These asset buy back options will be executed at a price below fair market valuation. Moreover, some contracts also imply the possibility of an asset buy back or the customer being able to early terminate the contract if at any time one or several of the following circumstances occur: (a) the Group undergoes an adverse financial event which materially affects, or is reasonably likely to have a material effect upon, the provision of the Services; or (b) the long-term, unsecured, unsubordinated debt rating of the Group issued by the Ratings Agencies is downgraded by two (2) or more of the Ratings Agencies to B (or equivalent level) or less; or (c) an Insolvency Event takes place for the Group. In this situation, the Group shall immediately notify its customer the eventuality and discuss its plans for rectifying such adverse change, permitting the customer to undertake Step-In Actions and ensuring that it satisfies its obligations through project-specific policies of insurance taken out with reputable third party insurance vendors or provide comparable protection by other means to the customer’s satisfaction. In the event that the customer does not believe the actions taken by the Group are likely to prevent an adverse impact on the provision of the Services, it may terminate the agreement for convenience and no termination Fees shall be payable. In addition, there is only one contract related to joint future investment that has buy back clauses by which the client has the right to acquire the assets in defined windows. Cellnex’s management believes there is low probability of buy back execution as it would bear an important economic payment to be satisfied to Cellnex by the client.

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

Annex 3.
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102-3	Location of headquarters	Juan Esplandiú, 28007 Madrid	Cellnex group
102-4	Location of operations	2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 • Growth • Consolidation in Europe	Cellnex group
102-5	Ownership and legal form	Cellnex Telecom, S.A.	Cellnex group
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102-8	Information about employees and other workers	4.Sustainable Management of the Value Chain / People Development / People management. Annex 5. KPI Tables.	Cellnex group
102-9	Organisational structure, value chain, supply chain	2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 / Transformation. Towards a new industrial model. 4.Sustainable Management of the Value Chain / Add value to society / Suppliers.	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
102-10	Significant changes in the organisation and its supply chain	4.Sustainable Management of the Value Chain / Add value to society / Suppliers.	Cellnex group
102-11	Precautionary principle or approach	Cellnex has environmental liability insurance in compliance with current legislation and has a provision of 60,000 euros. Note 20 of the Consolidated Financial Statements. 2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 / The Cellnex tax contribution/ Value generated and distributed. 4.Sustainable Management of the Value Chain / Sustainable development of the business / Monitoring and managing the main risks opportunities and environmental impacts.	Cellnex group
102-12	External initiatives	4.Sustainable Management of the Value Chain / Add value to society / Cellnex's participation in relevant initiatives • Significant awards and recognition of Cellnex in 2019. • Cellnex's participation in Sustainability Indices and initiatives.	Cellnex group
102-13	Membership of associations	4.Sustainable Management of the Value Chain / Add value to society / Cellnex's participation in relevant initiatives / Cellnex action and participation in relevant industry associations.	Cellnex group
STRATEGY			
102-14	Declaration of senior executives responsible for decision-making	1.Interview with the President and CEO.	Cellnex group
102-15	Main impacts, risks and opportunities	3.Governance Model / Risk Management. Annex 2. Risks	Cellnex group
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	3.Governance Model / Ethics and compliance.	Cellnex group
102-17	Mechanisms for assessment and complaint of ethical conduct	3.Governance Model / Ethics and compliance.	Cellnex group
GOVERNANCE			
102-18	Governance structure	3.Governance Model / Corporate governance.	Cellnex group
102-19	Delegation of authority	Section C of the 2019 Annual Corporate Governance Report (Annex 8).	Cellnex group
102-20	Executive responsibility for economic, environmental and social matters	3.Governance Model / Cellnex's Corporate Social Responsibility framework Section H of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-21	Consultation with stakeholders on economic, environmental and	5.Bases for the Preparation of the Report / Determining the content of	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
	social matters	the report.	
102-22	Composition of the highest governing body and its committees	3.Governance Model / Corporate governance / The Cellnex Board of Directors. Sections C1.2, C1.3 Y C2 of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-23	Chair of the highest governing body	3.Governance Model / Corporate governance / The Cellnex Board of Directors.	Cellnex group
102-24	Appointment and selection of the highest governing body	3.Governance Model / Corporate governance / Changes in 2019.	Cellnex group
102-25	Conflicts of interest	Section D of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-26	Role of highest governance body in setting purpose, values, and strategy	Section C of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-27	Collective knowledge of the highest governing body	3.Governance Model / Corporate governance.	Cellnex group
102-28	Evaluation of the performance of the highest governance body	3.Governance Model / Corporate governance. Section C.17 of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-29	Identification and management of economic, environmental and social impacts	3.Governance Model / Risk Management. Annex 2. Risks 3.Governance Model / Cellnex's Corporate Social Responsibility framework	Cellnex group
102-30	Effectiveness of risk management processes	3.Governance Model / Risk Management. Annex 2. Risks	Cellnex group
102-31	Review of economic, environmental, and social topics	3.Governance Model / Risk Management. Annex 2. Risks 3.Governance Model / Cellnex's Corporate Social Responsibility framework	Cellnex group
102-32	Highest governance body's role in sustainability reporting	3.Governance Model / Cellnex's Corporate Social Responsibility framework Section H of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-33	Communicating critical concerns	3.Governance Model / Ethics and compliance.	Cellnex group
102-34	Nature and total number of critical concerns	3.Governance Model / Ethics and compliance.	Cellnex group
102-35	Remuneration policies	Section C of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-36	Process for determining remuneration	Section C of the 2019 Annual Corporate Governance Report (Annex 8)	Cellnex group
102-37	Stakeholders' involvement in remuneration	Section A of the 2019 Annual Report on Remuneration Policy of Board Members	Cellnex group
102-38	Annual total compensation ratio	The salary of the highest paid person not including the CEO is	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
		81.27 times higher than the average Cellnex group salary. The ratio is 42.68.	
102-39	Ratio of the percentage increase in total annual compensation	The variation in the average remuneration of the Group in relation to 2019 was -4%, and the variation in the remuneration of the CEO was 97.5%. The changes correspond to the total remuneration accrued, excluding contributions to pension funds and life insurance premiums.	Cellnex group
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	5.Bases for the Preparation of the Report / Determining the content of the report.	Cellnex group
102-41	Collective bargaining agreements	Annex 5. KPI tables.	Cellnex group
102-42	Identifying and selecting stakeholders	5.Bases for the Preparation of the Report / Determining the content of the report.	Cellnex group
102-43	Approach to stakeholder engagement	5.Bases for the Preparation of the Report / Determining the content of the report.	Cellnex group
102-44	Key topics and concerns raised	5.Bases for the Preparation of the Report / Determining the content of the report.	Cellnex group
REPORTING PRACTICES			
102-45	Entities included in the consolidated financial statements	Consolidated Annual Accounts (Annex 1)	Cellnex group
102-46	Defining report content and topic boundaries	5.Bases for the Preparation of the Report • Structure and content of the report. • Reporting scope. • Determining the content of the report.	Cellnex group
102-47	List of material topics	5.Bases for the Preparation of the Report / Determining the content of the report.	Cellnex group
102-48	Restatements of information	There have been no restatements of information from previous reports.	Cellnex group
102-49	Changes in reporting	The information in this report refers to Cellnex Spain, Italy, France, Switzerland, UK and Netherlands, with the exception of the template breakdown information which also includes data from Cellnex Ireland. 5.Bases for the Preparation of the Report	Cellnex group
102-50	Period covered by the report	Financial Year 2019	Cellnex group
102-51	Date of the last report	2018	Cellnex group
102-52	Reporting cycle	Annual	Cellnex group
102-53	Contact person for queries regarding the report	5.Bases for the Preparation of the Report / Contact information (cellnex@cellnextelecom.com)	Cellnex group
102-54	Claims of reporting in accordance with the GRI Standards	5.Bases for the Preparation of the Report / Structure and content of the report.	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
102-55	GRI content index	Annex 3. GRI Context Index	Cellnex group
102-56	External assurance	Annex 6. Independent Limited Verification Report	Cellnex group
MANAGEMENT APPROACH			
103-1 [3]	Explanation of the material topic and its Boundary	5.Bases for the Preparation of the Report • Reporting scope. • Determining the content of the report.	Cellnex group
103-2(1)	The management approach and its components		
103-3(1)	Evaluation of the management approach		
ECONOMIC STANDARDS			
MARKET PRESENCE			
201-1	Direct economic value generated and distributed	2.Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 / The Cellnex tax contribution.	Cellnex group
MARKET PRESENCE			
202-2	Proportion of senior executives hired from the local community	100% of Cellnex Spain management comes from the local community.	Spain
INDIRECT ECONOMIC IMPACTS			
203-1	Investments in infrastructure and supported services	2.Cellnex in 2019: milestones, key figures, business model & prospects • Business performance and results. • Business indicators.	Cellnex group
PROCUREMENT PRACTICES			
204-1	Proportion of procurement from local suppliers	4.Sustainable Management of the Value Chain / Add value to society / Suppliers.	Cellnex group
ANTI-CORRUPTION			
205-2	Communication and training about anti-corruption policies and procedures	3.Governance Model / Ethics and compliance / Main responsibilities of Cellnex's Committee of Ethics and Compliance. The money-laundering issue is addressed in the Cellnex Corruption Prevention Procedure.	Cellnex group
205-3	Confirmed incidents of corruption and actions taken	3.Governance Model / Ethics and compliance / Main responsibilities of Cellnex's Ethics and Compliance Committee.	Cellnex group
UNFAIR COMPETITION			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In FY 2019, Cellnex received no complaints for anti-competitive or monopolistic practices, nor have the	Cellnex group

3 The management approach for each Standard is included in the section specified for its specific indicators.

Indicators		2019 Integrated Annual Report	Perimeter of contents
		market or competition supervisory authorities initiated procedures ex officio. Likewise, it received no final judgments or any other type of sanction for such practices.	
ENERGY			
302-1	Energy consumption in the organisation	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources.	Cellnex group
302-2	Energy consumption outside the organisation	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources. Cellnex considers all the energy consumed in its operating facilities as internal consumption.	Cellnex group
302-4	Reduction of energy consumption	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources / Energy efficiency.	Cellnex group
BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.Sustainable Management of the Value Chain / Sustainable development of the business / Biodiversity.	Spain / Italy / Netherlands
304-2	Significant impacts of activities, products and services on biodiversity	4.Sustainable Management of the Value Chain / Sustainable development of the business / Biodiversity.	Spain / Italy / Netherlands
EMISSIONS			
305-1	Direct GHG emissions (scope 1)	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
305-2	Indirect GHG emissions when generating energy (scope 2)	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
305-3	Other indirect GHG emissions (scope 3)	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
305-5	Reduction of GHG emissions	4.Sustainable Management of the Value Chain / Sustainable development of the business • Sustainable use of resources. • Carbon footprint and climate change.	Cellnex group
ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and	There were no environmental complaints in 2019.	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
	regulations		
SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	4.Sustainable Management of the Value Chain / Add value to society / Suppliers / Evaluation, selection and monitoring of suppliers.	Spain / Italy / France/ Switzerland
EMPLOYMENT			
401-1	New employee hires and employee turnover	Annex 5. KPI Tables	Cellnex group
WORKER-COMPANY RELATIONS			
402-1	Minimum notice periods regarding operational changes	Cellnex Spain: 2 weeks, following the established pre-notification periods. Cellnex Italia follows the periods laid down in the agreement of the Telecommunications Collective. Cellnex France: varies between 1 and 3 months, depending on the case. In Switzerland, the Netherlands and the UK, we comply with the minimum notice periods established by local law in each case.	Cellnex group
OCCUPATIONAL HEALTH AND SAFETY			
403-1	Worker representation on formal worker-company health and safety committees	4.Sustainable Management of the Value Chain / People development / Occupational health and safety.	Spain / Italy
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Annex 5. KPI Tables 4.Sustainable Management of the Value Chain / People development / Occupational health and safety / Accident rate.	Cellnex Group
403-4	Health and safety topics covered in formal agreements with trade unions	4.Sustainable Management of the Value Chain / People development / Occupational health and safety.	Spain / Italy
TRAINING AND TEACHING			
404-1	Average hours of training per year per employee	Annex 5. KPI Tables 4. Sustainable Management of the Value Chain / People development / Training.	Cellnex group
404-2	Programmes to improve employee skills and transition assistance programmes	4.Sustainable Management of the Value Chain / People development / Training.	Cellnex group
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governing bodies and employees	During 2019, Cellnex has employed 14 people with different capacities. Annex 5. KPI Tables 3.Governance Model / Corporate governance.	Cellnex group
405-2	Ratio of basic salary and remuneration of women to men	Annex 5. KPI Tables	Cellnex group
406-1	Incidents of discrimination and corrective actions taken	3. Governance Model / Ethics and compliance / Main	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
		responsibilities of Cellnex's Ethics and Compliance Committee.	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3. Governance Model • Ethics and compliance • Cellnex's Corporate Social Responsibility framework. 4.Sustainable Management of the Value Chain / Add value to society / Suppliers	Cellnex group
408-1	Operations and suppliers with significant risk of using child labour	3. Governance Model • Ethics and compliance • Cellnex's Corporate Social Responsibility framework. 4.Sustainable Management of the Value Chain / Add value to society / Suppliers	Cellnex group
409-1	Operations and suppliers at significant risk for incidents of child labour	3. Governance Model • Ethics and compliance • Cellnex's Corporate Social Responsibility framework. 4.Sustainable Management of the Value Chain / Add value to society / Suppliers	Cellnex group
HUMAN RIGHTS ASSESSMENT			
412-2	Employee training on human rights policies or procedures	Cellnex has dedicated 2,369 hours in human rights training.	Cellnex group
LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programmes	4.Sustainable Management of the Value Chain / Add value to society / Social contribution / Donations. 4.Sustainable Management of the Value Chain / Sustainable development of the business / Electromagnetic emissions	Cellnex group
SUPPLIER ENVIRONMENTAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria.	4.Sustainable Management of the Value Chain / Add value to society / Suppliers / Evaluation, selection and monitoring of suppliers.	Spain / Italy / France/ Switzerland
PUBLIC POLICY			
415-1	Political contributions	Only financial contributions have been made only by Cellnex France, to an entity dedicated to the lobbying body (Boury Tallon), to the tune of EUR 72.354,31.	Cellnex group
CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and	4.Sustainable Management	Cellnex group

Indicators		2019 Integrated Annual Report	Perimeter of contents
	safety impacts of product and service categories	of the Value Chain / Add value to society • Information security management. • Customers.	
CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.Sustainable Management of the Value Chain / Add value to society / Information security management.	Cellnex group
SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	There have been no sanctions during 2019.	Cellnex group

Annex 4. Non-financial Information Index

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
Business Model				
Brief description of the group's business model, which will include: 1.) your business environment, 2.) its organisation and structure, 3.) the markets in which it operates, 4.) your goals and strategies, 5.) The main factors and trends that may affect your future evolution.	Yes	GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-6 GRI 102-7 GRI 102-14	2.Cellnex in 2019: milestones, key figures, business model & prospects.	Cellnex group
Policies				

A description of the policies that the group applies regarding these issues, which will include:
1.) due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts
2.)verification and control procedures, including what measures have been taken.
	Yes	GRI 103 Management approach to each area within the Economic, Environmental and Social dimensions	3. Governance Model.
			• Corporate governance.
			• Ethics and compliance.
			• Cellnex's Corporate Social Responsibility framework.
			4.Sustainable Management of the Value Chain.
			• People development.
			  ○ Equity, inclusion and diversity and integration.
			  ○ Remuneration and compensation.
			  ○ Occupational health and safety.
			• Add value to society / Suppliers.
			• Sustainable use of resources /Responsible environmental management.
			• Information security management.
				Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
Risks				
The main risks related to these issues related to the activities of the group, including, where relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages these risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main risks in the short, medium and long term.	Yes	GRI 102-15	3. Governance Model / Risk Management. Annex 2. Risks 4.Sustainable Management of the Value Chain / Sustainable development of the business / Monitoring and managing the main risks opportunities and environmental impacts.	Cellnex group
KPIs				
Key indicators of non-financial results that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability. * In order to facilitate the comparison of information, both in time and between entities, standards of non-financial key indicators that can be generally applied and that comply with the European Commission guidelines on this subject and the standards will be used. of the Global Reporting Initiative, having to mention in the report the national, European or international framework used for each subject. * The key indicators of non-financial results should be applied to each of the sections of the non-financial information state. * These indicators should be useful, taking into account the	Yes	General or specific GRI standards for the Economic, Environmental and Social dimensions that are reported in the following blocks.	-	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
specific circumstances and consistent with the parameters used in their internal risk assessment and management procedures. * In any case, the information presented must be accurate, comparable and verifiable.				
Environmental Issues				
Global Environment				
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures.	Yes	GRI 102-15	3.Governance Model / Risk Management. Annex 2. Risks 4.Sustainable Management of the Value Chain / Sustainable development of the business / Monitoring and managing the main risks, opportunities and environmental impacts.	Cellnex group
	Yes	GRI 103- 2	3. Governance Model / Management Systems. 4.Sustainable Management of the Value Chain / Sustainable development of the business	Cellnex group
Resources dedicated to the prevention of environmental risks.	Yes	GRI 102-15	4.Sustainable Management of the Value Chain / Sustainable development of the business / Monitoring and managing the main risks, opportunities and environmental impacts.	Cellnex group
The application of the precautionary principle, the amount of provisions and guarantees for environmental risks.	Yes	GRI 102-11	Note 20 of the Consolidated Financial Statements. 2.Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 / The Cellnex tax contribution/ Value generated and distributed 4.Sustainable Management of the Value Chain / Sustainable development of the business / Monitoring and managing the main risks, opportunities and environmental impacts	Cellnex group
Contamination				
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	Yes	GRI 103-2 GRI 103-3 Emissions	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
	Yes	GRI 302-4	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources.	Cellnex group
	Yes	GRI 305-5	4.Sustainable Management of the Value Chain / Sustainable development of the business • Sustainable use of	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
			resources. • Carbon footprint and climate change.	
Circular economy and prevention and waste managements				
Circular economy.	No	N/A		
Waste: Prevention, recycling, reuse, other forms of recovery and waste disposal.	No	N/A		
Actions to fight food waste.	No	N/A		
Sustainable use of resources				
Water consumption and water supply according to local constraints.	No	N/A		
Consumption of raw materials and the measures adopted to improve the efficiency of their use.	No	N/A		
Consumption, direct and indirect, of energy.	Yes	GRI 302-1	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources.	Cellnex group
	Yes	GRI 302-2	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources. Cellnex considers all the energy consumed in its operating facilities as internal consumption.	Cellnex group
Measures taken to improve energy efficiency.	Yes	GRI 103-2 GRI 103-3 Energy	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources / Energy efficiency.	Cellnex group
	Yes	GRI 302-4		
Use of renewable energies.	Yes	GRI 302-1	4.Sustainable Management of the Value Chain / Sustainable development of the business / Sustainable use of resources.	Cellnex group
Climate change				
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	Yes	GRI 305-1	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
	Yes	GRI 305-2		Cellnex group
	Yes	GRI 305-3		Cellnex group
The measures adopted to adapt to the consequences of Climate Change.	Yes	GRI 103-2 GRI 103-3 Emissions	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
	Yes	GRI 102-11 GRI 102-15	3. Governance Model / Risk Management. Annex 2. Risks 4.Sustainable Management of the Value Chain / Sustainable development of the business /	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
			Monitoring and managing the main risks, opportunities and environmental impacts footprint and climate change.	
The reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for that purpose.	Yes	GRI 305-5	4.Sustainable Management of the Value Chain / Sustainable development of the business / Carbon footprint and climate change.	Cellnex group
Biodiversity				
The measures taken to preserve or restore biodiversity.	Yes	GRI 103-2 GRI 103-3 Biodiversity	4.Sustainable Management of the Value Chain / Sustainable development of the business / Biodiversity.	Cellnex group
Impacts caused by activities or operations in protected areas.	Yes	GRI 304-1	4.Sustainable Management of the Value Chain / Sustainable development of the business / Biodiversity.	Spain / Italy / Netherlands
	Yes	GRI 304-2		
Social issues and related to employees				
Employment				
Total number and distribution of employees by sex, age, country and professional category.	Yes	GRI 102-8	4.Sustainable Management of the Value Chain / People Development / People management. Annex 5. KPI Tables	Cellnex group
	Yes	GRI 405-1. b)		
Total number and distribution of work contract modalities.	Yes	GRI 102-8	4.Sustainable Management of the Value Chain / People Development / People management. Annex 5. KPI Tables	Cellnex group
Annual average of permanent, temporary and part-time contracts by sex, age and professional category.	Yes	GRI 102-8	4.Sustainable Management of the Value Chain / People Development / People management. Annex 5. KPI Tables	Cellnex group
	Yes	GRI 405-1. b)		
Number of dismissals by sex, age and professional classification.	Yes	GRI 401-1. b)	Annex 5. KPI Tables	Cellnex group
The average remunerations and their evolution disaggregated by sex, age and professional classification or equal value.	Yes	GRI 103-2 GRI 103-3 Diversity and equal opportunity	4.Sustainable Management of the Value Chain / People Development / Remuneration and compensation.	Cellnex group
	Yes	GRI 405-2	Annex 5. KPI Tables	Cellnex group
Salary gap, the remuneration of equal or average positions in the company.	Yes	GRI 405-2	Annex 5. KPI Tables	Cellnex group
The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings forecast	Yes	GRI 103-2 GRI 103-3 Diversity and equal opportunity	Section C of the 2019 Annual Corporate Governance Report.	Cellnex group
	Yes	GRI 102-35		
	Yes	GRI 102-36		
	Yes	GRI 102-37	Section A of the 2019 Annual	

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
systems and any other perception disaggregated by sex.			Report on Remuneration Policy of Board Members	
	Yes	GRI 102-38	The salary of the highest paid person not including the CEO is 81.27 times higher than the average Cellnex group salary. The ratio is 42.68.	
	Yes	GRI 102-39	The variation in the average remuneration of the Group in relation to 2019 was -4%, and the variation in the remuneration of the CEO was 97.5%. The changes correspond to the total remuneration accrued, excluding contributions to pension funds and life insurance premiums.	
Implementation of labour disconnection measures.	Yes	GRI 103-2 GRI 103-3 Employment	4.Sustainable Management of the Value Chain / People development / Equality, inclusion and diversity and integration.	Spain, France
Employees with disabilities.	Yes	GRI 405-1. b)	Annex 5. KPI Tables	Cellnex group
Work organisation				
Organisation of working time.	Yes	GRI 103-2 GRI 103-3 Employment	4.Sustainable Management of the Value Chain / People Development / Remuneration and compensation.	Cellnex group
	Yes	GRI 102-8. c)	Annex 5. KPI Tables	
Number of hours of absenteeism.	Yes	GRI 403-2	Annex 5. KPI Tables	Spain, Italy, France, Switzerland and Netherlands
Measures designed to facilitate the enjoyment of conciliation and encourage joint responsibility of these by both parents.	Yes	GRI 103-2 GRI 103-3 Employment	4.Sustainable Management of the Value Chain / People development / Equality, inclusion and diversity and integration 4.Sustainable Management of the Value Chain / People Development / Remuneration and compensation.	Cellnex group
Health and safety				
Conditions of health and safety at work.	Yes	GRI 103-2 GRI 103-3 Occupational health and safety	4.Sustainable Management of the Value Chain / People development / Occupational health and safety	Cellnex group
Work accidents, in particular their frequency and seriousness, occupational diseases, disaggregated by sex.	Yes	GRI 403-2	4.Sustainable Management of the Value Chain / People development / Occupational health and safety / Accident rate.	Cellnex group
Social relations				
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them.	Yes	GRI 103-2 GRI 103-3 Labour/ Management relations	4.Sustainable Management of the Value Chain / People development / Occupational health and safety	Cellnex group
	Yes	GRI 402-1	Annex 3. GRI Content Index	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
Percentage of employees covered by collective agreement by country.	Yes	GRI 102-41	Annex 5. KPI Tables.	Cellnex group
Balance of collective agreements, particularly in the field of health and safety at work.	Yes	GRI 403-1 GRI 403-4	4.Sustainable Management of the Value Chain / People development / Occupational health and safety.	Spain, Italy and France
Training				
The policies implemented in the field of training.	Yes	GRI 103-2 GRI 103-3 Training and education	4.Sustainable Management of the Value Chain / People development / Attracting, recruiting and retaining talent.	Cellnex group
	Yes	GRI 404-2	4.Sustainable Management of the Value Chain / People development / Training.	
The total amount of training hours by professional categories.	Yes	GRI 404-1	4.Sustainable Management of the Value Chain / People development / Training. Annex 5. KPI Tables	Cellnex group
Accessibility				
Universal accessibility for people with disabilities	Yes	GRI 103-2 GRI 103-3 Diversity and equal opportunity Non-discrimination	4.Sustainable Management of the Value Chain / People development / Equality, inclusion and diversity and integration.	Cellnex group
Equality				
Measures taken to promote equal treatment and opportunities between men and women.	Yes	GRI 103-2 GRI 103-3 Employment Diversity and equal opportunity Non-discrimination	4.Sustainable Management of the Value Chain / People development / Equality, inclusion and diversity and integration.	Cellnex group
Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and the universal accessibility of people with disabilities.	Yes			
The policy against all types of discrimination and, where appropriate, management of diversity.	Yes			
Human rights				
Application of due diligence procedures in human rights. Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible	Yes	GRI 103-2 GRI 103-3 Non-discrimination Human Rights Assessment GRI 102-16 GRI 102-17	3. Governance Model • Ethics and compliance • Cellnex's Corporate Social Responsibility framework	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
abuse.				
Complaints about cases of violation of human rights.	Yes	GRI 406-1	3. Governance Model / Ethics and compliance / Main responsibilities of Cellnex's Ethics and Compliance Committee	Cellnex group
Promotion and compliance with the provisions of the fundamental Conventions of the International Labor Organisation related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor.	Yes	GRI 103-2 GRI 103-3 Non-discrimination 407-1 408-1 409-1	3. Governance Model • Ethics and compliance • Cellnex's Corporate Social Responsibility framework	Cellnex group
Anti-corruption and anti-brivery				
Measures taken to prevent corruption and bribery.	Yes	GRI 103-2 GRI 103-3 Anti-corruption GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3	3.Governance Model / Ethics and compliance The money laundering issue is addressed in the Cellnex Corruption Prevention Procedure.	Cellnex group
Measures to combat money laundering.	Yes			
Contributions to foundations and non-profit entities.	Yes	GRI 201-1	In 2019 Cellnex donated 196,252 euros have been to foundations and non-profit entities.	Cellnex group
	Yes	GRI 413-1		
Society				
Commitments of the company to sustainable development				
The impact of society's activity on employment and local development.	Yes	GRI 103-2 GRI 103-3 Indirect economic impacts GRI 203-1	2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 • Treasury shares • Business performance and results • Business indicators	Cellnex group
	Yes	GRI 103-3 Local Communities GRI 413-1	4.Sustainable Management of the Value Chain / Add value to society / Social contribution 4.Sustainable Management of the Value Chain / Sustainable development of the business / Electromagnetic emissions	Cellnex group
	Yes	GRI 204-1	4.Sustainable Management of the Value Chain / Add value to society / Suppliers	Cellnex group
The impact of society's activity on local populations and in the territory.	Yes	GRI 103-2 GRI 103-3 Indirect economic impacts	2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 • Treasury shares	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
		GRI 203-1	• Business performance and results • Business indicators	
	Yes	GRI 103-3 Local Communities GRI 413-1	4.Sustainable Management of the Value Chain / Add value to society / Social contribution 4.Sustainable Management of the Value Chain / Sustainable development of the business / Electromagnetic emissions	Cellnex group
The relationships maintained with the actors of the local communities and the modalities of dialogue with them.	Yes	GRI 102-43	5.Bases for the Preparation of the Report / Determining the content of the report.	Cellnex group
	Yes	GRI 413-1	4.Sustainable Management of the Value Chain / Add value to society / Social contribution / Programme of social projects and volunteerism. 4.Sustainable Management of the Value Chain / Add value to society / Social contribution / Social projects 4.Sustainable Management of the Value Chain / Sustainable development of the business / Electromagnetic emissions	Spain / Italy / Netherlands / Ireland
The association or sponsorship actions.	Yes	GRI 102-12 GRI 102-13	4.Sustainable Management of the Value Chain / Add value to society / Cellnex's participation in relevant initiatives / Cellnex action and participation in relevant industry associations. 4.Sustainable Management of the Value Chain / Add value to society / Social contribution / Contribution to initiatives.	Cellnex group
Subcontracting and suppliers				
The inclusion in the purchasing policy of social issues, gender equality and environmental issues. Consideration in relations with suppliers and subcontractors of their social and environmental responsibility.	Yes	GRI 102-9 GRI 103-2 GRI 103-3 Supplier environmental and social assessment	4.Sustainable Management of the Value Chain / Add value to society / Suppliers.	Spain / France/ Italy/ Switzerland
	Yes	GRI 308-1 GRI 414-1	4.Sustainable Management of the Value Chain / Add value to society / Suppliers / Evaluation, selection and monitoring of suppliers.	
Supervision systems and audits and their results.	Yes	GRI 103-2 GRI 103-3 Supplier environmental and social assessment	Note: Currently no audits of suppliers are currently performed.	Cellnex group
Consumers				
Measures for the health and safety of consumers.	Yes	GRI 103-2 GRI 103-3 Customer health and safety Marketing and labeling Customer	4.Sustainable Management of the Value Chain / Add value to society / Customers. 4.Sustainable Management of the Value Chain / Add value to society / Information security management.	Cellnex group

Legal content	¿Is it material? YES/NO	Standard used (GRI or other)	2019 Integrated Annual Report	Scope
		privacy		
Claims systems, complaints received and resolution of them.	Yes	GRI 103-2 GRI 103-3 Customer health and safety Marketing and labeling Customer privacy	4.Sustainable Management of the Value Chain / Add value to society / Customers.	Cellnex group
	Yes	GRI 418-1	4.Sustainable Management of the Value Chain / Add value to society / Information security management.	Cellnex group
Tax information				
Benefits obtained country by country.	Yes	GRI 103-2 GRI 103-3 Economic performance GRI 201-1	This information is provided in the Consolidated Annual Accounts. 2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 / The Cellnex tax contribution / Value generated and distributed.	Cellnex group
Taxes paid on benefits.	Yes	GRI 103-2 GRI 103-3 Economic performance	2. Cellnex in 2019: milestones, key figures, business model & prospects / Milestones and main figures for the year 2019 / Business performance and results / Consolidated cash flow generation / Income Tax Payment	Cellnex group
Public subsidies received.	Yes	GRI 201-4	There hasn't been significant financial assistance received from government.	Cellnex group

Annex 5. KPI Tables

GRI 405-1 Diversity of governance bodies and employees[4]

2018				
		Top management	Senior Management/Directors/Managers	Coordinators/The rest of the staff
Under 30 years old	Women	0	0	26
	Men	0	0	39
	Minority groups	0	0	1
30-45 years old	Women	0	13	173
	Men	1	36	461
	Minority groups	0	2	4
46-55 years old	Women	0	14	89
	Men	3	56	393
	Minority groups	0	0	3
More than 55 years old	Women	0	1	13
	Men	4	11	66
	Minority groups	0	0	0

2019[5]					
		Top management[6]	**Directors[7]**	**Senior Management/Managers**	**Coordinators/The rest of the staff**
Under 30 years old	Women	0	1	0	36
	Men	0	2	1	48
	Minority groups	0	0	0	2
30-45 years old	Women	0	3	9	198
	Men	1	14	35	479
	Minority groups	0	0	1	5
46-55 years old	Women	0	4	17	102
	Men	3	31	52	428
	Minority groups	0	0	0	5

4 The workforce data in this Annex do not include Ireland
5 The Board of Directors is composed of 4 women and 8 men.
6 Does not include CEO
7 The professional category " Senior Management/Directors/Managers" has been separated into "Directors" and " Senior Management/Managers" in 2019.

More than 55 years old	Women	0	2	1	15
	Men	3	9	5	69
	Minority groups	0	0	0	0

GRI 102-8 Information on employees and other workers (Total number of employees by employment contract and type (permanent or temporary, and full-time or part-time), by gender and professional classification):

2018							
		Top management		Senior Management/Directors/Managers		Coordinators/The rest of the staff	
		Women	Men	Women	Men	Women	Men
Fix	Full-time	0	7	28	102	296	945
	Part-time	0	0	0	0	1	1
Temporary	Full-time	0	0	0	1	4	13
	Part-time	0	0	0	0	0	0

2019									
		Top management		Directors[8]		Senior Management/Managers		Coordinators/The rest of the staff	
		Women	Men	Women	Men	Women	Men	Women	Men
Fix	Full-time	0	7	10	53	25	90	333	1012
	Part-time	0	0	0	1	2	0	17	10
Temporary	Full-time	0	0	0	2	0	3	7	8
	Part-time	0	0	0	0	0	1	0	0

8 The professional category " Senior Management/Directors/Managers" has been separated into "Directors" and " Senior Management/Managers" in 2019.

		2018		
		Senior Management	Managers/Directors	Coordinators/The rest of the staff
Men	Fix- Full time	100.00%	77.86%	75.08%
	Temporary – Full time	0.00%	0.76%	1.03%
	Part-time	0.00%	0.00%	1.11%
Women	Fix – Full time	0.00%	21.37%	23.57%
	Temporary – Full time	0.00%	0.00%	0.32%
	Part-time	0.00%	0.00%	0.40%

		2019			
		Top management	Directors	Senior Management/Managers	Coordinators/The rest of the staff
Men	Fix – Full time	100.00%	81.82%	74.38%	73.68%
	Temporary – Full time	0.00%	3.03%	3.31%	0.58%
	Part-time	0.00%	1.5%	0.8%	0.72%
Women	Fix – Full time	0.00%	15.15%	20.66%	25.23%
	Temporary – Full time	0.00%	0.00%	0.00%	0.50%
	Part-time	0.00%	0.00%	1.65%	1.23%

			2018		
	<30	30-45	46-55	>55	Total
Fix	3.65%	49.11%	39.31%	6.65%	98.71%
Temporary	1.00%	0.14%	0.00%	0.14%	1.29%
Part-time	0.00%	0.07%	0.07%	0.00%	0.14%

			2019		
	<30	30-45	46-55	>55	Total
Fix – Full time	4.93%	46.74%	40.48%	6.51%	98.67%
Temporary – Full time	0.76%	0.38%	0.13%	0.06%	1.33%
Part-time	0.06%	1.14%	0.51%	0.25%	1.96%

GRI 102-41 Collective bargaining agreements

	2018		2019	
	Number of employees under collective bargaining agreements	**% of employees under collective bargaining agreements**	**Number of employees under collective bargaining agreements**	**% of employees under collective bargaining agreements**
Spain	1,107	91.34%	1,093	90.48%
Italy	134	100%	151	100.00%
France	30	100%	59	60.20%
Switzerland	23	0%	0	0%
Netherlands	-	-	0	0%
UK	-	-	0	0%
Total	1,294	92%	1,303	82.4%

GRI 401-1 Total number and rate of employee turnover during the reporting period, by age group, gender and professional classification (only relative to layoffs):

2018				
		Top management	Senior Management /Directors/Managers	Coordinators/The rest of the staff
Under 30 years old	Women	0	0	1
	Men	0	0	1
30-45 years old	Women	0	0	0
	Men	0	0	0
46-55 years old	Women	0	0	0
	Men	0	1	3
More than 55 years old	Women	1	0	7
	Men	0	6	78

2019					
		Top management	Directors	Senior Management /Managers	Coordinators/The rest of the staff
Under 30 years old	Women	0	0	0	0
	Men	0	0	0	0
30-45 years old	Women	0	0	0	1
	Men	0	0	0	3
46-55 years old	Women	0	0	0	3
	Men	0	0	0	5
More than 55 years old	Women	0	0	0	4

Men	0	1	1	24

Average remunerations and their evolution disaggregated by sex, age and professional classification or equal value (Euros):

Spain[9]		Women	Men
Base salary	Top Management	n/a	338,571.46
	Directors	120,666.72	130,428.61
	Senior Management/Managers	74,297.13	73,127.66
	Coordinators/The rest of the staff	41,104.27	42,863.53
Base salary + Other kind of incentives	Top Management	n/a	539,500.06
	Directors	156,866.73	177,109.58
	Senior Management/Managers	89,543.19	88,164.12
	Coordinators/The rest of the staff	45,567.46	46,764.94

Italy		Women	Men
Base salary	Top Management	n/a	n/a
	Directors	62,473.28	104,340.02
	Senior Management/Managers	n/a	77,000.00
	Coordinators/The rest of the staff	37,740.72	46,329.72
Base salary + Other kind of incentives	Top Management	n/a	n/a
	Directors	72,596.78	130,607.82
	Senior Management/Managers	n/a	96,250.00
	Coordinators/The rest of the staff	39,754.11	49,665.33

France		Women	Men
Base salary	Top Management	n/a	n/a
	Directors	110,000.00	105,090.91
	Senior Management/Managers	75,000.00	70,250.00
	Coordinators/The rest of the staff	43,371.79	55,061.90
Base salary + Other kind of incentives	Top Management	n/a	n/a
	Directors	132,000.00	127,990.91
	Senior Management/Managers	90,000.00	84,300.00
	Coordinators/The rest of the staff	46,694.87	60,049.29

[9] The wage of the women's base salary of the Board of Directors is EUR130,000 and men's base salary is EUR120,571. The base salary of the CEO is EUR1,000,000 and base salary + other kind of incentives is EUR5,188,000.

Switzerland		Women	Men
Base salary	Top Management	n/a	n/a
	Directors	213,866.50	184,262.34
	Senior Management/Managers	n/a	137,703.69
	Coordinators/The rest of the staff	128,238.68	145,456.40
Base salary + Other kind of incentives	Top Management	n/a	n/a
	Directors	278,024.79	229,898.75
	Senior Management/Managers	n/a	164,229.38
	Coordinators/The rest of the staff	144,218.44	164,583.77

Netherlands		Women	Men
Base salary	Top Management	n/a	n/a
	Directors	185,000.00	124,272.92
	Senior Management/Managers	59,486.40	64,856.52
	Coordinators/Rest of the staff	30,772.24	40,145.40
Base salary + Other kind of incentives	Top Management	n/a	n/a
	Directors	240,500.00	157,063.13
	Senior Management/Managers	68,409.36	68,161.32
	Coordinators/Rest of the staff	33,618.96	42,324.79

UK		Women	Men
Base salary	Top Management	n/a	n/a
	Directors	n/a	128,180.00
	Senior Management/Managers	n/a	70,138.46
	Coordinators/Rest of the staff	32,049.05	47,502.00
Base salary + Other kind of incentives	Top Management	n/a	n/a
	Directors	n/a	166,634.00
	Senior Management/Managers	n/a	86,207.87
	Coordinators/Rest of the staff	33,770.67	50,836.50

Salary by age	Spain	Italy	France	Switzerland	Netherlands	UK
<30	31,258.46	25,447.25	43,968.75	109,489,68	24,230.86	-
30-45	42,173.09	41,941.60	54,421.43	145,156.74	43,348.19	42,696.05
46-55	54,666.69	54,753.86	66,739.13	162,475.91	59,936.53	73,560.07
>55	67,054.70	62,363.22	113,333.33	185,643.98	55,599.56	72,702.63

Salary evolution	The evolution of salaries from 2018 to 2019 was 3.80 %.

405-2 Ratio of basic salary and remuneration of women to men

Gender Gap

	2018	2019[10]
Spain	4 %	4%
France	30 %	26%
Italy	23 %	17%
Switzerland	17 %	14%
Netherlands	-	17%
UK	-	53%

	Spain	France	Italy	Switzerland	Netherlands	UK
Ratio of the difference between the lowest salary and minimum inter-professional salary	1.49	1.64	1.07	1.30	1.10	1.32

GRI 404-1 Total amount of training hours per country

	2018	2019
Spain	70,387.50	59,092.5
Italy	4,288.00	4,832
France	968.34	1,092
Switzerland	392.00	633.5
Netherlands	-	2,946
UK	-	-

[10] The wage gap reported corresponds to the median wage gap and not the average wage gap.

GRI 404-1 Average hours of training per year per employee disaggregated by sex and professional classification

	2018		2019	
	Men	Women	Men	Women
Top Management	157,98	1.00	43.82	-
Directors	3,321.78	1,092.62	949.23	313.25
Senior Management/Managers	40,846.22	7,897.99	4,031.68	1,147.50
Coordinators/The rest of the staff	44,323.98	8,991.61	38,090.42	9,741.61
Total	0.00	0.00	43,115.15	11,202.36

GRI 305-1, 305-2 y 305-3 GHG emissions Cellnex Spain, Italy, France, Netherlands, Switzerland and UK (tCO_2 eq.)[11]

Emissions Cellnex Spain	2016	2017	2018	2019
Scope 1	1,692	1,516	1,877	1,651
Scope 2	99,493	84,759	105,619	109,694
Scope 3	6,615	7,222	7,934	6,834

Emissions Cellnex France	2016	2017	2018	2019
Scope 1	-	-	-	4
Scope 2	-	-	110	146
Scope 3	-	-	-	587

Emissions Cellnex Italy	2016	2017	2018	2019
Scope 1	456	497	668	946
Scope 2	68,837	76,990	82,625	73,864
Scope 3	-	-	-	1,825

Emissions Cellnex Netherlands	2016	2017	2018	2019
Scope 1	-	-	-	203
Scope 2	-	-	-	9,236

[11] Due to a methodological change, emissions have been recalculated for the years 2016, 2017 and 2018.

Scope 3	-	-	-	2

Emissions Cellnex UK	2016	2017	2018	2019
Scope 1	-	-	-	11
Scope 2	-	-	-	5
Scope 3	-	-	-	0

Emissions Cellnex Switzerland	2016	2017	2018	2019
Scope 1	-	-	-	0
Scope 2	-	-	-	0
Scope 3	-	-	-	44

Annex 6. Independent Limited Verification Report

Cellnex Telecom, S.A. and its subsidiaries

Independent Auditor’s report on the Integrated Annual Report for the year ended 31 December 2019

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

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

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Cellnex Telecom, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the non-financial information included in the Consolidated Management Report (hereinafter, CMR) of Cellnex Telecom, S.A. and subsidiaries ("Cellnex" or "the Group") included in the Integrated Annual Report (hereinafter, IAR), for the year ended December 31, 2019.

The IAR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their core option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the Annex III GRI Content Index and the Annex IV Non-financial information index of the CMR.

Responsibilities of the Directors

The preparation and content of the Cellnex Telecom's Integrated Annual Report is the responsibility of the Board of Directors of Cellnex. The non-financial information included in the IAR was prepared in accordance with the content specified in current Spanish corporate legislation, in accordance with GRI standards in their core option, and with the standards established in the AA1000AP (2008) Assurance Standard issued by AccountAbility, as well as other criteria described as indicated for each matter in the Annex IV Non-financial information index of the CMR.

This responsibility of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the IAR and the non-financial information to be free from material misstatement, whether due to fraud or error.

The Directors of Cellnex are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the IAR is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements. Also, we have applied AccountAbility's AA1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000AP (2008) and on the sustainability performance indicators (type 2 moderate assurance).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted in requesting information from management and the various units of Cellnex that participated in the preparation of the IAR, which includes the non-financial information, reviewing the processes used to compile and validate the information presented in the IAR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Cellnex personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in the IAR based on the materiality analysis performed by Cellnex and described in the "Bases for the preparation of the report" section of chapter 5 of the IAR, also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2019 IAR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Bases for the preparation of the report" section of chapter 5 of the IAR.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "GRI Table" and the "Non-financial Information Table" in the Appendices to the IAR, and the appropriate compilation thereof based on the data furnished by Cellnex's information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained no matter has come to our attention that causes us to believe that:

A) The non-financial information included in the Annex III GRI Content Index of Cellnex's Consolidated Management Report included in the Integrated Annual Report for the year ended December 31, 2019, was not prepared, in all material respects in accordance with GRI standards in their core version.

B) Cellnex's non-financial information included in the Annex IV Non-financial information index of the Consolidated Management Report included in the Integrated Annual Report for the year ended 31 December 2019 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the Annex.

C) Cellnex did not apply in the preparation of the IAR the principles of inclusivity, materiality and responsiveness as described in section 5 Bases for the Preparation of the Report in accordance with AA1000AP (2008), namely:

- Inclusivity: Cellnex has developed a stakeholder participation process, enabling stakeholders to be considered in the development of a responsible approach.
- Materiality: the materiality determination process is geared towards identifying and understanding the issues that are material or significant for Cellnex and its stakeholders.
- Responsiveness: Cellnex responds, through specific actions and commitments, to the material issues identified.

Additional information

Pursuant to the provisions of the AA1000AS (2008) standard, we presented to management of Cellnex our recommendations relating to the areas for improvement in management and non-financial information and, specifically, to the application of the principles of inclusivity, materiality and responsiveness. Following is a summary of the most significant observations and recommendations, which do not modify the conclusions expressed in this report.

Inclusivity and materiality

During 2019, the Cellnex Group continued its international expansion. However, it has not updated its materiality study, nor has it incorporated the new subsidiaries into the 2016-2020 Corporate Social Responsibility Master Plan. For this reason, it would be advisable for Cellnex to revise both documents in 2020 in order to incorporate the particularities, concerns and expectations of the new subsidiaries and thus align its perimeter with that of the Group. We also recommend that the Cellnex Group continue to consult the other stakeholders involved in the value chain of the current businesses.

Responsiveness

Based on the results of the materiality study, and its goal of becoming SA8000 certified, Cellnex has incorporated new human rights indicators into the Integrated Annual Report.

During this year, Cellnex also continued to work on integrating new businesses into the non-financial reporting perimeter, specifically the United Kingdom and the Netherlands. In 2020, it would be advisable to make progress in standardizing the systems for reporting key indicators in all the Group's subsidiaries.

DELOITTE, S.L.

AA1000 Licensed Assurance Provider 000-14

Xavier Angrill Vallés

25 February 2020

Annex 7. Corporate Carbon Footprint Certification

Certificate

Standard	**UNE-ISO 14064-1:2012 Greenhouse gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.**
Certificate Registr. No.	00/160069
	TÜV Rheinland Ibérica Inspection, Certification & Testing S.A. certify:
Certificate Owner:	**CELLNEX TELECOM, S.A.** C/ Juan Esplandiú, 11-13 28007 Madrid Spain
Scope:	Independent infrastructure operator for wireless telecommunication in Europe. Through the audit performed, in face of Norma UNE-ISO 14064-3:2012, Report No. 00/160069. Proof has been furnished that the requirements according to UNE-ISO 14064-1:2012 are fulfilled.
Audit date:	Audit was performed from 2020-01-09 until 2020-01-10.
Validated inventory:	2019
First validated inventory:	2016

2020-02-24 TÜV Rheinland Ibérica Inspection, Certification & Testing S.A.
Garrotxa, 10-12 – E-08820 El Prat de Llobregat

www.tuv.com

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Annex to certificate

Standard	**UNE-EN ISO 14064-1:2012 Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.**
Certificate Registr.No.	00/160069
	TÜV Rheinland Ibérica Inspection, Certification & Testing S.A. certifies:
Certificate Owner:	**CELLNEX TELECOM, S.A.** C/ Juan Esplandiú, 11-13 28007 Madrid Spain
	Inventory 2019 for the companies:
00/160069/02	**CELLNEX TELECOM ESPAÑA, S.L.** C/ Juan Esplandiú 11-13 E – 28007 Madrid
00/160069/03	**CELLNEX TELECOM ESPAÑA, S.L.** **TRADIA TELECOM, S.A.U.** Avda. Parc Logístic 12-20, Edifici A E – 08040 Barcelona
00/160069/04	**CELLNEX TELECOM ESPAÑA, S.L.** **RETEVISIÓN I, S.A.U.** C/ Juan Esplandiú 11-13 E – 28007 Madrid
00/160069/05	**CELLNEX TELECOM ESPAÑA, S.L.** **ON TOWER TELECOM INFRAESTRUCTURAS, S.A.** C/ Juan Esplandiú 11-13 E – 28007 Madrid
00/160069/06	**CELLNEX ITALIA, S.R.L.** Via Carlo Veneziani, 58 00148 Roma, Italia
00/160069/07	**CELLNEX ITALIA, S.R.L.** **GALATA, S.P.A.** Via Carlo Veneziani, 58 00148 Roma, Italia

Annex to certificate

Standard	**UNE-EN ISO 14064-1:2012 Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.**
Certificate Registr.No.	00/160069
00/160069/08	**CELLNEX ITALIA, S.R.L.** **TOWERCO, S.P.A.** Via Carlo Veneziani, 58 00148 Roma, Italia
00/160069/09	**CELLNEX ITALIA, S.R.L.** **COMMSCON ITALIA, S.R.L.** Via Carlo Veneziani, 58 00148 Roma, Italia
00/160069/10	**CELLNEX FRANCE, S.A.S.** 1 L'avenue de la Cristallerie 92310 Sèvres, France
00/160069/11	**CELLNEX FRANCE, S.A.S.** **TOWERLINK FRANCE, S.A.S.** 1 L'avenue de la Cristallerie 92310 Sèvres, France
00/160069/12	**CELLNEX SWITZERLAND** Swiss Towers, AG Thurgauerstrasse, 136 8152Opfikon
00/160069/13	**CELLNEX NETHERLANDS** SHERE MASTEN, B.V. Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands
00/160069/14	**CELLNEX NETHERLANDS** **ALTICOM, B.V.** Branderweg 7, 8042 PD, Zwolle, the Netherlands
00/160069/15	**CELLNEX UK** **CELLNEX UK MIDCO** **CELLNEX UK CONSULTING LIMITED** 2 River Court Albert Dirve, Woking GU21 5RP

2020-02-24 TÜV Rheinland Ibérica Inspection, Certification & Testing S.A.
Garrotxa, 10-12 – E-08820 El Prat de Llobregat

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Annex 8. Annual Governance Report

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S IDENTIFICATION

YEAR ENDING 31/12/2019

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

Company name:

CELLNEX TELECOM. S.A.

Registered office:

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

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

A STRUCTURE OF OWNERSHIP

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

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

Remarks

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

Yes ☐ No ☒

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

Remarks

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

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

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

Remarks

Indirect interest:

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

Remarks

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

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

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

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

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

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

Remarks

Indirect interest:

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

Remarks

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

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

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

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

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

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

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

Remarks

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

Yes ☒ No ☐

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

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

Remarks

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

Yes ☐ No ☒

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

Remarks

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

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

Yes ☐ No ☒

Name

Remarks

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

At the year-end:

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

Remarks

(*) Through:

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

Remarks

Explain any significant changes during the year:

Explain any significant changes

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

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

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

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

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

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

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

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

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

Delegate to the Board of Directors of the Company, in accordance with Article 297.1.b) of the Spanish Limited Liability Companies Act, the authority to increase share capital, without previously consulting the Annual General Shareholders' Meeting, within the deadline set for such purpose and for a maximum limited amount provided for in the Spanish Limited Liability Companies Act, with or without pre-emptive subscription rights, thus rewording Article 5 of the Company By-laws concerning share capital, in compliance with the following conditions:

1. Authorized capital, amount and term: the Board of Directors is authorized, as broadly as required in Law, so that, in accordance with Article 297.1. b) of the Spanish Limited Liability Companies Act, it may increase share capital, without previously consulting the Annual General Shareholders' Meeting, on one or more occasions and at any time, within the period of five years from the conclusion of this Meeting, to an amount corresponding to half of the share capital at the time of authorization (i.e. 37,334,131.625 euros of nominal value), through the issuance of new shares, ordinary or otherwise, in accordance with the applicable legal requirements - with or without share premium- the consideration of the newly issued shares consisting of cash contributions.

2. Scope of delegation: the Board of Directors may set all terms and conditions of capital increases and the characteristics of the shares as well as determine the investors and markets to which the capital increases are intended and the placement procedure to be followed, freely offer the new shares not subscribed to in the pre-emptive subscription period, and, in the case of incomplete subscription, establish that the capital increase be rendered null or that the capital be increased solely by the amount of the subscriptions made and reword the article of the by-laws relating to share capital. The Board of Directors may designate the person or persons, whether directors or not, who are to execute any of the agreements adopted in application of this authorization and, in particular, the closing of the capital increase.

3. Rights of the new shares, issue rate and consideration of the increase: the new shares issued as a consequence of the capital increase or increases agreed upon under this delegation shall be ordinary shares equal in rights to existing shares (except for dividends already declared and pending payment at the time of issuance), that will be issued at the rate of their nominal value or with the share premium determined, when applicable. The consideration of the newly issued shares shall necessarily consist of cash contributions.

