

BASE PROSPECTUS



CELLNEX TELECOM, S.A.

(incorporated as a limited liability company (sociedad anónima) in the Kingdom of Spain)

€2,000,000,000

Euro Medium Term Note Programme

This base prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Application has been made to the Irish Stock Exchange for the notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus by Cellnex Telecom, S.A. (the "**Issuer**" or "**Cellnex**") to be admitted to the official list (the "**Official List**") and trading on its regulated market.

Such approval relates only to the issue of Notes under the Programme during the period of twelve months after the date hereof which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area.

The Programme also permits Notes to be issued on the basis that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

References in the Base Prospectus to the "Irish Stock Exchange" (and all related references) shall mean the regulated market of the Irish Stock Exchange. In addition, references in the Base Prospectus to the Notes being "listed" (and all related references) shall mean that such Notes have been admitted to listing on the Official List of the Irish Stock Exchange and admitted to trading on its regulated market or, as the case may be, a MiFID Regulated Market (as defined below). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC, as amended. This document may be used to list Notes on the regulated market of the Irish Stock Exchange pursuant to the Programme. The Programme provides for Notes to be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies, subject to increase as provided herein). The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency indicated in the applicable Final Terms (as defined below) and save that the minimum denomination of each Note admitted to trading on a regulated market situated or operating within the European Economic Area (the "**EEA**") and/or offered to the public in an EEA state in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notice of the aggregate nominal amount of Notes, interest payable in respect of Notes and the issue price of Notes will be set out in the Final Terms (as defined herein) which will also complete information set out in the terms and conditions applicable to each Tranche (as defined under "Terms and Conditions of the Notes"), as required. With respect to Notes to be listed on the Irish Stock Exchange, the Final Terms will be delivered to the Central Bank on or before the date of issue of the Notes of such Tranche. Copies of the Final Terms relating to Notes which are listed on the Irish Stock Exchange or offered in

circumstances which require a prospectus to be published under the Prospectus Directive will be available free of charge, at the registered office of the Issuer and at the specified office of each of the Paying Agents (as defined under "Terms and Conditions of the Notes").

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

Arranger

BARCLAYS

Dealers

BARCLAYS

GOLDMAN SACHS INTERNATIONAL

14 May 2015

IMPORTANT NOTICES

Responsibility for this Base Prospectus

Cellnex Telecom, S.A. (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any applicable Final Terms or Drawdown Prospectus (as defined below) and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or by a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue and offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any supplement hereto, or any Final Terms or Drawdown Prospectus or any document incorporated herein by reference. Neither the delivery of this Base Prospectus or any Final Terms or Drawdown Prospectus, as case may be, nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms or Drawdown Prospectus, as the case may be, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to

U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

Neither this Base Prospectus nor any Final Terms or Drawdown Prospectus, as the case may be, constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €2,000,000,000 and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S. \$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, and references to "**€**", "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Ratings

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Language

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the

terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements that reflect the Issuer's intentions, beliefs or current expectations and projections about its future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates. The Issuer has tried to identify these and other forward-looking statements by using the words "may", "could", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "guidance", "project", "future", "potential", "believe", "seek", "plan", "aim", "expect", "objective", "goal", "project", "strategy", "target", "continue" and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business and the environment in which it expects to operate in the future. Forward-looking statements may be found in the sections of this Base Prospectus entitled "Risk Factors" and "Description of the Issuer" and elsewhere in this Base Prospectus.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause the Issuer's actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- a deterioration in the demand for telecom and broadcasting sites and the broadcast and communication services that the Issuer provides;
- changes in current or future laws or government regulations affecting the Issuer's business;
- increasing competition in the Issuer's industry;
- loss of customers;
- unexpected adjustments and cancellations of the Issuer's backlog unfilled orders;
- increasing infrastructure site sharing by the Issuer's customers or consolidation or merger of its customers;
- changes in the creditworthiness and financial strength of the Issuer's customers;
- development of new technologies or changes in the Issuer's customers' business;
- a deterioration in the Issuer's reputation derived from its inability to provide uninterrupted or quality services;
- failure of third parties to properly provide the Issuer with key equipment and services negatively affecting the quality of its services;
- factors derived from the expansion or development of the Issuer's business, including through acquisitions or other growth opportunities;
- adverse economic and political conditions in Spain, Italy, the Eurozone and elsewhere;
- economic, political and other risks applicable to the Issuer's foreign operations;
- factors derived from the Issuer's status of "significant market power" ("**SMP**") in the digital terrestrial television (DTT) market;
- perceived health risks from radio emissions and electromagnetic radiation and additional costs imposed by environmental and health regulations;

- costs derived from environmental and health regulation;
- lack of spectrum;
- coverage obligations imposed on the Issuer's broadcasting clients;
- risks inherent to the distribution of content broadcast by the Group's customers over the Group's network;
- loss of key personnel;
- potential liabilities and costs from litigation;
- inability to protect the Issuer's intellectual property;
- lack of control of certain of the Issuer's subsidiaries;
- inability to manage exposure to credit and interest rate risk and fluctuations in the rate of inflation;
- risks derived from the development, expansion and maintenance of the Issuer's infrastructure, including the need for ongoing capital expenditure;
- failure to retain rights to the Group's infrastructure;
- natural disasters and other unforeseen events affecting the Issuer's infrastructure for which its insurance may not provide adequate coverage;
- security breaches or other critical disruptions in the Issuer's technical or information infrastructure;
- risks derived from the Galata Acquisition (as defined herein);
- impairment of a significant portion of goodwill and other intangible assets;
- impact of leverage and debt service obligations or restrictive covenants in the Issuer's credit facilities;
- the Issuer's relationship with Abertis; and
- potential conflict between the interests of Abertis and any other significant investor and the Issuer's interests.

Additional factors that could cause the Issuer's actual results, financial condition, liquidity, performance, prospects, opportunities, achievements or industry results to differ include, but are not limited to, those discussed under "Risk Factors". In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus may not occur. Additional risks that the Issuer may currently deem immaterial or that are not presently known to the Issuer could also cause the forward-looking events discussed in this Base Prospectus not to occur. These forward-looking statements speak only as of the date on which they are made. Except as otherwise required by applicable securities law and regulations and by any applicable stock exchange regulations, the Issuer undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Base Prospectus. Given the uncertainty inherent in forward-looking statements, the Issuer cautions prospective investors not to place undue reliance on these statements.

The Dealers assume no responsibility or liability for, and make no representation, warranty or assurance whatsoever in respect of, any of the forward-looking statements contained in this Base Prospectus.

CONTENTS

	Page
OVERVIEW	1
RISK FACTORS	5
INFORMATION INCORPORATED BY REFERENCE	29
FINAL TERMS AND DRAWDOWN PROSPECTUSES	30
FORMS OF THE NOTES.....	31
TERMS AND CONDITIONS OF THE NOTES	38
FORM OF FINAL TERMS.....	63
USE OF PROCEEDS	72
DESCRIPTION OF THE ISSUER.....	73
TAXATION	95
SUBSCRIPTION AND SALE.....	104
GENERAL INFORMATION	106

OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.

Issuer:	Cellnex Telecom, S.A.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below.
Description:	Euro Medium Term Note Programme.
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC, Goldman Sachs International and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon (Luxembourg) S.A.
Listing Agent:	The Bank of New York Mellon SA/NV, Dublin Branch
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed by the relevant Final Terms or, as the case may be, as amended in the relevant Drawdown Prospectus.
Listing and Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The Programme also permits Notes to be issued on the basis that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to €2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. From time to time the Issuer may increase this amount.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes:	Notes may be issued in bearer form or in registered form. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note (each, a "**Global Note**"), in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be represented by either:

- (i) Individual Note Certificates; or
- (ii) one or more Global Registered Notes,

in each case as specified in the relevant Final Terms.

Each Note represented by a Global Registered Note will either be: (a) in the case of a certificate which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Currencies:

Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Status of the Notes:

The Notes constitute direct, general, unconditional and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer and in the event of insolvency (*concurso*) of the Issuer (unless they qualify as subordinated debts under Article 92 of Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal provision which replaces it in the future and subject to any legal and statutory exceptions) will rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future. See Condition 4 (*Status*).

Issue Price:

Notes may be issued at any price, as specified in the relevant Final Terms or Drawdown Prospectus. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions, in

accordance with the Terms and Conditions of the Notes.

- Maturities:** Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.
- Redemption:** Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms or Drawdown Prospectus. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms or Drawdown Prospectus.
- Optional Redemption:** Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms or Drawdown Prospectus, as further described in Conditions 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*) and 8(e) (*Redemption and Purchase - Redemption at the option of Noteholders (Investor Put)*) respectively.
- In addition, if the relevant Final Terms or Drawdown Prospectus so specifies, Noteholders shall have the option, in the event of a Put Event, to require the Issuer to redeem or purchase the relevant Notes at par plus accrued interest, as further described in Condition 8(f) (*Redemption and Purchase - Redemption or Purchase at the option of the Noteholders on a Put Event (Change of Control Put)*).
- Tax Redemption:** Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 8(b) (*Redemption and Purchase - Redemption for tax reasons*).
- Interest:** Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate.
- Denominations:** The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s). No Notes may be issued under the Programme which have a minimum denomination of less than EUR 100,000 (or nearly equivalent in another currency) in the case of Notes to be admitted to trading on a regulated market as defined in Article 4, paragraph 1, point 14 of Directive 2004/39/EC, or in so far as required by all applicable legal and/or regulatory and/or central bank requirements. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms or Drawdown Prospectus, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Cross Default:** The Notes will have the benefit of a cross default as described in Condition 12 (*Events of Default*).
- Negative Pledge** The Notes will have the benefit of a negative pledge provision as described in Condition 5 (*Negative Pledge*).

Taxation:	<p>Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject as provided in Condition 11 (<i>Taxation</i>) and as described below) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required (see "<i>Taxation – Taxation in Spain – Information about the Notes in connection with Payments</i>").</p>
Information requirements under Spanish Tax Law:	<p>Under Spanish Law 10/2014 and Royal Decree 1065/2007 as amended, the Issuer is required to provide the Spanish tax authorities with certain information relating to the Notes in a timely manner.</p> <p>If the Fiscal Agent fails to provide the Issuer with the required information described under "<i>Taxation – Taxation in Spain – Information about the Notes in connection with payments</i>", the Issuer may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 20 per cent.) and will pay such additional amounts as will result in receipt by the Noteholders of such amount as would have been received by them had no such withholding been required.</p> <p>None of the Arranger, the Dealers or the Clearing Systems assume any responsibility therefore.</p>
Governing Law:	<p>The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 4 (<i>Status</i>) is governed by Spanish law.</p>
Enforcement of Notes in Global Form:	<p>In the case of Global Notes, individual investors' rights against the Issuer will be supported by a Deed of Covenant dated 14 May 2015, a copy of which will be available for inspection at the specified office of the Fiscal Agent.</p>
Selling Restrictions:	<p>For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, the Kingdom of Spain, Japan and Italy, see "<i>Subscription and Sale</i>".</p>

RISK FACTORS

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The Issuer believes that the following factors may affect their ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme as at the date of this Base Prospectus, but the inability of the Issuer to pay any amounts due on or in connection with any Notes or the Deed of Covenant, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the information set out elsewhere in this Base Prospectus and reach their own view prior to making any investment decision.

Investing in Notes issued under the Programme involves certain risks. Prospective investors should consider, among other things, the following:

Risks Relating to the Issuer

Risks Related to the Industry and Businesses in which the Group Operates

The business of the Group depends on the demand for telecom and broadcasting sites and the broadcast, communication and network and other services that it provides, which the Group cannot control, and the Group may be adversely affected by any slowdown in such demand

The business of the Issuer and its consolidated subsidiaries (together, the "**Group**") includes the ownership, lease and provision of telecom and broadcast wireless sites, to facilitate access to the spectrum (mainly owned by the Group's customers), through the Group's connectivity services and related passive as well as active infrastructure, to external wireless service providers and broadcasters, typically under mid- and long-term relevant contracts. Therefore, factors adversely affecting the demand for such infrastructure in general could have a material adverse effect on the business, results of operations, financial condition and cash flows of the Group. Demand for the Group's communications sites depends on the demand for antenna space from the Group's customers, which, in turn, depends on the demand for wireless voice and data services and television ("**TV**") and radio broadcast by their customers. Demand for connectivity, public protection and disaster relief ("**PPDR**") networks, operation and maintenance ("**O&M**"), smart city and Internet of Things ("**IoT**") services depends on the demand by public administrations and other companies such as utilities. Although alternative signal transmission technologies to reach end consumers (the customers of the Group's customers) do not achieve similar extensive coverage as the Group's national digital terrestrial television ("**DTT**") network of the Group, and even if demand for mobile communications and services continues to expand, the willingness of the Group's customers to utilise its communications sites, contract its services, or renew or extend existing contracts on its communications sites, can be affected by numerous factors, including, among others:

- increased use of network sharing, roaming or resale arrangements by wireless service providers;
- mergers or consolidations among the Group's customers such as wireless service providers;
- the ability and willingness of wireless service providers to maintain or increase capital expenditures on network infrastructure;
- the financial condition of the Group's customers, including the availability or cost of capital;
- governmental licensing of spectrum or restrictions on or revocations of spectrum licenses;
- changes in demand for TV and radio services and consumption habits (channels, etc.) by final consumers;
- significant increases in the attrition rate of customers or decreases in overall demand for broadcast space and services;
- the evolution of the advertising business' revenue in the media sector, and especially, TV and radio;

- the availability or capacity of the Group's infrastructure or associated land interests where the infrastructure is located;
- the location of the Group's wireless infrastructure;
- changes in, or the success or failure of, the Group's customers' business models;
- Group's customers desire to renegotiate agreements with the Group;
- a decrease in consumer demand for wireless telecom and broadcasting services due to economic conditions, disruptions of financial and credit markets or other factors, including inflation, zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof;
- delays or changes in the deployment of next generation wireless technologies or the failure by the Group to anticipate the development of new wireless technologies;
- technological advances and development of alternative technologies that the Group does not currently use, such as the development of satellite-delivered and optical fiber-delivered radio and video services and Internet TV;
- the existence of alternative providers of the Group's services or, alternatively, the self-provision of services by the Group's customers; and
- the willingness of the Group's current or future customers to make contractual arrangements with the Group under their current terms and conditions.

As a result of these factors the customers of the Group may scale back their need or demand for its services which could materially and adversely affect the degree of utilisation of the capacity of its communications sites and its network development services business, which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group is subject to regulations that govern the way it conducts its businesses and changes in current or future laws or regulations could have a material adverse effect on its business, results of operations, financial condition and cash flows

The Group operates in a number of regulated industries. Its business and financial performance could be adversely affected by unfavourable changes in, or interpretations of, existing laws, rules and regulations, or the promulgation of new laws, rules and regulations applicable to it and its businesses. Key regulations applicable to it and its clients include the availability and licensing of spectrum and ongoing charges for its utilisation, the commercial framework for the commercialisation of its terrestrial broadcast assets and the obligations imposed on the Group by the Spanish antitrust authorities for its Broadcast Infrastructure activity. For a general overview of regulation of the communications industry in the countries in which the Group operates (see "*Description of the Issuer - Regulation in Spain*").

DTT media broadcasters must transmit their signal by means of ground waves. Audiovisual licenses granted to TV broadcasters in Spain require nearly complete coverage on a national basis. In particular, broadcasting audiovisual licenses for the use of the spectrum require 96% of population coverage for private operators and 98% of population coverage for public operators, although regional concessions may have lower coverage requirements for private MUXs.

