

Report from Board on delegation bond / debentures issue

Junta '19
General de Accionistas
Annual Shareholders Meeting

**REPORT PRESENTED BY THE BOARD OF DIRECTORS OF CELLNEX TELECOM, S.A. IN
RELATION TO THE PROPOSAL CONCERNING ITEM TWELVE ON THE AGENDA OF THE
GENERAL SHAREHOLDERS' MEETING OF THE COMPANY CONVENED FOR 8 MAY 2019, AT
THE FIRST SUMMONING, AND FOR 9 MAY 2019 AT THE SECOND SUMMONING**

1. PURPOSE OF THE REPORT

The present report is issued in accordance with the provisions of Articles 511 of the revised text of the Law on Corporations, approved by Spanish Royal Legislative Decree 1/2010 of 2 July (the “**Law on Corporations**”) and 319 of the Procedural Rules of the Commercial Registry, applying by analogy the provisions of article 297.1.(b) of the Law on Corporations, to justify the proposed agreement submitted for the approval of the General Shareholders’ Meeting of Cellnex Telecom, S.A. (“**Cellnex**” or the “**Company**”) under item twelve on the agenda, concerning the delegation to the Board of Directors, with express power of substitution, empowered to issue bonds, debentures and other fixed-income securities, convertible into shares, as well as warrants and any other financial instruments that give the right to acquire newly issued shares of the Company, with the power to exclude pre-emptive subscription rights.

2. JUSTIFICATION OF THE PROPOSAL

The Cellnex Board of Directors considers of great interest to the Company the opportunity to dispose of the authorizations and delegated powers admitted by current corporate legislation, to be able at all times to harness in the primary securities markets the resources that may be required according to corporate interests.

The purpose of this proposal is to provide the Board of Directors of the Company with the room for manoeuvre and the responsiveness demanded by the competitive environment in which it operates, in which often the success of a particular transaction or a strategic initiative depends on the ability to carry it out with agility and speed, and without the delays and costs that are inevitably involved in a new call to and performance of a general meeting.

For this purpose, under the provisions of Article 319 of the Procedural Regulations of the Commercial Registry and the general regulations on the issuance of debentures, the proposed agreement formulated under the item twelve on the agenda is submitted for consideration by the General Shareholders’ Meeting. In the event that warrants were to be issued, it is specifically provided that, insofar as they are compatible with their specific nature, the legal and conventional rules governing convertible debentures will apply.

Amount of issuances

This proposal expressly attributes to the Board of Directors the power to issue on one or more occasions bonds, debentures and other fixed-income securities that are convertible (including contingently) into shares of the Company, warrants on newly issued shares of the company, and any other financial instruments that give the right to acquire newly issued shares of the company, and to agree, where appropriate, the capital increase necessary to meet the conversion or exercise, provided that such increase by delegation, individually or added to the increases that, where applicable, had been agreed under to the other authorizations proposed by the Board of Directors to the General Shareholders’ Meeting in accordance with provisions of Article 297.1.b) of the Law on Corporations, does not exceed half of the share capital. In this sense, the amount of capital increases which, where applicable, and in order to attend to the conversion of debentures, warrants or other securities, are carried out under the present delegation, shall be considered included within the limit available at all times to increase share capital.

In the case of warrants, for the purposes of calculating the previous limit, the sum of premiums and exercise prices of the warrants of each issuance agreed to under the present delegation shall be taken into account.

Ratio of conversion for the purposes of conversion into shares

The proposal also contains the bases and modalities of conversion of the debentures or bonds into shares, in the event that the Board of Directors were to agree to make use of this authorization, although it delegates to the Board of Directors itself the specification of such bases and modalities of conversion or exercise for each specific issue within the limits established by the Board.

In any case, if the Board of Directors were to decide to issue convertible debentures or bonds or warrants under the authorization requested to the General Shareholders' Meeting, when approving the issuance it will draft a Directors' report detailing the specific bases and modalities of the conversion or exercise applicable to such issuance, which will be the object of the correlative report by an accounts auditor, other than the Company auditor, appointed for such purpose by the Commercial Registry, referred to in Articles 414 and 511 of the Law on Corporations.