4. Exclusion of pre-emptive subscription right: in accordance with the provisions of Article 506 of the Spanish Limited Liability Companies Act, the Board of Directors is expressly granted the power to exclude, in whole or in part, the pre-emptive rights in respect of all or any of the issues it agrees to carry out by virtue of this authorization, although this power will be limited to capital increases carried out under the present delegation, as well as to those increases that are carried out within the scope of the authorization provided in item twelve on the Agenda, up to an amount equivalent to 10% of the capital of the Company at the date that this decision comes into effect (i.e. 7,466,826.325 euros of nominal value).

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

5. Request for admission: the Board of Directors is authorized to apply for admission to trading, and their exclusion, in the organized domestic or foreign secondary markets, of all shares that may be issued or, in the case of a change in the nominal value of those already issued, their exclusion and new admission, in compliance with the applicable regulations regarding trading, maintenance of and exclusion from trading. 6. Power of substitution: the Board of Directors is authorized so that, in turn, it may delegate in favour of any of the members of the Board of Directors or any other person, whether or not a member of said body, the delegated powers referred to in this agreement. It should be noted that the shareholders have been provided with the corresponding explanatory directors' report on the delegation to increase the share capital. Finally, it is agreed to cancel in the undrawn part Resolution Seven adopted by the General Shareholders' Meeting of the Company on 31 May 2018, under which the Board of Directors of the Company was authorized to increase share capital.

A.11 Estimated floating capital:

	%
Estimated floating capital:	51.69

Remarks

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

Yes ☐ No ☒

Description of the restrictions

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

Yes ☐ No ☒

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

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

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

Yes ☐ No ☒

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

Indicate the different classes of shares

B

GENERAL MEETING

B.1 State and, if appropriate, provide details about differences arising with respect to the minimum quorum established by the Spanish Limited Liability Companies Act compared to the quorum required to hold a general meeting.

Yes ☐ No ☒

	% quorum different to that established in article 193 of the Spanish Limited Liability Companies Act for general matters	% quorum different to that established in article 194 of the Spanish Limited Liability Companies Act for special matters
Quorum required on first call		
Quorum required on second call		

Description of differences

B.2 Indicate and explain, if appropriate, if there are any differences with the system stipulated in the Spanish Limited Liability Companies Act for adopting corporate resolutions:

Yes ☐ No ☒

Describe how it differs from the system set forth in the Spanish Limited Liability Companies Act.

	Qualified majority different to that established in article 201.2 of the Spanish Limited Liability Companies Act for matters	Other cases of qualified majorities

	governed by article 194.1 of said act	
% established by the company to adopt resolutions		

Describe the differences

B.3 Indicate the rules applicable to changes in the company's articles of association. In particular, report any majorities required to make amendments to the articles of association and any rules established for safeguarding shareholder rights when amending the articles of association.

The provisions of the Spanish Limited Liability Companies Act shall be applied to the majorities required to amend the articles of association.

B.4 Provide details of attendance at the general meetings held during the year to which this report refers, as well as for the two preceding years:

	Attendance				
Date General meeting	**% of directors physically present**	**% represented by proxy**	**% remote voting**		**Total**
			Electronic voting	**Other**	
27/04/2017	40.63	36.69	0.00	0.00	77.32
Of which, floating capital:	0.63	16.62	0.00	0.00	17.25
31/05/2018	34.15	49.39	0.00	0.00	83.54
Of which, floating capital:	0.16	35.15	0.00	0.00	35.31
09/05/2019	30.36	51.49	0.00	0.00	81.85
Of which, floating capital:	0.37	25.79	0.00	0.00	26.16

Remarks
Given there are institutional investors, it is not possible to guarantee the identity of ultimate shareholders.

B.5 State whether any point on the agenda of the general meetings during the year was bot approved by the shareholders for any reason:

Yes ☐ No ☒

Agenda points that were not approved	% votes against (*)

(*) If the point was not approved due to a reason other than votes against, provide an explanation and include “n/a” in the “% votes against” column.

B.6 Please specify whether the articles of association establish any restrictions on the minimum number of shares required to attend the general meeting or to vote remotely:

Yes ☒ No ☐

Number of shares required to attend the general meeting	100
Number of shares required to vote remotely	100

Remarks

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate actions that must be subject to the approval of the general meeting.

Yes ☐ No ☒

Explain the decisions that must be submitted to shareholders at a general meeting, other than those established by law.

B.8 Indicate the address and manner of accessing corporate governance and other general meeting information that must be made available to shareholders on the company's website.

The “Shareholders & Investors” section on the website www.cellnextelecom.com provides the information stipulated in article 539.2 of the Spanish Limited Liability Companies Act and in the Spanish National Securities Market Commission Circular 3/2015.

C

COMPANY MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1 Maximum and minimum number of directors specified in the articles of association and the number agreed by the general meeting:

Maximum number of directors	13
Minimum number of directors	4
Number of directors set by the General Shareholders Meeting	12

Remarks

C.1.2 Please complete the following table about board members:

Name of director	Representative	Director category	Position on the board	Date of first appointment	Date of last appointment	Election procedure	Date of birth
MS MARIA LUISA GUIJARRO PIÑAL		Independent	DIRECTOR	31/05/2018	31/05/2018	GENERAL SHAREHOLDERS’ MEETING VOTE	
MR GIAMPAOLO ZAMBELETTI		Independent	LEAD INDEPENDENT DIRECTOR	16/04/2015	31/05/2018	GENERAL SHAREHOLDERS’ MEETING VOTE	
MR TOBÍAS MARTINEZ GIMENO		Executive	CEO	17/11/2014	09/05/2019	GENERAL SHAREHOLDERS’ MEETING VOTE	
MS MARIETA DEL RIVERO BERMEJO		Independent	DIRECTOR	27/04/2017	27/04/2017	GENERAL SHAREHOLDERS’ MEETING VOTE	
MR PIERRE BLAYAU		Independent	DIRECTOR	16/04/2015	31/05/2018	GENERAL SHAREHOLDERS’ MEETING VOTE	
MR LEONARD PETER SHORE		Independent	DIRECTOR	16/04/2015	31/05/2018	GENERAL SHAREHOLDERS’ MEETING	

						VOTE	
MR BERTRAND BOUDEWIJN KAN		Independent	VICE CHAIR	16/04/2015	31/05/2018	GENERAL SHAREHOLDERS' MEETING VOTE	
MR CARLO BERTAZZO		Proprietary	DIRECTOR	13/07/2018	09/05/2019	GENERAL SHAREHOLDERS' MEETING VOTE	
MS ELISABETTA DE BERNARDI DI VALSERRA		Proprietary	DIRECTOR	13/07/2018	09/05/2019	GENERAL SHAREHOLDERS' MEETING VOTE	
MS ANNE BOUVEROT		Independent	DIRECTOR	31/05/2018	31/05/2018	GENERAL SHAREHOLDERS' MEETING VOTE	
MR FRANCO BERNABÈ		Proprietary	CHAIR	25/07/2019	25/07/2019	CO-OPTION	
MR MAMOUN JAMAI		Proprietary	DIRECTOR	20/06/2019	20/06/2019	CO-OPTION	

Total number of directors	12

State if any directors, whether through resignation, dismissal or any other reason, left the board during the reporting period:

Name of director	**Director category on removal**	**Date of last appointment**	**Removal date**	**Specialised committees of which he/she was a member**	**Indicate whether the removal took place before the end of the appointed term of office**
MR JOHN BENEDICT MCCARTHY	Proprietary	09/05/2019	27/05/2019	Appointments and Remuneration Committee	YES
MR MARCO PATUANO	Proprietary	09/05/2019	24/06/2019	N.A.	YES

Reason for the removal and other remarks
Mr John Benedict McCarthy, proprietary director of ConnecT S.p.A., handed

in his notice on 27/05/2019 and was replaced by the proprietary director, Mr Mamoun Jamai, on 20/06/2019. Mr Marco Patuano, also a ConnecT proprietary director, stood down as Cellnex Telecom, S.A.'s director and chairman on 24/06/2019 after leaving the posts held in ConnecT S.p.A. He was replaced by Mr Franco Bernabè for both posts, as a ConnecT S.p.A. proprietary director.

C.1.3 Please complete the following tables about the members of the board and their different categories:

EXECUTIVE DIRECTORS

Name of the director	Position in company's organizational structure	Profile
MR TOBÍAS MARTINEZ GIMENO	CEO	Tobias Martinez is the company's top-ranking executive (CEO). He joined Acesa Telecom (Abertis Group) in the year 2000, first as Board Member and Director General of Tradia, and subsequently of Retevisión. Before joining the Abertis Group, he headed his own business project in Information and Telecommunication Systems for more than 10 years. He studied Telecommunications Engineering and holds a Diploma in Top Management from the IESE Business School (PADE) and a Diploma in Marketing Management from the Instituto Superior de Marketing de Barcelona (Higher Institute of Marketing of Barcelona).

Total number of executive directors	1
% of board total	8.33

Remarks

PROPRIETARY EXTERNAL DIRECTORS

Name of the director	Name of the significant shareholder represented or that proposed the	Profile

	appointment	
MR FRANCO BERNABÈ	CONNECT S.P.A.	Franco Bernabè combines a unique experience in international corporate leadership with an active pro bono involvement in social and cultural organizations. He led as CEO the restructuring and the listing in the NYSE of Eni, one of the major international oil companies. After leaving ENI in 1998, he spent the following 20 years mostly in the telecommunications industry as CEO and Chairman of Telecom Italia. More recently he contributed to the creation of Nexi, the Italian leader in payments. He was Vice Chairman of Rothschild Europe, member of the board and Chairman of the Audit Committee of PetroChina for 14 years, member of the Supervisory Board of TPG Post Group in the Netherlands, member of the International Council of JP Morgan. He was also member of the Executive Committee of Confindustria and member of the European Roundtable. He served pro bono in the leading Italian cultural institutions as Chairman of La Biennale di Venezia, MART, Quadriennale di Roma and the Italian Commission for UNESCO. He was awarded an honorary doctorate in environmental sciences at the University of Parma for the impulse given to the reclamation activities for the environmental recovery of polluted sites. He is senior advisor to Barclays Bank. In 2011 he was knighted by the President of the Italian Republic.
MR CARLO BERTAZZO	CONNECT S.P.A.	As Board Member and General Manager of Edizione Srl, the Benetton family holding company. He

		is also Director of other companies forming part of the Edizione Group: Sintonia (CEO), ConnecT, Schema 33. In addition he is board member of Abertis Infraestructuras and Atlantia. He has been in Edizione since 1994 and has played a key role in the diversification process of the Group over the years, managing the acquisitions of Autogrill and Generali Supermercati (1995), Atlantia (2000), a stake in Telecom Italia (2001) and Gemina (2005), now called Aeroporti di Roma, merged into Atlantia. He also contributed in the development of the partnerships that Edizione over time built with Italian and international investors. He has had an active role in the management of the investments of Edizione, covering also an operating position as the CEO of the listed company Gemina (2011-2013), and being a board member of several companies including TIM and Telecom Italia Media. He also ran the key disposals of the Group, such as the sale of Generale Supermercati to Carrefour (2000) and of World Duty Free to Dufry (2015). Previously to joining Edizione, he had worked in the financial sector (Banca Commerciale Italiana, now Banca Intesa) and in the investment department of the Agnelli family holding company. He holds a degree in Business and Administration Magna cum Laude from Ca' Foscari University in Venice.
MS ELISABETTA DE BERNARDI DI VALSERRA	CONNECT S.P.A.	Ms de Bernardi di Valserra is the Investment Director in Edizione Srl since 2015. She is also Director of other companies forming part of the Edizione Group: ConnecT (CEO), Autostrade

		per l'Italia. In addition she is Board Member of Getlink and Aeroporti di Roma. She started her career in Morgan Stanley (2000) in the investment banking team, where she worked in the Communications & Media team in London and then in the corporate finance team in Milan, where she remained until 2013 as Executive Director. In Morgan Stanley, she advised on several transactions, including M&A, equity and debt transactions. Between 2013 and 2015, she has been a partner of Space Holding, launching and placing on the Italian Stock Exchange the Special Purpose Acquisition Vehicles Space SpA and Space 2 SpA, who have completed their business combinations merging with Fila, Avio and Aquafil. She graduated in Electronic Engineering Magna cum Laude at Università degli Studi di Pavia.
MR MAMOUN JAMAI	CONNECT S.P.A.	Mamoun Jamai serves is a "Senior Portfolio Manager" of the Infrastructure Division at the Abu Dhabi Investment Authority ("ADIA"). Mr. Jamai is responsible within the Infrastructure Division for developing and implementing investment strategy for Digital Infrastructure. Previously, he was responsible for European origination and coverage across infrastructure sectors. In addition to his responsibilities at ADIA, Mr. Jamai is a Chairman of ConnecT S.p.A and Director of Anglian Water Group and Tank & Rast. Prior to joining ADIA in 2008, he served as a member of the Industrials team at Bank of America. Mamoun Jamai is a Certified Financial Analyst (CFA) and holds a Master's degree in Finance from HEC Paris.

Total number of proprietary directors	4
% of board total	33.33

Remarks

INDEPENDENT EXTERNAL DIRECTORS

Name of the director	Profile
MS MARIA LUISA GUIJARRO PIÑAL	María Luisa Guijarro has worked most of her career in the Telefónica group, from 1996 until 2016, where she held positions including Global Marketing and Sponsorship Manager, CEO of Terra España, Director of Marketing and Business Development in Spain and, in her later years at the company, member of the Executive Committee in Spain as head of Strategy and Quality. She has a degree in Economics from the Universidad Autónoma de Madrid.
MR GIAMPAOLO ZAMBELETTI ROSSI	He has spent much of his professional career in the chemicals/pharmaceuticals and telecoms sectors. Currently holds the position Vice-President of Unidad Editorial, S.A. He was previously Founder and Managing Director of Zambeletti España, President and CEO of Zambeletti Group, President of Italgas SpA, President and Managing Director of Ellem Industria Farmaceutica SpA. He served as Vice President of the pharma labs association, Farmindustria. In 2001 he has been appointed Group Senior Vice President International Affairs of Telecom Italia. He has furthermore been a member of the Board of Directors of Telecom Italia International (Netherlands), Auna, S.A. (Spain), Avea (Turkey), Oger Telecom (Dubai), Ojer Telekomunikasyon (Turkey) and Telekom Austria. Giampaolo Zambeletti holds a degree in Chemistry from the Università degli Studi di Pavia, is an international trustee of the Friends of the Prado Museum Foundation in Madrid, and received the Isabel la Católica Award from King Felipe VI in 2015.

MS MARIETA DEL RIVERO BERMEJO	Marieta del Rivero has 25 years of experience in leadership roles in the world of information and communications technology, mobility and the digital services industry and is one of the most prominent profiles in the sector in Spain. She has extensive experience and a proven track record ranging from key consumers to manufacturers and suppliers of hardware, to telecom operators and software industry. Her career and executive responsibilities have included working as Global CMO at Telefónica, CEO at Nokia Iberia and marketing director at Amena and at Xfera Móviles. She was Senior Advisor at Ericsson and President of the International Women's Forum. She is currently Partner at Seeliger & Conde and a Board member of Gestamp Automoción S.A. In addition, she is a member of the advisory boards of the Mutual Society of Lawyers and of the "Made in Mobile" technology incubator and a member of the Board of the Spanish Directors Association (AED). She is also Vicepresident of the International Women's Forum Spain and member the Women Corporate Directors Foundation in Spain. Marieta del Rivero is a graduate of Economics and Business Sciences from the Autonomous University of Madrid (UAM), AMP awarded by the IESE, and EP awarded by the Singularity University California.
MR PIERRE BLAYAU	He is currently holding the position of president of CCR (Caisse Centrale de Reassurance), member of the strategic committee of SECP (Canal+ Group), Censor of FIMALAC, Senior Advisor of Bain & Company and Chairman of Harbour Conseils. He was previously Chief Executive Officer of Pont à Mousson, PPR, Moulinex, Geodis, and Executive Director of SNCF. He has also served as Executive Director of La Redoute, as a member of the Board of Directors of FNAC, and Independent Director of Crédit Lyonnais and President of the Board of Directors of Areva. Pierre Blayau is a Public Finance Inspector of the French Ministry of Finance, and graduated from the École Nationale d'Administration de Paris and the École Normale Supérieure de Saint-Cloud.
MR LEONARD PETER SHORE	Leonard Peter Shore has extensive experience in the telecommunications and tech sector. He held the position of Chairman of Arqiva in the UK

	from 2007-2014. He has also been Chairman of Uecomm, Lonely Planet Publications, the Hostworks Group and Airwave. Shore was Group Managing Director at Telstra in Australia, CEO of MyPrice (Aust/NZ) and Managing Director of Media/Communications/Partners. He has served as a Director of Objectif Telecomunications Limited, Foxtel, SMS Management and Technology and OnAustralia. He was furthermore a member of the Advisory Board of Siemens Australia. He also served as member of the Corporate Board of the National Society for the Prevention of Cruelty to Children and Board of the Australia-United Kingdom Chamber of Commerce. Leonard Peter Shore holds a degree in Applied Mathematics and Computing Science from the University of Adelaide.
MR BERTRAND BOUDEWIJN KAN	He has extensive professional experience in investment banking and focused on the telecoms, media and technology sector in particular. He spent most of his career at Morgan Stanley where he became a Managing Director and Head of the European Telecoms Group. Subsequently he moved to Lehman Brothers where he was Co-Head of the Global Telecoms Team and was a member of the European Operating Committee. In 2008 he became Head of the Global Telecoms, Media and Technology Group at Nomura and served on the Investment Banking Global Executive Committee. Among other responsibilities, he is currently a chairman of the Advisory Board of Wadhwani Asset Management and of the Supervisory Board of UWC Netherlands. Bertrand Kan graduated with B.Sc. and an M.Sc. degree in Economics from the London School of Economics.
MS ANNE BOUVEROT	Anne Bouverot is currently Chairperson of the Board of Technicolor, as well as Senior Advisor of TowerBrook Capital Partners and Board Director at Capgemini and Edenred. She is also Chairperson of Foundation Abeona, whose motto is “Data Science for Fairness and Equality”, working on social impact of AI and digital technology. Previously she was CEO of Morpho, a biometrics and cybersecurity company (between 2015 and 2017) and general director of the GSMA (between 2011 and 2015). She also held several international management positions in companies in the telecommunications sector such as France Telecom / Orange (Executive Vice President of Mobile Services from 2009 to 2011), Global One Communications, Equant and Telmex. Anne Bouverot has a degree in Mathematics and a PhD in Artificial Intelligence from the École Normale Supérieure in Paris, and a degree in

	Engineering from Telecom Paris.

Total number of independent directors	7
% of board total	58.33

Remarks

State whether any director classified as independent receives any amount or benefit from the company, or its group of companies, for any reason other than remuneration for being a director; or whether the director has or has had, over the past year, a business relationship with the company or any company pertaining to the same group, whether on his/her own behalf or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If appropriate, include a statement from the board on the reasons for which it considers that the director concerned may carry out his/her duties as an independent director.

Name of the director	**Description of the relationship**	**Reasoned statement**

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why they cannot be considered proprietary or independent directors and their association with either the company, executives or shareholders:

Name of director	Reason	Related company, executive or shareholder	Profile

Total number of other external directors	N.A.
% of board total	N.A.

Remarks

Please specify any change, if any, in each director's category during the year:

Name of director	Date of change	Previous category	Current category
No information.			

Remarks

C.1.4 Complete the following table with details of the number of female directors at the end of each of the past four years, as well as the category of those directors:

	Number of female directors				% of total directors in each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive directors					0.00	0.00	0.00	0.00
Proprietary directors	1	1			25.00	25.00	0.00	0.00
Independent directors	3	3	1		42.8	42.8	20.00	0.00
Other external directors					0.00	0.00	0.00	0.00
Total:	4	4	1		33.33	33.33	20.00	0.00

Remarks

C.1.5 State whether the company has diversity policies relating to its board of directors on matters such as age, gender, disabilities or training and professional experience. In accordance with the definition set out in the Spanish Audit Act, small and medium-sized companies must at least report the policy they have in place on gender diversity.

Yes ☒ No ☐ Partial policies ☐

If so, describe these diversity policies, their objectives, the measures implemented and the manner in which they have been applied, as well as the results obtained during the year. Also indicate the specific measures adopted by the board of directors and the appointments and remuneration committee to obtain a balanced and diverse group of directors.

In the event that the company does not apply a diversity policy, explain why not.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained.
On 18 February 2016, Cellnex Telecom's Board of Directors approved the Director Selection and Appointment Policy, the aims of which are to ensure the Board of Directors has a suitable composition. When selecting members, the following aspects must be taken into account, among others: the Company's share structure; the members' diversity of knowledge, professional experience, nationality and gender; whether candidates will be able to dedicate the time required to fulfil their position; their possible specialisation in specific areas of special relevance (finance, legal matters, telecommunications, etc.); the absence of conflicts of interest (real or potential); and their personal commitment to defending the Company's interests. 1.- Scope of application. This policy applies to the selection of Board members that are natural persons. In the case of Board members that are legal persons, the provisions of this Policy shall apply to the natural persons that represent them. 2.- Selection process. Pursuant to the provisions of the Spanish Limited Liability Companies Act, as regards proposing the appointment or reappointment of members of the Board of Directors, the Appointments and Remuneration Committee shall be responsible in the case of independent Board members, while the Board of Directors itself shall be responsible in all other cases. Proposals for appointment or reappointment must be presented together with a report from the Board justifying the choice by means of an assessment of the proposed candidate's competence, experience and merits. Furthermore, proposals for the appointment or reappointment of non-independent Board members should be preceded by a report from the Appointments and Remuneration Committee.

The selection of Board member candidates shall be based on a prior analysis of the needs of the Company, performed by the Board of Directors with the advice and report from the Appointments and Remuneration Committee. The aim is to integrate different professional and management experiences and skills and to promote the diversity of knowledge, experience and gender, while bearing in mind the weight of the different activities undertaken by Cellnex and considering those specific areas or sectors that need to be strengthened.

Any Board member may ask the Appointments and Remuneration Committee to consider the merits of potential candidates to cover vacant positions on the Board.

3.- Conditions to be met by candidates.

Candidates for the position of Board member of the Company must be honourable and ideal persons of recognised solvency, with the competence, experience, qualifications, training, availability and commitment required for the position.

They must be trustworthy professionals whose conduct and professional career are aligned with the principles set down in the Cellnex Code of Ethics and with the mission, vision and values of the Cellnex Group.

When considering candidates, the Appointments and Remuneration Committee shall assess the following aspects, bearing in mind the needs of the Board of Directors:

1. The candidate’s technical and professional competencies.
2. The candidate’s management experience, bearing in mind the context in which Cellnex operates.
3. The commitment needed to hold the position, evaluating the positions already held by the candidate at other companies.
4. The potential existence of conflicts of interest.
5. The significance of any direct or indirect commercial, financial or professional relationships that exist or have recently existed between the candidate and the Company or other Group companies.
6. Any future proceedings that may have a detrimental effect on the candidate’s responsibility or reputation.

4.- Disqualifications for being a candidate for the position of Board member.

Persons affected by any of the causes of incompatibility, incapacity or prohibition to holding the position of Board member set down by law or contained in the Company’s internal regulations may not be considered as candidates for the position of Board member.

5.- Help from External advisors.

When selecting candidates for the Board of Directors, the Appointments and Remuneration Committee may hire the services of external advisors specialising in searching for and selecting candidates in order to make the process more efficient and effective.

When analysing the candidacies, the advisor must assess the requirements set

out in section 3 of this Policy. 6.- Special reference to gender diversity. In all cases, any type of implicit bias in the candidate selection process that may imply any kind of discrimination shall be avoided. This Policy for the Selection of Board member candidates shall promote a balanced presence of men and women on the Board of Directors. Said Policy must ensure that, as soon as possible and at the latest by the end of 2020, the least-represented gender shall make up at least thirty percent of the total number of members of the Board of Directors. 7.- Verification of compliance with this Policy. On an annual basis, the Appointments and Remuneration Committee shall check compliance with this Board member Selection Policy and report its conclusions to the Board of Directors. Specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to obtain a balanced and diverse group of directors.

C.1.6 Explain any measures that have been adopted by the Appointments Committee so that selection procedures do not give rise to implicit barriers to the selection of female Directors, and so that the Company deliberately seeks and includes female candidates that meet the required professional profile, in order to obtain a balance between men and women.

Explanation of the measures
During 2019 the only changes in the Board's composition related to proprietary directors so there was no selection process run by the Company in which the NRC could adopt any relevant measures. In any event, please note that the Board of Directors currently has a percentage of women higher than the one established by the Unified Good Governance Code.

When despite any measures that have been adopted there are few or no female directors, please explain the reasons:

Explanation of the reasons
n/a

C.1.7 Please explain the conclusions of the appointments committee as regards verification of compliance with the director selection policy. In particular, how that policy is promoting the objective of female directors representing at least 30% of all members of the board of directors by 2020.

The Board restructuring carried out in 2018, which included the increase of the number of members, resulted in more than 30% of the Board being female board members.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than 3% of share capital:

Name of shareholder	Reason

Indicate whether any formal requests for a place on the board from shareholders with an interest equal to or greater than that of other shareholders whose request for the appointment of proprietary directors has been met have been rejected. If so, explain why such requests were rejected:

Yes ☐ No ☒

Name of shareholder	Explanation

C.1.9 Indicate, if any, powers-of-attorney and authority delegated by the board of directors to directors or board committees:

Name of the director	Brief description
TOBÍAS MARTINEZ GIMENO	CEO who has been delegated all the powers of representation and management and power to sell assets that can be delegated by law or pursuant to the Company's Articles of Association.

C.1.10 Please identify any board members who hold positions as administrators, representatives of administrators or executives in companies in the listed company's group:

Name of director	Name of the group company	Position	Does he/she have executive duties?
No information.			

Remarks

C.1.11 Name any company directors or representatives of directors who are members of the board of directors or representatives of directors of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of director	Name of the listed company	Position

MR CARLO BERTAZZO	ATLANTIA S.p.A.	DIRECTOR
MS ELISABETTA DE BERNARDI DI VALSERRA	GETLINK SE	DIRECTOR
MS ANNE BOUVEROT	CAPGEMINI	DIRECTOR
MS ANNE BOUVEROT	EDENRED	DIRECTOR
MS ANNE BOUVEROT	TECHNICOLOR	CHAIRPERSON
MS MARIETA DEL RIVERO BERMEJO	GESTAMP AUTOMOCION	DIRECTOR

Remarks

C.1.12 Indicate and, if appropriate, explain whether the company has established rules on the maximum number of boards on which its directors may sit, identifying where this is regulated:

Yes ☒ No ☐

Explanation of the rules and identification of the regulating document
On 28 June 2018, Cellnex Telecom, S.A.'s Board of Directors voted to amend the Board of Directors Regulations. Among others, the second paragraph of article 26 that read: "The directors must show proper dedication and will adopt the measures required for the sound management and control of the Company in the performance of their duties." was expanded by adding the following wording: "For this purpose, the directors of the Company may not sit on more than four boards of other listed companies other than the Company. For purposes of this rule, all the boards of companies that are part of the same group will be counted as a single board and the following will not be counted: (i) boards of holding companies or companies that may constitute vehicles or complements for the professional exercise of the director, his or her spouse or person with a similar sentimental relationship or their closest family members, (ii) boards on which the director sits as a proprietary director at the proposal of the Company or any company pertaining to its group, and (iii) the boards of companies whose purpose is complementary or accessory to another activity that, for the Company director may entail an activity related to leisure, assistance or aid to third parties or of any other kind that does not imply true dedication to a commercial business".

C.1.13 State the following amounts of the overall remuneration accrued to the board of directors:

Remuneration accrued during the year to the board of directors (thousands of euros)	6,830

Amount of pension rights accumulated by current directors (thousands of euros)	900
Amount of pension rights accumulated by former directors (thousands of euros)	

Remarks

C.1.14 Identify any members of senior management who are not executive directors and indicate the aggregate remuneration accrued to them during the year:

Name	Position
MR JOSÉ MANUEL AISA MANCHO	Corporate Director of Finance and M&A
MR ANTONI BRUNET MAURI	Director of Corporate and Public Affairs
MR LUIS DEULOFEU FUGUET	Deputy CEO
MR ALBERTO LOPEZ PRIOR	Director of Resources and Operations
MR DANIEL FERNÁNDEZ CAPO	Director of Service Management and Cellnex Ventures
MR JAVIER MARTÍ DE VESES ESTADES	General and Board Secretary
MR ALEXANDRE MESTRE MOLINS	General Director of Global Business

Total senior management remuneration (thousands of euros)	10,937

Remarks
The difference with the amount that appears in the annual accounts is due to the fact that in the Annual Report on Corporate Governance we also add the remuneration of the internal auditor.

C.1.15 Please specify whether the board of directors regulations were amended during the year:

Yes ☐ No ☒

Description of amendments

C.1.16 Please specify the procedures for the selection, appointment, re-election and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for the selection, appointment, re-election, evaluation and removal of directors are detailed in articles 18 to 21 of the Board of Directors Regulations. SEE EXPLANATORY NOTE ON SECTION C.1.16

C.1.17 Explain to what extent the Board's annual evaluation has given rise to significant changes with respect to its internal organisation and the procedures that are applicable to its activities:

Description of changes
As a result of an assessment carried out by an external advisor in 2017 and the Board's self-assessment in 2018, various changes were made during 2019 in the following areas: - Promotion of involvement in and participation in the Board and its committees. - Special evaluation of business and operational matters. - Senior management succession plan. - Assessment of the Corporate Social Responsibility risk map and actions.

Describe the evaluation process and assessed areas performed by the board of directors with the assistance, where applicable, of an external consultant, regarding the board's operations and composition, and those of its committees, as well as any other area or matter that has been evaluated.

Description of the evaluation process and assessed areas
At the end of 2019, the Board carried out a self-assessment of its performance by completing a questionnaire split into several blocks of questions: (i) Board composition; (ii) Board performance; (iii) Board chairman; (iv) Board secretary; (v) Board committees; (vi) performance of CEO and relationship with senior management; (vii) Board's alignment with and commitment to strategic objectives; (viii) individual contributions of members; and (ix) overall assessment of Board. All directors completed the questionnaire.

C.1.18 Provide detailed information, as applicable for any years in which the evaluation has involve the assistance of an external consultant, on business relations between the consultant or any of its group companies with the company or any other group company.

The assessment by an external advisor was carried out in 2017. There have not been any business relations with the advisor.

C.1.19 Please specify the situations in which board members are required to resign.

1. Directors shall resign from their posts when they have completed the period for which they were appointed and when decided by the General Meeting under the powers legally or statutorily vested therein.
2. Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:

   a) When they cease to hold the executive positions with which their appointment as Director was associated. Independent directors: when they complete twelve (12) years in the position;

   b) When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law;

   c) When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;

   d) When their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed cease to exist. The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.
3. Executive directors must tender their resignation to the Board once they have reached the age of 70, and the Board must decide whether they may continue to perform their executive or delegated functions or remain simply as a director.
4. Whenever, due to resignation or any other reason, directors leave their position before the completion of their mandate, an explanation must be given of the reasons for this decision in a letter addressed to all members of the Board of Directors. Without prejudice to the timely communication of the cessation as a material event, the Board will give account of the cessation in the Annual Corporate Governance Report.
5. The Board of Directors may only propose the cessation of an independent director before the end of the statutory period when there is just cause, as appreciated by the Board following a report by the Appointments and Remuneration Committee. In particular, just cause will be deemed to exist when the director goes on to hold new offices or undertakes new duties that prevent him or her from devoting the necessary time to the tasks inherent in the role of director, fails to perform the duties inherent to his or her office or is involved in any of the circumstances that might cause him or her to lose his or her status of independent director, in accordance with the provisions of the applicable legislation. Said removal from a post may also be proposed as a result of a public tender offer, merger, or other similar

operation implying a change in the share structure of the Company, provided that such changes in the structure of the Board of Directors are required by virtue of the proportionate representation criteria.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

Yes ☐ No ☒

If so, please describe the differences.

Description of differences

C.1.21 Explain whether or not there are any specific requirements, other than those established for directors, to be appointed chairman of the board of directors:

Yes ☐ No ☒

Description of the requirements

C.1.22 Indicate whether the articles of association or board regulations establish an age limit for directors:

Yes ☒ No ☐

	Age limit
Chairperson	n/a
CEO	70
Director	n/a

Remarks

C.1.23 Please specify whether the articles of association or the board regulations establish any limits on term of office or other stricter requirements in addition to those established by law for independent directors:

Yes ☐ No ☒

Additional requirements and/or maximum number of terms of office	

C.1.24 Indicate whether the articles of association or the board of directors' Regulations establish specific rules for delegating votes within the board of directors to other directors, the manner in which it is done and, in particular, the maximum number of delegations that a director may make, as well as whether there is any limitation to the categories of director who can be delegated votes other than those stipulated by law. Briefly provide details of any such rules.

Article 23.a of the Articles of Association state that any director may confer representation to another director in writing, by fax, email or any other similar method. Non-executive directors may only confer representation to another non-executive director.

C.1.25 Please specify the number of meetings held by the board of directors during the year. Also indicate how many times the board met without the chairman in attendance. Attendance is deemed to include any proxies made with specific instructions.

Number of board meetings	17
Number of board meetings without the chairman present	1

Remarks

Indicate the number of meetings held by the lead director with other directors that were not attended by any executive directors in person or by proxy:

Number of meetings	0

Remarks

Indicate the number of meetings held during the year by the various board committees:

Number of meetings held by the executive committee	

Number of meetings held by the audit committee	10
Number of meetings held by the appointments and remuneration committee	8
Number of meetings held by the appointments committee	
Number of meetings held by the remuneration committee	
Number of meetings held by the __________ committee	

Remarks

C.1.26 Please specify the number of meetings held by the board of directors during the year and information regarding the attendance of its members.

Number of meetings at which at least 80% of the directors were physically present	16
% attendance of total votes during the year	94.60
Number of meetings at which all directors were physically present or represented by proxies with specific instructions	11
Votes issued when physically present and represented by proxies with specific instructions, as a percentage of the total votes cast during the year	94.60

Remarks

C.1.27 Please specify whether the annual individual and consolidated annual accounts are certified before being presented to the board for approval:

Yes ☒ No ☐

If appropriate, name the person(s) certifying the company’s individual and consolidated annual accounts before they are approved by the board:

Name	**Position**
MR. JOSÉ MANUEL AISA MANCHO	Corporate Director of Finance and M&A
MR. TOBIAS MARTINEZ GIMENO	CEO

Remarks

C.1.28 Explain the mechanisms, if any, established by the board to avoid a qualified audit report on the individual and consolidated annual accounts from being presented to shareholders at a general meeting.

In accordance with article 39.3 of the Board of Directors Regulations, the Board shall strive to prepare the annual accounts in such a way that avoids the auditor including any qualifications it the audit report. However, when the Board considers it should apply its own criteria, it shall explain publicly the content and scope of any discrepancies. Additionally, among others, the Audit and Control Committee shall supervise the process of preparing and presenting the statutory financial information as well as the completeness thereof. The Audit and Control Committee holds regular meetings with the Company's external auditors to avoid discrepancies in the criteria to be followed in preparing the annual accounts.

C.1.29 Is the Secretary of the Board a Director?

Yes ☐ No ☒

If the secretary is not a director, complete the following table:

Name of the secretary	Representative
MR JAVIER MARTI DE VESES ESTADES	

Remarks
Mr Javier Martí de Veses was Secretary non-member of the Board until 31/12/2019 (including). As from 31/12/2019 Mr Jaime Velázquez Vioque is the Secretary non-member of the Board.

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of external auditors and any mechanisms to maintain the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

One of the duties of the Audit and Control Committee (article 15.b of the Board of Directors Regulations) is to put before the Board of Directors, so that it may submit them to the General Shareholder's Meeting, in accordance with the regulations in force from time to time: (i) any proposals for the selection, appointment, re-election or replacement of the external auditor or auditing firm,

(ii) the terms of engagement, (iii) the scope of their professional mandate and, as the case may be, (iv) any revocation or non-renewal, (v) garnering from the auditor information on the audit plan and progress implementing it, and (vi) preserving its independence in the exercise of its duties.

Another function (article 15.d of the same Regulations), is to establish the appropriate relations with external auditors or auditing firms in order to receive information on issues that may jeopardise the independence of the same, to be studied by the Committee, and any other information relative to the auditing of the accounts, as well as any other notifications envisaged in legislation and regulations concerning the auditing of accounts. In all cases, the Committee must receive on an annual basis from the external auditors or external auditing companies written confirmation of their independence from the Company or any organisations directly or indirectly related thereto, in addition to information regarding any additional services of any kind provided to said organisations and the corresponding fees received therefrom by the external auditors or external auditing companies, or by persons or organisations related thereto in accordance with the provisions established in the legislation applicable to the auditing of accounts.

Additionally, another function of the Audit and Control Committee (article 15.e of the Board of Directors Regulations) is to issue annually, prior to the issuance of the audit report on the annual accounts, a report which shall express an opinion on the independence of the auditors or audit companies. This report must contain, in all cases, an evaluation of the provision of the additional services referred to in the previous paragraph, considered individually and as a whole, other than the legal audit, and in connection with their independent status or with the governing regulations of the audit.

In accordance with legal requirements, the fees paid to the Company's external auditor for all audit and non-audit services rendered are disclosed in the notes to the Company's annual accounts.

The Company's governing bodies pay particular attention to ensuring the independence of financial analysts, investment banks and rating agencies.

C.1.31 Please specify whether the company changed its external auditor during the year. If so, name the outgoing and incoming auditor:

Yes ☐ No ☒

Outgoing auditor	Incoming auditor

Remarks

If the company had any disagreements with the outgoing auditor, indicate their nature:

Yes ☐ No ☒

Explanation of disagreements

C.1.32 State whether or not the audit firm does any work for the company and/or its group other than standard audit work and, if so, indicate the amount of the fees received for such work and the percentage these represent of the total fees invoiced to the company and/or its group:

Yes ☒ No ☐

	Company	Group companies	Total
Amount of work other than standard audit work (thousands of euros)	1,734	32	1,766
Fees for work other than standard audit/Fees for audit work (%)	628	2.6	117

Remarks

C.1.33 Please specify whether the audit report on the annual accounts for the preceding year contains a disclaimer of opinion or qualifications. If so, indicate the reasons given to shareholders by the chair of the audit committee for the content and scope of those qualifications or disclaimer.

Yes ☐ No ☒

Explanation of the reasons

C.1.34 Please provide details on the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts. In addition, indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	7	7

	Individual	Consolidated
Number of years audited by the current audit firm/Number of years that the company or its group has been audited (%)	100%	100%

Remarks

C.1.35 Indicate, providing details as necessary, if there is an established procedure for directors to obtain any information they may need to prepare for meetings of the governing bodies sufficiently in advance:

Yes ☒ No ☐

Procedure details
Pursuant to section 22 of the Board of Directors Regulation, the agenda of Board meetings will clearly indicate any points regarding which the Board of Directors must adopt a decision or resolution so that the directors may examine or gather, in advance, the information required for the adoption thereof. All information referring to the proposals to be presented to directors will be available to them at least forty-eight (48) hours in advance. The information sent to directors during the financial year 2019 was generally circulated one week in advance of the meetings.

C.1.36 Indicate, providing details if appropriate, if the company has established rules requiring directors to report and, if necessary, resign in any cases that could be detrimental to the company's reputation:

Yes ☒ No ☐

Explain the rules
Article 21 of the Board of Directors Regulations provides that directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases: - When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law; - When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;

- When their continued presence on the Board may jeopardise the Company's interests; or - When the reasons for which they were appointed cease to exist. The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.

C.1.37 Indicate whether the company has been notified by a board member that he/she has been charged with, or is being tried for, any of the crimes stipulated in article 213 of the Spanish Limited Liability Companies Act:

Yes ☐ No ☒

Name of the director	Crime	Remarks

Indicate whether or not the board of directors has analysed the case. If the answer is yes, provide a detailed explanation of the decision taken on whether or not the director shall continue in the post or, where applicable, explain the action taken by the board of directors prior to the date of this report or any that it plans to take.

Yes ☐ No ☐

Decision adopted/action taken	Reasoned explanation

C.1.38 Provide details of any significant resolutions adopted by the company coming into force or modified or concluded in the event of a change in control of the company due to a takeover, and its effects.

Debentures and other loans The terms and conditions of the bonds include a change of control clause (as requested by bondholders) which, if evoked, would require the bonds to be redeemed early. For bonds issued as part of the EMTN Programme, the put option can only be triggered if there is a change of control event and the bonds' credit rating is downgraded due to said change of control (as defined in the terms and conditions of the EMTN Programme). For the convertible bonds, the put option can only be exercised if there is a change of control or an event that triggers the offering (as defined in the terms and conditions of the EMTN Programme). In both clauses, a change of control event is defined as the acquisition of more than 50% of the voting rights in the parent company or the right to appoint or remove all or a majority of the controlling company's board of directors. Loans and credit facilities

For the loans and credit facilities entered into by Cellnex, the change of control trigger is at Cellnex level and for the syndicated facilities agreement entered into by Swiss Towers, the change of control trigger is measured with respect to Cellnex Switzerland, Swiss Towers and Swiss Infra Services (as defined below). A "change of control event" is generally triggered when a third party, alone or together with others, acquires either 50% of shares with voting rights, or obtains the right to appoint or dismiss the majority of the members of the board of directors of the relevant company. <u>Infrastructure procurements</u> With regards to purchases of the Group's infrastructure by mobile telephone operators, the agreements signed with the vendors include change of control clauses stipulating that if one of the vendor's competitors becomes the controlling shareholder of the company in question (where control is defined as the acquisition of more than 50% of the voting rights in the parent company or the right to appoint or remove all or a majority of the controlling company's board of directors), the vendor is entitled to repurchase the aforesaid infrastructure. This repurchase right may also be granted if one of the vendor's competitors acquires a significant part of the shares or obtains the voting or governance rights that could be exercised in such a way that is detrimental to the vendor's interests. The change of control provisions can be triggered in Cellnex Telecom and at group company level.

C.1.39 Please identify, individually when concerning directors and on an aggregate basis in all other cases, any agreements between the company and its administration and management or employees entitling said parties to compensation or including guarantee or gold parachute clauses upon their resignation or wrongful dismissal, or if the contractual relationship comes to an end due to a takeover or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	**Description of the agreement**
CEO and senior management	Directors have signed agreements with the Company that contain compensation clauses. In general terms, the compensation clause in these agreements provides for the payment of compensation to the executive in the event of unfair dismissal. Said compensation will be equal to the higher of the following amounts: a) compensation equivalent to one year's salary, taking into consideration the annual gross fixed remuneration in cash received at the time the employment relationship is terminated, as well as the annual gross variable remuneration received by the executive in the 12 months immediately before the

	effective cessation of their services; or b) the compensation established in current employment legislation. In the case of the CEO and other members of senior management, compensation will be equal to the higher of the following amounts: a) compensation equivalent to one year's salary, taking into consideration the annual gross fixed remuneration in cash received at the time the employment relationship is terminated, as well as the annual gross variable remuneration received by the executive in the 12 months immediately before the effective cessation of their services; or b) the compensation established in current employment legislation. In the case of the CEO and other members of senior management, the compensation clause in the contracts provides for the payment of compensation in favour of the executive in the event of (i) unfair dismissal or (ii) unilateral termination of the contract by the director due to serious breach by the Company of the obligations set out in the contract, a substantial change in their duties without consent, a change in control of the Company as specified in article 42 of the Code of Commerce and similar circumstances.

State whether these agreements have to be reported to and/or approved by the governing bodies of the company or its group, beyond what is required by law: If so, specify the procedures, foreseen cases and the nature of the bodies responsible for said reporting and/or approval:

	Board of directors	**General meeting**
Body authorising the clauses	X	

	Yes	**No**
Is the general meeting informed of the clauses?		X

Remarks
The Board approves the basic conditions applicable to senior management based on a report from the Appointments and Remuneration Committee.

C.2 Board committees

C.2.1 Please provide details on all board committees, their members and the proportion of executive, proprietary, independent, and other external Directors on the committee:

EXECUTIVE COMMITTEE

Name	Position	Category

% of executive directives	
% of proprietary directors	
% of independent directors	
% of other external directors	

Remarks

Explain the duties delegated or attributed to this committee, other than those already described in section C.1.10 and describe the procedures and rules governing its organisation and operation. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreements, have been fulfilled in practice.

AUDIT COMMITTEE

Name	Position	Category
MR LEONARD PETER SHORE	MEMBER	Independent
MR BERTRAND BOUDEWIJN KAN	CHAIRMAN	Independent
MS ELISABETTA DE BERNARDI DI VALSERRA	MEMBER	Proprietary
MS ANNE BOUVEROT	MEMBER	Independent

% of executive directives	0.00
% of proprietary directors	25.00

% of independent directors	75.00
% of other external directors	0.00

Remarks

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

SEE EXPLANATORY NOTE ON SECTION C.2.1

Identify the directors on the audit committee appointed based on his or her knowledge and experience in the areas of accounting, auditing, or both and state the date on which the chairperson of this committee was appointed.

Names of experienced directors	MR BERTRAND BOUDEWIJN KAN/MS ELISABETTA DE BERNARDI DI VALSERRA
Date the chairperson was appointed	16/02/2017

Remarks

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
MS MARIA LUISA GUIJARRO PIÑAL	MEMBER	Independent
MR GIAMPAOLO ZAMBELETTI ROSSI	CHAIRMAN	Independent
MS MARIETA DEL RIVERO BERMEJO	MEMBER	Independent
MR PIERRE BLAYAU	MEMBER	Independent
MR MAMOUN JAMAI	MEMBER	Proprietary

% of executive directives	0.00
% of proprietary directors	20.00
% of independent directors	80.00
% of other external directors	0.00

Remarks

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

SEE EXPLANATORY NOTE ON SECTION C.2.1

APPOINTMENTS COMMITTEE

Name	Position	Category

% of proprietary directors	
% of independent directors	
% of other external directors	

Remarks

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

REMUNERATION COMMITTEE

Name	Position	Category

% of proprietary directors	
% of independent directors	
% of other external directors	

Remarks

Explain the duties, including any additional to those required by law, attributed to this committee and describe the procedures and rules governing its organisation and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

________ COMMITTEE

Name	Position	Category

% of executive directives	
% of proprietary directors	
% of independent directors	
% of other external directors	

Remarks

Please explain the duties attributed to this committee and describe the procedures and rules for its organization and operation. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the articles of association or other corporate agreement, have been fulfilled in practice.

C.2.2 Please complete the following table with the information on the number of female directors on the Board Committees at the end of the last four years:

	Number of female directors			
	Year t **Number – %**	**Year t-1** **Number – %**	**Year t-2** **Number – %**	**Year t-3** **Number – %**
Executive committee				
Audit committee	2 – 50%	2 – 50%	0 – 0%	0 – 0%
Appointments and remuneration committee	2 – 40%	2 – 40%	1 – 25%	0 – 0%
Appointments committee				
Remuneration committee				
________ committee				

Remarks

C.2.3 Indicate the existence, if appropriate, of board committee regulations, where they are available for consultation, and any amendments made during the year. Also indicate whether an annual report on the activities of each committee has been drafted voluntarily.

The Board committees do not have their own regulations and their functioning is regulated by the Board of Directors Regulations, which are available on the Company's website.

Each of these committees has drawn up an activity report for 2019, which is available on the Company's website.

RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain any procedures and competent bodies for approving transactions with related parties or intragroup transactions.

Pursuant to article 4 of the Board of Directors Regulations, the Board will have the authority to approve, based on a report from the Audit and Control Committee, any operations between the Company and its directors, significant shareholders, shareholders with board representation or other persons related thereto, except when these fulfil the three following conditions:

1) They are carried out by virtue of contracts, the conditions of which are standardised and apply en masse to many customers.
2) They go through at market prices, generally set by the person supplying the goods or services.

3) Their amount is no more than 1% of the group's annual revenues. Furthermore, article 33 of the aforementioned regulations establishes that: The Board of Directors formally reserves the right to know about any important transaction by the Company with a significant shareholder. With regard to ordinary transactions, the general authorisation for the line of operations and their conditions of execution will suffice.

D.2 Please describe any transactions for significant amounts or relating to significant issues between the Company or group companies and the company's significant shareholders:

Name of the significant shareholder	Name of the company or group company	Nature of the relationship	Type of transaction	Amount (Thousand euro)
ConnecT	Cellnex Telecom, S.A.	Corporate	Dividends and other benefits distributed	7,959
Criteria Caixa, S.A.U.	Cellnex Telecom, S.A.	Corporate	Dividends and other benefits distributed	1,331
Canada Pension Plan Investment Board	Cellnex Telecom, S.A.	Corporate	Dividends and other benefits distributed	840
Wellington Management Group LLP	Cellnex Telecom, S.A.	Corporate	Dividends and other benefits distributed	1,229
Blackrock, Inc	Cellnex Telecom, S.A.	Corporate	Dividends and other benefits distributed	1,317

Remarks

D.3 Please describe any transactions for significant amounts or relating to significant issues between the company or group companies and the company's administrators or directors:

Name of administrators or directors	Name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)

Remarks
See Note 22.a) of the 2019 consolidated annual accounts.

D.4 Please describe any significant transactions carried out by the company with other companies belonging to the same group, to the extent that they are not eliminated for the purposes of preparing the company's consolidated financial statements and do not (in terms of their purpose and conditions) form part of the company's ordinary business activities.

In any event, any intragroup transactions carried out with companies established in countries or territories that are considered to be tax havens will be reported:

Name of the group company	Brief description of the transaction	Amount (thousands of euros)
n/a	n/a	n/a

Remarks
At 31 December 2019, the Group had no material balances payable to or receivable from associates of the Cellnex Group. It also performed no transactions for material amounts with associates in 2019.

D.5 Describe any significant transactions between the company or group companies and other related parties, if not reported in the preceding sections.

Name of the related party	Brief description of the transaction	Amount (thousands of euros)
Hispasat, S.A.	Leasing of capacity of certain satellite transponders	2
Atlantia	Agreement under which the Group can install certain assets to provide telecommunications infrastructure services on Italian motorways that are operated under concession by Atlantia until 2038	4

Remarks
In addition to the aforementioned contracts, no transactions for material amounts have been performed with related parties during the financial periods ended 31 December 2019.

D.6 Please describe the mechanisms established to detect, assess, and resolve potential conflicts of interests between the company and/or its group and its directors, executives or significant shareholders.

In accordance with the Board of Directors Regulations, directors and executives must report any conflicts of interest and abstain from participating or influencing the decision-making process on matters affected by the conflict. Directors (article 27.c of the Board of Directors Regulations) must abstain from participating in discussions and votes regarding resolutions or decisions in which they or a related person has a direct or indirect conflict of interest. Resolutions or decisions that affect their status as directors, such as their appointment to or removal from positions in the governing body or other similar decisions, shall be excluded from the aforementioned obligation to abstain.

Additionally, Directors (article 27.e of the same Regulations) must adopt the necessary measures to avoid situations in which their interests, whether on their own account or that of others, may conflict with the Company's interests and their duties towards the Company. The foregoing excludes cases in which the Company has provided its consent, pursuant to the terms set forth in article 230 of the Spanish Limited Liability Companies Act.

Directors (article 28 of the same Regulations) must advise the Board of Directors of any direct or indirect conflict that they or people related to them might have with the Company's interests. The director concerned will refrain from taking part in resolutions or decisions related to the operation to which the conflict refers. The votes of the directors affected by the conflict and who must abstain, will be deducted for the purposes of calculating the majority of votes needed. In particular, the duty to avoid conflicts of interest obliges directors to refrain from:

a) Carrying out transactions with the Company, except when these are ordinary operations, carried out under standard conditions for customers, and are of little importance; understood as those operations whose information is not required to convey a true and fair view of the Company's assets, financial position and results.
b) Using the Company's name or their status as director to unduly influence the conduct of private operations.
c) Using the Company's assets, including its confidential information, for private purposes.
d)Taking advantage of the Company's business opportunities.
e) Obtaining benefits or payments associated with the performance of their position from third parties other than the Company or its Group, unless they are acts of mere courtesy.
f) Carrying out activities, on their own account or for others, that cause them to be in effective competition, whether real or potential, with the Company or which, in any other way, cause a permanent conflict with the Company's interests.

