cellnex
driving telecom connectivity

Individual Annual Accounts and Management Report

2018

Junta General de Accionistas

Annual Shareholders'Meeting

Cellnex Telecom, S.A.

Financial Statements
for the year ended
31 December 2017 and
Directors' Report, together with
Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

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 FINANCIAL STATEMENTS

To the Shareholders of Cellnex Telecom, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Cellnex Telecom, S.A. (the Company), which comprise the balance sheet as at 31 December 2017, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2017, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

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 Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the 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.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments in Group companies and associates	
Description	**Procedures applied in the audit**
The Company has ownership interests in the share capital of Group companies and associates that are not listed on regulated markets (see Note 8). The Company tests the investees engaging in the operation of infrastructure for mobile telecommunications operators for impairment each year, irrespective of whether there are indications of impairment, given the sensitivity of the key assumptions in the business plan. Those impairment tests are performed using discounted cash flow-based valuation techniques, for which purpose it employs cash flow projections aligned with projected earnings, investments in non-current assets and current assets, as well as other assumptions obtained from each investee's business plan. Also, a discount rate is determined on the basis of the economic situation in general and on that of each investee in particular. The performance of these estimates requires the directors to make significant judgements and estimates. As a result of the foregoing, as well as the significance of the investments held, this matter was determined to be a key matter in our audit.	Our audit procedures included, among others, obtaining and analysing the impairment tests conducted by the Company, and we verified the clerical accuracy of the estimated future cash flows considered in those tests and analysed their consistency with the approved business plans. 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 and an analysis of their consistency with the actual data relating to the performance of the investments held. We involved our in-house valuation specialists in order to evaluate, mainly, the methodology employed by the Company 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 evaluated whether the disclosures included in Note 8 to the accompanying financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

Other Information: Directors' Report

The other information comprises only the directors' report for 2017, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report is defined in the audit regulations in force, which establish two distinct levels of review:

a) A specific level that applies to the non-financial information statement, as well as to certain information included in the 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 directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those 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 the 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 in the preceding paragraphs, we have checked that the specific information described in section a) above has been provided and that the other information in the directors' report is consistent with that contained in the financial statements for 2017 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit and Control Committee for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the 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 Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and control committee dated 15 February 2018.

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 financial statements uninterruptedly since the year ended 31 December 2013 and, therefore, since the year ended 31 December 2015, the year in which the Company became a Public Interest Entity.

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

Ana Torrens Borrás
Registered in ROAC under no. 17762

15 February 2018

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 financial statements.

Auditor's Responsibilities for the Audit of the 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 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity'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 entity'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 entity's audit and control committee, we determine those matters that were of most significance in the audit of the 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.

Financial Statements
for the year ended
31 December 2017 and
Directors' Report

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

CONTENTS

Balance sheet....2
Income statement....3
Statement of recognised income and expense....4
Statement of total changes in equity....5
Statement of cash flows....6

1. General information....7
2. Basis of presentation....8
3. Proposed distribution of profit....10
4. Accounting policies and measurement bases....11
5. Financial risk management....20
6. Intangible assets....22
7. Property, plant and equipment....23
8. Investments in Group companies and associates....24
9. Current and non-current financial investments....29
10. Cash and cash equivalents....30
11. Net equity....31
12. Current and non-current debt....34
13. Income tax and tax situation....39
14. Foreign currency balances and transactions....45
15. Revenue and expenses....45
16. Commitments and obligations....48
17. Related party transactions....50
18. Other information....57
19. Events after the reporting period....58
20. Explanation added for translation to English....58

APPENDIX I. Direct and indirect shareholdings.... 59
Directors' Report for 2017.... 71
   1. Information required under Article 262 of the Spanish Limited Liability Companies Law....71
   2. Annual corporate governance report....84

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

CELLNEX TELECOM , S.A.

BALANCE SHEET AT 31 DECEMBER 2017

(Thousands of Euros)

ASSETS	Notes	31 December 2017	31 December 2016	LIABILITIES	Notes	31 December 2017	31 December 2016
NON-CURRENT ASSETS:				**EQUITY:**			
Intangible assets-	Note 6	**7,508**	**4,718**	**NET EQUITY**	Note 11		
Computer software		7,508	4,718	**Capital**		**57,921**	**57,921**
Property, plant and equipment-	Note 7	**2,555**	**1,710**	**Share premium**		**338,733**	**338,733**
Land and buildings		306	155	**Reserves-**		**57,713**	**47,728**
Plant and other items of property, plant and equipment		2,170	1,530	Legal and bylaw reserves		11,584	11,584
Property, plant and equipment under construction		79	25	Other reserves		46,129	36,144
Investments in Group companies and associates-		**3,012,456**	**2,274,885**	**(Treasury shares)**		**(1,859)**	**(2,694)**
Equity instruments	Note 8.1	3,012,456	1,920,731	**Profit for the year**		**19,381**	**29,234**
Non-current loans to Group companies and associates	Note 17.3	-	354,154	**(Interim dividend)**		**(10,194)**	**(10,194)**
Non-current investments-	Note 9	**837**	**543**	**VALUATION ADJUSTMENTS-**			
Equity instruments		294	210	Hedging operations		**123**	-
Derivatives	Note 9.1	164	-	**Total equity**		**461,818**	**460,728**
Other financial assets		379	333				
Deferred tax assets	Note 13.6	**1,611**	**425**	**NON-CURRENT LIABILITIES:**			
Total non-current assets		**3,024,967**	**2,282,281**	**Non-current provisions**	Note 16.4	**1,451**	**3**
				Non-current borrowings-	Note 12	**2,369,424**	**1,676,186**
				Bond issues		1,869,145	1,397,939
				Bank borrowings		500,279	278,247
CURRENT ASSETS:				**Deferred tax liabilities**	Note 13.6	**41**	**-**
Trade and other receivables-		**10,365**	**2,102**	**Total non-current liabilities**		**2,370,916**	**1,676,189**
Trade receivables		58	43				
Receivables from Group companies and associates	Note 17.3	2,326	1,206	**CURRENT LIABILITIES:**			
Sundry receivables		237	383	**Current borrowings-**	Note 12	**46,228**	**17,420**
Staff		30	-	Bond issues		29,474	12,527
Current tax assets		5,886	458	Bank borrowings		1,588	1,540
Other tax receivables from Public Authorities	Note 13.2	1,828	12	Other financial liabilities		15,166	3,353
Current investments in Group companies and associates-		**25,731**	**92,937**	**Payables to Group companies and associates-**	Note 17.3	**343,123**	**367,421**
Current loans to Group companies and associates	Note 17.3	25,731	92,937	Current payables to Group companies and associates-		343,123	367,421
Current accruals		**1,010**	**818**	**Trade and other payables-**		**13,578**	**13,133**
Cash and cash equivalents-	Note 10	**173,590**	**156,753**	Other payables		7,021	4,469
Cash		118,574	97,742	Staff	Note 16.4	5,063	1,751
Cash equivalents		55,016	59,011	Other payables to Public Authorities	Note 13.2	1,494	6,913
Total current assets		**210,696**	**252,610**	**Total current liabilities**		**402,929**	**397,974**
TOTAL ASSETS		**3,235,663**	**2,534,891**	**TOTAL EQUITY AND LIABILITIES**		**3,235,663**	**2,534,891**

The accompanying Notes 1 to 20 and Appendix I are an integral part of the balance sheet at 31 December 2017.

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

CELLNEX TELECOM, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(Thousands of Euros)

	Notes	2017	2016
ONGOING OPERATIONS:			
Revenue-	Note 15.1	**84,256**	**81,491**
Dividends		83,088	70,924
Interest income		1,168	10,567
Other operating income-	Note 15.2	**6,642**	**4,798**
Non-core and other current operating income		6,642	4,798
Staff costs-	Note 15.3	**(9,368)**	**(4,851)**
Wages, salaries and similar expenses		(8,743)	(4,405)
Employee benefit costs		(625)	(446)
Other operating expenses-		**(19,589)**	**(22,559)**
Outside services	Note 15.4	(19,496)	(20,083)
Taxes other than income tax		(93)	(2,476)
Depreciation and amortisation	Notes 6 and 7	**(2,116)**	**(903)**
Profit from operations		**59,825**	**57,976**
Finance income-		**13**	**60**
Borrowings from Group companies and associates		-	-
Borrowings from third parties		13	60
Finance costs-		**(62,606)**	**(41,489)**
Borrowings from Group companies and associates	Note 17.3	(94)	(561)
Borrowings from third parties		(62,512)	(40,928)
Change in fair value of financial instruments		**637**	**(393)**
Exchange differences		**299**	**(22)**
Net financial profit/loss	Note 15.5	**(61,657)**	**(41,844)**
Profit before tax		**(1,832)**	**16,132**
Income tax	Note 13.4	21,213	13,102
Profit for the year		**19,381**	**29,234**

The accompanying Notes 1 to 20 and Appendix I are an integral part of the income statement for 2017.

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

CELLNEX TELECOM, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017
A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

	2017	2016
PROFIT FOR THE YEAR PER INCOME STATEMENT	**19,381**	**29,234**
Income and expense recognised directly in equity	123	-
Transfers to the income statement	-	-
Total recognised income and expense	**19,504**	**29,234**

The accompanying Notes 1 to 20 and Appendix I are an integral part of the statement of recognised income and expense for 2017.

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

CELLNEX TELECOM, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Thousands of Euros)

	Capital	Share premium	Reserves	(Treasury shares)	Profit for the year	(Interim dividend)	Valuation adjustments	Total
Total balance 2015	**57,921**	**338,733**	**46,599**	**-**	**21,539**	**(9,267)**	**-**	**455,525**
Total recognised income and expense	-	-	-	-	29,234	-	-	29,234
Transactions with shareholders or owners								
Distribution of dividends	-	-	(10,889)	-	-	(10,194)	-	(21,083)
Transactions with treasury shares (net)	-	-	(254)	(2,694)	-	-	-	(2,948)
Distribution of the result for the year 2015	-	-	12,272	-	(21,539)	9,267	-	-
Total balance 2016	**57,921**	**338,733**	**47,728**	**(2,694)**	**29,234**	**(10,194)**	**-**	**460,728**
Total recognised income and expense	-	-	-	-	19,381	-	123	19,504
Transactions with shareholders or owners								
Distribution of dividends	-	-	(9,806)	-	-	(10,194)	-	(20,000)
Transactions with treasury shares (net)	-	-	751	835	-	-	-	1,586
Distribution of the result for the year 2016	-	-	19,040	-	(29,234)	10,194	-	-
Total balance 2017	**57,921**	**338,733**	**57,713**	**(1,859)**	**19,381**	**(10,194)**	**123**	**461,818**

The accompanying Notes 1 to 20 and Appendix I are an integral part of the statement of total changes in equity for 2017.

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

CELLNEX TELECOM, S.A.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

(Thousands of Euros)

	Notes	2017	2016
CASH FLOWS - OPERATING ACTIVITIES (I)		**20,532**	**50,926**
Profit for the year before tax		**(1,832)**	**16,132**
Adjustments to profit-		**63,773**	**42,747**
Depreciation and amortisation charge	Notes 6 and 7	2,116	903
Gains/(losses) on derecognition and disposal of financial instruments		(637)	393
Finance income		(13)	(60)
Finance costs	Note 15.5	62,606	41,489
Exchange differences		(299)	22
Changes in working capital-		**423**	**25,066**
Trade and other receivables		171	(5,975)
Other current assets and liabilities		(192)	3,700
Trade and other payables		444	27,341
Other cash flows from operating activities-		**(41,832)**	**(33,019)**
Interest paid		(39,750)	(24,218)
Interest received		64	49
Income tax recovered (paid)		(3,588)	(8,853)
Other receivables and payables		1,442	3
CASH FLOWS - INVESTING ACTIVITIES (II)		**(690,371)**	**(668,355)**
Payments due to investments-		**(690,371)**	**(668,355)**
Group companies and associates	Note 17.3	(683,119)	(664,672)
Property, plant and equipment and intangible assets		(7,122)	(3,529)
Other financial assets		(130)	(154)
CASH FLOWS - FINANCING ACTIVITIES (III)		**686,676**	**773,242**
Proceeds and payments relating to equity instruments		**1,586**	**(2,948)**
Acquisition of own equity instruments (net)		1,586	(2,948)
Proceeds and payments relating to financial liabilities		**705,090**	**797,273**
Proceeds from issue of bank borrowings	Note 12.2	427,777	271,731
Bond issues	Note 12.1	467,159	801,804
Debt issues with Group companies and associates (cash pooling)	Note 17.3	(6,569)	103,738
Repayment and redemption of bank borrowings	Note 12.2	(183,277)	(380,000)
Dividends paid and returns on other equity instruments-		**(20,000)**	**(21,083)**
Dividends	Note 11.4	(20,000)	(21,083)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III)		**16,837**	**155,813**
Cash and cash equivalents at beginning of period		156,753	940
Cash and cash equivalents at end of period		173,590	156,753

The accompanying Notes 1 to 20 and Appendix I are an integral part of the statement of cash flows for 2017.

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

Cellnex Telecom, S.A.

Notes to financial statements
for the year ended
31 December 2017

1. General information

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

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

- The establishment and operation of all kinds of telecommunication infrastructures and/or networks, as well as the provision, management, marketing and distribution, on its own account or for third parties, of all types of services based on or through such infrastructures and/or networks.

- The planning, technical assistance, management, organisation, coordination, supervision, maintenance and conservation of these facilities and services under any type of contractual arrangement permitted by law, especially administrative concessions.

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

The Company is the Parent of a group of subsidiaries, and under current legislation it is required to draw up separate consolidated financial statements. The consolidated financial statements of the Cellnex Group for 2016 were drawn up by the Directors at a Board meeting on 16 February 2017.

The main figures of the consolidated financial statements for 2017, which were drawn up in accordance with Final Provision Eleven of Law 62/2003 of 30 December, under International Financial Reporting Standards adopted by the European Union, are as follows:

	Thousands of Euros
	2017
Total assets	4,056,166
Equity (of the Parent)	502,440
Equity (of non-controlling interests)	142,474
Income from consolidated operations	789,343
Profit for the year attributable to the parent	32,933
Profit for the year attributable to non-controlling interests	2,140

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

2. Basis of presentation

2.1. Regulatory financial reporting framework applicable to the Company

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

- The Spanish Commercial Code, the Spanish Limited Liability Companies Law, Spain's Law on Structural Changes and other business legislation.
- Spain's National Charter of Accounts approved by Royal Decree 1514/2007 and sector-specific adaptations, and also Royal Decree 1159/2010 of 17 September amending certain portions of the National Charter of Accounts.
- The mandatory rules approved by the Spanish Accounting and Audit Institute to implement the National Charter of Accounts and supplementary regulations.
- Any other applicable Spanish accounting regulations.

2.2. True and fair image

These financial statements were drawn up on the basis of the Company's accounting records and are presented in accordance with the applicable regulatory financial reporting framework, especially the accounting principles and criteria laid down therein. They were drawn up by the Directors of the Company in order to express a true and fair image of its assets, financial position, results from its operations, changes in equity and changes in cash flows, in accordance with the aforementioned current legislation in force. They will be submitted for approval by the General Meeting of Shareholders, and it is expected that they will be approved without any changes.

The 2016 financial statements were approved by the General Shareholders' Meeting of Cellnex Telecom, S.A. on 27 April 2017.

2.3. Non-mandatory accounting principles applied

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

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

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

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

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

- Recoverable amount of investments in Group companies and associates and loans to Group companies (see Notes 4.4 and 8).

- The criterion of recognition of deferred taxes (see Notes 4.7 and 13).

- Assessment of litigations, commitments and contingent assets and liabilities at year-end (see Notes 4.9 and 16).

- Valuation of derivatives and other financial instruments (see Notes 9.1 and 12.3).

2.5. Comparative information

The application of the accounting criteria in 2017 and 2016 has been uniform, therefore there are no transactions or operations that have been recorded following different accounting principles that could lead to discrepancies in the interpretation of the comparative figures for both periods.

The information in the accompanying notes to the 2017 financial statements is presented for the purposes of comparison with information relating to 2016.

2.6. Correction of errors

No significant errors in the preparation of the accompanying financial statements were detected that required the figures disclosed in the 2016 financial statements to be restated.

2.7. Grouping of items

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

2.8. Going concern

At 31 December 2017 and 2016, the accompanying balance sheet show a negative working capital of EUR 192,233 thousand and EUR 145,364 thousand respectively. This was due to the credit facilities (cash pooling) signed by the Company with Cellnex Italia, S.r.L., Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and Shere Group Limited (see Note 17.3), which were classified as current on the accompanying balance sheet as their maturity date is in the following twelve month, and they may be renewed tacitly. The Company's Directors drew up these financial statements on the going-concern principle, with consideration given, as mitigating factors, to the belief that generating cash flows on operations in accordance with the Cellnex Group business plan will be sufficient to fund the operations planned for 2018, and the acknowledgement by Cellnex Italia, S.r.L., Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and Shere Group Limited that they will not enforce these credit facilities.

In addition, the Company holds loans and credit facilities for an overall of EUR 1,035,418 thousand and EUR 669,100 thousand, which have not been drawn down at 31 December 2017 and 31 December 2016, respectively (see Note 12).

3. Proposed distribution of profit

The distribution of 2017 profit proposed by the Company's Directors for approval by the General Shareholders' Meeting is as follows:

	Thousands of Euros
Basis of distribution:	
Profit for the year	19,381
	19,381
Distribution:	
Interim dividend	10,194
Other reserves	9,187
	19,381

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

In 2017 an interim dividend totalling EUR 10,194 thousand was paid out, equivalent to EUR 0.044 gross per share, payable for each of the shares that make up the share capital of the Company (EUR 10,194 thousand equivalent to EUR 0.044 gross per share, in 2016).

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

2017

	Thousands of Euros
Net profit for the period 01/01/2017 to 30/09/2017	**14,099**
To deduct:	
Legal reserve	-
Available for interim dividend	14,099
Total interim dividend 2017	**10,194**
Available in lines of credit for Cellnex Telecom, S.A. at 30/09/2017	1,130,116
Available in bank accounts at 30/09/2017	259,966
Collections-Payments scheduled up to 31/12/2017	(169,647)
Liquidity available prior to payment	**1,220,435**
Interim dividend	(10,194)
Liquidity available after payment	**1,210,241**

2016

	Thousands of Euros
Net profit for the period 01/01/2016 to 31/10/2016	**21,855**
To deduct:	
Legal reserve	-
Available for interim dividend	21,855
Total interim dividend 2016	**10,194**
Available in lines of credit for Cellnex Telecom, S.A. at 31/10/2016	615,000
Available in bank accounts at 31/10/2016	71,473
Collections-Payments scheduled up to 31/12/2016	(87,618)
Liquidity available prior to payment	**598,855**
Interim dividend	(10,194)
Liquidity available after payment	**588,661**

4. Accounting policies and measurement bases

The main accounting policies and measurement bases used by the Company in drawing up its financial statements for 2017 and 2016, in accordance with Spain's National Charter of Accounts, were as follows:

4.1. Intangible assets

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

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.

Computer software

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

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

4.2. Property, plant and equipment

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

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

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

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

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

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

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

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately reduced to its recoverable amount, and the effect is taken to the income statement for the year (see Note 4.3).

4.3. Impairment of non-financial assets

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

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

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

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

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

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

4.4. *Financial assets*

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

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

The Company's financial assets are classified as:

a) Loans and receivables

Loans and receivables are financial assets originating from the sale of goods or the rendering of services in the originary course of the Company's business, or those that are not of commercial origin, are not equity instruments or derivative, have fixed or determinable payments and are not traded on an active market.

This account mainly relates to:

- 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 on initial recognition. This value is reduced, if necessary, by provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be collected in full, with an impact on the income statement for the year.

- Receivables from loans with group companies, associates, or related entities which are measured at their nominal value (which does not differ significantly from their amortised cost using the effective interest method).

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

b) Equity investments in Group companies and associates

Group companies are deemed to be those related to the Company as a result of control relationship and associates are companies over which the Company exercises significant influence.

These are stated at cost less any accumulated valuation adjustments due to impairment and, if a hedge of a net investment in a foreign operation is designated, adjusted by the part of the hedge that meets the criteria for qualifying as an effective hedge. Nevertheless, when there is an investment prior to its classification as a Group company or associate, the cost of the investment is its carrying amount before it is classified as such. The preceding valuation adjustments recognised directly in equity are maintained until the asset is derecognised.

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

The Company derecognises a financial asset when the right to receive the asset's cash flows has expired or has been transferred and substantially all the risks and rewards of ownership have been transferred.

The assets that are designated as hedges are subject to the valuation requirements of hedge accounting (see Note 4.6).

4.5. *Financial liabilities*

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

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

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

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

4.6. *Derivative financial instruments and hedge accounting*

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

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

The fair value of the derivative financial instruments used for hedging purposes is set out in Notes 9.1 and 12.

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

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

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

a) Cash flow hedge

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

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

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

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

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

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

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

c) Derivatives not recognised as hedges

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

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

d) Fair value and valuation techniques

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

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

- Level 1 - Inputs are based on quoted prices (unadjusted) for identical instruments in active markets.

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

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

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

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

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

4.7. Income tax

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

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

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

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

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

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

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

4.8. *Employee benefits*

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

(i) Post-employment obligations:

Defined-contribution obligations

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

Defined-benefit obligations

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

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

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

(ii) Termination benefits

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

(iii) Obligations arising from plans for termination of employment

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

(iv) Long-term Incentive Plan

The amounts considered by the Company in relation to the Long Term Incentive Plans which were formalised in 2015 and 2017 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described below:

On 10 April 2015 the Long Term Incentive Plan (2015-2017) was approved for certain employees. This plan accrues from May 2015 until 31 December 2017 and is payable once the Group's annual accounts corresponding to the 2017 financial year have been approved. The beneficiaries of the Plan are the Chief Executive Officer, the Senior Management and some key employees of the Cellnex Group (up to a maximum of 32 people). 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%:

- The share price appreciation calculated between the initial starting price of the IPO and the average price in the last quarter of 2017, weighted by the volume ("vwap"), following a scale of achievement.

- The attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

With regards to the LTIP (2015-2017) dated 10 April 2015 for the benefit of certain employees, the weighted average degree of fulfilment of the following two objectives was 111%. For the first objective, which was related to Cellnex share price appreciation, the percentage of attainment was 120% and for the second objective, which was related to the Adjusted EBTIDA figure obtained as at 31 December 2017, the percentage of attainment was 102%.

The cost of the LTIP (2015-2017) for Cellnex, anticipating that the maximum degree of fulfilment of the objectives will be obtained, is currently estimated at EUR 4.4 million.

In addition, on 27 April 2017 the Group approved the LTIP (2017-2019) for certain employees, which is divided into two phases

- 2017-2018: this accrues from 1 January 2017 until 31 December 2018 and is payable once the Group's annual accounts corresponding to the 2018 financial year have been approved.

- 2018-2019: this accrues from 1 January 2018 until 31 December 2019 and is payable once the Group's annual accounts corresponding to the 2019 financial year have been approved.

The beneficiaries are the CEO, Senior Management and several key employees of the Cellnex Group (up to a maximum of 50 staff approximately). The amount receivable by the beneficiaries will be determined by the degree of fulfilment of certain objectives regarding Cellnex's relative share price performance, and the attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

The cost of the Long Term Incentive Plan (2017-2019) for Cellnex if it were to reach the maximum level of achievement of the objectives is estimated at approximately EUR 5.8 million.

4.9. Provisions and contingent liabilities

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

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

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

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

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

4.10. Recognition of revenue and expenses

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

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

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

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

4.11. Leases

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

4.12. Cash and cash equivalents

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

4.13. Treasury shares

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

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

4.14. Related party transactions

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

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

4.15. Transactions in currencies other than the euro

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

4.16. Activities affecting the environment

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

4.17. Current and non-current items

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

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

5. Financial risk management

5.1. Factors of financial risk

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

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

a) Foreign-exchange risk

Foreign-exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

The foreign-exchange risk on net assets of Company operations in non-euro currencies is managed, mainly, by raising debt in the corresponding currencies and/or through the use of cross-currency and interest-rate swaps.

The strategy of hedging foreign currency risk in Company investments in non-euro currencies must tend towards a full hedge of this risk, and must be implemented over a reasonable period of time depending on the market and the prior evaluation of the effect of the hedge.

b) Interest rate risk

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

Borrowings issued at floating rates expose the Company to cash flow interest rate risk, while fixed-rate borrowings expose it to fair value interest rate risk. Additionally any increase in interest rates would increase the Company’s finance costs related to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and the cost of 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 income statement in a multi-annual setting.

The Company may use derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments were classified as cash flow hedges and recognised at fair value (both initially and subsequently), using valuations based on the analysis of discounted cash flows with assumptions that are mainly based on the market conditions at the balance sheet date for unlisted derivative instruments (see Notes 4.6, 9.1 and 12).

On December 31, 2017 there is financing granted by third parties covered by interest rate hedging mechanisms (see Notes 9.1 and 12).

c) Credit risk

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

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

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

d) Liquidity risk

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

e) Inflation risk

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

5.2. Fair value measurements

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

6. Intangible assets

The changes in this heading on the balance sheets in 2017 and 2016 are as follows:

2017

	Thousands of Euros
	Computer software
At 31 December 2016	
Cost	5,533
Accumulated amortisation	(815)
Carrying amount	**4,718**
Carrying amount at beginning of period	4,718
Additions	4,560
Amortisation charge	(1,770)
Carrying amount at end of period	**7,508**
At 31 December 2017	
Cost	10,093
Accumulated amortisation	(2,585)
Carrying amount	**7,508**

2016

	Thousands of Euros
	Computer software
At 31 December 2015	
Cost	1,252
Accumulated amortisation	(36)
Carrying amount	**1,216**
Carrying amount at beginning of period	1,216
Additions	4,281
Amortisation charge	(779)
Carrying amount at end of period	**4,718**
At 31 December 2016	
Cost	5,533
Accumulated amortisation	(815)
Carrying amount	**4,718**

The additions of the 2017 and 2016 exercises correspond to the improvement and adaptation of software developments.

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

At 31 December 2017 and 2016, no totally amortised intangible assets were in operation.

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

7. Property, plant and equipment

The changes in this heading on the balance sheets in 2017 and 2016 were as follows:

2017

	Thousands of Euros			
	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment under construction	Total
At 31 December 2016				
Cost	155	1,668	25	1,848
Accumulated amortisation	-	(138)	-	(138)
Carrying amount	**155**	**1,530**	**25**	**1,710**
Carrying amount at beginning of period	155	1,530	25	1,710
Additions	158	953	80	1,191
Amortisation charge	(8)	(338)	-	(346)
Transfers	1	25	(26)	-
Carrying amount at end of period	**306**	**2,170**	**79**	**2,555**
At 31 December 2017				
Cost	314	2,646	79	3,039
Accumulated amortisation	(8)	(476)	-	(484)
Carrying amount	**306**	**2,170**	**79**	**2,555**

2016

	Thousands of Euros			
	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment under construction	Total
At 31 December 2015				
Cost	-	500	-	500
Accumulated amortisation	-	(14)	-	(14)
Carrying amount	**-**	**486**	**-**	**486**
Carrying amount at beginning of period	-	486	-	486
Additions	155	1,168	25	1,348
Amortisation charge	-	(124)	-	(124)
Carrying amount at end of period	**155**	**1,530**	**25**	**1,710**
At 31 December 2016				
Cost	155	1,668	25	1,848
Accumulated amortisation	-	(138)	-	(138)
Carrying amount	**155**	**1,530**	**25**	**1,710**

The additions of the 2017 and 2016 periods correspond mainly to the adaptation and improvement of the offices where the Company carries out its activity.

All the PPE described in the table above (excluding “lands”) have definite useful lives.

At 31 December 2017 and 2016, no totally depreciated property, plant and equipment were in operation.

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

8. Investments in Group companies and associates

8.1. Equity instruments

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

At 31 December 2017 and 2016 there were no investees which, with a stake of less than 20%, it may be concluded there was significant influence or, in the case of investees with a stake of more than 20%, it may be concluded there was no significant influence.

The detail of this item is as follows:

2017

Shareholding in Group companies	Thousands of Euros
At 31 December 2016	**1,920,731**
Additions-	
On Tower Telecom Infraestructuras, S.A.U.	367,254
Cellnex France, S.A.S.	438,091
Cellnex France Groupe, S.A.S.	1,050
Cellnex Switzerland AG	165,482
Cellnex Netherlands BV	403,085
Cellnex Telecom España, S.L.U.	3
Disposals-	
Shere Group Limited	(283,240)
	1,091,725
At 31 December 2017	**3,012,456**

2016

Shareholding in Group companies	Thousands of Euros
At 31 December 2015	**1,314,126**
Additions-	
Cellnex Netherlands, B.V.	112,066
Cellnex France, S.A.S.	80,000
Shere Group Limited	414,539
	606,605
At 31 December 2016	**1,920,731**

The main additions in 2017 relate to the following transactions:

i) *On Tower Telecom Infraestructuras, S.A.*

On January 10, 2017, the company On Tower Telecom Infraestructuras, S.A. (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of EUR 36,725 thousand with an issue premium of EUR 330,529 thousand. This capital increase, for a total amount of EUR 367,254 thousand, was subscribed by Cellnex Telecom, S.A. by offsetting part of the credit rights derived from a long-term credit agreement granted to the company on December 17, 2013.

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

On January 11, 2017, the company Cellnex France, S.A.S. (Sole proprietorship 100% owned by Cellnex Telecom, S.A.), formalized an increase in share capital in the amount of EUR 1,980 thousand with an issue premium of EUR 69,309 thousand. This capital increase, for a total amount of EUR 71,289 thousand, was subscribed by Cellnex Telecom, S.A. by offsetting part of the credit rights derived from a short-term credit agreement granted to the company on September 29, 2016.