In particular, the proposed agreement which is submitted by the Board for the approval of the General Shareholders' Meeting provides that the securities issued under its auspices will be valued at their nominal amount and the shares at the fixed conversion rate (determined or determinable) or variable to be determined in the corresponding agreement of the Board of Directors.

Thus, for the purposes of conversion, the fixed-rate securities will be valued at their nominal amount and the newly issued shares for conversion according to a fixed rate of conversion (determined or determinable) established by the Board of Directors in the agreement in which it makes use of this delegation, or at the variable exchange rate to be determined on the date or dates indicated in the agreement of the Board, based on the stock market value of the shares of the Company on the date(s) or period(s) taken as a reference in said agreement, with or without premium, and the Board may determine the criteria of conversion it deems appropriate.

It may also be agreed to issue convertible fixed-income securities with a variable conversion ratio. In this case, the price of the shares for the purposes of conversion shall be determined by the Board of Directors, and it may incorporate a premium or, where applicable, a discount on the price per share resulting from the established criteria. The premium or discount may be different for each date of conversion of each issue (or, if applicable, each tranche of an issue).

Thus, the Board considers that it is granted a sufficient degree of flexibility to set the value of the shares for the purposes of their conversion depending on the conditions of the market and other applicable considerations.

In the case of warrants on newly issued shares, to the extent that they are compatible with their nature, the rules governing convertible debentures listed in the proposal will be applicable.

In addition, and pursuant to Article 415 of the Law on Corporations, the agreement to delegate to the Board the powers to issue convertible securities provides, for the purposes of their conversion, that the nominal value of the debentures should not be less than the nominal value of the shares. Neither may convertible debentures be issued for an amount less than their nominal value.

Exclusion of pre-emptive subscription rights

Article 417.1 of the Law on Corporations establishes the possibility for the General Meeting, when deciding on the issuance of convertible debentures, to agree to the total or partial exclusion of shareholders' pre-emptive subscription rights in cases in which the interests of the Company so require. In this regard, it is noted that the authorization for the issuance of convertible securities as well as warrants or other analogous securities that may give the right either directly or indirectly to

the subscription of shares of the Company includes, under the provisions of Article 511 of the Law on Corporations, the attribution to the Board of Directors of the power to exclude, either wholly or in part, shareholders' pre-emption right, when the interests of the Company so require.

The Cellnex Board of Directors considers that the exclusion of pre-emptive subscription rights, according to the circumstances of the market at any time, may, on the one hand, be suitable for reaching the goal pursued with this proposal, that is, to provide the Company's Board of Directors with sufficient responsiveness to harness the resources necessary for the proper management of its interests; and, on the other hand, it is a necessary measure from the point of view of corporate interests.

To be able to take advantage of the opportunities that arise in the market, it is essential to act with agility and speed. In particular, there is a need for flexibility and agility that allow taking advantage of the moments in which market conditions are more favourable to the Company. In this sense, carrying out a transaction acknowledging pre-emptive subscription rights would significantly increase the complexity of the transaction, as well as lead to increased costs in time and money. In addition, the issuance should consider a period of preferential subscription of at least fifteen days, which, together with the mandatory deadlines for the publication of announcements and the necessary operational procedures for the closure of the issuance, would expose the transaction to the market risk for a considerable period and, in any case, greater than that of an issuance in which the possibility to exclude the pre-emptive subscription rights is permitted.

The previous circumstances greatly restrict the flexibility and responsiveness of the Board of Directors of the Company to take advantage of the opportunities offered by the market. This flexibility and responsiveness are useful in view of the changing circumstances of the markets and, in particular, in certain situations of credit limitations. In addition, the exclusion of pre-emptive subscription rights may be necessary when it is intended to harness resources through the use of techniques of bookbuilding or when in any other way the interests of society so justify.

For this reason, it is advisable for the Board of Directors of the Company to have the necessary means to be able to opt at any time for the various sources of funding available in order to obtain the most advantageous financial conditions.