In July 2016, Cellnex’s Board of Directors approved a new Internal Code of Conduct (ICC) adapted to the requirements of the European Market Abuse Regulation. With regard to conflicts of interest, the ICC establishes: Principles of action In any situation involving a “Conflict of Interest” (being a clash between the interests of the Company and the personal interests of the Affected Person), Affected Persons shall act in accordance with the following principles: (i) Independence. They must act at all times with loyalty to the Company, irrespective of their own interests or those of third parties. (ii) Abstention. They must refrain from intervening or influencing in the taking of decisions concerning matters affected by the conflict. (iii) Confidentiality. They shall refrain from accessing confidential information which may have a bearing on the aforesaid conflict. Notification of conflicts of interest Affected Persons shall notify the General Secretary's Office of any possible conflicts of interest to which they are subject by their family relationships, their personal holdings, their activities outside the Company, or on any other grounds. It shall be considered that there is no conflict of interests owing to family relationships when said relationship is beyond the fourth degree of consanguinity or the second degree of affinity. It shall be considered that there is a possible conflict of interests derived from personal holdings when said holdings arise in relation to a company in which the Affected Person holds a management post or has a significant stake (which is understood to mean a total stake, direct or indirect, in excess of twenty per cent of its total issued share capital). Affected Persons must ensure that the information is kept up to date, reporting any modification to or termination of previously communicated situations, as well as the emergence of any new possible conflicts of interest. Communications must be issued without delay once the current or possible situation of conflict of interest is recognised, prior to taking any decision which may be affected by the possible conflict of interest. Members of the Board of Directors In addition to the foregoing, the members of the Company's Board of Directors shall be subject to the provisions of the applicable corporate regulations and internal Company’s rules.

D.7 Is there more than one group company listed in Spain?

Yes ☐ No ☒

Identify other companies that are listed in Spain and its relationship with the company:

Identity and relationship with other listed companies in the group.

State whether or not the respective areas of activity and business relationships between them, as well as those between any other listed company and all other group companies, have been precisely disclosed publicly.

Yes ☐ No ☐

Define any business relationships between the parent company and the listed subsidiary, and between the latter and other group companies

Identify the mechanisms established to resolve any conflicts of interest between the listed company and other group companies:

Mechanisms to resolve possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's risk management and control system, including the tax area.

The Risk Management and Control System provides continuous, end-to-end management, consolidated by geographical area/subsidiary and support services at corporate level. It is currently in place at corporate headquarters and in Spain, France, the Netherlands, Italy, the United Kingdom and Switzerland. It is planned that the Risk Management and Control System will be rolled out at the subsidiary in the Republic of Ireland in 2020, since it recently joined the Group.

A risk management model is in place that has been approved and is overseen by the Audit and Control Committee. It is applicable to all business units and corporate units in every country where the Cellnex Group operates.

There are guidelines to identify risks that have been defined and approved by the Audit and Control Committee. Each area of the Company is responsible for identifying, assessing and monitoring inherent and residual risks and also for supervising and implementing control measures to mitigate such measures.

The risk map is approved and reviewed by the Audit and Control Committee which informs the Board of Directors, and it is also discussed with and implemented by the Management Committee.

E.2 Please identify the bodies of the company that are responsible for developing and implementing the risk management and control system, including the tax area.

The following bodies are responsible for defining, executing and monitoring the risk management system:

- *Board of Directors*: the highest body responsible for defining the risk control strategy and policy.
- *Audit and Control Committee*: designated as such by the Board of Directors, its role is to monitor the effectiveness of the risk management model and the information supplied to third parties regarding the system, making sure that the risk management system is able to identify, manage, prioritise, control, monitor and provide complete information on risks.
- *Risk Control*: is responsible for preparing and updating risk management policies, setting out mechanisms and methodologies to identify and assess risks, updating risk maps, implementing a system for monitoring and reporting to the most senior governing bodies, and reviewing the controls that mitigate the identified risks.
- *Management Committee*: is responsible for risk management involving implementation of the defined risk policies, approval of risk maps, assigning of responsibilities, implementation of control activities and action plans, and monitoring of existing risks within its jurisdiction.
- *Managers*: each area manager is responsible for identifying their risks and informing Risk Control in a timely fashion. Likewise, he or she is responsible for identifying and implementing control activities aimed at mitigating risks.

E.3 Indicate the primary risks, including tax risks and, if significant, those deriving from corruption (the latter being those defined in Royal Decree-Law 18/2017) that may affect achieving the Company's business objectives.

The main risks that may prevent the Company from achieving its objectives are: • Strategic: such as mergers between telecommunications operators, the emergence of new competitors, restrictions on growth in regulated markets. • Compliance: following changes in tax, legal or environmental law or being subject to litigation or other judicial processes, etc. • Financial: as a result of customers defaulting on payments, access to financing, fluctuations in share price. • Operating: derived from the integration and optimisation of acquisitions, increase in exposure of information systems, emergence of alternative technologies, capacity to attract and retain qualified personnel.

E.4 State whether the company has a risk tolerance threshold, including in the tax area.

Tolerance thresholds are defined in the risk assessment matrix. For the identified risks, each person responsible evaluates the possible impact of such risks should these occur, and classifies them as low, medium, high or critical depending on their economic impact, implications for the organisation and impact on reputation. Following this, the probability of each risk actually occurring is evaluated. The degrees of probability used are: unlikely, possible, probable and almost certain. Risks are prioritised based on their impact and probability.

E.5 State the risks, including those in the tax area, that have occurred during the year.

The most relevant risks occurring during the year are as follows: . Part of the Group's revenue comes from a small number of customers. The main customers in the segment providing infrastructure services for mobile telecommunications operations are telecommunications operators (primarily MNOs); the main customers in the broadcasting infrastructure segment are media organisations (TV channels and radio stations); and in the other network services segment, the main customers are: (i) a small number of local, regional and national public administrations, (ii) emergency and security organisations, (iii) companies operating in the public services sector, and (iv) certain telecommunications operators. The current process of consolidation in the telecommunications and broadcasting sectors could reduce the number of communications and broadcasting operators in the future, which could have a negative impact on the Group's core segments. . Access to finance to ensure sufficient funds are in place to fulfil future investment commitments and payment obligations. . Increase in competition to acquire assets and companies in relation to the Group's business expansion.

E.6 Explain the response and supervision plans for the company's main risks, including tax risk, as well as the procedures followed by the company to ensure that the board of directors responds to any new challenges that arise.

Response and supervision plans for the main risks are established in risk management model that is in place. The risks are assessed to determine their importance.

The risk maps and risks classed as a priority are reviewed by the Audit and Control Committee, which then reports to the Board of Directors. Any changes in non-priority risks are also reviewed in the same manner. All areas are also responsible for managing risks.

With a view to reducing exposure to risks such as: the risks of sharing infrastructure; regulatory changes; technological advances and the development of alternative, currently unused technologies; a heightening of competition, the Group implements a policy of selective growth, diversification and internationalisation, nurtures ties with public administrations to develop infrastructure, and forges ahead with an efficiency plan to streamline operational investments and expenses.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFRS)

Describe the mechanisms that make up the risk management and control systems in place in relation to the company's financial reporting system (ICFRS).

F.1 The company's control environment

Describe the following, providing details of their principal characteristics:

F.1.1 Which bodies and/or areas are responsible for: (i) the existence and maintenance of an adequate and effective ICFRS; (ii) its implementation and (iii) its supervision.

The Internal Control over Financial Reporting System (ICFRS) at Cellnex forms part of its general internal control system and consists of a set of processes which the Board of Directors, the Audit and Control Committee, management and staff implement to provide reasonable assurance as to the reliability of the financial information reported to the market.

Cellnex's ICFRS Organisation and Supervision Model (hereinafter, the "ICFRS Organisation Model") establishes that the Board of Directors is the highest authority responsible for supervising the internal reporting systems, as well as the Risk Management and Control Policy. In addition, the Company's Articles of Association and Board of Directors Regulations stipulate, inter alia, the following powers and responsibilities:

- Defining general company policies and strategies, as well as the Company's corporate governance policies.
- Preparing and approving the annual accounts and any other report or information required by law.
- Approving the financial information that, because of its status as a listed company, the Company must periodically publish.
  Drawing up the Risk Management and Control Policy, including tax risks, as well as supervising internal information and control systems.

- Supervising the correct functioning and actions of the delegated bodies, including the Audit and Control Committee and designated directors.

According to the Board of Directors Regulations (article 15), the Audit and Control Committee's basic responsibilities include:

- Supervising the preparation and filing of mandatory financial information, as well as the completeness thereof.
- Supervising the effectiveness and suitability of Cellnex's internal control and risk assessment procedures, and the monitoring and control measures required to avoid criminal offences and the risk management systems, including tax risks, and the systems in place to manage compliance with all applicable legislation.
- Discussing with the auditor any significant weaknesses of the internal control system detected during the auditing process.
- Overseeing internal auditing services, ensuring their independence and making sure that the recommendations and suggested corrective measures be considered by management.

Cellnex Internal Audit is in turn responsible for supervising the ICFRS under the powers bestowed on it by the Audit and Control Committee. The Corporate Development and Finance Division is responsible for its design, maintenance and implementation.

F.1.2 Do any of the following exist, especially with respect to the process of preparing financial information:

- Departments and/or mechanisms responsible for: (i) designing and revising the organisational structure; (ii) clearly defining lines of responsibility and authority, ensuring proper distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures in place for the proper dissemination thereof within the company.

The Cellnex Board of Directors assigns responsibility for designing and reviewing the organisational structure related to the preparation of financial information to the General Services and Organisation Division and to the Corporate Development and Finance Division. These divisions draw up guidelines on the organisational structure and distribution of responsibilities and the procedure to design, review, update and disseminate these guidelines. This process is documented in the form of organisational charts and process models and associated regulations which form part of Cellnex's catalogue of policies.

Cellnex has an internal organisational chart which covers all areas and which is basically divided by division (including those divisions involved in preparing, analysing and overseeing financial information). This organisational chart indicates responsibilities up to a certain management level and is supplemented by other more detailed organisational charts at departmental level.

Regarding the preparation of financial information, in addition to the detailed organisational charts and with the aim of assigning responsibilities, an ICFRS

Organisational Model has been developed by the Consolidation Department in the Corporate Development and Finance Division, which is submitted to the Audit and Control Committee for approval.

- Code of conduct, authorising body, degree of publication and reporting, principles and values included (identifying whether there is any specific mention of the registration of transactions and drafting of financial information), body tasked with assessing non-compliance and proposing corrective actions and sanctions.

Cellnex has a Code of Conduct (Code of Ethics) approved by the Ethics and Compliance Committee that comprises representatives from Internal Audit and Risk Control, the Legal Division, the Resources Department, the General Secretary's Office, and the Regulation Department. This code has been communicated to the employees and is available on the corporate intranet. Specific staff training on the code is being planned.

The main values and principles set out in the Code of Ethics are: integrity, honesty, transparency and good faith. The fundamental principles of the Code of Ethics include the commitment to offer financial information that provides a true and fair view of the economic and financial position in compliance with applicable generally accepted accounting principles and international financial reporting standards, and the responsibility of staff and management to ensure this is so, both by correctly carrying out their functions and by notifying the governing bodies of any circumstance which might affect this commitment.

The Ethics and Compliance Committee is responsible for analysing any breaches and proposing corrective actions and sanctions.

- Whistle-blowing channel through which financial and accounting irregularities can be reported to the audit committee, as well as for reporting potential breaches of the code of conduct and other irregular activities within the organisation. Please indicate whether this channel is confidential.

Cellnex has and promotes the use of channels through which potential breaches of the Code of Ethics and other irregular activities in the organisation can be reported, especially from a financial and accounting point of view. Any such reports are referred to the Ethics and Compliance Committee in all cases.

As stated in Cellnex's Ethics Channel Policy regulating the procedure, scope and response to any alleged breaches, such breaches can be reported using a form submitted by post or email. Confidentiality is protected at all times.

Any reports will be received, analysed and followed up by the Ethics and Compliance Committee, and this committee will periodically inform the Appointments and Remuneration Committee and the Audit and Control Committee. From time to time, the Ethics and Compliance Committee will inform the Appointments and Remuneration Committee and the Audit and Control Committee about the functioning of the Ethics Channel.

If reports have been received during the year, the Ethics and Compliance Committee will produce an annual report on the cases received, to facilitate the analysis of the functioning of the whistle-blowing channel.

- Regular training and refresher programmes for staff involved in preparing and reviewing financial information, as well as on assessing the ICFRS, covering at least accounting, auditing, internal control, and risk management rules.

Regarding training and refresher courses on the preparation and publication of financial information, Cellnex believes the continuous development and training of its staff and management is crucial. Cellnex also considers that complete and up-to-date training on accounting regulations, the rules for preparing financial information, the regulations on capital markets, taxation and internal control is necessary to ensure that the information reported to the market is reliable and in accordance with regulations.

In 2019, Cellnex provided training on the preparation and review of financial information based on the needs identified by the Corporate Management Control and Consolidation departments in relation to:

- New accounting, tax, capital markets and internal control regulations, adopted by the European Union and applicable to Cellnex.
- Changes in methodology for reporting to the regulator and/or to information systems.
- Individual initiative of team members.

Once the needs of these areas have been identified, appropriate training activities are designed and rolled out to cover annual training objectives on these matters.

In 2019, Cellnex provided training using external experts and internal training sessions for personnel involved in preparing and reviewing financial information. As in the previous year, in 2019 training primarily focused on those accounting, tax and financial matters which could have the greatest impact on the preparation of Cellnex's consolidated financial information, particularly changes to tax and accounting rules at both national and international levels and any developments during the year concerning EU-IFRS.

Cellnex has an e-learning platform where both technical training for specific work groups and more general training can be accessed on a voluntary and, in some cases, mandatory basis.

Moreover, specific training on systems was provided in 2019 regarding:

- SAP RE – IFRS 16 Module – Spain, Italy, France and Switzerland
- IFRS 16 posting process in SAP FI – Spain, Italy, France and Switzerland

In this regard, the Consolidation, Corporate Accounting Policy and Corporate Management Control departments have subscriptions to a number of publications and journals on accounting and financial matters and to the website of the International Accounting Standards Board which regularly sends new developments and other communications of interest which are analysed and disseminated to ensure they are taken into consideration when preparing Cellnex's financial reporting.

F.2 **Evaluation of financial reporting risk**

Report on at least the following:

F.2.1 What are the main characteristics of the risk identification process, including the risk of error or fraud, with respect to:

- Whether or not the process exists and is documented.

See Section F.2.1.5

- Whether the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), and whether it is updated, and with what frequency.

See Section F.2.1.5

- Whether the company has a process for identifying the perimeter of consolidation, taking into account, inter alia, the potential existence of complex corporate structures, holding companies or special purpose vehicles.

See Section F.2.1.5

- Whether the process considers the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) where they affect the financial statements.

See Section F.2.1.5

- Which governing body at the company supervises the process?

Cellnex has a Risk Management and Control Policy setting out the basic principles and general framework for controlling and managing all types of risks to which it is exposed. Cellnex identifies and updates the principle risks, putting adequate reporting and internal control systems in place and carrying out regular monitoring of these risks.

The ICFRS Internal Control and Risk Management Manual (hereafter Risk Management Manual) describes and formalises Cellnex's internal control and risk management model for the ICFRS and establishes mechanisms used to determine the risks in this area, the key business processes, and the practical and operational documentation for this internal control model.

This manual sets out what financial information needs to be included when preparing and issuing financial reporting, as well as the methodology for defining materiality. Furthermore, guidelines are established to determine whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), and whether it is updated and with what frequency.

Cellnex has identified the key business processes together with their inherent risks and has designed a Risk and Controls Matrix to identify the main risks. Control activities have then been designed to control such risks, which when adequately complied with, ensure complete and reliable financial information can be obtained.

The Consolidation Department is entrusted with identifying and documenting risks of error in the financial information; this process is supplemented by Internal Audit, which considers identified risks of error in relation to Cellnex's overall Risk Map (covering both financial and non-financial risks). The entire process is ultimately overseen by the Audit and Control Committee.

Cellnex's Audit and Control Committee is responsible for overseeing the risk control systems with the support of Internal Audit.

F.3 Control activities

Indicate whether or not the company has at least the following, describing the main characteristics where applicable:

F.3.1 Procedures for reviewing and authorising the financial information and description of the ICFRS to be disclosed to securities markets, stating who is responsible in each case as well as the documents and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Cellnex has a Regulated Information Reporting Manual, duly approved by the Audit and Control Committee, setting out the process for preparing and approving financial information and describing the ICFRS to be disclosed to securities markets and investors. This manual sets out the criteria to identify material public financial information, this being as follows:

- Regular reporting obligations (RRO) of issuers:
  - Quarterly financial report.
  - Half-year financial report.
  - Annual Financial Report and Annual Corporate Governance Report (ACGR).
- Annual Directors Remuneration Report (ADRR).
- Significant event disclosures.

Cellnex's Regulated Information Reporting Manual also details the departments involved in preparing, reviewing and authorising the financial information and their respective responsibilities from the accounting close to publication of material disclosures. In particular, there is a procedure for preparing and reviewing each set of regulated financial information to be published that requires completing questionnaires for the internal control of regulated information to provide reasonable assurance as to the reliability of the Company's financial statements.

Following the Regulated Information Reporting Manual and completing the specific internal control questionnaires is obligatory and subject to review by Cellnex's internal auditor.

Regarding documentation describing the activity flows and controls of the different transactions that can materially affect the financial statements, Cellnex has a ICFRS Organisational Model that structures the specific mechanisms set up to ensure there is an internal control environment in place to generate complete, reliable and appropriate financial information and to detect any irregularities and the manner through which these can be detected and remedied. Cellnex has the following procedures in place for those processes that are considered material and relevant given their potential impact on the financial information to be published:

- Accounts receivable and revenue recognition
- Fixed assets and investments
- Purchases and accounts payable
- Staff costs
- Judgements and estimates
- Accounting close, consolidation (definition of perimeter) and reporting
- Cash and borrowings
- Taxes

Individual and consolidated financial statements, six-monthly financial reports and the financial information in the quarterly interim statements of Cellnex are prepared and reviewed by the Corporate Development and Finance Division prior to submission to the Audit and Control Committee. This division follows the procedures defined in the Regulated Information Reporting Manual before submitting this information to Cellnex's Board of Directors for final approval.

Cellnex has descriptions of controls over activities and controls directly related to transactions that might have a material impact on the financial statements, to mitigate the risk of material error in the information reported to the markets. These descriptions are documented in the ICFRS Risk and Control Matrix and contain information on what the controls should consist of, the reason they are carried out, who should carry them out, how often, and other information on what information systems or what operations carried out by third parties are important for the effectiveness of the control operation in question. The controls cover areas such as revenue generation, investments and expenditure on concessions, acquisitions and subsequent valuation of other assets, analysis of the recoverability of investments, recording of taxation of profits or the correct presentation of financial instruments and of the financing operations of Cellnex.

Cellnex discloses in its consolidated financial statements any areas of uncertainty in relation to significant judgements and estimations that it deems to be relevant. Significant judgements, estimates, measurements and projections as well as the key assumptions used to calculate them, with a material impact on the consolidated financial statements, are specifically reviewed and approved by the Corporate Development and Finance Division and, where applicable, by the Managing Director. The most significant of these, such as the monitoring of asset values and hedging policies are reviewed by the Audit and Control Committee before being submitted for the Board's approval.

F.3.2 Internal control procedures and policies regarding information systems (including access security, change controls, their operation, operating continuity and segregation of duties) used to perform the company’s relevant processes with respect to the preparation and publication of financial information.

Cellnex uses information systems to keep adequate records and monitor its operations and, therefore, their proper operation is a key element and a priority for Cellnex.

The Systems Department in the Organisation and Efficiency Division, which reports directly to the Resources Division, is responsible for establishing the internal control over information systems model regarding access security, segregation of duties (in coordination with the business areas and support areas) and change control, as well as monitoring risks and controls derived from any outsourcing of such systems.

F.3.3 Internal control procedures and policies to supervise subcontractors, as well as the evaluation, calculation or measurement activities tasked to independent experts that could have a material effect on the financial statements.

Cellnex regularly uses reports by independent experts to value its financial instruments and employee benefit commitments and to value the assets and liabilities acquired under business combinations. In addition, Cellnex has outsourced to an external provider certain activities associated with accounting, payroll and the administration and maintenance of its corporate information systems.

Cellnex has guidelines on outsourcing and the outcomes thereof. These guidelines are detailed in the internal purchasing procedures.

The Corporate Development and Finance Division monitors the work of these experts to check:

- The competence, capacity, accreditation and independence of these experts.
- The validity of the data and methods used.
- The reasonableness of the assumptions used, if applicable.

Certain risk management and control mechanisms have been established with the supplier to ensure that financial information derived from such activities is complete and correct, these include: a management and monitoring committee for each outsourcing arrangement, service-level agreements, risk indicators, performance reports, IT security measures, external audits as well as contingency and continuity plans.

F.4 Information and communications

Indicate whether or not the company has at least the following, describing the main characteristics where applicable:

F.4.1 A specific function responsible for defining and updating accounting policies (accounting policy department or area) and for resolving doubts or conflicts deriving from their interpretation, maintaining fluid communication with the persons responsible for the organization’s operations, as well as an accounting policy manual that is up to date and issued to the units through which the company operates.

The responsibility for defining, maintaining and updating Cellnex accounting policies falls upon the Corporate Accounting Policy Department.

This department’s duties also include responding to accounting queries submitted by the various business units or other corporate areas of Cellnex.

Cellnex has an accounting policies manual – the Group Reporting and Accounting Principles Handbook (GRAPH) – for preparing financial statements under EU-IFRS, which is drawn up by the Corporate Accounting Policy Department and regularly updated by it (at least once a year) to include the rules applicable in each year. The auditing instructions sent by the external auditor to the auditors of the various group companies for the limited review or audit in each six-monthly and annual close respectively indicate that the auditors must adopt the accounting principles contained in the Cellnex GRAPH.

The subsidiaries are notified by email of any subsequent changes to these. The most recent update was in 2019 and, in any event, checks are performed to verify whether any new significant modifications have been made in the preceding quarter that might affect the preparation of consolidated annual financial information

F.4.2 Mechanisms for capturing and preparing financial information using standard formats that are applicable to and used by all company or group units when drawing up the main financial statements and notes thereto, as well as the information provided regarding the ICFRS.

Cellnex has various integrated platforms for booking transactions and for preparing consolidated financial information (SAP BCP consolidation and reporting). The completeness and reliability of such information systems are validated using the general controls stated in section F.3.2.

The Corporate Development and Finance Division is centrally responsible for preparing the regulated financial information and individual financial statements of Cellnex's companies in Spain, thus ensuring it is prepared on a consistent basis.

Six-monthly forms/Annual forms are received every six and 12 months containing all the information needed to prepare the Group's consolidated financial information (condensed interim financial statements and annual accounts).

These six-monthly and annual forms ensure uniformity of information insofar as:

- It is standard and uniform for all countries and businesses.
- It is prepared in accordance with Cellnex's accounting manual which is applicable to all group companies.
- It complies with all applicable legal, tax, commercial and regulatory requirements.

The information in the monthly reports and FORMS 2019 is inputted directly by the controllers.

In 2019, the project to roll out and migrate data to the new tool, Oracle Financial Consolidation and Close Cloud Service, was launched. This tool will be used to produce the Cellnex Group's consolidated financial statements. The main aim of the new tool is to standardise and maximise the interconnection with the current corporate management control tool, Oracle Planning and Budgeting Cloud Service (implemented in every country) to obtain one standardised reporting output that meets both departments' needs. It is planned that this migration will maximise synergies between areas (Planning & Control and Consolidation) in an interconnected financial information environment. The new tool will also offer additional benefits to the current system as it is cutting edge and incorporates the latest technological advances in financial reporting (narrative reporting, etc.). It is envisaged that this tool will be fully deployed at corporate level and across all countries during the first half of 2020.

F.5 **Monitoring functioning of the system**

Describe, indicating the main characteristics, at least the following:

F.5.1 The ICFRS supervision activities carried out by the audit committee, as well as whether or not the company has an internal audit area that supports the committee with its duty to supervise the internal control system, including the ICFRS. Also provide details of the scope of the ICFRS evaluation carried out during the year and the procedure through which the person responsible for executing the evaluation reports the results, whether or not the company has an action plan that covers the future corrective measures, and whether or not the impact on the financial information has been taken into consideration.

As in the prior year, the Audit and Compliance has carried out the following ICFRS-related activities in 2019:

- Monitoring of implementation levels and possible changes to Cellnex ICFRS models.
- Review of the information related to the ICFRS included in the Annual Corporate Governance Report.
- Review of the financial information Cellnex has reported to the markets.
- Periodic supervision and analysis of implementing the ICFRS, determining the degree of implementation and effectiveness of the system.
- Follow-up of the work performed by the Company's external auditors with the aim of understanding the weaknesses in internal controls which they have detected during their work as well as other relevant aspects or incidents concerning these controls.

The Audit and Control Committee has already approved the Internal Audit Plan for 2020, which includes the necessary actions to guarantee adequate supervision and evaluation of the plan throughout the year by regularly reporting the incidents detected and the necessary actions for improvement once discussed with the audited areas.

Cellnex has an Internal Audit function that reports to the Audit and Control Committee and – as stipulated in the Cellnex Board of Directors Regulations and specifically in the section on the powers assigned to the Audit and Control Committee – is primarily responsible for monitoring the effectiveness of the Company's internal controls and the internal auditing services, by verifying their suitability and integrity, and reviewing the appointment and replacement of internal audit officers, and supervising the monitoring and control measures necessary for preventing criminal offences, the risk management systems, including tax-related ones, and the legal compliance management systems. It is also tasked with discussing with the auditors any significant weaknesses in the internal control system detected while carrying out the audit.

In 2019, Internal Audit carried out several reviews of key business processes, and did not detect any significant weaknesses that could have a material impact on Cellnex's 2019 financial information. These reviews were duly reported to the Audit and Control Committee on a timely basis. Furthermore, it put corrective actions in place to resolve other future possible weaknesses.

Likewise, as stated in section F.7.1, the external auditor has issued a report on the procedures agreed regarding the ICFRS description drawn up by Cellnex, which has not highlighted any material issues.

F.5.2 Whether or not there are lines of communication through which the auditor (in accordance with the provisions of the Technical Audit Standards), the internal audit area and other experts can inform senior management and the audit committee or company directors of any significant internal control weaknesses identified during the review of the annual accounts or any others that may have been brought to their attention. Report if there is an action plan in place to correct or mitigate any weaknesses detected.

In general, the procedure for communicating any significant internal control weaknesses identified consists of regular meetings of the various parties involved. In this regard, the Internal Audit function informs the Corporate Development and Finance Division, on a regular basis, of its conclusions on internal control drawn during the reviews of the ICFRS and the internal audit of processes carried out during the year, along with the degree of completion of mitigation action plans.

Relations with external auditors, as described in article 39 of the Cellnex Board of Directors Regulations, are channelled through the Audit and Control Committee. To this effect and to fulfil its duty of supervising the external auditor's actions and receive memoranda on any potential internal controls weaknesses identified during the auditor's work, should there be any, the Audit and Control Committee will periodically meet with the external auditor. These meetings are recorded in the Audit and Control Committee's minutes and are monitored by Internal Audit.

In addition, Cellnex's external auditors have direct contact with the Corporate Development and Finance Division and hold regular meetings both to obtain the information needed to carry out their work and to communicate any weaknesses detected.

F.6 Other significant information

No additional aspects requiring disclosure have been identified.

F.7 External audit report

Please report on:

F.7.1 If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment.

Cellnex has submitted to the external auditor for review the ICFRS information submitted to the markets for 2019. The scope of the auditor's review procedures is consistent with the Spanish Institute of Certified Auditors Circular E14/2013 of 19 July 2013, which sets out the guidelines and a template for preparing the audit report in relation to the internal control over the financial reporting (ICFR) of listed companies.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. **The articles of association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**

Complies ☒ Explain☐

2. **When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**

a) The activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

3. **During the annual general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:**

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Complies ☒ Partially complies ☐Explain ☐

4. **The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.**

Complies ☒ Partially complies ☐Explain ☐

5. **The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation. When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.**

Complies ☒ Partially complies ☐Explain ☐

6. **Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:**

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committee.

c) Audit committee report on third-party transactions.

d) Report on corporate social responsibility policy.

Complies ☒ Partially complies ☐Explain ☐

7. **The company should broadcast its general meetings live on the corporate website.**

Complies ☒ Explain☐

8. **The audit committee should strive to ensure that the Board of Directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.**

Complies ☒ Partially complies ☐Explain ☐

9. **The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.**

   Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies ☒ Partially complies ☐Explain ☐

10. **When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:**

    a) Immediately circulate the supplementary items and new proposals.

    b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.

    c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

    d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

11. **In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.**

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

12. **The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.**

    In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies ☒ Partially complies ☐Explain ☐

13. **The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.**

Complies ☒ Explain☐

14. **The Board of Directors should approve a Director selection policy that:**

    a) Is concrete and verifiable;

    b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each Director.

The Director selection policy should pursue the goal of having at least 30% of total board places occupied by women Directors before the year 2020.

The nomination committee should run an annual check on compliance with the Director selection policy and set out its findings in the annual corporate governance report.

Complies ☒ Partially complies ☐Explain ☐

15. **Proprietary and independent Directors should constitute an ample majority on the Board of Directors, while the number of executive Directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.**

Complies ☒ Partially complies ☐Explain ☐

16. **The percentage of proprietary Directors out of all non-executive Directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.**

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies ☐ Explain ☒

This recommendation establishes that the ratio of proprietary directors to the total number of non-executive directors must be the same as the ratio of the share capital represented by the proprietary directors to total share capital. Currently, Cellnex's proprietary directors make up 36% of the non-executive directors while the shareholder they represent – Connect, S.p.A. – holds 29.9% of total share capital. Nevertheless, it should not be ignored that this recommendation establishes that this criterion may be relaxed in companies in which significant shareholdings are scarce. In Cellnex, apart from Connect S.p.A., there are only 6 significant shareholders (holding stakes of more than 3%) and, in addition, none of them has expressed an interest in serving on the Board.

17. **Independent Directors should be at least half of all Board members.**

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent Directors should occupy, at least, a third of Board places.

Complies ☒ Explain☐

18. **Companies should post the following Director particulars on their websites, and keep them permanently updated:**

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the Director class to which they belong, in the case of proprietary Directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Complies ☒ Partially complies ☐Explain ☐

19. **Following verification by the nomination committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.**

Complies ☐Partially complies ☐Explain ☐Nor applicable ☒

20. **Proprietary Directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary Directors, the latter's number should be reduced accordingly.**

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

21. **The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the Articles of Association, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when Directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.**

    The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.

Complies ☒ Explain☐

22. **Companies should establish rules obliging Directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.**

    The moment a Director is indicted or tried for any of the offences stated in company legislation, the Board of Directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies ☒ Partially complies ☐Explain ☐

23. **Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other Directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.**

    When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

    The terms of this Recommendation also apply to the Secretary of the Board, even if he or she is not a Director.

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

24. **Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.**

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

25. **The Nomination Committee should ensure that non-executive Directors have sufficient time available to discharge their responsibilities effectively.**

    The Board of Directors regulations should lay down the maximum number of company boards on which Directors can serve.

Complies ☒ Partially complies ☐Explain ☐

26. **The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.**

Complies ☒ Partially complies ☐Explain ☐

27. **Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, Directors should delegate their powers of representation with the appropriate instructions.**

Complies ☐ Partially complies ☒ Explain ☐

Article 26 of the Board of Directors Regulations states that directors must carry out and comply with obligations set out in the company articles of association and with due business diligence, keeping in mind the nature of the roles and the functions assigned to each of them. They also establish that directors must show due dedication and must adopt the necessary measures to ensure good management and control of the Company when carrying out their functions. Therefore absences are kept to the bare minimum and where they cannot be avoided, are reported in the Annual Corporate Governance Report. However, the Board of Directors Regulation does not impose an obligation on the Board of Directors to assign a proxy with instructions in the event of absence because this is not always possible as the proxy may not have been party to prior discussions and debates on the matters put before the Board.

28. **When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.**

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

29. **The company should provide suitable channels for Directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.**

Complies ☒ Partially complies ☐Explain ☐

30. **Regardless of the knowledge Directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.**

Complies ☒ Explain ☐Not applicable ☐

31. **The agendas of Board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.**

    For reasons of urgency, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly drawn up in the minutes, of the majority of directors present.

Complies ☒ Partially complies ☐Explain ☐

32. **Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.**

Complies ☒ Partially complies ☐Explain ☐

33. **The Chairman, as the person responsible for the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so dictate.**

Complies ☒ Partially complies ☐Explain ☐

34. **When a lead independent director has been appointed, the Articles of Association or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the Chairman or Deputy Chairmen; give voice to the concerns of non-executive directors; maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance; and coordinate the Chairman's succession plan.**

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

35. **The Board Secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.**

Complies ☒ Explain☐

36. **The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:**

    a) The quality and efficiency of the Board's operation.

    b) The performance and membership of its committees.

    c) The diversity of Board membership and competences.

    d) The performance of the Chairman of the Board of Directors and the company's Chief Executive.

    e) The performance and contribution of individual directors, with particular attention to the chairmen of Board committees.

    The evaluation of Board committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the Appointments Committee.

    Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointments Committee.

    Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the Annual Corporate Governance Report.

    The process followed and areas evaluated should be detailed in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐Explain ☐

37. **When an executive committee exists, its membership mix by Director class should resemble that of the Board. The Secretary of the Board should also act as Secretary to the Executive Committee.**

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

38. **The Board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all Board members should receive a copy of the committee's minutes.**

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

39. **All members of the audit committee, particularly its Chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent Directors.**

Complies ☒ Partially complies ☐Explain ☐

40. **Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's Non-Executive Chairman or the Chairman of the audit committee.**

Complies ☒ Partially complies ☐Explain ☐

41. **The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.**

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitoring the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies ☒ Partially complies ☐Explain ☐

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies ☒ Partially complies ☐Explain ☐

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

45. Control and risk management policy should specify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies ☒ Partially complies ☐Explain ☐

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the Audit Committee or some other dedicated Board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) **Participate actively in the preparation of risk strategies and in key decisions about their management.**

c) **Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.**

Complies ☒ Partially complies ☐Explain ☐

47. **Members of the Appointments and Remuneration Committee - or of the Appointment Committee and Remuneration Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to perform. The majority of their members should be independent Directors.**

Complies ☒ Partially complies ☐Explain ☐

48. **Large cap companies should operate separately constituted appointment and remuneration committees.**

Complies ☐Explain ☒ Not applicable ☐

For now it is not considered necessary to have an Appointments Committee and a separate Remuneration Committee, as the current Appointments and Remuneration Committee is qualified to analyse both aspects in a unified way. The possibility of dividing the current committee will be analysed depending on how the company evolves.

49. **The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.**

When there are vacancies on the Board, any Director may approach the nomination committee to propose candidates that it might consider suitable.

Complies ☒ Partially complies ☐Explain ☐

50. **The remuneration committee should operate independently and have the following functions in addition to those assigned by law:**

a) **Propose to the Board the standard conditions for senior officer contracts.**

b) **Monitor compliance with the remuneration policy set by the company.**

c) **Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the company.**

d) **Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.**

e) **Verify the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Statement.**

Complies ☒ Partially complies ☐Explain ☐

51. **The Remuneration Committee should consult with the Chairman and Chief Executive, especially on matters relating to executive Directors and senior officers.**

Complies ☒ Partially complies ☐Explain ☐

52. **The terms of reference of supervision and control committees should be set out in the Regulations of the Board, and aligned with those applicable to legally mandatory Board committees as specified in the preceding sets of recommendations. They should include at least the following terms:**

a) **Committees should be formed exclusively by non-executive Directors, with a majority of independents.**

b) **That their chairmen are independent directors.**

c) **The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's missions, discuss their proposal sand reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.**

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all Board members.

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one Board committee or split between several, which could be the Audit Committee, the Nomination Committee, the Corporate Social Responsibility Committee, where one exists, or a dedicated committee established ad hoc by the Board under its powers of self-organisation, with at the least the following functions:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.

f) Monitor and evaluate the company's interaction with its stakeholder groups.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies ☒ Partially complies ☐Explain ☐

54. The corporate social responsibility policy should state the principles or commitments that the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Specific practices in matters related to the following: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.

d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☒ Partially complies ☐Explain ☐

55. The company should report on corporate social responsibility developments in its Directors' report or in a separate document, using an internationally accepted methodology.

Complies ☒ Partially complies ☐Explain ☐

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive Directors.

Complies ☒ Explain☐

57. Variable remuneration linked to the company and the Director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive Directors.

The company may consider the share-based remuneration of non-executive Directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Complies ☒ Partially complies ☐Explain ☐

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor’s report.

Complies ☐Partially complies ☐Explain ☐Not applicable ☒

61. A major part of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Complies ☐ Partially complies ☐ Explain ☒ Not applicable ☐

The Company does not comply with this recommendation because it imposes certain restrictions, although these are not exactly the same as those stipulated in the recommendation. Specifically, the CEO is obliged to retain all the shares allocated to him under the long-term variable remuneration schemes (known as ILP 2017-2019 and the ILP 2018-2020) for at least two years from the date they are received. The Company believes two years is a sufficiently long period to garner the loyalty of key staff and also avoid merely speculative conduct involving the immediate sale of shares received. Further, during the latest approved rounds of the long-term variable remuneration scheme, the criterion was modified and instead of imposing a lock-in period for shares received, the CEO is now required to always hold a certain amount of shares; specifically, an amount with a value equivalent to a year of his basic salary for ILP 2017-2019 and two years of his basic salary for ILP 2020-2022.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Complies ☒Partially complies ☐Explain ☐Not applicable ☐

64. Termination payments should not exceed a fixed amount equivalent to two years of the Director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies ☐Partially complies ☐Explain ☒ Not applicable ☐

The Company does not fully comply with the recommendation because, although the indemnity payment the CEO is entitled to receive equates to two years of his annual remuneration, there is also a post-contractual non-compete agreement with the CEO providing him with monetary compensation for such a restriction equivalent to a year of his fixed remuneration. If the CEO breaches his non-compete obligation, he must return the sum received and pay an additional consideration equivalent to another year of his fixed remuneration.

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.
2. You may include in this section any other information, clarification or observation related to the above sections of this report that is relevant and not repeated.

   Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.
3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption. In particular, indicate whether the company adheres to the Code of Best Tax Practices of 20 July 2010.

Cellnex's participation in Sustainability Indices and initiatives

CDP (formerly Carbon Disclosure Projects)

Once again Cellnex tooks part in the Carbon Disclosure Project (CDP), one of the most highly recognised organisations for its work on climate change, which seeks to assess the quality of – and systems for reporting – the information provided by private companies or by the public sector in the sustainability and environment area.
This year Cellnex was rated the “A” score, the highest score allocated by the CDP. Only 12% of the more than 8,400 companies and organisations analysed worldwide – 178 in total – are part of the “A List”. Seven of the 90 Spanish companies analysed obtain the highest score allocated by the CDP.

Cellnex’s score has risen from ‘B’ to ‘A’ in recognition of its implementation of best practices in the fight against climate change in 2019, above all relating to Corporate Governance, the impact of its activity and financial planning, environmental risk management and the calculation and verification of emissions.

Furthermore, CDP has designated Cellnex Telecom as a global "Supplier Engagement Leader". Only 160 companies globally, barely 3% of a sample of more than 4,800, have this distinction. CDP recognises the company's strategy to reduce pollutant emissions and climate management throughout its supply chain.

United Nations Global Compact

In November 2015 Cellnex Telecom joined the United Nations Global Compact as an expression of its commitment to including the corporate social responsibility concept into its operational strategy and organisational culture. United Nations Global Compact is an international voluntary initiative that includes more than 8,000 companies and institutions across 135 countries. Under this agreement, Cellnex Telecom undertakes to promote and spread corporate sustainability policies and practices based on the 10 key principles promoted by the United Nations, focusing on the areas of human rights, labour standards, environment and combating corruption in business activities. Cellnex's commitment to the United Nations Global Compact is part of its Corporate Responsibility (CR) programme.

FTSE4Good

Cellnex was added to the FTSE4Good sustainability index, which recognises the good practices of listed companies in the environmental, social and corporate governance fields. This year, Cellnex total score is 50% higher compared to the sector average, up to 4,4 points out of 5. The company obtains the maximum score in the Governance Themes and in the Climate Change theme (5/5).

Standard Ethics

Cellnex has taken part in the Standard Ethics sustainability index since 2017, obtaining this year an “EE-“, the same rate as last year, which is equivalent to an adequate level for good compliance in governance, sustainability and social responsibility.

Sustainalytics

For the third year running, Cellnex was evaluated by Sustainalytics, an environmental, social and corporate governance (ESG) research and rating company for investors worldwide. This year its average score was 70 points, up from 67 in 2018 and taking the company to 23th position (out of 96) from 29th the previous year. Cellnex scores average for the sector on social and environmental matters but holds a leading position when it comes to governance.

Dow Jones Sustainability Index

In 2017, Cellnex participated in the DJSI index for the first time and achieved good results, ranking above the industry average in the three dimensions evaluated: economic, environmental and social.

This year Cellnex was again invited to participate in the Dow Jones Sustainability Index, as one of the few telecommunications operators worldwide. In 2019, the total score of Cellnex improved its total score by 5%, taking it to 60 points. More specifically, in the environmental dimension (+13) and social (+5) its score was improved. With slightly lower economic score (-1) than in 2018, Cellnex will strive to continue working on all areas.

MSCI Europe index

Cellnex have been added to the MSCI Europe index, following the May 2019 semi-annual index review. Cellnex was previously a constituent of MSCI Europe Small Cap Index. The announcement follows the company's recent acquisition of 10,700 sites in France, Italy and Switzerland in line with its strategic expansion into Central and Western European markets. The company also recently delivered strong Q1 results and a successful share capital increase of €1.2billion in March 2019. MSCI is a leading provider of research-based indexes and analytics, and the MSCI index is of interest to several passive funds.

Social contribution

Cellnex works with non-governmental organisations through corporate volunteering actions, donations and joint development of projects. In 2019, Cellnex Spain launched the Programme of social projects and volunteerism, a platform that includes all projects aimed at contributing to the construction of a fairer society.

Likewise, other countries such as Netherlands or Italy have developed social contribution projects. Cellnex Netherlands implemented an initiative "Media parks of broadcasting", project in which tickets were offered for 5 euros for students to go to visit the towers in a student day. Cellnex Italy collaborated with different foundations which help children affected by diseases and health institutions in addition to participating in humanitarian actions. Also, in Ireland Cignal was the main sponsor of the Cancer Fund for Children Charity ball at The Shelbourne Hotel in aid of Daisy Lodge.
Programme of social projects and volunteerism

In Cellnex we have an important group of volunteers who contribute their ideas, skills, knowledge and time for the development of solidarity projects. This year, we wanted to go one step further, creating a platform in which, in addition to recognizing the work of these volunteers, a greater corporate volunteer activity is promoted and Cellnex is positioned as a socially responsible company, increasing our social contribution.

Through the program, the purpose of Cellnex's social action has been defined and the company's social action and volunteer projects have been strategically planned for 3years. It will also serve as a platform for the future creation of the Cellnex Foundation.

The Cellnex program of social projects and volunteering was born with the purpose of improving our social environment by promoting the development of young people in vulnerable situations through education and their incorporation into the world of work, promoting innovation and technology.

The first project we have launched called "Cellnex Youth Challenge" is an educational and on-the-job training project in which Cellnex and its employees are closely linked to the Institut La Mercè, offering support to FP telecommunications students through motivation, mentoring, transmission of knowledge, experience and employability.

The initiative is aimed at several courses of the centre. The program covers all students of the line of professional training in telecommunications, being a total of 67 young people beneficiaries of this initiative, in this first course.

The main objective of the project is to reduce the school drop-out rate and promote youth employment, but it also has several secondary objectives that are worked on transversally. These include the empowerment of students, the use of their skills to undertake projects and the involvement of company volunteers and teachers to motivate students on their way to training and employment. This year 64 volunteers participated in the initiative.

On the other hand, during the month of December we launched a solidarity campaign in which we collected food, toys, books and economic contributions at national level for children and teenagers who need them. As in previous years, in Barcelona there will be collaboration with the Juvanteny Foundation and in Madrid with the Madrina Foundation. Thanks to the contributions of the employees, we have obtained a total of 755 kg of food, 847 Euros in economic contributions and two whole vans of toys.

Donations

Once again, this year Cellnex continued to collaborate with non-governmental organisations through its specific budget allocation for Christmas gifts. The Group's 2019 corporate donation was given to Unicef. The collaboration with Unicef in the project “For me and for all my companions” in favour of equality and against discrimination and gender violence is framed in the Group's Diversity and Inclusion Plan. Specifically, the project focuses on those girls and women who suffer exclusion in areas such as education, health, political participation and economic opportunities.

Also, in Cellnex Ireland sponsored a Masquerade Ball event. This year it will provide 70 families from Ireland with a therapeutic short break in Daisy Lodge. The need for therapeutic short breaks is overwhelming. Therefore, the aim of the organization is to build Daisy Lodge, a new therapeutic short break facility for children diagnosed with cancer and their families.

Contribution to initiatives

For years Cellnex has shown its commitment to society by joining and organising numerous Corporate Responsibility initiatives. Below are the most important initiatives of 2019.

Seres Foundation

The company worked with the Seres Foundation, whose aim is to "Build a healthier, stronger society with competitive businesses that can stand the test of time". The foundation aims to foster and promote strategic business actions that contribute to an overall improvement of social reality. Cellnex has signed an agreement pledging to work with the Seres Foundation, disseminate their joint work, share knowledge on good practices in social matters, and attend meetings with partners and other social entities. In 2019, Cellnex donated € 6,000.

AMPANS

Cellnex contributes to the AMPANS foundation by buying the company's Christmas gift hampers from them. The AMPANS Foundation promotes education, quality of life and employment for people with an intellectual disability, mental illness and other groups at risk of exclusion, by creating and managing centres, services, programmes, support and business activities that pursue excellence.

WWF Earth Hour 2019

For the third year running, Cellnex joined the WWF 2019 Earth Hour campaign and turned the lights off in the offices of Cellnex in Barcelona, Rome, Milan, Paris, Zurich, Reeuwikj and Zmolle (Netherlands) and Woking (UK) from 8.30pm to 9.30pm on 30 March. In doing so Cellnex hopes to show its concern about the effects that climate change is having on the planet's people, nature and economy, in addition to its public commitment to reduce CO2 emissions. In 2019, Cellnex donated € 500.

Installation of forest water connections

Since 2008, Cellnex has been investing in forest water connections at its centres for firefighters to use in the event of an emergency. To date Cellnex has installed water connections in 23 of its centres in Spain, with a total investment of € 153,425 (€ 6,973.86 per connection).

Barcelona Climate Plan

Participation in co-producing the Barcelona Climate Plan with Barcelona City Council, which sets down all ongoing and planned actions related to climate change in the city. Cellnex draws up proposals within the company and takes part in the debate on the proposals submitted by all participants.

TV3 Telethon

Cellnex has been taking part in the TV3 Telethon for more than 10 years. The Telethon Foundation aims to foster and promote biomedical research into and social awareness of diseases for which no cure has been found. In 2019, Cellnex donated € 9,000. The money raised is used to research new methods of prevention, diagnosis and treatment for minority diseases.

Collaboration with the BEST Foundation

Cellnex made a commitment to the Barcelona Engineering and Economic Studies project this year as a sponsor company of the BEST Foundation. This new inter-university degree offered by the Polytechnic University of Catalonia (UPC), Pompeu Fabra University (UPF), Barcelona Global, and FemCat aims to train highly skilled engineers to address the challenges of a continuously changing society and equip professionals who are interested in business leadership. Cellnex will sponsor two students in a four-year commitment with an annual contribution of € 10,000 each.

IESE

Cellnex has been an IESE sponsor company since 2017 and is involved in various projects run by the Public Sector-Private Sector Centre of the Business School. In 2019, Cellnex will sponsor with a contribution of € 35,000.

Fundació Portolà

In 2019 Cellnex collaborated with Portalà Foundation, an organisation with a history of almost 30 years supporting the social and labour integration of people with intellectual disabilities. Through this collaboration, Cellnex takes on the foundation’s commitment to responsible consumption and the development of social logistics by importing fair trade and social economy products.

Social projects

Third Social Sector Board

As part of the m4Social Project, Cellnex Telecom signed a collaboration agreement in December 2017 with the Third Social Sector Board to carry out a social housing project involving the use of sensorisation and connectivity technologies linked to the Internet of Things (IoT). In 2019, the number of social housing units equipped with various sensors making it possible to collect and monitor data related to energy efficiency, temperature, humidity and CO2 levels, among other indicators, will rise to 50, thereby helping these social entities to better monitor and protect these “connected” homes. This data is stored on an IoT platform that Cellnex provides which allows the housing authorities to anticipate abnormal situations or risks, optimise resource use, and make decisions on possible actions according to the parameters obtained. It also enables them to learn a new management methodology, which in addition optimises and renders their operations more efficient.

Casa Bloc Project

This year Cellnex started the steps to collaborate in the execution of the Llar Casa Bloc Project promoted by HÀBITAT3. This organization is a social housing manager promoted by the Third Social Sector of Catalonia with the aim of ensuring that all of society, especially the most vulnerable groups, have decent housing.

Llar Casa Bloc Project aims to remodel the former residence of the Casa Bloc to create 17 homes that will host people in vulnerable situations in the city of Barcelona. Cellnex's collaboration is focused on the installation of the necessary elements for an integral management of the houses' consumption and to provide them with the WIFI communication infrastructure.

EXPLANATORY NOTE ON SECTION C.1.16:

Art. 18. Appointment of Directors.

1. Directors will be appointed by the General Shareholders’ Meeting or by the Board of Directors, in accordance with the provisions set out in Royal Decree 1/2010 of 2 July approving the recast text of the Spanish Limited Liability Companies Act or legal text replacing it.

2. The nominations for Directors submitted to the Board of Directors for deliberation at the General Meeting and the appointment decisions that the Board adopts in virtue of the powers of co-option legally vested in it, must be preceded by the corresponding proposal by the Appointments and Remuneration Committee when in relation to independent directors, and by a report in the case of all other directors.

Art. 19. Appointment of external directors.

The Board of Directors and the Appointments and Remuneration Committee, within the scope of their remits, will ensure that the candidates selected are persons of recognised standing, competence and experience, and shall be particularly rigorous with respect to those called on to be independent directors provided for in article 5 of these Regulations and under the terms of the applicable good governance standards.

Art. 20. Term of office.

1. Directors shall hold office for the term provided for in the corporate articles of association, and may be re-elected once or more times for this same term.

2. Directors appointed by co-option shall hold their positions until the date of the first General Meeting. If a vacancy occurs once the General Meeting has been convened and before it is held, the Board of Directors may appoint a director until the next General Meeting is held. Moreover, the director appointed by co-option by the Board does not necessarily have to be a shareholder in the company.

When, following an Appointments and Remuneration Committee report, the Board of Directors considers that the interests of the Company are in jeopardy, the director whose term of office has ended or who for any other reason ceases to hold office, may not work in any other company that has a similar corporate purpose to the Company and which is considered by the Board to be a competitor, for the period determined by the Board, which in no case will be greater than two (2) years.

Art. 21. Removal of directors.

1. Directors shall resign from their positions when they have completed the period for which they were appointed and when decided on by the General Meeting under the powers legally or statutorily vested therein.

2. Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign in the following cases:

a) When they cease to hold the executive positions with which their appointment as Director was associated. Independent directors: when they complete twelve (12) years in the position;

b) When they find themselves in a situation of conflict of interests or a prohibited situation as provided for by law;

c) When they are prosecuted for an alleged criminal act or are subject to disciplinary proceedings for serious or very serious misconduct instituted by the supervisory authorities;

d) When their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed cease to exist. The above circumstance shall be deemed to occur in the case of proprietary directors when the total shareholding they own or whose interests they represent is disposed of or when the reduction of such shareholding requires a reduction in the number of relevant proprietary directors.

3. Executive directors must tender their resignation to the Board once they have reached the age of 70, and the Board must decide whether they may continue to perform their executive or delegated functions or remain simply as a director.

4. Whenever, due to resignation or any other reason, Directors leave their position

before the completion of their mandate, an explanation must be given of the reasons for this decision in a letter addressed to all members of the Board of Directors. Without prejudice to the timely communication of the cessation as a material event, the Board will give account of the cessation in the Annual Corporate Governance Report.

5. The Board of Directors may only propose the cessation of an independent director before the end of the statutory period when there is just cause, as appreciated by the Board following a report by the Appointments and Remuneration Committee.