Additionally, dated December 18, 2017 Cellnex France, S.A.S. It formalized a second capital increase in the amount of EUR 10,288 thousand with an issue premium for an amount of EUR 356,514 thousand. This capital increase, for a total amount of EUR 366,802 thousand, was subscribed by Cellnex Telecom, S.A. by offsetting part of the credit rights derived from a short-term credit agreement granted to the company on September 29, 2016.

iii) Cellnex France Groupe, S.A.S..

On March 23, 2017, Cellnex Telecom, S.A. It formed the Cellnex France Groupe, S.A.S., through the creation of 1,050 thousand shares with a par value of 1 euro fully paid at the time of incorporation.

iv) Cellnex Switzerland AG

During the second quarter of 2017, Cellnex Telecom, S.A. formed the Swiss company Cellnex Switzerland AG ("Cellnex Switzerland") with a capital stock of CHF 100 thousand through the creation of 100,000 shares with a nominal value of CHF 1 Swiss franc per share.

Subsequently, on May 23, 2017, the Company proceeded to sell 46,320 shares of Cellnex Switzerland, representing 46% of the share capital of the aforementioned company to Swiss Life GIO II EUR Holding S.a.r.l. ("Swiss Life") and DTCP NL II C.V. ("Deutsche Telekom Capital Partners", DTCP) for a total amount of CHF 46,320.

After the aforementioned operation, the Company holds a representative stake of 54% of the capital stock of Cellnex Switzerland.

In addition, on July 24, 2017, a capital contribution of CHF 193,594 thousand was made to finance the purchase of the Swiss Towers AG Company. This capital contribution did not mean an increase in the shares that the Company has in Cellnex Switzerland.

v) Cellnex Netherlands BV

On September 7, 2017, the Company executed a capital contribution amounting to EUR 125,000 thousand on the company Cellnex Netherlands BV ("Cellnex Netherlands") to finance the purchase of the subgroup Infracapital Alticom. This capital contribution did not mean an increase in the shares that the Company has in Cellnex Netherlands.

Additionally, Cellnex Netherlands acquired of 100% of the shares of Shere Masten, B.V., up to the date owned by Shere Group Netherlands, B.V., for its book value of EUR 278 million.

To finance this acquisition Cellnex Telecom, S.A. made a capital contribution to Cellnex Netherlands for the same amount.

vi) Cellnex Telecom España, S.L.U.

On August 2, 2017, the Company established the company Cellnex Telecom España, S.L.U. with a share capital of EUR 3 thousand, fully disbursed at the time of incorporation.

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

During the current financial year 2017, the net investment coverage in foreign businesses of certain companies as Shere Group Limited and Cellnex Switzerland resulted in a decrease in the cost of the investment in these investees amounting to EUR 5,157 thousand and EUR 5,000 thousands, respectively (increase of EUR 5,904 thousand and EUR 0 thousand respectively in 2016). This variation was made with a balancing entry in the income statement for the year (under the heading "Variation in the fair value of financial instruments") due to the effect of the exchange rate on the part of the coverage considered as effective coverage, said impact being offset due to the effect of the contracted coverage (see Note 12), also recorded in the same section of the income statement (see Note 15.5).

The main additions in 2016 relate to the following transactions:

viii) Cellnex Netherlands BV

On 27 May 2016 the Company reached an agreement to acquire 100% of the share capital of Protelindo Netherlands, BV (which, in turn, owned all the shares of Protelindo Towers, BV), a subsidiary of the Indonesian telecommunications towers group PT Sarana Menara Nusantara for EUR 112 million. As a result of the acquisition, Cellnex directly owns all the shares of Protelindo Netherlands BV and, consequently, all the shares of Protelindo Towers BV.

On 1 July 2016 Protelindo Netherlands B.V. changed its name to Cellnex Netherlands B.V. On 24 October 2016 Protelindo Towers B.V. changed its name to Towerlink Netherlands B.V.

ix) Cellnex France, S.A.S.

On 8 July 2016 Cellnex Telecom, S.A. incorporated the company Cellnex France, S.A.S. with a share capital of EUR 1. Subsequently, on 13 Septermber 2016, Cellnex France, S.A.S. increased its share capital by EUR 19,999 with a share premium of EUR 79,980 thousand, of which, EUR 2 thousand were used to constitute its legal reserve. This increase in share capital, for the amount of EUR 80,000 thousand, was fully subscribed by Cellnex Telecom.

x) Subgroup Shere Group

On 29 September 2016, the Company signed a contract with Arcus Infrastructure Partners and other minority shareholders to purchase 100% of the share capital of Shere Group Limited, owner of 1,004 sites located in the Netherlands and UK for a total of EUR 409 million. The transaction was completed on 15 October 2016, following several administrative authorizations.

8.2. Impairment

As indicated in Note 4.4, at the end of the year, the Company evaluates whether any of the investments recorded in books show signs of impairment and, if applicable, their recoverable value.

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

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

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

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

- All cash generating units (CGU), except for TowerCo and Commscon, were projected up to 2040 in line with the duration of service contracts in the telecommunications infrastructure services business segment. Since TowerCo's business is based on a concession agreement with Atlantia, this CGU was projected until the end of the concession in 2038. Commscon's business has a different market dynamics and the average duration of the contract is 9 years.

- The projections of income and expenses of the impairment tests of the previous year have been reviewed to evaluate possible deviations. In this sense, no significant deviations have been observed in the review of the impairment tests for 2016 with respect to the results for the year 2017.

- The corresponding projections of income and expenses have been made, according to the following general criteria:

    - In terms of business activity, the growth of the consumer price index (CPI) in each country in which the company operates, provided by the corresponding official bodies of each country (affected), has been taken as a reference for its estimation. by the correctors that are applicable in each case), in the activity of the Infrastructure business for mobile telecommunications operators has been estimated taking as reference the expected growth based on the agreements they have with different customers and the possibilities of co-location in based on the configuration and distribution of the acquired network, and other specific aspects that could affect future activity.

    - For expenses, the trends were considered in light of the expected changes in the respective CPI and the projected performance of the business.

    - Additionally, the Group considered the impact of the maintenance of the infrastructure that will be carried out, using the best estimates available based on the Group's experience and taking into account the projected return of the activity.

- The residual value calculated in each of the prepared tests, through the evaluation of the reasonableness of the perpetuity growth rate used.

- The cash projections obtained from the projection of income and expenses carried out according to the above-mentioned criteria, have been updated to the discount rate resulting from adding to the cost of money without risk in the long term, the risk premium assigned by the market to the country where the activity of the company is carried out, the risk premium assigned by the market to each business (both considering a long-term vision).

- In general, the projections are based on the 2018 budget and the last approved long-term projection.

As a result of the foregoing, during the 2017 and 2016 periods the need to record impairment losses in any of the investments recorded under this heading has not been revealed.

As of December 31, 2017 and 2016, there is no provision for impairment of the value of the shares held in Group companies and associates.

8.3. Other information

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

9. Current and non-current financial investments

The breakdown of financial investments by categories is as follows:

	Thousands of Euros	
	31/12/2017	31/12/2016
	Non-current	Non-current
Investment fund	294	210
Derivatives	164	-
Deposits and guarantees	379	333
Total	**837**	**543**

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

In 2017 and 2016 additional contributions were made in the amount of EUR 84 and 60 thousand in each financial year.

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

In the "Derivatives" heading, the Company records the fair value of the cash flow hedging derivatives related to the issuance of floating rate debentures issued during the year (see note 12.1).

9.1. Derivative financial instruments

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

a) Cash flow hedge

2017

			Thousands of Euros				
	Classification	Type	Contracted amount	Expiration	Inefficacy Registered in P&L	Fair Value	
						Asset	Liabilitie
Interest rate swap	Interest rate coverage	Variable to fixed	60,000	07/04/2026	-	126	-
Interest rate swap	Interest rate coverage	Variable to fixed	20,000	07/04/2026	-	38	-
						164	-

2016

At the end of 2016, the Company had not contracted derivative financial instruments to hedge cash flows.

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

2017

	Classification	Thousands of Euros				
		Contracted amount	Expiration(*)	Inefficacy Registered in P&L	Fair Value	
					Asset	Liabilitie
Loan in sterling	Exchange rate coverage	131,297	30/11/2019	-	-	119,361
Loan in Swiss francs	Exchange rate coverage	165,229	30/06/2019	-	-	150,208

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

2016

	Classification	Thousands of Euros				
		Contracted amount	Expiration(*)	Inefficacy Registered in P&L	Fair Value	
					Asset	Liabilitie
Loan in sterling	Exchange rate coverage	136,039	30/11/2019	-	-	123,672

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

10. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	Thousands of Euros	
	31/12/2017	31/12/2016
Cash	118,574	97,742
Cash equivalents	55,016	59,000
Bank interest	-	11
Total	**173,590**	**156,753**

At 31 December 2017 the Company had fixed-term deposits with two banks, in the total amount of EUR 55,016 thousand (EUR 59,000 thousand on 31 December 2016). It was created on 19 October 2017, with a 92-day maturity (30 December 2016 and 13 day maturity in 2016).

11. Net equity

11.1. Capital and treasury shares

Share capital

At 31 December 2017 and 2016, Company share capital was composed of 231,683,240 ordinary registered shares, cumulative and indivisible, each with a nominal value of EUR 0.25, fully subscribed and paid up.

According to communications issued to the Spanish National Securities Market Commission (CNMV) on the number of company shares, the shareholders with significant direct or indirect stakes in the Company's share capital were as follows at 31 December 2017 and 2016:

	% stake	
	2017	2016
Abertis Infraestructuras, S.A.	34.00%	34.00%
Blackrock, Inc (1)	4.99%	5.54%
MFS Investment Management (2)	5.11%	0.00%
Criteria Caixa, S.A.U.	5.00%	5.00%
Threadneedle Asset Management Ltd (3)	4.90%	7.76%
Total	**54.00%**	**52.30%**

(1) Corresponds to managed collective institutions with a percentage lower than 5%. In addition, there is a total holding of 1.06% through financial instruments connected to shares in the Company. At the year-end 2016, this shareholding was through Blackrock Advisors, LLC of 3.22% and the rest corresponded to managed collective institutions with a percentage lower than 3%. In addition, there was a total holding of 0.38% through financial instruments connected to shares in the Company.

(2) MFS Investment Management controls 4.51% of the rights to vote through Massachusetts Financial Services Company. The remaining collective institutions have a shareholding lower than 3%.

(3) Threadneedle Asset Management Ltd controls 4.90% of the rights to vote across several investment funds and other accounts. None of the above mentioned funds and/or accounts have a shareholding higher than 3%. At 2016 year-end Threadneedle Asset Management Ltd controlled 7.76 % 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 %.

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

In accordance with the agreements of the Annual General Shareholders’ Meeting and in accordance with the terms established in article 297.1(b) of the Spanish Limited Liability Companies Act, to delegate to the company’s Board of Directors the power to increase the share capital, in one go or in various successive increases, by up to half of the current share capital at any time within five years of the date on which this decision was adopted. The granting of the power to exclude pre-emptive subscription rights is explicitly set out, in accordance with the provisions of article 506 of said Act (although this power will be limited to capital increases carried out up to an amount equivalent to 20% of the Company’s share capital on the date that the decision became effective); and all of these powers may be delegated to any of the Board members.

Furthermore, in accordance with these AGSM (“Annual General Shareholders Meeting”) agreements, the following powers were delegated to the Board of Directors of the Company:

i. The power to issue convertible bonds up to an amount of EUR 750 million.
ii. The power to purchase treasury shares up to a limit of 10% of the share capital of the Company.

In addition, the Annual General Meeting of Shareholders on 30 June 2016 approved the modification of the AGM rules in order to adjust the drafting thereof to comply with the modification in article 406 of the Spanish Companies Act, which was altered due to article 45 of the Law 5/2015, such that the Board of Directors has the authority to agree the issuance and placement in regulated markets of bonds, and agree to confer guarantees for the issuance of bonds. The Annual General Shareholders' Meeting is authorized to agree the issuance of bonds convertible to shares or bonds that offer the bondholders a share in corporate earnings.

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.

The acquisition of treasury shares has been carried out by means of a liquidity contract (1) signed by Cellnex on 31 May 2016 with Santander Investment Bolsa, Sociedad de Valores, S.A.U. in order to manage its portfolio of treasury shares.

The liquidity contract lasts for twelve months and can be renewed tacitly at yearly intervals. The number of shares initially subject to the agreement amounts to 139,000 shares and the amount transferred to the cash account amounts to EUR 2,000 thousand. As at 31 December 2017 the Company has registered a profit of EUR 743 thousand (a loss of EUR 267 thousand in 2016), net of fees and commissions as a result of these operations and this has been taken as a reserve movement in the balance sheet.

As a result of the operations carried out, the balance of treasury shares as at 31 December 2017 represents 0.04% of the share capital of Cellnex Telecom, S.A. (0,09% as at 31 December 2016.)

The movement in the portfolio of treasury shares in 2017 were as follows:

	Number (Thousands of Shares)	Average price	Purchases /Sales (Thousands of Euros)
At 1 January 2017	197	13.675	2,694
Purchases	15,827	17.112	270,817
Sales	(15,937)	17.045	(271,652)
At 31 December 2017	**87**	**21.427**	**1,859**

11.2. Share premium

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

At 31 December 2017 and 2016, there were no changes in this heading.

(1) Liquidity contract in accordance with the CNMV circular 1/2017 of 26 April covering liquidity contracts for the purpose of their acceptance as market practice.

11.3. Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	31/12/2017	31/12/2016
Legal reserve	11,584	11,584
Voluntary reserves	45,653	36,411
Other reserves	476	(267)
	57,713	**47,728**

Legal reserve

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

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

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

At 31 December 2017 and 2016, the legal reserve had reached the legally established minimum.

Voluntary reserves

Voluntary reserves are unrestricted.

11.4. Dividends

On April 27, 2017, the General Shareholders' Meeting of Cellnex approved the payment of a complementary dividend for the year 2016 of EUR 0.042325 gross per share, which accounted for EUR 9,806 thousand.

As detailed in Note 3, during fiscal year 2017, an interim dividend of EUR 10,194 thousand was distributed, representing EUR 0.044 gross for each of the shares comprising the share capital of the company. the Company (EUR 10,194 thousand at the end of 2016, representing EUR 0.044 gross per share).

12. Current and non-current debt

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

	Thousands of Euros					
	Debits and payables					
	31/12/2017			31/12/2016		
	Corriente	No corriente	Total	Corriente	No corriente	Total
Bond Issues	29,474	1,869,145	1,898,619	12,527	1,397,939	1,410,466
Loans and credit facilities	1,588	500,279	501,867	1,540	278,247	279,787
Derivatives	181	-	181	-	-	-
Other financial liabilities	14,985	-	14,985	3,353	-	3,353
Total	**46,228**	**2,369,424**	**2,415,652**	**17,420**	**1,676,186**	**1,693,606**

During the period ended at 31 December 2017, Cellnex has increased its gross financial debt (which does not include "Derivative financial instruments" or "Other financial liabilities") by EUR 710,233 thousand, up to EUR 2,400,486 thousand, mainly due to the issue of EUR 475,000 thousand in bonds and the drawdown in loans and credit facilities as explained below.

As at 31 December 2017, Cellnex weighted average cost of debt (considering both the drawn and undrawn borrowings) would be 2.0% (2.0% as at 31 December 2016) and the weighted average cost of debt (considering only the drawn down borrowings) was 2.5% (2.5% as at 31 December 2016).

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

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

As at 31 December 2017 and 31 December 2016, the breakdown of the Group's borrowings (i) by maturity, (ii) by type of debt and (iii) by currency was as follows (excluding debt with companies accounted for using the equity method):

(i) *Borrowings by maturity*

2017

	Thousands of Euros							
	Limit	Current	Non-current					Total
			2019	2020	2021	2022	2023 and subsequent years	
Bond issues	1,890,000	32,962	-	-	-	600,000	1,290,000	1,922,962
Accrual of bond arrangement expenses		(3,488)	(3,641)	(3,805)	(3,980)	(3,570)	(5,859)	(24,343)
Loans and credit facilities	1,538,398	2,135	179,725	625	80,625	625	240,754	504,489
Accrual of loans and credit facilities arrangement expenses		(547)	(559)	(414)	(341)	(303)	(458)	(2,622)
Derivatives	-	181	-	-	-	-	-	181
Other financial liabilities	-	14,985	-	-	-	-	-	14,985
Total	**3,428,398**	**46,228**	**175,525**	**(3,594)**	**76,304**	**596,752**	**1,524,437**	**2,415,652**

2016

	Thousands of Euros							
	Limit	Current	Non-current					Total
			2018	2019	2020	2021	2022 and subsequent years	
Bond issues	1,415,000	15,254	-	-	-	-	1,415,000	1,430,254
Accrual of bond arrangement expenses		(2,727)	(2,808)	(2,892)	(2,978)	(3,067)	(5,316)	(19,788)
Loans and credit facilities	947,598	1,708	72,706	125,792	-	80,000	-	280,206
Accrual of loans and credit facilities arrangement expenses		(168)	(68)	(69)	(70)	(44)	-	(419)
Other financial liabilities	-	3,353	-	-	-	-	-	3,353
Total	**2,362,598**	**17,420**	**69,830**	**122,831**	**(3,048)**	**76,889**	**1,409,684**	**1,693,606**

(ii) *Borrowings by type of debt*

	Thousand of Euros					
	31/12/2017			31/12/2016		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues	1,890,000	1,890,000	-	1,415,000	1,415,000	-
Loans and credit facilities	1,538,398	502,980	1,035,418	947,598	278,498	669,100
Total	**3,428,398**	**2,392,980**	**1,035,418**	**2,362,598**	**1,693,498**	**669,100**

As at 31 December 2017, the total limit of loans and credit facilities available was EUR 1,538,398 thousands (EUR 947,598 thousands as at 31 December 2016), of which EUR 1,139,533 thousands in credit facilities and EUR 398,865 thousands in loans (EUR 867,598 thousands in credit facilities and EUR 80,000 thousands in loans as at 31 December 2016).

Furthermore, of the EUR 1,538,398 thousand of loans and credit facilities available (EUR 947,598 thousand as at 31 December 2016), EUR 456,898 thousand (EUR 267,598 thousand as at 31 December 2016) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and US dollar (USD).

As at 31 December 2017 the amount drawn down of the loans and credit facilities was EUR 502,980 thousand (EUR 278,498 thousand drawn down as at 31 December 2016).

(iii) Borrowings by currency

	Thousand of Euros	
	31/12/2017(*)	31/12/2016(*)
Euro	2,100,165	1,535,221
GBP	175,316	178,592
CHF	167,136	-
Total	**2,442,617**	**1,713,813**

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

As described in Note 4.6 of these annual accounts, the foreign exchange risk on the net investment of operations of Company denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency.

In this regard, as at 31 December 2017 and 2016, the Company maintains borrowings in GBP, which act as a natural hedge of the net investment of the Shere UK Group. These borrowings amount to GBP 155,546 thousand with a Euro value of EUR 175,316 thousand (GBP 152,907 thousand with a Euro value of EUR 178,592 thousand as at 31 December 2016) and are held by means of various credit facilities denominated in GBP. These non-derivate financial instruments are assigned as net investment hedges against the net assets of the Shere UK Group. The maturities of these borrowings are between 2019 and 2021.

In addition, as at 31 December 2017, the Company maintains borrowings in CHF, which act as a natural hedge of the net investment in Cellnex Switzerland. Such borrowings amount to CHF 195,583 thousand with a Euro value of EUR 167,136 thousand (CHF zero with a Euro value of EUR zero at 31 December 2016) and are held by means of various facilities denominated in CHF. These non-derivate financial instruments are assigned as net investment hedges against the net assets of Cellnex Switzerland. The maturity of these borrowings is in 2023.

12.1. Bond issues

In May 2015 the Company established a Euro Medium Term Note (EMTN) Programme. This Programme is registered on the Irish Stock Exchange and is renewed annually. As at 31 December 2017, this EMTN Programme allows the issue of bonds in the aggregate amount of up to EUR 3,000 million and the latest renewal date is May 2017.

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).

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

2017

Issue date	Duration	Maturity date	Fitch / S&P rating	ISIN	Fixed coupon payable per annum	Thousands of Euros	
						Amount of issue	**Amount of issue at 31 December 2017**
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.125%	600,000	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.375%	750,000	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.875%	65,000	65,000
18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.875%	335,000	335,000
07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%(1)	80,000	80,000
03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000	60,000
						1,890,000	**1,890,000**

(1) Coupon covered with an interest rate hedge derivative. See section of derivative financial instruments.

2016

Issue date	Duration	Maturity date	Fitch / S&P rating	ISIN	Fixed coupon payable per annum	Thousands of Euros	
						Amount of issue	**Amount of issue at 31 December 2017**
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.125%	600,000	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.375%	750,000	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.875%	65,000	65,000
						1,415,000	**1,415,000**

The bond issues have certain associated costs, customary in this type of transactions, such as arrangement expenses and advisers' fees. These amount to EUR 7,841 thousand in relation to the bonds issued in 2017 (EUR 13,196 thousand in 2016), which the Company defers over the life of the bonds and are taken to the income statement following a financial criteria. In this regard, an amount of EUR 24,343 thousand and EUR 19,788 thousand was deducted from bond issues in the Balance Sheet as at 31 December 2017 and 31 December 2016 respectively.

The arrangement expenses and adviser's fees accrued in the Income Statement for the period ended 31 December 2017 in relation to the bond issues amounted to EUR 3,286 thousand (EUR 1,759 thousand in 2016).

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.

This put option can only be triggered if a change of control event occurs (whether due to the acquisition of 50% of shares with voting rights or due to obtaining the right to appoint or dismiss the majority of the members of the Company's Board of Directors) and there is a rating downgrade caused by this change of control event.

Bonds obligations and restrictions

As at 31 December 2017 and 2016, the Company has no restrictions regarding the use of capital resources nor has guarantees and the bonds rank pari passu with the rest of the unsecured and unsubordinated borrowings.

12.2. Loans and credit facilities

As at 31 December 2017, the total limit of loans and credit facilities available was EUR 1,538,398 thousands (EUR 947,598 thousands as at 31 December 2016), of which EUR 1,139,533 thousands in credit facilities and EUR 398,865 thousands in loans (EUR 867,598 thousands in credit facilities and EUR 80,000 thousands in loans as at 31 December 2016).

During the period ended at 31 December 2017, the Company has formalized two loans in the amount of EUR 56,500 thousand and EUR 100,000 thousand, with a fixed interest rate of 3.25%, and a variable with a margin referenced in EURIBOR, respectively, and a maturity date of 2027 and 2029.

In addition, the Company has contracted new credit policies with a limit of EUR 275,000 thousand, a variable interest rate and a margin referenced in EURIBOR and due between 2019 and 2021, with the possibility of extending them for an additional year.

In the context of the acquisition of Swiss Towers in Switzerland, the Company entered into a syndicated loan agreement with a limit of CHF 190,000 thousand (EUR 162,365 thousand). In addition, the Company drew down CHF 5,100 thousand (EUR 4,358 thousand) from its available credit facility in CHF. As at 31 December 2017, the total amount of drawn down debt and accrued interest not paid in CHF was CHF 195,583 thousand (EUR 167,136 thousand).

As at 31 December 2017 Cellnex signed a loan agreement with the European Investment Bank (EIB) for an amount of EUR 100,000 thousands with an estimated maturity of 12 years. Such loan has been arranged at very competitive terms and includes an obligation of the Parent Company with regards to its corporate rating. As of the date hereof, Cellnex is in compliance with all its obligations under the EIB agreement.

Clauses regarding changes of control

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

Loans and credit facilities obligations and restrictions

As at 31 December 2017 and 2016, the Company has no restrictions regarding the use of capital resources derived from the loans and credit facilities.

Submitted guarantees and financial ratios

As at 31 December 2017 and 2016, all the loans and credit facilities entered into by the Company are unsecured and unsubordinated, have no guarantees or shares pledged, rank pari passu with the rest of the unsecured and unsubordinated borrowings, and do not require the Company's to comply with any financial ratio.

12.3 Derivative financial instruments

The Company hedges the interest rate risk on a portion of the financing in euros bearing floating interest rates through IRSs. In an IRS, interest rates are swapped so that the Company receives a floating interest rate (EURIBOR) from the bank in exchange for a fixed interest rate payment for the same nominal amount. The floating interest rate received for the derivative offsets the interest payable on the borrowings. The end result is a fixed interest rate payment on the hedged borrowings.

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

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

The Company performs potential interest rate and foreign exchange 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 credit facilities and loans tied to variable interest rates, cashflows in foreign currencies and variations in investments in foreign currencies.

As mentioned above, the bond issued in April 2017 amounting to EUR 80 million, and maturing in April 2026, has been covered by interest rate hedging derivatives, which convert the interest rate of the bond from variable to fixed. The total amount and maturity of derivative financial instruments coincides with that of the bond. By using such derivative financial instruments, the fixed interest rate resulting from the bond is 2.945%.

As of December 31, 2016, the Group had not contracted any derivative financial instrument.

12.4 Other financial liabilities

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

In addition, during 2017, the Company reached some recourse factoring agreements for a total amount of EUR 12,992 thousand, in relation to balances for tax receivables. It corresponds to VAT receivable generated as Parent Company of the Tax Group derived from the acquisition of mobile telecom infrastructures that amounts to EUR 8,590 thousand, and current tax assets amounting to EUR 4,402 thousand (see Note 13.2).

12.5 Corporate rating

As at 31 December 2017 Cellnex holds a long term "BBB-" (Investment Grade) with negative outlook according to the international credit rating agency Fitch Ratings Ltd. and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC.

13. Income tax and tax situation

13.1. Tax-related disclosures

The sole shareholder of Cellnex Telecom, S.A. until May 7, 2015, Abertis Infraestructuras, S.A., culminated on that date the process of going public (OPV) of the aforementioned company. As a result of the foregoing, all the Spanish companies that make up the Cellnex Group are taxed under the tax consolidation regime, for the purposes of Corporate Tax, being Cellnex Telecom, S.A. the parent company of the Tax Group with respect to which the dominant entity holds a stake equal to or greater than 75%.

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

The Company has pending verification of all taxes not legally prescribed. In relation to Corporate Tax, the years that are pending verification are from the year 2013 onwards. Due to interpretative differences of the current fiscal regulations applicable to some operations, fiscal liabilities of a contingent nature of difficult objective quantification could be revealed in the future. In any case, the consequences that could arise should not significantly affect the annual accounts of the Company.

For their part, during 2015 they were opened to the company Abertis Infraestructuras, S.A. general inspection actions in relation to the consolidated Corporate Tax for the years 2010 and 2011, and in relation to the Value Added Tax of the group of entities for the period July-December 2011. In this regard, it should be noted that Cellnex Telecom , SA was, in the years 2010 and 2011, an entity dependent on the tax consolidation group of Abertis. Likewise, with regard to value added tax, the company Adesal Telecom, S.L. It was part of the group of VAT companies of the Abertis group in the period between July and December of the 2011 financial year.

During the year 2016, the scope of the inspection actions was extended to include the consolidated Corporate Tax for the years 2012 and 2013 and the Value Added Tax of the group of entities for the period February - December 2012 and 2013. Likewise, with regard to value added tax, Adesal Telecom, SL companies and On Tower Telecom Infraestructuras, S.A.U. They also formed part of the group of VAT companies of the Abertis group in the period between February and December of 2012. For their part, the companies Adesal Telecom, S.L., On Tower Telecom Infrastructures, S.A.U., Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. They formed part of said group of VAT companies in the period between February and December of the 2013 financial year.

At the date of preparation of these financial statements, the inspection proceedings have been concluded, without affecting Cellnex Telecom, S.A. nor to any of its subsidiaries.

13.2. Current balances with public authorities

Details of current balances with public authorities are as follows:

Receivables

	Thousands of Euros	
	31/12/2017	31/12/2016
VAT refundable	1,828	12
Total	**1,828**	**12**

Payables

	Thousands of Euros	
	31/12/2017	31/12/2016
VAT payable	-	5,606
Personal Income tax withholdings	309	128
Social security taxes payable	22	13
Other taxes payable	1,163	1,166
Total	**1,494**	**6,913**

"Other taxes payable" is totally accounted for by the provisional withholding from the Company in respect of capital returns, pursuant to the provisions of Article 128 of Law 27/2014, as a result of the interim dividends distributed to shareholders in 2017 and 2016.

At the close of this fiscal year, a total of EUR 8,590 thousand had been allocated under factoring with recourse contracts (EUR 0 thousand at the end of 2016). In this sense, the Company maintains the debit balance of VAT on factored companies and presents a financial account to be paid as it considers that the risks and benefits inherent to its ownership have not been substantially transferred to financial entities.

13.3. Reconciliation between net accounting income and taxable income

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

2017

	Thousands of Euros		
	Increases	Decreases	Total
Net accounting income for the period			19,381
Income tax for the period			(21,213)
Permanent differences:			
Donations	67	-	67
Dividends (Note 15.1)	-	(83,088)	(83,088)
Temporary differences:			
Arising in the year	4,747	(3)	4,744
Taxable income	**4,814**	**(83,091)**	**(80,109)**

2016

	Thousands of Euros		
	Increases	Decreases	Total
Net accounting income for the period			29,234
Income tax for the period			(13,102)
Permanent differences:			
Donations	16	-	16
Dividends (Note 15.1)	-	(70,924)	(70,924)
Temporary differences:			
Arising in the year	1,366	(3)	1,363
Taxable income	**1,382**	**(70,927)**	**(53,413)**

The temporary differences correspond, mainly, to the provisions related to the Long Term Incentive Plan, which are not deductible until the moment of their payment (see Note 16.4)

13.4. Reconciliation between net accounting income and income tax expense

The standard income tax rate for 2017 and 2016 is 25%.

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

	Thousands of Euros	
	2017	2016
Profit (Loss) before tax	(1,832)	16,132
Theoretical tax	458	(4,033)
Impact on tax expense from (permanent differences):		
Donations	(17)	(4)
Dividends	20,772	17,731
Income tax expense for the year	**21,213**	**13,694**
Other tax effects	-	(592)
Other tax effects	**-**	**(592)**
Income tax expense	**21,213**	**13,102**

In 2017 and 2016, dividends from companies in the consolidated tax group that were eliminated for the purposes of determining consolidated taxable income were considered permanent differences.