The business of the Group and that of its customers is subject to the national, regional and local regulations applicable in the countries in which the Group operates as well as the regulatory framework applicable in the European Union ("EU"). In certain jurisdictions, such as Spain and Italy, the two main countries where the Group operates, these regulations could be applied or enforced retroactively. Zoning authorities and community organisations may oppose to the construction of telecom infrastructure in their communities, which can delay, prevent or increase the cost of new tower construction, modifications, additions of new antennas to a site or site upgrades, thereby limiting the ability of the Group to respond to tenant demands and requirements. The regulatory regime applicable to electromagnetic emissions may affect the Group's capacity to provide certain of its services. In particular, the actual electromagnetic emission rules applicable in Italy could prevent the Group from building telecom infrastructure on urban sites. In addition, in certain locations, the Group may be required to pay annual license fees, and these fees may be subject to increases by the government or administrations. Jurisdictions in which

the Group currently operates or may operate in the future that do not currently require it to pay license fees may enact license fees. In certain jurisdictions (including Spain and Italy, with the latter having generally more restrictive regulations), there may be changes to zoning regulations or construction laws based on site location which may result in increased costs to modify certain of its existing towers or decreased revenue due to the removal of certain towers to ensure compliance with such changes to zoning regulations. Existing regulatory policies may materially and adversely affect the associated timing or cost of the Group's projects and additional regulations may be adopted that increase delays or result in additional costs to the Group, or that prevent its projects in certain locations. All of these factors could materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

The operations of the Group are also subject to anti-bribery and anti-corruption laws and regulations that govern and affect where and how its business may be conducted, such as the U.S. Foreign Corrupt Practices Act 1977, the U.K. Bribery Act 2010, and regulations promulgated by the U.S. Department of the Treasury Office of Foreign Assets Control, the Spanish criminal code passed by Organic Law 10/1995, of 23 November, as amended, and sets out the criminal liability of legal persons, and the Italian Legislative Decree 231/01, which introduced in Italy the direct liability of corporate entities for certain crimes committed by their directors, executives and their subordinates, such as crimes against the public administration or money laundering crimes, and are subject to additional anti-corruption laws in other jurisdictions. The Group has established certain systems to monitor compliance with applicable laws and regulations and will provide some training to its employees to facilitate compliance with such laws and regulations. As at the date of this Base Prospectus, the Group has not been the subject of any anti-corruption or anti-bribery sanctions. However, there can be no assurance that any policies and procedures established by the Group will be followed at all times or effectively detect and prevent all violations of the applicable laws and regulations and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of its employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners are located. As a result, the Group could be subject to penalties and reputational damage if its employees, agents, suppliers or business partners violate any anti-corruption or anti-bribery laws.

The existing laws or regulations under which the Group operates may be repealed, amended or overruled, and new regulation, may be promulgated at any time. Additionally, governmental authorities or court decisions may change their interpretation of the existing laws or regulations, which could materially and adversely affect the Group's business, financial conditions, results of operations and cash flows.

Failure to comply with applicable regulations may lead to civil penalties or require the Group to assume indemnification obligations or breach certain of its contractual provisions. Furthermore, if such laws and regulations are not enforced equally against its competitors in a particular market, the compliance with such laws and regulations may put the Group at a competitive disadvantage vis-à-vis competitors who do not comply with such requirements.

The Group cannot guarantee that existing or future laws or regulations, including state, regional and local tax laws, will not adversely affect its business, generate delays in its projects or result in additional costs. These factors may have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Increasing competition in the industry may materially and adversely affect the Group

The Group may experience at any time increased competition in certain areas of activity from established and new competitors. Its industry is competitive and its customers have access to alternatives in leasing antenna space or broadcasting radio, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as lessor of its infrastructure, competitive pricing for tenants on sites from competitors could materially and adversely affect its lease rates and services income. In addition, competition in site rental services could also increase the cost of acquisition of assets and limit its ability to grow its business. Moreover, the Group may not be able to renew existing tenant leases or enter into new tenant leases, resulting in a material adverse effect on its business, results of operations, financial condition and cash flows. The higher prices for assets, combined with the competitive pricing pressure on tenant leases, could make it more difficult to achieve its return on investment criteria. Increasing competition for either the acquisition of tower assets or tenants could materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

To compete effectively, the Group needs to successfully design and market its services, and anticipate and respond to various competitive factors affecting all its markets and customers such as pricing strategies adopted by its competitors, emerging technologies, changes in consumer preferences and general economic and social conditions. If the Group is unable to compete effectively with its competitors or effectively anticipate or respond to customer needs or consumer sentiment, it could lose existing and potential customers, which could reduce the Group's

operating margins and have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group may also experience increased competition for assets and acquisitions in the context of the Group's business expansion, which could make the acquisition of high quality assets significantly more costly. Some of the Group's competitors are larger than it and may have greater financial resources than it does, while other competitors may apply investment criteria with lower return requirements than the Group does. In addition, the Group may not anticipate an increase in competition entering a particular market or competing for the same assets. An increase in prices for assets could make it more difficult to achieve the Group's return on investment criteria, which could materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

A substantial portion of the revenue of the Group is derived from a small number of customers

Each of the Group's main activities (Telecom Site Rental, Broadcast Infrastructure and Network Services & Other) derives a significant proportion of its revenue from a limited number of customers, many of which are long-term customers and have high value contracts with the Group. In the Telecom Site Rental activity its main clients are telecom operators (mostly MNOs); in the Broadcast Infrastructure activity its main clients are media broadcasters (TV channels and radio stations); and in the Network Services & Other activity its main clients are a small number of public administrations, at both national, regional and/or local levels, as well as security and emergency organisations, the utility sector and telecom operators. The ongoing consolidation process in the telecom sector may result in a decrease in the number of telecom operators in the future, which could potentially have a negative impact on the Telecom Site Rental activity of the Group (see "*Description of the Issuer*" for further information).

Following the acquisition of 90% of the capital stock of Galata, the Group entered into tower service agreements with WIND Telecomunicazioni S.p.A. ("**Wind**") that provided for certain contracted revenues for the following years. As a result, following such acquisition Wind will become one of the Group's main customers, representing a significant percentage of its consolidated operating income generated by the Telecom Site Rental activity. According to its estimates, the Group expects Wind will become its largest client in the Telecom Site Rental activity.

The loss of any one of the Group's large customers as a result of bankruptcy, insolvency, network sharing, loss of licenses, roaming, joint development, resale agreements, contract termination or otherwise may have a material adverse effect on the Group's business, results of operations, financial condition and cash flows. The Group cannot guarantee that contracts with its major customers will not be terminated or that these customers will renew their contracts with the Group in the future. Further, the Group is exposed to renegotiation and renewal processes of its contracts with its customers, which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts.

In the ordinary course of its business, the Group occasionally experiences disputes with its customers, generally regarding the interpretation of terms in the Group's commercial agreements. It is possible that such disputes could lead to a termination of the Group's contracts with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows. If the Group is forced to resolve any of these disputes through litigation, its relationship with the applicable customer could be terminated or damaged, which could lead to decreased revenue or increased costs, resulting in a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group's backlog estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be timely converted to revenues in any particular fiscal period, if at all, or be a fully accurate indicator of the Group's future revenue or earnings

The Group's backlog represents its management's estimate of the amount of contracted revenues that it expects to result in future revenue from certain existing contracts. Backlog estimates included in this Base Prospectus are based on a number of assumptions and estimates, including assumptions related to the performance of certain of the Group's existing contracts as a particular date and the pass-through of certain expenses. The Group's definition of backlog may not necessarily be the same as that used by other companies engaged in activities similar to the Group's. As a result, the amount of its backlog may not be comparable to the backlog reported by such other companies. The realisation of the Group's backlog estimates is further affected by its performance under contracts. The Group's ability to execute its backlog is dependent on its ability to meet its clients' operational needs, and if it is unable to meet such needs, the Group's ability to execute its backlog could be adversely affected, which could materially affect its business, financial condition, results of operations and cash flows. There can be no assurance that the

revenue projected in the Group's backlog will be realised or, if realised, will result in profit. Contracts for services are occasionally modified by mutual consent. Because of potential changes in the scope or schedule of the services the Group provides to its clients, it cannot predict with certainty when or if the Group's backlog will be realised. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Delays, payment defaults or cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group's business, financial condition, results of operations and cash flows.

If the Group's customers share site infrastructure to a significant degree or consolidate or merge, the Group's growth, revenue and ability to generate positive cash flows could be materially and adversely affected

While the Group believes the neutral or independent carrier model presents certain advantages and there is a growing trend of externalisation of the provision of wireless communications infrastructure, extensive sharing of site infrastructure, roaming or resale arrangements among wireless service providers as an alternative to leasing the Group's communications sites may cause new lease activity to slow down if carriers utilise shared equipment (either active or passive) rather than deploy new equipment, or may result in the decommissioning of equipment on certain existing sites because parts of the customers' networks may become redundant.

In addition, any potential integration or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example, where they are co-tenants on a tower) and in the loss of commercial opportunities (for example, if Wind were to merge with a telecom operator) resulting in a lower number of potential customers for the Group. These two scenarios could materially and adversely impact revenues from the Group's wireless infrastructure and the Group's commercial prospects, and result in a reduction in such customers' total future capital expenditures because their expansion plans may be similar, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group is sensitive to changes in the creditworthiness and financial strength of its customers

Due to the importance of the Group's key customers to its overall revenues, the long-term nature of certain of the Group's contracts with its customers (in particular tenant leases) and the historically high renewal ratio of its contracts, the Group depends on the continued financial strength of its customers. If, as a result of a prolonged economic downturn or otherwise, one or more of the Group's significant customers experienced financial difficulties or filed for bankruptcy, it could result in late payments, uncollectible accounts receivable and an impairment of the Group's deferred rent assets, tower assets, network location intangible assets and/or customer-related intangible assets.

The loss of significant customers, or the loss of all or a portion of the Group's expected lease revenues from certain tenants, could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

New technologies or changes in the business model of the Group's customers could make the business of the Group less desirable and result in decreasing revenues

The development and implementation of new technologies designed to enhance the efficiency of wireless networks or new technologies developing alternative network solutions (either broadcasting infrastructure or alternative technologies to the network services the Group provides), or changes in customers' business models, could reduce the need for tower-based wireless services, reduce the need for broadcasting or network services, decrease demand for its infrastructure space or reduce lease rates or other fees that were obtained in the past. In this regard, the Group faces the risk that its customers may not adopt the technologies the Group invests in. For example, as communication technologies continue to develop, competitors may be able to offer wireless telecom infrastructure products and services that are, or that are perceived to be, substantially similar to or better than those the Group offers, or offer technologies that provide similar functionality with competitive prices and with comparable or superior quality. The Group cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies and infrastructure the Group currently uses obsolete. Should the Group's competitors, or even the Group, develop and commercialise new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, it could significantly decrease demand for existing telecom infrastructure. The development and implementation of new services with a significant technological component, although it may generate new opportunities for the Group, is also subject to inherent risks that the Group may not be able to overcome.

In addition, customers of the Group's services may reduce the budgets they may have allocated to lease space on its sites or to its broadcasting or other services, as the industry is investing in the development and implementation of new technologies or because of changes in their business model.

Moreover, certain small cell-based complementary network technologies, in which the Group actively works, could shift a portion of the Group's tenants' investments away from the traditional tower-based networks, which may reduce the need for carriers to add more equipment at communication sites. Moreover, the emergence of alternative technologies could reduce the need for tower-based broadcast or network services. For example, the growth in the delivery of wireless communications, radio and video services by direct broadcast satellites could materially and adversely affect demand for the Group's tower space. Further, a customer may decide to no longer outsource tower infrastructure or otherwise change its business model, which would result in a decrease in the Group's revenue.

In the Broadcast Infrastructure activity, DTT is the method most widely used to transmit TV signals in Europe but an eventual unexpected increase in Spain of the use of alternative distribution platforms (such as satellite, cable or IPTV) could reduce the Group's current business volume. In the Network Services & Other activity the Group uses, amongst other technologies, TETRA services technology or radio links to deliver its services, and the use of alternative technologies could reduce its revenues and limit potential future growth. The development and implementation of any new technologies to any significant degree or changes in a tenant's business model could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The reputation of the Group may be negatively affected if it is unable to provide uninterrupted or quality services, which could in turn result in the loss of important contracts, and is closely related to that of Abertis

The success of the Group's business depends on the efficient, uninterrupted and high quality operation of its systems and the satisfaction of its customers. Its service offerings are often complex, depend on the successful integration of sophisticated in-house and third-party technology and services, and on occasions on the decommissioning by the Group of infrastructure sites, which adds complexity, and must meet stringent quality requirements. For example, in the Broadcast Infrastructure activity, national broadcasters to which the Group provides its services have certain coverage obligations and they rely on the Group's capacity to meet their coverage obligations (see "*Coverage obligations imposed on the Group's broadcasting clients may affect its business*", below). Additionally, if any of its services have reliability or quality problems, its customers might be reluctant to employ the Group's services again in the future, which could result in a decline in revenues.

Should the Group fail to meet its obligations under its contracts, despite its track record in terms of reliability and quality levels achieved, it could be subject to liability claims or litigation for damages related to any service disruptions derived therefrom. If such litigation were to arise, regardless of its outcome, it could result in substantial expenses, significantly divert the efforts of its technical and management personnel and disrupt or otherwise severely and negatively impact its relationships with current and potential customers. As a result, a service disruption or any reliability or quality issues and their consequences could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

In addition, the Group's reputation is closely related to that of Abertis. If the public image or reputation of Abertis were to be damaged as a result of adverse publicity or otherwise, the Group could be adversely affected due to its relationship with Abertis. Any such perceived or real difficulties experienced by Abertis could harm the Group's reputation, which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group relies on third parties for key equipment and services, and the failure of third parties to properly maintain these assets could adversely affect the quality of its services

The Group depends upon third-party suppliers to provide key equipment and services, some of which are only available from a limited number of third parties. For example, the Group relies on transmission capacity and other critical facilities that are owned by third parties. The Group does not have operational or financial control over these partners, and it has no influence with respect to the manner in which these suppliers conduct their business. If these suppliers fail to provide equipment or services on a timely basis, the Group may be unable to provide services to its customers until an alternative source can be found. In addition, as some of the markets in which the Group competes gain new entrants, it is possible that some of them (or existing market players) may compete for similar services from suppliers that the Group uses, and may gain more favourable terms from particular suppliers than those the Group obtains from them. Additionally, it is possible that current vendors of services could become competitors, therefore competing as consumers of services they provide. Either of these occurrences could result in upward pricing pressure on these contracts and the Group may not be able to renew its contracts at all or at the same

rate as in the past, and could lose market share. If any of these contracts are terminated or the Group is unable to renew them on favourable terms or negotiate agreements for replacement services with other providers at comparable rates, this could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The expansion or development of the business of the Group, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations

The Group has recently and significantly expanded its business in Italy (see "*Risks Related to the Galata Acquisition*" below) and it is an integral part of the Group's strategy to continue driving growth through the acquisition of assets, entities or minority interests, or other growth opportunities such as joint ventures or other mergers and acquisitions or other arrangements in the countries where it currently operates or elsewhere, which could require, among other matters, the issuance of shares to finance such acquisitions or other growth opportunities. The Group's growth strategy is linked, among other factors, to its capacity to successfully decommission and build new infrastructure, activities where its experience is limited. In the ordinary course of its business, the Group reviews, analyses and evaluates various potential transactions, assets, interests, activities or potential arrangements that the Group believes may add value to its business or the services that it provides. Anti-trust or similar legislation, however, may preclude the Group's ability to grow its portfolio of assets in a particular market or jurisdiction. Even if compliant with anti-trust legislation, the Group may not be able to consummate such transactions, undertake such activities or implement new services successfully or at all, which could negatively affect its growth. Further, such transactions or activities could cause disruptions in, increase the risk of or otherwise negatively impact its business.

As the Group continues to acquire communications sites in its existing markets and expands into new markets, it is subject to a number of risks and uncertainties, including failing to obtain the expected returns and financial objectives, increased costs, assumed liabilities, the diversion of managerial attention due to acquisitions and potential structural changes such as mergers or consolidations of its competitors.

In 2012, the Group started an expansion process and in the last three years the Group has expanded its tower portfolio significantly by acquiring approximately 4,000 new sites in Spain and the Group recently closed the acquisition of 7,377 telecom sites in Italy. Achieving the benefits of these acquisitions depends in part on timely and efficiently integrating operations, communications tower portfolios and personnel. Integration may be difficult and unpredictable for many reasons, including, among other things, differing systems and processes, cultural differences, customary business practices and conflicting policies, procedures and operations. In addition, integrating businesses may significantly burden management and internal resources, including the potential loss or unavailability of key personnel.

Despite having conducted due diligence review processes of new assets, the assets acquired or to be acquired by the Group may be subject to hidden material defects that were not apparent or discovered by it at the time of acquisition. To the extent the Group or other third parties underestimated or failed to identify risks and liabilities associated with the relevant acquisition, it may incur, directly or indirectly, unexpected liabilities, such as defects in title, an inability to obtain permits enabling it to use the underlying infrastructure as intended, environmental, structural or operational defects or liabilities requiring remediation.

In addition, if the Group expands its business to markets or countries with currencies different from its reporting currency (the euro) it may be exposed to currency translation risk, whereby changes in exchange rates between the euro and the other currencies in which the Group does business could result in losses.

Furthermore, any international expansion initiatives are subject to additional risks such as complex laws (including tax), regulations and business practices that may require additional resources and personnel. The business of the Group is subject to additional risks associated with doing business internationally, including changes in a specific country's or region's political or economic conditions, inflation or currency devaluation, expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture, increases in the cost of labour (as a result of unionisation or otherwise), power and other goods and services required for the Group's operations and changes in consumer price indexes in foreign countries.