In any case, in accordance with Article 511 of the Law on Corporations, if the Board of Directors of the Company were to decide to exclude Cellnex shareholders' pre-emptive subscription rights on the occasion of any or all issuances it might decide to carry out under this delegation, it shall, at the time of adopting the agreement of issuance, issue a report detailing the specific reasons of corporate interest that justify such measure, which will be the object of the correlative report by the independent expert appointed by the Commercial Registry, referred to in Article 417 of the Law on Corporations. These reports shall be made available to the shareholders and communicated at the first General Shareholders' Meeting to be held after the capital increase agreement.

Also, although neither the Law on Corporations nor the Company By-laws restrict the capacity of the General Shareholders' Meeting to delegate to the Board of Directors the power to exclude pre-emptive subscription rights, other than the restriction that is indirectly already conferred by the maximum amount of half of the share capital to that which the authorization provided for under item eleven on the Agenda allows extending it, the Board of Directors has considered it appropriate, in line with the international recommendations of good practice in the market and the Recommendation 5 of the Code of Good Governance of listed companies approved by the Spanish National Securities Market Commission in 2015, to limit said power of exclusion of pre-emptive subscription rights, along with the same powers provided for in item eleven on the Agenda, to a maximum nominal amount, altogether, of 10% of the share capital at the time of authorization (i.e. 7,466,826.325 euros).

Admission to trading

Also, it is provided that the securities issued pursuant to this delegation can be admitted to trading on the appropriate secondary market, whether official or unofficial, organized or not, domestic or foreign.

Delegation

Finally, the powers to be attributed to the Board of Directors in the event that the proposed agreement is adopted, will be with the express right to substitution, thus reinforcing the purpose of providing the Board with the ability to give a rapid, agile response to the transactions with which it is presented.

Substitution of prior authorization

This authorization would replace and would render ineffective in the undrawn part the Resolution Eight adopted by the General Shareholders' Meeting of the Company on 31 May 2018.

3. PROPOSED AGREEMENT FOR SUBMISSION TO THE GENERAL MEETING

The full text of the proposal that is submitted to the Ordinary General Shareholders' Meeting is as follows:

Delegate to the Board of Directors, pursuant to the general regime on the issuance of debentures and in accordance with the provisions of articles 286, 297, 417 and 511 of the Law on Corporations and 319 of the Regulations of the Commercial Registry, the powers to issue negotiable securities in accordance with the following conditions:

1. Securities subject to issuance: The negotiable securities referred to in this delegation may be debentures, bonds and other similar fixed-income securities, convertible (including contingently) into shares of the Company. This delegation may also be used to issue preferential shares (if legally permissible) and warrants (options to subscribe to new shares of the Company).
2. Period of delegation: The issuance of the securities subject to delegation may be carried out on one or more occasions within a maximum period of five years as of the date of adoption of this agreement.
3. Maximum amount of delegation: Under the present delegation, the Board of Directors will be able to issue the securities indicated in section 1 before for a maximum amount whereby the capital increases executed under this delegation, added to the increases that, in its case, were agreed under other authorizations in force proposed by the Board of Directors to the General Shareholders' Meeting in accordance with article 297.1.b) of the Law on Corporations, do not exceed, in nominal value, a half of the corporate capital as of the date of the delegation. In this sense, the amount of the capital increases that, in its case, and with the purpose to attend the conversion of obligations, warrants or other securities, are executed under this delegation, will be considered as included within the limit available at any moment to increase the corporate capital.

For the purposes of calculating the previous limit, in the case of warrants, the sum of premiums and exercise prices of the warrants of issuances agreed to under the present delegation shall be taken into account.

4. Scope of delegation: In the use of the delegation of powers agreed to herein and for illustration purposes only and by no means restrictive, it shall fall with the Board of Directors to determine, for each issue, among others, its amount, always within the limit expressed, the place of issue - domestic or foreign- and the currency and, if foreign, its equivalent in euros; the denomination or mode, whether they are bonds or debentures, including subordinated ones, warrants, preferential