13.5. Breakdown of income tax expense

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

	Thousands of Euros	
	2017	2016
Current tax	20,027	13,353
Deferred tax	1,186	341
Tax from prior years/other	-	(592)
Income tax expense	**21,213**	**13,102**

The item "Tax from previous years/other" includes the amount settled in accordance with the Company's final tax return for the year 2015.

Tax withholdings and prepayments totalled EUR 14 thousand (EUR 12 thousand in 2016).

13.6. Deferred taxes

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

	Thousands of Euros		
	31/12/2017		31/12/2016
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets
At 1 January	**425**	**-**	**92**
Debits/(credits) in income statement	1,186	-	341
Changes in tax rates	-	41	-
Other tax effects	-	-	(8)
At 31 December	**1,611**	**41**	**425**

	Thousands of Euros	
	31/12/2017	31/12/2016
(Debits)/credits in income statement		
Deferred tax assets	1,186	341
(Debits)/credits in equity		
Deferred tax liabilities	41	-
Other tax effects	-	(8)
Total debit to deferred tax expense	**1,227**	**333**

The breakdown of the deferred taxes is as follows:

	Thousands of Euros	
	31/12/2017	31/12/2016
Deferred tax assets:		
Employee benefit obligations	1,611	425
Total deferred tax assets	**1,611**	**425**
Deferred tax liabilities:		
Derivative hedge	41	-
Total deferred tax liabilities	**41**	**-**

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

Deferred tax assets include the temporary differences recognised at year-end. At 31 December 2017 and 2016, the Company did not have any unused tax credits or deductions unrecognised.

Expected schedule for reversal the deferred tax assets and liabilities

In most cases, the use of the Company's deferred tax assets and liabilities is conditional upon the future performance of the business activities, the tax regulations of the country in which it operates, and the strategic decisions to which it may be subject. Under the assumption used, it is estimated that the deferred tax assets and liabilities recognised in the balance sheet at 31 December 2017 and 2016 will be used as follows:

	Thousands of Euros		
	2017		2016
	Temporal differences		Temporal differences
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets
Less than one year	1,020	-	-
More than one year	591	41	425
At 31 December	**1,611**	**41**	**425**

14. Foreign currency balances and transactions

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

	Thousands of Euros	
	2017	2016
Other assets	301,796	145,791
Accounts receivable	308	108
Loans received	346,877	178,592
Accounts payable	284	-
Services rendered	29	-
Services received	6,100	3,032

The breakdown of the exchange differences recognised in 2017, by type of financial instrument, is as follows:

	Thousands of Euros	
	Transactions settled during the year	
	2017	2016
Cash equivalents	(136)	-
Other payables	435	(22)
Total	**299**	**(22)**

15. Revenue and expenses

15.1. Revenue

Revenue in 2017 and 2016 was as follows:

	Thousands of Euros	
	2017	2016
Dividends (Note 17.3)	83,088	70,924
Interest income (Note 17.3)	1,168	10,567
Total	**84,256**	**81,491**

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

15.2. Other operating income

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

15.3. Staff costs

The detail of staff costs is as follows:

	Thousands of Euros	
	2017	2016
Wages and salaries	8,728	4,405
Compensation	15	-
Social Security contributions	169	126
Other employee benefit costs	456	320
Staff costs	**9,368**	**4,851**

The average number of employees at the Company at the end of the 2017 and 2016, broken down by job category and gender, is as follows:

	2017			2016		
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	1	-	1
Senior management	4	-	4	3	-	3
Other executives, senior and middle management	4	4	8	3	3	6
Other employees	1	-	1	-	1	1
Total	**10**	**4**	**14**	**7**	**4**	**11**

The number of employees at the Company in 2017 and 2016, broken down by job category and gender, was as follows:

	2017			2016		
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	1	-	1
Senior management	4	-	4	3	-	3
Other executives, senior and middle management	6	3	9	3	4	7
Other employees	3	1	4	-	-	-
Total	**14**	**4**	**18**	**7**	**4**	**11**

The average number of employees at the Group with a level of disability of 33% or above in 2017 and 2016 was zero.

At the end of 2017, the Board of Directors is composed of nine male Directors and one female Director (nine Male Directors at the end of 2016).

15.4. Other operating expenses

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

	Thousands of Euros	
	2017	2016
Leases and royalties	2,509	2,063
Independent professional services	11,904	14,512
Advertising, publicity and public relations	1,971	1,228
Other external services	3,112	2,280
Total external services	**19,496**	**20,083**

15.5. Net financial profit/loss

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

	Thousands of Euros			
	2017		2016	
	Income	Expense	Income	Expense
Finance income and interest from third parties	13	-	60	-
Finance expenses and interest from third parties	-	62,512	-	40,928
Finance expenses and interest from Group and Associates (Note 17.3)	-	94	-	561
Change in fair value of financial instruments	80,779	80,142	7,585	7,978
Exchange differences	493	194	3	25
	81,285	**142,942**	**7,648**	**49,492**
Financial Profit/loss		**(61,657)**		**(41,844)**

The change in fair value of financial instruments for 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
Gain/(Loss) on hedges	637	(393)
	637	**(393)**

This item includes mainly the net impact deriving from the accounting treatment of net investments in foreign operations as hedges (see Notes 8 and 12).

16. Commitments and obligations

16.1. Contingent liabilities

At 31 December 2017 the Company had guarantees with third parties amounting to EUR 33.0 million (EUR 36.7 million in 2016) (see Note 16.5).

16.2. Purchase commitments

At 31 December 2017 the Company had signed contracts for the purchase of property, plant and equipment and intangible assets in the respective amounts of EUR 670 thousand and EUR 400 thousand (EUR 801 thousand and EUR 362 thousand in 2016, respectively).

16.3. Operating lease commitments

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

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

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

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

Minimum operating lease payments	Thousands of Euros	
	2017	2016
Within one year	2,041	2,448
1 to 5 years	6,729	8,029
More than 5 years	2,418	2,852
Total	**11,188**	**13,329**

The Company's main operating lease is as follows:

On 20 July 2015 a contract was signed between Parc Logístic de la Zona Franca, S.A. and the Company for the provision of corporate building management services, which included the lease of the company offices at Parc Logístic de la Zona Franca, Barcelona, for a period of 6 years. The rent paid in 2017 was EUR 1.660 thousand (EUR 1.660 thousand in 2016).

16.4. Employee benefit obligations

On 10 April 2015 the Long Term Incentive Plan (2015-2017) was approved for certain employees. This plan accrues from May 2015 until 31 December 2017 and is payable once the Group's annual accounts corresponding to the 2017 financial year have been approved. The beneficiaries of the Plan are the Chief Executive Officer, the Senior Management and some key employees of the Cellnex Group (up to a maximum of 32 people). 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%:

- The share price appreciation calculated between the initial starting price of the IPO and the average price in the last quarter of 2017, weighted by the volume ("vwap"), following a scale of achievement.

- The attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

With regards to the LTIP (2015-2017) dated 10 April 2015 for the benefit of certain employees, the weighted average degree of fulfilment of the following two objectives was 111%. For the first objective, which was related to Cellnex share price appreciation, the percentage of attainment was 120% and for the second objective, which was related to the Adjusted EBTIDA figure obtained as at 31 December 2017, the percentage of attainment was 102%.

The cost of the LTIP (2015-2017) for Cellnex, anticipating that the maximum degree of fulfilment of the objectives will be obtained, is currently estimated at EUR 4.4 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Company has recognised a provision of EUR 4,078 thousand for this item in the short-term of the accompanying condensed consolidated balance sheet as at 31 December 2017.

In addition, on 27 April 2017 the Group approved the LTIP (2017-2019) for certain employees, which is divided into two phases:

- 2017-2018: this accrues from January 2017 until 31 December 2018 and is payable once the Group's annual accounts corresponding to the 2018 financial year have been approved.
- 2018-2019: this accrues from January 2018 until 31 December 2019 and is payable once the Group's annual accounts corresponding to the 2019 financial year have been approved.

The beneficiaries are the CEO, Senior Management and several key employees of the Cellnex Group (up to a maximum of 50 staff). The amount receivable by the beneficiaries will be determined by the degree of fulfilment of certain objectives regarding Cellnex's relative share price performance, and the attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

The cost of the Long Term Incentive Plan (2017-2019) for Cellnex if it were to reach the maximum level of achievement of the objectives is estimated at approximately EUR 5.8 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 1,451 thousand for this item in the long-term of the accompanying condensed consolidated balance sheet as at 31 December 2017.

16.5. Other Contingencies

Because of the spin-off of Abertis Telecom S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, Cellnex Telecom, S.A. assumed all rights and obligations that may arise from the before mentioned legal proceedings, as they relate to the spin-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the before mentioned amounts have to be paid, Retevisión-I, S.A.U. will be responsible for paying these fines. At 31 December 2017, Cellnex Telecom, S.A. has provided three guarantees amounting to EUR 32.5 million (EUR 36.4 million at the close of 2016) to cover the disputed rulings with the National Competition Commission explained above.

On 19 May 2009, the Board of the National Competition Commission (CNC) imposed a fine of EUR 22.7 million on Abertis Telecom, S.A.U. (now Cellnex Telecom, S.A.) for abusing its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The Company filed an appeal for judicial review with the National Appellate Court against the CNC 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 CNC to recalculate that amount in accordance with the provisions of law 16/89. The CNMC has issued its decision recalculating the aforementioned amount, reducing it to EUR 18.7 million and this decision was appealed against in the National High Court on 29 September 2016. Based on the opinion of its legal advisers, at 31 December 2017 Retevisión-I, SAU has recorded a provision for a total of EUR 16 million (EUR 16 million at the close of 2016).

On 8 February 2012, the Board of the National Competition Commission (CNC) imposed a fine of EUR 13.7 million on Abertis Telecom, S.A.U. (now Cellnex Telecom, S.A.) 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 Company filed an appeal for judicial review against the decision of the CNC 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 CNC to recalculate the fine as it considered that the criteria used at the time by the CNC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Company did not break any competition rules. Therefore, until the appeal before the Supreme Court is resolved, the CNC will not start the process of calculating the fine. With regard to these proceedings, the Company's Directors, based on the opinion of their legal advisers, categorise the risk of this fine as possible and, therefore, have not recognised any provision.

17. Related party transactions

17.1. Directors and senior management

Remuneration received by the Company's directors in 2017 and 2016 was as follows:

i. Members of the Board of Directors accrued EUR 1,108 thousand for exercising the functions as directors of Cellnex Telecom, S.A. (EUR 870 thousand in 2016).

ii. For performing senior management duties, the CEO accrued EUR 1,120 thousand, corresponding to fixed and variable remuneration (EUR 900 thousand in 2016) and EUR 2,331 thousand for the achievement of the multi-annual objectives established in the “Long Term Incentive Plan” (2015-2017) accrued during the last three years, which will be settled during the first quarter of 2018 (0 thousand euros in 2016).

iii. In addition, the CEO of Cellnex Telecom, S.A. accrued by way of other benefits contributions to cover pensions and other remuneration in kind in the respective amounts of EUR 175 thousand and EUR 14 thousand (EUR 150 thousand and EUR 13 thousand in 2016, respectively).

Cellnex Telecom, S.A. defines Senior Management as directors that perform management duties and report directly to the CEO. Fixed and variable remuneration for 2017 for members of senior management amounted to EUR 1,148 thousand (EUR 741 thousand in 2016).

In addition, members of Senior Management accrued by way of other benefits contributions to cover pensions and other remuneration in kind in the respective amounts of EUR 83 thousand and EUR 89 thousand (EUR 55 thousand and EUR 65 thousand in 2016).

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 (see Note 16.4).

The Company has taken out an executives and directors civil liability policy for the members of the Board of Directors, the Chief Executive Officer and all the directors of the Cellnex Telecom group at a cost amounting to EUR 98.7 thousand and EUR 111.1 thousand at 31 December 2017 and 2016, respectively.

17.2. Other disclosures concerning Directors

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

17.3. Group companies and associates

The financial assets and liabilities held by the Company with Cellnex Group companies and associates at year-end 2017 and 2016, with the exception of equity instruments (see Note 8), are as follows:

2017

	Thousands of Euros		
	Financial assets		Financial liabilities
	Current loans	Receivables	Current borrowings
Adesal Telecom, S.L.	313	-	-
Alticom, BV	-	6	-
Cellnex France, S.A.S.	-	807	-
Cellnex France Groupe, S.A.S.	100	-	-
Cellnex Italia, S.r.L.	-	27	4,303
Cellnex Netherlands, BV	-	5	-
Cellnex UK, Limited	-	307	-
Cellnex Switzerland, AG	-	63	-
Galata, S.p.A.	-	4	-
On Tower Telecom Infraestructuras, S.A.U.	16,342	305	9,582
Retevisión-I, S.A.U.	6,559	342	260,332
Shere Group, Limited	-	73	5,556
Swiss Towers, AG	-	209	-
Tradia Telecom, S.A.U.	2,417	178	63,350
Total	**25,731**	**2,326**	**343,123**

2016

	Thousands of Euros			
	Financial assets			Financial liabilities
	Non-current loans	Current loans	Receivables	Current borrowings
Adesal Telecom, S.L.	-	590	-	-
Cellnex France, S.A.S.	-	71,719	79	-
Cellnex Italia, S.r.L.	-	-	41	74,000
Cellnex UK	-	-	64	-
Galata, S.p.A.	-	-	5	-
On Tower Telecom Infraestructuras, S.A.U.	354,154	15,678	9	1,315
Radiosite Limited	-	-	3	-
Retevisión-I, S.A.U.	-	3,906	696	237,018
Shere Masten, BV	-	-	5	-
TowerCo, S.p.A.	-	-	5	-
Tradia Telecom, S.A.U.	-	1,044	299	55,088
Total	**354,154**	**92,937**	**1,206**	**367,421**

Under the caption "Loans to companies of the non-current group and associates", the Company had a credit policy registered with the company On Tower Telecom Infraestructuras, SAU, signed on December 17, 2013, which was renegotiated during the 2015 financial year. It meant the extension of the limit to EUR 500 million, with expiration on December 31, 2018, tacitly renewable for two-year periods. The outstanding balance of said policy as of December 31, 2016 amounted to EUR 354,154 thousand. In addition, there were interest accrued and not collected in the amount of EUR 2,540 thousand as of December 31, 2016, recorded in the caption of the accompanying balance sheet "Investments in group companies and current associates". As detailed in Note 8 of this report, on January 10, 2017, On Tower Telecom Infraestructuras, SA formalized an increase in share capital in the amount of EUR 36,725 thousand with an issue premium for an amount of EUR 330,529 thousand. This capital increase, for a total amount of EUR 367,254 thousand, was subscribed by Cellnex Telecom, S.A. by offsetting part of the credit rights derived from the policy described above. As of December 31, 2017, there is no balance under the heading "Loans to companies of the non-current group and associates" of the attached balance sheet.

In addition, this caption also includes a credit facility secured by the Company with On Tower Telecom Infraestructuras, S.A.U. which was renegotiated in 2015, increasing the limit to EUR 60 million and extending the repayment date to 31 December 2017, and tacitly renewable on a yearly basis. The balance drawn down on the facility at the 2017 year-end was EUR 16,014 thousand (EUR 12,036 thousand at 31 December 2016), and interest accrued and not collected totalled EUR 9 thousand (EUR 13 thousand at 31 December 2016).

The caption "Current Investments in group companies and associates" includes the account receivable from the amount drawn from the credit policy that the Company subscribed on June 1, 2017 with Cellnex France Groupe, SAS, with a limit of 5 million of euros and maturity December 31, 2017, tacitly renewable for semi-annual periods, at a market interest rate. At the closing date of these annual accounts, the amount drawn down on this policy is 100 thousand euros (0 thousand euros at the end of 2016).

On September 29, 2016, the Company subscribed a credit policy with the company of the Cellnex France Group, S.A.S., with a limit of 30 million euros and half-yearly maturity from the disposition date, tacitly renewable for periods of the same duration. On 1 November 2017, the limit of was extended to 400 million. As of December 31, 2017, the policy was not drawn down. The balance drawn at the close of the 2016 financial year was 71,664 thousand euros, and accrued and not paid interest amounted to 55 thousand euros.

Finally, at the 2017 year-end, this caption includes a current balance receivable with the Group companies related to the consolidated tax payments that amount to EUR 1,499 thousand (EUR 6,629 thousand in 2016).

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

a) Amount drawn from the credit policy that the Company subscribed on June 23, 2015 with Cellnex Italia, SrL, with a limit of EUR 30 million and an annual maturity from the disposition date, tacitly renewable for annual periods, at a certain rate of market interest. During the 2016 financial year, said credit policy was renegotiated, which entailed the extension of the limit to EUR 150 million. As of December 31, 2017 the amount drawn down on this policy is EUR 4,300 thousand (EUR 74,000 thousand at the end of 2016), and accrued and unpaid interest amount to EUR 0 thousand (EUR 0 thousand at closing of the year 2016).

b) Amount drawn from the credit policy that the Company subscribed on December 17, 2013 with Retevisión-I, SAU, with a limit of EUR 300 million and expiration December 31, 2017, tacitly renewable for annual periods, at a rate of market interest. As of December 31, 2017, the amount drawn down on this policy is EUR 258,842 thousand (EUR 237,018 thousand as of December 31, 2016).

c) Amount drawn from the credit policy that the Company subscribed on January 15, 2017 with Shere Group Limited, with a limit of GBP 20 million and a maturity of January 15, 2018, tacitly renewable for half-yearly periods, at an interest rate of market. As of December 31, 2017 the amount drawn down on this policy is EUR 5,552 thousand (GBP 4,800 thousand) (EUR 0 thousand at the end of 2016), and accrued and unpaid interest amount to EUR 4 thousand (EUR 0 thousand at closing of the year 2016). In addition, on January 15, 2017 a credit policy was signed with Shere Group Limited, with a limit of EUR 25 million and a maturity of January 15, 2017, tacitly renewable for half-yearly periods, at an interest rate of market. As of December 31, 2017 the policy was not drawn down.

d) Amount drawn from the credit policy that the Company subscribed on December 17, 2013 and modified on August 1, 2017 with Tradia Telecom, SAU, with a limit of EUR 100 million and maturity December 31, 2017, tacitly renewable annual periods, at a market interest rate. As of December 31, 2017, the amount drawn down on this policy is EUR 61,544 thousand (EUR 54,955 thousand at the end of 2016). Interest accrued and not paid to Tradia Telecom, S.A.U. for the amounts used of the policy described above, amounting to EUR 1 thousand (EUR 0 thousand as of December 31, 2016).The borrowings with Group companies and associates described above have short repayment dates.

e) Credit balances with the Group companies that are part of the fiscal consolidation group, by consolidated tax regime amounting to EUR 4,103 thousand (EUR 1,448 thousand at the end of 2016).

In addition, dated January 15, 2017, the Company subscribed a credit policy with the company of the group, Cellnex Netherlands, BV, with a limit of 20 million euros and half-yearly maturity from the disposition date, tacitly renewable for periods of the same duration. As of December 31, 2017 the policy was not drawn down.

Debts with Group companies and associates, previously described, have a short-term maturity.

The Company's transactions with Cellnex Group companies and associates in 2017 and 2016 are as follows:

2017

	Thousands of Euros				
	Income			Expenses	
	Dividends	Services rendered	Accrued interest	Services received	Accrued interest
Alticom, BV	-	7	-	-	-
Cellnex France, S.A.S.	-	889	1,143	-	-
Cellnex Italia, S.r.L.	7,156	647	-	2	8
Cellnex Netherlands, BV	-	5	-	-	-
Cellnex UK, Limited	-	-	-	311	-
Cellnex Switzerland, AG	-	329	-	-	-
Galata, S.p.A.	-	4	-	-	-
On Tower Telecom Infraestructuras, S.A.U.	-	501	25	-	1
Retevisión-I, S.A.U.	59,558	2,777	-	-	41
Shere Group, Limited	-	73	-	-	34
Swiss Towers, AG	-	191	-	-	-
Tradia Telecom, S.A.U.	16,374	1,023	-	-	10
Total	**83,088**	**6,446**	**1,168**	**313**	**94**

2016

	Thousands of Euros				
	Income			Expenses	
	Dividends	Services rendered	Accrued interest	Services received	Accrued interest
Cellnex France, S.A.S.	-	7	78	-	-
Cellnex Italia, S.r.L.	-	41	-	-	97
Cellnex UK Limited	-	-	-	320	-
Galata, S.p.A.	-	5	-	-	-
On Tower Telecom Infraestructuras, S.A.U.	-	256	10,489	-	-
Radiosite Limited	-	3	-	-	-
Retevisión-I, S.A.U.	56,924	3,145	-	-	392
Shere Masten BV	-	5	-	-	-
TowerCo, S.p.A.	-	5	-	-	-
Tradia Telecom, S.A.U.	14,000	1,130	-	-	72
Total	**70,924**	**4,597**	**10,567**	**320**	**561**

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

17.4. Other related parties

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

During the third quarter of 2017, there was a change of control in CaixaBank whereby Criteria Caixa (a significant shareholder of Cellnex) no longer exercises control over CaixaBank. In this regard, as of 31 December, 2017, Caixabank no longer has the status of a related company of Cellnex. However, in accordance with the disclosures required by IAS 34, the transactions carried out with Caixabank during the nine-month period ended on that date are detailed below.

In addition to the dividends paid to shareholders, the breakdown of balances and transactions carried out with significant shareholders during 2017 and 2016 and at the reporting dates is as follows:

The main transactions carried out by the Group with related parties in 2017 relate to payments to VidaCaixa, S.A Seguros y Reaseguros and SegurCaixa Adeslas, S.A. de Seguros Generales y Reaseguros in the amount of EUR 101 thousand and EUR 4 thousand, respectively for termination benefits and contributions to pension plans and life insurance policies (EUR 138 thousand and EUR 18 thousand in 2016).

Services rendered and received

The transactions carried out with Abertis Group companies and associates during the 2017 and 2016 financial years are as follows:

2017

	Thousands of Euros	
	Income	Expenses
	Services rendered	Services received
Abertis Autopistas España, S.A.	197	-
Abertis Infraestructuras, S.A.	-	47
Autopistas, concesionaria española, S.A.	-	22
Autopistes de Catalunya, S.A.	-	1
Infraestructures Viàries de Catalunya, S.A.	-	13
Total	**197**	**83**

2016

	Thousands of Euros	
	Income	Expenses
	Services rendered	Services received
Abertis Autopistas España, S.A.	201	-
Abertis Infraestructuras, S.A.	-	58
Autopistas, concesionaria española, S.A.	-	21
Infraestructures Viàries de Catalunya, S.A.	-	13
Total	**201**	**92**

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

Other

The assets and liabilities held by the Group in Abertis Group companies and associates are as follows:

2017

	Thousands of Euros	
	Assets	Liabilities
	Account receivables	Account payables
Abertis Autopistas España, S.A.	177	-
Abertis Infraestructuras, S.A.	-	14
Autopistas, concesionaria española, S.A.	-	21
Infraestructures Viàries de Catalunya, S.A.	-	13
Total	**177**	**48**

2016

	Thousands of Euros	
	Assets	Liabilities
	Account receivables	Account payables
Abertis Autopistas España, S.A.	117	-
Abertis Infraestructuras, S.A.	-	14
Autopistas, concesionaria española, S.A.	-	21
Infraestructures Viàries de Catalunya, S.A.	-	13
Total	**117**	**48**

18. Other information

18.1. Audit fees

In 2017 and 2016 the fees for financial audit and other services provided by the auditor of the Company's financial statements, Deloitte, S.L., or by companies related to these auditors as a result of control, common ownership or common management, were as follows:

	Thousands of Euros	
	2017	2016
Audit of financial statements	562	454
Verification services	282	287
Total audit services and other related services	**844**	**741**
Tax advisory services	21	62
Other services	19	-
Total professional services	**884**	**803**

18.2 Information on deferral of payment to suppliers.

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

	Thousands of Euros	
	2017	2016
Total payments in the year	18,009	15,303
Total payments outstanding	2,085	892
Average payment period to suppliers (days)	45 days	45 days
Ratio of transactions paid (days)	46 days	46 days
Ratio of transactions outstanding (days)	36 days	26 days

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

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

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

18.3 Modification or termination of contracts

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

19. Events after the reporting period

Spain corporate reorganisation

Additionally, on 14 February 2018, the following operations occurred between Spanish companies within the scope of consolidation in which Cellnex holds a 100% shareholding, and as such this did not have an impact on the consolidated financial statements for 2018:

- Acquisition by 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., for their carrying amount of EUR 977 million.

- To finance the acquisition, Cellnex Telecom, S.A. made an equity contribution to Cellnex Telecom España, S.L. for the same amount.

-

2018 convertible bond

On 8 January, 2018, Cellnex Telecom priced the issuance of EUR 600 million of convertible bonds . The shares underlying the bonds are equivalent to 6.8% of the company's share capital, based on the initial conversion price. The bonds' conversion price into Cellnex shares has initially been set at EUR 38.0829 representing a premium of 70% over the volume weighted average price of a share on the Spanish Stock Exchange between market opening at that date and pricing of the offering.

The bonds will carry a coupon of 1.5% payable annually in arrears. 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 initially issued have been converted and/or redeemed and/or purchased and cancelled. The Terms and Conditions of the bonds include a change of control put clause, at the option of bondholders, which could result in early repayment.

The Issuance was rated by Fitch, with a rating of BBB-, which is the company's current rating. Cellnex intends to seek admission to trading for the bonds on the Open Market (*Freiverkehr)* of the Frankfurt Stock Exchange.

Treasury shares purchase program

During January 2018, Cellnex purchased 67,505 treasury shares, representing 0,03% of the total shares outstanding, with an average price of EUR 21,55 per share, valuing the total stake at that time at EUR 1,458 thousands.