In particular, just cause will be deemed to exist when the director goes on to hold new offices or undertakes new duties that prevent him or her from devoting the necessary time to the tasks inherent in the role of director, fails to perform the duties inherent to his or her office or is involved in any of the circumstances that might cause him or her to lose his or her status of independent director, in accordance with the provisions of the applicable legislation. Said removal from a post may also be proposed as a result of a public tender offer, merger, or other similar operation implying a change in the share structure of the Company, provided that such changes in the structure of the Board of Directors are required by virtue of the proportionate representation criteria.

Furthermore, a Director Selection Policy was approved in 2016 stating that, in accordance with the provisions of the Limited Liability Companies Act, the Appointments and Remuneration Committee is responsible for proposing the nomination or re-election of members of the Board of Directors in the case of independent directors, with the Board itself being responsible for proposing nomination or re-election in all other cases. Proposals for appointment or reappointment must be presented together with a report from the Board justifying the choice by means of an assessment of the proposed candidate's competence, experience and merits. Furthermore, proposals for the appointment or reappointment of non-independent board members should be preceded by a report from the Appointments and Remuneration Committee.

Selection of the candidates for director shall be based on a preliminary analysis of the necessities of the company, which must be carried out by the Board of Directors with advice and a report from the Appointments and Remuneration Committee. The objective is to incorporate different professional and management experiences and competences, as well as to promote the diversity of knowledge, experiences and gender, considering the weight of the various activities carried out by Cellnex and taking into account any areas or sectors that should be specifically promoted.

Any board member may request that the Appointments and Remuneration Committee takes into consideration a potential candidates to cover directorship vacancies, in the event that the Committee finds them suitable in its opinion.

Additionally, the Selection Policy regulates the process and conditions that candidates must meet.

EXPLANATORY NOTE ON SECTION C.2.1 – AUDIT AND CONTROL COMMITTEE

a) Responsibilities

The rules of organization and operation of the Committee are described in the applicable legislation, the Company's by-laws and in the Company's Board of Directors' Regulation and, without prejudice to the other tasks assigned to the Committee by the applicable legislation, the Board of Directors or the regulations governing the auditing of accounts, the Committee will have at least the following responsibilities:

a) To inform the General Shareholders' Meeting on questions arising in relation to those matters which fall within the competence of the Committee.

b) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, proposals for the selection, appointment, re-election and replacement of the external auditor or external auditing company, their contract conditions, the scope of their professional mandate and, where appropriate, their revocation or non-renovation, all pursuant to the current regulations, as well as to regularly gather from the same information on the audit plan and the implementation thereof, and to safeguard their independence in the exercise of their duties.

c) To monitor the process of preparing and presenting the mandatory financial information as well as the integrity thereof.

d) To establish the appropriate relations with the external auditor or external auditing company in order to receive information on issues which may prejudice their independence, to be studied by the Committee, and any other information related to the auditing of the accounts, as well as any other notifications envisaged in the legislation and regulations concerning the auditing of accounts. In all cases, the Committee must receive on an annual basis from the external auditor or external auditing company written confirmation of their independence from the Company or any organisations directly or indirectly related thereto, in addition to information regarding any additional services of any kind provided to said organisations and the corresponding fees received therefrom by the external auditor or external auditing company, or by persons or organisations related thereto in accordance with the provisions established in the legislation applicable to the auditing of accounts.

e) In the event of resignation of the external auditor or external auditing company, to examine the circumstances that gave rise to such resignation.

f) To ensure that the remuneration of the external auditor or external auditing company for its work does not compromise the quality or independence thereof.

g) To oversee that the Company communicates the change of auditor as a relevant event and accompany such, where appropriate, with a declaration on the possible existence of disagreements with the outgoing auditor and of the contents thereof.

h) To ensure that the external auditor or external auditing meets annually with the Board of Directors at a plenary session to inform as to the work carried out and the evolution of the Company's accounting situation and risks.

i) To ensure that the Company and the external auditor or external auditing company comply with the standards in force on the provision of services other than auditing, the limits to the concentration of the auditor's business and the other standards governing auditor independence.

j) To issue, on an annual basis, prior to the issue of the Audit Report, a report expressing an opinion on the independence of the external auditor or external auditing company This report must contain, in all cases, an evaluation of the provision of the additional services other than the ones related to the legal audit referred to in the previous paragraph, considered individually and as a whole, and in connection with their independent status or with the governing regulations of the audit.

k) To inform the Board of Directors in advance on all matters provided for by the Law, the Company's by-laws and the Company's Board of Directors' Regulation and, in particular, on the financial information that the Company must publish periodically, on the creation or acquisition of holdings in entities with a special purpose or domiciled in countries or territories considered as being tax havens and on operations with associated parties.

l) To supervise compliance with the internal protocol for relationships between the majority shareholder and the Company and the companies of their respective groups, as well as to conduct any other actions established in the protocol itself for optimal compliance with the aforesaid duty of supervision.

m) To provide information in relation to the transactions that involve or could involve conflicts of interest, and in general, on the matters considered in Chapter IX of the Company's Board of Directors' Regulation.

n) To inform on operations of structural and corporate modifications which the Company plans to conduct, the economic conditions and the accounting impact thereof and, in particular, on the exchange ratio, where applicable.

o) To monitor the effectiveness of the Company's internal control, the internal audit services, verifying the suitability and integrity thereof and to review the appointment and replacement of those persons responsible for the same, to supervise the suitable security and control measures for preventing the commission of criminal offences, the risk management systems, including fiscal risks, the systems for managing compliance with all applicable regulations, as well as to discuss with the external auditor or external auditing company any significant weaknesses detected in the internal control system while conducting the audit.

p) To supervise a mechanism which allows employees to confidentially report potentially relevant irregularities detected inside the Company, especially those regarding finance and accounting, as well as those which may constitute a criminal responsibility for the Company.

The above responsibilities are stated by way of example, without prejudice to any others that may be conferred upon the Committee by the applicable legislation, the Board of Directors or which may be attributed thereto by the regulations governing the auditing of accounts.

b) Operation

The applicable legislation, the Company's by-laws and the Company's Board of Directors' Regulation shall define the skills of the Committee and its scheme of organization and operation.
The Board of Directors shall determine who will hold the position of Chairman of the Committee from among the independent directors of the Committee, who will be replaced every four years, being able to be re-elected once a period of one year has elapsed since his/her resignation. The Committee itself will appoint a Secretary and may also appoint a Vice-Secretary, neither needing to be members thereof.
The Committee will meet as many times as necessary for the execution of its functions and will be convened by its Chairman, either on his/her own initiative or at the request of the Chairman of the Board of Directors or of two members of the Committee itself.
The Committee will be validly constituted when the majority of its members attend the meeting, either present or represented. The resolutions will be adopted by a majority vote among those in attendance, present or represented.
Any member of the Company's management team or of the Company's personnel may be obliged to attend the Committee's sessions and to provide assistance to the Committee members and access to the information s/he has available, if so requested. The Committee can also request that the Company's external auditor or external auditing company attend its sessions.

1. Activities

During 2019, the Committee held ten meetings and carried out the activities listed below. The Committee has been fully updated by the management team on the topics of its competence (during the formal meetings, by means of other informal meetings or by correspondence and conference calls) and has been provided with the relevant supporting documentation.

a) Review of financial information

- 2018 financial statements:

    - On 20 February, the Committee reviewed the December 2018 results, the 2018 Consolidated Financial Statements and the 2018 Integrated Annual Report, including the external Auditors' Report, with the finance team and the external auditors who presented the main aspects and their conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve (i) the 2018 Integrated Annual Report and the 2018 Financial Statements (including the Management Report and the Annual Corporate Governance Report) and (ii) the application of the 2018 results.

- 2019 financial statements and 2020 budget:

    - On 2 May, the Committee reviewed the financial results for the first quarter of the year. This information was discussed with the members of the management team responsible for their preparation who presented the main aspects and their conclusions.

    - On 24 July, the Committee reviewed the half-yearly financial statements and the relevant external Auditors' Report. This information was discussed with the members of the management team responsible for their preparation and with the external auditors who presented the main aspects and their conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve these interim financial statements that have been audited.

    - On 25 September, the Committee reviewed the August 2019 results and a first draft of the 2020 budget with the finance team who presented the main aspects and its conclusions.

    - On 29 October, the Committee reviewed the financial results for the third quarter of the year. This information was discussed with the members of the management team responsible for their preparation who presented the main aspects and their conclusions.

    - On 29 October, the Committee reviewed the 2019 forecast and the 2020 budget with the finance team who presented the main aspects and its conclusions. The Committee approved unanimously the 2020 budget.

b) External auditors

- On 20 February, the external auditors attended the Committee to review the 2018 Consolidated Financial Statements (including the Management Report and the Annual Corporate Governance Report) and the 2018 Integrated Annual Report, including the external Auditors' Report, and presented the main aspects and their conclusions.

- On 24 July, the external auditors attended the Committee to present the report of the 2019 half-yearly financial statements.

c) Corporate Governance

- On 20 February, the Committee reviewed the three reports for year 2018 to be approved by the Committee in connection with the Annual Accounts, the Management Report and the Annual Corporate Governance Report, namely: (i) the Report on the Functions and Activities of the Committee in 2018; (ii) the Report on Related Party Transactions; and (iii) the Report on the Independence of the Auditor. The Committee approved unanimously these reports.

d) Capital markets

- On 7 January (meeting held by call), and following the discussions of the previous Committee meeting held in December 2018, the finance team presented to the Committee the proposed terms for the execution of a tap issue of the Company's convertible bond given market conditions. The Committee provided a favourable recommendation to the Board of Directors to approve the tap issue of the existing convertible bond on the terms agreed and for an amount of up to €200 million.

- On 20 February, the Secretary of the Committee together with the finance team provided the Committee with an overview of the work undertaken internally in order to understand the key areas of risk and the potential impacts of a hard Brexit within the Company's group. They briefly summarized the main risks for each of such areas and the Company's assessment for each of them. It was noted that the Company has worked on this assessment with external advisors who are experts on this topic.

- On 20 February, 8 May, 20 June, 24 July, 25 September, 29 October and 19 December, the Corporate Finance Director, together with the CFO, provided to the meeting a capital markets and financing update (including the liquidity and bond market assessment).

- On 8 May, the Committee discussed the renewal of the European Medium Term Note (**EMTN**) and the multi-currency European Commercial Paper (**ECP**). The finance team presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to authorize:

    - (i) the increase of the limit of the EMTN programme to €5,000 million; and (ii) the execution of all the documents necessary to: (a) give effect to the renewal of the EMTN programme until 2020; and (b) implement the increase of its limit; and

    - (i) drawdowns under the ECP programme for an amount up to the equivalent of €150 million in pounds (GBP) and Swiss Francs (CHF); and (ii) the execution of all the documents necessary to: (a) give effect to the renewal of the ECP programme in Euros, GBP and CHF until 2020; and (b) carry out the relevant drawdowns under the same.

- On 8 May, the Committee reviewed with the Corporate Finance Director and the CFO the treasury shares position and the authorizations in place for the acquisition of treasury shares and analysed the future needs in this regard. The Committee provided a favourable recommendation to the Board of Directors to authorize the acquisition of treasury shares in order to, among other reasons, meet the commitments of delivery of shares assumed by the Company under the MBO and the LTIP provided that such acquisitions: (i) are made under the best possible market conditions; and (ii) comply with the General Shareholders' Meeting and Board authorizations.

- On 20 June, the Committee discussed the issuance of a new convertible bond. The finance team presented the main aspects, characteristics and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the issuance of a convertible bond on the terms agreed and for an amount of at least €600 million and up to €850 million. The finance team kept the Committee fully updated on the best execution strategy and the progress of this issuance.

- On 29 October, the finance team presented to the Committee an update after the execution of the Company's October capital increase focusing mainly on investors and market feedback and on relevant financial aspects.

- On 19 December, the Corporate Finance Director, together with the CFO, proposed to the meeting the implementation of a liquidity management plan. They explained its main aspects and key considerations and presented their conclusions. The Committee approved unanimously the implementation of a liquidity management plan on the terms agreed.

- On 19 December, the Corporate Finance Director, together with the CFO, presented to the Committee two proposals of straight bond issuances in order to optimize the Company's financial structure and free bank capacity. They explained the main aspects and key considerations and noted their conclusions on each of the proposals. The Committee provided a favourable recommendation to the Board of Directors to:

    - Approve, under the EMTN programme, (i) the issuance of simple bonds of the Company in Swiss Francs (CHF) for an amount of up to CHF 500 million on the terms agreed and (ii) the issuance of simple bonds of the Company in pounds (GBP) for an amount of up to GBP 400 million or the issuance of simple bonds of the Company in Euros (EUR) for an amount of up to the equivalent of GBP 400 million together with the execution of the derivative instruments necessary on the terms agreed; and

    - Authorize the execution of all necessary transaction documents in relation to these issuances.

e) Capital structure

- On 20 February, 2 May, 8 May, 20 June, 24 July, 25 September and 29 October, the Head of Corporate Business & Finance Planning and the Corporate Finance Director, together with the CFO, attended the Committee to:

    - Provide an update on the current situation with rating agencies (including MSA and IFRS 16 updates) and the different aspects affecting the Company's credit rating;

    - Review the M&A projects pipeline and the Company's financial firepower to execute said pipeline; and

    - Provide a capital structure assessment, including financing considerations, details on the financial and debt structure of the Company and its group and strategic and key considerations and all the information necessary regarding the March and October Company's capital increases.

- On 20 February and 24 July, external financial advisors attended the Committee to present their views and strategic and key considerations on the debt and equity markets and the Company's capital structure (including the Company's March capital increase). They confirmed their agreement with the Company's proposed strategy and provided a favourable recommendation to go ahead with the Company's March capital increase.

- On 2 May, external financial advisors attended the Committee to present their views on some of the M&A projects in the Company's pipeline. They confirmed that their internal committees have approved the transactions and provided a favourable recommendation to execute them.

- On 25 September, a Spanish law firm and external financial advisors attended the Committee to present their views and strategic and key considerations on the Company's October capital increase. They explained the strong rationale for the Company to pursue the rights issue on the terms described and provided a favourable recommendation to go ahead with such capital increase.

f) Tax

- On 20 February, 25 September and 19 December, the Head of Corporate Tax, together with PwC, presented to the Committee an update of the tax audit process. PwC explained that the Company is well prepared for the audit and that the process is following the normal path. PwC also noted that the relationship with the tax authorities is positive.

- On 20 February, the Head of Corporate Tax provided an update to the Committee on the potential up-stream merger of Galata into Cellnex Italia. The reasons for the delay of this transaction were noted.

- On 25 September, the Head of Corporate Tax, together with PwC, provided the Committee with an update on (i) the development and implementation of the Tax Control Framework and (ii) the Company's position on the Code of Good Tax Practices. It was noted by PwC that the Company is diligent and applies fair tax criteria and the law with business judgment. It was also noted that the Company is working closely with expert advisers and in accordance with law and best practice.

g) Other information

- <u>IFRS 16</u>: The finance team has kept the Committee updated on the main aspects of this topic during all the year.

- <u>Cybersecurity</u>: On 20 February, the Global Operations Director presented this topic to the Committee explaining the milestones achieved in the Company and the next steps envisaged for the Company and its group to be fully protected, among others, the development of a New Strategic Global Security Plan.

- <u>Internal Audit Manager assessment</u>: On 20 February, the Committee discussed this topic. The Secretary of the Committee explained the performance aspects to be assessed and the procedure and metrics to do so. The Committee agreed unanimously to provide him a positive assessment.

- <u>Non-audit services</u>:

- On 26 February (by correspondence), the Committee approved unanimously Deloitte's fees in relation to the Company's March capital increase. The scope of work undertaken as well as the details of the fees and the key justifications regarding the level of fees were explained to the Committee.

- On 25 September, the Committee approved unanimously Deloitte's fees in relation to the Company's October capital increase. The scope of work undertaken as well as the details of the fees and the key justifications regarding the level of fees were explained to the Committee.

- <u>Re-appointment of auditor</u>: On 4 April, the Head of Corporate Accounting Policy, together with the CFO, proposed to the Committee the re-appointment of the Company's group external auditors for one financial year. After due consideration, the Committee provided a favourable recommendation to the Board of Directors, for its submission to the General Shareholders' Meeting, for the re-appointment of the external auditors of the Company's group for one financial year.

- <u>Corporate matters</u>:

  - <u>Cellnex Portugal</u>:

    1) On 4 April, the Secretary of the Committee explained to its members that due to the execution of a new project in Portugal and, for the purposes of providing the services under the relevant contracts in said country, the Company will need to set up a Portuguese subsidiary (Cellnex Portugal). The Committee approved unanimously the incorporation of this subsidiary.

    2) On 8 May, the CFO in Spain updated the Committee on the status of this project in Portugal and noted its main terms and figures, structure considerations and strategic rationale.

  - <u>Capital increases</u>: On 24 July, the Secretary of the Committee informed its members about the main corporate transactions to be carried out, that is, (i) a capital increase in Cellnex España; and (ii) a capital increase in Cellnex France Groupe in the context of a whole restructuring process to rationalize the corporate structure. The Committee approved unanimously both transactions.

- <u>Investor relations update</u>: On 24 July, 25 September and 29 October, the Investor Relations Director, together with the CFO, provided to the Committee an update on this topic, focusing mainly on the share price performance, the relation with investors and analysts and the status of short positions.

- <u>Put option</u>: On 25 September and 29 October, the CFO and the Corporate Finance Director provided to the Committee an update on the Deutsche Telekom Capital Partners put option.

- <u>Hedging strategy</u>: On 25 September, the Corporate Finance Director explained to the Committee the hedging strategies available to hedge the FX risk for UK projects and presented his conclusions in this regard.

- <u>Appointment of Secretary</u>: On 29 October, the Committee agreed unanimously to appoint Ms. Virginia Navarro as its Secretary.

- Goodwill accounting: On 29 October, the Head of Corporate Accounting Policy presented the topic to the Committee, summarizing the current situation under IFRS 3 and explaining the International Accounting Standards Board review of IFRS 3. He noted the management views on this topic.

- Audit tender: On 19 December, the Head of Corporate Accounting Policy presented to the Committee the audit tender for the next financial years and explained the main aspects and key considerations of the process and presented his conclusions. The two final candidates joined the meeting to present their respective proposals and introduce their teams that would work for the Company.

h) Internal audit

- Functions: The main internal audit functions are:

  - Perform the auditing activities as defined in the annual audit plan, based on reasonable and established criteria, especially in the risk level assessment and focusing on the main organizational activities, giving priority to those that are considered to be more exposed to risk, and those that are requested by the Committee and / or by the Senior Management.

  - Maintain an adequate coordination with the external auditors for the exchange of information regarding the audits carried out with the aim of minimizing duplication and in order to track the audits performed as well as any weaknesses in the internal control identified.

  - Report to the Committee and Senior Management of the Company's group regarding the key recommendations in each company of the group, as well as to provide them with the action plan to be performed by such companies.

- Activities: The main activities carried out by internal audit and supervised by the Committee are:

  - Audits:

    - The performance of those audits included in the 2019 audit plan and of those audits not originally included in the audit plan but requested by the Committee and / or by the Senior Management.

    - The monitoring of the recommendations and action plans proposed for the different audits. While carrying out its audit work, if internal audit detects that improvements can be made to the internal controls, it reports the main recommendations and the action plans defined to the relevant area responsible with the aim of strengthening the existing control or implementing a new control and establishing the implementation date.

    - The review of the defined processes and controls related to financial reporting which are included in the annual internal audit plan.

  - Audit Plan: Prepare the audit plan for the next year. In 29 October, the Committee reviewed and approved unanimously the audit plan for 2020 based upon:

- Assessing the risk level and focusing on the main organization’s activities, giving priority to those that are considered to be more exposed to risk, and those that are requested by the Committee and / or by the Senior Management.

- Defining the activities to be reviewed, i.e., basic processes (human resources, sales, treasury, etc.), other processes (warehouse, outsourcing, etc.) or compliance (ICFR, others).

- o <u>Strategic Plan</u>: Prepare the internal audit and risk management strategic plan. On 24 July, the Committee reviewed and approved unanimously the internal audit and risk management strategic plan for 2019-2021 which is focused on three main pillars: the positioning of and the resources needed by internal audit and the progress of the audits.

i) Risk control

This function is carried out by internal audit.

The activities carried out in this regard by internal audit and supervised by the Committee in 2019 were:

- The review of the risk maps (including likelihood and impact) at corporate level and by country, including Spain, Italy, UK, the Netherlands, France and Switzerland.

- The review of the action plans associated to the risks in these countries.

- The analysis and approval of the proposal to create in 2020 a risk committee in the Company with the purpose to reinforce the risk control and risk management within the Company and its group.

EXPLANATORY NOTE ON SECTION C.2.1 – - APPOINTMENTS AND REMUNERATION COMMITTEE

(A) *<u>OPERATION</u>*

In accordance with the provisions of the Regulations of the Board of Directors, the Board shall appoint a Chairman of the Nominations and Remunerations Committee from among the independent directors. The Nominations and Remunerations Committee will appoint a Secretary and may also appoint a Deputy Secretary, who may not be members of the Committee.
The Nominations and Remunerations Committee shall meet whenever the Board of Directors of the Company or its Chairman requests the submission of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its duties. It shall be convened by its Chairman, either on his own initiative or at the request of the Chairman of the Board of Directors or two members of the Committee itself.
It shall be validly constituted when the majority of its members are present or represented. Resolutions shall be adopted by a majority of the members present or represented..

(B) *<u>RESPONSIBILITIES</u>*

Without prejudice to any powers that may be entrusted to it by the Board of Directors or that may be legally attributed to it, the Nominations and Remunerations Committee shall have at least the following basic responsibilities:

(a) To assess the skills, knowledge and experience required in the Board of Directors. To this end, it shall define the duties and skills required of the candidates to fill each vacancy and shall assess the time and dedication required for them to perform their duties effectively.

(b) Establish a representation target for the under-represented gender on the Board of Directors and develop guidelines on how to achieve this target.

(c) Submit to the Board of Directors proposals for the appointment of independent directors for their appointment by co-optation or for their submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.

(d) To report on proposals for the appointment of the remaining directors for their appointment by co-option or for their submission to the decision of the General Meeting of Shareholders, as well as proposals for their re-election or removal by the General Meeting of Shareholders.

(e) To report on proposals for the appointment and removal of senior management and the basic conditions of their contracts.

(f) To report in advance on the appointments by the Board of Directors of the Chairman and, where appropriate, one or more Vice-Chairmen, as well as the appointments of the Secretary and, where appropriate, one or more Vice-Secretaries. The same procedure shall be followed to agree on the separation of the Secretary and, where appropriate, of each Vice-Secretary.

(g) To examine and organize the succession of the Chairman of the Board of Directors and of the Chief Executive Officer of the Company and, if appropriate, to make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.

(h) To propose to the Board of Directors the remuneration policy for the directors and general managers or those who perform their senior management duties reporting directly to the Board of Directors, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring that they are observed.

(i) To propose to the Board of Directors the members that should form part of each of the Committees.

(j) To periodically review the remuneration programmes, weighing their suitability and performance.

(k) To propose to the Board of Directors, for submission to a consultative vote at the General Shareholders' Meeting, the preparation of an annual report on the remuneration of its directors under the terms of article 541 of the Law on Corporations or any other provision that may replace it in the future.

(l) To consider the suggestions made by the Chairman, the members of the Board of Directors, the managers or the shareholders of the Company.

(m) To report on the appointment and dismissal of directors who report directly to the Board of Directors or to some of its members, as well as the establishment of the basic conditions of their contracts, including remuneration, and also to report on decisions regarding the remuneration of directors, within the statutory framework and, where appropriate, the remuneration policy approved by the General Shareholders' Meeting.

(n) To supervise compliance with the rules of corporate governance and internal codes of conduct.

(o) To follow the corporate social responsibility strategy and practices and evaluate the degree of compliance.

2.- Activities

During the 2019 financial year, eight meetings of the Nominations and Remunerations Committee were held, and the following actions, among others, were carried out:

Corporate Governance

The corresponding report was issued assessing the competence, experience and merits of the proprietary directors Marco Patuano, Elisabetta De Bernardi di Valserra, Carlo Bertazzo and John McCarthy for ratification and re-election by the General Meeting.

The corresponding report was issued proposing the re-election, by the General Meeting of Shareholders, of the executive director Tobías Martínez.

The corresponding report was issued assessing the competence, experience and merits of the proprietary director Franco Bernabè for the purpose of his appointment by co-option and proposing his appointment as Chairman of the Board of Directors (in replacement of Marco Patuano).

The corresponding report was issued assessing the competence, experience and merits of the dominical director Mamoun Jamai, in order to appoint him by co-optation and to incorporate him to the Nominations and Remunerations Committee.

The corresponding report was issued proposing the appointment of the Secretary and the Deputy Secretary of the Board of Directors.

A self-evaluation of the operation of the Board and Committees for the 2019 financial year was carried out, proposing improvements to the Board through an Action Plan.

The Annual Corporate Governance Report and the Annual Report on Remuneration were reported.

Activities related to Remuneration

The degree of compliance with the 2018 CEO's objectives and the performance assessment were analysed. The CEO's objectives for 2019 were also defined and the corresponding proposals made to the Board.

The modification of the Directors' Remuneration Policy was prepared and approved in order to submit it to the Board and to be approved by the General Shareholders' Meeting.

The remuneration of the Chairman of the Board was reviewed to adapt it to the market.

The remuneration of the CEO and the main executives (who report directly to the CEO) was reviewed for 2020, making the corresponding proposal for approval by the Board.

The final assessment of the achievement of the objectives set for the ILP 2017-2019 (phase II, corresponding to the period 2018-2019) was carried out and the approval of the Multi-annual Incentive Plan 2020-2022, applicable to the CEO and certain key personnel of the company, was prepared and proposed to the Board.

An extraordinary bonus was proposed for a group of approximately twenty people (including the CEO and Deputy CEO) for their involvement and participation in the significant growth operations carried out during 2019.

It was proposed that all employees (except directors) be given shares in the company in recognition of their outstanding performance in 2019.

Activities related to Corporate Social Responsibility

The Corporate Responsibility Master Plan for the period 2016-2020 was monitored. This is the instrument that integrates all of the company's ethical, environmental and social initiatives, and information on annual progress is included in the Integrated Annual Report.

The report on Corporate Social Responsibility Policy was prepared.

After the corresponding work and analysis, the approval of the Human Rights Policy was proposed to the Board.

After the corresponding work and analysis, it was proposed that the Board approve the Equity, Diversity and Inclusion Policy, and an action plan was analysed to comply with it.

Activities related to the Code of Ethics / Internal Code of Conduct

The restructuring of the Ethics and Compliance Committee was reported.
A complementary training plan on the Code of Ethics and Regulations was supervised for all the Group's employees.
Potential conflicts of interest were analysed and appropriate measures were taken.

Talent Management

The Nominations and Remunerations Committee reviewed the methodology and actions taken to date in relation to the Succession Plan and the "High Potential" Program.
In this context, 11 key positions in the company (Senior Management and Country Managing Directors) and their proposals for succession (with special emphasis on CEO succession) were reviewed individually, with the help of a renowned external advisor.

EQUITY, DIVERSITY AND INCLUSION POLICY

A Background

The Board of Directors of Cellnex Telecom, S.A. (hereinafter, "Cellnex Telecom", "the Company" or "the Organization"), has the responsibility of approving the Equity, Diversity and Inclusion Policy for all the companies of the Cellnex Group.
In the exercise of these functions, the Board of Directors approves this policy and sets out the strategy for Equity, Diversity and Inclusion and its commitment to the application of best practices in the countries in which the Company operates and based on international reference standards.

B Purpose and Scope

Purpose: This policy establishes the guidelines and lines of action in the areas of Equity, Diversity and Inclusion that allow the materialization and consolidation of the concept of *Diversity* within the framework of Cellnex Telecom, as well as its communication to stakeholders and implementation in all the companies.
Scope of Application: this policy applies to all the companies in the Cellnex Telecom group, and it is the responsibility of its entire human team. Stakeholders are engaged with the mutual goal of creating a work environment that fosters Equity, Diversity and Inclusion.
This policy is aligned with and complemented with Cellnex Telecom's corporate policies and internal regulations.

C Basic Principles

People are the most important asset of Cellnex Telecom, for this reason the difference and plurality of people, equality of opportunities, non-discrimination and inclusion in the workplace are priority and strategic factors in the Organization. Cellnex Telecom maintains a strong will to promote equity, diversity and inclusion, through inclusive leadership as a lever change and business sustainability.
Cellnex Telecom understands these concepts within the framework of its business strategy, culture and business values, defining them in a broad sense as:

- Connection and commitment between different human beings.
- Respect, equality of rights and opportunities and justice.

- Accessibility, ease of use and absence of barriers and prejudices.

This policy focuses on creating a climate which allows diversity in all of the following areas: *gender, age, sexual orientation, culture, race, religion, thought, education, talent, social condition, individual quality, work style, disability, special needs or any other circumstance of employees*; and, at the same time, rejecting any type of discrimination for said reasons which may prevent the growth of the Company or that affects selection, retention, development and well-being of its employees.
The Company is committed to Equity, Diversity and Inclusion through the socially responsible, integrating, inclusive and transversal management of its human team, based on:

- the variety of different cultures, backgrounds, knowledge, skills and experiences to develop the full potential of the Organization;
- equal opportunities to promote equity in the workplace,
- non-discrimination, direct or indirect, on the basis of sex, age, race, religion, sexual orientation, thought, education, social condition, culture, work style, talent, individual quality or special needs such as illness, disability, accident or family situation, and
- inclusion to provide fair opportunities of work for people with disabilities, older people or people from vulnerable situations.

D Axes, Commitments and Strategic Lines

Based on the above basic principles, Cellnex Telecom defines the following lines of action, within which are framed the strategic lines developed by the Company to achieve its objectives in terms of Equity, Diversity and Inclusion:

1. Gender diversity
2. Generational diversity
3. Affective-sexual diversity
4. Cultural diversity
5. Functional diversity

Likewise, a transversal axis to the above is defined in terms of communication and awareness-raising, with the aim of extending and making known the Equity, Diversity and Inclusion Policy of Cellnex Telecom within the Company and its stakeholders.
Based on the defined axes, and through the development of the strategic lines, Cellnex Telecom acquires the following commitments which, in turn, contribute to the achievement of various goals of United Nations Sustainable Development Goals (SDGs) 5, 8 and 10[1]:

1. Gender diversity: Promote equal opportunities and foster gender equity at all levels.
   (i) Encourage the presence of women at all levels, especially in leadership positions (SDG 5, target 5.5)

   (ii) Promote a respectful and non-discriminatory environment which favours equal opportunities (SDG 5, target 5.2 and SDG 10, target 10.3)

   (iii) Reduce the wage gap between women and men in similar jobs (SDG 5, target 5.5 and SDG 8, target 8.5).

   (iv) Promote work-life balance for all employees (SDG 5, target 5.5).

2. Generational diversity: Contribute to the labour integration and coexistence of the different generations.
   i. Promote labour integration among different generations (SDG 8, goals 8.5 and 8.6,

and SDG 10, goals 10.2 and 10.3).

ii. Ensure the management and use of multigenerational talent in the organization (SDG 8, goals 8.5 and 8.6; and SDG 10, goals 10.2 and 10.3).

iii. Establish measures aimed at avoiding bias in recruitment, hiring and promotion processes based exclusively on age (SDG 8, goals 8.5 and 8.6; and SDG 10, goals 10.2 and 10.3).

iv. Work actively in the management of the challenges associated with a multigenerational society (SDG 8, goals 8.5 and 8.6; and SDG 10, goals 10.2 and 10.3).

3. Affective-sexual diversity: Ensure an inclusive environment for all employees, regardless of their sexual orientation or identity.
    i. Make visible the commitment to non-discrimination of the LGTBIQ collective and equal opportunities in this area (SDG 10, goals 10.2 and 10.3).
    ii. Promote an inclusive environment and the integration of the LGTBIQ collective in the organization (SDG 10, goals 10.2 and 10.3).
    iii. Make employees aware of affective-sexual diversity (SDG 10, goals 10.2 and 10.3).
    iv. Eliminate any practice of harassment and discrimination against LGTBIQ employees (SDG 10, goals 10.2 and 10.3).

4. Cultural diversity: Value, respect and exploit cultural differences as a source of added value.
    i. Foster respect for and value of cultural diversity in the company (SDG 10, goals 10.2 and 10.3).
    ii. Take advantage of cultural diversity as a source of knowledge and talent, creating added value in the company (SDG 10, goals 10.2 and 10.3).
    iii. Promote employee integration through intercultural awareness and understanding (SDG 10, goals 10.2 and 10.3).

5. Functional diversity: Value the unique potential of people with different abilities and taking advantage of their talent.
    i. Ensure the labour integration of workers with different abilities (SDG 8, target 8.5; and SDG 10, targets 10.2 and 10.3).
    ii. Improve the integration of the group of people with different abilities at the time of incorporation into the workplace (SDG 8, target 8.5; and SDG 10, targets 10.2 and 10.3).
    iii. Support the retention of talent of people with different abilities in the labour market (SDG 8, target 8.5; and ODS 10, targets 10.2 and 10.3).

E Approval, Monitoring and Control

One of the responsibilities of the Cellnex Telecom Board of Directors is the approval of the Equity, Diversity and Inclusion Policy, as well as any substantial modifications made to it.

To this end, the Management Team of Cellnex Telecom undertakes to review the Equity, Diversity and Inclusion Policy periodically, adapting it to new organizational, environmental or market requirements which may arise, as well as to communicate it to the Organization and to make it available to interested parties at all times.

Likewise, the Management Team of Cellnex Telecom undertakes to carry out periodic monitoring of the degree of progress of all the strategic lines of action derived from the implementation of this

Policy.
The objectives in terms of Equity, Diversity and Inclusion defined by the Company are consistent with this policy, aligned with Cellnex Telecom's process model, reviewed annually by the Management Team and updated according to their evolution and environment.

This annual corporate governance report was approved by the Company's Board of Directors on 25 February 2020.

Indicate whether any directors abstained from or voted against approving this report.

Yes ☐ No ☒

Name of the member of the board of directors who did not vote to approve this report	**Reasons (opposition, abstention, failure to attend the meeting)**	**Explain the reasons**

Remarks

2019

Integrated Annual Report

Consolidated Financial Statements

cellnex

Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2019 and Consolidated 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. 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. in the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cellnex Telecom, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cellnex Telecom, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
Notes 6 and 7 to the accompanying consolidated financial statements as at 31 December 2019 contain, for each of the cash-generating units (CGUs) identified by the Group, a description of the goodwill, other intangible assets and property, plant and equipment purchased as part of the acquisitions of infrastructure for mobile telecommunications operators. In this connection, each year the Group tests each of the aforementioned CGUs for impairment using discounted cash flow-based valuation techniques, for which purpose it employs cash flow projections aligned with projected earnings and investments in non-current assets and current assets, as well as other assumptions obtained from each CGU's business plan, irrespective of whether there are indications of impairment, given the sensitivity of the key assumptions used. Also, a discount rate is determined on the basis of the economic situation in general and of that of each CGU in particular.	Our audit procedures included, among others, obtaining and analysing the impairment tests conducted by the Group, verifying their clerical accuracy and also analysing the consistency of the future cash flow estimates considered in those tests with the approved business plans. Also, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions and an analysis of their consistency with the actual data relating to the performance of the CGUs. In addition, we involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the impairment tests conducted, the discount rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows. Lastly, we checked that the disclosures included in Notes 6 and 7 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Impairment of goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
The performance of these estimates requires the directors to make significant judgements and estimates. As a result of this circumstance, together with the significance of the aforementioned assets at the reporting date, this matter was determined to be a key matter in our audit.	

Business combinations	
Description	**Procedures applied in the audit**
The Group performed several business combinations in 2019, as described in Notes 2-i and 5 to the accompanying consolidated financial statements as at 31 December 2019. These combinations are complex transactions which include contractual agreements the recognition of which in the consolidated financial statements requires the directors to make significant judgements and estimates. Also, in order to preliminary determine the fair value of the assets acquired, liabilities and contingent liabilities assumed, and of the goodwill arising on the acquisition date, significant judgements and estimates need to be made, and therefore the Group was assisted by experts engaged by it for this purpose.	Our audit procedures included, among others, obtaining and analysing the contractual documentation, placing particular emphasis on the transfer of the risks associated with the business in order to determine the timing of the recognition of the acquisition of that business. For each business combination, we obtained the provisional analysis performed by the Group to determine the fair value of the assets acquired and liabilities assumed, and we verified the clerical accuracy of the calculations performed and the reasonableness of the main assumptions considered therein.

Business combinations	
Description	**Procedures applied in the audit**
The accompanying consolidated financial statements include the provisional determination of the fair value of the assets and liabilities acquired as a result of the business combinations performed in 2019. In this connection, current legislation allows the allocation of fair value to be re-estimated during a period of one year from the acquisition date. Consequently, the analysis of these transactions was a key audit matter in our audit.	To this end, we analysed the consistency of the future cash flow forecasts considered in the analysis performed with the assumptions obtained from the business plan relating to the businesses acquired. In addition, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions. With regard to the external experts engaged by the Group, we evaluated their competence, capability and objectivity, and obtained an understanding of their work as experts and of the appropriateness of that work for use as audit evidence. Also, we involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the analysis conducted, the discount rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows. Lastly, we checked that the disclosures included in Notes 2-i and 5 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the consolidated directors' report and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Control Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description in Appendix I to this document forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 24 February 2020.

Engagement Period

The Annual General Meeting held on 27 April 2017 appointed us as auditors for a period of three years from the year ended 31 December 2016.

Previously, we were designated by the sole shareholder for the period of three years and have been auditing the consolidated financial statements uninterruptedly since the year ended 31 December 2013 and, therefore, since the year ended 31 December 2015, the year in which the Parent became a Public Interest Entity.

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

Ana Torrens Borrás
Registered in ROAC under no. 17762

25 February 2020

Appendix I to our auditor’s report

Further to the information contained in our auditor’s report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements for the Year ended 31 December 2019

Translation of a report originally issued in Spanish and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 25). In the event of a discrepancy the Spanish-language version prevails.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019

(Thousands of Euros)

	Notes	31 December 2019	31 December 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	Note 6	2,986,142	1,903,742
Intangible assets	Note 7	5,738,235	1,904,332
Right-of-use assets	Note 14	1,251,117	573,565
Investments in associates	Note 8	2,832	2,803
Financial investments	Note 9	146,909	25,314
Trade and other receivables	Note 10	18,427	14,229
Deferred tax assets	Note 16.d	136,581	55,322
Total non-current assets		10,280,243	4,479,307
CURRENT ASSETS			
Inventories		2,149	3,864
Trade and other receivables	Note 10	365,083	192,695
Receivables from associates	Note 22	84	79
Financial investments	Note 9	2,015	1,378
Cash and cash equivalents	Note 11	2,351,555	455,870
Total current assets		2,720,886	653,886
TOTAL ASSETS		13,001,129	5,133,193

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2019.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019
(Thousands of Euros)

	Notes	31 December 2019	31 December 2018
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 12.a	96,332	57,921
Treasury shares	Note 12.a	(4,222)	(5,572)
Share premium	Note 12.b	3,886,193	314,522
Reserves	Note 12.c	191,871	126,002
Profit for the year	Note 12.g	(9,245)	(14,983)
		4,160,929	477,890
Non-controlling interests	Note 12.f	889,907	137,476
Total net equity		5,050,836	615,366
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 13	5,093,696	2,996,773
Lease liabilities	Note 14	944,529	423,955
Derivative financial instruments	Note 13	3,593	1,255
Provisions and other liabilities	Note 17.a	401,720	236,533
Employee benefit obligations	Note 17.b	17,972	16,196
Deferred tax liabilities	Note 16.d	827,860	333,306
Total non-current liabilities		7,289,370	4,008,018
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 13	48,426	130,833
Lease liabilities	Note 14	207,498	102,382
Employee benefit obligations	Note 17.b	22,975	35,465
Payables to associates	Note 22	25	2
Trade and other payables	Note 15	381,999	241,127
Total current liabilities		660,923	509,809
TOTAL NET EQUITY AND LIABILITIES		13,001,129	5,133,193

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2019.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of Euros)

	Notes	2019	2018
Services		1,000,023	867,449
Other operating income		30,822	30,422
Operating income	Note 18.a	1,030,845	897,871
Staff costs	Note 18.b	(144,171)	(172,650)
Other operating expenses	Note 18.c	(243,387)	(209,807)
Change in provisions		154	983
Losses on fixed assets	Notes 6 and 7	(135)	(1,021)
Depreciation and amortisation	Notes 6, 7, and 18.e	(500,814)	(402,846)
Operating profit		142,492	112,530
Financial income		1,254	3,461
Financial costs		(127,430)	(97,831)
Interest expense on lease liabilities		(70,408)	(54,454)
Net financial profit/(loss)	Note 18.f	(196,584)	(148,824)
Profit of companies accounted for using the equity method	Note 8	82	113
Profit/(loss) before tax		(54,010)	(36,181)
Income tax	Note 16	35,507	18,439
Consolidated net profit/(loss)		(18,503)	(17,742)
Attributable to non-controlling interests	Note 12.f	(9,258)	(2,759)
Net profit attributable to the Parent Company		(9,245)	(14,983)
Earnings per share (in euros per share):			
Basic	Note 12.e	(0.03)	(0.06)
Diluted	Note 12.e	(0.03)	(0.06)

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the consolidated income statement corresponding to the year ended 31 December 2019.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of Euros)

	Notes	2019	2018
PROFIT FOR THE YEAR		(18,503)	(17,742)
Income and expenses recognised directly in net equity, transferable to the consolidated income statement:			
Variation in cash flow hedges of the Parent Company and fully and proportionately consolidated companies		(1,754)	(1,045)
Total consolidated comprehensive income		(20,257)	(18,787)
Attributable to:			
- Company shareholders		(10,999)	(16,028)
- Non-controlling interests		(9,258)	(2,759)
Total consolidated comprehensive income		(20,257)	(18,787)

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2019.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

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

(Thousands of Euros)

	Share capital	Treasury shares	Share premium	Reserves	Profit for the year	Non-controlling interests	Net equity
At 1 January 2018 (*)	57,921	(1,859)	338,733	46,384	26,270	142,158	609,607
Impact of adopting IFRS 9	-	-	-	(7,052)	-	-	(7,052)
At 1 January 2018	57,921	(1,859)	338,733	39,332	26,270	142,158	602,555
Comprehensive income for the year	-	-	-	(1,045)	(14,983)	(2,759)	(18,787)
Distribution of 2017 profit	-	-	-	26,270	(26,270)	-	-
Change in scope	-	-	-	(462)	-	-	(462)
Treasury shares	-	(3,713)	-	215	-	-	(3,498)
Final dividend	-	-	(24,211)	-	-	(6,828)	(31,039)
Issuance of Convertible Bond	-	-	-	62,480	-	-	62,480
Foreign exchange reserves	-	-	-	(2,389)	-	4,905	2,516
Other	-	-	-	1,601	-	-	1,601
At 31 December 2018	57,921	(5,572)	314,522	126,002	(14,983)	137,476	615,366
At 1 January 2019	57,921	(5,572)	314,522	126,002	(14,983)	137,476	615,366
Comprehensive income for the year	-	-	-	(1,754)	(9,245)	(9,258)	(20,257)
Distribution of 2018 profit	-	-	-	(14,983)	14,983	-	-
Treasury shares	-	1,350	-	-	-	-	1,350
Change in scope	-	-	-	1,724	-	753,508	755,232
Final dividend	-	-	(26,620)	-	-	-	(26,620)
Foreign exchange reserves	-	-	-	3,796	-	6,657	10,453
Capital Increases and other equity contributions	38,411	-	3,598,291	67,467	-	-	3,704,169
Employee remuneration payable in shares	-	-	-	8,367	-	-	8,367
Other	-	-	-	1,252	-	1,524	2,776
At 31 December 2019	96,332	(4,222)	3,886,193	191,871	(9,245)	889,907	5,050,836

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the statement of changes in the consolidated equity corresponding to the year ended 31 December 2019.

(*) Restated balances. Certain amounts included in this consolidated statement of changes in net equity for the year ended on 31 December 2017 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2017, and reflect the adjustments described in Note 2.b. of the 2018 consolidated annual accounts.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of Euros)

	Notes	2019	2018
Profit/(loss) for the year before tax		(54,010)	(36,181)
Adjustments to profit-			
Depreciation	Note 18.e	500,814	402,846
Gains/(losses) on derecognition and disposals of non-current assets		135	1,021
Changes in provisions		(154)	(983)
Interest and other income		(1,254)	(3,461)
Interest and other expenses		197,838	152,285
Share of results of companies accounted for using the equity method	Note 8	(82)	(113)
Other income and expenses		2,290	1,487
Changes in current assets/current liabilities-			
Inventories		1,715	(2,316)
Trade and other receivables		(61,334)	1,585
Other current assets and liabilities		59,520	2,765
Cash flows generated by operations			
Interest paid		(147,932)	(119,797)
Interest received		599	840
Income tax received/(paid)		(25,262)	(20,219)
Current provisions and Employee benefit obligations		(53,326)	16,519
Total net cash flow from operating activities (I)		419,557	396,278

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the consolidated statement of cash flows corresponding to the year ended 31 December 2019.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of Euros)

	Notes	2019	2018
Business combinations and changes in the scope of consolidation		(3,059,586)	(38,154)
Purchases of property, plant and equipment and intangible assets	Note 6 and 7	(894,224)	(575,912)
Non-current financial investments		(3,235)	(10,967)
Total net cash flow from investing activities (II)		(3,957,045)	(625,033)
Acquisition of treasury shares		-	(5,035)
Issue of equity instruments	Notes 12 and 13	3,683,375	62,480
Proceeds from issue of bank borrowings	Note 13	1,656,330	543,404
Bond issue	Note 13	1,026,032	591,615
Repayment and redemption of bank borrowings	Note 13	(651,344)	(603,663)
Repayment of bond issues and other loans	Note 13	(62,835)	-
Net repayment of other borrowings	Note 13	(26,978)	(11,220)
Net payment of lease liabilities	Note 14	(174,151)	(151,596)
Dividends paid	Note 12	(26,620)	(24,211)
Dividends to non-controlling interests		(808)	(6,987)
Dividends received		109	713
Total net cash flow from financing activities (III)		5,423,110	395,500
Foreign exchange differences		10,063	(6,048)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)		1,895,685	160,697
Cash and cash equivalents at beginning of year	Note 11	455,870	295,173
Cash and cash equivalents at end of year		2,351,555	455,870

The accompanying Notes 1 to 25 and Appendices I and II attached form an integral part of the consolidated statement of cash flows corresponding to the year ended 31 December 2019.

Cellnex Telecom, S.A. and Subsidiaries
Notes to the consolidated financial statements for the year ended on 31 December 2019

1. General information

Cellnex Telecom, S.A., (hereinafter, the "Parent Company" or "Cellnex") was incorporated in Barcelona on 25 June 2008. Its registered office is at Calle Juan Esplandiú nº 11 in Madrid. On 1 April 2015, it changed its name 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, for its own benefit or for the benefit of 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 such installations and services under any type of contractual arrangement allowed by law, especially administrative concessions.

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

Cellnex Telecom, S.A. is the parent of a group of companies engaged in the management of terrestrial telecommunications infrastructures.

2. Basis of presentation

a) Basis of presentation

The consolidated financial statements of Cellnex Telecom, S.A. and Subsidiaries for the year ended on 31 December 2019, which have been based on the accounting records kept by the Parent Company and by the other companies that make up the Group, were authorised for issue by the Directors of the Parent Company at the meeting of the Board of Directors held on 25 February 2020.

These consolidated financial statements have been prepared in accordance with the regulatory financial reporting framework applicable to the Group which is established by the International Financial Reporting Standards (hereinafter "IFRS") adopted by the European Union (hereinafter, "EU-IFRS") and taking into consideration all of the accounting principles and standards and the valuation criteria that must be applied, as well as the Commercial Code, the Spanish Limited Liability Companies Act and other applicable commercial legislation, so that they show a true image of the equity and financial situation of the Cellnex Group at 31 December 2019 and the results of its operations, the changes in net equity and the consolidated cash flows that have occurred within the Group during the financial year ended on that date.

Given that the accounting principles and valuation criteria applied when preparing the Group's consolidated financial statements at 31 December 2019 may differ from those used by some of the companies within the Group, the adjustments and reclassifications needed to standardise the principles and criteria, and adapt them to the EU-IFRS, have been carried out as part of the consolidation process. These adjustments have not had a significant impact on the Group's consolidated annual accounts.

The consolidated financial statements of Cellnex Telecom, S.A., as well as its individual annual accounts and the annual accounts of the companies forming part of the Group will be submitted to their respective General Meetings of Shareholders/Partners or Shareholder/Sole Shareholder within the legally established deadlines. The Directors of the Parent Company consider that these accounts will be approved without any significant changes.

Moreover, the Group's consolidated financial statements corresponding to the financial year ended on 31 December 2018 were approved by the shareholders of the Parent Company on 9 May 2019.

b) Adoption of IFRSs

The Cellnex Group's consolidated financial statements are presented in accordance with EU-IFRSs, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the requirement to prepare consolidated financial statements in accordance with EU-IFRSs is also regulated by Final Provision Eleven of Law 62/2003, of 30 December, on tax, administrative, labour and social security measures.

The principal accounting policies and measurement bases adopted by the Group are presented in Note 3.

(I) Standards and Interpretations effective during the present year

The following new accounting standards, amendments and interpretations came into force in 2019:

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
	Approved for use in the European Union	
IFRS 16 - Leases (published in January 2016)	Replaces IAS 17 and associated interpretations. The central novelty lies in a single accounting model for lessees, which will include in the balance sheet all leases (with some limited exceptions) with an impact similar to that of current financial leases (there will be amortization of the asset for the right of use and an expense financial cost for the amortized cost of the liability).	1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.
Modification to IFRS 9 - Characteristics of early cancellation with negative compensation (published in October 2017)	This modification will allow the valuation at amortized cost of some financial assets payable in advance for an amount less than the outstanding amount of principal and interest on said principal.	1 January 2019
IFRIC 23 Uncertainty about tax treatments (published in June 2017)	This interpretation clarifies how to apply the registration and measurement criteria of IAS 12 when there is uncertainty about the acceptability by the tax authority of a specific tax treatment used by the entity.	1 January 2019
Modification to IAS 28 - Long-term interest in associates and joint ventures (published in October 2017)	Clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied	1 January 2019
Modification to IFRS 3 - Business combinations. Annual cycle of improvements 2015-2017 (published in December 2017)	Acquisition of control over a business previously registered as a joint operation.	1 January 2019
Modification to IFRS 11 - Joint ventures. Annual cycle of improvements 2015-2017 (published in December 2017)	Acquisition of joint control over a joint operation, which constitutes a business.	1 January 2019

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
	Approved for use in the European Union	
Modification to IAS 12 - Income tax. Annual cycle of improvements 2015-2017 (published in December 2017)	Recognition of the tax impact of the remuneration of financial instruments classified as equity.	1 January 2019
Modification to IAS 23 - Interest cost. Annual cycle of improvements 2015-2017 (published in December 2017)	Capitalization of financial interests pending payment, specific to an asset ready for use.	1 January 2019
Modification to IAS 19 - Modification, reduction or liquidation of a plan (published in February 2018)	Clarifies how to calculate the cost of the service for the current period and the net interest for the remainder of an annual period when there is a modification, reduction or liquidation of a defined benefit plan.	1 January 2019

The Group has applied the aforementioned standards and interpretations since their entry into force, which has not given rise to any significant change in its accounting policies, except for the considerations detailed below:

As indicated in Note 2.b. of the 2018 consolidated financial statements, the condensed consolidated interim financial statements for the six-month period ended on 30 June 2018 were the first to be prepared applying IFRS 9 “Financial Instruments”, IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 “Leases”.

IFRS 16 was applied on the transition date, 1 January 2017, and the related opening balance sheet was prepared in accordance with this standard for the purpose of providing comparative consolidated financial statements for the year ended 31 December 2017.

The Group adopted IFRS 9, IFRS 15 (no impact) and IFRS 16 as of 1 January 2018, being IFRS 16 the only standard that has derived significant impacts on the Group's consolidated financial statements (see Note 4 of the 2018 consolidated financial statements).

The adoption of IFRS 9 has reduced “Trade and Other Receivables” caption and Consolidated Net Equity by EUR 7,052 thousand, as of 1 January 2018.

(II) Standards and interpretations issued but not yet in force

At the date of formal preparation of these consolidated financial statements, the following standards, amendments and interpretations had been published by the International Accounting Standards Board (IASB) but had not come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union.