shares or any other admitted in Law; the date or dates of issue; the number of securities and their nominal value, which shall not be less than the nominal value of the shares; in the case of warrants and similar securities, the price of issuance and/or premium, the exercise price- which may be fixed or variable- and the procedure, term and other conditions applicable to the exercise of the right to subscription of the underlying shares or, where applicable, the exclusion of such right; the fixed or variable interest rate, dates and coupon payment procedures; the perpetual or amortizable nature, and in the latter case, the term of amortization and the date or the dates of maturity; guarantees, the repayment rate, premiums and lots; the form of representation, by means of bonds or book entries; antidilution clauses; the subscription system; the range of securities and any subordination clauses; the legislation applicable to issuance; when applicable, request admission to trading in official or unofficial secondary markets, whether organized or not, domestic or foreign, of the securities issued with the requisites required in each case by the regulations in force; and, in general, any other condition of issuance, as well as, where appropriate, appoint the commissioner and approve the fundamental rules that are to govern the legal relations between the Company and the syndicate of holders of the securities issued, should the constitution of said syndicate prove necessary or be decided upon.

Likewise, the Board of Directors is authorized, when it deems appropriate, and subject, if applicable, to obtaining the necessary authorizations and conformity of the assemblies of the relevant syndicates of holders of securities, to change the conditions of the amortization of the fixed-income securities issued and their respective term, as well as the rate of interest which, if applicable, accrued by those within each of the issuances carried out under this authorization.

5. Bases and modalities of conversion: In the case of the issuance of convertible debentures or bonds, and for the purposes of determining the bases and modalities of conversion, it is agreed to establish the following criteria:
 - a) The securities that are issued under this agreement will be convertible into shares of the Company, according to a fixed or variable conversion ratio that can be determined or is determinable, and the Board of Directors will be empowered to determine whether they are necessarily, voluntarily or contingently convertible, and in the case of being voluntarily convertible and/or exchangeable, at the option of their holder or of the Company, with the frequency and for the period that is established in the issuance agreement, which may not exceed 15 years as of the date of issuance. This maximum term will not be applicable to the securities with a perpetual character which are convertible.
 - b) For the purposes of conversion, the securities will be valued at their nominal amount and the newly issued shares for conversion according to a fixed rate of conversion that is established in the agreement of the Board of Directors at which use of this delegation is made, or at the variable exchange rate to be determined on the date or dates indicated in the agreement of the Board, based on the stock market value of the shares of the Company on the date(s) or period(s) taken as a reference in said agreement, with or without premium, the Board being entitled to determine the criteria of conversion it deems appropriate.
 - c) It may also be agreed to issue convertible fixed-income securities with a variable conversion ratio. In this case, the price of the shares for the purposes of conversion shall be determined by the Board of Directors, and it may incorporate a premium or, where applicable, a discount on the price per share resulting from the criteria established. The premium or discount may be different for each date of conversion of each issue (or, if applicable, each tranche of an issue).

- d) When conversion is applicable, fractions of a share that correspond to the title holder of the securities will be rounded down by default to the nearest lower whole number and each holder will receive in cash, under such conditions of issuance, the difference that may arise in such an event.
 - e) Under no circumstances will the value of the share for the purpose of the conversion ratio of debentures for shares be less than their nominal value. Also, in accordance with the provisions of Article 415 of the Law on Corporations, debentures may not be converted into shares when the nominal value of the former is lower than that of the latter.
 - f) At the time of approving an issuance of convertible debentures or bonds under the authorization contained in this agreement, the Board of Directors will issue a report developing and specifying, based on the criteria described above, the bases and modalities of the conversion specifically applicable to the issue in question. This report shall be accompanied by the corresponding report by the accounts auditor, other than the Company auditor, appointed for this purpose by the Commercial Registrar, referred to in Article 414.2 of the Law on Corporations.
6. Bases and modalities of the exercise of warrants and other analogous securities: In the case of the issue of warrants, it is agreed to establish the following criteria:
- a) In the case of the issue of warrants, to which by analogy the provisions of the Law on Corporations for convertible debentures, for the determination of the bases and modalities of their exercise shall apply, the Board of Directors is empowered to determine, in the broadest terms, the criteria applicable to the exercise of the rights of subscription of shares of the Company, derived from the securities of this kind issued under the delegation granted hereby, the criteria set out in paragraph 5 above applying in relation to such issuances, with the necessary adjustments in order to make them compatible with the legal and financial regime governing such securities.
7. This authorization to the Board of Directors also includes, without limitation, the delegation, in its favour, of the following powers:
- a) The power for the Board of Directors, under the provisions of Article 511 of the Law on Corporations, in relation to article 417 of said Law, to exclude, in whole or in part, the pre-emptive subscription rights of shareholders. In any case, if the Board of Directors were to decide to exclude the pre-emptive subscription rights of shareholders in relation to a concrete issuance of convertible debentures or bonds, warrants and other equivalent securities to these which it may decide to carry out under the present authorization, it shall issue, at the time of approving the issuance and pursuant to the applicable legislation, a report detailing the specific reasons of company interest that justify such measure, which will be the object of the report by an independent expert appointed by the Commercial Registrar, as referred to in Articles 414, 417 and 511 of the Law on Corporations. These reports will be made available to the shareholders and reported to the first General Meeting held after the issuance agreement.
- This authority shall, in any case, be limited to those increases of share capital carried out under the present authorization, as well as those carried out within the scope of the authorization provided under item eleven on the Agenda, up to a maximum nominal amount, as a whole, equal to 10% of the share capital at the date of adoption of this agreement (i.e., 7,466,826.325 euros of nominal value).
- b) The authority to increase the capital by the amount required to attend to the requests of conversion and/or exercise of the right to subscribe for shares. Said authority may only be