The potential acquisition of minority interests in other companies that manage telecom infrastructure or similar companies or the entry by the Group into joint ventures or other arrangements with them could result in the expected return on the relevant investment not been achieved due to the Group's lack of control over the relevant investment vehicle. This may occur because the interests of other shareholders may not be the same as the ones of the Group,

because the underlying business does not perform as expected, because of an impairment in the value of such investment or for other reasons.

As a result, the Group's foreign operations and expansion initiatives may not succeed and may materially and adversely affect its business, results of operations, financial condition and cash flows.

The business of the Group may be affected by adverse economic and political conditions in Spain, Italy, the Eurozone and elsewhere

While the Issuer actively pursues internationalisation as a means of risk exposure diversification to the national markets in which it operates, it currently concentrates its activity in two markets: Spain and Italy. In the last several years both Spanish and Italian economies have experienced a period of economic and financial uncertainty.

Customers in Spain and Italy represent substantially all of the revenues of the Group, especially exposing it to risks specific to these countries. Adverse economic conditions may have a negative impact on demand for the services the Group provides and on its customers' ability to meet their payment obligations. In periods of recession, such as the one experienced by Spain and Italy in recent years, the demand for the services provided by the Group also tends to decline, adversely affecting the Group's results of operations.

The deterioration of the Spanish or Italian economy or the economies of other Eurozone countries could have a negative impact on wireless communication consumption or on broadcasters' revenue due to the decline in the demand for advertising by advertisers and, as a result, have a material adverse effect on the Group's business, financial condition, results of operation and cash flows.

Changing conditions in international financial markets pose a challenge to the Group's ability to adapt to them because of the impact that they could have on its business. Growing public debt, reduced growth rates and possible reductions in the rating of sovereign bonds in the international environment and, in particular, in the countries of the Eurozone, including Spain and Italy, as well as any measures of monetary policy that may be implemented in the future in the credit markets all could affect the Group's business. A change in any of these factors could affect the access of the Group to the capital markets and the terms and conditions under which it can access such capital, which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

In addition to the economic scenario in the international arena, political uncertainty could also affect the Group. International tensions as a result of the crisis in Ukraine, the financial situation and political instability, geopolitical tensions in the Middle East, growth of anti-EU political parties as well as emerging political forces in member states of the EU with alternative economic policies and priorities, concerns about independence movements within the EU and military and terrorist actions in Europe and elsewhere in the world could affect the economic situation in the Eurozone and, particularly, in Spain and Italy, and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Further, most of the Group's contracts generating revenue for the year 2014 contain indexation clauses linked to the consumer price index ("CPI") of the relevant country. The countries where the Group operates have recently experienced, and other countries the Group may expand into in the future, may experience deflationary pressures and any reductions in the relevant CPI could reduce the revenues of the Group and have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Group's status as a "significant market power" in the DTT market in Spain imposes certain detrimental obligations on it compared to its competitors

In 2006, when the Spanish terrestrial TV broadcast market was articulated, the Group was classified as a "significant power operator" by the competition authorities. Given its dominant market position, the National Commission of Markets and Competition (*Comisión Nacional de los Mercados y de la Competencia*, or "CNMC", the former *Comisión del Mercado de las Telecomunicaciones*, or "CMT") imposed certain conditions (regulatory remedies) on it in order for it to operate in the broadcasting market, which are summarised as follows:

- access obligation to third parties to its sites, which in turn requires the Group to grant access at regulated prices based on its costs of production, keep separate accounting of costs and revenue for individual services, and notify the agreements reached with national TV broadcasters to the CNMC;
- non-discrimination obligation on access conditions, which requires the Group to provide resources to third-party operators equivalent to those provided to itself; and

- transparency obligation in the access conditions whereby the Issuer must publish access reference orders.

Additionally, if the Group is not able to reach a voluntary commercial agreement with an operator, the CNMC will dictate the commercial conditions of the agreements. See "*Description of the Issuer—Regulation—Regulation in Spain—Broadcast Infrastructure Activity*" for more details. The competitors of the Issuer in the market who are not considered to be a "significant power operator" because of their low market share and limited coverage capacity are not subject to these obligations. These obligations and potential additional obligations imposed on the Group by the competition authorities *vis-à-vis* its competitors could materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

The costs of the Group could increase and its revenues could decrease due to perceived health risks from radio emissions and electromagnetic radiation, especially if these perceived risks are substantiated

Public perception of possible health risks associated with cellular and other wireless communications technologies could affect the growth of wireless companies, which could in turn slow down the growth of the Group. In particular, negative public perception of, and regulations regarding, these perceived health risks could undermine the market acceptance of wireless communications services, increase opposition to the development and expansion of tower sites and lead to price increases of the site rentals where the tower sites are located. The potential connection between radio frequency emissions and certain negative health or environmental effects has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers. If a scientific study or court decision in Spain, Italy or elsewhere resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact its tenants and the market for wireless services, which could materially and adversely affect the Group's business, financial condition, results of operations and cash flows. Furthermore, the Group's insurance with respect to the potential harm from electromagnetic radiation may not be sufficient to cover all or a substantial portion of any liability the Group may have.

Environmental and health regulation imposes additional costs and may affect the Group's results of operations

Like other companies in the broadcast and telecom infrastructure industry, the Group is subject to various environmental laws and regulations in the countries in which it operates concerning issues such as damage caused by air emissions, noise emissions and electro-magnetic radiation. These laws can impose liability for non-compliance, are increasingly stringent and may in the future create substantial environmental compliance liabilities and costs.

The Group may also face risks associated with working at height and with perceived or actual harm caused by electro-magnetic radiation. While the Group intends to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may come to have an adverse effect or prove to be costly. In addition to potential clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on the Group's operations. The Group may also, in the future, become involved in proceedings with various environmental authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue the Group for damages and costs resulting from environmental contamination emanating from its properties, or for damages arising on its properties.

The Group believes that it is materially in compliance with environmental and health requirements. Nevertheless, in many jurisdictions these laws are complex, subject to frequent change and are increasingly becoming more stringent. Further, there can be no assurance that new environmental taxes are passed affecting its assets. Any breach of any relevant environmental law or regulation could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Although the Group is currently not subject, and has not within the two years ended 31 December 2014, been subject, to any material litigation in respect of health, environmental or safety matters, there can be no assurance that breaches of these laws have not occurred or will not occur or be identified or that these laws will not change in the future in a manner that could have a material adverse effect. Environmental laws and regulations may also impose obligations to investigate and remediate or pay for the investigation and remediation of environmental contamination, and compensate public and private parties for related damages.

Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products

The Group and its customers are highly dependent on the availability of sufficient spectrum for the provision of certain services and the amount of spectrum available is limited and the process for obtaining it is highly complex.

In the Broadcast Infrastructure activity, the Group owns the sites and equipment that TV and radio broadcasters use to compress and distribute their signals in Spain. In particular, the Group distributes and transmits signals for DTT, the leading platform in Spain. The evolution of technology standards, formats and coding technologies is likely to influence the future spectrum demand for broadcasting services. Even if the Group currently uses "multiplexing", a method by which multiple analogue signals or digital data streams are combined into one signal over a shared medium, with the aim of maximising the limited capacity of the spectrum, the Group cannot guarantee that it, its customers or DTT broadcasters will have sufficient access to spectrum in the long term to maintain and develop its services.

The Spanish government is responsible for the allocation of spectrum in Spain. On 24 September 2014 Royal Decree 805/2014, of 19 September, was published in the Official Gazette approving the National Technical Plan for DTT. Under the so-called "Digital Dividend", the Spanish government released the 800 megahertz ("MHz") band of frequencies previously used by DTT for mobile use, to the benefit of fourth generation mobile telecommunications technology ("LTE") mobile service providers. The release of the 800 MHz band as a result of the reallocation of spectrum to mobile service providers represented a loss of 72 MHz of spectrum originally allocated to broadcasting. The digital migration was completed on 31 March 2015. The Digital Dividend reduced the number of private multiplexes ("MUXs") from eight to seven at a national level, and on a general basis, from two to one at the regional level. There can be no assurance that the Spanish government will not re-allocate the spectrum in the future and further reduce the number of MUXs, through a second digital dividend or otherwise. A second digital dividend may occur in the medium to long-term, which could severely constraint the amount of spectrum available for DTT broadcasting. Since the allocation of spectrum is decided by the Spanish government, often based on international agreements, at the EU level as well as following the guidelines of the World Radio Communications Conference (which will next be held in Switzerland in November 2015), the Group is highly dependent on political decisions for the future of its DTT broadcasting business, decisions that are outside of the Group's control. In the event that the number of MUXs available for DTT is further reduced, the Group could lose some of its current DTT multiplex spectrum currently licensed.

Nine TV channels were shut down on 6 May 2014 by the Spanish government leaving a capacity of 2.25 MUXs unawarded as a consequence of the ruling of the Spanish Supreme Court that declared void and without effect the decision of the Council of Ministers that assigned the respective licenses due to irregularities found in the public tender process that assigned these channels to private operators. The shutdown of these nine channels reduced the Group's revenues and had a material adverse effect on the Group's business, results of operations, financial condition and cash flows. The Group has already accounted in its business plan for the expected impact of this reduction in the number of channels, which the Group has quantified, based on its current contracts, as an approximately €20 million annual reduction in revenue per the loss of each MUX with a 96% coverage that has been released. In December 2014, the Group filed a claim against the Spanish Government alleging €143 million in estimated damages. Nonetheless, the definitive amount of these damages will depend on how long these channels will remain shut down and how the national DTT spectrum is reallocated.

In addition, through Order 677/2015 of 16 April (published in the Spanish Official Gazette on 18 April 2015), the Spanish government amended the initial allocation of the digital MUX capacity of national coverage RGE2 to Radio Televisión Española ("RTVE"), so that only half of the capacity of RGE2 is allocated (versus 2/3 as it was before) which results in the reduction of one-sixth of a MUX. The Group estimates that this amendment could have an impact on its revenue of up to approximately €278 thousand per month for the period of time between the time the reduction of one-sixth of MUX is effective until the capacity is effectively reassigned. The Group calculates that amount as one-sixth of €20 million per year per commercial MUX with a 96% coverage described above.

Further, on 17 April 2015, the Spanish government approved a resolution that was published in the Spanish Official Gazette on 18 April 2015 and that contained the basis for a public tender for the award of six new DTT national licenses: two standard definition ("SD") channels within the RGE2 MUX, another SD channel within the MPE4 MUX, and three high definition ("HD") channels within the MPE5 MUX. Through this tender, the capacity that was pending allocation (1.75 MUXs resulting from 1.58 MUX plus one-sixth of the reduction of RTVE's capacity) is expected to be finally allocated and the initially planned seven national MUXs would eventually be completed. According to the resolution, the tender is expected to be consummated during 2015 and the DTT services are expected to be provided by the broadcasters on a gradual basis: 50% of the coverage is expected within six months

from when the relevant license is granted (April 2016); 80% of the coverage is expected within 12 months from when the relevant license is granted (November 2016); 90% of the coverage is expected within 18 months from when the relevant license is granted (May 2017); and 96% of the coverage is expected within 24 months since the relevant license is granted (November 2017). The Group believes that these deadlines may be met in advance depending on the particular interests of the tendering parties. The licenses must be awarded within six months since the resolution was published in the Spanish Official Gazette on 18 April 2015. Due to the new allocation of TV channels, the Group expects to recover part of the revenues lost as a result of the shutdown of TV channels explained above, although the Group cannot guarantee that the channels will be re-allocated in a timely and beneficial manner for the Group, or that the Group will provide services for the new broadcasters, which could offset any positive impact derived from the partial recovery of channels.

Further, a series of administrative appeals have been filed with the Supreme Court by certain parties against the Spanish public administration challenging the legality of the renewal and extension of the concessions (currently audiovisual licenses) signed in 2010 between the public administration and Antena 3, Telecinco, Sogecable, Veo Televisión and Net Televisión, as well as the validity of the award of eight TV channels to such broadcasters. These eight TV channels represent two commercial MUXs (with 96% coverage), which would result, based on its current contracts, in an estimated loss of revenues of €20 million per year per MUX. The Group has voluntarily appeared as an interested party in such proceedings because the outcome may have an adverse impact on agreements that the Group has entered into with such broadcasters, which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows. See "*Description of the Issuer—Legal Proceedings*".

The Group depends upon spectrum allocation for many other wireless services that the Group provides, either in the Broadcast activity or Network Services & Other activity, such as Frequency Modulation ("FM"), Digital Audio Broadcasting ("DAB"), TETRA, Digital Mobile Radio ("DMR"), IoT and radio links. The Group cannot guarantee that this spectrum will be available in the future, and any change in spectrum allocation could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The licenses and assigned frequency usage rights that the Group uses for services such as connectivity have finite terms. The Group could be unable to renew or obtain licenses and frequency usage rights necessary for its business upon expiration of their terms or the Group may have to make significant investments to maintain its licenses, either of which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Coverage obligations imposed on the Group's broadcasting clients may affect its business

Under the terms of the Spanish Audiovisual Communication Act, Law 7/2010 of 31 March (the "LGCA"), audiovisual licenses granted to national broadcasters in Spain require nearly complete coverage on a national basis. In particular, broadcasting audiovisual licenses for the use of the spectrum require 96% of population coverage for private operators and 98% of population coverage for public operators. See "*Description of the Issuer—Regulation in Spain—Broadcast Infrastructure Activity—Spanish Audiovisual Communication Act*". Although these coverage obligations are imposed on the Group's customers (the TV and radio broadcasters) and not on the Group, its failure to provide its customers with the required coverage levels could result in the loss of customers, which in turn could materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

The current coverage obligation imposed by the LGCA may change in the future. If the coverage obligations of the audiovisual licenses were reduced, the Group's revenues would be negatively affected, which in turn could materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

The Group is subject to risks inherent to the distribution of content broadcast by its customers over the Group's network

As a carrier of broadcast and wireless content, the standard position reflected in contractual documentation of the Group provides that the customers are fully responsible for the content of their programming, for ensuring that the content conforms to all applicable governmental regulations and for obtaining any local regulatory approvals relating to their broadcasts. While the Group does not believe that it is subject to any liability derived from governmental or third-party proceedings resulting from such content, and the Group attempts to reduce any possible liability through contractual indemnification from its customers and disclaimers, there is no guarantee that the Group would be successful in protecting itself against liability for such content arising based on obscenity, defamation, negligence, copyright infringement, trademark infringement or otherwise. The group may also be forced to implement measures to alter the way its services are provided to avoid any further liability, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business

The Group's ability to operate its business, grow and implement its strategies depends, in part, on the continued contributions of its executive officers and other key employees. The loss of any of its key senior executives, especially if lost to a competitor, could have an adverse effect on its business unless and until a replacement is found. The Group may not be able to locate or employ qualified executives on acceptable economic terms. In addition, the Group believes that its future success, including the ability to internationally expand the Group's business, will depend on its continued ability to attract and retain highly skilled personnel with experience in its key business areas. Demand for these persons is intense and the Group may not be able to successfully recruit, train or retain qualified managerial personnel, especially in new markets where the Group may operate.

The Group may not be able to attract and retain skilled and experienced employees and, should it fail to do so, or lose any of its key personnel, its business and growth prospects may be harmed and it could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group may be subject to litigation or other legal proceedings, including claims by third parties for infringing their property rights

The Group is subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of its business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. The Group cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm its business, financial condition, results of operations or cash flows, nor can the Group guarantee that it will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions it may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on the Group's business, results of operations, financial condition and cash flows. See "*Description of the Issuer—Legal Proceedings*".

In addition, the Group may face claims that it has infringed the patents, copyrights, trademarks or other intellectual property rights of others. Moreover, to the extent that its employees, contractors or other third parties with whom the Group does business use intellectual property owned by others in their work for the Group, disputes may arise as to the rights in related or resulting know-how and inventions. The Group endeavours to defend its intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming and may divert managerial attention and resources from its business objectives. Successful infringement claims against the Group could result in significant monetary liability. The Group could be required to obtain licenses to use the intellectual property that is the subject of the infringement claims, which may be expensive to obtain, and resolution of these matters may not be available on acceptable terms within a reasonable time frame or at all. Intellectual property claims against the Group could have a material adverse effect on the Group's business, financial condition and results of operations, and such claims may result in a loss of intellectual property protections that relate to certain parts of its business.

The Group may not be able to protect its intellectual property effectively from copying and use by others, including potential competitors

The Group, as a group, protects its logo, brand name, websites' domain names and content and proprietary technology by relying on domain names, trademarks, trade secret laws and confidentiality agreements.