20. Explanation added for translation to English

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

Appendix I to the Notes to the 2017 financial statements
(Thousands of Euros)

Direct Ownership Interests

Company	Registered Office	Activity	% Direct ownership	Ownership net value	Auditor	Net equity		Operating profit/loss	Profit for the year	Dividends received
						Share Capital	Share premium and reserves (interim dividend deducted)			
2017:										
Direct ownership:										
Retevisión I, S.A.U.(*)	Juan Esplandiú, 11 28007 Madrid	Terrestrial telecommunications infrastructure operator	100%	368,938	Deloitte	81,270	268,074	77,740	61,838	59,558
Tradia Telecom, S.A.U. (*)	Avenida del Parc Logístic 12-20 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	127,121	Deloitte	131,488	11,141	20,195	19,857	16,374
On Tower Telecom Infraestructuras, S.A.U.(*)	Juan Esplandiú, 11 28007 Madrid	Terrestrial telecommunications infrastructure operator	100%	395,711	Deloitte	66,725	322,968	12,707	9,316	-
Cellnex Italia, S.r.L. (*)	Via Carlo Veneziani 58, 00148 Roma (Italia)	Holding	100%	789,610	Deloitte	789,610	(14)	(1,317)	30,557	7,156
Cellnex UK Limited (**)	55 Old Broad Street, London, EC2M 1RX, Reino Unido	Holding	100%	-	-	-	5	38	38	-
Cellnex Netherlands, BV (*)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	Holding	100%	515,151	Deloitte	-	467,607	(129)	(127)	-
Cellnex France, S.A.S. (*)	1, Avenue de la Cristallerie, 92310 Sèvres	Holding	100%	518,091	Deloitte	12,288	505,249	(8,058)	(9,501)	-

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered Office	Activity	% Direct ownership	Ownership net value	Auditor	Net equity		Operating profit/loss	Profit for the year	Dividends received
						Share Capital	Share premium and reserves (interim dividend deducted)			
2017:										
Shere Group Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Holding	100%	131,299	Deloitte	-	(90,410)	(114,801)	163,263	-
Cellnex France Groupe, S.A.S. (**)	1, Avenue de la Cristallerie, 92310 Sèvres	Holding	100%	1,050	-	1,050	-	(895)	(895)	-
Cellnex Telecom España, S.L.U. (**)	Juan Esplandiú, 11 28007 Madrid	Holding	100%	3	-	3	-	-	-	-
Cellnex Switzerland AG (*)	Postastrasse 12 CH-6301, Zug, Switzerland	Holding	54%	165,482	Deloitte	88	313,773	(2,357)	(3,492)	-
Total share				**3,012,456**						**83,088**

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2017 financial statements

(Thousands of Euros)

Indirect Ownership Interests

Company	Registered office	Activity	% ownership interest	Company holding the interest ownership	Auditor	Net equity		Operating profit/loss	Profit for the year
						Share Capital	Share premium and reserves (interim dividend deducted)		
2017:									
Indirect ownership interest									
TowerCo, S.p.A. (*)	Via Alberto Bergammini 50, Rome Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	Deloitte	20,100	5,826	9,424	6,572
Galata, S.p.A (*)	Via Carlo Veneziani 56L, 00148 Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	Deloitte	1,000	266,680	33,902	25,132
Adesal Telecom, SL (*)	Ausias March 20, Valencia	Provision of related services for terrestrial telecommunications concessions and operators.	60.08%	Tradia Telecom, S.A.U.	Deloitte	3,228	2,339	1,323	1,179

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% ownership interest	Company holding the interest ownership	Auditor	Net equity		Operating profit/loss	Profit for the year
						Share Capital	Share premium and reserves (interim dividend deducted)		
2017:									
Gestora del Espectro, S.L. (**)	Juan Esplandiú, 11 28007 Madrid	Development, implementation, management and marketing of terrestrial telecommunications services.	100%	Retevisión-I, S.A.U.	-	3	(1)	-	-
TowerLink Italia, S.r.L (**)	Via Carlo Veneziani 58, 00148 Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	10	-	-	-
Commscon Italia, S.r.L. (*)	Via Carducci 32, 20123 Milano	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	Deloitte	100	1,795	1,061	739
Towerlink Netherlands, B.V. (*)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	Terrestrial telecommunications infrastructure operator	100%	Cellnex Netherlands, BV	Deloitte	-	66,383	3,766	2,990
On Tower Italia, S.r.L. (**)	Via Carlo Veneziani 56L, 00148 Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	40	103	198	142
Shere Midco Limited (*)	River court, Albert Dr, Woking GU21 5RP, United Kingdom	Holding	100%	Shere Group Limited	Deloitte	-	(92,561)	(112,561)	165,577

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% ownership interest	Company holding the interest ownership	Auditor	Net equity		Operating profit/loss	Profit for the year
						Share Capital	Share premium and reserves (interim dividend deducted)		
2017:									
Shere Group Netherlands B.V. (*)	Leeghwaterstraat 21, 2811 DT Reeuwiik, Netherlands	Holding	100%	Shere Midco Ltd	Deloitte	18	(76,749)	(189,029)	89,913
Shere Masten B.V. (*)	Leeghwaterstraat 21, 2811 DT Reeuwiik, Netherlands	Terrestrial telecommunications infrastructure operator	100%	Shere Group Netherlands BV	Deloitte	18	191,360	15,109	10,280
Watersite Holding Limited (*)	River court, Albert Dr, Woking GU21 5RP, United Kingdom	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	29,703	(11,900)	197	(130)
Radiosite Limited (*)	River court, Albert Dr, Woking GU21 5RP, United Kingdom	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	31,878	(9,002)	2,327	1,649
QS4 Limited (*)	River court, Albert Dr, Woking GU21 5RP, United Kingdom	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	1,977	2,829	410	370
Shere Consulting Limited (*)	River court, Albert Dr, Woking GU21 5RP, United Kingdom	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	2,598	(2,288)	(17)	(16)

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% ownership interest	Company holding the interest ownership	Auditor	Net equity		Operating profit/loss	Profit for the year
						Share Capital	Share premium and reserves (interim dividend deducted)		
2017:									
Infr'asset Management, S.A.S. (**)	1 Avenue de la Cristallerie, 92310 Sèvres	Terrestrial telecommunications infrastructure operator	100%	Cellnex France Groupe, S.A.S.	-	60	(112)	(116)	(118)
Infracapital Alticom BV (*)	Branderweg 7, 8042 PD, Zwolle	Holding	100%	Cellnex Netherlands, BV	Deloitte	50	70,528	(14)	565
Alticom Holding BV (*)	Branderweg 7, 8042 PD, Zwolle	Holding	100%	Infracapital Alticom BV	Deloitte	18	45,909	-	13
Alticom BV (*)	Branderweg 7, 8042 PD, Zwolle	Terrestrial telecommunications infrastructure operator	100%	Alticom Holding BV	Deloitte	18	45,605	485	473
Breedlink BV (*)	Branderweg 7, 8042 PD, Zwolle	Terrestrial telecommunications infrastructure operator	100%	Alticom Holding BV	Deloitte	-	469	(149)	(167)
Swiss Towers AG (*)	Binzmühlestrasse 130, 8050 Zúrich, Switzerland	Terrestrial telecommunications infrastructure operator	54%	Cellnex Switzerland AG	Deloitte	880	55,290	4,927	3,084
TMI, S.r.L. (**)	Via Carlo Veneziani 56L, 00148 Rome, Italy	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	10	-	-	-

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2017 financial statements

(Thousands of Euros)

Direct Ownership Interests

Company	Registered office	Activity	% direct ownership interest	Net value of ownership interest	Auditor	Equity		Operating profit	Profit for the year	Dividends received
						Share Capital	Share premium and reserves (after deducting interim dividends)			
2016:										
Retevisión I, S.A.U.(*)	Avenida del Parc Logístic nº 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	368,938	Deloitte	81,270	269,974	73,730	57,659	56,924
Tradia Telecom, S.A.U. (*)	Avenida del Parc Logístic nº 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	127,121	Deloitte	131,488	9,655	18,069	17,859	14,000
On Tower Telecom Infraestructuras, S.A.U.(*)	Avenida del Parc Logístic nº 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	28,457	Deloitte	30,000	(6,179)	8,865	(1,381)	-
Cellnex Italia, S.r.L. (antes Smartowers Italy, S.r.L.) (*)	Via Carlo Veneziani 58, 00148 Roma (Italia)	Holding	100%	789,610	Deloitte	789,610	(213)	(904)	7,356	-
Cellnex UK Limited (**)	55 Old Broad Street, London, EC2M 1RX, Reino Unido	Holding	100%	-	-	-	-	-	-	-
Cellnex Netherlands, BV (antes Protelindo Netherlands, BV) (*)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	Holding	100%	112,066	Deloitte	-	64,509	13	13	-
Cellnex France, S.A.S. (*)	30 Rue Godot de Mauroy, 75009 Paris	Holding	100%	80,000	Deloitte	20	79,980	(387)	(555)	-
Shere Group Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Holding	100%	414,539	Deloitte	157,495	30,360	1	(13)	-
Total ownership interest				**1,920,731**						**70,924**

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Cellnex Telecom, S.A.
Appendix I to the Notes to the 2017 financial statements

(Thousands of Euros)

Indirect Ownership Interests

Company	Registered office	Activity	% direct ownership interest	Company holding the interest	Auditor	Equity: Share Capital	Equity: Share premium and reserves (after deducting interim dividends)	Operating profit	Profit for the year
2016:									
Consorcio de Telecomunicaciones Avanzadas, S.A.(*)	c/Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Alcantarilla (Murcia)	Provision of related services for terrestrial telecommunications concessions and operators	29.50%	Tradia Telecom, S.A.U.	Áreas Auditores	1,000	1,742	250	200
Torre de Collserola, S.A.(*)	Ctra. Vallvidrera a Tibidabo, s/n Barcelona	Construction and operation of terrestrial telecommunications infrastructure	41.75%	Retevisión-I, S.A.U.	Deloitte	5,520	918	11	(11)
Adesal Telecom, S.L.(*)	c/Ausías March 20, Valencia	Provision of related services for terrestrial telecommunications concessions and operators	60.08%	Tradia Telecom, S.A.U.	Deloitte	3,228	4,763	2,911	2,575
Gestora del Espectro, S.L (**)	Avda. Parc Logístic, 12-20. 08040	Development, implementation, Management and marketing of terrestrial telecommunication services	100%	Retevisión I, S.A.U.	-	3	(1)	-	-
TowerCo, S.p.A. (*)	Via Alberto Bergamini 50, Roma, Italia	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	Deloitte	20,100	14,958	10,084	7,012
Galata, S.p.A. (*)	Via Carlo Veneziani 56L, 00148 Roma (Italia)	Terrestrial telecommunications infrastructure operator	90%	Cellnex Italia, S.r.L.	Deloitte	1,000	266,481	20,112	13,326

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% direct ownership interest	Company holding the interest	Auditor	Equity: Share Capital	Equity: Share premium and reserves (after deducting interim dividends)	Operating profit	Profit for the year
2016:									
Towerlink Italia, S.r.L. (**)	Via Carlo Veneziani 58, Roma, Italia	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	10	-	-	-
Commscon Italia, Sr.L. (*)	Via Carducci 32, 20123 Milano	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L	Deloitte	100	2,148	126	76
Sirtel, S.r.L. (**)	Via Carlo Veneziani 58, 00148 Roma, Italia	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	40	110	-	-
Towerlink Netherlands, BV (antes Protelindo Towers, BV) (*)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	Terrestrial telecommunications infrastructure operator	100%	Cellnex Netherlands, BV	Deloitte	-	63,634	3,171	2,749
Shere Midco Ltd (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Holding	100%	Shere Group Limited	Deloitte	179,766	(76)	(12)	(10)
Shere Group Netherlands BV (*)	Leeghwaterstraat 21, 2811 DT Reeuwijk, Países Bajos	Holding	100%	Shere Midco Ltd	Deloitte	18	200,641	-	(1,737)
Shere Masten BV (*)	Leeghwaterstraat 21, 2811 DT Reeuwijk, Países Bajos	Terrestrial telecommunications infrastructure operator	100%	Shere Group Netherlands BV	Deloitte	18	188,985	3,856	3,294
Watersite Holding Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	28,379	(3,516)	382	185
Radiosite Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	30,457	15,625	819	(160)
QS4 Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	1,888	2,784	51	45
Shere Consulting Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	2,482	(2,053)	(235)	(235)
Total									

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% direct ownership interest	Net value of ownership interest	Auditor	Equity: Share Capital	Equity: Share premium and reserves (after deducting interim dividends)	Operating profit	Profit for the year	Dividends received
2016:										
Retevisión I, S.A.U.(*)	Avenida del Parc Logístic nº 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	368,938	Deloitte	81,270	269,974	73,730	57,659	56,924
Tradia Telecom, S.A.U. (*)	Avenida del Parc Logístic nº 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	127,121	Deloitte	131,488	9,655	18,069	17,859	14,000
On Tower Telecom Infraestructuras, S.A.U.(*)	Avenida del Parc Logístic nº 12-20, 08040 Barcelona	Terrestrial telecommunications infrastructure operator	100%	28,457	Deloitte	30,000	(6,179)	8,865	(1,381)	-
Cellnex Italia, S.r.L. (antes Smartowers Italy, S.r.L.) (*)	Via Carlo Veneziani 58, 00148 Roma (Italia)	Holding	100%	789,610	Deloitte	789,610	(213)	(904)	7,356	-
Cellnex UK Limited (**)	55 Old Broad Street, London, EC2M 1RX, Reino Unido	Holding	100%	-	-	-	-	-	-	-
Cellnex Netherlands, BV (antes Protelindo Netherlands, BV) (*)	Dr. Lelykade 22, Unit 9, 2583CM's - Gravenhage	Holding	100%	112,066	Deloitte	-	64,509	13	13	-
Cellnex France, S.A.S. (*)	30 Rue Godot de Mauroy, 75009 Paris	Holding	100%	80,000	Deloitte	20	79,980	(387)	(555)	-
Shere Group Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Holding	100%	414,539	Deloitte	157,495	30,360	1	(13)	-
Total ownership interest				**1,920,731**						**70,924**

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% direct ownership interest	Company holding the interest	Auditor	Equity		Operating profit	Profit for the year
						Share Capital	Share premium and reserves (after deducting interim dividends)		
2016:									
Consorcio de Telecomunicaciones Avanzadas, S.A.(*)	c/Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Alcantarilla (Murcia)	Provision of related services for terrestrial telecommunications concessions and operators	29.50%	Tradia Telecom, S.A.U.	Áreas Auditores	1,000	1,742	250	200
Torre de Collserola, S.A.(*)	Ctra. Vallvidrera a Tibidabo, s/n Barcelona	Construction and operation of terrestrial telecommunications infrastructure	41.75%	Retevisión-I, S.A.U.	Deloitte	5,520	918	11	(11)
Adesal Telecom, S.L.(*)	c/Ausías March 20, Valencia	Provision of related services for terrestrial telecommunications concessions and operators	60.08%	Tradia Telecom, S.A.U.	Deloitte	3,228	4,763	2,911	2,575
Gestora del Espectro, S.L (**)	Avda. Parc Logístic, 12-20. 08040	Development, implementation, Management and marketing of terrestrial telecommunication services	100%	Retevisión I, S.A.U.	-	3	(1)	-	-
TowerCo, S.p.A. (*)	Via Alberto Bergamini 50, Roma, Italia	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	Deloitte	20,100	14,958	10,084	7,012
Galata, S.p.A. (*)	Via Carlo Veneziani 56L, 00148 Roma (Italia)	Terrestrial telecommunications infrastructure operator	90%	Cellnex Italia, S.r.L.	Deloitte	1,000	266,481	20,112	13,326

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

Company	Registered office	Activity	% direct ownership interest	Company holding the interest	Auditor	Equity		Operating profit	Profit for the year
						Share Capital	Share premium and reserves (after deducting interim dividends)		
2016:									
Towerlink Italia, S.r.L. (**)	Via Carlo Veneziani 58, Roma, Italia	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	10	-	-	-
Commscon Italia, Sr.L. (*)	Via Carducci 32, 20123 Milano	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L	Deloitte	100	2,148	126	76
Sirtel, S.r.L. (**)	Via Carlo Veneziani 58, 00148 Roma, Italia	Terrestrial telecommunications infrastructure operator	100%	Cellnex Italia, S.r.L.	-	40	110	-	-
Towerlink Netherlands, BV (antes Protelindo Towers, BV) (*)	Dr. Lelykade 22, Unit 9, 2583CM’s - Gravenhage	Terrestrial telecommunications infrastructure operator	100%	Cellnex Netherlands, BV	Deloitte	-	63,634	3,171	2,749
Shere Midco Ltd (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Holding	100%	Shere Group Limited	Deloitte	179,766	(76)	(12)	(10)
Shere Group Netherlands BV (*)	Leeghwaterstraat 21, 2811 DT Reeuwijk, Países Bajos	Holding	100%	Shere Midco Ltd	Deloitte	18	200,641	-	(1,737)
Shere Masten BV (*)	Leeghwaterstraat 21, 2811 DT Reeuwijk, Países Bajos	Terrestrial telecommunications infrastructure operator	100%	Shere Group Netherlands BV	Deloitte	18	188,985	3,856	3,294
Watersite Holding Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	28,379	(3,516)	382	185
Radiosite Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	30,457	15,625	819	(160)
QS4 Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	1,888	2,784	51	45
Shere Consulting Limited (*)	River Court, Albert Dr, Woking GU21 5RP, Reino Unido	Terrestrial telecommunications infrastructure operator	100%	Shere Midco Ltd	Deloitte	2,482	(2,053)	(235)	(235)
Total									

(*) Audited financial statements at 31 December 2017.

(**) Unaudited financial statements at 31 December 2017.

This appendix forms an integral part of Note 8 to the 2017 financial statements, with which it should be read.

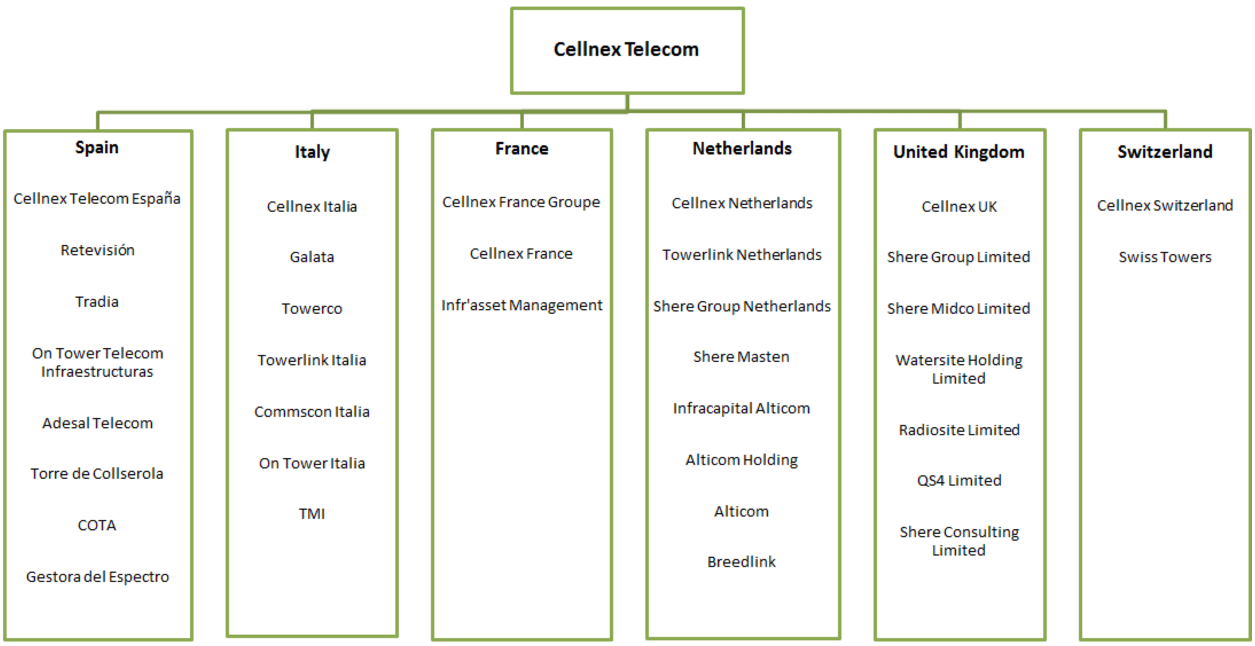
1. Information required under Article 262 of the Spanish Limited Liability Companies Law

1.1 Situation of the Company

Cellnex Telecom, S.A., hereinafter the Company, heads a business group which provides services related to infrastructure management for terrestrial telecommunications to the following markets:

- Telecom Infrastructure Services
- Broadcasting infrastructure
- Other Network Services

The organisational structure of the Cellnex Group, hereinafter Cellnex or the Group, at 31 December 2017 is summarised as follows:



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

1.2 Significant events in 2017

Cellnex's business model focuses on the **provision of services to mobile network operators (MNOs), broadcasters and other public and private companies** acting as a neutral[2] infrastructure provider. This business model is based on innovative, efficient, sustainable, independent and quality management to create value for its shareholders, customers, employees and all stakeholders.

Today, Cellnex has successfully become the leading European telecommunications infrastructure operator with more than 22,365 infrastructures located in Italy, Spain, France, the Netherlands, the UK and Switzerland, including sites and nodes. Cellnex thus provides services, through its customers, to more than 200 million people throughout Europe.

The most significant events during the 2017 financial year were as follows:

Telecom Infrastructure Services

This is the Group's main business by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by mobile network operators and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers.

Cellnex acts as a neutral carrier for mobile network operators and other telecommunication operators that usually require full access to the network infrastructure to deliver services to end users.

In this context, Cellnex offers co-location services, space in its own infrastructures for installing telecommunications equipment in rural and urban sites that are suitable for providing a range of different telecommunication services. The sites are designed and equipped with the resources to provide a high-quality service that offers both availability and network stability. The co-location service includes the provision of access to the energy point, secure conditions and conditioning of the infrastructure for the installation of customer equipment, as well as operation and maintenance services.

The value creation model involves increasing the sharing ratio of its infrastructure, by incorporating new customers who view an independent infrastructure operator as the ideal partner for deploying their services, reducing barriers to entry; or by agreements for rationalising existing networks run by a number of mobile telephone operators. Network rationalisation generates efficiencies both for itself and for mobile network operators (MNOs).

In the coming years, the market for small cells and Distributed Antenna Systems (DAS) will be the main driver of the telecommunications infrastructure sector. Users are looking for anywhere and anytime high-quality connectivity. One of the key challenges for current 4G and future 5G technologies is the exponential increase in mobile data traffic caused by the wealth of content and services offered by network access operators and the capacity developed by the new-generation terminals. In that connection, it is estimated that 5G will result in a 600% growth in mobile data traffic over the next five years. The densification of networks in open and closed spaces such as sports stadiums, skyscrapers, shopping centres, dense exteriors, airports, subway lines or railway stations, is one of the main vectors for the future deployment of 5G.

---

[2] 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.

“Small cells” and DAS networks significantly increase the actual data transmission capacity that operators offer their customers thanks to densification and to greater equipment capillarity. This means that the cells (areas) covered by each antenna are smaller, helping to better distribute data traffic among connected users and transmission elements.

The acquisition of Commscon in 2016 and Alticom in 2017 consolidates Cellnex's position as a key player in the development and deployment of telephony and data coverage solutions in high-demand areas, through the implementation of advanced technologies based on "small cells" and DAS that serve various operators based on a single infrastructure and deployed equipment.

- **Milestones 2017**

Cellnex France, S.A.S.

On 31 January, 2017 Cellnex agreed with Bouygues Telecom the acquisition and building of up to a maximum of 3,000 sites in France, structured around two projects. The first one relates to the acquisition of up to 1,800 sites for a total enterprise value of EUR 500 million and involves urban sites in the main cities of France (c.85% located in areas with a population above 400,000 inhabitants) which are to be gradually transferred to Cellnex France over a period of 2 years.

Cellnex and Bouygues Telecom have also agreed on a second project for the building of up to a maximum of 1,200 sites for a total investment of EUR 354 million. This build-to-suit project relates to sites to be built over an estimated period of 5 years.

Upon completion of these projects, Cellnex France is expected to own and operate a unique portfolio of up to 5,100 sites in France, in high demand areas and ready to capture future organic growth.

These projects are fully aligned with Cellnex’s corporate purpose and with its international expansion strategy based on the acquisition of an initial portfolio of assets allowing for subsequent market consolidation, and represent a clear example of consistent delivery of the Company’s equity story based on growth.

Cellnex is thus strengthening its position in France by becoming the second largest independent tower operator, reinforcing its current long-term partnership with Bouygues Telecom and setting the foundations to continue capturing organic growth in the country through future densification needs.

Swiss Towers AG

During the third quarter of 2017, Cellnex incorporated 2,239 sites in Switzerland, through the acquisition of Swiss Towers AG in consortium with Deutsche Telekom Capital Partners and Swiss Life Asset Managers, for an acquisition price, free of cash, amounting to EUR 400 million (Enterprise Value).

The consortium that acquired Swiss Towers AG from Sunrise Communications comprises Cellnex Telecom, S.A. (54%), Swiss Life Asset Managers (28%) and Deutsche Telekom Capital Partners (18%) (see Note 8.1 of the accompanying financial statements).

The acquisition agreement includes the signing of a Master Service Agreement from Swiss Towers to Sunrise for an initial period of 20 years, renewable for a further 20 years in two 10-year periods. In addition, Cellnex and Sunrise have also agreed the deployment (build to suit) of an additional 400 sites during the next 10 years, as well as 200 DAS (Distributed Antenna System) nodes.

Following this transaction, Cellnex has become the first independent wireless telecommunications services and infrastructure operator to enter Switzerland, consolidating the Group’s position in Europe.

Alticom BV

During the third quarter of 2017, Cellnex acquired the Dutch telecom infrastructure operator Alticom from Infracapital, which operates 30 long-range, high-capacity telecommunications sites for transmission equipment for voice, data and audiovisual content operators, located throughout the Netherlands. The purchase price, free of cash (Enterprise Value), amounted to EUR 129 million (see Note 8.1 of the accompanying financial statements).

Alticom's customers include all the telecommunication and broadcast operators in the Netherlands, with whom it has contracts ranging from 5 to 10 years.

Following the acquisition of CommsCon in Italy in June 2016, the characteristics of Alticom's sites are a key element to the future roll-out of 5G. They have the capacity – and connectivity to the fibre optic backbone – to host remote or 'caching' servers to bring data processing and storage capacity to the end users of 5G-based applications which is essential for meeting the exponentially increasing demand and requirements of an increasing number of people and connected objects.

Galata S.p.A.

During the third quarter of 2017, Cellnex Italia acquired from Wind Tre the remaining 10% of the share capital of Galata. The purchase was the result of exercising the put option that Wind Tre held on this 10% after the acquisition of 90% of Galata by Cellnex Italia in March 2015.

DAS (Distributed Antenna System)

- Agreement with Atlético de Madrid to equip the new stadium with mobile broadband coverage (2G, 3G, 4G and 5G in the future). Cellnex will install a unique and exclusive network of small cells in Wanda Metropolitano Stadium (Madrid), based on DAS (distributed antenna systems) technology able to provide service to the various mobile voice and data network access operators. The contract signed with will last for ten years. This is a pioneering solution in Spain and will serve the up to 68,000 spectators that can fit into Atlético's new stadium. This will be achieved through a unique and exclusive network of up to 250 antennas, remote units, fibre network and equipment located in the technical room. Cellnex brings to the project its experience in similar solutions rolled out in large stadiums in Italy, such as San Siro in Milan (80,000 spectators, 107 remote units and 165 antennas) or the Juventus Stadium in Turin (41,000 Spectators, 38 remote units and 91 antennas).
- Cellnex and JCDecaux have reached a commercial agreement to offer a comprehensive solution to network access operators as well as Public Administrations to roll out "small cells" and DAS technologies that will speed up densification and the development of mobile broadband telecom services offered by MNOs. In order to achieve this objective, JCDecaux and Cellnex will offer joint end to end solutions to their customers in Italy and Spain to facilitate network densification from design to maintenance while streamlining site acquisition.
- 3G and 4G voice and data coverage service agreements in the Cercle de Economia and the Liceo de Barcelona in Barcelona based on a single multi-operator system implemented with a DAS system that avoids the various operators deploying redundant networks.

The Group now has a unique portfolio of assets, which have enabled new business opportunities to be developed through the sharing of the infrastructure necessary in the roll out of 4th generation mobile telephones, involving the decommissioning of duplicated infrastructure.

Broadcasting Infrastructure

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

The value-creation model, in the broadcasting infrastructure business, is based on sharing the transmission network between broadcasters who do not have their own networks, such as mobile telephony operators.

Its services consist of distribution and transmission of television and radio signals, and the operation and maintenance of broadcasting networks, provision of connectivity for media content, over-the-top (OTT) broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop the other services in its portfolio.

In addition, Cellnex has established the strategic objective of positioning itself as a leader in 4K Ultra High-Definition Video technology. This technology provides an image with a resolution that is significantly better than High Definition (1280 x 720), up to sixteen times higher.

At the end of March 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 for the next decade was published, being mandatory for all the Member States of the European Union. 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 the MNOs. The UHF Decision provides a realistic calendar 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 that will have the 700MHz band within a reasonable time horizon (2020 with possibility to delay it 2 years with justified reasons). The Decision also points out that Member States will have to compensate for the costs arising from the forced migration of services related to spectrum reallocation.

According to the UHF Decision, European administrations will have to publish their Roadmap that pilots the process before 30 June, 2018. In the case of Spain, it is expected that this will be a non-disruptive Plan, which will maintain the number of MUX and that facilitates the technological evolution and the renovation of the television park.

In this sense, during 2018, the Group will continue with its work of collaboration with the Administration in relation to the Roadmap, as well as in the research and implementation of technical improvements, both in the provision of Digital Terrestrial Television services (DTT), as in the on-line distribution of audiovisual content. Among such technological advances, the interactivity of the Hybrid DTT, or the quality improvement provided by the Ultra High Definition (UHD - Ultra High Definition) stand out. In addition to the 4K broadcasts on DTT, the Group will announce during the next months the latest developments in Hibernate DTT (HbbTV).

Another important point is that on 20 December 2017, the EU Court of Justice annulled the European Commission Decision adopted in June 2013, which ordered the recovery of state aid granted by Spain to the operators of DTT in areas extending coverage up to 98% of the Spanish population. The immediate consequence for Cellnex, as contractor for some of the tenders for extension of coverage, is that Cellnex no longer has to refund any amounts to the Administrations, and where the refund had already been made, the Administration must return the amounts to Cellnex.

- **Milestones 2017**

Throughout 2017 a number of Ultra High-Definition pilot trials were carried out, through collaborative projects such as:

- Broadcasting of the UHD DTT test channel from Torrespaña (Madrid), Valencina (Seville) and Collserola (Barcelona).
- Broadcast of the documentary series "Spanish World Heritage Cities": Segovia. Joint project with RTVE.

- Demonstrations during the Mobile World Congress on DTT broadcast in UHD.
- Broadcast of the final of the Champions League live in 4K. Joint project with Antena 3.
- Changing of the Royal Guard broadcast live in UHD: 4K and HDR. Joint project with RTVE.
- Demonstrations at the 4K Summit in Málaga. Broadcast of three UHD-HDR services statistically multiplexed on one DTT transmitter.
- Incorporation of the centre of Mijas in trial broadcasts in UHD over DTT to cover the city of Málaga.

Cellnex has also carried out various pilot tests in the field of **Hybrid DTT** using the HbbTV interactivity standard.

Other Network Services

In Cellnex, the "smart" concept means sharing, efficiency, security, resilience and ubiquitous connectivity. Cellnex provides the infrastructure required 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 an infrastructure operator, Cellnex can facilitate, streamline and accelerate the deployment of these services through efficient connectivity of objects and people, in both rural and urban environments, helping to build genuine 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, customers of this business require in-depth technical know-how and demanding 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 and IoT network provider Sigfox is evidence of the Group's commitment to developing this technology both today and in the near future. In this regard, Cellnex's position as the majority 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, most development is occurring in the water metering and smart city services markets.

- **<u>Milestones 2017</u>**

Security and control

- The Maritime Rescue Company under the Spanish Ministry of Public Works, signed the “Provision of services within the Global Maritime Distress and Safety System” for the Safety of Human Life at Sea with Cellnex on 27 September 2017. The contract will come into force in August 2018 and has an initial term of four years, renewable for a further two years, for an annual amount over EUR 7 million. It gives continuity to the service Cellnex has been providing since 2009. The Group will provide the service through its network of coastal stations which allows 24/7 listening on maritime channels, all year round. The contract allows for receiving automatic alerts and distress calls, to be sent immediately to Maritime Rescue coordinators, as well as transmitting information for maritime safety and meteorological information, according to the guidelines established by Maritime Rescue and the connection between the Spanish Medical Radio Centre and any ships requesting that service. The provision of the service complies with the international conventions signed by Spain, in particular the Safety of Life at Sea (SOLAS) Convention and the International Search and Rescue Convention (SAR), which are the most important international treaties governing the safety of ships. In relation to the above, Cellnex has extensive experience managing security and emergency communications networks and services.
- The Group has been finalising the certifications relating to the extension of the TETRA network of the Catalan Railway system. In addition, a batch of spare parts has been supplied for the TETRA network mentioned above, notably the design, supply and installation to extend the coverage of the TETRA system on the Barcelona-Vallès line of the Catalan railways (FGC), on the section extending the branch line between the stations of Sabadell Plaza Mayor and the depots at Ca N'Oriach.
- Extension of the Catalonia emergency and security radiocommunications (RESCAT) network by means of two new base stations, each with twin carriers/frequencies to enhance coverage in certain areas of the territory, and the upgrade of the network to the new available technology has begun. Similarly, rollout of the project to extend the coverage of the RESCAT network in the Girona mono-bore tunnel of the AVE (Sagrera-Figueres line) has begun; the tunnel is 7,638 m long and there are also plans to offer coverage in the 13 emergency exits.
- Contract for the maintenance of the Ascó-Vandellós nuclear power plant communications and the contract for the provision of services within the global life-saving and safety system at sea. It should also be noted that the implementation of the DMR municipal network of Marbella (Andalusia) has been initiated.