exercised to the extent that the Board, adding the capital increased to meet the issuance of convertible debentures, warrants and other equivalent securities and the remaining capital increases that may have been agreed to under the authorizations granted by the present General Meeting, does not exceed the limit of half of the amount of share capital provided for in Article 297.1.(b) of the Law on Corporations. This authorization to increase the capital includes that of issuing and putting into circulation, on one or more occasions, shares representative thereof that are necessary to carry out the conversion and/or exercise of the right of subscription for shares, as well as that of rewording the Article of the By-laws concerning the amount of capital and, where appropriate, cancelling the part of such capital increase that has not proved necessary for the conversion and/or exercise of the right of subscription for shares.

- c) The authority to develop and specify the bases and modalities of conversion and/or exercise of the rights of subscription of shares, resulting from the securities for issuance, taking into account the criteria set out in Paragraphs 5 and 6 above.
 - d) Delegation to the Board of Directors comprises the broadest powers which are necessary in Law for the interpretation, application, implementation and development of the agreements to issue securities that are convertible into shares of the Company, on one or more occasions, and corresponding capital increase, also granting it powers to rectify and complement them in all that were necessary, as well as for the fulfilment of all legally required requisites to carry them to fruition, it being possible to rectify omissions or defects of such agreements, indicated by whichever authorities, officials or bodies, domestic or foreign, also being empowered to adopt as many agreements and grant as many public or private documents considered necessary or convenient for the adaptation of the previous agreements of the issuance of convertible securities and the corresponding increase of capital to the verbal or written qualification of the Commercial Registrar or, in general, of any other competent domestic or foreign authorities, officials or institutions.
8. Admission to trading: Where appropriate, the Company will request admission to trade on official or unofficial secondary markets, whether organized or not, domestic or foreign, of convertible debentures and/or bonds or warrants issued by the Company under this delegation, empowering the Board of Directors, as broadly as necessary in Law, to carry out the procedures and actions necessary for admission to trading before the competent authorities of the various domestic or foreign securities markets.

It is expressly stated that in the case of any subsequent request for exclusion from trading, this will be adopted with the same procedures as the request for admission, to the extent that they are applicable, and, in such event, interest will be guaranteed to the shareholders or bondholders who opposed or did not vote for the agreement under the terms provided in the legislation in force. It is also expressly stated that the Company is subject to the rules that exist or may be adopted in the future in terms of Stock Exchanges, and especially, on trading, maintenance and exclusion from trading.

9. Power of substitution: The Board of Directors is authorized so that, in turn, it may delegate in favour of any of the members of the Board of Directors or any other person, whether or not a member of said body, the delegated powers referred to in this agreement.

Finally, there is a motion to render ineffective in the undrawn part Resolution Eight adopted by the General Shareholders' Meeting of the Company on 31 May 2018, whereby the Board of Directors of the Company was authorized to issue bonds, debentures and other fixed-income securities, convertible into shares, and warrants.

Madrid, 4 April 2019