However, not all of its industrial or intellectual property can be protected by registration. If someone else were to copy or otherwise obtain and use its proprietary technology or content without the Group's authorisation or to develop similar technology independently, the Group's competitive advantage based on its technology could be reduced and may be eliminated. In addition, effective trademark and trade secret protection may not be available in every jurisdiction, and policing unauthorised use of the Group's proprietary information is difficult and expensive.

The Issuer does not control certain of its subsidiaries

Although the Issuer has full control and a 100% stake in the vast majority of its subsidiaries, it has made and may continue to make equity investments, which may include minority investments, in certain strategic assets managed by or together with third parties, including governmental entities and private entities. In certain cases, such as with Galata, as defined below, the Issuer may hold control over such subsidiary despite not owning 100% of its capital stock. In other cases, however, the Issuer may only have partial or joint control over a particular asset. For example, the Group does not hold a majority interest in the entities Torre de Collserola, S.A. ("**Torre de**

Collserola") and Consorcio de Telecomunicaciones Avanzadas, S.A. ("**COTA**"). Investments in assets over which the Issuer has no, partial or joint control are subject to the risk that the other shareholders of the assets, who may have different business or investment strategies than the Group or with whom the Group may have a disagreement or dispute, may have the ability to independently make or block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or the Group's investment in the project, or otherwise implement initiatives which may be contrary to the Group's interests, creating impasses on decisions and affecting the Group's ability to implement its strategy. Additionally, the approval of other shareholders or partners may be required to sell, pledge, transfer, assign or otherwise convey the Group's interest in such assets. Alternatively, other shareholders may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of the Group's interests in such assets. These restrictions may limit the price or interest level for its interests in such assets, in the event the Group wants to sell such interests.

The partners of the Group may become insolvent or file for bankruptcy at any time, or fail to fund their share of any capital contribution which might be required. Finally, the partners of the Group in existing or future projects may be unable, or unwilling, to fulfil their obligations under the relevant shareholder agreements or may experience financial or other difficulties that may adversely affect the investment in a particular joint venture. This may result in litigation or arbitration procedures generating costs and diverting its management team from their other managerial tasks. In certain of its joint ventures, the Group may also be reliant on the particular expertise of its partners and, as a result, any failure to perform its obligations in a diligent manner could also adversely affect the joint venture. If any of the foregoing were to occur, the Group's business, results of operations, financial condition and cash flows could be materially and adversely affected.

The Group is subject to credit risk

As each of the Group's three activities obtain a significant portion of its revenues from a limited number of customers, many of whom are long-term customers and have high value contracts (see "*A substantial portion of the revenue of the Group is derived from a small number of customers*" above), and due to the specific characteristics of its business, the Group is subject to credit risk as it holds a significant volume of amount receivables on its balance sheet. As at 31 December 2014, provisions for doubtful debts amounted to €12,403 thousand with no significant overdue balances not provisioned.

Credit risk also arises from both cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as other indebtedness, including outstanding receivables and committed expenses. In order to mitigate the aforementioned credit risk, the Group only enters into derivative transactions and cash equivalent transactions with creditworthy financial institutions that are recognised by international rating agencies. This creditworthiness is reviewed periodically in order to actively manage the Group's credit risk.

An increase in the Group's level of exposure to credit risk, or its failure to actively manage it, could adversely affect the business of the Group and have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Risks Related to the Group's Assets

The Group is exposed to risks derived from the development, expansion and maintenance of its infrastructure, including the need for ongoing capital expenditure, which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows

The Group's ability to maintain a high level of service depends on its ability to develop, expand and maintain its infrastructure, which requires substantial amounts of capital and other long-term expenditures, including those relating to the renewal, optimisation or improvement of existing networks, and upon its ability to obtain sufficient financing to finance these projects.

Capital expenditure amounts vary significantly from year to year as expenditures for renewals, new projects and planned expansion expenditures represent a significant portion of capital expenditures.

The Group has financed these expenditures in the past through a variety of means, including internally generated cash flows, external borrowings, loans granted to it by Abertis and shareholder contributions. In the future, it expects to utilise a combination of some of these sources (although it does not anticipate that Abertis will continue to provide it with any financing), including banking and capital markets transactions, to manage its balance sheet and meet its financing requirements, although obtaining additional financing may be more costly or otherwise more

difficult in the future as a result of the Group's leverage. See "*Risks Related to the Indebtedness of the Issuer—Leverage and debt service obligations may materially and adversely affect the Issuer and it may incur additional debt*". The actual amount and timing of the Group's future capital requirements may also differ from its estimates as a result of, among other things, unforeseen delays or cost overruns in implementing, regulatory reforms, unanticipated expenses, engineering and design changes and technological changes, such as unexpected phase-out of technologies. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet the Group's requirements. If the Group were unable to obtain financing for capital expenditures, this could limit its ability to maintain its current operations or expand in the future, which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group is subject to a number of construction, service provision, financing, operating, regulatory and other risks, some of which are beyond its control, including, but not limited to:

- shortage of materials, equipment and specialist labour required to maintain and develop its infrastructure;
- failure by sub-contractors to complete projects on time, on budget, or meet appropriate quality standards due to various factors, including any of the conditions described herein;
- labour disputes and disputes with sub-contractors, or litigation by subcontractors resulting from any of the risks described herein;
- inadequate infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- failure to complete projects according to specifications;
- adverse weather conditions and natural disasters;
- accidents;
- unauthorised, rogue, or other illicit use of spectrum or telecom capacity;
- failure to attract customers to products to which capital expenditures must be committed prior to client contracting;
- changes in governmental priorities, spending programs or procurement processes; and
- an inability to obtain and maintain project development permission or requisite regulatory licenses, permits or approvals.

The occurrence of one or more of these events may have a material adverse effect on the Group's ability to complete its current or future infrastructure or growth projects on schedule or within budget, if at all.

If the Group fails to retain rights to its infrastructure, its business may be adversely affected

The real property interests of the Group relating to its sites consist primarily of leasehold and sub-leasehold interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular tower site may interfere with the Group's ability to operate a tower and generate revenues. For various reasons, and in line with its industry peers that operate telecom or broadcasting infrastructure, the Group may not always have all the property titles to all of its infrastructure sites. In the context of acquisitions, such as was the case in the acquisition of Galata, as defined below, it may not always have the ability to access, analyse and verify all information regarding titles and other issues prior to completing an acquisition of sites, and the absence of title or other issues can affect its rights to access and operate a site.

While the Group owns almost all of its towers, almost all of the land on which its towers are located is operated and managed under leases, subleases or other agreements with third parties. The Group may have to face disputes with landowners regarding the terms of ground agreements for land under towers, which can affect its ability to access and operate tower sites. Further, for various reasons, landowners may not want to renew their ground agreements with the Group, they may lose their rights to the land, or they may transfer their land interests to third parties, including ground lease managers, which could affect the Group's ability to renew ground agreements on

commercially viable terms. The Group's inability to protect its rights to the land under its towers may have a material adverse effect on the Group's business, results of operations, financial condition and cash flows. The Group also has certain rights to use third-parties' towers under long-term arrangements and any breach on their side to meet their obligations could result in the loss of its right to use such infrastructures.

Likewise, and in line with industry peers that operate telecom or broadcasting infrastructure, the Group may not always have all the necessary licenses and permits of its infrastructure assets. The lack of necessary licenses and permits could give rise to monetary fines and, as an interim measure, the authorities could order that the affected equipment or sites be sealed-off or even decommissioned until the required authorisation or license is obtained. Criminal liability could even arise in certain circumstances. All these events may in turn have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

The Group's infrastructure assets may be affected by natural disasters and other unforeseen events for which its insurance may not provide adequate coverage

The Group's sites and equipment are subject to risks associated with natural disasters and other catastrophic events, such as ice and wind storms, geomagnetic storms, tornadoes, floods, hurricanes and earthquakes, arson, terrorist attacks as well as other unforeseen events. Any damage or destruction to the Group's infrastructure due to unforeseen events, may impact its ability to conduct its business. While the Group believes that it maintains adequate insurance coverage, it may not have adequate insurance to cover the associated costs of repair or reconstruction for natural disasters and other catastrophic future events. In case of business disruption, the Group carries insurance, but its insurance may not adequately cover all of its loss. Additionally, if the loss of service is not deemed due to an unforeseeable force majeure event, the Group could be held responsible for failing to satisfy its obligations under its transmission contracts, which could result in service credit penalties or suspension of normal fees and annual charges. If the Group is unable to provide services to its customers, it could lead to a loss of customers, resulting in a corresponding material adverse effect on its business, results of operations, financial condition and cash flows.

Security breaches or other critical disruptions in the Group's technical or information infrastructure could result in material harm to its performance, harm its reputation and have a material adverse effect on its business, results of operations, financial condition and cash flows

The Group works with sophisticated technical and advanced information technology infrastructure such as firewalls and reverse proxies to operate its business and deliver its services to its customers. These systems and services are vulnerable to interruptions or other failures resulting from, among other things, software, equipment or telecommunications failures, processing errors, computer viruses and malware, hackers or other security issues or supplier defaults. A breach of security could impair the Group's ability to adequately provide products and services. Likewise, a security breach or intrusion upon its information technology infrastructure could compromise the security of information stored in or transmitted through its systems, or even compromise the integrity of its technical systems more broadly.

The Group seeks to protect its computer systems and network infrastructure from physical intrusion as well as security breaches and other disruptions that could affect its telecom and information infrastructure. Security, backup and disaster recovery measures, however, may not be adequate or implemented properly to avoid errors, processing inefficiencies, security breaches, inability to use the systems or process transactions, loss of customers or other business disruptions. The Group's technical or information infrastructure could be attacked or compromised by means of the broadly accessible networks. Although it takes measures to maintain the security of these externally-facing networks, it is not possible to completely eliminate the risk created by the need for such accessible information infrastructure. There can be no assurance that its security measures will be adequate or successful, and the costs of maintaining adequate security measures may increase substantially. Any such breach, or actions taken to repair or prevent a breach, could result in significant costs to the Group or harm its ability to successfully compete in one or more of its businesses, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and cash-flows.

Risks Related to the Galata Acquisition

On 27 February 2015 the Issuer entered into an agreement with Wind for the acquisition of 90% of the capital stock of Wind's wholly owned subsidiary Galata S.p.A. ("**Galata**") for cash consideration of €693 million. The Galata Acquisition closed on 26 March 2015.

Certain liabilities may emerge that were hidden or unknown at the time of the Galata Acquisition. Prior to entering into the agreements for the Galata Acquisition, the Issuer performed due diligence in respect of such proposed investment, but the Group's physical inspection of towers acquired was limited. The assets acquired by the Issuer may be subject to hidden material defects that were not apparent or discovered or otherwise considered by the Issuer at the time of acquisition. To the extent the Issuer or other third parties underestimated or failed to identify risks and liabilities associated with the Galata Acquisition, the Issuer may incur, directly or indirectly, unexpected liabilities, such as defects in title, an inability to obtain permits enabling the Issuer to use the underlying infrastructure as intended, environmental, structural or operational defects or liabilities requiring remediation.

Moreover, the Issuer may be unable to successfully integrate the Galata businesses within the Group. The integration of Galata in the Group following the Galata Acquisition could prove to be difficult and complex, and the costs, benefits and synergies from that integration may not be in line with the Group's expectations. The Group could, for example, face difficulties as a consequence of the existence of conflicts between, among others, the respective control structures, procedures, standards, business cultures and policies, or compensation structures of the Group and those of Galata, or the need to implement, integrate and harmonise diverse business operating procedures and financial, accounting, reporting, information technology and other systems, which could adversely affect the Group's ability to maintain relationships with customers, employees, suppliers and other business partners following the acquisition. The integration process could also result in the disruption of existing business and unforeseen expenses.

To realise the expected benefits of the acquisition, the Issuer must successfully combine its businesses in an efficient and effective manner. The Issuer may fail to successfully integrate the assets it acquires or fail to utilise such assets to their full capacity. If the Issuer is not able to achieve these objectives, within the anticipated time frame, or at all, or if the underlying assumptions for its expectations were incorrect, the anticipated benefits and cost savings of the acquisition may not be realised fully, or at all, or may take longer to realise than expected, and the results of operations of the Issuer may be adversely affected.

In addition, the Issuer may have to sell back to Wind its participation in Galata. As part of the Galata Acquisition, on the closing date the Issuer entered into an option agreement (the "**Option Agreement**") whereby the Issuer granted Wind both a put and a call option over the acquired shares so that, under certain circumstances, and for a period of time, Wind has the right to purchase from the Issuer all the Galata shares the Issuer acquired, and the Issuer has the obligation to sell all the shares back to it.

Finally, the Group may be unable to retain executive officers or high quality personnel following the Galata Acquisition. The success of the Galata Acquisition and the combined business going forward will depend in part on the Group's ability to retain executive officers and key employees of Galata and to successfully manage the resulting larger organisation following the Galata Acquisition. The Group cannot ensure that it will be able to retain executive officers and key employees and successfully manage a larger and more diverse new combined organisation, which, if were unable to do so, could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

Risks Related to the Financial Information incorporated by reference in this Base Prospectus

The consolidated statement of financial position of the Issuer includes very significant amounts of goodwill and other intangible assets. The impairment of a significant portion of these assets would have a material adverse effect on the Group's business, results of operations, financial condition and cash flows

The goodwill and other intangible assets (such as intangible assets in infrastructure for mobile telecom operators resulted from the business combination of TowerCo) recognised on the statement of financial position of the Issuer (which were €149,165 thousand and €50,106 thousand as at 31 December 2014 and 2013, respectively) represented 15.7% and 7.5%, respectively, of the Group's total non-current assets as at 31 December 2014 and 2013. As at such date, any further acquisitions may result in the recognition by the Issuer of additional goodwill or other intangible assets.

Under International Financial Reporting Standards as adopted by the European Union ("**IFRS-EU**"), the Issuer is required to amortise certain intangibles over the useful life of the asset and subject its goodwill and certain of its intangible assets to impairment testing rather than amortisation. Accordingly, on at least an annual basis, the Issuer assesses whether there have been impairments in the carrying value of the Issuer's goodwill and certain of the Issuer's intangible assets. If the carrying value of the asset is higher than its fair value, then it is written down to fair value by an impairment loss in the income statement. An impairment of a significant portion of goodwill or other intangible assets could have a material adverse effect on the Issuer's reported results of operations and the equity

reflected on the Issuer's statement of financial position, which in turn could have a material adverse effect on the Group's business, results of operations and financial condition. As at 31 December 2014 and 2013, the Issuer concluded that there was no need to make any provision for impairment of goodwill and intangible infrastructure for mobile telecom operators.

The historical consolidated financial information of the Issuer is not representative of its current financial condition and ordinary results of operations due to recent transactions that the Issuer has entered into and which may affect the comparability of historical and future financial performance

During the current year to the date hereof and during the years ended 31 December 2014 and 2013, the Issuer entered into various transactions under which it completed, among others, the following acquisitions:

- the acquisition of 90% of the shares of the Italian company Galata on 26 March 2015 and its underlying assets and liabilities, including 7,377 towers (the "**Galata Acquisition**");
- the acquisition of 300 towers from Telefónica on 26 January 2015 ("**Project Volta Extended Phase II**");
- the acquisition of 8.98% of the capital stock of Adesal on 27 November 2014;
- the acquisition of 1,090 towers from Telefónica on 12 November 2014 ("**Project Volta Extended Phase I**");
- the acquisition of 113 towers from Telefónica and Yoigo on 30 June 2014 ("**Project Volta Extended Phase III**");
- the acquisition of the shares of the Italian company TowerCo on 27 May 2014 and its underlying assets and liabilities, including among others, 306 infrastructure sites (212 towers and 94 located in tunnels) as at the time of acquisition;
- the acquisition of 530 towers from Telefónica on 10 January 2014 ("**Project Volta Extended Phase II**"); and
- the acquisition of 1,211 towers from Telefónica and Yoigo on 30 December 2013 ("**Project Volta Extended Phase I**").

These acquisitions were accounted for as at their respective closing dates and, as a result, their total annual impact is not reflected during the full three-year period covered by the historical consolidated financial information incorporated by reference in this Base Prospectus. Furthermore, Project Volta Extended Phase II and the Galata Acquisition were completed in 2015. As a result, the financial information incorporated by reference in this Base Prospectus does not reflect the Group's ongoing business following such acquisitions, in particular, following Project Volta Extended Phase II and the Galata Acquisition. Further, in 2014 the Group experienced changes in the scope of consolidation and business combinations as a result of the acquisition of infrastructure for mobile telecom operators located in Italy (€19,834 thousand) following the acquisition of TowerCo and the full consolidation of Adesal effective as at 1 November 2014 (€6,683 thousand), both reflected in the "Property, plant and equipment" line item of its balance sheet. Consequently, the historical financial information incorporated by reference in this Base Prospectus may not be fully comparable with the Group's future financial statements and may not be indicative of the Group's future financial condition or operating performance. As a result, it may be difficult to evaluate the Group's business and prospects given the substantial modification of the Group's infrastructure network.