Smart communications networks

- Agreement with Castellolí Parcmotor to equip the racing circuit with the necessary infrastructures and technology to enable the agents and companies working to develop the mobility of the future, advanced traffic solutions and vehicle manufacture to develop innovative products and services linked to smart mobility and connected and autonomous vehicles. The objective is to make the Castellolí Parcmotor into a benchmark environment and an innovative testing space for the development of ITS (Intelligent Transport Systems) technological solutions, particularly in the field of vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communications, which can subsequently be implemented in vehicles (future mobility), in towns and cities (smart cities) and on roads and motorways (smart roads).
- The first part of the contract with T-Systems for connectivity and co-location services in 32 Cellnex infrastructures has been completed and distributed throughout Spain, for the pan-European EAN (European Aviation Network) network
- The marketing activity relating to Back-Haul and Corporate circuits with the operators is operating according to the established forecasts.

1.3 Activity and main risks and uncertainties

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

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

Due to the nature of its investment activity, the Company is exposed to certain financial risks, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and Inflation risk.

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 achieved.

The information concerning the risks of the Company is presented, with this same date and in the same mercantile register, in the Consolidated Management report of the Cellnex Group, which has been prepared according to internationally recognised standards. For more details, see note 5 of the attached annual accounts.

1.4 Information relating to the deferred of payments to suppliers

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

1.5 Use of financial instruments

In the year ended 31 December 2017, Cellnex Telecom, S.A. abided by the policy for use of financial instruments described in Note 5 to the accompanying financial statements.

1.6 Research and Development activities

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

1.7 Cellnex's Corporate Responsibility framework and People Management

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.

In 2016, the Board of Directors approved the Corporate Responsibility (CR) policy, which includes Cellnex's CR strategy and commitment to the application of best practices in the countries in which it operates and on the basis of international reference standards. This commitment is developed in the Cellnex's 2012-2020 CR Master Plan, which constitutes the reference framework and the tool for systematising the strategic objectives, monitoring indicators and the actions and programmes underway for each of the axes of the Plan. Specifically, the plan consists of six areas of action:

Lines of action included in the Cellnex CSR Master Plan

Ethical management and good Governance	Governance of Corporate Responsibility	Sustainable development of the business	Contributing value to society	Communication and reporting	People Development
Promoting ethical behaviours	Providing the Master Plan with executive responsibility for Corporate Governance	Ensuring the whole company has the same level of environmental responsibility	Promoting and stimulating responsible and local procurement	Creating awareness within the company on the importance of Corporate Responsibility	Having an effective people development plan
Establishing a framework for ethical behaviour	Instrumentalising the Corporate Responsibility Master Plan	Positioning ourselves regarding analysis of the effects of EMR on health	Supporting the entrepreneurial and innovative world	Achieving greater knowledge and closeness to stakeholders	Helping people in the process of internationalisation
Having effective and sustainable corporate governance	Establishing a framework for action on Corporate Governance	Increasing environmental awareness among stakeholders	Creating value in the community	Full reporting	Promoting quality employment
Promoting an acknowledged culture of compliance			Taking a strategic approach to the relationship with the third sector	A reference in transparent corporate governance	
				Being a reference for value creation for society	

The CR Plan incorporates the best experiences of the Cellnex group companies as well as new proposals for building a better organisation day by day. With this Master Plan, Cellnex aims to create an instrument bringing together all the company's ethical, environmental and social initiatives, further establishing a long-term vision, setting 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 team, customers, suppliers and contractors, administrations, shareholders, the community and partners in shared projects.

In 2017, Cellnex published a declaration on slavery and trafficking in human beings, 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. 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. In the supply chain, Cellnex evaluates its most critical suppliers in terms of human rights on an annual basis. In addition, in 2017 Cellnex drew up the Purchase Policy that establishes the obligation for its suppliers to comply with protection and respect for Human Rights and to be familiar with the Code of Ethics and share it with its employees and subcontractors.

In 2017, a year marked by growth of the Group, mainly through new acquisitions in Europe, Cellnex now faces the challenge of integrating the new companies into the group's organisational model, particularly in the personnel management field.

As part of the Group's new organisational vision, and responding to this challenge, in 2017 it implemented a management change project called "**Change Management**" that aims to ensure the transfer of responsibilities and to provide guidance throughout the transformation process. This project made it possible to identify which jobs were affected by the change and to accompany and monitoring the development of each individual concerned. In addition, roadshows were carried out in all countries to explain the organisational vision and organisational changes. A survey will be conducted in 2018 among all affected employees to evaluate their perception and satisfaction with the way in which the **Change Management** project is being managed.

In this European context, an **international assignments** policy was approved in 2017 to frame the situation of displaced workers during the duration of the international project. Through this policy, the idea is to provide workers an opportunity for professional development while ensuring a series of guarantees during their stay and return, related not only to supplements and economic benefits, but also in terms of taxation, work and Social Security.

In addition, the **onboarding** programme was created in 2017, and will be implemented throughout 2018. The aim is to speed up the adaptation and integration process of new people joining the organisation.

In line with this vision, Cellnex Italia is working to obtain the SA8000 Social Accountability Certification in 2018. The objective of this certification is to ensure diversity and equal opportunities for all members of the Italy team.
Objectives 2018:

- Start integrating the "The Hub" skills model in Italy.
- Survey on the commitment of employees, in Spain, Italy and corporation.
- Prepare and approve the Talent Book with coverage throughout the Cellnex Group.
- Implement a Global Intranet.

1.9 Other Information

Non-financial information

The non-financial information presented in this Director's Report is complemented with the information presented, with this same date and in the same mercantile register, in the Consolidated Management report of the Cellnex Group, which has been prepared according to internationally recognised standards. For more details, see note 5 of the attached annual accounts.

Shareholder remuneration

The Board of Directors of Cellnex Telecom, S.A. adopted a resolution to propose to the Annual General Meeting a final cash dividend of EUR 0.042325 gross per share against 2016 profit, which was paid on 11 May 2017.

During the 2017 financial year an interim cash dividend amounting to EUR 10 million was distributed, which represents EUR 0.04 gross per each share that makes up the share capital of Cellnex Telecom, S.A. (EUR 10 million at year-end 2016, representing EUR 0.04 gross per share).

Along with the final cash dividend of EUR 12 million to be paid in 2018 (pursuant to the corresponding approval by the AGM), the total cash dividend distribution against 2017 results or reserves will have increased by 10% in relation to the dividend distributed against 2016 results.

Business outlook

Following a year marked by the international consolidation and expansion of the Group, with the acquisitions executed in 2017, during 2018 the Group will continue to analyse investment and growth opportunities that comply with the strict profitability and discipline requirements that the Group applies to all its investments.

The Group will maintain its focus on the potential investments in markets where it currently operates as well as other European markets in which investment opportunities are present and comply with its requirements. The priority continues to be to grow in the Telecom Infrastructure Services segment, for which there are clearly two growth paths:

1. Organic growth, in the countries in which the Group operates, reaching service agreements with new customers that need to develop and implement their own network, along with agreements with current customers, offering services that allow them to rationalise their networks and optimise costs, through the dismantling of duplicate infrastructures and building new infrastructures in strategic sites that could offer service to one or more customers. This growth allows the Group to increase its ratio of customers by infrastructure and work with the operators to complete the deployment of 4G, reduce areas with no signal coverage and extend network densification.

2. Inorganic growth which is comprised of the acquisition of companies in the same sector as well as asset deals mainly from mobile network operators, such that, once acquired, the Group can offer additional services to the operators.

With this growth strategy the Group pursues the following objectives: increase its customer base, diversify geographically in countries with strong credit ratings, create a European platform to deliver organic growth, be ready for the implementation of 5G networks and, as a result, its improve business risk profile.

In terms of day to day operations the Group will continue consolidating recent acquisitions, maintaining permanent contact with its customers from all business segments in order to improve and extend the services currently offered and to ensure the renewal of all contracts under the most advantageous conditions for all parties.

Treasury shares

During the period ended on 31 December 2017, Cellnex Telecom, S.A. has continued to rely on a liquidity contract, maintaining a final balance of 87 thousand treasury shares at an average price per share of EUR 21.427, which represent 0.04% of the share capital.

The acquisition of treasury shares has been carried out by means of a liquidity contract[10] signed by Cellnex Telecom, S.A. on 31 May 2016 with Santander Investment Bolsa, Sociedad de Valores, S.A.U. in order to manage its portfolio of treasury shares.

Environment

Responsible environmental management

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

Thus, not only does Cellnex base its activity on the principles of sustainability and responsibility, but has also defined Sustainable Business Development as one of the basic pillars of its CR Master Plan. This involves the company committing to sustainability, environmental preservation and efficiency by setting goals, and more specifically by implementing concrete actions and programmes for all the companies of the Group.

[10] Liquidity contract in accordance with the CNMV circular 1/2017 of 26 April covering liquidity contracts for the purpose of their acceptance as market practice.

The Sustainable Business Development pillar is defined on the basis of the following goals, each of which consists of several specific actions:

1) Putting environmental management of Cellnex in Spain at the same level as the rest of the companies in the Cellnex group;
2) Promoting Energy Efficiency, increasing the use of renewable energy as much as possible and fostering the implementation of efficiency measures at the company's premises;
3) Committing to sustainable mobility;
4) Developing a carbon management framework in Spain to include the strategic perspectives to be worked on and focused on a set of actions, framed in different lines of management, that must be approved, funded and implemented to achieve the carbon management objectives established;
5) Minimising the risks and fostering the business opportunities derived from climate change identified in relation to Cellnex's activity in Spain;
6) Progressively reducing the carbon footprint in Spain and Italy;
7) Protecting and respecting the ecosystems affected by Cellnex's activity;
8) Promoting a sustainable culture within the Cellnex organisation; Measuring and communicating environmental performance and reporting this on an annual basis in international organisations (CDP, GRI, DJSI, UNGC, FSTE, etc.).

Within the organisation's environmental objectives defined in 2017, there were 26 goals established for improving or mitigating environmental impacts. Sixteen of these have been implemented, and the rest are almost implemented or in the process of completion.

Management Systems

Cellnex has implemented an Integrated Management System to support its organisational model, which provides a framework for adopting a systematic approach in performing processes, thereby ensuring that they are effective. It also allows a procedure to be established to guarantees the quality of the services provided and to ensure that the activity is carried out in compliance with current legislation.

As a demonstration of its commitment to quality and excellence, Cellnex Spain subgroup has maintained the following certifications, issued by TÜV Rheinland:

- ISO 9001 Standard for Quality Management
- ISO 14001 Standard for Environmental Management
- OHSAS 18001 Standard for Occupational Health and Safety Management
- UNE 166002 Standard for Management of Research, Technological Development and Innovation activities (R&D+i)
- ISO 27001 Standard for Information Security Management
- Standard ISO 14064-1 Greenhouse gases. Part 1: Specification with guidance, at organisation level, for quantifying and reporting emissions and removal of greenhouse gases.

Likewise, the Measurement and Instrumentation Laboratory is accredited under ISO 17025 Standard (CGA-ENAC-LEC) for Tests on Receivers of terrestrial digital television.

In 2017, the Management System and the corresponding Policies were adapted to the new requirements of ISO 9001 and ISO 14001 standards, the most noteworthy of which are stakeholder analysis within the context of the organisation, risk and opportunity management, and control of outsourced processes.

Internal and external audits are performed every year as an essential element for maintaining the Management System. 19 internal audits (55 auditor days) and 7 internal audits (43 auditor days) were performed in 2017.

In 2018 Cellnex Italia aims to implement a Management System based on ISO 9001, ISO 14001, OHSAS 18001, ISO 27001 and SA8000 standards.

Post balance sheet events

Spain corporate reorganisation

Additionally, on 14 February 2018, the following operations occurred between Spanish companies within the scope of consolidation in which Cellnex holds a 100% shareholding, and as such this did not have an impact on the consolidated financial statements for 2018:

- Acquisition by 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., for their carrying amount of EUR 977 million.

- To finance the acquisition, Cellnex Telecom, S.A. made an equity contribution to Cellnex Telecom España, S.L. for the same amount.

2018 convertible bond

On 8 January, 2018, Cellnex Telecom, S.A. priced the issuance of EUR 600 million of convertible bonds. The shares underlying the bonds are equivalent to 6.8% of the company's share capital, based on the initial conversion price. The bonds' conversion price into Cellnex Telecom, S.A. shares has initially been set at EUR 38.0829 representing a premium of 70% over the volume weighted average price of a share on the Spanish Stock Exchange between market opening at that date and pricing of the offering.

The bonds will carry a coupon of 1.5% payable annually in arrears. Cellnex Telecom, S.A. 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 initially issued have been converted and/or redeemed and/or purchased and cancelled. The Terms and Conditions of the bonds include a change of control put clause, at the option of bondholders, which could result in early repayment.

The Issuance was rated by Fitch, with a rating of BBB-, which is the company's current rating. Cellnex intends to seek admission to trading for the bonds on the Open Market (*Freiverkehr)* of the Frankfurt Stock Exchange.

Treasury shares purchase program

During January 2018, Cellnex Telecom, S.A. purchased 67,505 treasury shares, representing 0.03% of the total shares outstanding, with an average price of EUR 21.55 per share, valuing the total stake at that time at EUR 1,458 thousand.

2. Annual corporate governance report

The Annual Corporate Governance Report submitted by the Board of Directors of Cellnex Telecom, S.A. is included below, and consists of 77 pages numbered 1 to 77, both inclusive.

****

Madrid, 15 February 2018

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.

APPENDIX I FORM

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR END 2017

CORPORATE TAX ID
[C.I.F.] A64907306

Corporate Name
CELLNEX TELECOM. S.A.

Registered Office:
JUAN ESPLANDIÚ STREET11-13, 28007 MADRID

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
21/11/2014	57.920.810,00	231.683.240	231.683.240

Indicate whether different types of shares exist with different associated rights:

Yes ☐ **No X**

A.2 List the direct and indirect holders of significant ownership interests in your organisation at year-end, excluding directors.

Name or corporate name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
THREADNEEDLE ASSET MANAGEMENT LIMITED	0	11.357.440	4,90%
BLACKROCK INC.	0	14.046.969	6,06%
FIDELITY INTERNATIONAL LIMITED	0	4.582.537	1,98%
CANTILLON CAPITAL MANAGEMENT LLC	0	7.000.164	3,02%
CRITERIA CAIXA, S.A.U.	11.584.575	0	5,00%
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	0	11.584.575	0,00%
ABERTIS INFRAESTRUCTURAS, S.A.	78.772.302	0	34,00%
MFS INVESTMENT MANAGEMENT	0	11.838.997	5,11%

Name or company name of the indirect owner of the shareholding	Through: Name or company name of the direct holder of the shareholding	Number of voting rights
THREADNEEDLE ASSET MANAGEMENT LIMITED	VARIOUS FUNDS, NO OBLIGATION TO REPORT INDIVIDUALLY	11.357.440

BLACKROCK INC.	VARIOUS FUNDS, NO OBLIGATION TO REPORT INDIVIDUALLY	14.046.969
FIDELITY INTERNATIONAL LIMITED	VARIOUS FUNDS, NO OBLIGATION TO REPORT INDIVIDUALLY	4.582.537
CANTILLON CAPITAL MANAGEMENT LLC	VARIOUS FUNDS, NO OBLIGATION TO REPORT INDIVIDUALLY	7.000.164
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CRITERIA CAIXA, S.A.U.	11.584.575
MFS INVESTMENT MANAGEMENT	MASSACHUSETTS FINANCIAL SERVICES COMPANY	10.448.901
MFS INVESTMENT MANAGEMENT	MFS HERITAGE TRUST COMPANY	139.009
MFS INVESTMENT MANAGEMENT	MFS INSTITUTIONAL ADVISORS, INC.	231.683
MFS INVESTMENT MANAGEMENT	MFS INTERNATIONAL (U.K.) LTD	301.188
MFS INVESTMENT MANAGEMENT	MFS INVESTMENT MANAGEMENT K.K.	46.336
MFS INVESTMENT MANAGEMENT	MFS INTERNATIONAL SINGAPORE PTE. LTD.	347.524
MFS INVESTMENT MANAGEMENT	MFS INVESTMENT MANAGEMENT CANADA LTD.	324.356

Indicate the most significant movements in the shareholding structure during the year:

Name or corporate name of shareholder	**Date of the transaction**	**Description of the transaction**
THREADNEEDLE ASSET MANAGEMENT LIMITED	19/01/2017	Fell below 5% of share capital.
CITADEL MULTI-STRATEGY EQUITIES	23/02/2017	Exceeded 1% of share capital

MASTER FUND LTD		(only tax havens)
SHODERS PLC	02/03/2017	Exceeded 3% of share capital.
MFS INVESTMENT MANAGEMENT	07/03/2017	Exceeded 3% of share capital.
SHODERS PLC	07/03/2017	Fell below 3% of share capital.
MFS INVESTMENT MANAGEMENT	16/03/2017	Exceeded 5% of share capital.
SHODERS PLC	17/03/2017	Exceeded 3% of share capital.
SHODERS PLC	23/03/2017	Fell below 3% of share capital.
BLACKROCK ADVISORS, LLC	05/05/2017	Fell below 3% of share capital.
SHODERS PLC	09/05/2017	Exceeded 3% of share capital.
BLACKROCK ADVISORS, LLC	11/05/2017	Fell below 3% of share capital.
SHODERS PLC	19/05/2017	Fell below 3% of share capital.
THE GOLDMAN SACHS GROUP, INC.	22/05/2017	Exceeded 3% of share capital.
BLACKROCK ADVISORS, LLC	01/06/2017	Fell below 3% of share capital.
BLACKROCK INC.	02/06/2017	Fell below 3% of share capital.
THE GOLDMAN SACHS GROUP, INC.	06/06/2017	Fell below 3% of share capital.
FIDELITY INTERNATIONAL LIMITED	19/07/2017	Exceeded 2% of share capital (only tax havens)
CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD	26/06/2017	Exceeded 1% of share capital (only tax havens)
CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD	04/07/2017	Fell below 1% of share capital (only tax havens).
BLACKROCK INC.	07/07/2017	Fell below 5% of share capital.
FIDELITY INTERNATIONAL LIMITED	16/08/2017	Fell below 2% of share capital (only tax havens).
BLACKROCK INC.	11/12/2017	Exceeded 5% of share capital.
BLACKROCK INC.	14/12/2017	Fell below 5% of share capital.
THE GOLDMAN	14/12/2017	Exceeded 3% of share

SACHS GROUP, INC.		capital.
THE GOLDMAN SACHS GROUP, INC.	15/12/2017	Exceeded 3% of share capital.
THE GOLDMAN SACHS GROUP, INC.	22/12/2017	Fell below 3% of share capital.

A.3 Complete the following tables on company directors holding voting rights through company shares.

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR LUIS DEULOFEU FUGUET	3.571	0	0,00%
MR TOBÍAS MARTÍNEZ GIMENO	20.000	0	0,01%
MR FRANCISCO REYNÉS MASSANET	0	4.966	0,00%
MR BERTRAND BOUDEWIJN KAN	10.000	0	0,00%
MR PIERRE BLAYAU	0	12.000	0,01%

Name or company name of the indirect owner of the share	Through: Name or company name of the direct holder of the share	Number of voting rights
MR FRANCISCO REYNÉS MASSANET	FRINVYCO, S.L.	4.966
MR PIERRE BLAYAU	HARBOUR CONSEILS	12.000

% of total voting rights held by the Board of Directors	0,02%

Complete the following tables on company directors holding voting rights through company shares.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

Related name or corporate name
CELLNEX TELECOM, S.A.
ABERTIS INFRAESTRUCTURAS, S.A.

Type of relationship: Commercial

Brief description: The existing relationships arise from ordinary trading. See Section D.2.

Related name or corporate name
CELLNEX TELECOM, S.A.
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA

Type of relationship: Commercial

Brief description: The existing relationships arise from ordinary trading. See Section D.2.

Related name or corporate name
CELLNEX TELECOM, S.A.
CRITERIA CAIXA, S.A.U.

Type of relationship: Commercial

Brief description: The existing relationships arise from ordinary trading. See Section D.2.

A.6 Indicate whether the company has been notified of any shareholders' agreements pursuant to Articles 530 and 531 of the Spanish Limited Liability Companies Law. Provide a brief description and list the shareholders bound by the agreement, as applicable.

Yes ☐ **No X**

Indicate whether the company is aware of the existence of any concerted actions amongst its shareholders. Give a brief description as applicable.

Yes ☐ **No X**

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year.

Not applicable.

A.7 Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company in accordance with Article 5 of the Spanish Securities' Market Act. If so, identify.

Yes ☐ **No X**

Remarks

A.8 Complete the following tables on the company's treasury shares.

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
86.758	0	0,04%

(*) Through:

Explain any significant changes there have been during the year, pursuant to Royal Decree 1362/2007.

Explain the significant changes

Liquidity contract in force and as provided in the circular 1/2017, of 26 April, of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*), on the liquidity contracts, for the purpose of its acceptance as market practice.

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.

On 10 April 2015, the then company's Sole Shareholder took the decision to authorise its Board of Directors to proceed with the acquisition of treasury stock, both directly through the company itself or through group companies, in the terms set out:

a) the acquisition may be carried out as purchase, swap or payment in kind, once or several times, provided that the stock acquired, in conjunction with that already held by the company, does not exceed 10% of the share capital;
b) the price or exchange value shall fluctuate between a minimum equivalent to its face value and a maximum equivalent of the closing price of the company's stock in continuous trading at the time of acquisition;

c) the validity period for the authorisation shall be five years from the day following the day on which this decision was taken. It is expressly noted that the stock acquired as a result of this authorisation may be used both for the disposal or amortisation thereof as well as for applying the remuneration systems set out in Section 146(1)(a) of the Spanish Limited Liability Companies Law.

A.9a Estimated floating capital.

	%
Estimated floating capital	39,93

A.10 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes ☐ **No X**

A.11 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

Yes ☐ **No X**

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes ☐ **No X**

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's Bylaws. Describe how it differs from the system of minimum quorums established in the Spanish Limited Liability Companies Law.

Yes ☐ **No X**

B.2 Indicate and, as applicable, describe any differences between the Company's system of adopting corporate resolutions and the framework established in the Spanish Limited Liability Companies Law.

Yes ☐ **No X**

Describe how they differ from the rules established in the Spanish Limited Liability Companies Law.

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws .

The rules included in the Spanish Limited Liability Companies Law shall be applied to the majorities required to amend the corporate bylaws.

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

	Attendance data				
Date of general meeting	**% attending in person**	**% by proxy**	**% remote voting**		**Total**
			Electronic means	**Other**	
30/06/2016	46,52%	31,18%	0,00%	0,00%	77,70%
27/04/2017	40,63%	36,69%	0,00%	0,00%	77,32%

B.5 Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

Yes X **No □**

Number of shares required to attend the General Shareholders' Meeting	100

B.6 Section abolished.

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings that must be made available to shareholders on the website.

The "Shareholders and investors" section on the website www.cellnextelecom.com, provides the information required by Section 539(2) of the Spanish Law on Limited Liability Companies and by National Securities Market Commission Circular 3/2015.

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1 List the maximum and minimum number of directors included in the Bylaws.

Maximum number of directors	13
Minimum number of directors	4

C.1.2 Complete the following table with Board members' details.

Name or corporate name of director	Representative	Director category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR GIAMPAOLO ZAMBELETTI ROSSI		INDEPENDENT	DIRECTOR	16/04/2015	16/04/2015	OTHER
MR FRANCISCO JOSÉ ALJARO NAVARRO		PROPRIETARY	DIRECTOR	17/11/2014	30/06/2016	ORDINARY GENERAL MEETING
MR LUIS DEULOFEU FUGUET		PROPRIETARY	DIRECTOR	16/04/2015	16/04/2015	OTHER
MR TOBÍAS MARTÍNEZ GIMENO		EXECUTIVE	CEO	17/11/2014	30/06/2016	ORDINARY GENERAL MEETING
MR FRANCISCO REYNÉS MASSANET		PROPRIETARY	CHAIRMAN	17/11/2014	30/06/2016	ORDINARY GENERAL MEETING
MR JOSEP MARIA CORONAS GUINART		PROPRIETARY	DIRECTOR	17/11/2014	30/06/2016	ORDINARY GENERAL MEETING
MR PIERRE BLAYAU		INDEPENDENT	DIRECTOR	16/04/2015	16/04/2015	OTHER
MR LEONARD PETER SHORE		INDEPENDENT	DIRECTOR	16/04/2015	16/04/2015	OTHER
MR BERTRAND BOUDEWIJN KAN		INDEPENDENT	VICE CHAIRMAN	16/04/2015	16/04/2015	OTHER
MS MARIETA DEL RIVERO BERMEJO		INDEPENDENT	DIRECTOR	27/04/2017	27/04/2017	ORDINARY GENERAL MEETING

Total number of directors	10

Indicate any board members who left during this period.

C.1.3 Complete the following tables on board members and their respective categories.

EXECUTIVE DIRECTORS

Name or corporate name of director	Post held in the company
MR TOBÍAS MARTÍNEZ GIMENO	CHIEF EXECUTIVE OFFICER

Total number of executive directors	1
% of the board	10,00%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS INFRAESTRUCTURAS, S.A.
MR LUIS DEULOFEU FUGUET	ABERTIS INFRAESTRUCTURAS, S.A.
MR FRANCISCO REYNÉS MASSANET	ABERTIS INFRAESTRUCTURAS, S.A.
MR JOSEP MARIA CORONAS GUINART	ABERTIS INFRAESTRUCTURAS, S.A.

Total number of proprietary directors	4
% of the board	40,00%

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director:
MR GIAMPAOLO ZAMBELETTI ROSSI

Profile:
He has spent much of his professional career in the chemicals/pharmaceuticals and telecoms sectors, and currently holds the position of President of RCS Investimenti and Vice-President of Unidad Editorial, S.A. He was previously Founder and Managing Director of Zambeletti Espana, 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. Recently has been appointed Board Member of Banca Farmafactoring Group in Milan.
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.

Name or corporate name of director:
MR PIERRE BLAYAU

Profile:
He is currently holding the position of president of CCR (Caisse Centrale de Reassurance) and an independent member of the Boards of Directors of FIMALAC and the SECP (Canal+ Group). 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.

Name or corporate name of director:
MR LEONARD PETER SHORE

Profile:
Has extensive experience in the telecommunications and tech sector. Held the position of Chairman of Arqiva in the UK for eight years from 2007. He has also been Chairman of Uecomm, Lonely Planet Publications, the Hostworks Group and Airwave. He was Group Managing Director at Telstra in Australia, CEO of Priceline (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. Leonard Peter Shore holds a degree in Applied Mathematics and Computing Science from the University of Adelaide.

Name or corporate name of director:
MR BERTRAND BOUDEWIJN KAN

Profile:
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 member of the Board of Síminn hf., the telecoms operator in Iceland, 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. degrees in Economics from the London School of Economics.

Name or corporate name of director:
MS MARIETA DEL RIVERO BERMEJO

Profile:
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 at Telefónica, Nokia (Iberia and Corporation), Xfera Móviles, Amena and Nefitel. She is currently Partner at Seeliger & Conde, member of the advisory boards of the “Made in Mobile” technology incubator and the “Roca Salvatella” digital transformation consultancy. She is President of the International Women’s Forum Spain and member the Women Corporate Directors Foundation in Spain.

Total number of independent directors	5
% of the board	50,00%

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained the said relationship.

No

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

OTHER EXTERNAL DIRECTORS

Identify the other external directors and list the reasons why these cannot be considered proprietary or independent directors and detail their relationships with the Company, its executives or shareholders.

List any changes in the category of each director that have occurred during the year.

C.1.4 Complete the following table on the number of female directors as at year-end of the past four financial years and their category.

	Number of female directors				% of total directors of each category			
	Financial year T 2017	Financial year t-1 2016	Financial year t-2 2015	Financial year t-3 2014	Financial year T 2017	Financial year t-1 2016	Financial year t-2 2015	Financial year t-3 2014
Executive	0	0	0	N.A.	0,00%	0,00%	0,00%	N.A.
Proprietary	0	0	0	N.A.	0,00%	0,00%	0,00%	N.A.
Independent	1	0	0	N.A.	20,00%	0,00%	0,00%	N.A.
Other external	0	0	0	N.A.	0,00%	0,00%	0,00%	N.A.
Total:	1	0	0	N.A.	10,00%	0,00%	0,00%	N.A.

C.1.5 Explain the measures, if applicable, that have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

Explanation of measures

Encouraging gender diversity is a principle set out in the Board Regulations. The Board of Directors approved in 2016 a Director Selection Policy that establishes that the candidate selection process will avoid any kind of implicit bias that may involve any discrimination; that it will promote the balanced presence of men and women on the Board of Directors; and that it must aim for the underrepresented gender to be at least 30% of the total members of the Board of Directors in the shortest time possible, and by the end of 2020 at the latest.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and that the company makes a conscious effort to search for female candidates who have the required profile.

Explanation of measures

Within the scope of its powers, the Nomination and Remuneration Committee defines the functions and aptitudes required of the candidates who should fill each vacancy on the Board of Directors.
During the Director selection process, the Nomination and Remuneration Committee evaluates the skills and experience of each of the candidates under criteria of objectiveness, assessing the candidate’s profile and evaluating the time and dedication needed for them to be able to effectively perform their task. Among these criteria, the Nomination and Remuneration Committee considers the need to promote equal opportunities between men and women, ensuring that no kind of gender-based discrimination takes place.

