

## Extraordinary bonus report 2019

**2020** **Junta General  
de Accionistas**  
*Annual Shareholders' Meeting*

**REASONED PROPOSAL SUBMITTED BY THE BOARD OF DIRECTORS OF CELLNEX  
TELECOM, S.A. IN RELATION TO THE PROPOSAL REFERRED TO IN ITEM SEVEN OF THE  
AGENDA OF THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY TO BE HELD  
ON 20 JULY 2020, ON FIRST CALL, AND ON 21 JULY 2020 ON SECOND CALL**

This report is issued to support the resolution submitted for approval to the Ordinary General Shareholders' Meeting of Cellnex Telecom, S.A. ("Cellnex" or the "Company") under item seven of the agenda, relating to the approval of certain items of the remuneration of the CEO corresponding to the year ended 31 December 2019. Specifically:

1.- In accordance with the provisions of the Remuneration Policy approved by the 2019 General Shareholders' Meeting, 40% of the CEO's multi-year variable bonus corresponding to the second phase (2018-2019) of the 2017-2019 LTIP is to be paid in shares of the Company. The number of shares to be delivered is to be determined by dividing the net amount payable by the average share price in the month prior to the General Meeting in which the financial statements for the corresponding financial year are approved, if appropriate.

On the other hand, Article 219.2 of the restated text of the Capital Companies Act approved by Legislative Royal Decree 1/2010 of 2 July (the "**Capital Companies Act**") and Article 26 of the articles of association provide, in respect of the remuneration paid in shares of the Company, that the General Shareholders' Meeting will determine, among other matters, the maximum number of shares and their price or the manner of calculating their price.

Accordingly, the Board proposes that the General Meeting adopt the following resolution:

*"Pursuant to the Remuneration Policy, to allot to the Company's CEO, Mr. Tobías Martínez Gimeno, the number of Company's shares that results from dividing 366,667 euros (the amount specified for achieving the objectives set in the long-term variable incentive for 2018-2019 LTIP) by the average share price in the month prior to the General Meeting at which the 2019 financial statements are approved, if appropriate."*

2.- The Board of Directors agreed to award an extraordinary bonus to a group of people whose efforts and dedication were crucial to the performance of the Company's business in 2019. One of the beneficiaries is the CEO, for whom an extraordinary bonus corresponding to the year ended 31 December 2019 was proposed equivalent to one year of his gross salary.

On the other hand, as provided in paragraph 5 of Article 529 *novodecies* of the Capital Companies Act and Article 25 of the articles of association, any remuneration received by the CEO that is not provided for in the Remuneration Policy requires the express approval of the General Shareholders' Meeting.

Accordingly, the Board has decided to submit a resolution for approval to the General Shareholders' Meeting in relation to the aforementioned extraordinary bonus, the basis for which is set out in the report issued by the Nominations and Remunerations Committee, which the Board endorses and which is attached hereto as an Annex.

The full text of the proposed resolution to be submitted to the Annual General Meeting of the Company is as follows:

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.

*“To approve, on an extraordinary basis, the payment to the CEO of an extraordinary bonus corresponding to the year ended 31 December 2019 equal to his fixed annual remuneration (i.e., one million euros), to be paid in cash within fifteen days of its approval by the General Shareholders’ Meeting of the Company.”*

Madrid, 11 June 2020

**ANNEX**

**PAYMENT OF THE CEO'S EXTRAORDINARY BONUS**

**PROPOSAL TO THE ANNUAL SHAREHOLDER'S MEETING**

**2019, a year of transformational growth**

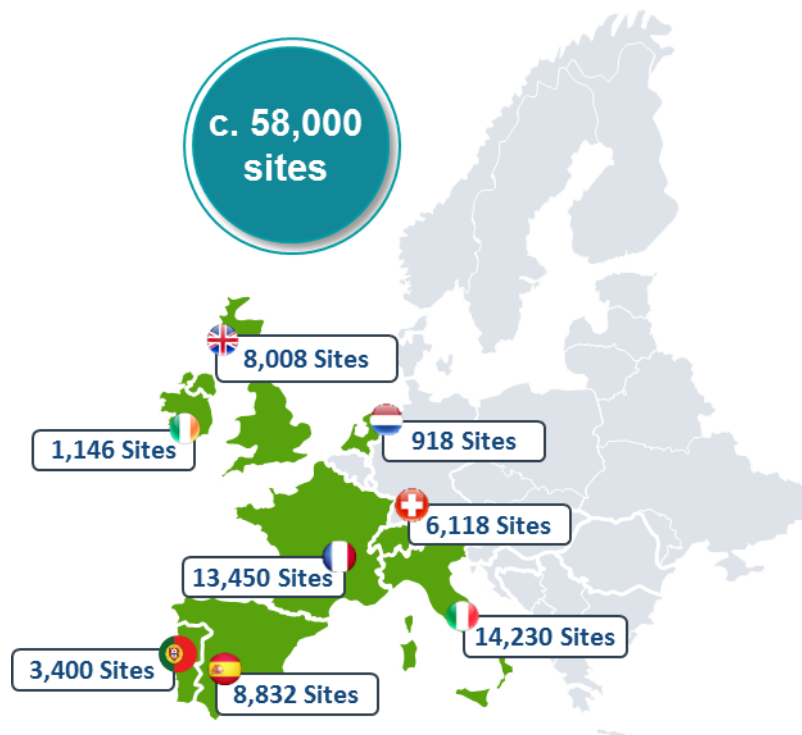
2019 has undoubtedly meant "**a before and after**" in Cellnex's history. In addition to the excellent performance of the ordinary business, the successful completion of several inorganic growth operations has had an unprecedented impact not only on the company's business figures, but also on its market valuation and, therefore, on its visibility and image at international level.