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
	Approved for use in the European Union	
Modification to IAS 1 and IAS 8 - Definition of Materiality (published in October 2018)	Modifications to IAS 1 and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework. In particular, the amendments clarify: • that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.	1 January 2020
	Not yet approved for use in the European Union (1)	
Modification to IFRS 3 - Definition of a Business (published in October 2018)	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.	1 January 2020
IFRS 17 - Insurance contracts (published in May 2017)	Replaces IFRS 4. It includes the principles of registration, valuation, presentation and disclosure of insurance contracts with the objective that the entity provides relevant and reliable information that allows users of financial information to determine the effect that the contracts of Insurance have in the financial statements.	1 January 2021 (2)

(1) The status of approval by the European Union of these standards can be found on the EFRAG website.
(2) The IASB has proposed its deferral to January 1, 2022 (Draft amendment to IFRS 7 published on June 26, 2019).

c) Accounting policy relating to the Cellnex Switzerland Put Option ("DTCP Put Option")

In December 2019, DTCP exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom (see Note 17.a.i. of the accompanying consolidated financial statements). As a result, Cellnex Telecom acquired an additional 9% (DTCP stake in Cellnex Switzerland at the date of execution) of the share capital of Cellnex Switzerland for CHF 109,876 thousand (with a Euro value of EUR 101,231 thousand as of 31 December 2019), which was paid in cash. Following this acquisition, as at 31 December 2019, Cellnex Telecom held 72% of the share capital of Cellnex Switzerland.

At the 2019 year-end, following a thorough review of the contractual terms, the Company's Directors decided to record the adjustments to the redemption liability directly in equity. This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions. Upon initial recognition of the redemption liability, the risks and rewards not transferred to the parent were recognised as non-controlling interests.

The impact in 2019 derived from subsequent changes in the DTCP Put Option liability carrying amount, which amounted to EUR 35 million, were thus registered in the reserves of the accompanying consolidated balance sheet.

d) Presentation currency of the Group

These consolidated financial statements are presented in euros, as this is the currency of the main economic area in which the Group operates.

e) Responsibility for the information provided and accounting estimates and judgements made

The preparation of the consolidated financial statements under IFRS requires certain accounting estimates to be made and certain elements of judgement to be considered by the Management of the Company. These are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events, which are considered reasonable under the circumstances. Although the estimates considered have been made with the best information available as of the date of preparing these consolidated financial statements, in accordance with IAS 8, any future amendment to these estimates would be applied prospectively as of that moment, acknowledging the effect of the change on the estimate made in the consolidated income statement for the financial year in question.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

a) Useful lives of property, plant and equipment (see Note 3.a).

The determination of useful lives of property, plant and equipment requires estimates of the assets' level of use and of expected technological changes. Assumptions regarding the level of use, technological framework and their future development, based on which the useful lives are determined, entail a significant degree of judgment, since the time and nature of future events are difficult to foresee.

b) Useful lives of intangible assets (see Note 3.b).

The intangible assets associated with the telecom infrastructures are amortised over the shorter of the term of the corresponding ground lease (taking into consideration renewals) or up to 20 years, as the Company considers these intangibles to be directly related to the infrastructure assets.

c) Useful lives of right-of-use assets.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

d) The measurement of non-financial assets and goodwill in order to determine the existence of impairment losses on these assets (see Notes 3.b and 3.c).

The determination of impairment losses requires the use of estimates on the recoverable amount based on impairment tests. The estimated recoverable amount for non-financial assets and goodwill is based mainly on impairment tests performed using discounted cash flows.

e) Derivatives or other financial instruments (see Notes 3.d, 3.e, 9 and 13).

The fair value of financial instruments traded on official markets is based on the market prices at the consolidated balance sheet date. The quoted market price used for financial assets is the current bid price.

The fair value of the financial instruments not quoted on active markets is determined using valuation techniques. The Group uses various methods and makes assumptions based on the existing market conditions at each consolidated balance sheet date. To determine the fair value of the remaining financial instruments, other techniques, such as estimated discounted cash flows, are used. The fair value of the interest rate swaps is calculated as the present value of the estimated cash flows.

The carrying amount, less the provision for impairment losses on accounts receivable and payable, is similar to their fair value.

The fair value of financial liabilities, for the purposes of presenting financial information, is estimated by discounting future contractual cash flows at the current market interest rate the Group would have access to for similar financial instruments.

When financial assets not measured at fair value through profit or loss are initially recognised, the Group measures them at their fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. In this sense, the Group determines the classification of its financial assets at initial recognition.

f) Fair value of assets and liabilities in business combinations (see Note 5).

The identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are initially measured at their acquisition-date fair value, regardless of the scope of non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share in the identifiable net assets acquired is recognised as goodwill. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated statement of comprehensive income for the financial year.

g) Provisions for staff obligations (see Notes 3.m and 17.b).

The calculation of pension expenses, other post-retirement expenses or other post-retirement liabilities requires the application of several assumptions. At the end of each financial year, the Group estimates the provision needed to meet the commitments for pensions and similar obligations, in accordance with the advice of independent actuaries. Changes affecting these assumptions may result in different amounts for the expenses and liabilities recorded. The most significant assumptions for measuring pension and post-retirement benefits liabilities are retirement age, inflation and the discount rate used. The assumptions about social security coverage are also essential for determining other post-retirement benefits. Any future changes to these assumptions would have an impact on the future pension expenses and liabilities.

h) Deferred tax assets and income tax (see Notes 3.l and 16).

The calculation of the income tax expense requires the interpretation of tax legislation in the jurisdictions where the Group operates. The determination of expected outcomes with regards to outstanding disputes and litigation requires significant estimates and judgements to be made. The Group assesses the recoverability of deferred tax assets based on the estimates of future taxable income and the ability to generate sufficient income during the periods in which these deferred taxes are deductible.

i) Provisions: the probability of occurrence and the amount of the undetermined contingent liabilities (see Notes 3.o and 17).

The Group makes an estimate of the amounts to be settled in the future, including those corresponding to contractual obligations and outstanding litigation. These estimations are subject to interpretations of the current facts and circumstances, forecasts of future events and estimates of the financial effects of these events.

The consolidated financial statements have been prepared on the historical cost basis, except in the cases specifically mentioned in these Notes, such as the items measured at fair value.

The consolidated financial statements have been prepared on the basis of uniformity in recognition and measurement. When a new standard amending existing measurement bases becomes applicable, it is applied in accordance with the transition criterion provided in the standard.

Certain amounts in the consolidated income statement and the consolidated balance sheet were grouped together for the sake of clarity. These items are disclosed in the Notes to the consolidated financial statements.

The distinction presented in the consolidated balance sheet between current and non-current items was made based on whether they fall due within one year or more, respectively.

In addition, the consolidated financial statements include all additional information considered necessary for their correct presentation under the company law in force in Spain.

Finally, the figures contained in all the financial statements forming part of the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes to net equity, consolidated statement of cash flows) and the Notes to the consolidated financial statements are expressed in thousands of euros.

f) Comparative information

As required by the IFRS, the information relating to the financial year ended on 31 December 2018 contained in these consolidated financial statements for 2019 is submitted solely and exclusively for the purpose of comparison.

g) Materiality

In deciding what information to disclose in the Notes on the various items of the consolidated financial statements or other matters, the Group assessed their materiality in relation to these consolidated financial statements for 2019.

h) Consolidation principles

I) Methods of Consolidation

Subsidiaries

Subsidiaries are all companies in which the Group directly or indirectly controls the financial and operational policies, so that it exercises control over the investee company while maintaining the exposure or right to the variable results from the investment and the ability to use this control in order to influence the amount of these returns. This is generally accompanied by an ownership interest of more than the half of the voting rights.

Additionally, to assess if the Group controls another company, the following are considered: the power over the investee; exposure or rights to variable returns of the investment; and the ability to use this power over the investee to affect the amount of the investor’s returns. The subsidiary companies are consolidated as from the date on which control is transferred to the Group and they are excluded from consolidation on the date in which the control ceases.

The Group consolidates subsidiaries using the full consolidation method.

Appendix I to these Notes provides details on all the subsidiaries included in the scope of consolidation at 31 December 2019.

Associates

Associates are companies over which the Group exercises significant influence and with which it has a long-term relationship that fosters and influences its business even though it has a small representation in the management and control bodies. Along with this representation, the Group generally holds between 20% and 50% of the company's voting rights, unless it can be clearly demonstrated that such influence does not exist or unless the Group holds less than 20% of those rights and it can be clearly demonstrated that said influence does exist.

The investments in associates are recorded using the equity method and are initially recognised at cost. The investments of the Parent Company in associates include, as per IAS 28, goodwill (net of any accumulated impairment losses) identified in the acquisition, and are recognised under "Investments in associates" in the consolidated balance sheet.

In the case of associates acquired in stages, IAS 28 does not specifically define how to determine the cost of the acquisition. Therefore, the Group interprets the cost of an investment in an associate acquired in stages to be the sum of the amounts paid at each acquisition plus the share of the profits and other changes in shareholders' equity less any impairment that may have arisen.

Thereafter, the Group's share of the profit (loss) and reserves of associates is recognised in the consolidated income statement and as consolidation reserves (other comprehensive income), respectively, with the value of the shareholding as the balancing entry in both cases. Dividends received and/or accrued after acquisitions are adjusted against the amount of the investment.

If the Group's share of the losses of an associate is equal to or greater than the value of its financial investment, including any other outstanding account receivable not guaranteed, further losses will not be recognised unless obligations have been incurred, guarantees have been furnished or payments have been made on behalf of the associate, which would entail the recognition of a financial liability.

Appendix II to these Notes provides details on the associates included in the scope of consolidation using the equity method at 31 December 2019.

II) Standardisation of accounting reference periods and valuation

The reporting periods for all companies included in the scope of consolidation end on 31 December. For the purposes of the consolidation process, the respective financial statements prepared under IFRS principles were used. In accordance with current legislation, these companies present individual annual accounts as set forth in the applicable standards.

The measurement bases applied by the Group companies are largely consistent. However, where necessary, adjustments were made to standardise the measurement bases and ensure that the accounting policies of the companies included in the scope of consolidation were uniform with the policies adopted by the Group.

III) Business combinations

The subsidiaries acquired by the Group are accounted for using the acquisition method in accordance with the revised IFRS 3. Acquisition cost is the fair value of the assets acquired and the equity instruments issued, and of the liabilities incurred or assumed at the acquisition date, plus any asset or liability resulting from a contingent consideration arrangement. Costs that are directly attributable to the transaction are recognised directly in the consolidated income statement for the year in which the transaction takes place.

The identifiable assets acquired, the contingent assets and liabilities assumed and any non-controlling interest in a business combination are initially measured at their acquisition-date fair value. For each business combination, the Group may elect to recognise any non-controlling interest in the acquiree at fair value or according to the proportionate share of the non-controlling interest in the acquiree's net identifiable assets.

The excess over the fair value of the net assets identified in the transaction is recognised as goodwill arising on consolidation, which is allocated to the corresponding Cash-Generating Units (hereinafter, CGUs).

The Group makes a provisional allocation of the purchase price for the business combination at the acquisition date; this initial assessment is reviewed, as appropriate, within 12 months from the date control is obtained.

The resulting goodwill is allocated to the various CGUs expected to benefit from the business combination's synergies, regardless of any other acquired assets and liabilities allocated to these CGUs or groups of CGUs.

However, if the acquisition cost is below the fair value of the acquiree's net assets, such as in a bargain purchase, the difference is recognised as a gain directly in the consolidated statement of comprehensive income.

Goodwill arising on consolidation is not systematically amortised and is subject to an annual impairment test, as indicated in Note 3.b.iv.

In a business combination achieved in stages, when control is obtained, the assets and liabilities of the business acquired, including any previously held interest, must be remeasured at fair value. Any resulting gain or loss with respect to previously recognised assets and liabilities must be recognised in the consolidated income statement, without generating any additional goodwill.

In the case of acquisitions of associates in stages, goodwill is calculated for each acquisition based on the cost and the interest in the fair value of the net assets acquired on each acquisition date.

As indicated in Note 2.h.i., goodwill relating to acquisitions of associates and multi-group companies is included as an increase in the value of the respective investment and is recognised in accordance with Note 3.b.iv.

IV) Elimination of inter-company transactions

Inter-company transactions and balances are eliminated, as are unrealised gains vis-a-vis third parties on transactions between or among Group companies. Unrealised losses are also eliminated, unless there is evidence of an impairment loss on the transferred asset.

Gains and losses from transactions between the Group and its associates and multi-group companies are recognised in the Group's financial statements only to the extent that they arise from the interests of other investors in associates and multi-group companies not related to the investor.

V) Transactions with non-controlling interests

Transactions with non-controlling interests are recognised as transactions with the owners of the Group's equity. Therefore, in purchases of non-controlling interests, the difference between the consideration paid and the corresponding proportion of the carrying amount of the subsidiary's net assets is recognised with an impact on net equity. Likewise, gains or losses through the disposal of non-controlling interests are also recognised in the Group's net equity.

In the event that it ceases to have control or significant influence, the remaining investment is remeasured at its fair value, and any gain or loss relative to the previously recognised investment is recognised with an impact in the year's consolidated income statement. Additionally, any amount previously recognised in other comprehensive income with regards to this company is recorded as if the Group had directly sold all the related assets and liabilities. Should this occur, the amounts previously recognised under other comprehensive income would be reclassified to the consolidated income statement for the year. If the decrease in the investment in an associate does not imply a loss of significant influence, the proportional share previously recognised under other comprehensive income is reclassified to the consolidated income statement.

VI) Translation of financial statements denominated in foreign currencies

The financial statements of the foreign companies, none of which operate in a hyperinflationary economy, presented in a functional currency (that of the main economic area in which the entity operates) other than the presentation currency of the consolidated financial statements (the euro), are translated to euros using the year-end exchange rate method, according to which:

- Equity is translated at the historical exchange rate.
- Items in the income statement are translated using the average exchange rate for the period as an approximation of the exchange rate at the transaction date.
- The other balance sheet items are translated at the year-end exchange rate.

As a result, exchange differences are included under “Reserves – Translation differences” in equity in the consolidated balance sheet.

VII) Other

Currency translation differences arising from the translation of a net investment in a foreign operation and from loans and other instruments in a currency other than euro designated as hedges of those investments are recognised in equity. When the investment is sold, any exchange differences are recognised in the consolidated income statement as part of the gain or loss on the sale.

Adjustments to goodwill and to fair value arising from the acquisition of a foreign operation are considered assets and liabilities of the foreign operation and are translated using the year-end exchange rate.

i) Changes in the scope of consolidation

Movements in 2019

Acquisitions and incorporations

The most significant changes in the scope of consolidation and in the companies included in it during the 2019 financial year were as follows:

Name of the Company	Company with direct shareholding and % acquired/maintained		Consolidation method
Acquisitions/incorporations:			
Iliad7, S.A.S. (1)	Cellnex France Groupe	70%	Full
Swiss Infra Services SA (2)	Swiss Towers AG	90%	Full
Cignal Infrastructure Limited (3)	Cellnex Telecom, S.A.	100%	Full
Cellcom Ireland Limited (3)	Cignal Infrastructure Limited	100%	Full
National Radio Network Limited (3)	Cignal Infrastructure Limited	100%	Full
Cellnex Switzerland (4)	Cellnex Telecom, S.A.	9%	Full
On Tower Netherlands BV (5)	Cellnex Netherlands BV	100%	Full
On Tower Netherlands 1 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 2 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 3 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 4 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 5 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 6 BV (5)	On Tower Netherlands BV	100%	Full
Capital increases:			
Cellnex Switzerland (6)	Cellnex Telecom, S.A.	9%	Full

(1) 23/12/2019; (2) 05/08/2019; (3) 09/09/2019; (4) 16/12/2019; (5) 12/07/2019; (6) 30/07/2019

I) Iliad7, S.A.S.

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad7 group of companies by virtue of which, Cellnex, through its fully owned subsidiary Cellnex France Groupe, has acquired 70% of the share capital of Iliad 7, S.A.S. ("Iliad7"), owner of approximately 5,700 sites located in France. Additionally, Cellnex has agreed to the deployment of 2,500 sites in France in a seven-year term.

The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 1.4 billion (see Note 5).

The transaction was completed in December 2019, following the settlement of several administrative authorizations. Thus, Iliad7 has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

II) Swiss Infra Services

In the first half of 2019, the Group entered into a long-term industrial alliance with Matterhorn Telecom, S.A. ("Matterhorn") by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra Services SA ("Swiss Infra") owner of approximately 2,800 sites located in Switzerland for a total amount of approximately EUR 770 million. Additionally, Cellnex agreed to the deployment of 500 additional sites in Switzerland in an eight-year term.

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

Thus, following this acquisition, Swiss Infra has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

III) Cignal subgroup

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

Thus, following this acquisition, Cignal has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

IV) Cellnex Switzerland

During the second half of 2019, in the context of the Swiss Infra Services acquisition (see Notes 2.i.ii and 5), Cellnex Switzerland carried out a capital increase amounting to CHF 460 million, which was fully subscribed by Cellnex Telecom and Swiss Life. As a consequence, the stake that Cellnex held in Cellnex Switzerland increased from 54% to 63% at the date of the aforementioned transaction. By not subscribing to this capital increase, Deutsche Telekom Capital Partners ("DTCP") reduced its stake in Cellnex Switzerland from 18%, to 9% at the date of this transaction.

In addition, pursuant to the put option agreement entered into with DTCP in 2017, as it was reasonable to expect, the latter exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom. As a result, Cellnex Telecom acquired, during the second half of 2019, an additional 9% of the share capital of Cellnex Switzerland for CHF 109,876 thousand (with a Euro value of EUR 101,231 thousand as of 31 December 2019). Following this acquisition, as at 31 December 2019 Cellnex Telecom held 72% of the share capital of Cellnex Switzerland.

V) On Tower Netherlands subgroup

During the second half of 2019, Cellnex Telecom (through its subsidiary Cellnex Netherlands BV) reached an agreement to acquire 100% of the share capital of On Tower Netherlands BV ("On Tower Netherlands") from its shareholders which, in turn, owns all the shares of On Tower Netherlands 1 BV, On Tower Netherlands 2 BV, On Tower Netherlands 3 BV, On Tower Netherlands 4 BV, On Tower Netherlands 5 BV and On Tower Netherlands 6 BV, for an amount of EUR 40 million (Enterprise Value). As a result of the acquisition, Cellnex directly owns all the shares of On Tower Netherlands BV and, consequently, all the shares of its subsidiaries. The actual cash outflow in relation to this transaction was EUR 39 million following the incorporation of EUR 1 million of cash balances on the balance sheet of the acquired subgroup. As a result of this acquisition, Cellnex acquired 114 additional sites.

Thus, following this acquisition, On Tower Netherlands has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

Transactions between companies in the scope of consolidation

Also, in 2019, the following transactions were performed between companies in the scope of consolidation, which, accordingly, did not have an impact on these consolidated financial statements:

Selling/ Spun-off company	Buying/ Resulting company	Comments	Date
Mergers:			
Galata S.p.A Video Press Production, S.r.L. BRT Tower, S.r.L. DFA Telecomunicazioni, S.r.L. Sintel, S.r.L	Galata, S.p.A	Merger by absortion of Galata, S.p.A (absorbing company) with Video Press Production, S.r.L., BRT Tower, S.r.L., DFA Telecomunicazioni, S.r.L. and Sintel, S.r.L (absorbed companies).	01/08/2019

In addition, during 2019, the companies formerly called Shere Midco Limited, QS4 Limited and Shere Consulting Limited, changed their names to Cellnex UK Midco Limited, Connectivity Solutions Limited and Cellnex UK Consulting Limited, respectively.

Movements in 2018

Acquisitions and incorporations

The changes to the scope of consolidation that occurred during the 2018 financial year with a significant impact on the consolidated financial statements for that financial year were as follows:

Name of the Company	Company with direct shareholding and	% acquired/maintained	Consolidation method
Acquisitions/incorporations:			
Zenon Digital Radio, S.L. (1)	Tradia Telecom, S.A.U.	100%	Full
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A. (2)	Tradia Telecom, S.A.U.	100%	Full
Towerlink France, S.A.S.(3)	Cellnex France S.A.S.	100%	Full
Nearby Sensors, S.L. (4)	Tradia Telecom, S.A.U.	15%	Equity
Liquidations:			
Shere Group Netherlands BV (5)	Shere Midco Ltd	100%	Full
Infr'asset, S.A.S. (6)	Cellnex France Groupe, S.A.S.	100%	Full
SGL Reserve Ltd (formerly Cellnex UK Limited) (7)	Cellnex Telecom, S.A.	100%	Full

(1) 08/03/2018; (2) 12/07/2018; (3) 30/11/2018; (4) 13/11/2018; (5) 26/04/2018; (6) 23/04/2018; (7) 21/12/2018

I) Acquisition of Zenon Digital Radio, S.L.

In the first quarter of 2018, Tradia Telecom, S.A.U. (a subsidiary in which the Group has a 100% stake) acquired, from Palol Inversiones, S.L.U., 100% of Zenon Digital Radio, S.L. ("Zenon") for a total of EUR 2 million. The main corporate purpose of the acquired company, located in Barcelona, includes the commercialization, development, installation and maintenance of TETRA systems (Other Network Services business segment).

II) Acquisition of Xarxa Oberta de Catalunya

During the second half of 2018, Cellnex reached an agreement for the acquisition of 100% of the share capital of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A. ("XOC") from Imagina, a subsidiary of the Mediapro Group. The acquisition price of the shares amounted to approximately EUR 33 million. Additionally, through this agreement, Cellnex acquires a set of assets for an amount of EUR 3 million, which, until the aforementioned date of acquisition, were owned by companies of the group to which Imagina belongs, and on the terms agreed by both parties.

As a result of the above, the total acquisition price of the transaction, amounted to EUR 36 million .The actual cash outflow in relation to this transaction (Enterprise Value) has been EUR 34 million following the incorporation of EUR 2 million of cash balances on the balance sheet of the acquired company (see Note 5).

The XOC is a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya, and the expiration date of the concession is 2031.

III) Towerlink France, S.A.S.

During the second half of 2018, Cellnex France, S.A.S. created the subsidiary Towerlink France, S.A.S. ("Towerlink France") with a share capital of EUR 1 thousand through the creation of 1,000 shares with a nominal value of EUR 1 per share. Subsequently, on 5 December 2018, Towerlink France increased its share capital to EUR 20 thousand. The capital increase was subscribed by Cellnex France by 99.9%, while the remaining 0.01% was subscribed by Bouygues Telecom.

As a result of this transaction, at 31 December 2018, Cellnex, through his wholly owned subsidiary, Cellnex France, holds a 99.9% stake in Towerlink France.

IV) Nearby Sensors, S.L.

During the second half of 2018, Cellnex Telecom and Nearby Sensors signed an agreement for the incorporation of Cellnex, through its fully owned subsidiary Tradia Telecom, in the shareholding of the start-up with a contribution of EUR 0.5 million equivalent to a 15% stake.

Nearby Sensor, established in 2013 and based in Barcelona, is dedicated to rolling out the Internet of Things (IoT), edge computing, and the automation of IT-OT hybrid processes (industrial IoT), that will emerge with the roll-out of 5G.

For Cellnex, the investment in Nearby Sensor is part of the open and collaborative innovation Group's strategy, identifying entrepreneurial initiatives that start from frontier research in universities and knowledge centres and end up translating into innovative value and service proposals within the field of connectivity and telecommunications.

Transactions between companies in the scope of consolidation

Also, in 2018, the following transactions were performed between companies in the scope of consolidation, which, accordingly, did not have an impact on these consolidated financial statements:

Selling/Spun-off company	Buying/Resulting company	Comments	Date
Disposals:			
Cellnex Telecom, S.A. [1]	Cellnex Telecom España, S.L.U.	Transfer of 100% of the ownership interest in Retevisión-I, S.A.U. by Cellnex Telecom, S.A.	14/02/2018
Cellnex Telecom, S.A. [1]	Cellnex Telecom España, S.L.U.	Transfer of 100% of the ownership interest in Tradia Telecom, S.A.U. by Cellnex Telecom, S.A.	14/02/2018
Cellnex Telecom, S.A. [1]	Cellnex Telecom España, S.L.U.	Transfer of 100% of the ownership interest in On Tower Telecom Infraestructuras, S.A.U. by Cellnex Telecom, S.A.	14/02/2018
Retevisión-I, S.A.U.	Cellnex Telecom, España, S.L.U.	Sale of the investment in Gestora del Espectro, S.L. by Retevisión-I, S.A.U	09/10/2018
Infracapital Alticom BV	Cellnex Netherlands BV	Sale of the investment in Alticom Holding BV by Infracapital Alticom BV	29/12/2018
Alticom Holding BV	Cellnex Netherlands BV	Sale of the investment in Alticom BV and Breedlink BV by Alticom Holding BV	29/12/2018
Mergers:			
Alticom BV [2] Infracapital Alticom BV [2] Alticom Holding BV [2]	Alticom BV	Merger by absortion of Alticom BV (absorbing company) with Infracapital Alticom BV and Alticom Holding BV (absorbed companies).	29/12/2018
Galata S.p.A OnTower Italia, S.r.L TMI, S.r.L	Galata, S.p.A	Merger by absortion of Galata, S.p.A (absorbing company) with OnTower Italia, S.r.L and TMI, S.r.L (absorbed companies).	01/10/2018

[1] This contribution to Cellnex Telecom España, S.L.U. of 100% of the shares of Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infraestructuras, S.A.U. until then owned by Cellnex Telecom, S.A., was made for their carrying amount of EUR 977 million. In turn, Cellnex Telecom, S.A. made an equity contribution to Cellnex Telecom España, S.L.U. for the same amount.

[2] At 29 December 2018 with effect as per 1 January 2018 a reorganization of the companies under Cellnex Netherlands BV took place. Infracapital Alticom BV sold its investment in subsidiaries of Alticom Holding BV to its immediate parent Cellnex Netherlands BV at cost for an amount of EUR 85 million. At the same time, Alticom Holding BV sold its investment in subsidiaries in Alticom BV and Breedlink BV to Cellnex Netherlands BV at cost for an amount of EUR 57 million and EUR 1 million, respectively. Once all the subsidiaries had as immediate parent Cellnex Netherlands BV, Infracapital Alticom BV and Alticom Holding BV merged into Alticom BV. The merger resulted in a merger reserve in Alticom BV for an amount of EUR 142 million.

In addition, as at 31 December 2018 Shere Group Limited changed its name to Cellnex UK Limited. Moreover, the company formerly called Cellnex UK Limited changed its name to SGL Reserve. Additionally, on 1 July 2018, a business transfer of the company SGL Reserve Limited (formerly Cellnex UK Limited) was executed to the company Cellnex UK Limited (formerly known as Shere Group Limited). This operation has had no impact on these consolidated financial statements.

3. Accounting policies and measurement bases

The main accounting policies used when preparing the consolidated financial statements, in accordance with those established by the International Financial Reporting Standards adopted by the European Union (EU-IFRS), as well as the interpretations in force when drawing up these consolidated accounts, were as follows:

a) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any accumulated impairment losses.

With reference to the acquisition of telecom infrastructures, the price agreed upon in the commercial sale and purchase agreement refers to the acquisition of an asset with two components: the physical asset (tower and other equipment and fixtures) and an intangible asset 'customer network service contracts and network location' in order to be able to provide the service to mobile operators. This is in turn related to the subsequent services contract with the mobile operator and the subrogation of all the rental contracts with third parties that the mobile operator previously had, and which includes the corresponding operating permits or licences. However, there being two types of assets, and given that the intangible portion cannot be segregated as an intangible asset, the accounting treatment applied records the full amount of the purchase under the "Property, plant and equipment", which is depreciated according to the useful life thereof on the basis of technical studies.

Grants related to assets received reduce the cost of acquisition of property, plant and equipment, and are recognised when the entity complies with conditions attaching to collection. These grants are taken to profit or loss on a straight-line basis over the useful life of the asset financed, with a reduction in the depreciation charge for the year.

Staff costs and other expenses, as well as net borrowing costs directly related to property, plant and equipment, are capitalised as part of the investment until the assets are put to 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 related asset, provided that the carrying amount of the assets replaced and derecognised from inventories is known or can be estimated.

The costs of upkeep and maintenance are charged to the consolidated income statement in the year in which they are incurred.

The depreciation of property, plant and equipment is calculated systematically, using the straight-line method, over the 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:

Asset	Useful life
Buildings and other constructions	7-50 years
Plant and machinery	3-17 years
Tooling	3-14 years
Other facilities	3-14 years
Furniture	5-10 years
Computer equipment	3-5 years
Other property, plant and equipment	4-13 years

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 consolidated income statement for the year, and the related provision is recognised. The Group therefore periodically determines whether there is any indication of impairment.

Gains or losses arising from the sale or disposal of an asset in this item are determined as the difference between carrying amount and sale price, and are recognised in the accompanying consolidated income statement under "Losses on fixed assets".

Provision for asset retirement obligation

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

b) Intangible assets

The intangible assets indicated below are stated at acquisition cost less accumulated amortisation and any impairment losses, useful life being evaluated on the basis of prudent estimates. Any grants related to assets reduce the cost of acquisition of the intangible asset and are recognised when the entity complies with the conditions attaching to collection. Grants are credited to profit and loss on a straight-line basis over the useful life of the asset financed, with a reduction in the amortisation charge for the year.

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.

I) Computer software

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 over its useful life (between 3 and 5 years). Computer software maintenance costs are charged to the consolidated income statement in the year in which they are incurred.

II) Intangible assets in telecom infrastructures

This heading records the amounts paid in the business combinations that correspond to the fair value of the net assets acquired, mainly consisting of:

- *Concession intangible assets*

  Includes the contracts signed with mobile operators as well as the locations of the telecom infrastructures used, which are subject to administrative concession.

  The amount recognised represents the discounted cash flow that the site where the infrastructure is located will generate from the various operators. This asset is depreciated in the period over which the Group is able to obtain income from the network coverage area. In this case, the only intangible asset recorded by the Group corresponds to the business combination of the company TowerCo S.p.A. and it is amortised on a straight-line basis until 2038.

- *Customer Network Services Contracts*

  This intangible asset relates to the customer base existing at the acquisition date due to the Group's infrastructure service contracts with the anchor carrier and to the future returns expected to be generated because of the relationships with customers beyond the periods covered by the contracts.

- *Network Location*

This intangible asset represents the incremental revenues and cashflows from addition infrastructure service agreements with carriers not yet present at the date of acquisition. The Network Location is considered an intangible asset, valued independently from the remaining intangible assets, because it meets the requirement of separability, given that the excess available capacity can be used to offer network access services to third parties.

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

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

III) Other intangible assets

This heading includes the concessions for use acquired by the Group, which are measured at acquisition or production cost and amortised on a straight-line basis over the contractual period of between 10 and 40 years.

IV) Goodwill

Goodwill generated in various business combinations represents the excess of the acquisition cost over the fair or market value of all the Group's or the Company's identifiable net assets acquired at the acquisition date.

Given that goodwill is considered as an asset of the acquired company/group (except that generated prior to 1 January 2004), in the application of the IFRS 1 they were considered as assets of the acquiree.

Any impairment of goodwill recognised separately (that of subsidiaries and joint ventures) is reviewed annually through an impairment test (or in intermediate periods if there are signs of impairment), to determine whether its value has declined to a level below the carrying amount, and any impairment loss is recognised in consolidated profit or loss for the year, as applicable (see Notes 3.c). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill included in the carrying amount of the investment in associates is not tested separately. Rather, under IAS 36, whenever there is an indication that the investment may be impaired, the total carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with the carrying amount.

The loss or gain on the sale of an entity includes the carrying amount of its goodwill.

c) Impairment losses on non-financial assets

The Group assesses, at each reporting date, whether there is an indication than an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required (in the case of goodwill), the Group estimates the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows that the asset is expected to generate are discounted to their present value using an interest rate that reflects the current time value of money and the risks specific to 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 of 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 consolidated income statement for the year.
With the exception of goodwill, where impairment losses are irreversible, the Group 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 consolidated income statement for the year.

d) Investments and other financial assets (excluding derivative financial instruments)

When financial assets not measured at fair value through profit or loss are initially recognised, the Group measures them at their fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset.

The Group determines the classification of its financial assets at initial recognition. At 31 December 2019, financial assets were classified into the following categories:

I) Current and non-current financial investments

Advances to customers

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

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

Other advance payments

Other Advance Payments includes payments made to the seller in the context of business combinations, which relate to assets included in purchase price which have not yet been transferred as at 31 December 2019. Once these assets are transferred, the corresponding amount will be reclassified to the appropriate balance sheet item in accordance with the related Purchase Price Allocation.

II) Trade and other receivables

This heading mainly corresponds to:

- Loans granted to associates, multi-group or related parties, which are measured at amortised cost using the effective interest method. This value is reduced by the corresponding valuation adjustment for the impairment of the asset, as applicable.

- Deposits and guarantees recognised at their nominal value, which does not differ significantly from their fair value.

- Trade accounts receivable, which are measured at their nominal amount, which is similar to fair value at initial recognition. This value is reduced, if necessary, by the corresponding provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be partially or fully collected. This amount is charged against the consolidated income statement for the year.

The Group derecognises financial assets when they expire or the rights over the cash flows of the corresponding financial asset have been assigned and the risks and benefits inherent to their ownership have been substantially transferred, such as in the case of firm asset sales, non-recourse factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and it recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferring group retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

In addition, the Group estimates a provision for impairment in accordance with an expected loss model in financial assets valued at amortized cost, mainly trade receivables. The measurement of the expected credit losses is a function of: the probability of default, the loss given the default (i.e., the magnitude of the loss if there is a predetermined value) and the exposure at the predetermined value.

The Group has made this estimate taking into consideration, among other aspects, the diversity of clients according to their type or segment, grouped by country or geography, as well as differentiating their sector or industry, choosing an appropriate credit spreads curve for each of them. financial assets, as well as an analysis of historical defaults of the Group.

At least at each reporting date, the Group determines whether there is any indication that an asset or group of assets is impaired, so that any impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.

e) Derivative financial instruments

The Group uses derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates and exchange rates (see Note 4). These derivative financial instruments, whether or not classified as hedges, were classified either 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 Group's risk and the counterparty's risk.

According to IAS 39, all derivative financial instruments are recognised as assets or liabilities on the consolidated balance sheet at their fair value, with changes in fair value recognised in consolidated income statement for the year. However, with hedge accounting, the effective portion of the hedge (fair value hedges, cash flow hedges and hedges of a net investment in a foreign currency) is recognised in equity.

At the inception of the hedge, the Group documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and the strategy for undertaking the hedge. The Group 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 13, and the change in the hedging reserve recognised in consolidated equity 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:

I) 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 consolidated 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 consolidated 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 the consolidated income statement for the year under “Change in fair value of financial instruments”.

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

II) Hedges of a net investment in a foreign operation

In certain cases, Cellnex finances its activities in the same functional currency in which its foreign investments are held so as to reduce the currency risk. This is carried out by obtaining financing in the corresponding currency or by entering into cross currency and interest rate swaps.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognised in equity, while the ineffective portion of the gain or loss is recognised immediately in the consolidated income statement for the year.

Cumulative gains or losses in equity are included in the income statement on disposal of the foreign operation.

III) 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 Group does not use any derivative instruments, which do not qualify as hedging instruments.

IV) 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 into level 1, 2 or 3 depending on the extent to which inputs used are observable and the importance of those inputs for measuring fair value in its entirety, as described below:

- Level 1 - Inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are based on quoted prices for similar assets or liabilities in active markets (not included in level 1), prices quoted for identical or similar assets or liabilities 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.

In order to adopt IFRS 13, the Group must adjust the valuation techniques it uses for obtaining the fair value of its derivatives. The Group includes an adjustment for bilateral credit risk in order to reflect both its own risk, as well as counterparty risk in the fair value of its derivatives.

To determine the fair value of its derivatives, the Group 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 Group and by the counterparties are estimated on the basis of the credit default swap (CDS) prices observed in the market, when these exists.

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.

As at 31 December 2019 and 2018 the Group had derivative financial instruments (see Note 13).

f) Inventories

Inventories comprise mainly technical equipment which, after installation, will be sold. Inventories are measured at acquisition price, less any necessary valuation adjustments and the corresponding impairment.

g) Net equity

The share capital is represented by ordinary shares. The costs of issuing new shares or options, net of tax, are recognised directly against equity, as a reduction to reserves. Dividends on ordinary shares are recognised as a reduction to equity when approved. Acquisitions of treasury shares are recognised at their acquisition cost and are deducted from equity until disposal.

The gains and losses obtained on the disposal of treasury shares are recognised under “Reserves” in the consolidated balance sheet.

h) Earnings per share

Basic earnings per share are calculated by dividing consolidated profit or loss for the year attributable to the Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Company held by the Group.

Diluted earnings per share are calculated by dividing the consolidated profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of

ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Parent Company.
For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits in banks and highly liquid, current investments with a maturity of three months or less.

The Group is not subject to any limits regarding drawing down funds beyond those established in certain contracts for bank borrowings (see Note 13).

j) Treasury Shares

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

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

k) Financial liabilities

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

Borrowings with floating interest rates hedged with derivatives that change the interest rate from floating to fixed are measured at fair value of the hedged item. Changes in the borrowings are taken to income, thus offsetting the impact on profit and loss of the change in the derivative instrument's fair value. The borrowings with floating interest rates hedged with derivatives are not significant.

The Group considers that the terms of financial liabilities are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Financial liabilities are derecognised when the obligations giving rise to them cease to exist. In the case of an exchange of debt instruments between the Group and a third party with substantially different terms, the Group derecognises the original financial liability and recognises the new financial liability. The difference between the carrying amount of the original liability and the consideration paid, including attributable transactions costs, is recognised in the consolidated income statement for the year.

l) Income tax

The income tax expense (credit) is the total amount accrued in this connection during the year, representing both current and deferred tax.

Both the current and the deferred tax expense (credit) are recognised in the consolidated income statement. However, the tax effect from items that are recognised directly in other comprehensive income or in equity is recognised in other comprehensive income or in equity.

The deferred taxes are calculated using the balance sheet liability method based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements, according to the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and which are expected to apply when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities that arise from temporary differences with subsidiaries, jointly controlled entities and/or associates are always recognised, unless the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which to offset the deductible temporary differences or the unused tax losses or unused tax credits can be utilised. Any deferred tax assets that arise due to temporary differences with subsidiaries, jointly controlled entities and/or associates are recognised if, in addition, it is probable that they will be reversed in the foreseeable future.

The recoverability of deferred tax assets is assessed when they are generated, and at the end of each reporting period, depending on the earnings forecasts for the companies included in their respective business plans.

Lastly, the tax effect that may arise as a result of including the results and reserves of the subsidiaries in the Company is not included in the accompanying consolidated financial statements since, pursuant to IAS 12, it is considered that no transfers of reserves that are subject to additional taxation will be made. Given that the Company controls the timing of the distribution, it is not probable that such distribution will occur in the foreseeable future, but rather that the results and reserves will be used as finance resources at each company.

m) Employee benefits

Under the respective collective bargaining agreements, different Group companies have the following obligations with their 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 Group 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 in the consolidated 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 assumes certain actuarial and investment risks, the liability recognised on the balance sheet is the present value of the obligations at the reporting 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 unit credit 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 in the consolidated income statement, but presented in the consolidated statement of comprehensive income.

II) Other long-term benefits

Regarding other long-term employee benefits, relating mainly to length of service at the company, the liability recognised on the balance sheet coincides with the present value of the obligations at the reporting date as they do not include any plan assets.

The projected unit credit method is used to determine both the current value of the liabilities at the balance sheet date and the cost of the services provided in the current and prior years. The actuarial gains and losses that arise from changes in the actuarial assumptions are recognised, unlike the post-employment liabilities, in the year in which they occur on the consolidated income statement for the year.

III) Severance pay

Severance pay is given to employees as a result of the decision to terminate their work contract before the normal retirement age or when the employee voluntarily accepts to resign in exchange for such compensations. The Group 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 severance pay. If a mutual agreement is required, a provision is only recorded in situations in which the Group has decided to give its consent to the resignation of the employees when this has been requested by them.

IV) 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.

V) Long Term Incentive Plan

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

Rolling Long-term Incentive Plan (2017-2019)

On 27 April 2017 the Board of Directors approved the 2017-2019 LTIP, and decided to make the LTIP a rolling plan going forward to further incentivise the retention of the beneficiaries, which include the CEO, the Senior Management and some of the Company's key employees (up to a maximum of 50 employees).

The 2017-2019 LTIP is divided into two phases: (i) 2017-2018, and (ii) 2018-2019. Its objectives will be as follows:

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

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

1. 50%; the attainment of certain RLFCF per share figures according to the market consensus and at a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;
2. 30%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2018, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers; and
3. 20%; the attainment of certain Adjusted EBITDA figure according to the market consensus and the constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;

With regards to this Phase I (2017-2018) the weighted average degree of fulfilment of the three objectives was 125%. For the first objective, which was related to the RLFCF per share, the percentage of attainment was 125%, for the second objective, which was related the share price appreciation, the percentage of attainment was 125%, and for the third objective, which was related to the Adjusted EBITDA, the percentage of attainment was 125%.

In accordance with the attainment above, the cost of Phase I (2017-2018) of the LTIP (2017-2019) for Cellnex was EUR 5 million, which has been paid during 2019.

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

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

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2019, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2019, the cost of the Phase II (2018-2019) is EUR 9.2 million.

For the LTIP (2017 – 2019) all Senior Management and certain employees must receive a minimum of 30% of their LTIP remuneration in Cellnex shares and for the CEO and Deputy CEO the minimum amount is 40% of their LTIP remuneration. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

Rolling Long-term Incentive Plan (2018-2020)

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

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price increase calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2019, the estimated cost of the LTIP (2018-2020) is approximately EUR 6.9 million, if it were to achieve the maximum level of achievement of the objectives, the estimated cost would be approximately EUR 8.6 million.

For the 2018–2020 LTIP, the Executive Director and Deputy Executive Director must receive the minimum amount of 50% of their LTIP remuneration in Shares. The rest of the Senior Management and certain employees must receive the minimum amount of 40% of their LTIP remuneration in Shares. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

Rolling Long-term Incentive Plan (2019-2021)

In November 2018 the Board of Directors approved the 2019-2021 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 57 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the initial starting price of the period and the average price in the three months prior to november 2021, weighted by the volume ("vwap").

The achievement of the objectives established in the 2019-2021 LTIP will be assessed by the Appointments and Remuneration Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended December 31, 2021 by the General Shareholders' Meeting.

For the LTIP 2019 – 2021 all Senior Management and Deputy CEO must receive a minimum of 50% of their LTIP remuneration in Cellnex shares and for the CEO the minimum amount is 30% of their LTIP remuneration in Shares. The outstanding 50% or 70% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in Shares. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

As at 31 December 2019, the estimated cost of the 2019-2021 LTIP is approximately EUR 8.8 million. The cost of the 2019-2021 LTIP assuming full achievement of the Company's objectives is estimated at approximately EUR 11 million.

n) Government grants

Government grants related to property, plant and equipment are deducted from the carrying value of the non-current assets in question and are taken to income over the expected useful lives of the assets concerned. In addition, the Group accounts for grants, donations or gifts and inheritances received as follows:

a) Non-refundable capital subsidies, donations and legacies: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.

b) Refundable grants: when refundable, they are recognised as non-current liabilities.

c) Operating subsidies: They are posted to the results at the time they are granted, except if they are used to finance the operating losses of future financial years, in which case they are recorded in said financial years. If they are granted to finance specific expenses, they are recorded as the financial expenses are accrued.

o) Provisions and contingencies

On the date of drawing up these consolidated financial statements, the Group differentiates between:

a) Provisions, understood as credit balances covering present obligations at the reporting date as a result of past events which could give rise to a loss for the Group, which is certain as to its nature but uncertain as to its amount and/or timing.

b) Contingent liabilities, understood as possible obligations arising as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the consolidated entities.

Provisions are recognised when the Group has a present obligation (legal 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.

Where the effect of the time value of money is material, the amount of the provision is the present value of the future cash flows estimated to settle the present obligation.

Provisions recognised relate to the estimated amounts required to meet probable or certain liabilities stemming from ongoing litigation, compensation or other items resulting from the Group's activity that entail future payments that have been measured on the basis of currently available information. They are recognised as soon as the liability or obligation requiring compensation or payment to a third party arises, and bearing in mind the other conditions set forth in IFRSs.

Provision for asset retirement obligation

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

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

p) Revenue recognition

Revenue from the rendering of services is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably.

The various services are provided through services agreements for the infrastructure, in order to distribute the broadcasting or mobile signals, for a certain amount and for a certain length of time. The Group recognises revenue on a straight-line basis over the period in which the services are provided as established in the respective contracts. Also, on request of its customers the Group carries out certain works and studies such as adaptation, engineering and design services on the Cellnex network (hereinafter "Engineering Services"), which represent a separate income stream and performance obligation under IFRS 15. The costs incurred in relation to these services can be internal costs or outsourced. The revenue in relation to these services is generally recognised as the costs are incurred.

The various activities that contribute to the Group's revenue from the rendering of services are organised and administered separately based on the nature of the services provided:

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

The services that the Group provides to its customers include infrastructure support services, which in turn include the access of infrastructure networks to telecommunications operators that use wireless technologies. The Group acts as a neutral[1] carrier for mobile network operators and other telecommunications operators that normally require complete access to the infrastructure network to provide services to the end customers.

[1] Neutral: without mobile network operator as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board.

Additionally the consolidated income statement for the year includes income from re-charging costs related to infrastructure services activities for mobile telecommunications operators to third parties.

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

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

The Group classifies Other Network Services into five groups: (i) connectivity services; (ii) PPDR services; (iii) operation and maintenance; (iv) Smart Cities/IoT ("Internet of Things"); and (v) other services.

In relation to this business segment, during 2018, Cellnex incorporated the XOC, a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya (see Note 2.i).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends income from investments is recognised when the shareholders' right to receive payment has been established, e.g., when the shareholders' meetings of the investees approve the dividend payment.

q) Expense recognition

Expenses are recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets. The register of an expense should occur based on the actual flow of goods and services, irrespective of when the corresponding payments are made. Any payment that may be made for all of a service received during a given period of time will be considered a prepaid expense recognised on the asset side of the consolidated balance sheet under "Trade and other receivables" and will be taken to the consolidated income statement when the service is received by the Group.

Expenses are recorded immediately when a payment generates no future economic benefits or when it does not comply with the requirements to be registered as an asset.

An expense is also recorded when a liability is recorded and no corresponding asset is simultaneously recorded as would be the case for liabilities for guarantees.

r) Leases

a) The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.c.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statement of profit or loss (see note 18.c).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

b) The Group as Lessor

The Group enters into lease agreements as a lessor with respect to its telecom infrastructures via Master Lease Agreements ("MLA") where required, however the Group also offers Master Service Agreements ("MSA") where appropriate. Cellnex provides to its customers in the Telecom Infrastructure Services access to the Group's telecom infrastructures for MNOs to co-locate their equipment on the Group's infrastructures.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

s) Activities affecting the environment

Each year, costs arising from legal environmental requirements are either recognised as an expense or capitalised, depending on their nature. The amounts capitalised are depreciated over their useful life.

It was not considered necessary to make any provision for environmental risks and expenses, given that there are no contingencies in relation to environmental protection (see Note 20).

t) Related Party Transactions

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

u) Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to a low risk of changes in value.
- Operating activities: the principal revenue-producing activities and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that produce changes to the size and composition of the net assets and of the liabilities which do not form part of the operating activities.

In the preparation of the consolidated statement of cash flows, "Cash and cash equivalents" were considered to include cash on hand, demand deposits at banks and other short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

v) Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Group (the euro) using the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising on settlement of these transactions and translation of monetary assets and liabilities held in foreign currency at the closing rates are recognised in the consolidated income statement, unless they are deferred to equity, as in the case of cash flow hedges and hedges of net investments in foreign operations, as noted in section e) of this Note.

4. Financial and capital risk management

a) Financial risk factors

The Group's activities are exposed to various financial risks, the most significant of which are foreign currency risk, interest rate risk, credit risk, liquidity risk, inflation risk and risks related to Group Indebtedness. The Group can use derivatives and other protection mechanisms to hedge certain interest rate and foreign currency risks.

Financial risk management is controlled by the Corporate Finance and Treasury Department following authorisation by the most senior executive officer of Cellnex Telecom, as part of the respective policies adopted by the Board of Directors.

I) Foreign currency risk

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

Furthermore, since 2016 the Group also operates and holds assets in the UK and in Switzerland following completion of the Swiss Towers Acquisition, both countries outside de Eurozone. The Group is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, the pound sterling and the Swiss franc. The Group strategy for hedging foreign currency risk in investments in non-euro currencies tends towards a full hedge of this risk, and must be implemented over a reasonable period of time depending on the market and the prior assessment of the effect of the hedge. This hedge can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

Although the majority of the Group transactions are denominated in euros, the volatility in converting into euro agreements denominated in pound sterling and Swiss francs may have negative consequences to the Group, affecting its overall business, prospects, financial condition, results of operations and/or cash flow generation.

In relation to foreign currency risk, the contributions to the main aggregates of the consolidated income statement of the

Group by companies operating in a functional currency other than the euro were as follows:

31 December 2019

Company	Functional currency	Income	%
		Thousands of Euros	
Shere Group UK	GBP	13,535	1%
Cellnex Switzerland subgroup	CHF	84,993	8%
Contribution in foreign currency		98,528	9%
Total Cellnex Group		1,030,845	

31 December 2018

Company	Functional currency	Income	%
		Thousands of Euros	
Shere Group UK	GBP	9,168	1%
Cellnex Switzerland subgroup	CHF	56,041	6%
Contribution in foreign currency		65,209	7%
Total Cellnex Group		897,871	

The contribution to the main aggregates of the consolidated balance sheet of the Group by companies operating in a functional currency other than the euro was as follows:

31 December 2019

Company	Functional currency	Total assets	%	Equity	%
				Thousands of Euros	
Shere Group UK	GBP	268,975	2%	274,476	5%
Cellnex Switzerland	CHF	1,915,252	15%	792,913	16%
Contribution in foreign currency		2,184,227	17%	1,067,389	21%
Total Cellnex Group		13,001,129		5,050,836	

31 December 2018

Company	Functional currency	Total assets	%	Equity	%
				Thousands of Euros	
Shere Group UK	GBP	150,004	3%	128,837	21%
Cellnex Switzerland	CHF	639,682	12%	292,861	48%
Contribution in foreign currency		789,685	15%	421,698	69%
Total Cellnex Group		5,133,193		615,366	

The estimated sensitivity of the consolidated income statement and of the consolidated equity to a 10% change in the exchange rate of the main currencies in which the Group operates with regard to the rate in effect at year-end is as follows:

		Thousands of Euros
		2019
Functional currency	Income	Equity [1]
10% change:		
GBP	(1,230)	(24,952)
CHF	(7,727)	(72,083)

[1] Impact on equity from translation differences arising in the consolidation process.

		Thousands of Euros
		2018
Functional currency	Income	Equity [1]
10% change:		
GBP	(861)	(11,712)
CHF	(5,095)	(26,624)

[1] Impact on equity from translation differences arising in the consolidation process.

The effects on the Group's equity would be partially offset by the impact on equity from the net investment hedges, which were entered into for the initial investment amount.

II) Interest rate risk

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally any increase in interest rates would increase Group finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt.

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 consolidated income statement in a multi-annual setting.

The Group can use derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments are classified as cash flow hedges and recognised at fair value (both initially and subsequently). The required valuations were determined by analysing discounted cash flows using assumptions mainly based on the market conditions at the reporting date for unlisted derivative instruments (see Note 13 of the accompanying consolidated financial statements).

As at 31 December 2019 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 13 of the accompanying consolidated financial statements).

III) Credit risk

Each of the Group's main business activities (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) obtain a significant portion of revenues from a limited number of customers, many of which are long-term customers and have high-value contracts with the Group.

The mobile network operators are the Group's main customers in the Telecom Infrastructure Services; television and radio broadcasting operators are the main clients in the broadcasting infrastructure; and certain central, regional and local government authorities, emergency and security forces, the public service sector and telecommunications operators are the main customers in its activities relating to Other Network Services.

The Group is sensitive to changes in the creditworthiness and financial strength of its main customers due to the importance of these key customers to the overall revenues. The long-term nature of certain Group contracts with customers and the historically high renewal ratio of these contracts, together with geographic and customer diversification, specially the greater relative weight of customers with higher credit quality, helps to mitigate this risk.

The Group depends on the continued financial strength of its customers, some of which operate with substantial leverage and some of them are not investment grade or do not have a credit rating.