Explanation of reasons

The Directors’ Selection Policy was approved in 2016, and in the 2017 General Meeting a female Director was appointed, following a report from the Board of Directors justifying the appointment, and as per a proposal of the Nominations & Remunerations Committee, stablishing in 10 the number of Directors. There has not been vacancies in the Board since then.

C1.6 bis Explain the conclusions of the Nomination Committee regarding verifying compliance with the director selection policy. In particular, explain how this policy is promoting the aim that in 2020 the number of female directors will represent at least 30% of the total members of the board of directors.

Explanation of conclusions

Cellnex has managed the application of its Directors' Selection Policy, and due to its application the RNC proposed to the 2017 Ordinary General Meeting the appointment of an independent female Director. Moreover, it continues to ensure the fulfillment of the objectives contained in said Policy.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

The significant shareholder Abertis Infraestructuras S.A. is represented in the Board of Directors with four proprietary directors.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

Yes □ **No X**

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If this has been done in writing, list below the reasons given by that director.

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

Name or corporate name of director
MR TOBÍAS MARTÍNEZ GIMENO

Brief description:
All powers of representation, management, and power to sell assets that can be legally delegated.

C.1.11 List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company's group.

Name or corporate name of director	Corporate name of the group entity	Post	Do they have executive functions?
MR TOBÍAS MARTÍNEZ GIMENO	TRADIA TELECOM, S.A.U	SOLIDARITY ADMINISTRATOR	YES
MR TOBÍAS MARTÍNEZ GIMENO	RETEVISION I, S.A.U.	SOLIDARITY ADMINISTRATOR	YES
MR TOBÍAS MARTÍNEZ GIMENO	ON TOWER TELECOM INFRAESTRUCTURAS, S.A.U.	SOLIDARITY ADMINISTRATOR	YES
MR TOBÍAS MARTÍNEZ GIMENO	CELLNEX TELECOM ESPAÑA, S.L.U.	SOLIDARITY ADMINISTRATOR	YES

C.1.12 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name of director	Corporate name of the listed entity	Post
MR FRANCISCO REYNÉS MASSANET	ABERTIS INFRAESTRUCTURAS, S.A.	VICE CHAIRMAN/CEO
MR BERTRAND BOUDEWIJN KAN	SÍMINN HF	DIRECTOR

C.1.13 Indicate and, where appropriate, explain whether the company establishes rules about the maximum number of company boards on which its directors may sit.

Yes ☐ **No X**

C.1.14 Section abolished.

C.1.15 List the total remuneration paid to the board of directors in the year.

Board remuneration (thousands of euros)	2.235
Amount of rights accumulated by current directors concerning pensions (thousands of euros)	475
Amount of rights accumulated by former directors concerning pensions (thousands of euros)	0

C.1.16 List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year.

Name or corporate name	Post(s)
MR JOSE MANUEL AISA MANCHO	CFO – Finance & Corporate Development Director
MR ANTONI BRUNET MAURI	Corporate and Public Affairs Director
MR JAVIER MARTÍ DE VESES ESTADES	General Secretary
MR ÁLEX MESTRE MOLINS	CCO – Business & Commercial Development Director
MR ROSA PIÑOL RAURICH	CRO – Resources & Transformation Director
MR DANIEL FERNÁNDEZ CAPO	COO – Global Business Operations Director
MR ALBERT CUATRECASAS FREIXAS	Managing Director Spain
MR GIANLUCA LANDOLINA	Managing Director Italy

Total remuneration received by senior management (thousands of euros)	2.369

C.1.17 List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies.

Name or corporate name of director	Corporate name of significant shareholder	Post
MR FRANCISCO JOSÉ ALJARO NAVARRO	SANEF, S.A.	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS AUTOPISTAS ESPAÑA, S.A.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS, CONCESIONARIA ESPAÑOLA, S.A.U. (ACESA)	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTES DE CATALUNYA, S.A. CONCESSIONARIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL (AUCAT)	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	INFRAESTRUCTURES VIARIES DE CATALUNYA, S.A.	SOLIDARITY ADMINISTRATOR

	CONCES. GENE. CATALUNYA, UNIP. (INVICAT)	
MR FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS AUMAR, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	IBERPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	CASTELLANA DE AUTOPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS DE LEON, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL (AULESA)	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS TELECOM SATELITES, S.A.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS INTERNACIONAL, S.A.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	PARTICIPES EN BRASIL II, S.A.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	PARTICIPES EN BRASIL, S.A.	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ARTERIS, S.A.	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTA CENTRAL, S.A.	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	CENTRAL KORBANA, S.A.R.L.	JOINT ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	CENTRAK KORBANA SWEDEN AB	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	CENTRAL KORBANA SWEDEN HOLDINGS AB	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS AUTOPISTAS CHILE, S.A.	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS INDIA, S.L.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	HISPASAT, S.A.	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	INFRAESTRUCTURAS AMERICANAS, S.L.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	SOCIETAT D AUTOPISTES	SOLIDARITY ADMINISTRATOR

	CATALANES, S.A.U.	
MR FRANCISCO JOSÉ ALJARO NAVARRO	AUTOPISTAS METROPOLITANAS DE PUERTO RICO LLC (METROPISTAS)	CHAIRMAN
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS MOBILITY SERVICES, S.L.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	INVERSORA DE INFRAESTRUCTURAS, S.L. (INVINSL)	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS MOTORWAYS UK LIMITED	DIRECTOR
MR FRANCISCO JOSÉ ALJARO NAVARRO	ABERTIS FINANCE B V	DIRECTOR
MR JOSEP MARIA CORONAS GUINART	ABERTIS INDIA, S.L.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	ABERTIS AUTOPISTAS ESPAÑA, S.A.U.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	AUTOPISTAS, CONCESIONARIA ESPAÑOLA, S.A.U. (ACESA)	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	AUTOPISTES DE CATALUNYA, S.A. CONCESSIONARIA DE LA GENERALITAT DE CATALUNYA, UNIPERSONAL (AUCAT)	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	INFRAESTRUCTURES VIARIES DE CATALUNYA, S.A. CONCES. GENE. CATALUNYA, UNIP. (INVICAT)	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	AUTOPISTAS AUMAR, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	IBERPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	CASTELLANA DE AUTOPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA	AUTOPISTAS DE LEON,	SOLIDARITY

CORONAS GUINART	S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL (AULESA)	ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	ABERTIS TELECOM SATELITES, S.A.U.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	ABERTIS INTERNACIONAL, S.A.U.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	PARTICIPES EN BRASIL II, S.A.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	HISPASAT, S.A.	DIRECTOR
MR JOSEP MARIA CORONAS GUINART	INFRAESTRUCTURAS AMERICANAS, S.L.U.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	SOCIETAT D AUTOPISTES CATALANES, S.A.U.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	ABERTIS MOBILITY SERVICES, S.L.	SOLIDARITY ADMINISTRATOR
MR JOSEP MARIA CORONAS GUINART	A4 HOLDING S.P.A.	DIRECTOR
MR LUIS DEULOFEU FUGUET	BIP GO	DIRECTOR
MR LUIS DEULOFEU FUGUET	SOCIETE DES AUTOROUTES PARIS NORMANDIE S A P N (S A)	CHAIRMAN
MR FRANCISCO REYNÉS MASSANET	ABERTIS INFRAESTRUCTURAS, S.A.	VICE CHAIRMAN/CEO
MR FRANCISCO REYNÉS MASSANET	HOLDING D INFRAESTRUCTURES DE TRANSPORT, S.A.S.	SOLE ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	HOLDING D INFRAESTRUCTURES DE TRANSPORT 2, S.A.S.	CHAIRMAN
MR FRANCISCO REYNÉS MASSANET	SANEF, S.A.	DIRECTOR
MR FRANCISCO REYNÉS MASSANET	ABERTIS AUTOPISTAS ESPAÑA, S.A.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	AUTOPISTAS, CONCESIONARIA ESPAÑOLA, S.A.U. (ACESA)	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	AUTOPISTES DE CATALUNYA, S.A. CONCESSIONARIA DE	SOLIDARITY ADMINISTRATOR

	LA GENERALITAT DE CATALUNYA, UNIPERSONAL (AUCAT)	
MR FRANCISCO REYNÉS MASSANET	INFRAESTRUCTURES VIARIES DE CATALUNYA, S.A. CONCES. GENE. CATALUNYA, UNIP. (INVICAT)	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	AUTOPISTAS AUMAR, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	IBERPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	CASTELLANA DE AUTOPISTAS, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	AUTOPISTAS DE LEON, S.A. CONCESIONARIA DEL ESTADO, UNIPERSONAL (AULESA)	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	ABERTIS TELECOM SATELITES, S.A.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	ABERTIS INTERNACIONAL, S.A.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	INVERSORA DE INFRAESTRUCTURAS, S.L. (INVINSL)	CHAIRMAN
MR FRANCISCO REYNÉS MASSANET	PARTICIPES EN BRASIL II, S.A.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	PARTICIPES EN BRASIL, S.A.	CHAIRMAN
MR FRANCISCO REYNÉS MASSANET	ARTERIS, S.A.	DIRECTOR
MR FRANCISCO REYNÉS MASSANET	ABERTIS AUTOPISTAS CHILE, S.A.	CHAIRMAN
MR FRANCISCO REYNÉS MASSANET	HISPASAT, S.A.	DIRECTOR
MR FRANCISCO REYNÉS MASSANET	INFRAESTRUCTURAS AMERICANAS, S.L.U.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	SOCIETAT D AUTOPISTES	SOLIDARITY ADMINISTRATOR

	CATALANES, S.A.U.	
MR FRANCISCO REYNÉS MASSANET	A4 HOLDING S.P.A.	DIRECTOR
MR FRANCISCO REYNÉS MASSANET	ABERTIS INDIA, S.L.	SOLIDARITY ADMINISTRATOR
MR FRANCISCO REYNÉS MASSANET	ABERTIS MOBILITY SERVICES, S.L.	SOLIDARITY ADMINISTRATOR

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the Board of Directors with significant shareholders and/or their group companies.

Name or corporate name of director
DON FRANCISCO JOSÉ ALJARO NAVARRO
Name or corporate name of significant shareholder
ABERTIS INFRAESTRUCTURAS, S.A.
Relationship:
CHIEF FINANCIAL OFFICER

Name or corporate name of director
MR LUIS DEULOFEU FUGUET
Name or corporate name of significant shareholder
ABERTIS INFRAESTRUCTURAS, S.A.
Relationship:
GENERAL MANAGER OF SANEF

Name or corporate name of director
MR FRANCISCO REYNÉS MASSANET
Name or corporate name of significant shareholder
FUNDACIÓN PRIVADA ABERTIS
Relationship:
TRUSTEE

Name or corporate name of director
MR JOSÉ MARÍA CORONAS GUINART
Name or corporate name of significant shareholder
ABERTIS INFRAESTRUCTURAS, S.A.
Relationship:
NON-DIRECTOR VICE SECRETARY, SECRETARY GENERAL AND CORPORATE GENERAL MANAGER

Name or corporate name of director
MR JOSÉ MARÍA CORONAS GUINART
Name or corporate name of significant shareholder
FUNDACIÓN BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA
Relationship:
SECRETARY (NON-MEMBER) OF THE PATRONAGE

Name or corporate name of director
MR FRANCISCO REYNÉS MASSANET
Name or corporate name of significant shareholder
ABERTIS INFRAESTRUCTURAS, S.A.
Relationship:
VICECHAIRMAN / CEO

C.1.18 Indicate whether any changes have been made to the board regulations during the year.

Yes □ **No X**

C.1.19 Indicate the procedures for selecting, appointing, re-electing, evaluating and removing directors. List the competent bodies and the processes and criteria to be followed for each of these procedures.

The procedures for the selection, appointment, re-election, assessment and removal of directors are detailed in Sections 18 to 21 of the Board of Directors' Regulations, which read as follows:

Section 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 Law or legal text replacing it.
2.The nominations for Directors submitted to the Board of Directors for deliberation at the General Meeting and the appointment decisions that the Board adopts in virtue of the powers of co-optation legally vested in it, must be preceded by the corresponding proposal by the Nomination and Remuneration Committee when in relation to independent directors, and by a report in the case of all other directors.

Section 19. Appointment of affiliate directors.
The Board of Directors and the Nomination and Remuneration Committee, within the scope of their remits, will ensure that the candidates selected are persons of recognized standing, competence and experience, and shall be particularly rigorous with respect to those called on to be Independent Directors provided for in Section 5 of these Regulations and under the terms of the applicable good governance standards.

Section 20. Term of office.
1.Directors shall hold office for the term provided for in the corporate Bylaws, and may be re-elected once or more times for this same term.
2.Directors appointed by co-optation 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-optation by the Board does not necessarily have to be a shareholder in the company. When, following a Nomination 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.

Section 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.

Furthermore, in addition, it was approved in 2016 a Director Selection Policy stating that, in accordance with the provisions of the Limited Liability Company Law, the Nomination 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. This proposal for nomination or re-election must be accompanied by an explanatory report from the Board that assesses the competence, experience and merits of the proposed candidate. Additionally, the proposal for nomination or re-election of any non-independent director must also be preceded by a report from the Nomination 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 Nomination 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 Nomination 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.

C.1.20 Explain to what extent the annual evaluation of the board has prompted significant changes in its internal organisation and regarding the procedures applicable to its activities.

Description of changes

The evaluation of the Board has not resulted in significant changes to the internal organisation or to procedures.

C.1.20 bis Describe the evaluation process carried out and the areas evaluated by the board of directors, assisted, if applicable, by an external consultant, with regard to the diversity in its composition and competences, of the functioning and composition of its committees, of the performance of the chairman of the board of directors and the chief executive of the company and of the performance and contribution of each director.

Following a proposal of the NRC, the Board of Directors decided that the evaluation of its operations during year 2017 would be done by an external consultant. For these purposes, possible candidates were selected, being agreed to hire a boutique specialized on these topics, "gobierno corporativo abogados" (corporate governance lawyers). The external consultant analyzed all the corporate documentation and held various work meetings with the Secretary of the Board and, likewise, also met separately with each of the Directors who, in addition, responded to a form prepared by the external consultant.

The conclusions of the analysis show that, in a short period of time, Cellnex has created a complete internal normative body which guarantees the respect to the legal obligations and to the principles and recommendations which integrate the Corporate Governance. From the external consultant perspective, the Board, the Directors and its committees have assumed and internalized the belief that this is not only compulsory or recommendable, but also convenient to be governed with transparency, respect to the shareholders, employees, suppliers and clients and be submitted to the principals that have been consolidated in this context of Corporate Governance. However, the external consultant formulated some recommendations which are duly reflected in its report.

C.1.20. ter Detail, if applicable, the business relationships that the consultant or any company from their group maintains with the company or any company from its group.

C.1.21 Indicate the cases in which directors must resign.

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.

C.1.22 Section abolished.

C.1.23 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes □ **No X**

C.1.24 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed chairman of the board.

Yes □ **No X**

C.1.25 Indicate whether the Chairman has the casting vote.

Yes □ **No X**

C.1.26 Indicate whether the Bylaws or the board regulations set any age limit for directors.

Yes X **No □**

Age limit for chairman
Age limit for CEO: 70
Age limit for director

C.1.27 Indicate whether the Bylaws or the board regulations set a limited term of office for independent directors, other than that established in legislation.

Yes □ **No X**

C.1.28 Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures for doing so and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether any limitation has been established in terms of the categories in which it is possible to appoint a proxy, beyond the limitations imposed by legislation. If so, give brief details.

Section 23(a) of the Bylaws state that any director may confer representation to another director in writing, by fax, email or any other similar method. Nonexecutive directors may only confer representation to another non-executive director.

C.1.29 Indicate the number of board meetings held during the year, and how many times the board has met without the chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	12
Number of board meetings held without the chairman's attendance	0

If the chairman is an executive director, indicate the number of meetings held, without the attendance or representation of any executive director and chaired by the coordinating director.

Number of meetings	0

Indicate the number of meetings of the various board committees held during the year.

Committee	Number of meetings
AUDIT AND CONTROL COMMITTEE	9
NOMINATION AND REMUNERATION COMMITTEE	8

C.1.30 Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Number of meetings with all directors in attendance	11
% of attendances of the total votes cast during the year	99,13%

C.1.31 Indicate whether the consolidated and individual financial statements submitted for authorization for issue by the board are certified previously.

Yes X **No □**

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their authorization for issue by the board.

Name	Post
MR JOSÉ MANUEL AISA MANCHO	Finance and Corporate Development Manager
MR TOBÍAS MARTÍNEZ GIMENO	Chief Executive Officer
MR JAVIER MARTÍ DE VESES ESTADES	General Secretary and Council

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

In accordance with section 39.3 of the Board Regulations, the Board of Directors shall procure to definitively drawn up the annual accounts in a way that the auditor cannot oppose exceptions. However, when the Board considers that it shall maintain its approach, it shall explain publicly the content and scope of the discrepancy. The duties of the Audit and Control Committee (section 15(c) of the Board Regulations) include supervising the process of preparing and presenting the compulsory financial information as well as the integrity 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 financial statements.

C.1.33 Is the secretary of the board also a director?

Yes ☐ **No X**

If the secretary is not a director, complete the following table:

Name or corporate name of secretary	Representative
MR JAVIER MARTÍ DE VESES ESTADES	

C.1.34 Section abolished.

C.1.35 Indicate and explain, where applicable, the specific mechanisms implemented by the company to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

One of the duties of the Audit and Control Committee (section 15(b) of the Board Regulations) is to propose to the Board of Directors, so that it may submit them to the General Shareholder's Meeting, the proposals for selection, appointment, re-election and replacement of the external accounts auditor or auditing firm, the contracting terms, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof, all in accordance with the current legislation, as well as to regularly collect from them information about the audit plan and its implementation, and to preserve its independence in the exercise of its duties.

Another function (section 15(d) of the same Regulations), is to establish the appropriate relations with the external accounts auditors or auditing firms in order to receive information on issues that may jeopardize 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 the legislation and regulations concerning the auditing of accounts. In all cases, they must receive on an annual basis from the external accounts auditors or auditing firms written confirmation of their independence with regard to the company or any organisations directly or indirectly related to the same, in addition to information regarding any additional services of any kind provided to and the pertinent fees received from these organisations by said auditors or auditing firms, or by persons or organisations related to the same in accordance with the provisions established in the applicable legislation on account auditing.

Additionally, another function of the Audit and Control Committee (section 15 ap. e) of the Board Regulations) is to issue annually, prior to the issuance of the auditors' report on the annual accounts, a report which shall express an opinion on the independence of the auditors or audit companies. This report shall contain, in any event, a valuation of the additional services provided referred to in the previous section, individually considered and as a whole, which are different from the legal audit and details in relation with the independent regime or the audit governing regulations.

In accordance with legal requirements, the Company's annual financial statements detail the fees paid to the Company's external auditor for all audit and non-audit services rendered.

The Company's governing bodies pay particular attention to ensuring the independence of financial analysts, investment banks and rating agencies.

C.1.36 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming auditor and the outgoing auditor.

Yes □ **No X**

If there were any disagreements with the outgoing auditor, explain the content of the disagreements

C.1.37 Indicate whether the auditing firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group.

Yes X **No □**

	Company	**Group**	**Total**
Amount of non-audit work (thousands euros)	322	124	446
Amount of non-audit work as a % of the total amount billed by the auditing firm	36,43%	18,93%	28,98%

C.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes □ **No X**

C.1.39 Indicate the number of consecutive years during which the current auditing firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Company	**Group**
Number of consecutive years	5	5

Number of years audited by current auditing firm / Number of years the Company's financial statements have been audited (%)	100,00%	100,00%

C.1.40 Indicate and give details of any procedures through which directors may receive external advice.

Yes X **No □**

Describe the procedure

In accordance with the provisions of section 23 of the Board Regulations:

1.In order to receive assistance in the performance of their duties, non-executive Directors may, when there are special circumstances that make this necessary, request that legal, accounting, financial or other experts be hired at the Company's expense. The commissioned task must necessarily deal with specific problems of a certain importance and complexity which may arise during the performance of their office.
2.The Chief Executive Officer of the Company must be informed of any decision to engage external advisors, and may be vetoed by the Board of Directors, provided it proves that:
a) it is not necessary for the proper performance of the duties entrusted to the nonexecutive Directors; or
b) the cost is not reasonable in view of the importance of the problem and of the assets and income of the Company; or
c) the technical assistance obtained may be properly provided by in-house experts and staff members.

C.1.41 Indicate and, where appropriate, give details of whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

Yes X **No □**

Describe the procedure

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 take adopt decision or a 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 forty-eight (48) hours in advance.

The advance information sent to directors during the financial year 2017 was generally sent to the directors one week in advance of the meetings.

C.1.42 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

Yes X **No □**

Details of rules

Directors must tender their resignation to the Board and, if the Board of Directors considers it appropriate, formally resign (section 21 of the Board Regulations) 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 jeopardize 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.1.43 Indicate whether any director has notified the company that they have been indicted or tried for any of the offences stated in Article 213 of the Spanish Limited Liability Companies Law.

Yes □ **No X**

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

-Syndicated bank financing agreements are subject to early repayment if there is a change in control, where change in control is defined as the acquisition of (i) more than 50% of the voting rights or (ii) the right to appoint or remove the majority of the board members.

-Bond issue agreement: holders will have the option to request the early amortization of their bonds, in the event of a change in control (in the same terms as in bank financing), but in addition, this change in control would have to bring about a reduction in the rating of these bonds, and provided that the rating agency stated that the reduction of the credit rating is caused by the change in control.

-Some of the purchase contracts entered into by the company for the acquisition of infrastructures include a purchase option for the sellers if there is a change in control at Cellnex or at any of its subsidiaries in favour of a competitor of the sellers.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide for compensation, guarantee or protection clauses the event of resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of operation.

Number of beneficiaries: 2
Type of beneficiary: CEO and Senior Management
Description of the agreement:
The executives have signed agreements with the company that contain compensation clauses.
In general terms, the contracts' compensation clause provides for the payment of compensation to the executive in the event of unfair dismissal. The compensation is the greatest 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 the provision of their services; or b) the compensation established by current employment legislation.

In the case of the Chief Executive Officer 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 manager due to serious breach by the company of the obligations set out in the contract, substantial modification of their duties without consent, change in control of the company in the sense provided for in Section 42 of the Commercial Code and similar circumstances.

For the Chief Executive Officer the compensation would consist of two years' fixed and variable remuneration.

Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group.

	Board of Directors	**General Shareholders' Meeting**
Body authorizing clauses	Yes	No

	YES	**NO**
Is the General Shareholders' Meeting informed of such clauses?		X

C.2 Board committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary and independent directors and other external directors forming them.

AUDIT AND CONTROL COMMITTEE

Name	Post	Category
MR BERTRAND BOUDEWIJN KAN	CHAIRMAN	INDEPENDENT
MR FRANCISCO JOSÉ ALJARO NAVARRO	MEMBER	PROPRIETARY
MR LEONARD PETER SHORE	MEMBER	INDEPENDENT

% of proprietary directors	33,33%
% of independent directors	66,67%
% of other external directors	0,00%

Explain the functions assigned to this committee, describe the procedures and rules of organisation and operation of the same and summarize its most important actions during the year.

As regards section C.2.1

Identify the director who is a member of the Audit Committee who has been appointed taking into account his or her knowledge and experience in the field of accounting, auditing or both, and provide information on the number of years that the Chairman of this Committee has held this post.

Name of director with experience	MR BERTRAND BOUDEWIJN KAN
Num. of years chairman has held post	1

NOMINATION AND REMUNERATION COMMITTEE

Name	Post	Category
DON GIAMPAOLO ZAMBELETTI ROSSI	CHAIRMAN	INDEPENDENT
DON PIERRE BLAYAU	MEMBER	INDEPENDENT
DON JOSEP MARIA CORONAS GUINART	MEMBER	PROPRIETARY
DOÑA MARIETA DEL RIVERO BERMEJO	MEMBER	INDEPENDENT

% of proprietary directors	25,00%
% of independent directors	75,00%
% of other external directors	0,00%

Explain the functions assigned to this committee, describe the procedures and rules of organisation and operation of the same and summarize its most important actions during the year.

As regards section C.2.1

C.2.2 Complete the following table with information on the number of female directors on the various board committees as at year-end of the past four financial years.

	Number of female directors							
	2017		2016		2015		2014	
	Financial year t		Financial year t-1		Financial year t-2		Financial year t-3	
	Number	%	Numb	%	Number	%	Number	%
Audit and Control Committee	0	0,00%	0	0,00%				
Nomination and Remuneration Committee	1	25,00%	0	0,00%				

C.2.3 Section abolished.

C.2.4 Section abolished.

C.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees, the place in which they are available for consultation and any amendments that have been made during the year. Also indicate whether an annual report on the activities of each committee has been prepared 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 2017, which is available on the company's website.

C.2.6 Section abolished.

D OPERATIONS WITH RELATED PARTIES AND INTRAGROUP OPERATIONS

D.1 Explain, in your case, the procedure for the approval of operations with related parties and intragroup operations.

Procedure to inform on the approval of operations with related parties

Pursuant to Section 4 of the Board of Directors' Regulations, the board will have the authority to approve operations which the company conducts with 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 standardized and apply in masse to most 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, section 33 of the mentioned 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 authorization for the line of operations and their conditions of execution will suffice.

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders.

Name or corporate name of significant shareholder	Company name or group entity	Nature of relationship	Operation type	Amount (Thousands of Euros)
ABERTIS INFRAESTRUCTURAS, S.A.	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	6.800
BLACKROCK, INC.	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	1.017
CRITERIA CAIXA, S.A.U.	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	1.000
THREADNEEDLE ASSET MANAGEMENT LIMITED	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	980
CANTILLON CAPITAL MANAGEMENT LLC	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	604
MFS INVESTMENT MANAGEMENT	CELLNEX TELECOM, S.A.	CONTRACTUAL	DIVIDENDS AND OTHER DISTRIBUTED PROFITS	521
CRITERIA CAIXA, S.A.U.	CELLNEX TELECOM, S.A.	CONTRACTUAL	CONTRIBUTIONS TO PENSION PLANS AND LIFE INSURANCE	1.358

D.3 List relevant transactions, by virtue of their amount or importance, between your company or groups of companies and the company's managers or directors.

D.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

D.5 Indicate the amount from related-party transactions.

14.379 (K€)

D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management 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 (section 27 c) of the Board 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 (section 27 (e) of the same Regulations) must adopt the necessary measures to avoid situations in which their interests, whether for their own account or for others, may conflict with the company's interests and their duties towards the company. The foregoing excludes the cases in which the company has provided its consent, pursuant to the terms set forth in section 230 of the Spanish Limited Liability Companies Law.
Directors (section 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 faithful image of the entity's assets, financial situation and results.
b) Using the company's name or their status of 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.
d) 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.
e) Carrying out activities, for 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.

f) Carrying out activities, for 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 Regulation on market abuse. 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 more than one of the group's companies listed in Spain?

Yes □ **No X**

Identify the listed subsidiaries in Spain.

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

Define the business dealings between the parent company and listed subsidiary as well as the dealings between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms to resolve possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the risk management system in place at the company, including those of a fiscal nature.

The ongoing risk management model has been approved and supervised by the Audit and Control Committee and is currently implemented in Spain, France, the Netherlands, Italy and the United Kingdom.

To identify the risks there are guidelines defined and approved by the Audit and Control Committee. Each area of the company is responsible to identify, assess and monitor the inherent and residual risks and also to supervise and implement 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 contrasted and implemented by the Executive Committee

E.2 Identify the company bodies responsible for preparing and implementing the risk management system, including the fiscal one.

The following bodies are responsible for defining, executing and monitoring the risk management system:

- The Board of Directors: the highest body responsible for defining the risk control strategy and policy.
- The 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, prioritize, 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 mapping, implementing a system for monitoring and communications to the highest level of company governance and review the controls that mitigate the identified risks.

- Senior Management Committee: Is responsible for risk management included in the implementation of the defined risk policies, the approval of risk maps, the assigning of responsibilities, the implementation of control activities and action plans as well as the monitoring of existing risks in its area of responsibility.

- Managers: Each area manager is responsible for identifying their risks and informing the 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 main risks, including those of a fiscal nature, which may prevent the company from achieving its targets.

The main risks which may prevent the company from achieving its targets are:

- Strategic elements, such as mergers between telecommunications operators, emergence of new competitors, restrictions on growth in regulated markets.

- Compliance following changes in fiscal, legal or environmental law or being subject to litigation or other judicial processes.

- Financial as a result of customers defaulting on payments, access to financing, fluctuations in the stock market price.

- Operatives derived from the integration and optimization of acquisitions, increase in exposure of information systems, emergence of alternative technologies, capacity to attract and retain qualified personnel.

E.4 Identify if the company has a risk tolerance level, including a fiscal one.

The levels of tolerance are defined in the risk assessment matrix.

For the identified risks each person responsible will evaluate the possible impact of such risks should these occur and classify them as low, medium, large or critical depending on their economic impact, implications for the organisation and impact on reputation. Following this the possibility of the risk actually occurring will be evaluated. This possibility is classifies as unlikely, possible, probable and almost certain. The combination of impact and probability leads to risk prioritization.

E.5 Identify any risks, including fiscal ones, which have occurred during the year.

We highlight the most relevant risks materialized during the year:

• Litigation regarding the extension of DTT.

• Access to financing.

• Infrastructure sharing.

• Geopolitical situation.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to, including fiscal risks.

Under the risk management model implemented the response and supervision plans for the main risks are established based on their assessment.

The risks considered as priorities are reviewed by the Audit and Control Committee as well as if there is any variation in the valuation of the risks not defined as priorities. Additionally, all the areas perform risk management and the Executive Committee monitors such risks.

F INTERNAL CONTROL AND MANAGEMENT OF RISK IN FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control and management of risk in financial reporting (ICFR) at the company.

F.1 The entity's control environment

Specify at least the following components, with a description of their main characteristics:

F.1.1. What bodies and / or functions are responsible for: (i) the existence and regular updating of a suitable and effective ICFR; (ii) its implementation and (iii) its monitoring.