The financial statements have not been prepared on a consistent basis and are not directly comparable between years, which limits the ability to analyse the Group's historical performance and evaluate its future prospects

On 18 October 2013, the directors of Abertis Telecom Satélites and the Issuer's Board of Directors approved a partial spin-off plan in order to restructure the Abertis Group and separate Abertis's terrestrial telecommunications businesses from the satellite business. Under this plan, Abertis Telecom Satélites spun off all the terrestrial telecommunications related assets and liabilities on its balance sheet to the Issuer.

All assets and liabilities related to the spun-off activities were effectively transferred to the Issuer on 17 December 2013 but for accounting purposes the Issuer began accounting for its financial condition and results of operations on a consolidated basis on 1 January 2013, which is the date that the Issuer considers, for accounting purposes, the effective date on which all the operations of Abertis Telecom Satélites spun-off to the Issuer have commenced, and

the Issuer prepared audited consolidated financial statements for the first time as at and for the year ended 31 December 2013.

Further, on 1 January 2014, IFRS 10 and 11 came into effect to address accounting for interests in joint ventures and joint operations. The application of these new standards in the consolidated financial statements as at and for the year ended 31 December 2014 resulted in the restatement, with retroactive effect from 1 January 2013, of certain financial information as at 31 December 2013 included therein with respect to the information contained in the consolidated financial statements as at and for the year ended 31 December 2013.

In 2014 the Issuer also reassessed the accounting treatment of decommissioning costs derived from certain acquisitions of tower infrastructures for site rental acquired from mobile operators through asset purchase agreements, which also resulted in the restatement of the comparative information presented in the 2014 audited consolidated financial statements as at 31 December 2013. Starting with the year ended 31 December 2014, the Issuer accounts for the dismantling costs as they are incurred by it and recognises the amounts paid as an advance for the subsequent lease agreement with the relevant MNO under "Current investments" and "Non-current investments" in its consolidated balance sheet. The Issuer reflects this amount in its consolidated income statement based on the initial mandatory period of the subsequent lease agreement with the MNO.

The Issuer believes that its audited consolidated financial information as at and for the year ended 31 December 2014 included in the 2014 audited consolidated financial statements is comparable to the unaudited restated consolidated financial information as at and for the year ended 31 December 2013 included therein. Therefore, when comparing the Group's results of operations for the years ended 31 December 2014 and 2013 in this Base Prospectus, the audited 2014 results are compared against the unaudited restated 2013 results. However, as a result of the restatements and changes in certain accounting policies, the 2014 audited consolidated financial statements and the 2013 audited consolidated financial statements may not be directly comparable with each other, respectively, and investors should carefully consider the limitations of the presentation of the Issuer's financial information incorporated by reference to this Base Prospectus.

Risks Related to the Indebtedness of the Issuer

Leverage and debt service obligations may materially and adversely affect the Issuer and it may incur additional debt

As at 31 December 2014, the Group had €342,261 thousand of net debt derived from borrowings with credit institutions and other financial entities. On 20 February 2015, the Issuer entered into the Galata Facility, a €300 million term loan facility agreement with a syndicate of banks to partially finance the Galata Acquisition, whose maturity date is 30 June 2021 and which was fully drawn down as at 31 March 2015. Additionally, the Issuer increased its factoring limits to €106,500 thousand as at 31 March 2015 of which €76,633 thousand had been drawn as at such date. As at 31 March 2015, the Group's total net debt (bank borrowings plus other financial liabilities, minus cash and cash equivalents) was €892,660 thousand derived from borrowings with credit and other financial institutions.

Its indebtedness may increase, from time to time, in the future for various reasons, including fluctuations in operating results, capital expenditures and potential new acquisitions or joint ventures and issuances made in connection with any of the foregoing. Further the Group's cost of debt may increase in the future. Its current or future leverage could render the Group unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to, its indebtedness. The Issuer is also permitted, subject to certain restrictions under its existing indebtedness, to draw down on its credit facilities and obtain additional long-term debt and working capital lines of credit to meet future financing needs.

The present or future leverage of the Group could have significant negative consequences on its business, results of operations, financial condition and cash flows, including:

- impairing its ability to meet one or more of the financial ratio covenants contained in its debt agreements, which could result in an acceleration of some or all of the Issuer's outstanding debt;
- placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquiring assets and forcing ourselves to forego certain business opportunities;

- limiting its ability to obtain additional debt or equity financing, thereby increasing its vulnerability to general adverse economic and industry conditions;
- increasing its borrowing costs if its current creditworthiness declines;
- requiring the dedication of a substantial portion of its cash flow from operations to service the Group's debt, thereby reducing the amount of its cash flow available for other purposes, including, among others, capital expenditures and dividends;
- requiring it to issue debt or equity securities or to sell some of its core assets, possibly on unfavourable terms, to meet payment obligations;
- limiting its flexibility in planning for, or reacting to, changes in the Group's business and the markets in which the Group competes; and
- limiting the Issuer's ability to repurchase the shares or make distributions to its stockholders.

As at the date hereof, the Group is not in default under any of its payment obligations, either of principal or interest, nor any of its covenants.

Restrictive covenants in the borrowings or credit facilities of the Issuer could materially and adversely affect the business of the Group by limiting its flexibility

The Issuer's credit facilities, and in particular the multi-tranche €800 million credit facility agreement entered into with a syndicate of banks on 26 June 2014 (the "**Syndicate Agreement**") and the Galata Facility Agreement, contain restrictive covenants regarding its leverage and financial position that could limit its ability to take various actions, including incurring additional debt, guaranteeing indebtedness or making distributions to shareholders, and engaging in various types of transactions, including mergers, acquisitions and sales of assets, except in the circumstances expressly regulated. Additionally, its debt agreements restrict the Issuer's and its subsidiaries' ability to incur liens securing its or their indebtedness. These covenants could have an adverse effect on its business by limiting the Group's ability to take advantage of financing, new tower development, mergers and acquisitions or other opportunities.

In addition, the terms of its lines of credit require the Issuer to provide financial and operating information within certain time periods. If the Issuer is unable to timely provide the required information, it would be in breach of these covenants.

The Group is subject to interest rate risks

The Group is exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. Interest rate risk arises from its non-current borrowings. Borrowings at variable interest rates expose the Group to interest rate risk of the cash flows, while borrowings at fixed interest rate expose it to interest rate risk over the relevant fair values. Given the nature of the activities of the Group, which are closely linked to inflation, the financial policy of the Group aims to ensure that its financial assets and debt are partially linked to floating interest rates.

Its debt denominated in euros linked to floating interest rates is mostly referenced to Euribor, with debt linked to Euribor representing 96.1% of the Group's total debt as at 31 December 2014 and 98.5% as at 31 March 2015. The Group has no hedging instruments outstanding as at the date hereof as they all expired during the first quarter of 2015.

Any increase in interest rates would increase the Group's finance costs relating to its variable-rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt.

Risks Related to the Issuer's Relationship with Abertis

Abertis is the Issuer's significant shareholder and exercises substantial influence over it and the Issuer is highly dependent on Abertis

As at the date of this Base Prospectus, Abertis beneficially owns and is the direct or indirect holder of 40% of the Issuer's issued share capital, which might be reduced up to a 34% shareholding if the Over-allotment Option is exercised in the context of the Initial Public Offering (see "*Description of the Issuer – Recent Developments*"). Four

out of nine of the members of its Board of Directors have been appointed by Abertis. As a result, Abertis will be a significant shareholder of the Issuer and will continue to have a substantial influence on the Issuer's affairs.

There can be no assurance that Abertis will act in a manner that is in the Group's best interests, which could adversely affect the Group's business and have a material adverse effect on its business, results of operations, financial condition and cash flows.

Further, Abertis and its subsidiaries currently provide certain administrative and supporting services to the Group. If Abertis does not meet its functions under the relevant service agreements and the Group is unable to identify and engage alternative providers for such services, if needed, the Group's business, results of operations, financial condition and cash flows could be materially adversely affected.

Risks Relating to the Notes

Risks in relation to Notes held by Spanish corporate entities

Despite the Issuer's opinion that, due to the Notes not being placed in Spain (on the basis that there will be no public offer into Spain, as contemplated in "*Subscription and Sale – The Kingdom of Spain*") there is a possible exemption from withholding tax on payments to Spanish corporate Noteholders, the Spanish tax authorities may determine that the Notes have been placed, totally or partially, in Spain and that such exemption does not apply to any of the Notes. If such determination were made, the Issuer would be required to make a withholding at the applicable rate, as at the date of this Base Prospectus 20 per cent., on payments of interest under the Notes and no additional amounts will be payable by the Issuer in such circumstances.

Risks related to the Spanish Insolvency Act

The Spanish insolvency law (*Ley 22/2003, de 9 de julio, Concursal*) (the "**Spanish Insolvency Law**"), as further amended, regulates court insolvency proceedings, and may lead either to the restructuring of the debts of the Issuer or to the liquidation of its assets.

Under the Spanish Insolvency Law, the claims of creditors are classified as: credits against the estate (*créditos contra la masa*), privileged credits (*créditos privilegiados*), ordinary credits (*créditos ordinarios*) or subordinated credits (*créditos subordinados*). On insolvency of an entity under the Spanish Insolvency Law, ordinary creditors rank ahead of subordinated creditors but behind privileged creditors and creditors with claims against the estate. It is intended that claims against the Issuer under the Notes respectively will be classified as ordinary credits. However, certain actions or circumstances which are beyond the control of the Issuer may result in these claims being classified as subordinated credits. For example, under Article 92.5 of the Spanish Insolvency Law, the claims of those persons especially related to the Issuer (as the case may be) will be classified as subordinated creditors.

The following persons may be considered especially related to the Issuer:

- (a) shareholders holding (i) 5 per cent or more of the Issuer's share capital at the moment in which the credit right arises, if the Issuer is a quoted company; or (ii) 10 per cent. or more of the Issuer's capital at the moment in which the credit arises, if the Issuer is not a quoted company;
- (b) actual or shadow directors (including those who acted as such in the two years leading up to the declaration of insolvency); and
- (c) members of the same group of companies as the Issuer and their common shareholders, if they comply with the requirements established in article 93.2.1 of the Spanish Insolvency Law.

Furthermore, any person who acquires credits which were held by one of the above persons is also presumed to be especially related if the acquisition takes place in the two years leading up to the declaration of insolvency. This presumption is rebuttable.

The claims of Noteholders may, therefore, to the extent they are considered especially related to the Issuer, be subordinated as a result of the application of the provisions of the Spanish Insolvency Law. Noteholders should be aware of this subordination risk and take those precautions they consider appropriate to ensure that their claims are not subordinated.

A substantial reform of the Spanish Insolvency Law focusing on pre insolvency instruments, refinancing agreements and arrangements ("*convenios*") has been introduced by Royal Decree 4/2014 and most recently, by Royal Decree 11/2014. The key issues addressed by the aforementioned Royal Decrees are as follows:

- (a) No enforcement of security in pre insolvency scenarios: Spanish Insolvency Law already included a notification system for distressed companies, when negotiations with creditors had been started for the purposes of agreeing a restructuring agreement, which suspended the obligation of the insolvent company to file for insolvency in a period of three months. Royal Decree 4/2014 has introduced a limitation for secured creditors to enforce their security given that the abovementioned notification has been made, and the secured assets are needed for the continuity of the business activity of the debtor.
- (b) Protected restructuring agreements: The protected restructuring agreements were introduced in the Spanish Insolvency Law in 2011 in order to establish a "safe harbour" for restructuring processes, so the claw back period did not affect them and the transactions carried out under these restructuring agreements were not subject to scrutiny and potential annulment when the company became insolvent. However their success has been limited given certain constraints previously included in the law. The reform carried out by Royal Decree 4/2014 is aimed to further encourage the use of these pre insolvency agreements.
- (c) Spanish "schemes of arrangement": the restructuring agreements described above are designed to protect the actions carried out pursuant to them from the claw-back period upon insolvency of the company, but were only applicable to those creditors who were party to them. The recent amendments of the Spanish Insolvency Law allow the cram down of dissenting creditors within refinancing agreements when meeting certain requirements, mainly regarding majority thresholds.

The Spanish Insolvency Law also provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days) in the Spanish Official Gazette (*Boletín Oficial del Estado*), (ii) actions deemed detrimental for the insolvency estate of the insolvent debtor carried out during the two year period preceding the date of its declaration of insolvency may be rescinded, (iii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iv) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended as from the date of the declaration of insolvency and any amount of interest accrued up to such date and unpaid (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

Suitability

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluations of the investment.

Ratings of the Issuer or of Notes could cause fluctuations in the price at which Notes are traded

Notes issued under the Programme are currently expected to be unrated. However, the Issuer may in the future solicit a rating for itself and/or its debt (including one or more issues of Notes under the Programme) from one or more credit rating agencies. Should any such assigned rating(s) be published, there can be no assurances as to whether or not any such rating will be investment grade. The publication of any such rating could lead to fluctuations in the price at which the Notes are traded in the secondary market, especially if the rating is below investment grade.

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be listed on the Official List of the Irish Stock Exchange and admitted to trading on its regulated market, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop.

Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed by the Issuer prior to maturity

Notes may be redeemable prior to maturity at the Issuer's option in certain circumstances, and an optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

As the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Bearer Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or paying agent (in the case of a New Global Note) for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

FATCA

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that certain provisions of U.S. law, commonly known as "FATCA" will affect the amount of any payment received by the ICSDs (see "*Taxation – FATCA*"). Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Notes. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information,

forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Risks related to the Spanish withholding tax regime

The Issuer considers that, pursuant to the provisions of the Royal Decree 1065/2007, as amended, it is not obliged to withhold taxes in Spain on any interest paid on the Notes to any Noteholder, irrespective of whether such Noteholder is tax resident in Spain. The foregoing is subject to the Fiscal Agent complying with certain information procedures described in "*Taxation—Taxation in Spain—Information about the Notes in connection with Payments*" below.

The Issuer and the Fiscal Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof. Under Royal Decree 1065/2007, as amended, it is no longer necessary to provide an issuer with information regarding the identity and the tax residence of an investor or the amount of interest paid to it in order for the Issuer to make payments free from Spanish withholding tax, provided that the securities: (i) are regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state. The Issuer expects that the Notes will meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Noteholders should be paid free of Spanish withholding tax, provided the Fiscal Agent complies with the procedural requirements referred to above. In the event a payment in respect of the Notes is subject to Spanish withholding tax, the Issuer will pay the relevant Noteholder such additional amounts as may be necessary in order that the net amount received by such Noteholder after such withholding equals the sum of the respective amounts of principal and interest, if any, which would otherwise have been receivable in respect of the Notes in the absence of such withholding.

If the Spanish Tax Authorities maintain a different opinion as to the application by the Issuer of withholding to payments made to Spanish tax residents (individuals and entities subject to Corporate Income Tax (*Impuesto sobre Sociedades*)), the Issuer will be bound by the opinion and, with immediate effect, will make the appropriate withholding. If this is the case, identification of Noteholders may be required and the procedures, if any, for the collection of relevant information will be applied by the Issuer (to the extent required) so that it can comply with its obligations under the applicable legislation as interpreted by the Spanish Tax Authorities. If procedures for the collection of the Noteholders information are to apply, the Noteholders will be informed of such new procedures and their implications.

Notwithstanding the above, in the case of Notes held by Spanish tax resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian (20% as of the date of this Base Prospectus, and 19% as from 1 January 2016).

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at 35% (subject to a procedure whereby on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive on 24 March 2014 (the "**Amending Directive**") which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive, which legislation must apply from 1 January 2017. The changes made under the Amending Directive include extending the range of payments covered by the Savings Directive to, for example, payments made to, or collected for, (i) entities or legal arrangements that are effectively managed in an EU Member State and that are not subject to effective taxation or (ii) persons, entities or legal arrangements that are established or effectively managed outside the EU (and outside any non EU country and territory that has adopted similar measures) which indirectly benefit an individual resident in an EU Member State. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

The European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, EU Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, if the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as described in "*Taxation – EU Savings Tax Directive*" below. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Directive, which may mitigate an element of this risk if a Noteholder can arrange for payment through such Paying Agent.