Over year 2019 Cellnex has struck **several agreements to acquire assets and companies** which, once completely executed, will mean an increase of some 28,000 assets in the current portfolio in the eight 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 and roll out a construction program of 4,000 new sites up to 2027, with a total planned investment of close to € 4 billion.
- 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.
- In September, Cellnex announced the acquisition of **Signal** in Ireland, one of the main Irish telecommunications infrastructure operators, for a total of € 210 million. Signal operates 546 sites in Ireland and, furthermore, expects to roll out another 600 new sites up to 2026, with an additional investment estimated at € 60 million.
- In October, the company announced the agreement to acquire the Telecommunications division of the English company **Arqiva** for around 2 billion pounds. The operation involves purchasing 7,400 owned sites and acquiring the marketing rights of some 900 sites in the United Kingdom. The finalisation of the operation is planned for the second half of 2020.
- In December, Cellnex announced the acquisition of 1,500 sites from **Orange Spain** involving an investment of € 260 million.
- In the first days of January 2020, the acquisition of **Omtel** could be announced, the leading telecommunications tower and sites operator in Portugal, for an enterprise value of € 800 million.

In addition to the aforementioned operations, and with the aim of strengthening its growth and capital structure, Cellnex increased the own resources by € 3.7 billion in 2019 through **two capital increases**, one of € 1.2 billion performed in March and more recently € 2.5 billion on 31 October, for which demand for shares greatly exceeded supply (by over 16 and 38 times respectively), and supported by almost all the holders of pre-emptive rights.

### Business impact



### Cellnex performance over the last year +95%



### Recognition of an extraordinary effort

The aforementioned transaction with Iliad and Salt was, by far, the most relevant of the year, given its volume and overall impact. In addition, it is important to remember that this operation involved a very demanding competitive process, to which Cellnex had not initially been invited, and which finally forced the setting up of a very fast team and intervention process, capable of responding in a record time.

Following the signing of this transaction, the Cellnex Appointments and Remuneration Committee, at its meeting in May 2019, approved and submitted for approval to the Board of Directors the granting of an **extraordinary bonus** to a group of people whose extraordinary efforts had been crucial to the successful completion of the transaction.

Specifically, the Board of Directors, at its meeting on May 8, 2019, approved the payment of an extraordinary bonus to a group of 18 people. The bonus consisted of a payment equivalent to between 1/3 and 1 year's gross remuneration, depending on the dedication and contribution to the aforementioned growth project. This group of beneficiaries includes the company's CEO, in which case the bonus is equivalent to **1 year's gross salary**.

This bonus is totally **exceptional and unique**, in line with the relevance and uniqueness of the operation.

### Background information - the CEO's remuneration

At the beginning of 2019, the Board of Directors of Cellnex, on the proposal of its Nominations and Remunerations Committee, established the conditions for the remuneration of the company's CEO, setting the total remuneration for 2019 and leaving open the possibility of reviewing his fixed and variable annual salary for 2020.

It should also be recalled that the Cellnex's Remuneration Policy, approved by the Annual Shareholders Meeting in May 2019, establishes the faculty of the Board of Directors to increase the remuneration of the CEO, once or several times, up to a maximum of 20% of his current remuneration.

Even having this possibility of review, as well as the faculty granted by the Shareholders Meeting, the Appointments and Remuneration Committee initially, and the Board of Directors subsequently, at their meeting in December 2019, decided to maintain for the financial year 2020 **the same amounts of fixed and variable annual salary** of the CEO as were in force in 2019.

## Conclusions

- The Company has experienced **spectacular growth** in 2019, significantly outpacing the market.
- According to a study by a renowned independent expert, Cellnex's performance has improved over the last two years, placing the Company in the **90th percentile** of its comparison group.
- The evolution of Cellnex's share price during 2019 has been by far the **best of the IBEX 35**.
- The overall remuneration of the CEO, however, is close to the **60th percentile** of the aforementioned comparison group.
- The CEO's fixed and variable salary in 2020 will **remain unchanged** from that of 2019.

## Payment of the bonus

The final settlement of the mentioned gratuity, as agreed by the Board of Directors, was subject to the definitive closure of the operation and all its associated contracts, in the three countries concerned. The final closure of the last of the agreements took place in December 2019, for which all the beneficiaries (except the CEO) received the corresponding amount in each case.

In the case of the CEO, and in compliance with Cellnex's Corporate Bylaws, " any remuneration paid to the directors for the exercise or termination of their role and for the performance of executive functions will be in accordance with the remuneration policy for directors in force at any given moment, except any remuneration that has been expressly approved by the General Shareholders' Meeting".

Consequently, and given that the Remuneration Policy does not contemplate the aforementioned extraordinary bonus, the payment to the CEO of the amount relating to the aforementioned bonus is submitted for the **express approval** of the General Shareholders' Meeting.