Internal Control over Financial Reporting (ICFR) 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 carry out to provide reasonable assurance of the reliability of the financial information reported to the market.

The 'Model for the Organisation and Monitoring of the ICFR' at Cellnex (hereinafter ‘ICFR Organisation Model’) establishes that the Board of Directors is the highest authority responsible for the supervision of the internal information systems, as well as the Risk Control and Management Policies. In addition, the Sections and the Board Regulations state, amongst other things, the following responsibilities:

- Defining general company policies and strategies, as well as the corporate governance policies of the organisation.
- The preparation and approval of annual accounts and any other report or information required by law.
- The financial information that, due to its status as a listed company, the company must periodically publish.
  Definition of the Risk Control and Management Policy, including taxation risks, as well as supervising internal information and control systems.
- The supervision of the correct functioning and actions of the delegated bodies, amongst which there is the Audit and Control Committee and designated directives.

According to the Board of Directors' Regulation (section 15), there are amongst the basic responsibilities of the Audit Control Committee (hereinafter the AAC):

- The supervision of the preparatory process and presentation of mandatory financial information, as well as its integrity.
- The supervision of the efficiency and suitability of internal control and risk evaluation in Cellnex as well as the best monitoring and control measures to avoid committing criminal offences and for risk management systems, including fiscal risk and the systems in place to manage compliance with all applicable legislation.

- Discussion with the account auditor of the significant weaknesses of the internal control system detected during the auditing process.
- The supervision of internal auditing services, ensuring their independence and making sure that the recommendations and suggested corrective measures be considered by the management.

Cellnex Internal Audit is in turn responsible for supervising ICFR in delegation from the Audit and Control Committee with the Finance and Corporate Development Department responsible for its design, maintenance and implementation.

F.1.2. The existence or otherwise, especially in connection with the financial reporting process, of the following elements:

- Departments and / or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the Company.

The Cellnex Board of Directors assigns the responsibility of the design and review of the organisational structure related to the preparation of the financial information to Organisation and General Services and to Finance and Corporate Development. From these guidelines the general structures and distribution of responsibilities and the procedure to design, review, update and inform on these are defined; this process being documented in the form of organisational structure charts and process models and its associated regulations which form part of the policy catalogue of Cellnex.

Cellnex has an internal organisational chart which covers all areas and which is basically divided according to department (including those departments involved in preparing, analyzing and supervising 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 to the preparation process of financial information, in addition to the detailed organisational charts and with the aim of assigning responsibilities, there is the ICFR Organisational Model, developed by the Department of Consolidation and Financial Reporting, part of the Finance and Corporate Development department, and which is submitted to the AAC for approval.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

Cellnex has a Code of Conduct (Code of Ethics) approved by Cellnex Telecom, S.A.'s Ethics and Compliance Committee that is made up from Internal Audit, the Legal department, Resources department, the Company Secretarial department, and the Regulation department, and this has been communicated to the employees and is available on the corporate intranet. Specific training for employees is being planned.

The main values and principles set out in the Code of Ethics are: integrity, honesty, transparency and good faith. The Code of Ethics includes among its fundamental principles the commitment to offer financial information that reflects the a fair view of the economic and financial situation in compliance with generally accepted accounting principles and international financial reporting standards applicable, and the responsibility of its employees and management to ensure this is so, both by correctly carrying out their functions and by notifying the management bodies of any circumstance which might affect this commitment.

The body responsible for analyzing breaches and proposing corrective actions and sanctions is the Ethics and Compliance Committee.

- 'Whistle-blowing' channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

Cellnex has and promotes the use of communications channels concerning possible non-conformities with the Ethics Code and other irregular activities in the organisation, especially from a financial and accounting point of view, informing the Ethics and Compliance Committee in all cases.

As stated in the Ethics Channel Policy, which regulates the procedure, scope and application of the reports received, the latter can be communicated via a communications form, either by post or email, maintaining the confidentiality at all times.

Any communications will be received, analysed and followed up by the Ethics and Compliance Committee, and this committee will periodically inform the Nomination and Remuneration Committee and the Audit and Control Committee. From time to time the Ethics and Compliance Committee will inform the Nomination 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 communications received, to facilitate the analysis of the functioning of the ‘whistle-blowing’ channel.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

Regarding training programs and the periodic updating of elements which can affect the preparation and publication of financial information, Cellnex believes the continuous development and training of its staff and management to be key. In this regard, 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.

Regarding the preparation and review of the financial information, during 2017 Cellnex implemented training plans based on the needs identified by the department of Consolidation and Accounting Regulation in relation to:

• New accounting, tax, capital markets and internal control regulations, adopted by the European Union and applicable to Cellnex.

• Changes in reporting methodology and / or information systems.

• Individual initiative from the team members of the department of Consolidation and Accounting Regulation.

Once the needs of these areas have been identified, the appropriate training activities are designed and put into effect to cover annual training objectives on these matters.

Cellnex carried out training activities during 2017 using external experts and internal training sessions, covering personnel involved in preparing and reviewing financial information. The training areas on which most emphasis was placed during 2017 relate to accounting, tax and financial matters which could have the greatest impact on the preparation of Cellnex's consolidated financial information, particularly in changes to the fiscal and accounting changes at both national and international levels and with the year's updates concerning EU-IFRS.

Cellnex has an on-line training platform where both technical training for specific work groups and a more overall training can be accessed on a voluntary and, in some cases, mandatory basis.

Additionally, specific training was carried out during 2017 regarding:

• Training in respect of the consolidation tool for our subsidiaries in Italy, The Netherlands and France.

• IFRS 16 - Leases

• IFRS 15 - Revenue recognition

• IFRS 9 - Financial instruments

Additionally , the Consolidation and Financial Reporting department has 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 reported to ensure they are taken into consideration when preparing Cellnex's financial information.

F.2 Risk assessment in financial reporting

Report, as a minimum, on:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

See Section F.2.1.5

- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

See Section F.2.1.5

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

See Section F.2.1.5

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

See Section F.2.1.5

- Finally, which of the company's governing bodies is responsible for overseeing the process.

Cellnex has a Risk Control and Management Policy that establishes the basic principles and the general framework for the control and management of all types of risks which are faced. In this manner Cellnex identifies and updates the principle risks organizing adequate information and internal control systems and performing monitoring functions.

The Internal Control and Risk Management Manual of the ICFR (hereafter Risk Management Manual) describes and formalises Cellnex’s internal control and risk management model with regards to the ICFR and establishes mechanisms used to determine the risks in this area, the key business processes along with the practical and operative documentation for this internal control model.

During the process of the drawing up and issuing financial information this manual sets out what financial information it refers to as well as the methodology for defining it. 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), is updated and with what frequency.

Cellnex has identified the relevant business processes together with their inherent risks and has designed a Risk and Controls Matrix that aims to identify the main risks, based on which control activities have been designed, such that when adequately complied with, true and reliable financial information can be obtained.

The Department of Consolidation and Accounting Regulation is entrusted with identifying and documenting risks of error in the financial information; the process is supplemented by Internal Audit, which considers identified risks of error in relation to the group's overall Risk Map (which takes into account both financial and non-financial risks). The entire process is ultimately overseen by the Audit and Control Committee.

The Cellnex Audit and Control Committee is responsible for supervising the risk control systems with the support from Internal Audit.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorising the financial information and description of the ICFR to be disclosed to the markets, stating who is responsible in each case as well as 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 ACC, where the process for preparing and approving the financial information and the description of the ICFR to be published in the market and to investors is detailed. This manual sets out the criteria to identify relevant public financial information, this being as follows:

- Regular reporting obligations (RRO):
  - Quarterly financial report.
  - Half year financial report.
  - Annual financial report and Annual Corporate Governance Report (ACGR)
- Annual report on remuneration policy for directors (ARR)
- Significant Events

Cellnex's Manual for the Issue of Regulated Information also details the departments involved in preparing, review and authorisation of the financial information and their respective responsibilities from the year end accounting processes to the publication of the relevant facts. In particular, for each set of regulated financial information to be published for the market there is a procedure for its preparation and review that requires completing questionnaires for the internal control of regulated information to ensure a reasonable security in the reliability of the entities financial statements.

Following the Manual for the Issue of Regulated Information and completing specific questionnaires for internal control is obligatory and subject to review by the internal Cellnex auditor.

On the matter of descriptive documentation regarding flows in activities and controls of the different transactions that can materially affect the financial statements, Cellnex has a ICFR Organisational Model that structures the specific mechanisms set up to maintain an internal control environment that favours the generation of complete financial information that is reliable and timely and anticipates the existence of possible irregularities as well as ways in which to detect and remedy these. Cellnex has developed procedures for those processes that are considered material and relevant as concerns their potential impact on the financial information to be published, as detailed below:

- Revenue recognition and accounts receivable
- Fixed assets and investments
- Purchases and accounts payable
- Staff costs
- Judgements and estimates
- Month end accounting, consolidation and financial 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 Finance and Corporate Development prior to submission to the Audit and Control Committee. Here the procedures included in the Emission of Regulated Information Manual will be applied as a prior step to a submission of the information to Cellnex 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 'ICFR Risk and Control Matrix' and contain information on what the controls should consist of, the reason these 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 income generation, investment 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.

In relation to the relevant judgements and estimations made, Cellnex reports any areas of particular uncertainty that it considers especially pertinent in its consolidated financial statements. The specific review and approval of the relevant judgements, estimates, assessments and projections as well as the key assumptions used for calculating them, with a material impact on the consolidated financial statements, are made by Finance and Corporate Development and, where applicable, by the managing director. The most significant ones, such as the monitoring of asset values and hedging policies will be treated and reviewed by the ACC before submitting them for the Board's approval.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding 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 one that is particularly emphasized by Cellnex. Specifically, the Consolidation and Reporting SAP BPC system has been implemented in all the Group’s companies in Spain. The process of segregation of systems with its parent company Abertis was also completed during 2016.

Regarding the companies outside of Spain the database is fed through loading files which are prepared in the relevant foreign subsidiaries and sent back to the corporate offices in Spain for loading into the system. During 2017, SAP BPC has been installed in such foreign subsidiaries so that the charging to the consolidation system may be executed from each country. This process is expected to be completed during the second half of 2018. In respect of Galata - the Italian subsidiary - in the beginning of the year it was concluded the process for system segregation with their former parent Wind Telecomunicazioni and they have also started to work fully under SAP.

The Systems department, which forms part of the Organisation and Efficiency department, which in turn forms part of the Resources department is responsible for establishing the model of internal control over the information systems in those aspects relating to access security, segregation of duties (in coordination with the business areas and support areas) change control, apart from carrying out monitoring activities for risks and controls derived from the externalisation of the systems.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Cellnex does however regularly use reports by independent experts to value its financial instruments and undertakings to employees. In addition, Cellnex maintains certain activities associated with accounting, payroll and the administration and maintenance of its corporate information systems subcontracted to an external supplier.

Cellnex has guidelines drawn up concerning the treatment of activities with third parties both in terms of hiring and the monitoring of results. These guidelines are detailed in the internal purchasing procedures.

The Finance and Corporate Development department carries out controls on 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 control and risk management 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 the contract, agreements in levels of service, risk indicators, service reports, measures for technology security, external audits as well as contingency and continuity plans, amongst others.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The responsibility to define, maintain and update accounting policies within Cellnex falls upon the management of Consolidation and Financial Reporting. The duties of the Consolidation and Financial Reporting department also include responding to accounting queries made 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 the purposes of preparing financial statements under EU-IFRS which is drawn up by Corporate Management Control and regularly updated by it (at least once a year) to include the rules applicable to the 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 accounting principles on which they must carry out their work are those contained in the Cellnex GRAPH.

Any alterations that may take place are notified to the subsidiaries by e-mail and the complete updated manual is filed on the Accounting Regulations portal, as well as on the Corporate Management Control portal of the Cellnex Intranet. The most recent update was in November 2016 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 in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

Cellnex has various integrated platforms of financial information for recording transactions and preparing financial information for all of its subsidiaries (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 preparation of regulated financial information as well as the individual financial states Cellnex's national companies is centralised Finance and Corporate Development, so to guarantee homogeneous procedures in their preparation. Every half year and yearend the 'Half year forms / Annual forms' are received, these bring together all the information necessary for the preparation of the group's consolidated financial information (summarised intermediary financial statements and annual accounts).

These 'six-monthly and annual forms' ensure uniformity of information:

- It is standard and uniform for all countries and businesses.
- It is prepared on the basis of Cellnex's accounting manual which is standard
- for all of the group companies.
- It includes applicable legal, tax, commercial and regulatory requirements.

The information in the monthly reports and FORMS 2017 is loaded directly by the controllers.

F.5 System monitoring

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1 The ICFR monitoring activities undertaken by the Audit Committee and the entity have an internal auditing function included competencies supporting the committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

Cellnex already had a model for internal control over financial reporting, which was supervised in part by Abertis' corporate functions, to see through its commitment to complete and reliable financial information, and to comply with the fact that its previous main shareholder was also a listed company.,. The adaptation of this model to the specific needs of Cellnex as a listed entity have occupied the majority of the Audit and Control Committee's activities during this year. To this effect, the AAC has carried out the following ICFR-related activities in 2017:

- Monitoring of implementation levels and possible changes to Cellnex ICFR models.

- Approving Cellnex's ICFR Organisational Model, as well as the ICFR Internal Control and Risk Management Manual, in line with Cellnex's general risk policy.

- Review of the information related to ICFR included in the Annual Corporate Governance Report.

- Review of the financial information Cellnex has published in the market.

- Supervision and periodic analysis of the evolution of the implementation of the ICFR, understanding its level of implementation and efficiency.

-Follow up of the work performed by the company's external auditors with the aim of understanding the weaknesses in the internal controls which they have detected during their work as well as other relevant aspects or incidents in these.

The Audit and Control Committee has already approved the Internal Audit Plan for 2018, which includes the necessary actions to guarantee adequate supervision and evaluation of the plans throughout the year by regularly reporting the incidents detected and the necessary actions for improvement once checked with audited areas.

Cellnex has an Internal Audit function that reports to the CAC and, as indicated by the Cellnex Board of Directors Regulations and specifically the section that corresponds tothe powers assigned to the Audit and Control Committee, has the main function o supervising 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 the managers, as well as supervising the monitoring and control measures necessary for preventing criminal offences, the risk management systems, including tax-related ones, and the compliance management systems for any applicable legislation, and to discuss with the auditors any significant weaknesses in the internal control system detected while carrying out the audit.

During 2017 Internal Auditing developed various activities in key business process reviews and, as reported timely to the ACC, no significant weaknesses that could have a material impact on Cellnex's 2017 financial information have been identified; furthermore, necessary corrective actions to solve other future possible weaknesses have been carried out.

Likewise, as stated in section F.7.1, the external auditor has issued a report on the procedures agreed regarding the ICFR description made by Cellnex and which has not highlighted any material issues.

F.5.2 This includes a discussion procedure whereby the auditor (pursuant to TAS), internal auditors and other experts can report any significant internal control weaknesses encountered during their review of the annual financial statements or other assignments to the company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The discussion procedure for significant weaknesses identified in relation to internal control is based, in general terms, on regular meetings maintained by the various parties involved. In this regard, the Internal Audit function communicates, on a regular basis, its conclusions regarding internal control during the reviews of the SCIIF to the Finance and Corporate Development department and to the ACC. It also reports on its conclusions relating to the internal audit processes carried out during the year, along with the implementation state of the corrective action plans established.

In relation to the relationship with external auditors, as described in section 39 of the Cellnex Board of Directors Regulations, these are channelled through the Audit and Control Committee. To this effect and to comply with its responsibility in supervising the auditor's actions as well as receiving communications regarding potential weaknesses in internal controls identified during professional actions, should there be any, the Audit and Control Committee will periodically meet with the external auditor. These communications are recorded in the Audit and Control Committee's minutes and are monitored through Internal Audit functions.

In addition, Cellnex's external auditors have direct contact with the Chief Financial Officer and maintain periodic meetings both to obtain information necessary to carry out their work and to communicate any weaknesses detected.

F.6 Other relevant information

No additional aspects to describe have been identified.

F.7 External auditor report

Informs on:

F.7.1. Whether the ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

Cellnex has submitted to the external auditor for review the ICFR information submitted to the markets for 2017. The scope of the review procedures of the auditor are performed in accordance with Circular E14/2013 of 19 July 2013, of the Spanish Institute of Certified Auditors, which sets out the guidelines for the audit report model in relation to the Internal Control over the Financial Reporting (ICFR) of quoted companies.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations in the Code of Good Governance for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons for this 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 statutes of listed companies should not place a limit on the votes that can be cast by a single shareholder or impose other obstacles to a takeover of the company by means of share purchasing on the market.**

Compliant X Explain □

2. **When a dominant and a subsidiary company are both stock market listed, the two should provide detailed disclosure on:**

   a) **The type of activity they engage in and any business dealings between them as well as between the subsidiary company and other group companies.**

   b) **The mechanisms in place to resolve possible conflicts of interest.**

Compliant □ Partially compliant □ Explain □ Not applicable X

3. **During the AGM, in addition to the written Annual Corporate Governance Report, the president of the Board of Directors will verbally inform shareholders with suitable detail on the most relevant aspects of the company's corporate governance and in particular:**

   ***a*) Of the changes which have taken place since the previous AGM.**

   ***b*) Of the specific reasons for which the company may not be complying with any recommendations contained in the Code for Corporate Governance and, should there be any, the alternative rules which have been applied in the matter.**

Compliant X Partially compliant □ Explain □

4. **The company defines and promotes a policy of communication and contact with shareholders, institutional investors and vote advisers that is completely respectful of the rules in place to avoid market abuses and a similar treatment of shareholders that are in equivalent positions.**

   The company makes public this information through its website, including information regarding the way in which the company has put this into practice and identifying the representatives or the people responsible for carrying this out.

Compliant X Partially compliant □ Explain □

5. **The Board of Directors will not put to the AGM a proposal that delegates the authority to emit shares or convertible values, excluding rights to subscription, for a value above 20% of capital at the moment of delegation.**

   When the Board of Directors approves any emissions of shares or convertible values, excluding rights to subscription, the company will publish via their website the reports regarding such exclusion to which trading legislation refers to.

Compliant X Partially compliant ☐ Explain ☐

6. **The listed companies that produce the reports listed below, be it for mandatory or voluntary purposes, should publish these on their website with sufficient time prior to the AGM, even when their distribution is not mandatory:**

   a) **Report on auditor independence.**

   b) **Report on the auditing, appointments and remunerations committees workings.**

   c) **Report by the auditing committee regarding operations with related parties.**

   d) **Report on corporate social responsibility policy.**

Compliant X Partially compliant ☐ Explain ☐

7. **The company should broadcast live through its website the Annual General Meeting.**

Compliant X Explain ☐

8. **The Board of Directors should seek to present the annual accounts to the Annual General Meeting without reservations or exceptions in the audit report and, should such exceptions exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of the scope and content and these limitations and exceptions.**

Compliant X Partially compliant ☐ Explain ☐

9. **The company should make permanently public on its website the requirements and processes that it will accept to accredit the ownership of shares, the right to attend the Annual General Meeting and the exercise or proxy of the right to vote.**

   These requirements and procedures should favour attendance and exercising of shareholder rights and should be applied without discrimination.

Compliant X Partially compliant ☐ Explain ☐

10. **When a legitimised shareholder has exercised prior to the AGM the right to complete the order of the day or present new proposals for agreement the company will:**

    a) **Immediately distribute these additional points and proposals for agreement.**

    b) **Make public the model for assistance cards or vote by proxy or remote vote forms with the modifications necessary to vote on the points on the order of the day and alternative proposals for agreement in the same terms as those set out by the Board of Directors.**

c) **Submit all these points or alternative proposals to a vote applying the same rules as those proposed by the Board of Directors, including the presumptions or deductions regarding the sense of the vote.**

d) **Communicate, following the AGM, a breakdown of the vote on the additional points or alternative proposals.**

Compliant □ Partially compliant □ Explain □ Not applicable X

11. Should the company plan to pay AGM attendance incentives it must previously set out a general policy regarding these incentives and ensure this policy is stable.

Compliant □ Partially compliant □ Explain □ Not applicable X

12. The Board of Directors must perform its functions with a united objective and independent criteria, treat all shareholders in similar positions equally and act in the company's best interest, this being to attain a profitable and sustainable business in the long term, as well as promoting the continuity and maximisation of the company's economic value.

In the search for company interest, other than respecting laws and regulations and behaviours of good faith, ethics and respect to commonly accepted good actions, the Board of Directors should attempt to reconcile company interests with those of their employees, suppliers, clients and other stakeholders as well as the environment

Compliant X Partially compliant □ Explain □

13. The Board of Directors should have the correct dimensions to ensure an efficient and participative functioning, making between five and fifteen directors an advisable figure.

Compliant X Explain □

14. The Board of Directors should approve a policy for appointing directors that:

a) **Be specific and possible to verify.**

b) **Ensures that the proposed appointments or reappointments be based on a previous analysis on the needs of the Board of Directors.**

c) **Favours diversity in knowledge, experience and gender.**

The result of the analysis of the needs of the Board of Directors should be included in the Appointments Committee justifications, published when announcing AGM and where the appointments or reappointments of each director must be ratified.

The policy to select directors should work towards the objective of having women in at least 30% of the Board of Director's by 2020.

The Appointments Committee will verify annually the compliance with the director selection policy and this will be reported on in the Annual Corporate Governance Report.

Compliant X Partially compliant □ Explain □

15. Independent and proprietary directors should occupy an ample majority on the Board of Directors while the number of executive directors should be the minimum necessary, bearing in mind the complexity of the corporate group and the capital share held by the executive directors.

Compliant X Partially compliant □ Explain □

16. The percentage of proprietary directors in the total of non-executive directors must not be greater than the proportion of company capital held by these directors versus the remainder of the company's capital.

This criterion may be lessened in the following cases:

a) In companies with high capitalisation where there are few share based participations of legal significance.

b) In companies with a plurality of shareholders represented on the Board of Directors and where these are not otherwise related.

Compliant □ Explain X

This recommendation establishes that there must be a proportion between the share capital represented by the proprietary directors and the percentage of these directors over the total of non-executive directors. Currently, proprietary directors of Cellnex represent 44.4% of the non-executive directors while the shareholder that they represent, Abertis Infraestructuras, S.A., holds 34% of the share capital. Notwithstanding, it should not be ignored that this recommendation establishes that this criteria may be mitigated in companies in which significant shareholdings are scarce. In Cellnex, apart from Abertis Infraestructuras, S.A, there are only 5 significant shareholders (percentage higher than 3%) and, in addition, none of them has expressed interest in being able to participate in the Board.

17. The number of independent directors should be at least half of all board members.

However, in cases of companies that do not have a high capitalisation or, when having a high capitalisation, have one or several shareholders acting harmoniously controlling over 30% of capital then the number of independent directors should be at least a third of all board members.

Compliant □ Explain X

18. Companies should post the following director particulars on their websites, keeping them permanently updated:

a) Professional and biographical profile.

b) Other boards sat on, be these listed or not, as well as other paid activities no matter their nature.

c) Indication of the category of directorship held and in the case of propriety directors that represent shareholders which of these they are linked to.

d) Date of first appointment as company director as well as later re-elections.

e) Company shares and options in his or her name.

Compliant ☐ Partially compliant X Explain ☐

The Company partially complies with this recommendation since on its website is published up-to-date information on the professional and biographical profile of the directors; other company boards to which they belong; the category of director and in the case of proprietary directors, the shareholder they represent; the date of first appointment as board member of Cellnex and subsequent re-elections; as well as the Company shares and options in their name (i.e. the information required under a), c), d), e) and first paragraph of b) of the aforementioned recommendation). However, it does not include information on all paid activities carried out by the directors irrespective of its nature (as indicated under the second subparagraph of b)) because the website already provides sufficient information to know the professional profile of each director and to comply with recommendation 18 from the Code of Good Governance for listed companies regarding the composition of the board of directors.

19. **The corporate governance annual report should also disclose, following verification with the Appointments Committee, the reasons for the appointment of any proprietary directors at the urging of shareholders controlling less than 3% of capital; the report should explain, should the case be give, the reasons for rejecting of formal requests for board representation by shareholders with an equal or greater stake to those who have successfully applied for a propriety director.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable X

20. **Proprietary directors should resign when the shareholder they represent transfers its ownership interests in the company. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable X

21. **The Board of Directors should not propose the removal of any independent directors prior to the expiry of their tenure, except where just cause is found by the Board of Directors following a report by the Appointments Committee. Specifically, it will be considered just cause when the director takes on new responsibilities or obligations that does not allow him or her to dedicate the time necessary to complete the functions of the directorship, does not comply with the obligations inherent to the role or becomes involved in circumstances that compromise his or her independence, all according to the applicable legislation.**

    The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 16.

Compliant X Explain ☐

22. **Companies should establish rules obliging directors to inform the board of 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 crimes stated in the company's internal rules, the Board of Directors should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

Compliant X Partially compliant □ Explain □

23. **All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against 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 should also apply to the Secretary of the Board of Directors, whether he or she be a director or not.

Compliant □ Partially compliant □ Explain □ Not applicable X

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.**

Compliant □ Partially compliant □ Explain □ Not applicable X

25. **The Appointments Committee should ensure that non-executive directors have sufficient time to carry out their role's functions.**

    The board's regulations should set out the maximum amount of board meetings that members can take part in.

Compliant □ Partially compliant X Explain □

Cellnex partially complies with this recommendation because the Board Regulation does not establish a maximum number of company boards in which the directors may participate, as indicated in the second paragraph of this recommendation. However the Nomination and Remuneration Committee ensures that the directors have sufficient time available for the proper performance of their duties as foreseen in the first paragraph of the recommendation. Thus, article 26 of the Board Regulation establishes that the directors in order to perform their duties must devote adequately and shall adopt the necessary measures to accurately manage and control the company. On the other hand, pursuant the self-assessment processes carried out by the

Nomination and Remuneration Committee it has not been detected any lack of availability nor any lack of dedication from the directors.

26. **The board should meet with the necessary frequency, and at least eight times a year, to properly perform its functions in accordance with a calendar and agenda set at the beginning of the year, to which each director may propose additional items not originally set out.**

Compliant X Partially compliant □ Explain □

27. **Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When absences do occur representation with instructions should be given.**

Compliant □ Partially compliant X Explain □

Section 26 of the Board of Directors' Regulations states that directors must carry out and comply with obligations set out in the company statutes and with due business diligence, keeping in mind the nature of the roles and the functions assigned to each of these. It is also established that directors must have an adequate dedication and must adopt the necessary measures to ensure good management and control of the company when carrying out their role functions. Therefore absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. However, the Board of Directors' Regulation does not set out a Board of Directors' obligation to assign representation with instructions as such requirement cannot always be possible due to no previous participation in the debates and deliberations of the matters put forward to the Board of Directors.

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.**

Compliant □ Partially compliant □ Explain □ Not applicable X

29. **The company must set out the appropriate channels for directors to obtain precise advice on comply with their role functions including, should circumstances require this, external consultations at the cost of the company.**

Compliant X Partially compliant □ Explain □

30. **Independently to the know how expected from directors when exercising their functions, companies should also offer their directors programs to update these when the circumstances be favourable to doing so.**

Compliant X Explain □ Not applicable □

31. **The session's order of the day should clearly indicate the points to be decided or agreed upon by the Board of Directors so they can previously study or collect the information necessary for their acceptance.**

When exceptionally and in light of urgent circumstances the president wishes to submit to approval by the Board of Directors decisions or agreements that are

not listed in the order of the day the prior and explicit consent of a majority of board members will be necessary and this should be recorded in the minutes.

Compliant □ Partially compliant X Explain □

The agenda for the meetings of the Board of Directors does not indicate the points regarding which a decision has to be adopted.

Notwithstanding, in the support documentation for each of the items on the agenda (which is sent to the directors prior to the Board meetings) the points regarding which a decision has to be adopted are identified (including a concrete proposal of decision to adopt). The purpose of this procedure is to allow the Directors to study and obtain prior information relevant for the decision to adopt.

32. **The directors should be periodically informed of stakeholder movements and of the opinions of significant shareholders, investors and rating agencies regarding the company and group.**

Compliant X Partially compliant □ Explain □

33. **The president, as the person responsible for the correct functioning of the Board of Directors, other than exercising functions attributed by the law and company statutes should prepare and submit to the Board of Directors a program of dates and matters to be dealt with and organise and coordinate the periodic evaluation of the board and its functioning. The president will also ensure enough time is dedicated to discussions regarding strategy and will also negotiate and revise each director's know how updating program, when circumstances be favourable to doing so.**

Compliant X Partially compliant □ Explain □

34. **When there is a coordinating director, other than the faculties set out in the law the company statutes or board of directors regulations should attribute this role with the following functions: preside the Board of Directors in the absence of the president and vice-presidents, should these exist; voice the concerns of non - executive directors, maintain contact with investors and shareholders to know their points of view and understand their concerns especially in regard to the company's corporate governance; coordinate the president succession plan.**

Compliant □ Partially compliant □ Explain □ Not applicable X

35. **The Secretary of the Board of Directors ensures that the actions and decisions of the Board of Directors keep in mind the recommendations for good governance contained in this Code of Good Governance when applicable to the company.**

Compliant X Explain □

36. **The complete Board of Directors must evaluate once a year and adopt, where necessary, an action plan to correct identified shortfalls in:**

a) The quality and efficiency of the Board of Directors' functioning.

b) The functioning and composition of its committees.

c) The diversity in the Board of Directors composition and responsibilities.

d) The performance of the Board of Directors' president and the company's top executives.

e) The performance of the contribution of each director, with special attention to those responsible for the different director's committees.

The evaluation of the different committees will be based on the reports presented by these to the Board of Directors who in turn will be evaluated by the Appointments Committee.

Every three years the Board of Directors will be assisted in its evaluations by an external consultant whose independence will be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group has with the company or any group subsidiary must be listed in the Annual Corporate Governance Report.