Given the nature of the Group's business, it has significant concentrations of credit risk, since there are significant accounts receivable as a result of having a limited number of customers. To mitigate this credit risk, the Group has in place contractual arrangements to transfer this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

The credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including unsettled receivables and committed transactions.

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

The loss of significant customers, or the loss of all or a portion of the Group's expected services agreements revenues from certain customers and an increase in the Group's level of exposure to credit risk, or its failure to actively manage it, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

IV) Liquidity risk

The Group carries out a 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 ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity c. EUR 6.1 billion, considering cash and available credit lines, as at the date of approval for issue of these consolidated financial statements, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 13).

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

However, the Group may not be able to draw down or access liquid funds in a sufficient amount and at a reasonable cost to meet its payment obligations at all times. Failure to maintain adequate liquidity levels may materially and adversely affect the Group business, prospects, results of operations, financial conditions and/or cash flows, and, in extreme cases, threaten the Group future as a going concern and lead to insolvency.

V) Inflation risk

A significant portion of the Group's operating costs could rise as a result of higher inflation. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, its results of operations could be affected by inflation and/or deflation.

VI) Risks Related to Group Indebtedness

The Group's indebtedness may increase, from time to time, due to potential new acquisitions, fundamental changes to corporate structure or joint ventures and issuances made in connection with any of the foregoing. The Group present or future leverage could have significant negative consequences, including:

- Placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities.

- Requiring the dedication of a substantial portion of cash flow from operations to service the debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends.

- Requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations.
- Accepting financial covenants in the financing contracts such as: debt limitation, cash restriction, pledge of assets, amongst others.
- Affecting the Group current corporate rating with a potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive.
- Requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered.

b) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern to deliver returns to its shareholders and to maintain an optimal capital structure and lower costs. In this regard, Group's management is continuously assessing different alternatives to maintain a flexible approach regarding the capital structure, these alternatives being issuing straight bonds, convertible bonds, reaching agreements with minority shareholders at the business unit level such as Cellnex Switzerland, or even executing a potential capital increase. In order to do so, the management of the Company takes into consideration both market conditions, the M&A pipeline and the feasibility to sign or to have signed M&A deals in the previous/future weeks. Cellnex has the ambition to execute such pipeline (in part or entirely) in accordance with its strict financial M&A criteria and expand its existing portfolio of telecom infrastructures consistently with the Business Strategy of the Company.

The Group monitors capital using a leverage ratio along with other financial ratios (e.g. net debt as a multiple of EBITDA and recurring leveraged free cashflow), in line with standard industry practice.

One leverage ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as given in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as given in the consolidated balance sheet, plus net debt.

As stated in the previous section 4.a.VI, the Group's borrowings may increase and its impact on the leverage ratio can affect the current corporate rating. A potential downgrade from a rating agency could make it more difficult and costly to obtain new financing.

The leverage ratios at 31 December were as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Bank borrowings (Note 13)	1,636,450	585,561
Bonds issues (Note 13)	3,501,124	2,510,176
Lease liabilities (Note 14)	1,152,027	526,337
Derivative financial instruments (Note 13)	3,794	1,435
Other financial liabilities (Note 13)	4,347	31,689
Cash and cash equivalents (Note 11)	(2,351,555)	(455,870)
Net Borrowings (1)	3,946,187	3,199,328
Net equity (Note 12)	5,050,836	615,366
Total capital (2)	8,997,023	3,814,694
Leverage ratio (1)/(2)	44%	84%

5. Business combinations

The Company typically acquires telecommunications infrastructures from telecommunications carriers or other infrastructure operators and subsequently integrates those infrastructures into its existing network. The financial results of the Company's acquisitions have been included in the Company's consolidated financial statements for the year ended 31 December 2019 from the date of respective acquisition. The date of acquisition, and by extension the point at which the Company begins to recognise the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of contractual arrangements, the timing of the transfer of title or rights to the assets as well as the customary regulatory approvals, which may be accomplished in phases.

As a result of the business combinations performed during 2019 and 2018, and following a prudent approach, the vast majority of the difference between the book value of the assets acquired and the purchase price paid has been assigned to assets subject to deprecation or amortization. Thus, the resulting goodwill mainly corresponds to the net deferred tax recognised resulting from the higher fair value attributed to the net assets acquired in comparison with their tax bases. Furthermore, provision for other responsibilities captures mainly provisions for contingent liabilities made during the Purchase Price Allocation process which are a result of present obligations arising from past events, where the fair value can be reliably measured.

Business combinations for 2019

The main relevant business combinations for the 2019 year end are detailed below:

Iliad France Acquisition

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad7 group of companies by virtue of which, Cellnex signed a contract with Iliad, S.A. to purchase (through its fully owned subsidiary Cellnex France Groupe) 70% of the share capital of Iliad7 (owner of approximately 5,700 sites located in France), for an estimated aggregate consideration of approximately EUR 1.4 billion, (the "Iliad France Acquisition"). Additionally, Cellnex has agreed, to the deployment of 2,500 sites in France, in a seven-year term. The transaction was completed in the last quarter of 2019, once several administrative and an anti-trust authorizations were satisfied. Thus, the Iliad France Acquisition, has been fully consolidated within the Cellnex Group as of the completion date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet. In accordance to the aforementioned, there has been no contribution to the operating income and net profit in the accompanying consolidated income statement. Otherwise, if Iliad France Acquisition, had been completed on 1 January 2019, and consequently, it had been fully consolidated for the year ended 31 December 2019, it would have contributed an operating income and net loss for an amount of approximately EUR 151 million and EUR 11 million, respectively. Furthermore, the shareholder agreement sets out the conditions for Iliad, S.A.'s right to sell its 30% (and not less than 30%) non-controlling interest in ILIAD7 to Cellnex France Groupe, at a price to be calculated pursuant to said agreement. The price of this acquisition is uncertain and will undoubtedly be inflationary given the favourable performance of such assets. Cellnex France Groupe has the right, but not the obligation to purchase this non-controlling interest, and therefore, no liability has been recorded in the accompanying consolidated balance sheet as of 31 December 2019.

Iliad France agreements

In connection with the Iliad France Acquisition, the Group entered into the following additional agreements: (i) an agreement for the sale and purchase of 70% of the shares in ILIAD7 (the "Iliad France SPA"), which contains certain representations and warranties of Iliad, S.A. and certain indemnification obligations in case of breach thereof; (ii) a shareholders' agreement to regulate the relationship between Cellnex France Groupe and Iliad, S.A., as shareholders of Iliad7 (the "Iliad SHA"): once the transaction was completed, Cellnex France Groupe and Iliad, S.A., as shareholders of ILIAD7, entered into a shareholders' agreement which sets forth, among other matters, certain rights and obligations of both parties as shareholders of ILIAD7 and the procedures for the conduct of the affairs and the management of ILIAD7 (including certain financial and business restrictions and policies) and govern transfers of the shares of ILIAD7; and (iii) a master agreement (the "Iliad Master Agreements"): once the transaction was completed, Iliad7 and Free Mobile entered into a master agreement whereby Iliad7 will provide co-location services to Free Mobile at the sites managed by Iliad7 and will undertake to build at least 50 new sites on a yearly basis in coordination with Free Mobile. The initial term of the Iliad Master Agreements is 20 years, subject to automatic extensions for successive 10-year periods, on an all-or-nothing basis. Additionally, the Iliad Master Agreements regulate the terms under which Free Mobile will build a minimum of 2,500 and potentially up to 4,500 sites in France by 31 December 2026, although there is no firm commitment to go beyond the minimum contracted sites.

The breakdown of the net assets acquired and goodwill generated by the Iliad France Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	2,005,142
Fair value of the net assets acquired	1,395,089
Resulting goodwill	**610,053**

[(1)] The amount that Cellnex France Groupe would have paid for 100% of Iliad7. The Group has a 70% stake in Iliad7 (see Note 2.i).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the Iliad France Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their “customer ratio”. This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of “Customer Network Services Contracts” and “Network Location” as defined in Note 3. b) ii) of the accompanying consolidated financial statements. The goodwill, which in turn includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases, derives from the synergies and other additional future cash flows expected to arise following acquisition by the Group. Among other effects, this transaction allows Cellnex to strengthen its footprint in the French market as the leading independent telecommunications infrastructures operator with a network of dense and capillary sites that will play a key role in the deployment of 5G in France. The assets and liabilities arising from the Iliad France Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	1,473,400	-	1,473,400
Right-of-use assets	256,974	256,974	-
Property, plant and equipment	378,477	386,977	(8,500)
Trade and other receivables long term	116	116	-
Trade and other receivables short term	3,439	3,439	-
Cash and cash equivalents	341	341	-
Lease liabilities long term	(179,805)	(179,805)	
Provisions and other liabilities long term	(127,804)	(9,681)	(118,123)
Lease liabilities short term	(55,848)	(55,848)	
Trade and other payables	(17,507)	(17,507)	-
Net deferred tax assets /(liabilities)	(336,694)	-	(336,694)
Net assets	**1,395,089**	**385,006**	**1,010,083**
Non-controlling interests	(418,527)	(115,502)	(303,025)
Net assets acquired	**976,562**	**269,504**	**707,058**
Total acquisition price	2,005,142	2,005,142	
Cash in from other shareholders	(601,543)	(601,543)	
Cash and cash equivalents	(341)	(341)	
Cash outflow in the acquisition	**1,403,258**	**1,403,258**	

Finally, at the date of signing these consolidated financial statements for the ended on 31 December 2019, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Iliad Italy Acquisition

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad group of companies by virtue of which, Cellnex entered into an agreement to acquire (through its fully owned subsidiary Galata) a business unit containing approximately 2,200 sites located in Italy from Iliad Italia, S.p.A. for an estimated aggregate consideration of approximately EUR 600 million, (the “Iliad Italy Acquisition”). Additionally, Cellnex has agreed, to the deployment of 1,000 sites in Italy in a seven-year term. The transaction has been completed in the last quarter of 2019, once several administrative authorizations have been satisfied. Thus, the Iliad Italy Acquisition, has been fully consolidated within the Cellnex Group as of the completion date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet. In accordance to the aforementioned, there has been no contribution to the operating income and net profit in the accompanying consolidated income statement. Otherwise, if Iliad Italy Acquisition, had been completed on 1 January 2019, and consequently, it had been fully consolidated for the year ended 31 December 2019, it would have contributed an operating income and net profit for an amount of approximately EUR 47 million and EUR 3 million, respectively. Furthermore, the transfer of the aforementioned business unit will be performed in one or more tranches, and the infrastructures involved are being gradually integrated into, and operated by Galata. This gradual process allows for the completion of formal administrative procedures with landlords and local administrations. As of 31 December 2019 approximately 80% of the total sites have been transferred to Cellnex.

Iliad Italy agreements

In connection with the Iliad Italy Acquisition, the Group has entered into the following additional agreements: (i) an agreement for the sale and purchase of a business unit containing approximately 2,200 sites located in Italy (the “Iliad Italy Framework Agreement”), which contains certain representations and warranties by Iliad Italia, S.p.A. and certain indemnification obligations in case of a breach thereof, and does not include indirect taxes (RETT); and (ii) a master agreement (the “Iliad Master Agreements”): once the transaction was completed, Galata and Iliad Italia, S.p.A. entered into a master agreement whereby Galata will provide co-location services to Iliad Italia, S.p.A. at the sites managed by Galata. The initial term of the Iliad Master Agreements is 20 years, subject to automatic extensions for successive 10-year periods, on an all-or-nothing basis and with undefined maturity. Additionally, the Iliad Master Agreements will regulate the terms under which Iliad Italia, S.p.A. will build a minimum of 1,000 and potentially up to 2,000 sites in Italy by December 31, 2025, although there is no firm commitment to go beyond the minimum contracted sites.

The breakdown of the net assets acquired and goodwill generated by the Iliad Italy Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [1]	600,000
Fair value of the net assets acquired	565,091
Resulting goodwill	34,909

[1] The acquisition price contains the amount paid by Galata for the business unit containing approximately 2,200 sites in Italy.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the Iliad Italy Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) of the accompanying consolidated financial statements. The goodwill, which in turn includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases, derives from the synergies and other additional future cash flows expected to arise following acquisition by the Group. Among other effects, this transaction decisively allows Cellnex to strengthen its footprint in the Italian market.

The assets and liabilities arising from the Iliad Italy Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	383,700	-	383,700
Right-of-use assets	103,981	-	103,981
Property, plant and equipment	90,200	-	90,200
Non-current financial investments	120,000	-	120,000
Provisions and other liabilities long term	(37,676)	-	(37,676)
Lease liabilities long term	(98,654)	-	(98,654)
Lease liabilities short term	(5,326)	-	(5,326)
Net deferred tax assets /(liabilities)	8,866	-	8,866
Net assets acquired	565,091	-	565,091
Total acquisition price	600,000	600,000	
Cash and cash equivalents	-	-	
Cash outflow in the acquisition	600,000	600,000	

Finally, at the date of signing these consolidated financial statements for the ended on 31 December 2019, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Swiss Infra Services Acquisition

As detailed in Note 2.i, during the first half of 2019, the Group entered into a long-term industrial alliance with Matterhorn Telecom, S.A. ("Matterhorn") by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra Services SA ("Swiss Infra") owner of approximately 2,800 sites located in Switzerland for a total amount of approximately EUR 770 million (the "Swiss Infra Acquisition"). Additionally, Cellnex agreed to the deployment of 500 additional sites in Switzerland in an eight-year term. Thus, following this acquisition, Swiss Infra has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the period. The operating income and net loss contribution since acquisition amounted to EUR 21 million and EUR 6 million, respectively, corresponding to the impact of 100% of financial results of Swiss Infra Services Acquisition in the accompanying consolidated income statement. In addition, if Swiss Infra Services Acquisition, had been completed on 1 January 2019, and consequently, it had been fully consolidated for the year ended 31 December 2019, it would have contributed an operating income and net loss for an amount of approximately EUR 62 million and EUR 7 million, respectively. This transaction was completed during the second half of 2019, following the satisfaction of the closing conditions which included the granting of several administrative authorizations.

Salt agreements

In connection with the Swiss Infra Services Acquisition, Swiss Towers entered into several agreements, including: (i) an agreement for the sale and purchase of 90% of the share capital of Swiss Infra (the "Salt SPA"), which contains certain representations and warranties by the parties and certain indemnification obligations in case of a breach thereof; (ii) a shareholders agreement to regulate the relationship between Swiss Towers and Matterhorn, as shareholders of Swiss Infra (the "Salt SHA"): once the transaction was completed, Swiss Towers and Matterhorn, as shareholders of Swiss Infra, entered into a shareholders' agreement setting forth, among other things, the rights and obligations of both parties as shareholders of Swiss Infra and the procedures for the conduct of the affairs and the management of Swiss Infra (including certain financial and business restrictions and policies) and governing the transfers of the shares of Swiss Infra; and (iii) a master agreement between Swiss Infra and Salt Mobile S.A. ("Salt Mobile"), a subsidiary of Matterhorn (the "Salt Master Agreement"): once the transaction was completed, Swiss Infra and Salt Mobile entered into a master services agreement for the provision of co-location services to Salt Mobile in Switzerland. The initial term of the Salt Master Agreement is 20 years, subject to automatic extensions for successive 10-year periods. Additionally, the Salt Master Agreement regulates, among other things, the terms under which Salt Mobile will build a minimum of 500 and potentially up to 880 sites by 30 June 2027, although there is no firm commitment to go beyond the minimum contracted sites.

The breakdown of the net assets acquired and goodwill generated by the Swiss Infra Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [1]	919,678
Fair value of the net assets acquired	727,258
Resulting goodwill	192,420

[1] The amount paid by Swiss Towers for 100% of Swiss Infra. The Group has a 65% stake in Swiss Infra (see Note 2.i.ii).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.d. With regards to the Swiss Infra Services Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) of the accompanying consolidated financial statements. The goodwill, which in turn includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases, derives from the synergies and other additional future cash flows expected to arise following acquisition by the Group. Among other effects, this transaction allows Cellnex to strengthen its footprint in the Swiss market.

The assets and liabilities arising from the Swiss Infra Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	844,946	-	844,946
Right-of-use assets	135,529	135,529	-
Property, plant and equipment	68,701	72,730	(4,029)
Trade and other receivables long term	640	640	-
Cash and cash equivalents	92	92	-
Lease liabilities long term	(104,542)	(104,542)	-
Provisions and other liabilities long term	(41,695)	(35,800)	(5,895)
Lease liabilities short term	(23,208)	(23,208)	-
Provisions and other liabilities short term	(2,171)	(2,171)	-
Trade and other payables	(731)	(731)	-
Net deferred tax assets /(liabilities)	(150,303)	-	(150,303)
Net assets	727,258	42,539	684,719
Non-controlling interests [1]	(313,594)	(18,343)	(295,251)
Net assets acquired	413,664	24,196	389,468
Total acquisition price	919,678	919,678	
Cash in from other shareholders	(91,968)	(91,968)	
Cash and cash equivalents	(92)	(92)	
Deferred payment	(57,835)	(57,835)	
Cash outflow in the acquisition	769,783	769,783	

[1] Corresponding to the stake in Swiss Infra Services at the date of acquisition, different from that hold at 2019 year-end (See Note 2 i.ii.).

Given the date on which the Swiss Infra Services Acquisition has been completed, at the date of signing these consolidated financial statements for the ended on 31 December 2019, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Cignal subgroup Acquisition

As detailed in Note 2.i, during the second half of 2019, Cellnex Telecom (through the Parent Company Cellnex Telecom, S.A.) acquired 100% of the share capital of Cignal from InfraVia Capital Partners, owner of 546 sites in Ireland for a total amount of EUR 210 million (Enterprise Value). Additionally, Cignal will deploy up to 600 new additional sites by 2026 ("The Cignal subgroup Acquisition"). Thus, following this acquisition, Cignal has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year. In accordance to the aforementioned, the operating income and net loss contribution since acquisition amounted to EUR 3 million and EUR 3 million, respectively, corresponding to the impact of 100% of financial results of Cignal subgroup Acquisition in the accompanying consolidated income statement. In addition, if Cignal subgroup Acquisition, had been completed on 1 January 2019, and consequently, it had been fully consolidated for the year ended 31 December 2019, it would have contributed an operating income and net profit for an amount of approximately EUR 11 million and EUR 2 million, respectively. This transaction was completed during the second half of 2019.

The breakdown of the net assets acquired and goodwill generated by the Cignal subgroup Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price	111,928
Fair value of the net assets acquired	56,987
Resulting goodwill	54,941

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the Cignal subgroup Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The asset consists of a young portfolio of telecom sites with a current tenancy ratio of c.2x, and serves the densification needs of mobile operators beyond their own footprints. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3.b.ii of the accompanying consolidated financial statements. The goodwill, which in turn includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases, derives from the synergies and other additional future cash flows expected to arise following acquisition by the Group.

The assets and liabilities arising from the Cignal subgroup Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	82,391	3,091	79,300
Property, plant and equipment	97,823	97,823	-
Trade and other receivables short term	(57)	(57)	-
Cash and cash equivalents	2,485	2,485	-
Provisions and other liabilities long term	(10,000)	-	(10,000)
Loans from Group companies long term	(106,991)	(106,991)	-
Trade and other payables	(1)	(1)	-
Net deferred tax assets /(liabilities)	(8,663)	-	(8,663)
Net assets acquired	56,987	(3,650)	60,637
Total acquisition price	111,928	111,928	
Cash and cash equivalents	(2,485)	(2,485)	
Cash outflow in the acquisition	109,443	109,443	

Finally, given the date on which the Cignal subgroup Acquisition has been completed, at the date of signing these consolidated financial statements for the ended on 31 December 2019, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Business combinations for 2018

The initial accounting for the business combination involving Xarxa Oberta de Catalunya described in Note 6 of the 2018 consolidated financial statements is now considered to have been completed, since one year has elapsed since the acquisition made during the second half of 2018. The comparative income statement for the 2019 year-end would not have been materially different due to the above consideration.

The main relevant business combinations for the 2018 year end are detailed below:

Acquisition of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A (“XOC”)

As indicated in Note 2.i., during the second half of 2018, Cellnex reached an agreement for the acquisition of 100% of the share capital of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A. ("XOC") from Imagina, a subsidiary of the Mediapro Group. The acquisition price of the shares has amounted to approximately EUR 33 million. Additionally, through this agreement, Cellnex acquired a set of assets for an amount of EUR 3 million, which, until the aforementioned date of acquisition, were owned by companies of the group to which Imagina belongs, and on the terms agreed by both parties. As a result of the above, the total acquisition price of the transaction, amounted to EUR 36 million. The actual cash outflow in relation to this transaction (Enterprise Value) has been EUR 34 million following the incorporation of EUR 2 million of cash balances on the balance sheet of the acquired company. The XOC is a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya, and the expiration date of the concession is 2031. The Group financed the acquisition of 100% of the share capital of XOC using existing a mix of cash and credit facilities available. Thus, following this acquisition, the XOC has been fully consolidated within the Cellnex Group such that as at 31 December 2018 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year. The fair value of 100% of the net assets acquired (determined using discounted cashflows generated by the assets identified) amounted to EUR 29.3 million, therefore goodwill for an amount of EUR 3.4 million was registered, which included the recognition of the deferred taxes for an amount of EUR 6.4 million relating to the step up in fair value assigned to the net assets acquired compared to their tax bases. The fair value at the date of acquisition of the assets and liabilities of the acquired business was determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the acquisition of Xarxa Oberta de Catalunya assets, the purchase price allocation (PPA) process was carried out without the participation of an independent third-party expert given that IFRS 3 (Revised) does not require that PPA processes be carried out with an independent expert and; the Group has an internal team with sufficient knowledge and experience in the sector in which the acquired business operates and in PPA processes. The fair value of the net assets acquired included the valuation of the intangible assets identified, consisting mainly of intangible assets that relate to contracts entered into with mobile operators. The goodwill, which in turn included the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases, derived from the synergies and other additional future cash flows expected to arise following the acquisition by the Group. Among other effects, this allowed the Group to strengthen and supplement its "Other Network Services" business.

The assets and liabilities of Xarxa Oberta de Catalunya(*) arising from the acquisition of all interest in the company were as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Cash and cash equivalents	1,579	1,579	-
Property, plant and equipment	19,033	19,033	-
Non-current financial investments	3,774	3,774	-
Other intangible assets	27,689	2,049	25,640
Trade and other current assets	3,235	3,235	-
Trade payables and other liabilities	(11,914)	(11,914)	-
Provisions	(8,098)	(4,098)	(4,000)
Net deferred tax assets /(liabilities)	(5,959)	451	(6,410)
Net assets acquired	29,339	14,109	15,230
Total acquisition price	32,795	32,795	
Cash and cash equivalents	(1,579)	(1,579)	
Cash outflow in the acquisition	31,216	31,216	

(*) The operating income and net profit[2] contribution since acquisition amounted to EUR 7 million and EUR 1 million, respectively, corresponding to the impact of 100% of financial results of XOC in the accompanying consolidated income statement. In addition, if XOC, had been acquired on 1 January 2018, and consequently, this Company had been fully consolidated for the year ended 31 December 2018, it would have contributed an operating income and net profit for an amount of EUR 13 million and EUR 3 million, respectively.

At the date of signing these consolidated financial statements, this business combination described in Note 6 of the consolidated annual accounts for the 2018 financial year is considered to be definitive as twelve months have elapsed since the acquisition. The comparative income statement for the year ended 31 December 2019 would not have been materially different due to the above consideration.

[2] Net profit including the additional depreciation of revalued assets.

6. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during 2019 and 2018 were as follows:

	Thousands of Euros			
	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	Total
At 1 January 2019				
Cost	1,933,140	588,350	88,995	2,610,485
Accumulated depreciation	(387,832)	(318,911)	-	(706,743)
Carrying amount	1,545,308	269,439	88,995	1,903,742
Carrying amount at beginning of year	1,545,308	269,439	88,995	1,903,742
Changes in the consolidation scope (Note 5)	640,195	3,353	6,213	649,761
Additions	406,104	97,910	136,041	640,055
Disposals (net)	(1,221)	(233)	(319)	(1,773)
Transfers	69,969	7,716	(77,768)	(83)
Foreign exchange differences	7,263	454	81	7,798
Depreciation charge	(153,725)	(59,633)	-	(213,358)
Carrying amount at close	2,513,893	319,006	153,243	2,986,142
At 31 December 2019				
Cost	3,055,421	701,283	153,243	3,909,947
Accumulated depreciation	(541,528)	(382,277)	-	(923,805)
Carrying amount	2,513,893	319,006	153,243	2,986,142

	Thousands of Euros			
	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	Total
At 1 January 2018				
Cost	1,431,335	522,136	77,690	2,031,161
Accumulated depreciation	(263,054)	(260,848)	-	(523,902)
Carrying amount	1,168,281	261,288	77,690	1,507,259
Carrying amount at beginning of year	1,168,281	261,288	77,690	1,507,259
Changes in the consolidation scope (Note 6)	4,851	14,216	-	19,067
Additions	455,303	35,260	68,604	559,167
Disposals (net)	(393)	1,045	-	652
Transfers	39,118	18,149	(57,299)	(32)
Foreign exchange differences	3,330	(24)	-	3,306
Depreciation charge	(125,182)	(60,495)	-	(185,677)
Carrying amount at close	1,545,308	269,439	88,995	1,903,742
At 31 December 2018				
Cost	1,933,140	588,350	88,995	2,610,485
Accumulated depreciation	(387,832)	(318,911)	-	(706,743)
Carrying amount	1,545,308	269,439	88,995	1,903,742

The carrying amount recognised under “Land and buildings” includes infrastructures acquired at the centres in which the Group has installed its telecommunications equipment (land, towers and buildings – prefabricated and civil works).

“Plant and machinery and other fixed assets” includes mainly the telecommunications infrastructure network for broadcasting and others network services. It also includes all equipment necessary to ensure the operation of the technical equipment installed in any infrastructure (electrical and air conditioning).

“Property, plant and equipment under construction” includes the carrying amount of those items of property, plant and equipment acquired in the last days of the year that have still not been put into operation.

Movements in 2019

Changes in the scope of consolidation and business combinations

The movements in 2019 due to changes in the scope of consolidation and business combinations mainly correspond to the impact of:

- the acquisition of Iliad7 (EUR 378,477 thousand, see Notes 2.i and 5).
- the acquisition of Swiss Infra (EUR 68,701 thousand, see Notes 2.i and 5).
- the acquisition of business unit containing approximately 2,200 sites in Italy (EUR 90,200 thousand, see Note 5).
- the acquisition of Cignal subgroup (EUR 97,823 thousand, see Notes 2.i and 5).
- the acquisition of On tower Netherlands subgroup (EUR 14,139 thousand, see Note 2.i.)

Signed acquisitions and commitments

France

At 31 December 2019, in accordance with the agreements reached with Bouygues during 2016, 2017 and 2018, Cellnex, through its subsidiaries Cellnex France and Towerlink France, has committed to acquire and build up to 5,250 sites that will be gradually transferred to Cellnex until 2024 (see Note 6 of the 2018 consolidated financial statements). Of the proceeding 5,250 sites, a total of 3,504 sites have been transferred to Cellnex as at 31 December 2019.

During 2019, 701 sites were acquired in relation to the aforementioned agreements, for an amount of approximately EUR 135 million. In addition, the fixed assets in progress corresponding to those sites which were under construction at the end of 2019, amounted to EUR 138 million. Thus, the total investment in France in 2019, amounted to EUR 273 million, approximately.

Spain

On 3 December 2019, Cellnex (through its fully owned subsidiary On tower Telecom Infraestructuras, S.A.U.) has reached an agreement with Orange Espagne, S.A.U. (“Orange Spain”) for the acquisition of 1,500 telecom sites in Spain for a total amount of EUR 260 million. As of 31 December 2019, 1,067 sites have been transferred to Cellnex for an amount of EUR 185 million, while the remaining 433 sites has been transferred during January 2020.

Orange Spain will be the main customer of this portfolio of telecom sites, with whom Cellnex has signed an inflation-linked Master Lease Agreement for an initial period of 10 years that can be extended by one subsequent period of 10 years and subsequent undefined periods of 1 year on an all-or-nothing basis, and which presents an initial tenancy ratio of c.1.8x. Thus, at 31 December 2019, in accordance with the agreement reached in 2018, Orange Spain will be the anchor tenant of a total portfolio of 1,875 sites.

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

Cellnex has financed this acquisition with available cash.

Switzerland

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

Italy

During 2019, the agreement with Wind Tre dated 27 February 2015 was extended, through an increase of the built-to-suit project up to 800 additional sites to be built (increasing the agreement to build sites from up to 400 to up to 1.200 sites, with a total investment of up to EUR 70 million).

The Group typically acquires telecommunications infrastructures from telecommunications carriers or other tower operators and subsequently integrates those sites into its existing network. The date of acquisition, and by extension the point at which the Company begins to recognise the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of contractual arrangement and the timing of the transfer of title or rights to the assets, which may be accomplished in phases.

At 31 December 2019 and 2018 the Group had not entered into any additional framework agreements with any other customers.

In addition, during 2019 and 2018 there were additions associated with the business expansion and maintenance of the Group's operations.

Movements in 2018

Changes in the scope of consolidation and business combinations

Additions in 2018 due to changes in the scope of consolidation and business combinations are mainly due to the acquisition of XOC as detailed in Notes 2.i and 5.

Signed acquisitions and commitments

France

Agreements reached during 2016 and 2017

At 31 December 2018, in accordance with the agreements reached with Bouygues during 2016 and 2017, Cellnex, through its subsidiary Cellnex France, had commitments to acquire and build up to 5,100 sites that will be gradually transferred to Cellnex until 2022. Of the proceeding 5,100 sites, a total of 2,803 sites were transferred to Cellnex as at 31 December 2018.

During 2018, 1,205 sites were acquired in relation to the aforementioned agreements, for an amount of approximately EUR 350 million. In addition, the fixed assets in progress corresponding to those sites which were under construction at the end of 2018, amounted to EUR 44 million. Thus, the total investment in France in 2018, amounted to EUR 400 million, approximately.

Extension of the partnership during 2018

On 10 December 2018, Cellnex Telecom announced that it had reached an additional agreement with Bouygues that will reinforce and extend the cooperation and partnership started in 2016. Under the terms of this new agreement, Cellnex Telecom will commit up to EUR 250 million over five years for the construction of up to 88 strategic telecom centers, also called ‘Central Offices’ and ‘Metropolitan Offices’, with capacity to house data processing capabilities. Such deployment is expected to be carried out until 2024, with the execution expected to be primarily backloaded. In addition, under this agreement, Cellnex may also acquire up to 62 additional 'Mobile Switching Centers' and 'Metropolitan Offices', which would be gradually transferred to Cellnex from 2020 to 2021.Therefore, will play a key role in the future deployment of 5G networks, as they will also provide processing capabilities in order to reduce data latency.

These new assets, once all have been built and acquire, will contribute an estimated up to EUR 39 million of additional Adjusted EBITDA[3].

Bouygues Telecom will be the main customer of these assets and thus, both companies, Cellnex and Bouygues Telecom, also signed an agreement for the provision of services (Master Service Agreement) in line with the existing contracts between the companies.

In relation to the aforementioned contract, no sites were transferred to Cellnex as at 31 December 2018.

As a result to the above, at 31 December 2018, in accordance with the agreements reached with Bouygues during 2016, 2017 and 2018, Cellnex, through its subsidiaries Cellnex France and Towerlink France, committed to acquire and build up to 5,250 sites that will be gradually transferred to Cellnex until 2024.

Spain

On 18 December 2018, Cellnex Telecom acquired to MNOs, 375 sites in 2018 for an amount of EUR 45 million, which were totally transferred to Cellnex as of 31 December 2018.

In addition, on 31 January 2018, Cellnex reached a new agreement with MASMOVIL by which the Group acquired 85 sites in Spain for an amount of EUR 3.4 million, approximately.

Switzerland

On 19 December 2018, the agreement with Sunrise dated 24 May 2017 was extended, as detailed below:

- An additional acquisition of 133 sites in Switzerland for an amount of CHF 39 million (EUR 34 million), which were transferred to Swiss Towers on 1 January 2019.
- An extension of the build-to-suit project with Sunrise agreed in the following terms: i) up to 75 additional sites to be build (increasing the agreement to build sites from up to 400 to up to 475 sites).

These new assets will contribute an estimated up to EUR 3 million of additional Adjusted EBITDA.

[3] Note that all Bouygues transactions have a common characteristic "up to" as Bouygues has not the obligation to reach the highest number of sites.

Property, plant and equipment abroad

At 31 December 2019 and 2018 the Group had the following investments in property, plant and equipment located abroad

	Thousands of Euros	
	Net book value	
	31 December 2019	31 December 2018
Italy	353,865	228,054
Netherlands	83,482	78,095
France	1,445,472	843,813
United Kingdom	11,443	9,326
Switzerland	185,320	89,866
Ireland	100,415	-
Total	2,179,997	1,249,154

Fully depreciated assets

At 31 December 2019, fully depreciated property, plant and equipment amounted to EUR 1,005 million (EUR 846 million at 31 December 2018).

Change of control clauses

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

Purchase commitments at year-end

At year-end the Group held purchase agreements for property, plant and equipment assets amounting to EUR 2,582 million (EUR 953 million in 2018).

Impairment

At 2019 and 2018 year-end, the Directors of the Parent Company have not identified any indications of impairment related to the property, plant and equipment.

Despite this, and in view of the relevance of the recently acquired assets related to telecom infrastructures (those not related to business combinations), the Directors of the parent company have decided to disclose the hypotheses used to evaluate any loss due to impairment, as the price agreed upon in the purchase negotiations refers to an asset with two components: a physical asset (tower and other fixtures and fittings) and an intangible asset, 'customer network service contracts and network location' in order to be able to provide the service to mobile operators. This evaluation is based on the calculation of the fair value of the corresponding cash generating unit.

The fair value was calculated as follows:

- The period over which the related investment is expected to generate cash flows was determined.

- The respective revenue and expense projections were made using the following general criteria:

  - For revenue, trends were forecast assuming an increase in the consumers' price index (CPI) of each country in which the aforementioned assets operates, and a 2% fix escalator in France.
  - For expenses, trends were considered in light of expected changes in the CPI corresponding to each country where the Group operates and the projected activity of the business.
  - In addition, the Group considered the impact of infrastructure maintenance and expansion to be carried out, using the best estimates available based on the Group's experience and taking into account the projected performance of the activity. Current Market guidance given in relation to the ratio of maintenance and expansion capex to revenues amounts to c.3% and c.5-10%, respectively.

The cash inflow projections based on the revenue and expense projection made as set forth above were discounted at the rate resulting from adding, to the long-term cost of money, the risk premium assigned by the market to each country where the activity takes place and the risk premium assigned by the market to each business (over the long term in both cases).

Projections for the first years are generally based on the closing 2019 and on the most recent medium-term projection and, after approximately year ten, on the activity growth rate evident from the service contracts. Projections covers a period higher than five years of cash flows after closing, due to the duration of the existing service contracts with customers.

The most significant assumptions used in determining the fair value of the tangible fixed assets were as follows:

2019

The discount rate before tax[4] considered for On Tower Telecom Infraestructuras, S.A.U., Cellnex France, S.A.S. and Swiss Towers was 6.2%, 6.0% and 5.2%, respectively.

The activity growth rate[5] considered for On Tower Telecom Infraestructuras, S.A.U., Cellnex France, S.A.S. and Swiss Towers was 3.0%, 3.0% and 3.0%[6] per annum, respectively.

The 'terminal g', considered for all CGUs was 2.5% which was in line with a general inflation rate.

All CGUs have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment.

2018

The discount rate before tax considered for On Tower Telecom Infraestructuras, S.A.U., Cellnex France, S.A.S. and Swiss Towers was 7.1%, 6.4% and 5.7%, respectively.

The activity growth rate considered for On Tower Telecom Infraestructuras, S.A.U., Cellnex France, S.A.S. and Swiss Towers was 2.5%, 5.0% and 2.0% per annum, respectively.

The 'terminal g', considered for all CGUs was 1.5% which was in line with a general inflation rate.

All CGUs have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment.

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[4] The discount rate before tax has been calculated as the discount rate after tax (R) divided by 1 minus the tax rate of the corresponding country (t). That is: R/1-t.
[5] Relates to revenue. The compound growth rate or CAGR reflects the increments built into the contracts related to the assets.
[6] Proforma basis 2019.

Sensitivity to changes in the key assumptions

With regards to the impairment tests carried out on the business of On Tower Telecom Infraestructuras, S.A.U. Cellnex France, S.A.S. and Swiss Towers, the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the assigned assets to such an extent that even if the hypothesis used were changed there would be no significant risk of impairment. The carrying amount of these assets stands at approximately EUR 1,742 million at 2019 year-end (EUR 1,342 million at 2018 year-end).

The impairment tests carried out demonstrate that the unit to which the assets are allocated is deemed capable of recovering the net carrying value recognised at 31 December 2019 and 2018. Consequently, there is no need to recognise any provision for impairment. In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate “g” of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment in the assets recognised by the Group at 31 December 2019 and 2018.

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

Asset revaluation pursuant to Act 16/2012, of 17 December

With regard to assets located in Spain, in 2012 several Spanish Group companies took advantage of Act 16/2012, of 27 December, resulting in an increase in the value of the assets through an accounting revaluation for EUR 41 million in the separate financial statements of the Spanish companies, which is not included in the cost of the assets for IFRS purposes. The tax effect of this revaluation has been recorded as a deferred tax asset in the accompanying consolidated financial statements (Note 16).

Insurance

The Group takes out all insurance policies considered necessary to cover possible risks which might affect its property, plant and equipment. At 31 December 2019 and 2018, the Group’s Directors considered that the insurance coverage was sufficient to cover the risks relating to its activities.

Other disclosures

At 31 December 2019 and 2018, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

7. Intangible assets

The changes in this heading in the consolidated balance sheet during 2019 and 2018 were as follows:

				Thousands of Euros
	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2019				
Cost	582,454	1,498,235	48,637	2,129,326
Accumulated amortisation	-	(198,618)	(26,376)	(224,994)
Carrying amount	582,454	1,299,617	22,261	1,904,332
Carrying amount at beginning of year	582,454	1,299,617	22,261	1,904,332
Changes in the scope of consolidation (Note 5)	905,553	2,818,277	-	3,723,830
Additions	-	182,437	7,847	190,284
Transfers	(6,209)	5,815	237	(157)
Foreign exchange differences	4,612	25,522	-	30,134
Amortisation charge	-	(103,817)	(6,371)	(110,188)
Carrying amount at close	1,486,410	4,227,851	23,974	5,738,235
At 31 December 2019				
Cost	1,486,410	4,530,286	56,721	6,073,417
Accumulated amortisation	-	(302,435)	(32,747)	(335,182)
Carrying amount	1,486,410	4,227,851	23,974	5,738,235

				Thousands of Euros
	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2018				
Cost	566,557	1,461,195	36,518	2,064,270
Accumulated amortisation	-	(123,344)	(20,410)	(143,754)
Carrying amount	566,557	1,337,851	16,108	1,920,516
	566,557	1,337,851	16,108	1,920,516
Carrying amount at beginning of year	12,759	25,640	2,050	40,449
Changes in the scope of consolidation (Note 6)	-	1,239	10,026	11,265
Additions	-	(2)	-	(2)
Transfers	-	-	42	42
Foreign exchange differences	3,138	10,163	1	13,302
Amortisation charge	-	(75,274)	(5,966)	(81,240)
Carrying amount at close	582,454	1,299,617	22,261	1,904,332
At 31 December 2018				
Cost	582,454	1,498,235	48,637	2,129,326
Accumulated amortisation	-	(198,618)	(26,376)	(224,994)
Carrying amount	582,454	1,299,617	22,261	1,904,332

Intangible assets for telecom infrastructure services

The breakdown of the net book value of intangible assets for telecom infrastructure services is set out below:

	Thousands of Euros	
	31 December 2019	31 December 2018
Concession intangibles	75,634	79,745
Customer network services contracts	3,599,867	1,050,083
Location intangibles	552,349	169,789
Net intangibles for telecom infrastructure service	4,227,851	1,299,617

Goodwill

Gross goodwill and the accumulated losses in value recognised at 31 December 2019 and 2018, respectively, are detailed as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Gross goodwill	1,486,410	582,454
Accumulated valuation adjustments	-	-
Net goodwill	1,486,410	582,454

The detail of goodwill, classified by cash-generating unit, at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Galata	213,026	170,630
Tradia Telecom	42,014	42,014
TowerCo	2,995	2,995
Adesal	363	363
Commscom	11,835	11,835
Towerlink Netherlands	35,307	35,307
Shere Masten	66,089	66,089
Shere Group UK (1)	29,405	29,221
OnTower Italia (2)	-	508
Swiss Towers (1)	152,615	149,339
Infracapital Alticom subgroup	60,019	60,019
TMI (2)	-	1,373
Zenon Digital Radio	660	2,638
XOC	3,456	3,456
Sintel (2)	-	2,438
BRT Tower (2)	-	951
DFA Telecomunicazioni (2)	-	3,278
On Tower Netherlands BV	10,525	-
Swiss Infra Services	193,111	-
Cignal Infrastrusture subgroup	54,941	-
Iliad 7	610,053	-
Goodwill	1,486,410	582,454

(1) This goodwill is related to assets in a non-euro currency thus its value in Euros is affected by the variations in the prevailing exchange rate.
(2) These companies have been merged into Galata, as described in the Note 2.i.

The main variations in the 2019 and 2018 financial year are due to changes in the scope of consolidation and business combinations, as detailed in Note 2.i., which mainly corresponds to the effect of the deferred tax on intangible assets acquired.

The goodwill amounting to EUR 42,014 thousand at 31 December 2019 and 2018, relates to the difference between the carrying amount of the assets contributed in the capital increases through non-monetary contributions and the estimated market value of the line of business contributed by Centre de Telecomunicacions i Tecnologies de la Informació (CTTI) of the Catalonia Autonomous Community Government to Tradia Telecom, S.A.U. in 2000. This goodwill was allocated to the overall business corresponding to the activity of the company Tradia Telecom, S.A.U.

Movements

Changes in the scope of consolidation and business combinations

The movements in 2019 due to changes in the scope of consolidation and business combinations in intangible assets for telecom infrastructure services mainly correspond to the impact of:

- the acquisition of Iliad7 (EUR 1,473,400 thousand, see Notes 2.i and 5).
- the acquisition of Swiss Infra (EUR 844,946 thousand, see Notes 2.i and 5).
- the acquisition of business unit containing approximately 2,200 sites in Italy (EUR 383,700 thousand, see Note 5).
- the acquisition of Cignal subgroup (EUR 82,391 thousand, see Notes 2.i and 5).
- the acquisition of On tower Netherlands subgroup (EUR 26,952 thousand, see Note 2.i).

Additions for the 2018 financial year due to changes in the scope of consolidation and business combinations were mainly due to the acquisition of XOC as detailed in Notes 2.i and 6.

Signed acquisitions and commitments

During 2019, the main addition corresponds to the agreement described below:

Agreement with British Telecommunications PLC ("BT") in the UK

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

The agreement additionally includes a commitment to explore further opportunities between the two companies in the UK, which consists of the pre-emptive right of acquisition of up to 3,000 sites from BT during the next six years (The "Right of First Offer"). In addition, according to the agreement, Cellnex will have a period of time in which to make a further and final offer, to match with a third party offer (The "Right to Match"), that BT could receive regarding these 3,000 sites. The corresponding value assigned by Cellnex in relation to both Right of First Offer and Right to Match, amounted to GBP 30 million, approximately (with a Euro value of EUR 34 million).

Agreement with El Corte Inglés ("ECI") in Spain

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

Intangible assets abroad

At 31 December 2019 and 2018, the Group had the following net book value of intangible assets located in the following countries:

	Thousands of Euros	
	Net book value	
	31 December 2019	31 December 2018
Italy	1,092,675	695,871
Netherlands	556,572	541,170
France	2,083,457	1
United Kingdom	247,760	134,631
Switzerland	1,462,123	440,696
Ireland	135,984	-
Total	5,578,571	1,812,369

Fully depreciated assets

At 31 December 2019, fully depreciated intangible assets amounted to EUR 31,694 thousand (EUR 25,974 thousand at 31 December 2018).

Purchase commitments at the end of the year

At 31 December 2019, the Group held purchase agreements for intangible assets amounting to EUR 1,130 thousand (EUR 37 thousand at 31 December 2018).

Impairment

As indicated in Notes 3.b and 3.c, at the end of each reporting period goodwill is assessed for impairment based on a calculation of the fair value of their respective cash-generating unit or their market value (price of similar, recent transactions in the market), if the latter is higher.

Prior to preparing revenue and expense projections, those projections made as part of the impairment tests for the prior year were reviewed to assess possible variances. In the review of the 2018 impairment tests with regard to the 2019 results, no significant variances were detected.

The fair value was calculated as follows:

- The period over which the related investment is expected to generate cash flows was determined.
- The respective revenue and expense projections were made using the following general criteria:

  - For revenue, trends were forecast assuming a different increase for each cash-generating unit of the consumer price index (CPI) in each country (with the exception of 2% fix escalator in France) in which the assets are used or the business operates.

  - For expenses, trends were considered in light of expected changes in the respective CPIs and the projected performance of the business.

  - In addition, the Group considered the impact of infrastructure maintenance and expansion to be carried out, using the best estimates available based on the Group’s experience and taking into account the projected performance of the activity. Current Market guidance given in relation to the ratio of maintenance and expansion capex to revenues amounts to c.3% and c.5-10%, respectively.

  - Taxes have been also considered in the projections in a country by country basis.

The cash inflow projections based on the revenue and expense projection made as set forth above were discounted at the rate resulting from adding, to the long-term cost of money, the risk premium assigned by the market to each country where the activity takes place and the risk premium assigned by the market to each business (over the long term in both cases).

Projections for the first years are generally based on the closing 2018 and on the most recent medium-term projection and, after approximately year ten, on the activity growth rate evident from the service contracts. Projections covers a period higher than five years of cash flows after closing, due to the duration of the existing service contracts with customers.

The most significant assumptions used in determining the fair value of the main cash-generating units in 2019 and 2018 with the most relevant intangible assets and goodwill were as follows:

2019

The discount rate before tax considered for Tradia Telecom, Towerco, Galata, Commscon, Towerlink Netherlands, Shere Group UK, Shere Masten, Swiss Towers and Infracapital Alticom was 6.6%, 7.5%, 7.5%, 7.5%, 5.4%, 6.0%, 5.4%, 5.2% and 5.4% respectively.

The activity growth rate considered for Tradia Telecom was 1.5% per annum, for Swiss Towers, Towerco, Galata, Towerlink Netherlands, Shere Group UK, Shere Masten and Infracapital Alticom was 3.0% per annum. The Commscon's growth rate was determined at 11.9% per annum due to the highly dynamic market and growth opportunities.

The 'terminal g', considered for all CGUs was 2.5% apart from Tradia Telecom, which represented 1.0% due to the broadcasting component, which was in line with a general inflation rate.
All CGUs apart from TowerCo and Commscon have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment. As the TowerCo business is based on a concession agreement with Atlantia, this CGU has been projected until the end of the concession in 2038. Commscon's business has different market dynamics, as a result, this CGU has been projected until 2028.

2018

The discount rate before tax considered for Tradia Telecom, Towerco, Galata, Commscon, Towerlink Netherlands, Shere Group UK, Shere Masten, Swiss Towers and Infracapital Alticom was 7.1%, 8.4%, 8.4%, 8.4%, 5.4%, 5.6%, 5.4%, 5.7% and 5.4% respectively.

The activity growth rate considered for Tradia Telecom was 1.2% per annum, for Swiss Towers was 2.0% per annum, and for Towerco, Galata, Towerlink Netherlands, Shere Group UK, Shere Masten and Infracapital Alticom was 2.5% per annum. The Commscon's growth rate was determined at 11.5% per annum due to the highly dynamic market and growth opportunities.

The 'terminal g', considered for all CGUs was 1.5% apart from Tradia Telecom, which represented 1.0% due to the broadcasting component, which was in line with a general inflation rate.

Sensitivity to changes in the key assumptions

With regards to the impairment tests performed both on the goodwill the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the goodwill and assigned assets to such an extent that even if the hypothesis used were changed significantly there would be no significant risk of impairment.

The impairment tests carried out demonstrate that the unit to which the recognised goodwill or intangible assets in telecom infrastructures are allocated is deemed capable of recovering the net value recognised at 31 December 2019 and 2018. Consequently, there is no need to recognise any provision for impairment. In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate "g" of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment to goodwill recognised by the Group at 31 December 2019 and 2018.

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

Other disclosures

At 31 December 2019 and 2018, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

8. Investments in associates

The changes in this heading in the consolidated balance sheet are as follows:

	Thousands of Euros	
	2019	2018
At 1 January	2,803	3,280
Profit for the year	82	113
Changes in perimeter	302	123
Others	(355)	(713)
At 31 December	2,832	2,803

The shareholdings in associates accounted for using the equity method are detailed as follows:

	Thousands of Euros	
	Value of the shareholding	
	31 December 2019	31 December 2018
Torre Collserola, S.A.	1,958	1,960
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	659	761
Nearby Sensors, S.L.	162	82
Nearby Computing, S.L.	53	-
Total	2,832	2,803

In addition to the impairment tests referred to above, the Group carried out impairment tests to determine the recoverability of the investments in associates. To carry out these tests, the Group considered future cash flow projections in a manner similar to that indicated in Note 7. No indication was found of a need to recognise any provision for impairment in the consolidated income statement for the 2019 financial year.

9. Current and non-current financial investments

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2019 and 2018 is as follows:

	Thousands of Euros					
	31 December 2019			31 December 2018		
	Non-current	Current	Total	Non-current	Current	Total
Advances to customers	26,909	2,015	28,924	25,314	1,378	26,692
Other advance payments	120,000	-	120,000	-	-	-
Current and non-current financial investments	146,909	2,015	148,924	25,314	1,378	26,692

Advances to customers

The changes in “advances to customers” during 2019 and 2018 were as follows:

	Thousands of Euros		
	2019		
	Non-current	Current	Total
At 1 January	25,314	1,378	26,692
Additions	4,438	-	4,438
Charge to the consolidated income statement	-	(2,290)	(2,290)
Transfer	(2,290)	2,290	-
Others	(553)	637	84
At 31 December	26,909	2,015	28,924

	Thousands of Euros		
	2018		
	Non-current	Current	Total
At 1 January	17,694	921	18,615
Additions	9,107	457	9,564
Charge to the consolidated income statement	-	(1,487)	(1,487)
Transfer	(1,487)	1,487	-
At 31 December	25,314	1,378	26,692

Current and non-current financial investments relate to the effect of the accounting treatment adopted by the Group in reference to the telecom infrastructures acquired, which are to be subsequently dismantled. These purchases are considered advances to customers and are recognised under these headings (See Note 3.d).

The balances of the financial assets are reflected at their face value, there being no significant differences concerning their fair value.

Additions

Corresponds to the pluri-annual commercial costs assumed by the Group in order to obtain the service provision services agreements with the mobile telephone operators, through the purchase of the telecom infrastructures from these operators, the dismantling of which has been agreed to along with the related cost.

Charge to the consolidated income statement

During 2019 and 2018, in line with the terms of the services agreements entered into with the operators, the corresponding amount of the total paid for the purchase of telecommunications infrastructure, treated as prepayment for the subsequent service agreements, was taken to the accompanying consolidated income statement. At 31 December 2019 this amount was recorded as a reduction to revenues amounting to EUR 2,290 thousand and EUR 1,487 thousand, respectively.

Transfers

The transfers from the 2019 and 2018 financial years are due to the classification under “Current financial investments” of the part that is expected to be charged during the next financial year to the consolidated income statement.

Other advance payments

This caption includes payments made to Iliad Italy, S.p.A. in the context of the Iliad Italy Acquisition, as described in Note 5, which relate to sites in the business unit not yet transferred as at 31 December 2019. The transfer will take place in further tranches in the months following the year end 2020.

10. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2019 and 2018 is as follows:

						Thousands of Euros
		31 December 2019			31 December 2018	
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (gross)	-	267,573	267,573	-	132,345	132,345
Allowances for doubtful debts (impairments)	-	(13,609)	(13,609)	-	(14,283)	(14,283)
Trade receivables	-	253,964	253,964	-	118,062	118,062
Current tax assets	-	89,156	89,156	-	51,858	51,858
Receivables with other related parties (Note 22.d)	-	324	324	-	50	50
Other receivables	18,427	21,639	40,066	14,229	22,725	36,954
Trade and other receivables	18,427	365,083	383,510	14,229	192,695	206,924

Trade and other receivables are shown at amortised cost, which does not differ significantly from their nominal value.