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. an English language translation of the audited consolidated financial statements prepared in accordance with IFRS-EU (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2014 available for viewing on:

www.cellnextelecom.com

2. an English language translation of the audited consolidated financial statements prepared in accordance with IFRS-EU (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2013 available for viewing on:

www.cellnextelecom.com

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered office of the Issuer and each has been filed with the Central bank. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership *provided, however*, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Bearer Notes in definitive form ("**Definitive Notes**");

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
 - (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
 - (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

- (i) individual Note Certificates in registered form ("**Individual Note Certificates**"); or
- (ii) one or more global note certificates ("**Global Registered Note(s)**"),

in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Registered Note exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Registered Notes each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if either of the following events occurs:
 - (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
 - (b) if any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, each person having an interest in a Global Registered Note must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates

(including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding).

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) each person shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interest in the Notes (each an "**Accountholder**") shall acquire under the Deed of Covenant rights of enforcement against the Issuer ("**Direct Rights**") to compel the Issuer to perform its obligations to the Holder of the Global Registered Note in respect of the Notes represented by the Global Registered Note, including the obligation of the Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions as if such Notes had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

The Direct Rights shall be without prejudice to the rights which the Holder of the Global Registered Note may have under the Global Registered Note or otherwise. Payment to the Holder of the Global Registered Note in respect of any Notes represented by the Global Registered Note shall constitute a discharge of the Issuer's obligations under the Notes and the Deed of Covenant to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder of the Global Registered Note.

As a condition of any exercise of Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Noteholders in the manner provided for in the Conditions or the Global Registered Note for notices to be given by the Issuer to Noteholders.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an

NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Registered Notes, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the (i) Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg and (ii) Global Registered Note, the Issuer shall procure that if such Note is held under the NSS, the payment is entered into *pro rata* in the records of Euroclear and Clearstream Luxembourg.

Payment Business Day: in the case of a Global Note or a Global Registered Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 8(e) (*Redemption and Purchase - Redemption at the option of Noteholders (Investor Put)*) the bearer of a Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be

reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: notwithstanding Condition 16 (*Notices*), while all the notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme.

The relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may complete information set out in the terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) *Programme*: Cellnex Telecom, S.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €2,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms.
- (c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 14 May 2015 (the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (d) *Deed of Covenant*: The Notes have the benefit of a deed of covenant dated 14 May 2015 executed and delivered by the Issuer in relation to the Notes (the "**Deed of Covenant**"). Registered Notes are constituted by such Deed of Covenant.
- (e) *The Notes*: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the registered office of the Issuer.
- (f) *Public Deed of Issuance*: If so required by Spanish law, the Issuer will execute a public deed (*escritura pública*) (the "**Public Deed of Issuance**") before a Spanish Notary Public in relation to the Notes on or prior to the Issue Date of the Notes. The Public Deed of Issuance will contain, among other information, the terms and conditions of the Notes.
- (g) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s);

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
 - (iii) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (iv) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (v) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
 - (vi) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30";

- (vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, (i) its principal amount or (ii) such percentage of its principal amount (expressed as an amount per Calculation Amount) as may be specified in the relevant Final Terms;

"Early Termination Amount" means, in respect of any Note, (i) its principal amount or (ii) such percentage of its principal amount (expressed as an amount per Calculation Amount) as may be specified under "Redemption Amount" in the relevant Final Terms, or as determined in accordance with these Conditions;

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"Extraordinary Resolution" has the meaning given in the Agency Agreement;

"Final Redemption Amount" means, in respect of any Note (i) its principal amount or (ii) such percentage of its principal amount (expressed as an amount per Calculation Amount) as may be specified in the relevant Final Terms;

"First Interest Payment Date" means the date specified in the relevant Final Terms;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"Holder", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"Indebtedness" means any indebtedness of any Person for money borrowed or raised;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the First Interest Payment Date and any other date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Final Terms;

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"Margin" has the meaning given in the relevant Final Terms;

"Material Subsidiary" means, at any relevant time, a Subsidiary of the Issuer whose total assets or gross revenues (or, where the Subsidiary in question is obliged by applicable law to prepare consolidated accounts, whose total consolidated assets or gross consolidated revenues) at any relevant time represent no less than 10 per cent. of the total consolidated assets or gross consolidated revenues, respectively, of the Issuer and its Subsidiaries, as calculated by reference to the then latest consolidated audited annual accounts or consolidated semi-annual reports of the Issuer and the latest annual accounts or semi-annual reports of each relevant Subsidiary (consolidated or, as the case may be, unconsolidated), provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated audited annual accounts or consolidated semi-annual reports of the Issuer relate, for the purpose of applying each of the foregoing tests, the reference to the Issuer's latest consolidated audited annual accounts or consolidated semi-annual reports shall be deemed to be a reference to such accounts or reports as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer for the time being after consultations with the Issuer);

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Noteholder", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"Optional Redemption Amount (Call)" means, in respect of any Note, (i) its principal amount or (ii) such percentage of its principal amount (expressed as an amount per Calculation Amount) as may be specified in the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, (i) its principal amount or (ii) such percentage of its principal amount (expressed as an amount per Calculation Amount) as may be specified in the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (a) if the currency of payment is euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

- (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Security Interest" means

- (a) any Security Interest in existence on the Issue Date to the extent that it secures Relevant Indebtedness outstanding on such date; and
- (b) any Security Interest arising by operation of law or in the ordinary course of business of the Issuer or any of its Material Subsidiaries which does not materially impair the operation of the relevant business;
- (c) any Security Interest to secure Project Finance Debt;
- (d) any Security Interest created in respect of Relevant Indebtedness of an entity that has merged with, or has been acquired (whether in whole or in part) by the Issuer or any of its Subsidiaries, provided that such Security Interest:
 - (i) was in existence at the time of such merger or acquisition;
 - (ii) was not created for the purpose of providing security in respect of the financing of such merger or acquisition; and
 - (iii) is not increased in amount or otherwise extended following such merger or acquisition other than pursuant to a legal or contractual obligation (x) which was assumed (by operation of law, agreement or otherwise) prior to such merger or acquisition by an entity which, at such time, was not a Subsidiary of the Issuer, and (y) which remains legally binding on such entity at the time of such merger or acquisition; and
- (e) any Security Interest that does not fall within paragraphs (a), (b), (c) or (d) above and that secures Indebtedness which, when aggregated with Indebtedness secured by all other Security Interests permitted under this paragraph, does not exceed €35,000,000 (or its equivalent in other currencies);

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Project Finance Assets" means the assets (including, for the avoidance of doubt, shares (or other interests) of a Project Finance Entity;

"Project Finance Entity" means any entity in which the Issuer or any of its Subsidiaries holds an interest (a) whose only assets and business are constituted by: (i) the ownership, creation, development, construction, improvement, exploitation or operation of one or more of such entity's

assets, or (ii) shares (or other interests) in the capital of other entities that satisfy limb (i) of this definition, and (b) all of whose Indebtedness is comprised of Project Finance Debt;

"**Project Finance Debt**" means any Indebtedness incurred by:

- (a) a Project Finance Entity in respect of the activities of such entity or another Project Finance Entity in which it holds shares (or other interests) (including any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction only the marked to market value shall be taken into account to the extent such amount has become due but unpaid) *provided, however, that*, such derivative transaction does not include an actual or contingent payment or delivery obligation by any Person other than such Project Finance Entity); or
- (b) any Subsidiary formed exclusively for the purpose of financing a Project Finance Entity;

where, in each case, the holders of such Indebtedness have no recourse against the Issuer or any of its Subsidiaries (or its or their respective assets), except for recourse to (y) the Project Finance Assets of such Project Finance Entities; and (z) in the case of (b) above only, the Subsidiary incurring such Indebtedness;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Rate**" means EURIBOR or LIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"**Regular Period**" means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the

date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any listing authority, stock exchange or quotation system in respect of negotiable securities (including, without limitation, any over-the-counter securities market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

- (a) 50 per cent or more of the Voting Rights of which is at the relevant time directly or indirectly owned or controlled by the first Person; or
- (b) whose affairs and policies at such time the first Person controls or has the power to control, whether by ownership of Voting Rights, share capital, contract, the power to appoint and remove members of the board of directors or others governing body or otherwise; or
- (c) whose financial statements are at such time, in accordance with applicable law and generally accepted accounting principles, consolidated with the first Person's financial statements;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty establishing the European Communities, as amended; and

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might

have, voting power by reason of the happening of any contingency) or to elect the majority of the members of the board of directors or other governing body of the relevant entity.

- (b) *Interpretation:* In these Conditions:
- (i) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
 - (ii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
 - (iii) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
 - (iv) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
 - (v) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
 - (vi) if an expression is stated in Condition 2(a) (*Interpretation - Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
 - (vii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination.
- (d) *Title to Registered Notes:* Title to the Registered Notes shall pass by registration in the register (the "**Register**") that the Registrar will maintain in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred

unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are in the Specified Denomination. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor. In case of a transfer of Registered Notes to a person who is already a Holder of Registered Notes, a new Note Certificate representing the enlarged holding shall only be issued upon surrender to the Transfer Agent of the Note Certificate representing the existing holding.

- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day other than Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Status**

The Notes constitute direct, general, unconditional and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer and in the event of insolvency (*concurso*) of the Issuer (unless they qualify as subordinated debts under Article 92 of Law 22/2003 (*Ley Concursal*) dated 9 July 2003 (the "**Law 22/2003**" or the "**Insolvency Law**") or equivalent legal provision which replaces it in the future and subject to any legal and statutory exceptions) will rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

In the event of insolvency (concurso) of the Issuer, under the Insolvency Law, claims relating to the Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders.

Accrued and unpaid interest due in respect of the Notes at the commencement of an insolvency proceeding (concurso) of the Issuer will qualify as subordinated credits. Accrual of interest on the Notes shall be suspended as from the date of any declaration of insolvency (concurso) in relation to the Issuer.

5. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments - Bearer Notes*) and Condition 10 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments - Bearer Notes*) and Condition 10 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
 - (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9 (*Payments – Bearer Notes*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided, however, that** no such notice of redemption shall be given earlier than:
 - (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
 - (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised international standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 8, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders (Investor Put):* If the Investor Put is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional

Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 8(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit (in the case of Bearer Notes) with any Paying Agent such Note together with all unmatured Coupons relating thereto or (in the case of Registered Notes) the Note Certificate representing such Note(s) with the Registrar or (as the case may be) any Transfer Agent at its Specified Office, together with a duly completed Put Option Notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). The Paying Agent, Registrar or (as the case may be) Transfer Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 8(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- (f) *Redemption or Purchase at the option of the Noteholders on a Put Event (Change of Control Put):* If the Change of Control Put is specified in the relevant Final Terms as being applicable, and if at any time while any Note remains outstanding a Change of Control occurs, the Issuer shall make a Public Announcement as soon as reasonably practicable, and if, within the Change of Control Period, either:
- (i) (if at the time that the Change of Control occurs there are Rated Securities outstanding) a Rating Downgrade Event in respect of the Change of Control occurs; or
 - (ii) (if at the time that the Change of Control occurs there are no Rated Securities outstanding) a Negative Rating Event in respect of the Change of Control occurs,

(the Change of Control and Rating Downgrade Event or the Change of Control and Negative Rating Event, as the case may be, occurring within the Change of Control Period, together called a "**Put Event**"), each holder of the Notes shall have the option (unless, before the giving of the Put Event Notice (as defined below), the Issuer shall have given notice under Condition 8(b) (*Redemption and Purchase - Redemption for tax reasons*) to redeem the Notes) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) any of its Notes at the Optional Redemption Amount (Put) together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Put Date (as defined below). Such option (the "**Put Option**") shall operate as set out below.

If a Put Event occurs then, within 14 days of the occurrence of the Put Event, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 16 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the Put Option.

In order to exercise the Put Option, the holder of a Note must, during the period commencing on the date on which the Put Event Notice is given to Noteholders as required by this Condition 8(f) and ending 60 days after such occurrence (the "**Put Period**"), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(f), may be withdrawn; provided, however, that if, prior to the relevant Put Date, any such Note becomes immediately due and payable or payment of the redemption moneys is improperly withheld or refused on the Put Date, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 8(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

The Issuer shall at its option redeem or purchase (or procure the purchase of) the Notes the subject of each Put Option Notice given under this Condition 8(f) on the date (the "**Put Date**") which is seven days after the expiration of the Put Period unless previously redeemed or purchased and cancelled.

For the purposes of this Condition 8(f):

a "**Change of Control**" shall have occurred if one or more individuals or legal entities, acting individually or in concert, acquires control of the Issuer; and for the purposes of these Conditions "**control**" shall mean (i) the acquisition or control of more than 50 per cent. of the voting rights or (ii) the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and "**controlled**" shall be construed accordingly;

"**Change of Control Period**" means:

- (i) if at the time a Change of Control occurs there are Rated Securities, the period of 120 days beginning on and including the date of the relevant Public Announcement; or
- (ii) if at the time a Change of Control occurs there are no Rated Securities, the period beginning on and including the date on which the relevant Change of Control occurs and ending 120 days following the later of (a) the date on which the Issuer seeks to obtain a rating as contemplated in the definition of Negative Rating Event prior to the expiry of the 60 days referred to in that definition, and (b) the date of the relevant Public Announcement;

(or, in the case of either (i) or (ii) above, such longer period in which the Rated Securities are under consideration (such consideration having been announced publicly within the first mentioned 120 day period) for rating review or, as the case may be, rating by a Rating Agency);

"**Investment Grade Rating**" means a rating of the Notes of at least BBB- or Baa3 (or their respective equivalents at each Rating Agency for the time being);

a "**Negative Rating Event**" shall be deemed to have occurred if either (a) the Issuer does not, either prior to or not later than 60 days after the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer having an initial maturity of five years or more ("**Rateable Debt**") from a Rating Agency or (b) if the Issuer does so seek and use such endeavours, it is unable by the end of the Change of Control Period to obtain such a rating of the Notes of an Investment Grade Rating;

"**Public Announcement**" means an announcement by the Issuer of the occurrence of a Change of Control, published in accordance with Condition 16 (*Notices*);

"**Rated Securities**" means the Notes, if and for so long as they shall have an effective rating from a Rating Agency and otherwise any Rateable Debt which is rated by a Rating Agency;

"**Rating Agency**" means any of (i) Standard & Poor's Credit Market Services Europe Limited, (ii) Moody's Investor Service, Inc., (iii) Fitch Ratings Limited and (iv) any other rating agency of international standing and (in each case) their respective affiliates and successors and "**Rating Agencies**" shall be construed accordingly;

a "**Rating Downgrade Event**" shall be deemed to have occurred in respect of the Change of Control if the then current rating assigned to the Rated Securities by any Rating Agency is withdrawn or reduced from at least an Investment Grade Rating or, if a Rating Agency shall already have rated the Rated Securities below an Investment Grade Rating, the rating is lowered one full rating category.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Notes so redeemed shall be cancelled and may not be reissued or resold.

9. **Payments - Bearer Notes**

This Condition 9 is only applicable to Bearer Notes.

- (a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).
- (e) *No commissions or expenses:* No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.
- (g) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 9(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 8(b) (*Redemption and Purchase - Redemption for*

tax reasons), Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*), Condition 8(e) (*Redemption and Purchase - Redemption at the option of Noteholders (Investor Put)*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- (h) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (i) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (j) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

10. **Payments - Registered Notes**

This Condition 10 is only applicable to Registered Notes.

- (a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).
- (d) *No commissions or expenses:* No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (e) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A)

the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 10(e) arriving after the due date for payment or being lost in the mail.

- (f) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (g) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

11. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
 - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (ii) to, or to a third party on behalf of, a Spanish-resident legal entity subject to the Spanish Corporation Income Tax if the Spanish tax authorities determine that the Notes do not comply with applicable exemption requirements including those specified in the reply to a non-binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or
 - (iii) to, or to a third party on behalf of, a holder in respect of whom the Issuer (or an agent acting on behalf of the Issuer) has not received such information in respect of such holders as may be necessary to allow payments on such Note to be made free and clear of withholding tax or deduction on account of any taxes imposed by the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, including when the Issuer (or an agent acting on behalf of the Issuer) does not receive such information concerning such Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities; or
 - (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive (including the Council Directive 2014/48/EU); or
 - (v) held by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
 - (vi) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or

Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or

(vii) any combination of items (i) through (vi) above.

- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions to the Kingdom of Spain shall be construed as references to the Kingdom of Spain and/or such other jurisdiction.
- (c) *FATCA:* Notwithstanding any other provision of the Terms and Conditions to the contrary, any amounts to be paid on the Notes or the Coupons by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

12. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within 7 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer:*
- (i) any Indebtedness (which does not constitute Project Finance Debt) of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness (which does not constitute Project Finance Debt) becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described);
 - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness (which does not constitute Project Finance Debt);

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above have occurred equals or exceeds €35,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Insolvency etc:* (i) the Issuer or any of its Material Subsidiaries (other than a Project Finance Entity) becomes insolvent or bankrupt or unable to pay its debts, or is declared or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy, (ii) an administrator or liquidator of the Issuer or any of the Material Subsidiaries (other than a Project Finance Entity) of the whole or any part of the undertaking, assets and revenues of the Issuer or any of the Material Subsidiaries (other than a Project Finance Entity) is appointed (or application for any such appointment is made), or (iii) the Issuer or any of the Material Subsidiaries (other than a Project Finance Entity) takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it; or
- (e) *Winding up etc:* an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries (other than a Project Finance Entity), or the Issuer or any of its

Material Subsidiaries (other than a Project Finance Entity) ceases or threatens to cease to carry on all or substantially all of its business or operations, except in the case of a Material Subsidiary (other than a Project Finance Entity), for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders; or

- (f) *Distress*: a distress, attachment, execution or other legal process for an amount equal to or in excess of €35,000,000 (or its equivalent in any other currency or currencies) is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries (other than a Project Finance Entity) and is not discharged or stayed within 45 days; or
- (g) *Enforcement of charges*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of the Issuer's Material Subsidiaries (other than a Project Finance Entity); or
- (h) *Suspension*: the Issuer or any of its Material Subsidiaries (other than a Project Finance Entity) stops, suspends or threatens publicly to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries (other than a Project Finance Entity);
- (i) *Illegality*: it is or becomes unlawful for the Issuer to perform or comply with any one or more of its obligations under or in respect of any of the Notes; or
- (j) *Analogous event*: any event occurs which under the laws of the Kingdom of Spain has a similar effect to any of the events referred to in the foregoing paragraphs of this Condition 12(j),

then any Noteholder of the relevant Series in respect of its Notes may, by written notice to the Issuer, declare that such Notes or Note (as the case may be) and (if the Notes or Note are or is interest-bearing) all interest then accrued but unpaid on such Notes or Note (as the case may be) shall be forthwith due and payable, whereupon the same shall (to the extent permitted by applicable Spanish law) become immediately due and payable at its Early Termination Amount, together with all interest accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary.

Law 22/2003 provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (administradores concursales) within one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days) in the Spanish Official Gazette (Boletín Oficial del Estado), (ii) actions deemed detrimental for the insolvent estate of the insolvency debtor carried out during the two year period preceding the date of its declaration of insolvency may be rescinded, (iii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iv) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended as from the date of the declaration of insolvency and any amount of interest accrued up to such date and unpaid (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

13. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

14. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent

authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

15. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a fiscal agent and a registrar; and;
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

16. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to

correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

17. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

18. **Notices**

- (a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Ireland or published on the website of the Irish Stock Exchange or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Ireland or published on the website of the Irish Stock Exchange or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

19. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 4 (*Status*) is governed by Spanish law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 19(b) (*Governing Law and Jurisdiction - English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 19 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Abertis Motorways UK Limited, Broad Street House, 55 Old Broad Street, London EC2M 1RX, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

Set out below is the form of Final Terms in respect of each Tranche of Notes, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

Cellnex Telecom, S.A.
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
€2,000,000,000
[Euro Medium Term Note Programme]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 14 May 2015 [and the supplemental Base Prospectus dated [•] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus].

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [is] [are] available for viewing on the website of the Irish Stock Exchange at www.ise.ie [and] during normal business hours at [address] [and copies may be obtained from [address]].

[The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.]¹

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

- | | | |
|----|--|--|
| 1. | Issuer: | Cellnex Telecom, S.A. |
| 2. | [(i) Series Number:] | [•] |
| | [(ii) Tranche Number:] | [•] |
| | [(iii) Date on which the Notes become fungible:] | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below [which is expected to occur on or about [•]].] |

¹ *When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Directive references are to be removed.*

3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
- (i) [Series]: [•]
- (ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. (i) Specified Denominations: [•]
- (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[•] per cent. Fixed Rate]
- [•][•] [EURIBOR/LIBOR]+/- [•] per cent. Floating Rate]
- (see paragraph [[•]/[•]/[•]] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•]/[100] per cent. of their nominal amount.
11. Change of Interest or Redemption/Payment Basis: *[Specify the date when any fixed to floating rate change occurs or refer to paragraphs [•] and [•] below and identify there/Not Applicable]*
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [Change of Control Put]
- [See paragraph [•] below)]
13. [(i)] Status of the Notes: Senior
- [(ii)] [Date [Board] approval for issuance of Notes] obtained: [•]
- (N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date

- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [Actual/Actual (ICMA/ISDA)/ Actual/365 (Fixed) / Actual/360 / 30/360/ 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (ii) Specified Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iii) [First Interest Payment Date]: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Modified Business Day Convention/Preceding Business Day Convention/No Adjustment]
- (v) Additional Business Centre(s): [Not Applicable/[•]]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [•] shall be the Calculation Agent
- (viii) Screen Rate Determination:
- Reference Banks: [•]
 - Reference Rate: [EURIBOR/LIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen [•]

Page:

- Relevant Time: [•]
- Relevant Financial Centre: [•]
- (ix) ISDA Determination:
 - Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - [• ISDA Definitions: [2006]
- (x) Linear interpolation Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [•]

PROVISIONS RELATING TO REDEMPTION

16. Call Option [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount [•] per Calculation Amount
 - (iv) Notice period: [•]
17. Put Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) Notice period: [•]

- | | | |
|-----|--|---|
| 18. | Final Redemption Amount of each Note | [•] per Calculation Amount |
| 19. | Redemption Amount | [[•] per Calculation Amount]/[Not Applicable] |
| | Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: | |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|---|---|
| 20. | Form of Notes: | <p>Bearer Notes:</p> <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]</p> <p>Registered Notes:</p> <p>[Global Registered Note exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Global Registered Note]</p> <p>[and</p> <p>[Global Registered Note [(U.S.\$/Euro [•] nominal amount)] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]</p> |
| 21. | New Global Note: | [Yes]/[No]/[Not Applicable] |
| 22. | Additional Financial Centre(s): | [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(v) relates] |
| 23. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left] |

THIRD PARTY INFORMATION

[*Relevant third party information*] has been extracted from [*specify source*]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of
CELLNEX TELECOM, S.A.:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to Trading: [Application is has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable.]

(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

- Ratings: [Standard & Poor's: [•]]
[Moody's: [•]]
[Fitch: [•]]
[[Other]: [•]]

Option 1 - CRA established in the EEA and registered under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] /[European Securities and Markets Authority].

Option 3 - CRA established in the EEA, not registered under the CRA Regulation and not applied for registration

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the

"CRA Regulation").

Option 4 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation").

Option 5 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation").

Option 6 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. OPERATIONAL INFORMATION

ISIN: [•]
Common Code: [•]
Delivery: Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/[•]]

[Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. DISTRIBUTION

(i) Method of Distribution: [Syndicated/Non-syndicated]
(ii) If syndicated:
(A) Names of Dealers [Not Applicable/*give names*]
(B) Stabilisation Manager(s), if any: [Not Applicable/*give names*]
(iii) If non-syndicated, name of Dealer: [Not Applicable/*give names*]
(iv) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2]]; [(In the case of Bearer Notes) - [TEFRA C/TEFRA D/TEFRA not applicable]] (In the case of Registered notes) - Not rule 144A Eligible]

USE OF PROCEEDS

The Issuer will use the net proceeds from the issue of each Series of Notes for its general corporate purposes.

DESCRIPTION OF THE ISSUER

General information

Cellnex Telecom, S.A. (formerly Abertis Telecom Terrestre, S.A.U.) (the "**Issuer**" or "**Cellnex**") was incorporated in Spain on 25 June 2008 and operates under the Spanish Companies Act ("*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital*", the "**TRLSC**") as a Spanish publicly listed company (*sociedad anónima cotizada*). The Issuer is registered in the Commercial Registry of Barcelona in volume 40,631 of the Companies Section, folio 172 and sheet B-370,105, entry no. 1.

The registered office of Cellnex is at Parc Logístic 12-20, 08040 Barcelona, Spain and its telephone number is +34 93 503 1000.

The Issuer operates under the commercial name "Cellnex".

Share capital

As at the date of this Base Prospectus, the share capital of the Issuer amounts to €57,920,810 corresponding to 231,683,240 shares, all of which are fully subscribed and paid-up, with a nominal value of €0.25 each and belonging to a single class and series. All of the Issuer's shares are represented in book-entry form and the book-entry registry is kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("**Iberclear**"), domiciled at Palacio de la Bolsa, Plaza de la Lealtad, 1, 28014 Madrid, Spain.

Cellnex's shares are listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges (the "**Spanish Stock Exchanges**"), and trade through the automated quotation system of the Spanish Stock Exchanges (*Sistema de Interconexión Bursátil*).

Major shareholders

As at the date of this Base Prospectus, Cellnex's largest shareholder is Abertis Infraestructuras, S.A. ("**Abertis**") with an aggregate shareholding of 40%, which might be reduced up to a 34% shareholding if the Over-allotment Option (as defined below) is exercised in the context of the Initial Public Offering (as defined below).

History and Development

In the year 2000 Cellnex's predecessor, Acesa Telecom, S.A. ("**Acesa Telecom**"), started the process to acquire 100% of the shares of Tradia Telecom, S.A.U. ("**Tradia**"), the company that had been created in the context of the privatisation of the Catalan TV and radio and PPDR networks. The acquisition was closed on 29 September 2003 for a purchase price of €134,496 thousand and it was integrated into the Group through the spin-off of Abertis' terrestrial telecommunications businesses to it at the end of 2013.

On 27 June 2003, the Group entered into an agreement for the acquisition in exchange for €175,484 thousand of the audiovisual business of Retevisión I, S.A.U. ("**Retevisión**"), the public entity created in the late 1990s by the Spanish government in the context of the privatisation of the Spanish TV and radio broadcasting. The acquisition closed on 4 December 2003.

The Group started its Telecom Site Rental business in 2001 based on its broadcasting services and experience. Between 2001 and 2012 it expanded the business and in 2012 the Group started an expansion process by which it substantially increased the number of its towers. This process started through the acquisition of 1,000 telecommunication towers (three slots of 500, 250 and 250 towers each, respectively) in rural areas from Telefónica Móviles, S.A. ("**Telefónica**") for an aggregate purchase price of €90 million (€45 million for the first slot of 500 towers and €22.5 million for each of the two slots of 250 towers) during 2012. The Group acquired these towers through OnTower, S.A.U. ("**OnTower**") a company that had been formed on 27 March 2012 and that was integrated into the Group through the spin-off of Abertis' terrestrial telecommunications businesses to it at the end of 2013.

On 31 July 2013, the Group reached an agreement with Telefónica and Xfera Móviles, S.A.U. ("**Yoigo**") by which the Group would acquire through its subsidiary OnTower over 4,000 towers in the aggregate from both operators, in several stages, and decommission those which were overlapping and redundant and could therefore not be optimised. In the context of this project the Group acquired in 2013 1,211 mobile telecommunication towers for an aggregate purchase price of €113 million and in 2014 643 additional towers for an aggregate purchase price of €70 million. As at the date of this Base Prospectus 129 towers have been decommissioned.

On 17 December 2013, following the spin-off of Abertis Telecom Satélites, S.A. by Abertis, the economic unit comprising the terrestrial telecommunications business was transferred to the Group.

In 2014, the Group also started its international expansion by acquiring 100% of TowerCo S.p.A. ("**TowerCo**") on 27 May 2014 and its portfolio of 306 telecom infrastructure sites as at the time of acquisition (212 towers and 94 located in tunnels) along Italian motorways for €94,600 thousand.

On 31 July 2014, the Group entered into a letter of intent with Telefónica to set up the framework for the acquisition, among other transactions, of up to 1,340 towers ("**Project Volta Extended Phase I**") and up to 450 towers ("**Project Volta Extended Phase II**"). On 12 November 2014, the Group acquired from Telefónica 1,090 towers in connection with Project Volta Extended Phase I for €154 million.

On 27 November 2014 the Group acquired from Caixabank, S.A. through its subsidiary Tradia 8.98% of the capital stock of Adesal Telecom, S.L. ("**Adesal**") in exchange for €1,167 thousand, reaching a 60.08% participation in its capital stock (although effective control had been previously acquired through the amendment of a shareholders agreement).

On 17 November 2014, the Issuer converted its corporate form from a Spanish limited liability company (*sociedad de responsabilidad limitada*) into a Spanish corporation (*sociedad anónima*).

On 22 December 2014, the Group entered into an agreement for the acquisition of up to 300 towers in relation to Project Volta Extended Phase II.

Recent developments

On 26 January 2015, the acquisition of 300 towers from Telefónica was completed, in the context of Project Volta Extended Phase II for €43.5 million.

In January and February 2015 the Group signed several factoring contracts, increasing the amount available from these facilities from €45 million as at 31 December 2014 to €106.5 million as at 31 March 2015. As at the 31 March 2015, €76,633 thousand were drawn.

On 27 February 2015, the Group entered into an agreement with WIND Telecomunicazioni S.p.A. ("**Wind**") for the acquisition (the "**Galata Acquisition**"), through its wholly owned Italian subsidiary Smartowers Italy S.r.l. ("**Smartowers Italy**"), of 90% of the capital stock of Wind's wholly owned subsidiary Galata S.p.A. ("**Galata**") for cash consideration of €693 million. Galata's assets include 7,377 towers and related contracts. The transaction closed on 26 March 2015.

Pursuant to the terms of the tower services agreement entered into between Galata and Wind in the context of the acquisition (the "**TSA**"), the Group expects the Galata Acquisition will generate revenue for the Group as described below.

It has been agreed in the TSA that Galata will receive annual fees equal to €20,300 per site for at least the first three years of the contract. Following such period, the fees will be updated annually by 80% of changes in the Italian CPI up to a maximum of 3%. Additionally, the TSA establishes the minimum annual volume of additional services that Galata shall provide to Wind in the period between 2015 and 2021 for a total of 6,300 sites. Those services include the update by Galata to Wind's benefit of at least 1,000 towers per year to long-term evolution ("**LTE**") during the first five years of the contract (1,190 towers during 2015). The unitary rate for these services is set at €11,500 per site, which will remain constant during the first three years of the contract. Following this period, it will be updated annually by 80% of changes in the Italian CPI up to a maximum of 3%.

Under the terms of the TSA, Galata will assume Wind's rights and obligations under Wind's existing co-location contracts with third parties. These contracts generate annual revenues of approximately €11 million and the fees are annually adjusted in accordance with the evolution of Italian CPI. Further, Wind must pay a fixed annual fee of €2,850 per each site of Galata where it is co-located in exchange for the consumed energy. This fee will annually be reviewed by the parties in order to adjust it to the Italian electricity market.

In light of the above, the Group estimates that the revenues contractually payable by the Mobile Network Operators ("**MNOs**") during the first 12 months of the TSA will amount to approximately €195 million (of which approximately €163 million would arise from the fixed annual amount and the unitary rate for additional services, about approximately €11 million from contracts with third parties and about approximately €21 million from the energy fee).

Furthermore, the estimated annual direct costs borne by Galata for the year ended 31 December 2014 were as follows: (i) €93 million related to land leases, (ii) €36 million related to energy and (iii) other expenses such as personnel or maintenance expenses or depreciation and amortisation. The Group expects these costs to remain necessary in order to maintain Galata's activity going forward.

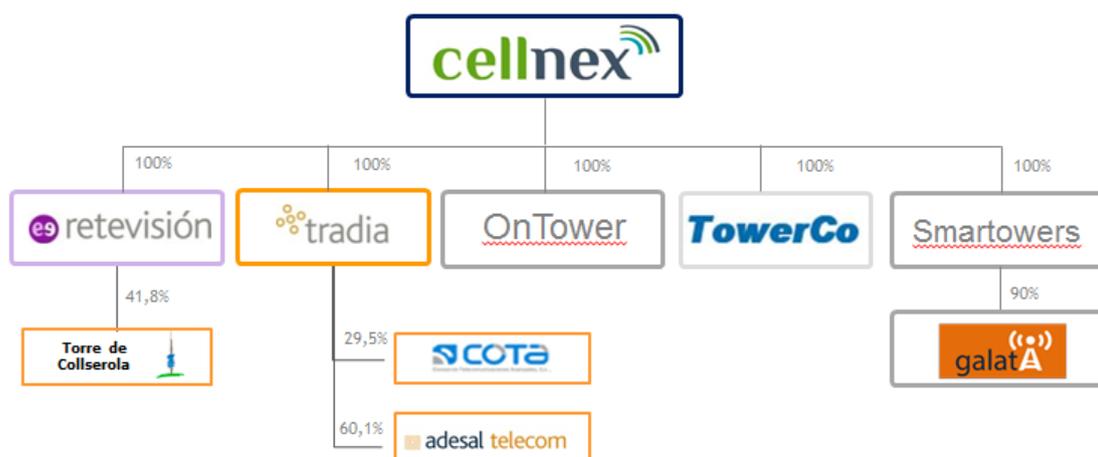
The discussion above contains certain estimates as at the date of this Base Prospectus of the Group's estimated future financial and operating results.