The processes and the areas evaluated will be described in the Annual Corporate Governance Report.

Compliant X Partially compliant □ Explain □

37. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself and also share the same Secretary.

Compliant □ Partially compliant □ Explain □ Not applicable X

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.

Compliant □ Partially compliant □ Explain □ Not applicable X

39. Audit Committee members, particularly the Chairman, are appointed in light of their knowledge and experience in accounting, audit or risk management and that most of these members be independent directors.

Compliant X Partially compliant □ Explain □

40. Under the supervision of the Audit Committee there be a unit responsible for internal audit that ensures the correct functioning of internal information and control systems and whose functions depend on the non-executive president to the board or the Audit Committee.

Compliant □ Partially compliant X Explain □

The Company partially complies with this recommendation to the extent that it has an internal audit unit that carries out its work under the supervision of the Audit and Control Committee, and depends functionally on it, although it is hierarchically dependent on the General Secretariat. The reason for this decision is merely practical or operative given that the Audit and Control Committee meets approximately six times a year and the internal audit unit, due to its activity, needs to implement procedures regularly and responsively. These procedures at first are monitored by the General Secretariat without prejudice to their subsequent review by the Audit and Control Committee.

41. The head of internal audit should present an annual work programme to the Audit Committee, report directly on any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant X Partially compliant □ Explain □ Not applicable □

42. That, other than those set out by law, the following responsibilities are held by the Audit Committee:

1. Regarding information and internal control systems:

a) Monitoring the preparation and integrity of the company's financial information and, where appropriate, the group by checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

b) Monitoring the independence of the unit that undertakes the internal audit; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; propose the service budget; approve the work direction and plans ensuring that activities are focused towards the company's most relevant risks; receive regular information on activities and verifying that senior management are acting on the findings and recommendations of such reports.

c) Establishing and supervising a mechanism that allows personnel to communicate in a confidential manner, and where possible and appropriate anonymously, potentially significant irregularities, especially those which are financial or in accounting, taking place within the company.

2. Regarding the external auditor:

a) In cases of external auditor resignation an investigation into the circumstances of this.

b) Monitoring that the remuneration of the external auditor does not jeopardise the works quality of the auditor's independence.

c) Supervising to ensure the company notifies as a significant event any change of auditor to the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.

d) Ensuring that the external auditor takes part in an annual meeting with the full Board of Directors to inform on the work carried out and the evolution of the accounting situation and the company's risks.

e) Ensuring that the company and the external auditor respect current legislation regarding the various auditing services, the limits in the auditor's business concentration and, in general terms, the other rules regarding auditor independence.

Compliant □ Partially compliant X Explain □

The Audit and Control Committee executes the duties foreseen in the recommendation, including that of ensuring the independence of the internal audit unit. However, the selection, appointment, re-election and dismissal of the person responsible for the internal audit service as well as the budget and the work plans from that unit, are initially managed by the General Secretariat and subsequently supervised and validated by the Audit and Control Committee. This is foreseen in the Board Regulations, when it refers in article 15 that the Audit and Control Committee supervises the effectiveness of the internal control mechanisms of the Company, the internal audit services, by verifying the adequacy and integrity of the same, and by reviewing the appointment and replacement of its representatives and by ensuring their independence. For these reasons the IAGC indicates a level of partial compliance.

43. The Audit Committee should be empowered to meet with any company employee or manager and even have the possibility to summon staff without the presence of another senior officer.

Compliant X Partially compliant ☐ Explain ☐

44. The Audit Committee should be informed of corporate or structural modification operations planned by the company for their prior analysis and reporting to the Board of Directors regarding their economic condition and accounting impact and, should it be necessary, the exchange ratio.

Compliant X Partially compliant ☐ Explain ☐ Not applicable ☐

45. The control and risk management policy should specify at least:

a) The different types of risk, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, ...) that the company is exposed to, including amongst the financial or economic risks the contingent liabilities and other off-balance sheet risks.

b) The setting out of the level of risk that the company considers acceptable.

c) The measures in place to mitigate the impact of the identified risks, should these occur.

d) The internal reporting and control systems used to control and manage the mentioned risks, including contingent liabilities and off-balance sheet risks.

Compliant X Partially compliant ☐ Explain ☐

46. Under the direct supervision of the Audit Committee, or alternatively a specialised Board of Directors committee, there must be an internal responsibility for risk control and management exercised by a unit or internal company department that has the following functions clearly attributed to it:

a) Ensuring the correct functioning of the risk control and management systems and, more specifically, identifies, manages and quantifies in an adequate manner all the major risks that affect the company.

b) Actively participating in the preparation of the risks strategy and in important decisions regarding its management.

c) Ensuring the risk control and management systems adequately mitigate the risks within the parameters set out by the Board of Directors policies.

Compliant X   Partially compliant □   Explain □

47. The selected members of the Appointments and Remuneration Committee (or the Appointments Committee and the Remuneration Committee should these be separate) must have the suitable knowledge, aptitudes and experience for the tasks that they must fulfil and most of these members must be independent advisers.

Compliant X   Partially compliant □   Explain □

48. Companies with a high capitalisation must have separate committees for appointments and remuneration.

Compliant □   Explain X   Not applicable □

With Cellnex's entry into the Ibex 35 in June 2016, it can now be considered as being in the large-cap company category. Nevertheless, for now it is not considered necessary to have a Nomination Committee and a separate Remuneration Committee, as the current Nomination 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.

Any board member may suggest candidates to the Appointments Committee for its consideration.

Compliant X   Partially compliant □   Explain □

50. The Remuneration Committee must carry out its functions independently and, other than the responsibilities assigned by law, be assigned the following functions:

a) Proposal to the Board of Directors the basic contractual conditions for senior managers.

b) Checking to ensure that the company's remuneration policy is being observed.

c) Periodically revise the remuneration policy applied to directors and senior managers, including remuneration systems that include shares, and guarantee that individual pay packages be proportional to those received by other advisers and managers in the company.

d) Monitoring of any possible conflicts of interests to ensure these do not jeopardise the independence of the external advice offered by the committee.

e) Verifying the information regarding director and senior manager remuneration contained in the different corporate documents, including the annual report on director remuneration.

Compliant X   Partially compliant □   Explain □

51. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant X Partially compliant □ Explain □

52. The rules regarding the composition and functions of the supervisory committees must be set out in the Board of Directors' Regulations and these should be consistent with those applicable to legally mandatory committees, as per the previous recommendations, including:

a) That these be exclusively formed non-executive directors, with a majority of independent advisers.

c) That the committees be chaired by independent directors.

a) That the Board of Directors appoint the members of such committees keeping in mind the knowledge, aptitudes and experience of the directors and the terms of reference of each committee, consider their proposals and reports and that they report to the next Board of Directors meeting matters regarding activities of responses to findings following meetings between directors and committees.

d) That committees may engage external advisers, when they feel this is necessary for them to execute their duties.

e) That the meetings be minuted and that the minutes be made available to all directors.

Compliant □ Partially compliant □ Explain □ Not applicable X

53. The supervision of the compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policies must be attributed to a single or distributed amongst several Board of Directors' committees; these possibly being the Audit Committee, Appointments Committee, Corporate Social Responsibility Committee, should this exist, or a specialised committee that the Board of Directors, exercising their powers in self-organisation, create to that effect and with the following minimal specific functions attributed:

a) The supervision of compliance with internal codes of conduct and the company's rules in corporate governance.

b) The supervision of the shareholder and investor communications and relations strategy, including small and medium sized shareholders.

c) The periodic evaluation of the adequacy of the corporate governance system with the aim of it meeting its objective of promoting the company's interests and take into account, where applicable, the legitimate interests stakeholders.

d) The review of the company's corporate responsibility policy, ensuring that this be focused on generating value.

e) The monitoring of strategies and practices in corporate social responsibility and the evaluation of the degree of its compliance.

f) The supervision and evaluation of the relation processes with other

stakeholders.

g) The evaluation of all elements regarding the company's non-financial risks, including those of an operative, technological, legal, social, environmental, political and reputational nature.

h) The coordination of the reporting process of the non-financial information and regarding diversity, in compliance with the applicable legislation and international standards of reference.

Compliant X Partially compliant □ Explain □

54. **Corporate social responsibility must include the principles and commitments that the company takes on voluntarily in its relationship with different stakeholders, identifying at least:**

a) The objectives of the corporate social responsibility policy and the development of the support tools .

b) The corporate strategy regarding sustainability, environment and social matters.

c) The precise practices in matters regarding: shareholders, personnel, clients, suppliers, social matters, environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal actions.

d) The result, associated risk and management of monitoring methods or systems in the application of the specific practices noted in the previous point.

e) The supervisory mechanisms of non-financial risks, ethics and business conduct.

f) The main channels of communication, participation and dialogue with stakeholders.

g) The responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Compliant X Partially compliant □ Explain □

55. **The company must inform in a separate document or in the management report on the matters relating to corporate social responsibility, using for this one of the internationally accepted methodologies.**

Compliant X Partially compliant □ Explain □

56. **The remuneration of the directors should be that necessary to attract and retain directors with a desirable profile and to remunerate the dedication, qualification and responsibility that the role requires though it should not be high to a point where it can jeopardise the independent criteria of non-executive directors.**

Compliant X Explain □

57. Remuneration to executive directors based on variables that relate to company or personnel performance should be limited, as well as remuneration through shares, share options or rights over shares or instruments that refer to the value of the shares and long term saving systems such as pensions, retirement systems and other social provision systems .

The possibility of shares as remuneration can be considered when non-executive directors are conditioned to keeping these until they cease their directorship. The latter will not be applicable to shares that the director requires to be transferred to satisfy the costs regarding his or her acquisition.

Compliant X Partially compliant □ Explain □

58. In the case of variables, remuneration policies should include 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 other similar circumstances.

In particular, that the components of variable remuneration:

a) Be linked to predetermined performance criteria that are measurable and that said criteria consider the assumed risk when obtaining a result.

b) Promote company sustainability and include non-financial criteria adequate for long term growth in value, such as compliance with internal company rules and procedures and risk control and management policies.

c) Be configured based on a balance between short, medium and long term objectives and that these allow for rewarding continued performance during a period of time that is sufficiently long to appreciate a contribution in sustainable value growth; therefore ensuring that the elements used to measure performance are note influenced by exceptional, occasional or extraordinary events.

Compliant X Partially compliant □ Explain □ Not applicable □

59. The payment of a considerable part of the variable components of the remuneration should be deferred for the minimum amount of time necessary to confirm that the performance conditions previously set out have been met.

Compliant X Partially compliant □ Explain □ Not applicable □

60. In the case of remuneration linked to company earnings, deductions should be computed following provisions stated in the external auditor's report that may lower said results.

Compliant □ Partially compliant □ Explain □ Not applicable X

61. A considerable percentage of executive director's variable remuneration be linked to the transfer of shares or financial instruments that refer to share value.

Compliant □ Partially compliant □ Explain □ Not applicable X

62. Once the shares or the options or rights over shares have been set out in the remuneration systems, the directors are not permitted to transfer the

ownership of such shares to a value equivalent to two times their fixed annual remuneration, neither can they exercise their options or rights until at least three years have elapsed since these were agreed upon.

The latter will not be applicable to shares that the director requires to be transferred to satisfy the costs regarding his or her acquisition.

Compliant ☐ Partially compliant X Explain ☐ Not applicable ☐

Exists an obligation of maintenance of the actions attributed to the CEO during a term of at least 2 years from their attribution.

63. **Contracted agreements must include a clause that allows the company to claim the return of variable components in remuneration when the payment of these is not adjusted to the performance conditions or when payment has taken place according to data which is latter identified as incorrect.**

Compliant X Partially compliant ☐ Explain ☐ Not applicable ☐

64. **Payments for contract termination must not be grater that the amount equivalent to two years of total annual remuneration and that must not be paid until the company has been able to verify that the director has complied with the performance criteria previously set out.**

Compliant X Partially compliant ☐ Explain ☐ Not applicable ☐

H OTHER INFORMATION OF INTEREST

1. If it is considered that there is any material aspect or principle relating to the Corporate Governance practices followed by the 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 these briefly.

2. In this section any other information, clarification or observation related to the above sections of this report can be included.

   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 to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or ethical principles or standard practices. If applicable identify the Code and its date of adoption. In particular, refer to whether the Code of Good Taxation Practice of 20th of June 2010 has been adhered to.

"In 2017 Cellnex joined and maintained initiatives in the area of Corporate Social Responsibility, which are highlighted as follows:

- Collaboration agreement with the Seres Foundation that seeks "the creation of a healthier and stronger society with more competitive companies that can last for a longer period of time". The purpose of the Foundation is to help and to promote business strategic actions that contribute to the overall improvement of social reality.

- Cellnex has actively participated in the conferences promoted by the International Academy for Social Economic Development (AISES) aiming for the promotion of sustainable development.

- Collaboration agreement with IESE to establish Cellnex as a Mentor company from IESE, and define the collaboration under different projects promoted by IESE’s Center for Public Sector-Private Sector.

- Participation in the Carbon Disclosure Project (CDP), one of the most recognized organisations in the field for climate change aimed at assessing the quality of information -and reporting systems-, enabled by private companies or by the public sector in the field of sustainability and environment.

- Cellnex joined the FTSE4Good sustainability index, which recognizes the good practices from listed companies regarding environmental, social and corporate governance areas.

- Cellnex joined the "Standard Ethics" sustainability index, being valued with EE rating which is equivalent to an adequate level for its good behaviour in terms of government, sustainability and social responsibility.

In addition, Cellnex Telecom continues to be part of the United Nations Global Compact and is registered under the Registry of Interest Groups or 'lobbies' created by the National Commission on Markets and Competition (CNMC) as well as registered as an Interest Group under the Catalonia’s Government Transparency Registry".

NOTE OF CLARIFICATION ap. C1.17
Mr. José Aljaro Navarro is the representative of the Director of Abertis Telecom Satélites, S.A.U. in Hispasat
Mr. Luis Deulofeu Fuguet is the representative of the Chairman of Sanef, S.A. in Bil&Go

NOTE OF CLARIFICATION ap. C.2.1. AUDIT AND CONTROL COMMITTEE

The duties, procedures, organisation, operation and activities of the AUDIT AND CONTROL COMMITTEE are as follows:

a) Responsibilities

The rules of organization and operation of the Audit and Control Committee are described in the bylaws and in the Board of Directors’ Regulation and, without prejudice to the other tasks assigned to it by the applicable legislation or the Board, the Audit and Control 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

auditors or auditing company, the contract conditions, the scope of the professional mandate and, where appropriate, 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 exercising 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 auditors or external auditing companies 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, they 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;

e) 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 auditors or auditing 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;

f) To inform the Board of Directors in advance on all matters provided for by the Law, the corporate bylaws and its Regulations and, in particular, regarding 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;

g) To supervise compliance with the internal protocol for relationships between the majority shareholder and the Company and the companies of its respective groups, as well as to conduct any other actions established in the protocol itself for optimal compliance with the aforesaid duty of supervision;

h) 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 Board of Director's Regulation;

i) 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;

j) 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 auditors any significant weaknesses detected in the internal control system while conducting the audit;

k) 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 Board of Directors' Regulation shall define the skills of the Committee and its scheme of organization and operation.
The Board shall likewise determine who will hold the position of Chairman from among the independent directors, 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 Audit and Control 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 Audit and Control 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 management team or company personnel will be obliged to attend the Audit and Control Committee's sessions and to provide them with his/her assistance and access to the information s/he has available, if so requested. The Committee can also request that the Company's external auditors attend its sessions.

1. Activities

During 2017, the Audit and Control Committee met on nine occasions and carried out the following key activities:

a) Review of financial information

- 2016 financial statements:
  - In February, the Audit and Control Committee reviewed the 2016 Annual Accounts, including the Management Report and the Annual Corporate Governance 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 the 2016 Annual Accounts, including Management Report and Annual Corporate Governance Report.

- 2017 financial statements:

  - In April, the Audit and Control Committee reviewed the financial results for the first quarter of the year with the finance team who presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the first quarter financial statements.
  - In May, the Audit and Control Committee reviewed the first quarter audited accounts. 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 the first quarter audited financial statements.

- In July, the Audit and Control Committee reviewed the half-yearly financial statements and the 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.
- In 9 November, the Audit and Control Committee reviewed the financial results for the third quarter of the year together with the third quarter audited accounts. 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 the third quarter financial statements and the third quarter audited financial statements.

b) External Auditors

- In February, the external auditors attended the Audit and Control Committee to review the 2016 Annual Accounts, including the Management Report and the Annual Corporate Governance Report, and presented the main aspects and their conclusions.
- In May, the external auditors attended the Audit and Control Committee to review the first quarter audited financial statements and presented the main aspects and their conclusions.
- In July, the external auditors attended the Audit and Control Committee to present the report of the half-yearly financial statements.
- In November, the Audit and Control Committee met the external auditors to review the scope and audit planning, the status of its review and the preliminary conclusions of the 2017 financial statements.

c) Capital structure

- In March, the Audit and Control Committee reviewed discussed a new bond issuance and the renewal of the existing EMTN programme. 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 issuance of one or several bonds, including private placements, following the EMTN programme, in Euros or Swiss Francs with a maturity of between 6 and 10 years and an amount of up to €400 million; and (ii) the execution of all documents necessary to renew the EMTN programme.
- In April, it was noted that in April 2017 Cellnex closed two private placements for a total amount of c. €140 million under the EMTN programme.
- In different meetings, the finance team presented to the Audit and Control Committee an update on the M&A pipeline and the company’s financial firepower to execute said pipeline.
- In April and May, Morgan Stanley presented to the Audit and Control Committee an equity markets update and an equity injection assessment. Also, in December, Morgan Stanley provided the Audit and Control Committee with a capital structure assessment.
- In July, it was proposed to the Audit and Control Committee the issuance of a private placement (of c. €50 million), within the existing Board authorisation.

- Following discussions in November, in December, the Audit and Control Committee reviewed the possibility to issue a 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 in January 2018.

d) Other information

- Efficiency Plan update: In February and September, those responsible for its preparation presented to the Audit and Control Committee an update on the Efficiency Plan 2016-19 noting the key items and their conclusions.
- Liquidity contract: In April, the Audit and Control Committee reviewed the status of the liquidity contract. The finance team presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to extend the liquidity contract for one year.
- Treasury shares:
  - In April, the Audit and Control Committee reviewed the status of the treasury shares. It was agreed to maintain the current policy.
  - In July, in the context of the senior management long term incentive plan, it was proposed to the Audit and Control Committee the acquisition of treasury shares for a total amount of €10 million. The Audit and Control Committee agreed to approve the proposal for the above purpose and for the specified amount. In September, it was reminded the approval of the previous meeting and the Committee provided a favourable recommendation to the Board of Directors to approve the acquisition of treasury shares on these terms.

- Dividends:
  - In February, the Audit and Control Committee reviewed the dividend policy. The finance team presented the main aspects and its conclusions. The Committee provided a favourable recommendation to the Board of Directors to approve the Cellnex dividend payment.
  - In 9 November, the finance team explained to the Audit and Control Committee the proposal to distribute an interim dividend to be paid before the year end. The Committee provided a favourable recommendation to the Board of Directors to distribute an interim dividend of €10 million to be paid before the end of year 2017 (the remainder to be paid as final dividend in 2018 and to be approved by Cellnex AGM).
- IFRS 16: In February, the finance team presented to the Audit and Control Committee an update on the work being carried out to ensure the compliance with the new accounting rules. Additional updates were provided to the Audit and Control Committee in July and 9 November, those times together with PwC.
- Reappointment of auditors: In March, it was proposed to the Audit and Control Committee the reappointment of Deloitte as auditors of Cellnex for a further term of 3 years. The Committee noted the key considerations and rationale for this reappointment. The Committee provided a favourable recommendation to the Board of Directors to approve the reappointment of Deloitte as auditors of the company.
- Appointment of Chairman: In March, the Audit and Control Committee agreed unanimously to appoint Mr. Bertrand Kan as its Chairman.
- Appointment of Vice Secretary: In July, the Audit and Control Committee agreed unanimously to appoint Ms. Núria Taberner as its Vice Secretary.

- Information Security: In May, at the request of the Audit and Control Committee, the head of IT attended the Committee to provide a report on the company’s IT security systems.
- RAN Sharing: In July, at the request of the Audit and Control Committee, a member of the commercial team provided a presentation on RAN sharing.
- CNMV Technical Guide: In September, the Secretary of the Committee provided a summary on the new CNMV Technical Guide on Audit Committees to the Audit and Control Committee and explained the performance of Cellnex with regard thereto.
- Registration document: In September, the Audit and Control Committee was updated on the new European prospectus regulation and the opportunity that this gives to companies to file a registration document with the CNMV in order to facilitate the issuance of debt in Spain (and also equity injections). It was agreed to provide an update to the Board and recommend the approval of the filing of the document.
- 2018 Budget: In December, a first look of the 2018 budget was provided to the Audit and Control Committee.
- Capital Markets Day: In December, the Audit and Control Committee received the presentation on the company’s first Capital Markets Day held on 14 November. The key investor feedback was noted.

e) Corporate Governance

- In February, the Audit and Control Committee reviewed the three reports for the year 2017 to be approved by the Committee in connection with the Annual Accounts and the Annual Corporate Governance Report, namely: (i) the Report on the Functions and Activities of the Committee; (ii) the Report on Related Party Transactions; and (iii) the Report on the Independence of the Auditor. The Committee provided a favourable recommendation to the Board of Directors to approve these reports.

f) Tax

- In February, the tax team, together with PwC, provided the Audit and Control Committee with an update on the work carried out on the implementation of the Tax Strategy (approved by the Committee and the Board of Directors) and the development of the Tax Control Framework. The Committee approved the Tax Control Framework.
- Also in February, the tax team, together with external advisors (PwC, IplusF and Deloitte), provided the Audit and Control Committee with an overview of all the tax initiatives implemented by the company, namely: (i) Notional Interest Deduction; (ii) R&D; (iii) Patent Box; and (iv) the deductibility of Tradia Goodwill. It was confirmed that these initiatives are compliant with current tax legislation.
- In July, the tax team, together with external advisors (Garrigues), explained to the Audit and Control Committee the work undertaken with regards to financial structure defence file, concluding that the current financial structure of Cellnex has a strong economic and business rationale.
- In September, the tax team, together with PwC, presented to the Audit and Control Committee (i) an update on the tax governance, by explaining the Tax Control Framework, which are the milestones to be achieved and the implementation plan, and (ii) the tax dossier (item included following the recommendation of the good tax governance policy).

g) Monitoring 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 Audit Committee and Control and / or by the Senior Management.
    - An adequate coordination with the external auditors to be maintained for the exchange of information regarding the audits carried out with the aim of minimizing duplication and to track the audits performed, as well as any weaknesses in the internal control identified.
    - Report to the Audit and Control Committee and Senior Management of Cellnex Group regarding the key recommendations in each company, as well as the action plan to be performed by the Company.

- Activities. The main activities carried out by Internal Audit and supervised by the Audit and Control Committee:

    - Audits:

        - Those audits included in the 2017 Audit Plan and those audits not originally included in the Audit Plan but there were requested by Audit Committee and Control and / or by the Senior Management.
        - Monitoring recommendations and action plans proposed in the different audits.

    - 2018 Audit Plan. In November, the Audit and Control Committee approved the 2018 Annual Audit Plan 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 Senior Management.
        - Defining the activities to be reviewed: basic processes (revenues, procurements, etc.), other processes (expense sheets, investment projects, etc.) or compliance (ICFR, others).

h) Risk control

This function is carried out by Internal Audit.

- Activities. The activities carried out by Internal Audit and supervised by the Committee in May, July, September and in the last meeting of the year were:

        - A revision of the risk map (including likelihood and impact) in Spain, Italy, UK, Netherlands and France.

The review of the action plans associated to the risks in Spain, Italy, UK and Netherlands.

NOTE OF CLARIFICATION ap. C.2.1 NOMINATION AND REMUNERATION COMMITTEE

Operation

In accordance with the Board of Directors' Regulations, the Board of Directors will appoint a Chair among the independent directors. The Chair must be replaced every four years and may be re-elected once a period of one year from his departure has transpired. The Appointments and Remuneration Committee will appoint a Secretary and may appoint a Vice-Secretary that will not be necessarily members of the Committee itself.

The Appointments and Remuneration Committee will meet every time the Board of Directors or its Chair request a report be issued or proposals adopted and, in any case, whenever it is deemed advisable for the proper execution of its duties. It will be convened by the Chair of the Committee, either on his/her own initiative or on the request of the Chair of the Board of Directors or of two members of the Committee itself.

The Appointments and Remuneration 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.

Responsibilities

Without prejudice to the other tasks assigned to it by the Board of Directors, the Appointments and Remuneration Committee will have at least the following basic responsibilities:

a) To evaluate the competencies, knowledge and experience required in the Board of Directors. To this end, it will define the duties and skills required of the candidates to fill each vacancy, and it will evaluate the time and dedication needed for them to effectively perform their duties.

b) To establish a target for the representation of the under-represented gender on the Board of Directors, and prepare guidance on how to obtain said target.

c) To submit to the Board of Directors proposals for the appointment of independent directors for the co-optation thereof or for the submission thereof to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or dismissal of the aforesaid directors by the General Shareholders' Meeting.

d) To inform on proposals for the appointment of the other directors for the co-optation thereof or for the submission thereof to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or dismissal of the aforesaid directors by the General Shareholders' Meeting.

e) To inform on proposals for the appointment and dismissal of members of the Senior Management and the basic conditions of their contracts.

f) To inform, in advance, on the appointment by the Board of Directors of the Chair and, where applicable, of one or more Vice-Chairs, as well as the appointments of the Secretary and, where applicable, of one or more Vice-Secretaries. The same procedure shall be followed to agree on the dismissal of the Secretary and, where applicable, of each Vice-Secretary.

g) To examine and organise the succession of the Chair of the Board of Directors and of the Company's CEO and, if appropriate, to make proposals to the Board of Directors for such succession to occur in an orderly and well planned manner.

h) To propose to the Board of Directors the remuneration policy for the directors and general managers, or for those individuals who perform their senior management duties reporting directly to the Board of Directors, to executive committees or to CEOs, as well as the individual remuneration and all other contractual conditions for executive directors, ensuring compliance therewith.

i) To suggest to the Board of Directors which members should form part of each of the Committees.

j) To periodically review the remuneration programmes, considering their suitability and returns.

k) To propose to the Board of Directors, for submission to the General Shareholders' Meeting for an advisory vote, the drafting of an annual report on the remuneration of its directors, under the terms of article 541 of the Law on Capital Companies, already other provision which may replace the same in the future.

l) To consider the suggestions made to it by the Chair, Board members, company executives or shareholders.

m) To provide information regarding the appointment and dismissal of managers who have direct dependence to the Board of Directors or some of its members, as well as establishing the basic conditions of their contracts, including remuneration, and also inform decisions on remuneration of directors, within the statutory framework and, where appropriate, of the remuneration policy adopted by the General Meeting of Shareholders

n) To monitor compliance with the corporate governance rules and internal codes of conduct.

o) To monitor the corporate social responsibility strategy and practices, and to assess the degree of compliance therewith.

Activities.
Eight meetings have been held involving the following actions, amongst others:

(A) Corporate Governance:

The relevant report was issued assessing the competence, experience and merits of independent Director, Ms Marieta del Rivero, in view of her appointment as Board member and her joining the ARC.
The restructuring of the composition of the Appointments and Remuneration Committee (ARC) and of the Audit and Control Committee (ACC) was put forward.
The Board was informed favourably as to the appointment of Bertand Kan as vice-chairman of the Board of Directors.
An external evaluation was carried out of the functioning of the Board and Committees, for submission to the Board.
Reports were given on the ACGR (annual corporate governance report) and the ARR (annual report on remunerations).

(B) Actions in relation to remuneration:

The degree of compliance by the CEO with the targets for 2016 was analysed and his performance assessed. Also evaluated were the CEO’s targets for 2017, the relevant proposals being put to the Board.
Based on a comparative study by an external company, the CEO’s remuneration for 2017 was proposed and, consequently, the amendment to the remunerations policy for Directors was prepared and approved for submission to the Board and approval by the Annual General Meeting.

The directors’ remuneration was reviewed in order to adjust it to the market also taking into account the directors’ degree of involvement and commitment.
Based on market studies, the remuneration of the top executives (reporting directly to the CEO) for implementation as of 2018 was analysed, and the corresponding proposal was put to the Board for approval. Also put to the Board were various addenda to the contracts of these directors to include certain clauses that were not duly regulated.
The approval of a Long-term Incentives Plan (ILP 2017-2019) applicable to the CEO and certain key personnel of the company together with the corresponding contracts was prepared and put to the Board.

(C) Corporate Social Responsibility actions:

The CSR Master Plan for 2016-2020 was followed up. This instrument integrates all the company’s ethical, environmental and social initiatives whose yearly progress is included in the Integrated Annual Report.

(D) Actions in relation to the Code of Ethics:

A Criminal Offences Prevention Model was adopted and implemented via the Ethics and Compliance Committee.
A training plan was supervised on the Code of Ethics and supplementary Regulations for all employees of the Group in Spain, with a view to applying it to the rest of countries in which the Company operates.

(E) Talent management:

The ARC analysed the actions carried out to date by Management, basically the Succession Plan and High Potential Programme.

NOTE OF CLARIFICATION ap. D2

Transactions with Criteria Caixa, S.A.U. corresponding to contributions to pension plans and life insurance for the amount of 1,358 have been made with the companies of the Caixa Group.

-VidaCaixa, S.A. - Cellnex Telecom, S.A. and its subsidiaries - Contractual - Contribution of pension plans and life insurance - 1.316

-Segur Caixa Adeslas, S.A. - Cellnex Telecom, S.A. and its subsidiaries - Contractual - Contribution of pension plans and life insurance - 42

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on 15 February 2018.

State whether any Directors voted against or abstained in connection with the approval of this Report.

Yes □ No X