Trade receivables

"Trade receivables" includes outstanding amounts from customers. At 31 December 2019 and 2018, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 31 December 2019 and 2018, amounted to EUR 16,867 thousand and EUR 23,527 thousand, respectively.

At 2019 year-end the amount utilized under the non-recourse factoring agreements stood at EUR 9.9 million (EUR 54 million as at 2018 year-end). In this regard, the Group derecognises the receivables sold on a non-recourse basis as it considers that it has substantially transferred the risks and rewards inherent to their ownership to banks. As at 31 December 2019 the limit under the non-recourse factoring agreements stood at EUR 210 million (EUR 222 million as at 2018 year-end).

During 2018, the Group reached a non-recourse factoring agreement in relation to the collection rights that derive from certain administrative recovery procedures. At 31 December 2018, the amount utilized under this non-recourse factoring agreement stood at EUR 5 million. At 31 December 2019, this amount has been fully recovered, therefore, at this date no asset has been recorded regarding to this claim.

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during 2019 were as follows:

		Thousands of Euros
	2019	2018
At 1 January	14,283	7,736
Impact of IFRS 9	-	7,047
At 1 January after IFRS 9	14,283	14,783
Disposals	(1,027)	(1,144)
Net changes	353	644
At 31 December	13,609	14,283

Disposals in this period relate to previous balances that were fully provided for, and which the Group decided to completely derecognise, without this having any impact on the accompanying consolidated income statement.

Net changes relate to changes in the provision recognised under “Changes in provisions” in the accompanying consolidated income statement with regard to the previous year.

Current tax assets

The breakdown of “Current tax assets” is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Corporate income tax	7,228	5,582
VAT receivable	80,217	43,422
Other taxes	1,711	2,854
Current tax assets	89,156	51,858

At 31 December 2019, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in Spain and France (see Note 6), that amounted to EUR 39 million and EUR 21 million respectively. This caption also included VAT receivable amounting to EUR 12 million derived from the acquisition of rights to operate and market 950 buildings located mainly throughout Spain (see Note 7).

At 31 December 2018, it mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France and in Spain, that amounted to EUR 25 million and EUR 9 million, respectively (see Note 7 of 2018 consolidated financial statements).

Other receivables

At 31 December 2019 and 2018 “Other receivables” comprises:

- The PROFITS (coordination) mechanism by which the Group plays the role of coordinator for certain aid programs under the National Plan for Scientific Research, Development and Technological Innovation (PROFIT) granted by the Spanish Ministry for Industry, Tourism and Trade and applies for this aid together with other companies. The Group includes in current and non-current accounts receivable amounts that were previously assigned to third parties, received by the Group under the guise of PROFIT grants and refundable loans. On the other hand, the full amount of PROFIT grants received by the Group (including part of the amount assigned to third parties) is recognised under “Other non-current borrowings” and “Other current borrowings” (see Note 13).

- Other loans with service purchasers that are not strictly considered customers and with other trade debtors not included under other accounts. Advances to creditors, debtors and employees are also recognised under this heading.

There are no significant differences between the carrying amount and the fair value of the financial assets.

11. Cash and cash equivalents

The breakdown of “Cash and cash equivalents” is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Cash on hand and at banks	2,271,555	405,870
Term deposits at credit institutions maturing in less than 3 months	80,000	50,000
Total	2,351,555	455,870

12. Net equity

a) Share capital and treasury shares

Share capital

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

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

March 2019 Capital Increase

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

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

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

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

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

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

October 2019 Capital Increase

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

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

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

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

The funds from the capital increase will be used to support the acquisition of the Arqivas's Telecoms division (as detailed below), as well as Cellnex's active projects pipeline.

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

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

Significant shareholders

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

	% ownership	
Company	31 December 2019	31 December 2018
ConnecT	29.90%	29.90%
Criteria Caixa, S.A.U.	5.00%	5.00%
Threadneedle Asset Management Ltd. (1)	-	5.00%
Wellington Management Group LLP (2)	4.28%	-
Blackrock, Inc. (3)	4.98%	4.75%
Canada Pension Plan Investment Board	3.16%	3.16%
Permian Investment Partners, LP	-	3.16%
	47.32%	50.97%

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

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

(2) Wellington Management Company LLP is a direct controlled undertaking of Wellington Investment Advisors Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Group Holdings LLP , which, in turn, is a direct controlled undertaking of Wellington Management Group LLP.

(3) Corresponds to managed collective institutions with a percentage lower than 5%. In addition, there is a total holding of 1.053% through financial instruments connected to shares in the Parent Company. At the year-end 2018, corresponded to managed collective institutions with a percentage lower than 5%. In addition, there was a total holding of 1.253% through financial instruments connected to shares in the Parent Company.

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

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

Changes in 2019

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

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

Changes in 2018

Changes in Abertis shareholding on Cellnex

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

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

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

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

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

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

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

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

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

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

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

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

Treasury shares

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

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

At 31 December 2019, Cellnex did not carry out discretional purchases of treasury shares. However, during this period, 63,912 treasury shares have been transferred to employees in relation mainly to the Long Term Incentive Plan's described in Note 17.b.

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

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

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

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

2019

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January	264	21.117	5,572
Purchases	-	-	-
Sales/Others	(64)	21.117	(1,350)
At 31 December	200	21.117	4,222

2018

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

b) Share premium

As at 31 December 2019 the share premium of Cellnex Telecom increased by EUR 3,572 million to EUR 3,886 million (EUR 315 million at the end of 2018) mainly due to the Capital Increases described in Note 12.a.

During 2019, a cash pay out to shareholders of EUR 26,620 thousand was declared from the share premium account (See Note 12.d).

c) Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Legal reserve	11,584	11,584
Reserves from retained earnings	131,719	213,870
Reserves of consolidated companies	49,618	(96,361)
Hedge reserves	(2,965)	(929)
Foreign exchange differences	1,915	(2,162)
Reserves	191,871	126,002

I) Legal reserve

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

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

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

At 31 December 2019, because of the capital increases explained in Note 12.a, the legal reserve had not reached the legally established minimum. At 31 December 2018 it was fully constituted.

II) Reserves from retained earnings and other reserves

The main impact on this line during 2019 relates to the issue of Convertible Bonds in January and July (see Note 13). At 31 December 2019, the convertible bond reserve increased by EUR 67,467 thousand to EUR 129,947 thousand (EUR 62,480 thousand at the end of 2018).

III) Hedge reserve

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

IV) Foreign exchange differences

The detail of this line item at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Cellnex Switzerland (CHF)	(1,968)	(2,575)
Shere Subgroup (GBP)	3,883	413
Total	1,915	(2,162)

d) Interim dividend and proposed dividends

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

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

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

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

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

Thus, the Directors of Cellnex Telecom, S.A. will submit for approval of the Annual General Meeting (AGM) the following proposal for the distribution of the results of the year ended 31 December 2019:

	Thousands of Euros
Basis of distribution (Profit and Loss)	7,415
Distribution:	
Legal reserve	7,415
Total	7,415

e) Earnings per share

The table below shows the basic and diluted earnings per share calculated by dividing the net profit for the year attributable to the shareholders of Cellnex Telecom, S.A. by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held by the Group.

	Thousands of Euros	
	2019	2018
Profit/(loss) attributable to the Parent Company	(9,245)	(14,983)
Weighted average number of shares outstanding (Note 12.a)	296,092,308	231,419,541
Basic EPS attributable to the Parent Company (euros per share)	(0.03)	(0.06)
Diluted EPS attributable to the Parent Company (euros per share) (*)	(0.03)	(0.06)

(*) Note that, as of 31 December 2019, the effect of the conversion of convertible bonds (Note 13) would not dilute the earnings per share attributable to the Parent Company. Additionally, the share-based remuneration (Note 17 b) ii)) has no significant impact on the diluted earnings per share attributable to the Parent Company.

f) Non-controlling interests

The balance of this heading in the Group's equity includes the interest of non-controlling shareholders in the fully consolidated companies. Additionally, the balance of "Profit attributable to non-controlling interests" in the consolidated statement of comprehensive income represents the share of non-controlling shareholders in the profit for the year.

The detail of the non-controlling interests at 31 December 2019 and 2018 is as follows:

				Thousands of Euros	
	Country	%(*) owned by Cellnex as of 31/12/2019	%(*) owned by Cellnex as of 31/12/2018	31 December 2019	31 December 2018
Cellnex Switzerland (1)	Switzerland	72%	54%	206,227	139,950
Swiss Towers (1)	Switzerland	72%	54%	(8,692)	(4,589)
Swiss Infra (2)	Switzerland	65%	-	88,713	-
Adesal Telecom	Spain	60%	60%	2,117	2,115
Iliad7	France	70%	-	601,542	-
Total				889,907	137,476

(*) Corresponds to the stake owned by Cellnex in each subsidiaries, directly or indirectly.

(1) As detailed in Note 2.i.iv, during the second half of 2019, Cellnex Switzerland carried out a capital increase amounting to CHF 460 million, which was fully subscribed by Cellnex Telecom and Swiss Life. As a consequence, the stake that Cellnex held in Cellnex Switzerland increased from 54% to 63% at the date of the aforementioned transaction. By not subscribing to this capital increase, Deutsche Telekom Capital Partners ("DTCP") reduced its stake in Cellnex Switzerland from 18%, to 9% at the date of this transaction. In addition, pursuant to the put option agreement entered into with DTCP in 2017, as it was reasonable to expect, the latter exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom.

As a result, Cellnex Telecom acquired, during the second half of 2019, an additional 9% of the share capital of Cellnex Switzerland. Following this acquisition, as at 31 December 2019 Cellnex Telecom held 72% of the share capital of Cellnex Switzerland.

As a result of the aforementioned, as of 31 December 2019 Cellnex held, indirectly, a stake of 72% in Swiss Towers.

(2) As detailed in Note 2.i.ii, in the first half of 2019, the Group entered into a long-term industrial alliance with Matterhorn Telecom, S.A. ("Matterhorn") by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra owner of approximately 2,800 sites located in Switzerland for a total amount of approximately EUR 770 million. As a result, as of 31 December 2019, Cellnex held, indirectly, a stake of 65% in Swiss Infra.

The changes in this heading were as follows:

	Thousands of Euros	
	2019	2018
At 1 January	137,476	142,158
Profit/(loss) for the year	(9,258)	(2,759)
Dividends	-	(6,828)
Changes in the scope of consolidation	753,508	-
Exchange differences	6,657	4,905
Others	1,523	-
At 31 December	889,907	137,476

As regards the main non-controlling interest, the summarised financial information in relation to the assets, liabilities, operating results and cashflow relating to the corresponding company/subgroup incorporated in the consolidation process is as follows:

31 December 2019

	Thousands of Euros			
	Cellnex Switzerland	Swiss Towers	Swiss Infra [1]	Iliad7 [2]
Non-current assets	739,897	1,039,330	199,338	642,480
Current assets	3,714	26,774	24,420	8,058
Total assets	743,611	1,066,104	223,758	650,538
Non-current liabilities	337	622,751	146,656	189,487
Current liabilities	919	105,890	31,587	75,758
Total liabilities	1,256	728,641	178,243	265,245
Net assets	742,355	337,463	45,515	385,293
Income	67	65,150	20,755	-
Expenses	(1,327)	(11,107)	(1,761)	-
Gross operating profit	(1,260)	54,043	18,994	-
Profit attributable to the shareholders	8,175	5,871	3,383	-
Operating activities	(4,135)	50,420	8,835	(192)
Investment activities	(297,901)	(811,151)	(26)	-
Financing activities	279,355	745,538	-	-
Cash flows	(22,681)	(15,193)	8,809	(192)

[1] Company over which control was obtained in August 2019 (see Note 2.i); hence, only five months of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

[2] Company over which control was obtained at the end of December 2019 (see Note 2.i); hence, only the period since the acquisition date of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

31 December 2018

	Thousands of Euros
	Cellnex Switzerland subgroup
Non-current assets	591,234
Current assets	49,858
Total assets	641,092
Non-current liabilities	236,627
Current liabilities	40,694
Total liabilities	277,321
Net assets	363,771
Income	48,340
Expenses	(8,292)
Gross operating profit	40,048
Profit attributable to the shareholders	13,935
Operating activities	41,154
Investment activities	(17,511)
Financing activities	(18,702)
Cash flows	4,941

g) Profit/(loss) for the year

The contribution of each company in the scope of consolidation to consolidated profit/(loss) is as follows:

	Thousands of Euros	
	2019	2018
Cellnex Telecom, S.A.	(114,734)	(88,818)
Cellnex Telecom España, S.L.U.	(1,984)	(1,368)
Retevisión-I, S.A.U.	86,286	45,781
Tradia Telecom, S.A.U.	24,024	15,650
On Tower Telecom Infraestructuras, S.A.U.	16,767	5,777
Adesal Telecom, S.L.	2	141
Towerco, S.p.A.	2,819	3,339
Galata, S.p.A.	(1,261)	17,905
Cellnex Italia, S.r.L.	(695)	(315)
Commscon Italia, S.r.L.	1,172	(949)
On Tower Italia, S.r.L.	-	55
Cellnex Netherlands, Group	17,483	3,976
Cellnex France, S.A.S.	(17,510)	(13,468)
Cellnex UK subgroup (formerly Shere Group subgroup)	(5,632)	(767)
Cellnex Switzerland AG	(1,780)	(2,661)
Swiss Towers AG	(4,719)	(659)
SGL Reserve (formerly Cellnex UK)	-	(280)
TMI, S.r.L.	-	41
Cellnex France Groupe, S.A.S.	(4,279)	(140)
Infr'asset Management, S.A.S.	-	28
Sintel, S.r.L.	-	100
Zenon Digital Radio, S.L.	67	354
Xarxa Oberta de Comunicació i Tecnología de Catalunya, S.A.	2,274	1,281
BRT Tower, S.r.L.	-	9
DFA Telecomunicazioni, S.r.L.	-	10
Towerlink France, S.A.S.	(103)	(6)
Swiss Infra Services AG	(6,104)	-
Cignal subgroup	(2,577)	-
On Tower Netherlands subgroup	1,103	-
Springbok Mobility, S.A.S.	(57)	-
Towerlink Portugal	111	-
Spanish companies accounted using equity method	82	-
Net profit attributable to the Parent Company	(9,245)	(14,983)

13. Borrowings

The breakdown of borrowings at 31 December 2019 and 2018 is as follows:

	Thousands of Euros					
	31 December 2019			31 December 2018		
	Non-current	Current	Total	Non-current	Current	Total
Bond issues and other loans	3,460,798	40,326	**3,501,124**	2,410,286	99,890	**2,510,176**
Loans and credit facilities	1,630,027	6,423	**1,636,450**	582,730	2,831	**585,561**
Derivative financial instruments	3,593	201	**3,794**	1,255	180	**1,435**
Other financial liabilities	2,871	1,476	**4,347**	3,757	27,932	**31,689**
Borrowings	5,097,289	48,426	5,145,715	2,998,028	130,833	3,128,861

During the year ended at 31 December 2019, the Group increased its borrowings from bond issues and loans and credit facilities (which do not include any debt held by Group companies registered using the equity method of consolidation, “Derivative Financial Instruments” or “Other financial liabilities”) by EUR 2,041,837 thousand to EUR 5,137,574 thousand.

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

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

On 2 July 2019 Cellnex signed a EUR 100 million loan with the Spanish Official Credit Institute (ICO) to finance the Group’s international expansion. The loan with ICO has a final maturity of twelve years, including a two-year interest-only period, from the date of signature. The proceeds will be used to finance new investments abroad, such as in France.

On 17 July 2019 Cellnex Group signed a total of EUR 2.6 billion financing with a pool of banks to increase its liquidity position and to finance the Iliad Acquisition and the Swiss Infra Services Acquisition (see Note 5 of the accompanying consolidated financial statements). The financing consists of the following three facilities agreements:

i) A syndicated loan of CHF 183,000 thousand, which mainly replaced the CHF 190,000 thousand facility while extending the maturity until 2024,
ii) a syndicated facilities agreement entered into by Swiss Towers for CHF 620,000 thousand consisting of a CHF 400,000 thousand term loan and a CHF 220,000 thousand revolving facility, both maturing in 2024 (these facilities replace the existing facility of CHF 180,000 thousand granted in favour of Cellnex Switzerland and include a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers -but not Cellnex- based on leverage levels); and
iii) a syndicated facilities agreement consisting of a EUR 1,500,000 thousand multicurrency revolving credit agreement, refinancing existing EUR 500,000 thousand revolving credit facility and a new CHF 450,000 thousand term loan to fund the equity contribution into Cellnex Switzerland to finance the Swiss Infra Acquisition from Salt and to refinance partially the existing CHF 190,000 thousand facility.

On 5 November 2019 Cellnex Group signed a GBP 2 billion financing consisting of a GBP 1,400,000 thousand term loan facility with a maturity of up to 3 years and a GBP 600,000 thousand term loan facility entered into by Cellnex UK, guaranteed by Cellnex Group, with a 5-year bullet maturity to finance the Arqiva Acquisition (see Note 19.b of the accompanying consolidated financial statements). As of the date hereof, these facilities remain undrawn.

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

As of 31 December 2019 and 2018, the average interest rate of all available borrowings would have been 1.5% and 1.9% respectively, in the event they had been entirely drawn down. The average weighted interest rate as of 31 December 2019 of all available borrowings drawn down was 1.7% (2.2% as of 31 December 2018).

Pursuant to the amendments to IAS 7, a reconciliation of the cash flows arising from financing activities is set out below, together with the associated liabilities in the opening and closing balance sheet, distinguishing between changes that give rise to cash flows and those that do not:

31 December 2019

							Thousands of Euros
	01/01/2019	Cash flows	Changes in the scope of consolidation	Exchange rate	Transfers to liabilities held for sale	Other [(2)]	31/12/2019
Bond issues	2,510,176	963,197	-	-	-	27,751	3,501,124
Loans and credit facilities and other financial liabilities[(1)]	618,685	978,008	-	37,541	-	10,357	1,644,591
Borrowings	3,128,861	1,941,205	-	37,541	-	38,108	5,145,715

(1) Which also includes Derivative financial instruments.
(2) It mainly includes arrangement expenses accrued and change in interest accrued not paid.

31 December 2018

							Thousands of Euros
	01/01/2019	Cash flows	Changes in the scope of consolidation	Exchange rate	Transfers to liabilities held for sale	Other [(2)]	31/12/2019
Bond issues	1,898,619	591,615	-	147	-	19,795	2,510,176
Loans and credit facilities and other financial liabilities[(1)]	676,297	(71,479)	925	7,896	-	5,046	618,685
Borrowings	2,574,916	520,136	925	8,043	-	24,841	3,128,861

(1) Which also includes Derivative financial instruments.
(2) It mainly includes arrangement expenses accrued and change in interest accrued not paid.

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

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

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

Borrowings by maturity

The maturities of the Group's borrowings based on the repayment schedule as of 31 December 2019 and 2018 are shown in the table below:

31 December 2019

								Thousands of Euros
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	3,600,500	47,039	-	600,000	-	750,000	2,142,687	**3,539,726**
Arrangement expenses	-	(6,713)	(6,962)	(6,629)	(6,051)	(4,677)	(7,570)	**(38,602)**
Loans and credit facilities (*)	5,877,303	9,715	32,500	223,374	116,169	1,076,758	192,125	**1,650,641**
Arrangement expenses	-	(3,292)	(3,335)	(2,943)	(2,836)	(1,564)	(221)	**(14,191)**
Derivative financial instruments	-	201	-	-	-	-	3,593	**3,794**
Other financial liabilities	-	1,476	694	707	509	531	430	**4,347**
Total	9,477,803	48,426	22,897	814,509	107,791	1,821,048	2,331,044	5,145,715

(*) These items are gross and do not include "Arrangement expenses".

31 December 2018

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

(*) These items are gross and do not include "Arrangement expenses".

Borrowings by type of debt

						Thousands of Euros
	Notional as of 31 December 2019 (*)			Notional as of 31 December 2018 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	3,600,500	3,600,500	-	2,552,835	2,552,835	-
Loans and credit facilities	5,877,303	1,643,971	4,233,332	1,606,398	586,471	1,019,927
Total	9,477,803	5,244,471	4,233,332	4,159,233	3,139,306	1,019,927

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

As of 31 December 2019, the total limit of loans and credit facilities available was EUR 5,877,303 thousand (EUR 1,606,398 thousand as of 31 December 2018), of which EUR 2,290,227 thousand in credit facilities and EUR 3,587,076 thousand in loans (EUR 1,287,415 thousand in credit facilities and EUR 318,983 thousand in loans as of 31 December 2018).

Furthermore, of the EUR 5,877,303 thousand of loans and credit facilities available (EUR 1,606,398 thousand as of 31 December 2018), EUR 5,472,678 thousand (EUR 640,523 thousand as of 31 December 2018) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and U.S. dollar (USD).

As of 31 December 2019 the total amount drawn down of the loans and credit facilities was EUR 1,643,971 thousand (EUR 586,471 thousand drawn down as of 31 December 2018).

Borrowings by currency

	Thousands of Euros	
	31 December 2019 (*)	31 December 2018 (*)
Euro	3,784,121	2,664,708
GBP	331,631	167,909
CHF	1,082,756	327,840
Borrowings	5,198,508	3,160,457

(*) The amounts shown in the preceding table relate to the cash flows set forth in the contracts, which differ from the carrying amount of the borrowings due to the effect of applying IFRS criteria, especially in IFRS9.

As described in Note 4.a of the accompanying consolidated financial statements, the foreign exchange risk on the net investment of operations of the Group companies denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency.

In this regard, as of 31 December 2019 and 2018, the Group maintained borrowings in GBP, which acted as a natural hedge of the net investment in Cellnex UK Limited (formerly Shere Group Ltd.). These borrowings amounted to GBP 282,152 thousand with a Euro value of EUR 331,631 thousand (GBP 150,200 thousand with a Euro value of EUR 167,909 thousand as of 31 December 2018) and are held by means of various credit facilities denominated in GBP. The increase during 2019 is due to the agreement with BT as explained in Note 7 of the accompanying consolidated financial statements. These non-derivative financial instruments are assigned as net investment hedges against the net assets of the Cellnex UK Group. The maturities of these borrowings are between 2022 and 2023.

In addition, as of 31 December 2019, the Group maintained borrowings in CHF, which act as a natural hedge of the net investment in Cellnex Switzerland. Such borrowings amounted to CHF 639,525 thousand with a Euro value of EUR 589,207 thousand (CHF 212,035 thousand with a Euro value of EUR 188,157 thousand as of 31 December 2018) and are held by means of various facilities denominated in CHF. These non-derivate financial instruments are assigned as net investment hedges against the net assets of Cellnex Switzerland. The maturity of these borrowings are between 2024 and 2026.

Furthermore, the Group also maintained through its subsidiary Swiss Towers additional borrowings in CHF amounting to CHF 535,698 thousand with a Euro value of EUR 493,549 thousand (CHF 157,409 thousand with a Euro value of EUR 139,683 thousand as of 31 December 2018).

Bond issues and other loans

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

	Thousands of Euros	
	31 December 2019	31 December 2018
Bond issues	3,501,090	2,447,318
Promissory notes and commercial paper	34	62,858
Bond issues and other loans	3,501,124	2,510,176

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

In May 2015, the Group established an EMTN Programme through the Parent Company. This Programme is registered on the Irish Stock Exchange and is renewed annually. As at 31 December 2019, the EMTN Programme allows the issue of bonds to an aggregate amount of up to EUR 5,000 million and the latest renewal date was May 2019.

In March 2016, Cellnex was added to the list of companies whose corporate bonds are eligible for the Corporate Sector Purchase Programme (CSPP) by European Central Bank (ECB). However, the BCE publicly announced that they will not increase the size and reinvest the proceeds of the Corporate Purchase Programme (CSPP) from December 2018 onwards.

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

31 December 2019

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

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

31 December 2018

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

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

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

II) Convertible bond issues

January 2019 issuance of convertible bonds

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

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

As a result of the issue of 66,989,813 Ordinary Shares at subscription price of EUR 17.89 (see Note 11.a) each by way of conferring subscription rights to shareholders of record as of 5 March 2019, the conversion price has been adjusted to EUR 35.8205 (from EUR 38.0829 previously), effective 4 March 2019.

Furthermore, as a result of the issue of 86,653,476 Ordinary Shares at subscription price of EUR 28.85 (see Note 12.a) each by way of conferring subscription rights to shareholders of record as of 14 October 2019, the conversion price has been adjusted to EUR 33.6902 (from EUR 35.8205 previously), effective 11 October 2019.

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

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

July 2019 issuance of convertible bonds

On 5 July 2019 Cellnex placed a new issuance of senior unsecured convertible bonds (“The Convertible Bond”) which was issued at par and will mature on 5 July 2028. Any Bonds which have not been previously converted, redeemed or repurchased and cancelled by this time, are redeemed in full at a redemption price equal to 108.57% of their principal amount, implying a yield to maturity of 1.40% per annum.

The Convertible Bond accrues fixed interest at a rate of 0.50% per annum, payable annually in arrears on 5 July of each year, starting on 5 July 2020. The initial conversion price of the Convertible Bond is EUR 57.1756, which represents a premium of 70% over the volume weighted average price of a Cellnex Share on the Spanish Exchanges (Bolsa de Valores), from the time between market opening and market closing on the day of placement. The initial conversion price of the Convertible Bond is subject to customary adjustments.

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

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

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

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

31 December 2019

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

31 December 2018

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

Clauses regarding changes of control

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

For the bonds issued under the EMTN Programme, the put option can only be triggered if a change of control event occurs and there is a rating downgrade caused by the change of control event (as defined in the Terms and Conditions of the EMTN Programme). For the convertible bond, the put option can only be triggered if a change of control occurs or if a tender offer triggering event occurs (as defined in the Terms and Conditions of the convertible bonds).

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

Bonds obligations and restrictions

As at 31 December 2019 and 2018, the Parent Company has no restrictions regarding the use of capital resources nor has guarantees and the bonds rank *pari passu* with the rest of the unsecured and unsubordinated borrowings, and did not require the Group to comply with any financial ratio.

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

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

Bonds obligations and restrictions

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

Loans and credit facilities

As of 31 December 2019, the total limit of loans and credit facilities available was EUR 5,877,303 thousand (EUR 1,606,398 thousand as of 31 December 2018), of which EUR 2,290,227 thousand in credit facilities and EUR 3,587,076 thousand in loans (EUR 1,287,415 thousand and EUR 318,983 thousand respectively as of 31 December 2018).

On 2 July 2019 Cellnex signed a EUR 100 million loan with the Spanish Official Credit Institute (ICO) to finance the Group's international expansion. The loan with ICO has a final maturity of twelve years, including a two-year interest-only period, from the date of signature. The proceeds will be used to finance new investments abroad, such as in France.

On 17 July 2019 Cellnex Group signed a total of EUR 2.6 billion financing with a pool of banks to increase its liquidity position and to finance the acquisitions of Iliad and Salt towers signed on 7 May 2019. The financing consists of the following three facilities agreements:

i) a syndicated loan of CHF 183,000 thousand, which mainly replaced the CHF 190,000 thousand facility while extending the maturity for one additional year until 2024,

ii) a syndicated facilities agreement entered into by Swiss Towers for CHF 620,000 thousand consisting of a CHF 400,000 thousand term loan and a CHF 220,000 thousand revolving facility, both maturing in 2024 (these facilities replace the existing facility of CHF 180,000 thousand granted in favor of Cellnex Switzerland and include a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers -but not Cellnex- based on leverage levels); and

iii) a syndicated facilities agreement consisting of a EUR 1,500,000 thousand multicurrency revolving credit agreement, refinancing existing EUR 500,000 thousand revolving credit facility and a new CHF 450,000 thousand term loan to fund the equity contribution into Cellnex Switzerland AG to finance the Swiss Infra Services Acquisition from Salt and to refinance partially the existing CHF 190,000 thousand facility.

On 5 November 2019 Cellnex Group signed a GBP 2 billion financing consisting of a GBP 1,400,000 thousand term loan facility with a maturity of up to 3 years and a GBP 600,000 thousand term loan facility entered into by Cellnex UK, guaranteed by Cellnex Group, with a 5-year bullet maturity to finance the Arqiva Acquisition. As of the date hereof, these facilities remain undrawn.

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

Clauses regarding changes of control

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

Loans and credit facilities obligations and restrictions

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

Submitted guarantees and financial ratios

As of 31 December 2019 and 2018, the outstanding loans and credit facilities entered into by Cellnex and its subsidiaries are unsecured and unsubordinated and rank pari passu with the rest of the Group's unsecured and unsubordinated borrowings. Most of these contracts are subject to cross-default provisions and generally do not require Cellnex nor its subsidiaries to comply with any financial ratio. Certain loan and credit facilities are subject to various restrictions, including but not limited to, requiring Cellnex to maintain a minimum rating of Ba2 by Moody's Investors Service, Inc., or BB by Fitch Ratings Ltd. or Standard & Poor's Financial Services LLC, requiring shares to be pledged and provided as collateral if certain financial ratios are not satisfied, and imposing restrictions on additional indebtedness. The financing contracts of the Group do not contain any limitations on the distribution and payment of dividends, other than the syndicated facilities agreement entered into by Swiss Towers, which includes a covenant restricting the distribution of dividends by Cellnex Switzerland and Swiss Towers –but not Cellnex– based on leverage levels.

Derivative financial instruments

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

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

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

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

As mentioned above, the bond issued in April 2017 for EUR 80 million and maturing in April 2026 has been hedged with floating-to-fixed IRS, converting the floating rate of the bond in to a fixed rate. The notional amount and the maturity of the IRS match those of the underlying bond. As a result of the contracted IRS the final interest rate on the EUR 80 million bond is 2.945%.

Other financial liabilities

"Other financial liabilities" relates mainly to certain grants awarded (arranged as repayable advances) to other Group companies (Retevisión-I, S.A.U. and Tradia Telecom, S.A.U.) under the Ministry for Industry, Tourism and Trade's PROFIT programme. According to the technical-financial terms of the grant resolutions, the repayable advances bear no interest.

As of 31 December 2019, the Group has not reached agreements for recourse factoring in relation to balances for VAT receivables derived from the acquisition of mobile telecom infrastructures (EUR 25,268 thousand as of 31 December 2018).

Corporate rating

At 31 December 2019 Cellnex holds a long term "BBB-" (Investment Grade) with stable outlook according to the international credit rating agency Fitch Ratings Ltd. and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC.

14. Leases

The Group leases many assets, including sites, offices, satellites, vehicles and concessions. Information about leases for which the Group is a lessee is presented below:

Amounts recognised in the consolidated balance sheet

As of 31 December 2019 and 2018, the amounts recognized in the consolidated balance sheet related to lease agreements are:

Right of use

		Thousands of euros
		Net book value
	31 December 2019	31 December 2018
Right of use		
Sites	1,226,262	546,080
Offices	16,180	16,222
Satellites	3,396	6,922
Vehicles	1,971	1,175
Concessions	3,308	3,166
Total	1,251,117	573,565

The additions of rights of use during 2019 amount to EUR 323,721 thousand (EUR 118,427 thousand in 2018), of which EUR 174,322 thousand relates to reassessments of existing lease contracts at the year end.

The other movements in 2019 in right of use and lease liabilities are mainly due to the changes in the scope of consolidation and business combinations as detailed in Notes 2.i and 5.

Lease liabilities

	Thousands of euros	
	31 December 2019	31 December 2018
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	284,039	152,268
One to five years	739,669	272,452
More than five years	734,011	342,434
Total undiscounted lease liabilities at 31 December	1,757,719	767,154
Lease liabilities included in the statement of financial position		
Current	207,498	102,382
Non-Current	944,529	423,955
Total	1,152,027	526,337

Amounts recognised in the consolidated income statement

As of 31 December 2019 and 2018, the amounts recognized in the consolidated income statement related to lease agreements are:

	Thousands of euros	
	2019	2018
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(163,975)	(122,170)
Offices	(3,345)	(3,369)
Satellites	(8,145)	(8,132)
Vehicles	(1,591)	(2,007)
Concessions	(212)	(251)
Total	(177,268)	(135,929)
Financial costs		
Interest expense on lease liabilities	(70,408)	(54,454)
Other operating expenses		
Expense related to contracts with low value asset	(4,507)	(4,287)
Expense related to variable lease payments	(6,595)	(7,250)
Total	(11,102)	(11,537)

During 2019 and 2018, the Group has not recognized in the consolidated income statement, income from subleasing right-of-use assets, nor gains or losses arising from sale and leaseback transactions by a significant amount.

Amounts recognised in the statement of cash flows

The total amount of cash outflows in relation to lease agreements during the year ended on 31 December 2019 amounts to EUR 244,559 thousand (EUR 206,050 thousand in 2018), of which EUR 52,521 thousand (EUR 39,557 thousand in 2018) relates to cash advances to landlords, EUR 70,408 thousand (EUR 54,454 thousand in 2018) relates to interest payments on lease liabilities and EUR 121,630 thousand (EUR 112,039 thousand in 2018) relates to payments of lease instalments in the ordinary course of business.

Lease agreements. Cellnex Group as lessee

i) Real estate leases

All of the amounts recognized in the balance sheet correspond to lease agreements in which Cellnex Group acts as lessee. Cellnex Group manages and operates almost all of the sites where it locates its telecommunications infrastructure using lease agreements. In addition to these sites, the Group has lease agreements related mainly to offices, car parks, vehicles and satellites.

Payments associated with short-term lease agreements are recognized on a straight line basis as an expense in the consolidated profit and loss account. A short-term lease is an agreement with a lease term equal to or less than 12 months.

Likewise, payments associated with low-value lease agreements are recognized on a straight-line basis as an expense in the consolidated income statement. A low-value contract is considered one whose underlying asset has a new value of less than EUR 5 thousand.

Extension options

Regarding the lease term considered for each contract, in relation to the leases of land and buildings in which the Group locates its infrastructures, the term considered for the leases depends mainly on whether the lease contract contains or not unilateral termination clauses and / or renewal (or similar legal rights deriving from the legislation of the countries in which it operates) that grant the Group the right to terminate early or to extend the contracts, as well as the term of the contracts with customers associated with the leases and whether these contracts allow the early termination of the lease or not. The most common types of contracts and the main criteria for determining their term are detailed in Note 2.b of the 2018 annual consolidated financial statements.

The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

In the majority of areas in which the Group operates, the lease term reflected in measuring the lease liability includes unilateral options to extend the contract, since the customer contracts have the same or a longer term and do not allow the early termination of the lease. In those cases where the customer contract does allow early termination and the Group is required to assess whether it is reasonably certain to exercise an extension or termination option, the effect of revising lease terms to reflect the exercise of extension options or not exercising termination options would be to increase recognised lease liabilities by a maximum of EUR 150 million as at 31 December 2019 (EUR 100 million as at 31 December 2018). It should be noted that Group management consider it highly improbable that these maximum terms would be reached.

Discount rates

The Group has generally applied the interest rate implicit in the lease contracts. In relation to the transition process, contracts prior to 2012 have been valued using an estimated incremental borrowing rate, since the Directors have considered that the determination of the implicit rate in these contracts involved considerably greater difficulty due, among other reasons, to their age. The portfolios of contracts acquired from 2012 onwards have been valued using implicit rates.

The interest rate implicit in the lease is defined by IFRS 16 as the rate of interest that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor. The interest rate implicit in the lease has been obtained with the assistance of external valuation experts, through a methodology designed for this purpose, in line with the above definition and based on the following components: fair value of the leased asset at lease commencement and end date and annual rent payments. The initial direct costs of the lessor are deemed immaterial considering the nature of the assets leased. The fair value of the leased asset has been measured using a market approach, according to which the leased asset (land or/and buildings) is valued based on observable market prices of similar assets to which adjustments related to surface area, location, size and other relevant factors are made.

The incremental borrowing rate (IBR) is defined by IFRS 16 as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR has been obtained through a methodology designed for this purpose, in line with the definition above and based on the following components: local reference rate, credit spread adjustment and lease specific adjustment. The credit spread adjustment is based on the Group's creditworthiness and the debt issuance costs. No lease specific adjustment has been applied, as the nature of the leases is essentially the same.

ii) Other leases

Cellnex leases offices, vehicles and satellites with terms of 6 to 10 years, 3 to 5 years and 3 years, respectively.

The Group also leases IT and other equipment with contract terms of one to three years. These leases are either short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

iii) Sale-and-leaseback

During 2019 and 2018, no significant sale-and-leaseback transactions have been performed.

15. Trade and other payables

The detail of this heading at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Trade payables	219,626	152,429
Current tax liabilities	43,737	44,141
Other payables to related parties (Note 22.d)	702	2,504
Other payables	117,934	42,053
Trade and other payables	381,999	241,127

There is no significant difference between the fair value and the carrying amount of these liabilities.

At 31 December 2019 and 2018, "Trade payables" included mainly the amounts payable for trade purchases made by the Group and their related costs.

"Current tax liabilities" includes all balances payable by the Group to the tax authorities, as detailed in Note 16.c.

Lastly, "Other payables" is formed mainly of deferred revenues and payables to non-current asset suppliers. At 31 December 2019, this item additionally includes, in the context of the Swiss Infra Acquisition (see Note 5) and according with the relevant contractual clauses, the amount to be paid by Swiss Towers to the seller one year after the completion of the transaction, which amounted to EUR 58 million.

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 consolidated report with regard to the average supplier payment period for commercial transactions, is set up below:

	Thousands of Euros	
	2019	2018
Total payments in the year	253,408	195,249
Total payments outstanding	9,460	3,705
Average payment period to suppliers (days)	39 days	36 days
Ratio of transactions paid (days)	39 days	36 days
Ratio of transactions outstanding (days)	34 days	41 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, and only with regard to the Group companies situated in Spain and fully consolidated.

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 consolidated balance sheet. Moreover, only amounts relating to those Spanish entities included in the consolidated entity are considered for these purposes.

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.

16. Income tax and tax situation

a) Tax information

The sole shareholder of Cellnex Telecom, S.A. up until 7 May 2015, Abertis Infraestructuras, S.A., completed the flotation (IPO) of the aforementioned company on that date. Thus, Cellnex Telecom, S.A. became the parent company of a new consolidated tax group for the purposes of Corporation tax in Spain in the 2015 financial year.

Cellnex files consolidated tax returns as the Parent Company of the tax group, the subsidiaries of which are composed of investees at least 75%-owned by it and with tax residence in Spain. The Group companies resident in Italy file consolidated Italian corporation tax returns from 2016 onwards. In addition, the Group companies resident in the Netherlands file consolidated Dutch tax returns. The UK companies file Group Relief claims and surrenders as appropriate. The Group companies resident in France file consolidated French corporation tax returns from 2019 onwards. The Irish companies file Group Relief claims and surrenders as appropriate. The remaining companies included in the consolidation scope file individual corporation tax returns.

Tax audits and litigation

At 31 December 2019, in general the Group companies had open for review by the tax authorities all the taxes applicable to them for which the statute of limitations period had not expired at that date in each of the jurisdictions where they are located.

No significant impact on equity is expected to arise from different interpretations that could be derived from current tax legislation regarding the other financial years open for review or from any of the inspections underway.

On July 3, 2018, the Company received notice from Spanish authority of initiation of tax audit for the following taxes: Corporate Income Tax corresponding to 2015 and 2016, and Value Added Tax corresponding to the periods between April and December 2015 (company) and 2016 (VAT group). In addition, the Corporate Income Tax and Value Added Tax for fiscal year 2014 and the Value Added Tax for the first quarter of fiscal year 2015 is also being audited by the Tax Authorities due to the fact that the Abertis Group (former shareholder of the Company) received notice of initiation of tax audit for Corporate Income Tax (consolidated group) and Value Added Tax (VAT group) for fiscal years 2014, 2015 and 2016.

At the date of issue for approval of these consolidated financial statements, the tax audit is currently ongoing. The Board of Directors consider that no material impacts derived from the tax audit will be revealed.

b) Corporation tax expense

The standard corporation tax rate in the main countries in which Cellnex conducts its operations is as follows:

	2019	2018
Spain	25%	25%
Italy (1)	28.82%	28.82%
Netherlands (2)	25%	25%
United Kingdom	19%	19%
France (3)	28%/31%	28%/33.3%
Switzerland (4)	20.40%	20.40%
Ireland (5)	12.5%/25%	n/a

(1) The standard income tax rate was 28.82% in Italy, which is made up of the IRES (Imposta sul Reddito delle Societa) at a rate of 24% and the IRAP (regional business tax in Rome) at a rate of 4.82%.

(2) On 14 November 2019, the Lower House of Representatives adopted the Tax Plan 2020, approving a progressive decrease of the Dutch standard corporate income tax (CIT) rate from 25% to 21.7% by 2021 and to the lower CIT rate from 19% to 16.5% by 2020 and 15% by 2021. For fiscal years starting on or after 1 January 2018, a 20% CIT rate apply on the first EUR 200 thousand of taxable income of all entities. The lower CIT rate for 2019 is 19% (2018: 20%) for taxable income up to EUR 200 thousand and the standard rate of 25% (2018: 25%) applies to taxable income exceeding EUR 200 thousand.

(3) The French Parliament in December 2019 approved the Finance Law for 2020 delaying the implementation of reduced corporate income tax rate for large companies previously enacted by the 2018 Finance Bill. The progressive decrease of the French standard corporate income tax (CIT) rate from 33.3% to 25% by 2022. For fiscal years starting on or after 1 January 2018, a 28% CIT rate apply on the first EUR 500 thousand of taxable income of all entities. Taxable income in excess of EUR 500 thousand will still be subject to a 33.3% CIT rate. For financial years beginning on or after 1 January 2019, a 28% CIT rate will apply on the first EUR 500 thousand of taxable income and a 31% rate on the taxable income in excess of EUR 500 thousand. For fiscal years starting on or after 1 January 2020, 2021 and 2022 a 28%, 26.5% and 25% rate will apply for non-larger entities, respectively. For fiscal years starting on or after 1 January 2020 a 28% CIT rate will apply on the first EUR 500 thousand of taxable income and a 31% rate on the taxable income in excess of EUR 500 thousand for large entities. For fiscal years starting on or after 1 January 2021 and 2022, a 27.5% and 25% CIT rate will apply for large companies on their entire taxable profit, respectively.

(4) The standard income tax rate was 20.4% in Switzerland, which is made up of federal, cantonal and communal (municipal) taxes. Lower rates are available for privileged companies.

(5) The standard trading profit tax rate is 12.5% and the standard passive profit rate is 25%.

The reconciliation of the theoretical tax and the tax expense recorded in the consolidated income statement for the year is as follows:

	Thousands of Euros	
	2019	2018
Consolidated profit/(loss) before tax	(54,010)	(36,181)
Theoretical tax [(1)]	11,292	9,254
Impact on tax expense from (permanent differences):		
Non-deductible expenses	(8,864)	(1,401)
Other deductions	3,229	2,498
Income from transfer of know-how	1,904	1,797
Income tax (expense)/credit for the year	7,561	12,148
Tax loss carryforwards	6,727	4,599
Changes in tax rates	19,153	-
Other tax effects	2,066	1,691
Other tax effects	27,946	6,291
Income tax (expense)/credit	35,507	18,439

[(1)] The theoretical tax charge is a blended rate calculated by applying the individual corporation tax rate in each country to the profit before tax of each individual Group company.

“Non-deductible expenses” in 2019 and 2018 include items that, in accordance with the tax legislation of the respective consolidated companies, are not taxable or deductible.

“Income from transfer of know-how” for the 2019 and 2018 financial years includes the reduction of income from certain intangible assets (Patent Box) in accordance with the provisions of Law 27/2014, of 27 November, regarding Corporation Tax.

“Changes in tax rate” in 2019 included the impact of updating the tax rate in certain subsidiaries, which has resulted in a positive impact of EUR 19 million, in the accompanying consolidated income statement.

The main components of the income tax expense for the year (for fully consolidated companies) are:

	Thousands of Euros	
	2019	2018
Current tax	(14,555)	(18,290)
Deferred tax	50,883	37,502
Tax from prior years / other	(821)	(773)
Income tax expense	35,507	18,439

“Deferred tax” in 2019 and 2018 mainly relates to the impact of the deferred tax liabilities associated with the business combinations detailed below (Note 16.d).

Tax withholdings and payments on account totalled EUR 21,903 thousand (EUR 16,343 thousand in 2018).

c) Current tax liabilities

The breakdown of "Current tax liabilities" is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
VAT payable	25,123	25,952
Corporate income tax	9,235	11,320
Social security payable	2,023	2,525
Personal income tax withholdings	3,618	2,291
Other taxes	3,738	2,053
Current tax liabilities	43,737	44,141

d) 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			
	2019		2018	
	Deferred tax asset	Deferred tax liability	Deferre d tax asset	Deferred tax liability
At 1 January	55,322	(333,306)	40,869	(349,929)
Debits/(credits) in income statement	34,339	25,773	14,965	3,555
Debits/(credits) due to incorporation into scope and business combinations	43,559	(537,863)	451	12,984
Debits/(credits) to equity	2,617	-		
Transfers	-	-	143	-
Changes in tax rates	-	19,162	-	-
Others	744	(1,626)	(1,106)	84
At 31 December	136,581	(827,860)	55,322	(333,306)

Deferred tax assets

The breakdown of the deferred tax assets is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Deferred tax assets:		
Business combinations (1)	43,559	-
Provision for third-party liabilities	9,534	9,493
Limit on depreciation and amortisation of fixed assets	4,684	5,733
Employee benefit obligations	6,550	4,702
Other provisions	4,732	3,021
Timing differences in revenue and expense recognition	1,625	372
Asset revaluation	4,864	5,493
IFRS 16	18,542	15,902
Tax credits recognised:		
Tax loss carry forwards	24,996	9,198
Limit on depreciation and amortisation of fixed assets	1,134	854
Asset revaluation	553	553
Limit on deductibility of financial expenses	15,809	-
Total	136,581	55,322

(1) Tax effect associated with recognising, at fair value, the net assets and liabilities acquired in various business combinations and/or changes in the scope of consolidation (Note 5).

Provision for third-party liabilities

The Group has yet to fully utilise the tax credit recognised in 2018 for the collective redundancy procedure, which at year-end 2018 was only partially paid.

Limit on depreciation and amortisation of fixed assets

Act 16/2012, limiting the deductibility of the depreciation and amortisation expenses, was approved on 27 December 2012. In general, only 70% of the amortisation and depreciation for accounting purposes on property, plant and equipment, intangible assets and investment property for tax periods beginning in 2013 and 2014, which would have been tax deductible, will be deducted from the tax base. The amortisation and depreciation for accounting purposes that was not tax deductible is deducted on a straight-line basis over a 10-year period or over the useful life of the asset from the first tax period that begins in 2015.

This heading also includes the limit on the amortisation of the asset revaluation given that it is amortised for tax purposes, from the first tax period beginning on or after 1 January 2015, over the tax periods in the remaining useful lives of the revalued asset, under the same terms and conditions related to renewals and extensions.

Asset revaluation

On 27 December 2012, Act 16/2012 was approved, which allowed the carrying amount of the assets to be recalculated in order to adjust such values for the effect of inflation and bring them closer to their actual value for Spanish companies. The Group adjusted the carrying amount of its assets in companies on an individual basis, initially assumed the tax cost of all assets and generated a future income tax savings which translated into deferred tax assets. This revaluation has not been included in these consolidated financial statements and only the future tax saving is reflected.

Deferred tax assets include unused tax credits and the temporary differences recognised at year-end.

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

Tax losses carry forwards

As at 31 December 2019 the Group had tax losses from UK companies available for carry forward against future profits, as detailed below:

- Non-trade loan relationship deficit of EUR 10.5 million (EUR 11.3 million at 31 December 2018) which related to GBP 9.8 million (GBP 10.1 million at 31 December 2018), which is available to offset future non-trade income and capital gains of the company that incurred the loss, and

- Trading losses of EUR 13.3 million (EUR 13.4 million at 31 December 2018) which related to GBP 11.3 million (GBP 11.9 million at 31 December 2018) which is available to offset against future trading profits generated by the same company that incurred the loss.

In addition, tax losses from Spanish, French, Dutch and Irish companies available for carry forward against future profits, amounted to EUR 45.3 million, EUR 45.3 million, EUR 0.7 million and EUR 10.2 million (EUR 19 million and EUR 23 million, from Spanish and French companies, respectively, at 31 December 2018).

The potential deferred tax asset arising on the losses carried forward in the group companies detailed above has not been recognized yet in the accompanying consolidated balance sheet, except for the tax losses in Spain and France recognized at the period-end amounting to EUR 11.3 million and EUR 13.7 million, respectively (EUR 4.6 million and EUR 4.6 million, respectively in 2018) as they will be recovered in less than 10 years according to the business plan prepared by the Management. The aforementioned tax losses do not have an expiration date.

Limit on deductibility of financial expenses

Act 4/2004, limiting the deductibility of the net financial expenses, for the periods beginning on 1 January 2012. This act established that the net financial expenses will be deductible from the tax base with the limit of the 30% of the operating profit of the year. The net financial expenses that have not been deducted, may be deducted in the tax periods ending in the immediate and subsequent 18 years, together with those of the corresponding tax period and with the limit established above. As of 1 January 2015, the temporary deduction limit has been eliminated.

Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
Deferred tax liabilities:		
Business combinations [1]	(822,293)	(324,489)
Accelerated depreciation and amortisation	(5,255)	(8,896)
Amortization goodwill in Spanish companies and others	(312)	80
Total	(827,860)	(333,306)

[1] Tax effect associated with recognising, at fair value, the net assets and liabilities acquired in various business combinations and/or changes in the scope of consolidation (Note 5).

Business combinations

The detail of the deferred tax liabilities recorded at 31 December 2019 and 2018 relating to the tax effect associated with recognising, at fair value, the net assets and liabilities acquired in the main business combinations and/or changes in the scope of consolidation, is as follows:

Acquisitions	Incorporation	31 December 2019	31 December 2018
Towerco	2014	21,446	22,630
Galata	2015	111,712	115,392
Commscon	2016	2,837	3,482
Cellnex Netherlands subgroup	2016	63,858	83,041
Shere Group subgroup	2016	16,824	19,302
On Tower Italia	2016	-	463
Swiss Towers	2017	55,682	59,191
Infracapital Alticom subgroup	2017	11,968	14,825
Xarxa Oberta de Catalunya	2018	5,670	6,163
Zenon Digital Radio	2018	627	-
On Tower Netherlands	2019	5,387	-
Cignal subgroup	2019	9,747	-
Swiss Infra Services	2019	148,185	-
Iliad 7	2019	368,350	-
Total		822,293	324,489

Accelerated depreciation and amortisation

On 3 December 2010, Act 13/2010 was approved, which allowed for the accelerated depreciation of new items of property, plant and equipment and investment property used in business activities, and made available to the taxpayer in tax periods beginning in 2011, 2012, 2013, 2014 and 2015. This measure gave rise to a temporary difference between depreciation for accounting and for tax purposes.

Expected schedule for reversal of the deferred tax assets and liabilities

In most cases, the use of the Group's deferred tax assets and liabilities is conditional upon the future performance of the business activities carried out by its various subsidiaries, the tax regulations of the different countries in which they operate, and the strategic decisions to which they may be subject.

Under the assumption used, it is estimated that the deferred tax assets and liabilities recognised in the consolidated balance sheet at 31 December 2019 and 2018 will be used as follows:

	Thousands of Euros		
	31 December 2019		
	Less than one year	More than one year	Total
Deferred tax assets	17,620	118,961	136,581
Deferred tax liabilities	(49,227)	(778,633)	(827,860)

	Thousands of Euros		
	31 December 2018		
	Less than one year	More than one year	Total
Deferred tax assets	9,722	45,600	55,322
Deferred tax liabilities	(21,628)	(311,678)	(333,306)

The deferred tax assets indicated above were recognised in the attached consolidated balance sheet as the Parent's Directors consider that, based on their best estimated of the tax group's future earnings it is probable that these assets will be recovered.

17. Provisions and other liabilities and employee benefit obligations

a) Provisions and other liabilities

The detail of "Provisions and other liabilities" at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31 December 2019	31 December 2018
	Non-current	Non-current
Put option Cellnex Switzerland AG	-	66,515
Asset Retirement Obligation	152,803	84,275
National Competition Committee Sanction	32,473	23,000
Provision for other responsibilities (1)	196,810	41,847
Deferred income and other liabilities	19,634	20,896
Provisions and other liabilities	401,720	236,533

(1) Provision for other responsibilities captures mainly provisions for contingent liabilities made during the Purchase Price Allocation process which are a result of present obligations arising from past events, where the fair value can be reliably measured.

I) Cellnex Switzerland Put Option

During the third quarter of 2017, in relation to the Cellnex Switzerland incorporation, Deutsche Telekom Capital Partners ("DTCP") and Cellnex Telecom, S.A. entered into a put option agreement, in which DTCP had an option to sell its stake (18% on that date) to Cellnex, payable in cash or in Cellnex Telecom, S.A. shares ("DTCP Put Option"). The price for exercising the DTCP Put Option is calculated using a base of CHF 65 million (with a Euro value of EUR 58 million), increasing by the higher of fair market value and an approximately low double digit return per year (according to the initial agreement).

In December 2019, as it was reasonable to expect, DTCP exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom. The purchase price for the shares has been calculated according to certain formulae included in the DTCP Put Option agreement. Cellnex could choose to pay the purchase price either in cash or with Cellnex shares. As a result, Cellnex Telecom acquired an additional 9% (DTCP stake in Cellnex Switzerland at the date of execution) of the share capital of Cellnex Switzerland for CHF 109,876 thousand (with a Euro value of EUR 101,231 thousand as of 31 December 2019), which was paid in cash. Following this acquisition, as at 31 December 2019, Cellnex Telecom held 72% of the share capital of Cellnex Switzerland.

The impact on the caption "reserves" of the accompanying consolidated balance sheet, derived from the aforementioned DTCP Put Option provision, amounted to EUR 35 million (EUR 6 million during 2018, which was recognised in the consolidated income statement for the year). As at 31 December 2018, based on the best estimation of the DTCP Put Option and taking into account all the available information, the Group recognised a provision of EUR 67 million for this item in the long-term of the accompanying consolidated balance sheet). See Note 2.c of the accompanying consolidated financial statements.

II) Asset Retirement Obligation

This caption includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o. of the accompanying consolidated financial statements).

III) National Competition Committee Sanction

This caption includes the possible sanctions levied by the National Competition Committee (Note 17.c), which have been recorded in the consolidated balance sheet as the cash flow outflow has been estimated as probable.

IV) Provision for other responsibilities

This caption includes the provisions for other liabilities in relation to the business combinations undertaken by the Group.

V) Deferred income and other liabilities

This item mainly includes amounts claimed from Group companies in ongoing litigation at the period end and other risks related to management of the Group. The amounts were estimated based on the amounts claimed or stipulated in court rulings issued at the end of each year shown and appealed against by the aforementioned companies.

At 31 December 2019, this caption also includes the recognition of a contingent consideration contemplated in the purchase contract of Commscon amounting to EUR 2 million (EUR 5 million at 2018 year-end), which is subject to the achievement of certain long term growth objectives of the company.

b) Current and non-current employee benefit obligations

The detail of “Employee benefit obligations” at 31 December 2019 and 2018 is as follows:

						Thousands of Euros
	31 December 2019			31 December 2018		
	Non-current	Current	Total	Non-current	Current	Total
Defined benefit obligations	4,421	150	4,571	3,304	92	3,396
Employee benefit obligations	13,551	22,825	36,376	12,892	35,373	48,265
Employee benefit obligations	17,972	22,975	40,947	16,196	35,465	51,661

I) Current and non-current defined benefit obligations

The pension commitments and obligations are covered using insurance policies/separate entities, with the amounts not included in the balance sheet. Nevertheless, this heading includes the hedges (relevant obligations and assets) for which there is a continued legal obligation or implied obligation to meet the agreed benefits.

Together with the above obligations, the liability side of the accompanying balance sheet includes EUR 4,421 thousand (EUR 3,304 thousand in 2018) under “Non-current provisions” and EUR 150 thousand (EUR 92 thousand in 2018) under “Current provisions”, relating to the measurement of the main employee commitments arising from certain non-current obligations related to employees’ length of service with the Group. The amounts recognised in 2019 and 2018 for these obligations as a decrease in staff costs were EUR 842 thousand and EUR 292 thousand and, as a finance cost, were EUR 15 thousand and EUR 17 thousand, respectively.

In relation to the Group's defined benefit obligations with employees, the reconciliation of the opening and ending balances of the actuarial value of these obligations is as follows:

	Thousands of Euros	
	2019	2018
At 1 January	3,396	3,334
Current service cost	473	307
Interest cost	16	17
Actuarial losses/(gains)	369	(15)
Benefits paid	(172)	(247)
Changes in the consolidation scope	489	-
At 31 December	4,571	3,396

The reconciliation of opening and ending balances of the actuarial fair value of the assets tied to these obligations is as follows:

	Thousands of Euros	
	2019	2018
At 1 January	62	-
Sponsor contributions	858	309
Benefits paid	(172)	(247)
Changes in the consolidation scope	489	-
At 31 December	1,237	62

The actuarial assumptions (demographic and financial) used constitute the best estimates on the variables that will determine the ultimate cost of providing post-employment benefits.

The main actuarial assumptions used at the reporting date are as follows:

	2019	2018
Annual discount rate	0.25%-0.30%	0.75%
Salary increase rate	0.75%-2.00%	2.00% - 2.25%

II) Current and non-current employee benefit obligations

Long Term Incentive Plan ("LTIP")

Rolling Long-term Incentive Plan (2017-2019)

On 27 April 2017 the Board of Directors approved the 2017-2019 LTIP, and decided to make the LTIP a rolling plan going forward to further incentivise the retention of the beneficiaries, which include the CEO, the Senior Management and some of the Company's key employees (up to a maximum of 50 employees).

The 2017-2019 LTIP is divided into two phases: (i) 2017-2018, and (ii) 2018-2019. Its objectives will be as follows:

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

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

4. 50%; the attainment of certain RLFCF per share figures according to the market consensus and at a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;
5. 30%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2018, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers; and
6. 20%; the attainment of certain Adjusted EBITDA figure according to the market consensus and the constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;

With regards to this Phase I (2017-2018) the weighted average degree of fulfilment of the three objectives was 125%. For the first objective, which was related to the RLFCF per share, the percentage of attainment was 125%, for the second objective, which was related the share price appreciation, the percentage of attainment was 125%, and for the third objective, which was related to the Adjusted EBITDA, the percentage of attainment was 125%.

In accordance with the attainment above, the cost of Phase I (2017-2018) of the LTIP (2017-2019) for Cellnex was EUR 5 million, which has been paid during 2019.

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

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

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2019, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2019, the cost of the Phase II (2018-2019) is EUR 9.2 million.

For the LTIP (2017 – 2019) all Senior Management and certain employees must receive a minimum of 30% of their LTIP remuneration in Cellnex shares and for the CEO and Deputy CEO the minimum amount is 40% of their LTIP remuneration. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 6.1 million and EUR 3 million in the short-term employee benefit obligations and reserves; respectively, of the accompanying consolidated balance sheet as at 31 December 2019 (EUR 3.5 million and EUR 5 million in the long-term and short-term employee benefit obligations; respectively, as of 31 December 2018). Thus, the impact on the accompanying consolidated income statement for the 2019 year-end amounted to EUR 6.3 million.

Rolling Long-term Incentive Plan (2018-2020)

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

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price increase calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2019, the estimated cost of the LTIP (2018-2020) is approximately EUR 6.9 million, if it were to achieve the maximum level of achievement of the objectives, the estimated cost would be approximately EUR 8.6 million.

For the 2018–2020 LTIP, the Executive Director and Deputy Executive Director must receive the minimum amount of 50% of their LTIP remuneration in Shares. The rest of the Senior Management and certain employees must receive the minimum amount of 40% of their LTIP remuneration in Shares. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 2.3 million and EUR 2.3 million in the long-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 31 December 2019 (EUR 2.2 million in the long-term employee benefit obligations of the accompanying consolidated balance sheet as at 31 December 2018). Thus, the impact on the accompanying consolidated income statement for the 2019 year-end amounted to EUR 2.4 million.

Rolling Long-term Incentive Plan (2019-2021)

In November 2018 the Board of Directors approved the 2019-2021 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 57 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the initial starting price of the period and the average price in the three months prior to november 2021, weighted by the volume ("vwap").

The achievement of the objectives established in the 2019-2021 LTIP will be assessed by the Appointments and Remuneration Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended December 31, 2021 by the General Shareholders' Meeting.

For the LTIP 2019 – 2021 all Senior Management and Deputy CEO must receive a minimum of 50% of their LTIP remuneration in Cellnex shares and for the CEO the minimum amount is 30% of their LTIP remuneration in Shares. The outstanding 50% or 70% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in Shares. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

As at 31 December 2019, the estimated cost of the 2019-2021 LTIP is approximately EUR 8.8 million. The cost of the 2019-2021 LTIP assuming full achievement of the Company's objectives is estimated at approximately EUR 11 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 2.9 million in reserves of the accompanying consolidated balance sheet as at 31 December 2019. Thus, the impact on the accompanying consolidated income statement for the 2019 year-end amounted to EUR 2.9 million.

Reorganisation Plan (2018 – 2019)

During the first quarter of 2018, the Group reached an agreement with the workers' representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to conclude up to 180 employment contracts in 2018 and 2019, as detailed below.

On 27 February 2018, these group companies reached an agreement with the workers' legal representatives consisting of income plans for employees of 57 years of age or older as of 31 December 2017 and, on the other hand, lump-sum indemnity payments as a result of the voluntary termination of employment contracts for other employees not included in the annuity plan. The period during which employees could voluntarily participate in the annuity plan ended on 31 May 2018, whereas the period for claiming the lump-sum termination benefits started on 7 January 2019 and ended on 31 January 2019.

The provision of the workforce agreement will be cashed out in 2018, 2019 and first months of 2020. Accordingly, efficiencies should crystalize from 2020 onwards.

This plan fits into the reorganisation process relating to the broadcasting business that is being undertaken by the Group's subsidiary companies. Under this plan, the Group is seeking to adapt its structure to the new business models, which have been widely modernised in recent years with the introduction of equipment, which can be maintained remotely, without the necessity to physically travel to the sites where the equipment is installed.

At 31 December 2018, a provision was recognised for this collective redundancy procedure, with an estimated cost of EUR 55 million. At 31 December 2019, the impact on the accompanying consolidated income statement for the 2019 year-end amounted to EUR 5 million. During 2019, following execution of part of this agreement, 65 employees were made redundant for a cost of EUR 19 million (111 employees were made redundant during 2018 for a cost of EUR 31 million).

The balance payable at 31 December 2019 associated with this collective redundancy procedure carried out by the Group represents expected payments related to this process, amounting to EUR 10 million and EUR 0.2 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 8 million and EUR 16 million recorded in the long and short term, respectively, at 31 December 2018).

Others

In 2012 the Group reached an agreement with the worker representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to terminate up to 220 employment contracts in 2013 and 2014. On 21 December 2012, Retevisión-I, S.A.U. reached an agreement with the workers' legal counsel consisting, on the one hand, of income plans for employees 57 years of age or older and, on the other hand, lump-sum indemnity payments as a result of the voluntary termination of employment contracts for other employees not included in the annuity plan. The period during which employees could voluntarily participate in the annuity plan ended on 31 May 2013, whereas the period for claiming the lump-sum termination benefits ended on 15 November 2014. Within this collective redundancy procedure, an agreement was reached regarding a series of objective employment contract terminations in relation to personnel affected by the closure of certain maritime emergency response centres as a result of the reduction in the contract entered into with the Ministry of Public Works, giving rise to terminations at 31 March 2013.

On 21 December 2012, Tradia Telecom, S.A.U. reached an agreement with the workers' legal counsel consisting, on the one hand, of terminations in the form of early retirement for employees 57 years of age or older and, on the other hand, voluntary terminations with lump-sum indemnity payments as a result of terminating the employment contracts for other employees not included in the annuity plan. The period during which employees could voluntarily participate in the annuity plan ended on 31 May 2013. The period during which employees could avail themselves of the lump-sum termination benefits ended on 15 November 2014.

At 31 December 2012, a provision was recognised for this collective redundancy procedure, estimating a cost of EUR 50,779 thousand for 220 employees. During 2019, payments to employees have been made in relation to the aforementioned agreement amounting to EUR 1,164 thousand (cash outflows amounting to EUR 2,640 thousand in 2018), and reversals amounting to EUR 775 thousand (EUR 0 thousand in 2018). Therefore, as at 31 December 2019, the Group had a short-term provision in the accompanying consolidated balance sheet amounting to EUR 373 thousand (EUR 2,312 thousand at the 2018 year end).

The balance payables at 31 December 2019 and 2018 associated with the collective redundancy procedures carried out by the Group represent expected payments related to the process.

c) Contingent liabilities

At 31 December 2019, the Group has guarantees with third parties amounting to EUR 78,329 thousand (EUR 56,327 thousand at the end of 2018). These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

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

On 8 February 2012, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 13.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Cellnex Telecom, S.A. for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNMC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNMC to recalculate the fine as it considered that the criteria used at the time by the CNMC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Group did not break any competition rules. On 23 March 2018, the Supreme Court issued a judgment dismissing the appeal, and was awaiting the return of the file to the CNMC for the recalculation of the sanction. Cellnex Telecom, S.A., filed a nullity incident, which was dismissed on 19 July 2018. On 10 October 2018, Cellnex Telecom, S.A., filed an appeal with the Constitutional Court against the ruling. On 13 February 2019 the Constitutional Court dismissed Cellnex Telecom, S.A.'s appeal. Following the corresponding calculation procedure, the CNMC has ruled that the amount of the fine should not be amended. Cellnex Telecom, S.A., has filed an appeal against such decision. With regard to these proceedings, the provision recognised, by the Parent Company's Directors based on the opinion of their legal advisers, amounted to EUR 13.7 million under "non-current provisions and other liabilities" of the consolidated balance sheet at 31 December 2019 (EUR 7 million at 31 December 2018). Thus, during 2019, the impact on the caption "change in provisions" of the accompanying consolidated income statement amounted to EUR 6.7 million (EUR 7 million during 2018).

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

In relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. The ruling ordered Spain to recover the amount of the aid received. The aid received by Retevisión-I, S.A.U. amounted to approximately EUR 40 million, as estimated by the European Commission, since the Spanish authorities failed to specify the exact amount in the various return processes. In this regard, Retevisión-I, S.A.U., as well as the rest of Public Administrations involved, appealed to the General Court of the European Union against that decision, which was rejected though a Ruling given on 26 November 2015. However, on 5 February 2016 various appeals were filed against this ruling before the European Court of Justice.

On 20 December 2017, the Court of Justice of the European Union (CJEU) issued a judgment in which, considering one of the appeals filed, it immediately annulled the Commission's decision, erga omnes, with the consequence that as of today the decision is annulled by a final judgment and that the recovery obligations incumbent upon the Public Administrations and the obligations of the companies to return the amounts have lapsed.

During the period between the Decision of the European Commission and the Judgment of the Court of Justice of the European Union, the Governments of Aragón, Andalucía and Madrid proceeded to the provisional execution of recoveries of State Aid. As a result of the annulment of the Decision, Retevisión-I, S.A.U has recovered, in March 2018, the amounts corresponding to the Madrid and Aragón Goverments. Therefore, as at 31 December 2018, only the amount corresponding to Andalucía remained pending to be received. In this regard, at 31 December 2018, based on the opinion of its legal advisers, the Group had an asset amounting to EUR 5 million in relation to this claim, since the recovery of this amount was considered to be virtually certain. At 31 December 2019, this amount has been fully recovered, therefore, at this date no asset has been recorded regarding to this claim.

On 1 October 2014, the European Commission passed a ruling declaring that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received government aid in the amount of EUR 56.4 million to finance the digitalisation and expansion of the terrestrial television networks in remote areas of Castilla-La Mancha during the digital transformation process and that such state aid was not compatible with European legislation. The decision ordered Spain (through the regional government of Castilla-La Mancha) to recover the aid prior to 2 February 2015. On 29 October 2015, the Government of Castilla la Mancha began an aid recovery procedure amounting to EUR 719 thousand and this has been opposed, and on 4 July 2016 it was declared that this had lapsed ex oficio. Regardless of the above, on 15 December 2016 the General Court of the European Union passed a sentence that declined the appeals presented against it. An appeal was lodged against that judgment on 23 February 2017.On 26 April 2018, the Court of Justice of the European Union issued a judgment rejecting the appeals filed by Cellnex Telecom, S.A. and Telecom Castilla La Mancha, S.A. Likewise, on 20 September 2018, a judgment was handed down dismissing the appeal filed by the Kingdom of Spain. On 26 November 2018, the government of Castilla–La Mancha restarted the aid recovery proceeding for an amount of EUR 719 thousand. Therefore, during the first half of 2019, Cellnex has paid the aforementioned amount to the government of Castilla-La Mancha. The Group has filed an appeal against such decision.

18. Revenue and expenses

a) Operating income

The detail of operating income by item for the 2019 and 2018 financial years is as follows:

	Thousands of Euros	
	2019	2018
Services	1,003,813	870,832
Other operating income	30,822	30,422
Advances to customers	(3,790)	(3,383)
Operating income	1,030,845	897,871

“Other operating income” includes mainly income from re-charging costs related to activities for renting tower infrastructures for site rentals to third parties (pass-through).

“Advances to customers” includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs, which are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures.

Contracted revenue

The contracted revenue “Backlog” represents management’s estimate of the amount of contracted revenues that the Group expect will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date. It also incorporates fixed escalators but do not include adjustments for inflation. One of the main assumptions relates to the contract renewals, and in accordance with the accompanying consolidated financial statements, contracts for services have renewable terms including, in some cases, “all or nothing” clauses and in some instances may be cancelled under certain circumstances by the customer at short notice without penalty.

The total amount, by line of business, of the Group's revenue expected from the service agreements (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) entered into by the Group and that were in force at 31 December 2019 and 2018 are as follows:

Contracted revenue	Thousands of Euros			
	2019			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
Spain	149,008	191,094	57,499	397,600
Italy	-	309,731	-	309,731
Netherlands	-	62,681	-	62,681
France	-	109,389	-	109,389
United Kingdom	-	15,585	-	15,585
Switzerland	-	129,578	-	129,578
Ireland	-	10,334	-	10,334
Less than one year	149,008	828,392	57,499	1,034,899
Spain	72,832	652,897	91,512	817,241
Italy	-	1,136,876	-	1,136,876
Netherlands	-	201,168	-	201,168
France	-	459,696	-	459,696
United Kingdom	-	43,118	-	43,118
Switzerland	-	488,681	-	488,681
Ireland	-	33,194	-	33,194
Between one and five years	72,832	3,015,629	91,512	3,179,973
Spain	12,405	1,816,168	13,488	1,842,061
Italy	-	5,038,013	-	5,038,013
Netherlands	-	136,746	-	136,746
France	-	3,456,300	-	3,456,300
United Kingdom	-	61,616	-	61,616
Switzerland	-	4,371,081	-	4,371,081
Ireland	-	282,334	-	282,334
More than five years	12,405	15,162,260	13,488	15,188,152
Domestic	234,244	2,660,159	162,499	3,056,902
International	-	16,346,122	-	16,346,122
Total	234,244	19,006,281	162,499	19,403,024

(*) At 31 December 2019, the amount of contracted revenue does not include the impact of the infrastructures committed that have not yet been transferred to Cellnex at that date (see Note 6). If this effect were to be considered the contracted revenue of the Group as of 31 December, 2019 would increase to EUR 44 billion approximately, on a run rate basis.

Contracted revenue	Thousands of Euros 2018			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
Spain	198,980	158,354	57,720	415,053
Italy	-	251,669	-	251,669
Netherlands	-	43,307	-	43,307
France	-	82,918	-	82,918
United Kingdom	-	7,113	-	7,113
Switzerland	-	55,054	-	55,054
Less than one year	198,980	598,416	57,720	855,115
Spain	140,344	540,357	91,899	772,600
Italy	-	917,610	-	917,610
Netherlands	-	126,006	-	126,006
France	-	347,244	-	347,244
United Kingdom	-	20,636	-	20,636
Switzerland	-	223,226	-	223,226
Between one and five years	140,344	2,175,079	91,899	2,407,322
Spain	17,239	1,629,017	3,689	1,649,945
Italy	-	3,931,202	-	3,931,202
Netherlands	-	115,682	-	115,682
France	-	2,717,748	-	2,717,748
United Kingdom	-	19,922	-	19,922
Switzerland	-	2,163,826	-	2,163,826
More than five years	17,239	10,577,397	3,689	10,598,326
Domestic	356,563	2,327,727	153,308	2,837,598
International	-	11,023,165	-	11,023,165
Total	356,563	13,350,893	153,308	13,860,763

(*) At 31 December 2018, the amount of contracted revenue does not include the impact of the infrastructures committed that have not yet been transferred to Cellnex at that date (see Note 6). If this effect were to be considered the contracted revenue of the Group as of 31 December, 2018 would increase to EUR 18 billion approximately, on a run rate basis.

b) Staff costs

The detail of staff costs by item is as follows:

	Thousands of Euros	
	2019	2018
Wages and salaries	(106,114)	(90,407)
Social Security contributions	(22,351)	(19,529)
Retirement fund and other contingencies and commitments	(9,255)	(56,837)
Other employee benefit costs	(6,451)	(5,877)
Staff costs	(144,171)	(172,650)

During 2018, the main impact in this caption corresponded to the Reorganisation Plan (2018 – 2019), which consists of the agreement reached with the workers’ representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to conclude up to 180 employment contracts in 2018 and 2019, as detailed in Note 17.b of the accompanying consolidated financial statements.

At 31 December 2019, the impact, in relation to this Plan, on the accompanying consolidated income statement amounted to EUR 5 million (EUR 55 million in 2018).

The average number of employees at the Cellnex Group, its subsidiaries and associates in 2019 and 2018, broken down by job category and gender, is as follows:

			2019			2018
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	1	-	1
Senior Management	7	-	7	6	1	7
Middle management	121	34	155	108	28	135
Other employees	1,016	341	1,357	998	298	1,296
Average number of employees	1,145	375	1,520	1,113	327	1,439

The number of employees at the Cellnex Group at the end of the 2019 and 2018 financial years, broken down by job category and gender, was as follows:

			2019			2018
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	1	-	1
Senior Management	7	-	7	7	-	7
Middle management	138	36	174	112	30	142
Other employees	1,056	372	1,428	976	311	1,287
Number of employees at year-end	1,202	408	1,610	1,096	341	1,437

At 31 December 2019, the Board of Directors of the Parent Company is formed of 12 members, 8 of which are male, and 4 are female. At 31 December 2018, the Board of Directors of the Parent Company was formed of 12 members, 8 of which were male, and 4 were female.

c) Other operating expenses

The detail of other operating expenses by item for the 2019 and 2018 financial years is as follows:

	Thousands of Euros	
	2019	2018
Repairs and maintenance	(35,596)	(32,223)
Leases	(11,102)	(11,537)
Utilities	(84,798)	(72,312)
Other operating costs	(111,891)	(93,735)
Other operating expenses	(243,387)	(209,807)

I) Leases

The detail of lease expense by class for the 2019 and 2018 financial years is as follows:

	Thousands of Euros	
	2019	2018
Leases of low-value assets	(4,507)	(4,287)
Variable lease payments	(6,595)	(7,250)
Lease expense	(11,102)	(11,537)

At 31 December 2019 and 2018, the Group did not recognize gains or losses arising from sale and leaseback transactions by a significant amount.

d) Non-recurring and non-cash expenses

As of 31 December 2019 and 2018, the items “Staff costs” and “Other operating expenses” above, contains (i) certain expenses that are non-recurring, or (ii) certain expenses that do not represent a cash flow, as detailed below:

i) Costs related to acquisitions, which mainly includes expenses incurred during acquisition processes (non-recurring item), amounted to EUR 19,208 thousand (13,607 at 2018 year-end).
ii) Tax associated with acquisitions, which relates to the stamp duty paid on the acquisition in Ireland (non-recurring item) amounted to EUR 1,077 thousand (0 at 2018 year-end).
iii) Service contract cancellation cost, which relates to the cancellation expense concerning the change of the administration and treasury services provider, amounted to EUR 1,545 thousand (0 at 2018 year-end). This change took place in order to implement a new industrial model at Group level, to guarantee the optimization and standardization of policies, processes and procedures in all the countries (non-recurring item).
iv) Redundancy provision, which mainly includes the impact in 2019 and 2018 year-end derived from the reorganisation plan detailed in Note 17.b of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 5,552 thousand (56,160 at 2018 year-end).
v) Extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 5,117 thousand (0 at 2018 year-end).
vi) LTIP remuneration payable in shares, which corresponds to the LTIP remuneration accrued at the year-end, which is payable in Cellnex shares (See Note 17.b of the accompanying consolidated financial statements, non-cash item), amounted to EUR 5,962 thousand (2,300 at 2018 year-end).

e) Depreciation and amortisation charge

The detail of “Depreciation and amortisation” in the consolidated income statement for the 2019 and 2018 financial years is as follows:

	Thousands of Euros	
	2019	2018
Property, plant and equipment (Note 6)	(213,358)	(185,677)
Right-of-use assets (Note 14)	(177,268)	(135,929)
Intangible assets (Note 7)	(110,188)	(81,240)
Total	(500,814)	(402,846)

f) Net interest expense

The detail of net interest expense by item for the 2019 and 2018 financial years is as follows:

	Thousands of Euros	
	2019	2018
Finance income and interest from third parties	606	878
Exchange gains/(losses)	648	2,583
Total interest income	1,254	3,461

	Thousands of Euros	
	2019	2018
Interest expense on lease liabilities (Note 14)	(70,408)	(54,454)
Finance costs and interest arising from third parties	(14,263)	(9,081)
Bond interest expense	(66,079)	(60,301)
Bond issue costs	-	-
Exchange gains/(losses)	-	-
Interest cost relating to provisions	(8,759)	(2,482)
Derivative financial instruments	(770)	(767)
Other finance costs	(37,559)	(25,200)
Total interest expense	(197,838)	(152,285)

19. Contingencies, commitments and obligations

a) Contingencies

As at 31 December 2019, the contingent liabilities of the Cellnex group are those detailed in Note 17.c of these consolidated financial statements.

b) Commitments and obligations

Agreement to acquire the Arqiva Group's tower operations business

Structure and rationale

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

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

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

Out by transferring the UK Tower Business and assets to Arqiva TowerCo and its subsidiaries, and transferring the non-UK Tower Business and assets of Arqiva TowerCo and its subsidiaries back to the Arqiva Group. Following the Carve-Out, the UK Tower Business will be held by Arqiva TowerCo and several wholly-owned subsidiaries of Arqiva TowerCo.

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

The Group will pay an aggregate consideration of approximately GBP 2 billion (EUR 2.2 billion, assuming a GBP/EUR 1.1 exchange rate as of the date of the accompanying consolidated financial statements) in connection with the Arqiva Acquisition, subject to certain potential price adjustments as described below. The Group expects to finance the Arqiva Acquisition with a combination of the capital increases and with the Proposed GBP Facilities (as defined below).

Information on Arqiva TowerCo and the UK Tower Business

Overview

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

UK Tower Business operations and properties

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

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

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

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

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

Description of the UK Tower Business

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

Regulatory Framework

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

Material Contracts

Certain Cellnex and Arqiva group companies have entered into, or will enter into on or prior to the closing date, as applicable, the following agreements in the context of the Arqiva Acquisition:

- a sale and purchase agreement, dated 8 October 2019, for the sale and purchase of 100% of the entire issued share capital of Arqiva TowerCo, between Cellnex UK Limited, Cellnex Telecom S.A. and Arqiva Holdings Limited (the "Arqiva SPA");

- a master site share agreement, to be entered into at closing, permitting Arqiva Limited rights of access to and use of the UK Tower Business sites for its broadcast and M2M businesses and the provision by Arqiva TowerCo of related site services (the "Arqiva MSSA");

- a portfolio management agreement, to be entered into at closing, permitting Arqiva TowerCo rights of access to and use of Arqiva Limited sites for its customer equipment and services and for certain exclusive rights to market site space to MNOs and to receive 100% of all revenues in relation thereto (the "Arqiva PMA");

- a transitional services agreement, to be entered into at closing, for the provision of certain transitional services to Arqiva TowerCo by Arqiva Limited from closing of the Arqiva SPA (the "Arqiva TSA"); and

- a sub-lease agreement, to be entered into on or prior to the closing date, for the lease of office space for the employees of Arqiva TowerCo with facilities services ("Arqiva MSA").

Financing of the Arqiva Acquisition

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

Other purchase commitments

As at 31 December 2019, the purchase commitments for tangible and intangible assets are those detailed in Notes 6 and 7 of the accompanying consolidated financial statements.

20. Environmental information

It is Group policy to pay maximum attention to environmental protection and conservation, and each investee adopts the necessary measures to minimise the environmental impact of the infrastructure and the telecommunications networks that it manages and ensure the maximum degree of integration into the surrounding area.

The Group has an environmental policy applicable to all its companies and a comprehensive environmental management system that ensures compliance with local environmental legislation and continuously improves the environmental management processes for its activities and facilities.

At year-end 2019 and 2018, the Group did not recognise any provision for potential environmental risks as it estimated that there were no significant contingencies related to potential lawsuits, indemnities or other items as its operations comply with environmental protection laws and as procedures are in place to foster and ensure compliance.

The Group incurred environmental expenses on civil engineering projects, equipment and environmental permit projects. The acquisition cost of these activities at year-end 2019 amounted to EUR 6,789 thousand (EUR 5,780 thousand in 2018), with accumulated depreciation and amortisation of EUR 3,015 thousand (EUR 2,724 thousand in 2018).

Expenses incurred to protect and improve the environment recognised directly in the income statement amounted to EUR 425 thousand (EUR 403 thousand in 2018) and related mainly to expenses arising from consultancy services and external waste management.

Potential contingencies, indemnities and other environmental risks which the Group could incur are sufficiently covered by its third-party liability insurance policies.

21. Segment reporting

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

Cellnex has recently expanded its business in Europe and its strategic objectives include the continuation of this growth initiative through the acquisition of assets and businesses, along with other growth opportunities both in the countries in which it is currently present and others. In this regard, as the Group continues to acquire sites in existing markets and is continuing to expand into new ones, the Group Management manages the results obtained by geographical location.

In addition, the business segments described below were established based on the organisational structure of the Cellnex Group prevailing as at 31 December 2019 and have been used by Group management to analyse the financial performance of the different operating segments.

The Group has organised its business into three different customer focused units, supported by an operations division and central corporate functions. Income from the provision of services relates mainly to:

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

  Additionally the consolidated income statement for the year includes income from re-charging costs related to infrastructure services activities for mobile telecommunications operators to third parties.
- Broadcasting infrastructure: is the Group's second main segment by turnover. The Group currently provides broadcasting services only in Spain, where it is the only operator offering nationwide coverage of the DTT service. Its services consist of the distribution and transmission of television and radio signals, the operation and maintenance of broadcasting networks and the provision of connectivity for media content, OTT broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop other services within its portfolio.

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

The Group classifies Other Network Services into five groups: (i) connectivity services; (ii) PPDR services; (iii) operation and maintenance; (iv) Smart Cities/IoT ("Internet of Things"); and (v) other services.

In relation to this business segment, during 2018, Cellnex incorporated the XOC, a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya.

Methodology and bases for Segment Reporting

The segmental reporting below is based on monthly reports drawn up by Group management and is generated by the same information system used to obtain all the accounting data at Group level.

Operating income of the corresponding segment corresponds to the ordinary revenues directly attributable to each segment and do not include interest income or dividends.

The majority of assets employed and underlying costs are derived from a shared network common to all operating business units. An allocation of such assets and costs to the business areas is not performed as part of the normal financial information reporting process used by the Group's Management for decision-making, and Management is of the opinion that additional segmental reporting would not provide meaningful information for decision making.

The Management Committees are the maximum decision making authority. These committees evaluate the Group's performance based on the operating profit of each company, which are not the same as the above business areas.

The assets and liabilities of each segment at 31 December 2019 and 2018 are as follows:

						Thousands of Euros
						31 December 2019
	Spain	Italy	France	Switzerland	Other countries	Total
Property, plant and equipment	806,145	353,865	1,445,472	185,320	195,340	2,986,142
Intangible assets	159,664	1,092,675	2,083,457	1,462,123	940,316	5,738,235
Right-of-use assets	228,900	334,483	464,249	216,291	7,194	1,251,117
Other non-current assets	102,550	145,268	47,571	4,819	4,541	304,749
Total non-current assets	1,297,259	1,926,291	4,040,749	1,868,553	1,147,391	10,280,243
Total current assets	2,448,280	122,111	71,720	46,699	32,076	2,720,886
TOTAL ASSETS	3,745,539	2,048,402	4,112,469	1,915,252	1,179,467	13,001,129
Borrowings and bond issues	4,606,383	-	-	487,313	-	5,093,696
Lease liabilities	182,362	191,062	376,372	187,815	6,918	944,529
Other non-current liabilities	51,124	217,732	494,859	315,445	171,985	1,251,145
Total non-current liabilities	4,839,869	408,794	871,231	990,573	178,903	7,289,370
Borrowings and bond issues	46,948	-	-	1,478	-	48,426
Lease liabilities	46,639	43,895	80,247	36,092	625	207,498
Other current liabilities	170,654	87,861	66,230	94,196	(13,942)	404,999
Total current liabilities	264,241	131,756	146,477	131,766	(13,317)	660,923
TOTAL LIABILITIES	5,104,110	540,550	1,017,708	1,122,339	165,586	7,950,293

	Thousands of Euros					
	31 December 2018					
	Spain	Italy	France	Switzerland	Other countries	Total
Property, plant and equipment	654,588	228,054	843,813	89,866	87,421	1,903,742
Intangible assets	91,963	695,871	1	440,696	675,801	1,904,332
Right-of-use assets	196,272	180,795	129,811	58,135	8,552	573,565
Other non-current assets	72,628	17,089	6,384	1,126	441	97,668
Total non-current assets	1,015,451	1,121,809	980,009	589,823	772,215	4,479,307
Total current assets	404,729	71,592	88,479	49,858	39,228	653,886
TOTAL ASSETS	1,420,180	1,193,401	1,068,488	639,681	811,443	5,133,193
Borrowings and bond issues	2,857,988	-	-	138,785	-	2,996,773
Lease liabilities	170,669	79,750	119,090	46,846	7,600	423,955
Other non-current liabilities	120,003	181,366	(1,046)	120,496	166,471	587,290
Total non-current liabilities	3,148,660	261,116	118,044	306,127	174,071	4,008,018
Borrowings and bond issues	105,265	-	25,354	214	-	130,833
Lease liabilities	35,140	38,579	14,808	13,164	691	102,382
Other current liabilities	171,022	63,537	20,817	27,316	(6,098)	276,594
Total current liabilities	311,427	102,116	60,979	40,694	(5,407)	509,809
TOTAL LIABILITIES	3,460,087	363,232	179,023	346,821	21,168	4,517,827

Segmental reporting is set out below:

	Thousands of Euros					
	2019					
	Spain	Italy	France	Switzerland	Other countries	Total (*)
Operating income	504,710	266,907	104,675	84,993	69,560	1,030,845
Operating expenses	(237,683)	(87,322)	(24,205)	(14,382)	(23,947)	(387,539)
Depreciation and amortization	(136,825)	(146,330)	(87,561)	(78,147)	(51,950)	(500,814)
Net Interest	(122,520)	(26,960)	(23,930)	(17,868)	(5,306)	(196,584)
Profit of companies accounted for using the equity method	82	-	-	-	-	82
Profit/(loss) before tax	7,764	6,295	(31,021)	(25,404)	(11,643)	(54,010)
Income tax	5,133	(4,259)	9,070	3,541	22,022	35,507
Attributable non-controlling interest	1	-	-	(9,259)	-	(9,258)
Net profit attributable to the Parent Company	12,896	2,036	(21,951)	(12,604)	10,379	(9,245)

(*) Corresponds to the contribution of each country segment to the Group's consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the year ended on 31 December 2019. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 18.d of the consolidated financial statements.

	Thousands of Euros					
	2018					
	Spain	Italy	France	Switzerland	Other countries	Total (*)
Operating income	467,787	254,393	65,686	56,041	53,964	897,871
Operating expenses	(263,620)	(82,495)	(14,272)	(8,133)	(13,975)	(382,495)
Depreciation and amortization	(135,021)	(126,397)	(56,073)	(45,588)	(39,767)	(402,846)
Net Interest	(105,421)	(22,566)	(11,086)	(9,315)	(436)	(148,824)
Profit of companies accounted for using the equity method	113	-	-	-	-	113
Profit/(loss) before tax	(36,161)	22,936	(15,745)	(6,995)	(214)	(36,181)
Income tax	15,053	(2,741)	2,160	823	3,144	18,439
Attributable non-controlling interest	94	-	-	(2,853)	-	(2,759)
Net profit attributable to the Parent Company	(21,203)	20,194	(13,585)	(3,319)	2,930	(14,983)

(*) Corresponds to the contribution of each country segment to the Group's consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the year ended on 31 December 2018. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 19.d of the consolidated financial statements of 2018 financial year.

The Group has one customer that exceeds 10% of its total revenue. The total income from this customer for the year ended on 31 December 2019 amounted to EUR 201,710 thousand. During 2018 financial year, the Group had one customer that exceeded 10% of its revenue and the amount ascended to EUR 205,992 thousand.

The information by business segment is set out below:

	Thousands of Euros			
	2019			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total
Services (Gross)	235,383	667,216	101,214	1,003,813
Other income	-	30,822	-	30,822
Advances to customers	-	(3,790)	-	(3,790)
Operating income	235,383	694,248	101,214	1,030,845

	Thousands of Euros			
	2018			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total
Services (Gross)	232,773	555,719	82,340	870,832
Other income	-	30,422	-	30,422
Advances to customers	-	(3,383)	-	(3,383)
Operating income	232,773	582,758	82,340	897,871

There have been no significant transactions between segments during 2019 and 2018.

22. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's directors as at 31 December 2019 and 2018 was as follows:

i. The members of the Board of Directors received EUR 1,464 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 1,373 thousand in 2018).

ii. For performing senior management duties, the Chief Executive Officer received EUR 3,195 thousand, corresponding to fixed and variable remuneration (EUR 1,225 thousand in 2018) and EUR 1,893 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" (EUR 1,282 thousand in 2018). In 2018 he received EUR 2,331 thousand corresponding to the "Long Term Incentive Plan" (2015-2017). See Note 17.b.

iii. In addition, the Chief Executive Officer of Cellnex Telecom, S.A. received, as other benefits, contributions made to cover pensions and other remuneration in kind in the amount of EUR 250 thousand and EUR 28 thousand, respectively (EUR 175 thousand and EUR 7 thousand in 2018).

Cellnex Telecom defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the year ended on 31 December 2019 for members of Senior Management amounted to EUR 5,671 thousand (EUR 2,813 thousand in 2018) and EUR 4,676 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" (EUR 2,550 thousand in 2018). In 2018 they received EUR 3,107 thousand corresponding to the "Long Incentive Plan" (2015-2017). See Note 17.b.

In addition, members of Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind to the amount of EUR 335 thousand and EUR 153 thousand, respectively. In 2018 they received EUR 172 thousand and EUR 157 thousand, respectively.

As of 31 December 2018, Cellnex maintained, for a member of Senior Management, an agreement linked to his/her permanence in the Company (none existing as of 31 December 2019).

Additionally, in accordance with the Group's Remuneration Policy for the 2017, 2018 and 2019 fiscal years, a multi-year incentive plan was approved linked to the achievement of the Group's three-year plan objectives for the same period.

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

b) Other disclosures on Directors

In accordance with the 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.

c) Associates companies

As of 31 December 2019 and 2018 the Group does not hold balances for significant amounts with associates companies.

For its part, during 2019 and 2018, no significant transactions have been undertaken with associates companies.

d) Other related parties

Other related parties, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with a right to appoint a director and those with a stake above 3% (see Note 12.a).

On 12 July 2018, ConnecT acquired 29.9% of the Company's share capital. ConnecT is controlled by Sintonia, a subholding company wholly-owned by Edizione and, in turn, Sintonia is the largest shareholder of Atlantia. As a result, as of 31 December 2019, Edizione, together with its group of companies, is considered a related party to the Group.

During 2019, there was a change of control in Hispasat whereby Abertis (a related party of Cellnex) no longer exercises control over Hispasat. In this regard, as of 31 December 2019, Hispasat no longer has the status of a related company of Cellnex. However, in accordance with the disclosures required by IFRS, the transactions carried out with Hispasat until the date of the aforementioned control change in 2019 are detailed below.

In addition to the dividends paid to shareholders, the breakdown of the balances held and transactions performed with significant shareholders is as follows:

I) Services rendered and received

The Group has an agreement with Hispasat, S.A., whereby the latter provides shared capacity services for certain satellite transponders over the entire life of the transponders, which is expected to last until 31 December 2022. During 2019 and 2018 the services received by Cellnex in relation to this contract amounted to EUR 10 million and EUR 5 million, respectively.

As a result of the change of control described above, these figures corresponds to the services provided by Hispasat until the date of the aforementioned control change in 2019.

Moreover, the Group, through its wholly-owned subsidiary TowerCo, entered into an agreement with Atlantia by virtue of which the Group can locate certain assets to provide Telecom Infrastructure Services in Italian motorways that are under the concession of Atlantia until 2038. Pursuant to the terms of this agreement, the consideration for such location amounts to an annual fee of EUR 4 million. The consideration paid by TowerCo as of 31 December 2019 and 2018 amounted to EUR 4.4 million and EUR 1.8 million (although Atlantia is considered a related party since 12 July 2018).

In addition to the aforementioned, during the period ended 31 December 2019 and 2018 no significant transactions with related parties have been undertaken.

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

II) Other

As of 31 December 2019 and 2018, the Group does not hold balances for significant amounts with related parties.

23. Other disclosures

The remuneration of the auditors for 2019 and 2018 is as follows:

								Thousands of Euros
	2019				2018			
	Audit of financial statements	Verification services	Tax advisory services	Other services	Audit of financial statements	Verification services	Tax advisory services	Other services
Deloitte, S.L.	847	1,566	-	-	1,037	501	-	-
Rest of Deloitte	661	103	97	-	377	160	105	-
Total	1,508	1,669	97	-	1,414	661	105	-

24. Post balance sheet events

Acquisition of Omtel in Portugal

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

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

New Bond issuances

Bond issuance for an amount of EUR 450 million

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

Bond issuance for an amount of CHF 185 million

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

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

25. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform with other generally accepted accounting principles and rules.

Sitges, 25 February 2020

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2019

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
Direct ownership:							
Cellnex Italia, S.r.L.	Via Carlo Veneziani 58, 00148 Rome, Italy	952,310	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Netherlands, BV	Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands	516,437	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited	1-2 Broadgate Circle, London EC2M 2QS	281,489	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France Groupe, S.A.S.	1 Avenue de la Cristallerie, 92310 Sèvres	2,324,391	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Telecom España, S.L.U.	Juan Esplandiú, 11-13 28007 Madrid	807,500	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Switzerland AG	Thurgauerstrasse, 136 8152 Opfikon	579,191	72,22%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Towerlink Portugal, ULDA	Avenida Álvares Cabral, nº61 – 4º piso, 1250-017 Lisboa, Portugal	4,000	100%	Cellnex Telecom, S.A.	Full consolidation	Fixed and mobile telecommunications services provider	-
Cignal Infrastructure Services	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	111,928	100%	Cellnex Telecom, S.A.	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
Indirect ownership interest:							
Retevision-I, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	182,504	100%	Cellnex Telecom España, S.LU.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.U.	Av, Del Parc Logístic, 12-20 08040 Barcelona	165,983	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Telecom Infraestructuras, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	459,010	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Gestora del Espectro, S.L. (1)	Juan Esplandiú, 11-13 28007 Madrid	3	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Development, implementation, management and marketing of terrestrial telecommunications services	-
Adesal Telecom, S.L.	Ausias March 20, Valencia	2,959	60.08%	Tradia Telecom, S.A.U.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Zenon Digital Radio, S.L.	C/ Lincoln, 11, 1º3º 08006 Barcelona	2,421	100%	Tradia Telecom, S.A.U.	Full consolidation	Provision of telecommunications equipments	-
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	Av, Del Parc Logístic, 12-20 08040 Barcelona	32,795	100%	Tradia Telecom, S.A.U.	Full consolidation	Construction and operation of optic fiber telecommunications infrastructure	Deloitte
Towerco, S.p.A.	Via Alberto Bergammini 50, Rome, Italy	94,600	100%	Cellnex Italia, S.r.L..	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Galata, S.p.A.	Via Carlo Veneziani 56L, 00148 Rome, Italy	844,599	100%	Cellnex Italia, S.r.L.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
TowerLink Italia, S.r.L	Via Carlo Veneziani 58, 00148 Rome, Italy	20	100%	Cellnex Italia, S.r.L..	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Commscon Italia, S.r.L.	Via Carducci 32, 20123 Milano	22,904	100%	Cellnex Italia, S.r.L	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink Netherlands, B.V.	Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands	63,634	100%	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Shere Masten B.V.	Leeghwaterstraat 21, 2811 DT Reeuwijk, Netherlands	278,085	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Breedlink BV	Branderweg 7, 8042 PD, Zwolle	599	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
Alticom BV	Branderweg 7, 8042 PD, Zwolle	132,127	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Netherlands, B.V	Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands	39,525	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Springbok Mobility	1, Avenue de la Cristallerie, 92310, Sèvres	600	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	-
Cellnex France, S.A.S.	1 Avenue de la Cristallerie, 92310 Sèvres	908,341	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink France, SAS	1, avenue de la Cristallerie (9th floor), Sèvres (92310).	20	99,99%	Cellnex France, S.A.S	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Illiad 7	31, rue de la Baume – Paris (75008)	1,403,599	70%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Midco Ltd	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	333,106	100%	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Watersite Holding Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	29,764	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Radiosite Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	31,942	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
Cellnex Connectivity Solutions Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	146,550	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Consulting Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	2,603	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Towers AG	Thurgauerstrasse, 136 8152 Opfikon	739,869	72,22%	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Infra Services SA	Rue du Caudray, 4,1020 Renens, Vaud	830,684	64,99%	Swiss Towers AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellcom Ireland Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	11,575	100%	Cignal Infrastructure Services	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
National Radio Network Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	2,114	100%	Cignal Infrastructure Services	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

[1] These companies have not submitted their financial statements for auditing as they are not required to do so.

This appendix forms an integral part of Note 2.h. to the 2019 consolidated financial statements with which it should be read.

Subsidiaries included in the scope of consolidation at 31.12.2018

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Direct ownership:							
Cellnex Italia, S.r.L.	Via Carlo Veneziani 58, 00148 Rome, Italy	845,310	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Netherlands, BV (formerly Protelindo Netherlands, BV)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	515,151	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France, S.A.S.	1 Avenue de la Cristallerie, 92310 Sèvres	908,341	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited (formerly Shere Group Limited)	River Court, Albert Dr, Woking GU21 5RP, United Kingdom	130,551	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France Groupe, S.A.S.	1 Avenue de la Cristallerie, 92310 Sèvres	1,050	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	-
Cellnex Telecom España, S.L.U.	Juan Esplandiú, 11 28007 Madrid	747,500	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	-
Cellnex Switzerland AG	Postastrasse 12 CH-6301, Zug, Switzerland	164,551	54%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Indirect ownership interest:							
Retevision-I, S.A.U.	Juan Esplandiú, 11 28007 Madrid	182,504	100%	Cellnex Telecom España, S.LU.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.U.	Av, Del Parc Logístic, 12-20 08040 Barcelona	165,983	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Telecom Infraestructuras, S.A.U.	Juan Esplandiú, 11 28007 Madrid	459,010	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
Gestora del Espectro, S.L. (1)	Juan Esplandiú, 11 28007 Madrid	3	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Development, implementation, management and marketing of terrestrial telecommunications services	-
Adesal Telecom, S.L.	Ausias March 20, Valencia	2,959	60.08%	Tradia Telecom, S.A.U.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Zenon Digital Radio, S.L.	C/ Lincoln, 11, 1º3º 08006 Barcelona	2,421	100%	Tradia Telecom, S.A.U.	Full consolidation	Development, implementation, management and marketing of terrestrial telecommunications services	-
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	Av, Del Parc Logístic, 12-20 08040 Barcelona	32,795	100%	Tradia Telecom, S.A.U.	Full consolidation	Construction, development and exploitation of the *Generalitat de Cataluña*'s telecommunications network	Deloitte
Towerco, S.p.A.	Via Alberto Bergammini 50, Rome, Italy	94,600	100%	Cellnex Italia, S.r.L..	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Galata, S.p.A.	Via Carlo Veneziani 56L, 00148 Rome, Italy	783,931	100%	Cellnex Italia, S.r.L.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Sintel S.r.L	Via Carlo Veneziani 58, 00148 Rome, Italy	2,669	100%	Cellnex Italia, S.r.L.	Full consolidation	Terrestrial telecommunications infrastructure operator	-
TowerLink Italia, S.r.L (1)	Via Carlo Veneziani 58, 00148 Rome, Italy	20	100%	Cellnex Italia, S.r.L..	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Commscon Italia, S.r.L.	Via Carducci 32, 20123 Milano	24,904	100%	Cellnex Italia, S.r.L	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
BRT Tower S.r.L	Via Carlo Veneziani 58, 00148 Rome, Italy	1,050	100%	Cellnex Italia, S.r.L	Full consolidation	Terrestrial telecommunications infrastructure operator	-
DFA Telecomunicazioni S.r.L	Via Carlo Veneziani 56L, 00148 Rome, Italy	2,400	100%	Cellnex Italia, S.r.L	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Towerlink Netherlands, B.V. (formerly Protelindo Towers, B.V.)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	63,634	100%	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Shere Masten B.V.	Leeghwaterstraat 21, 2811 DT Reeuwijk, Netherlands	278,085	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Breedlink BV	Branderweg 7, 8042 PD, Zwolle	599	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Alticom BV	Branderweg 7, 8042 PD, Zwolle	274,521	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
Towerlink France, SAS	1, avenue de la Cristallerie (9th floor), Sèvres (92310).	20	99,99%	Cellnex france, S.A.S	Full consolidation	Acquisition and deployment of strategic telecommunications centers with capacity to house data processing capabilities	-
Shere Midco Ltd	River Court, Albert Dr, Woking GU21 5RP, United Kingdom	179,320	100%	Cellnex UK Limited (formerly Shere Group Limited)	Full consolidation	Holding Company	Deloitte
Watersite Holding Limited	River Court, Albert Dr, Woking GU21 5RP, United Kingdom	28,310	100%	Shere Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Radiosite Limited	River Court, Albert Dr, Woking GU21 5RP, United Kingdom	30,381	100%	Shere Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
QS4 Limited	River Court, Albert Dr, Woking GU21 5RP, United Kingdom	1,884	100%	Shere Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Shere Consulting Limited	River Court, Albert Dr, Woking GU21 5RP, United Kingdom	2,476	100%	Shere Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Towers AG	Binzmühlestrasse 130, 8050 Zúrich, Switzerland	441,968	54%	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

(1) These companies have not submitted their financial statements for auditing as they are not required to do so.

This appendix forms an integral part of Note 2.h. to the 2018 consolidated financial statements with which it should be read.

APPENDIX II. Associates included in the scope of consolidation at 31.12.2019

Company	Registered office	Ownership interest									
		Cost (Thousands of Euros)	%	Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
INDIRECT SHAREHOLDINGS											
Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75%	15,661	10,971	4,255	(4)	Retevision-I, S.A.U.	Equity method	Construction and operation of terrestrial telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.5%	2,797	565	1,989	472	Tradia Telecom, S.A.U.	Equity method	Provision of related services for terrestrial telecommunications concessions and operators	Other auditors
Nearby Sensors, S.L.	Calle Berruguete, 60-62 08035 Barcelona	1,000	30%	1,268	270	396	(171)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	-
Nearby Computing, S.L.	Calle Berruguete 60-62, 08035, Barcelona	171	24,3%	410	191	95	(19)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	-

This appendix forms an integral part of Note 2.h. to the consolidated financial statements for 2019 with which it should be read.

Associates included in the scope of consolidation at 31.12.2018

Company	Registered office	Ownership interest									
		Cost (Thousands of Euros)	%	Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
INDIRECT SHAREHOLDINGS Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75%	15,812	11,118	4,306	5	Retevision-I, S.A.U.	Equity method	Construction and operation of terrestrial telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.5%	2,785	207	1,773	374	Tradia Telecom, S.A.U.	Equity method	Provision of related services for terrestrial telecommunications concessions and operators	Other auditors
Nearby Sensors, S.L.	Calle Berruguete, 60-62 08035 Barcelona	500	15%	999	450	164	0	Tradia Telecom, S.A.U.	Equity method	IoT and smartcities services	-

This appendix forms an integral part of Note 2.h. to the consolidated financial statements for 2018 with which it should be read.