On 19 March 2015, the Group changed its name from Abertis Telecom Terrestre, S.A.U. to Cellnex Telecom, S.A.U.

On 7 May 2015, the shares of the Issuer were admitted to listing on the Spanish Stock Exchanges under the symbol "CLNX", after a secondary offer and sale by Abertis of shares in the Issuer representing 60% of its share capital (the "Initial Public Offering"), resulting in a 40% shareholding of Abertis in the Issuer after the Initial Public Offering. In the context of the Initial Public Offering, Abertis granted to certain financial entities an option to purchase additional shares representing up to 10% of the number of shares offered by Abertis in the Initial Public Offering to cover over-allotments, if any (the "Over-allotment Option"). Consequently, if the Over-allotment Option is exercised Abertis' shareholding in the Issuer will be reduced up to a shareholding of 34%.

Corporate Structure

The Group conducts its operations through, and derive its revenue principally from, its subsidiaries and joint ventures. The following summary chart sets forth the corporate structure of the Group as at the date of this Base Prospectus.



(1) 58.25% of the share capital of Torre de Collserola S.A. ("Torre de Collserola") is owned by the government (Generalitat of Catalonia and Barcelona City Council) and Telefónica.

(2) 70.50% of the share capital of Consorcio de Telecomunicaciones Avanzadas, S.A. ("COTA") is owned by Emurテル, Extensa (telecom engineering company based in Murcia), IDSA and ITETE (telecom facilities companies based in Murcia).

(3) 39.92% of the share capital of Adesal Telecom is owned by Aguas de Valencia, S.A. ("Aguas de Valencia").

The Group provides site rental services in Spain through its subsidiary OnTower; site rental services in Italy through its subsidiaries Galata (indirectly owned by its subsidiary Smartowers) and TowerCo; and site rental, broadcasting and additional services in Spain (regulated activities) through its subsidiaries Retevisión and Tradia.

Business

General Overview

The Cellnex group, being the Issuer and its consolidated subsidiaries together (the "Group"), is one of the leading independent operators of wireless telecom and broadcasting infrastructure in Europe, ranking number one in Spain in its Broadcast Infrastructure activity and number one among independent operators in both Spain and Italy in its Telecom Site Rental activity both in Spain and Italy by number of towers (source: internal source). The Group owns

and operates substantially all of its sites, with a nationwide portfolio of 7,472 sites in Spain and 7,698 sites in Italy as at 31 December 2014, on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II. The Group's primary businesses are leasing antenna space on multi-tenant communications sites to MNOs, radio and TV broadcast companies, government agencies and municipalities and tenants in a number of other industries, distributing and transmitting digital TV and radio signals, and providing complementary services such as connectivity and O&M services. Its portfolio of sites is used to provide several of its services and many sites are used for more than one activity.

The Group classifies its activities into three groups: Telecom Site Rental, Broadcast Infrastructure and Network Services & Other.

- Telecom Site Rental activity is focused on leasing the Group's infrastructure, either telecom or broadcasting sites, to telecom operators to co-locate their equipment on the Group's sites, both in Spain and in Italy. This activity accounted for 24.4% of the Group's total operating income for the year ended 31 December 2014.
- Broadcast Infrastructure activity manages the distribution and transmission of digital TV and radio signals as well as the O&M of broadcasting networks, and provides related connectivity and other services. This activity accounted for 57.4% of the Group's total operating income for the year ended 31 December 2014.
- Network Services & Other activity includes the provision of connectivity to telecom operators, public protection and disaster relief ("PPDR") services, general operation and maintenance ("O&M") services, communications networks for the so-called "urban telecom infrastructure" (smart cities and Internet of Things ("IoT")) and others. This activity accounted for 18.2% of the Group's total operating income for the year ended 31 December 2014.

The Group expects the relative contribution by each activity to its consolidated operating income to materially change following the Galata Acquisition and, in particular, the Group expects the Telecom Site Rental activity to substantially grow compared to the other two activities.

The Group's European network of sites consisted of 15,170 towers as at 31 December 2014, on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II, with locations both in urban areas (municipalities with more than 25,000 inhabitants) and rural areas (municipalities with less than 25,000 inhabitants), and provides seamless coverage solutions in certain in-building and outdoor wireless environments. Of these towers, on a pro forma basis, 11,402 were used exclusively for the Telecom Site Rental activity, 1,303 were used exclusively for the Broadcast Infrastructure activity, 129 were used exclusively for the Network Services & Other activity, and 2,336 were shared sites used in at least two of these activities.

The Group's site portfolio primarily consists of towers that are owned by the Group and towers that are operated pursuant to medium- and long-term lease arrangements, typically between a minimum of three and a maximum of 15 years, with potential for renewals in most cases.

The Group's predecessor, Acesa Telecom, acquired in 2003 100% of the shares of Tradia, the company that had been created in the context of the privatisation of the Catalanian TV and radio and PPDR networks, and then grew with the acquisition of Retevisión in 2003. In 2005, the Group was awarded the contract to operate digital terrestrial television ("DTT") signals with national coverage for Spanish TV broadcasters. Regarding the Telecom Site Rental activity, since the beginning of the Group's operations it has expanded its legacy activity (broadcasting) by adding points of presence ("PoP") from telecom operators and MNOs in its broadcasting towers, resulting in more than 3,000 PoP as at 31 December 2014, on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II. In addition, since 2013, the Group has significantly expanded its telecom dedicated tower portfolio by acquiring more than 10,000 sites, including 7,377 towers from Wind in Italy, 1,854 towers from Telefónica and Yoigo and 1,000 towers from Telefónica.

For purposes of the discussion below, the Group compares its audited results of operations for the year ended 31 December 2014 included in the audited consolidated financial statements of the year 2014 with its unaudited restated results of operations for the year ended 31 December 2013 also included therein. In addition, the Group measures its estimated backlog presented in this Base Prospectus, in the case of the Cellnex Group, other than Galata, as the estimated aggregate sum of approximately 90% of the Group's contracted future revenues of the relevant activity as at 31 December 2014, excluding any inflation adjustment, but including rental and energy pass-through based on the Issuer's historical consolidated data for the year ended 31 December 2014. The Group shows its existing backlog excluding any potential client renewals, as indicated. Aggregate revenue backlog has been calculated based on the principal contracts in place as at 31 December 2014, which represent approximately 90% of

the aggregate contracted revenues for the year 2014 on a consolidated basis, with the remaining 10% of the aggregate contracted revenues for 2014 related to many smaller contracts which have not been considered when calculating backlog as at December 2014. In the case of Galata, the Group calculates backlog as the estimated aggregate sum of 100% of revenues of Galata contracted with Wind as at 26 March 2015, based on (i) the annual fees per site payable by Wind to Galata (ii) the annual fee per site payable by Wind to Galata for the consumed energy and (iii) the additional services fees payable to Galata by Wind under the terms of the TSA, excluding any inflation adjustment and potential contractual renewals.

Telecom Site Rental Activity

Overview

Operating income from the Group's Telecom Site Rental activity was €106,531 thousand and €40,332 thousand, which represented 24.43% and 10.49% of its consolidated operating income for the years ended 31 December 2014 and 2013, respectively. As at 31 December 2014, on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II, the Group had 15,170 telecom sites, of which 13,591 are used in the Telecom Site Rental activity, of which 11,402 were exclusive for the Telecom Site Rental activity and 2,189 were shared with the rest of its activities. Out of the 13,591 sites used in the Telecom Site Rental activity, 5,893 are located in Spain and 7,698 in Italy.

The Group's backlog as at 31 December 2014 for the Telecom Site Rental activity, on a pro forma basis giving effect to the Galata Acquisition, was approximately €3,611 million, including the annual fee per site for energy consumed in Galata (€7,246 million assuming the contracts taken into account for purposes of the backlog calculation were renewed (by the Group, counterparties or both, as the case may be) to their maximum permitted terms).

The Group's core business within the Telecom Site Rental activity consists of providing passive access to its wireless infrastructure to MNOs and other broadband and wireless telecom network operators through site hosting and co-location of telecommunication equipment. The Group primarily provides access to its communications and broadcasting sites to wireless carriers under medium- and long-term contracts for their antennas which transmit a variety of signals related to wireless voice and data, while the telecom operators, mainly the MNOs, retain and operate the necessary equipment. As part of its services, the Group provides its customers with electricity, shelter, cables, security and other services.

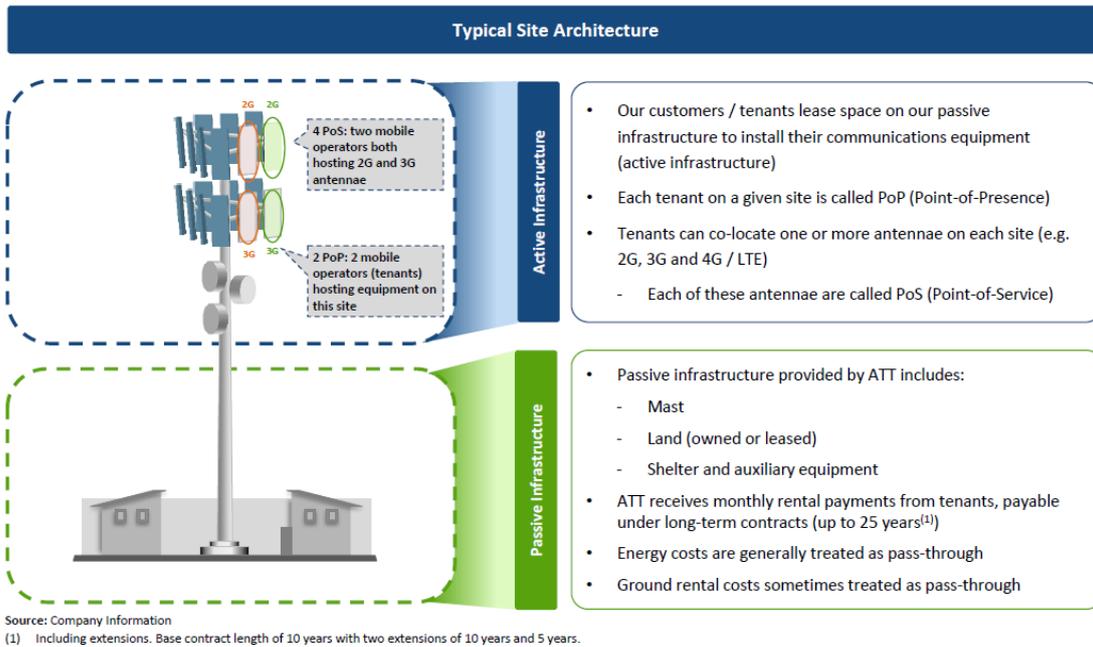
In Italy, Galata's network includes 7,377 mobile telephone towers located throughout the Italian territory of high quality and profitability as a result of their strategic nature in deploying broadband services using 4G technology. Galata's main business consists of the rental of sites to telecom and operators of wireless telecommunications and broadband, providing them with passive access to wireless infrastructure through hosting sites and the co-location of equipment. Galata provides these services through medium and long-term contracts related to its sites, which transmit various signals relating to data transmission and wireless voice, while the telecom operators, mainly MNOs, maintain and operate their necessary equipment. Also in Italy TowerCo engages mainly in providing co-location services on Italian motorways, and currently manages 321 tower infrastructures for site rental (217 towers and 104 located in tunnels) located over approximately 3,000 km of the motorway network under the concession of Atlantia S.p.A. ("**Atlantia**"). The assets of TowerCo are located in the motorways under the concession of Atlantia, which must revert back to the corresponding government authority in 2038.

The Group intends to pursue additional follow-on acquisitions in the markets in which it operates and to replicate this follow-on acquisition strategy in other attractive European markets, although it is also exploring the possibility that this strategy will be implemented also through the acquisition of minority interests or other growth opportunities such as joint ventures or M&A arrangements or, in general, any structure with the potential to add value to the Group as long as its rigorous criteria are met.

Services

The services that the Group provides to its customers through its Telecom Site Rental activity include infrastructure services support, which in turn includes rental of space on towers for installing telecommunication equipment for telecom operators that use wireless technologies. The Group acts as a neutral carrier for MNOs and other telecom operators who generally require complete access to network infrastructure in order to provide services to end users.

The diagram below shows the typical structure of a telecom tower and how the Group's services fit within such scheme.



The Group acts as a multi-site operator. Its customers lease space on the Group's telecom and broadcasting site real estate, where they install and maintain their individual communications equipment. Revenue is primarily generated from tenant leases, receiving monthly rental payments from tenants, payable under long-term contracts (up to 25 years). The annual rental payments vary considerably depending on numerous factors, including, but not limited to, tower location, the number and type of tenant, equipment on the tower, ground space required by the tenant, tenancy ratio, equipment at the site and remaining tower capacity. Primary costs typically include ground rent (which is primarily fixed, with annual cost escalations), energy costs, property taxes and repairs and maintenance. Energy costs are generally passed through to customers with ground rents, or a portion thereof, also sometimes being passed through.

The Group also provides maintenance services for the equipment of the operators co-located on its sites. As a general rule, the co-location services provided to the telecom operators do not provide that the Group is responsible for the maintenance of the equipment co-located on its sites (such as base stations or transmission equipment). In general, the co-located operators engage in the maintenance of their own equipment under their responsibility, although in some cases they may subcontract to the Group the maintenance of their equipment as a separate and additional service. In these cases, the maintenance services are usually awarded through bidding processes to companies capable of providing such services, such as vendors of equipment, maintenance and installation companies and other companies with sufficient capacity to provide the services, such as the Group itself.

Customers and Contracts

As the leading independent tower operator in Europe by number of towers, the Group's customers include some of the largest European MNOs and the largest Spanish broadcasting operators with whom the Group has close and long-standing relationships.

MNOs require the Group's services mainly to increase network coverage, optimise their operating costs and capital expenditures and avoid any difficulties in the co-location of their networks among MNOs.

The main telecom clients of the Group's co-location services in Spain as at 31 December 2014 were ONO, Orange, Telefónica, Vodafone and Yoigo, and in Italy TIM, Vodafone, Wind and H3G. The Group's five largest customers of the Telecom Site Rental activity represented 86% of its operating income derived from this activity for the year ended 31 December 2014, which amounted to €91,221 thousand over €106,531 thousand. According to the Group's estimates, the Group expects Wind will become its largest client in the Telecom Site Rental activity for the year ended 31 December 2015.

The Group has existing MLAs with the main telecom operators, including H3G, Orange, Telefónica, Tim, Vodafone, Yoigo and Wind. Such agreements are framework agreements providing certain terms that govern the contractual relationships related to the Group's sites with such telecom operators during the term of the MLA. In particular, the MLAs specify the services that the Group provides and the economic terms of the agreement. In the case of smaller telecom operators, the Group may enter into individual separate agreements negotiated *ad hoc* for each particular case as opposed to MLAs.

In general, the Group's lease contracts for co-location services with telecom operators have an initial non-cancellable term of three to five years (other than lease contracts with anchor tenants for which the initial non-cancellable term is of 10 to 15 years), with multiple renewal terms (up to ten years for anchor tenants and three to five-year in the case of the other tenants), and lease payments that typically increase based on an inflationary index like the CPI. The Group's customer contracts have historically had a high renewal rate. In this regard, the Group has experienced a very high renewal rate of its MLAs with MNO customers over the last ten years although no agreement with anchor tenants has reached its term. On a pro forma basis giving effect to the Galata Acquisition, the average weighted remaining term of the Group's contracts in this activity is of approximately 23.65 years assuming the contracts are renewed (by the Group, counterparties or both, as the case may be) to their maximum permitted terms, and 11.78 years without considering such extensions.

In the vast majority of cases based on the revenue generated during 2014, the customer contracts may not be terminated prior to the end of their current term except in extraordinary cases, such as loss of a license or failure to perform by the Group. In general, each customer contract which is renewable will automatically renew at the end of its term unless the customer provides prior notice of its intent not to renew. The Group's customers tend to renew leases because suitable alternative sites may not exist or be available and repositioning a site in their network may be expensive and may adversely affect the quality of their network. Contracts with the Group's anchor tenants may only be renewed for the entirety of the sites and not for a portion thereof.

Suppliers

The Group's top suppliers for the Telecom Site Rental activity in Spain, other than intragroup companies, are:

- Centre de Telecomunicacions i Tecnologies de la Informació ("**CTTI**"), from which the Group rents telecom infrastructures of the Generalidad of Catalonia;
- Endesa S.A. ("**Endesa**"), the Group's energy supplier to all of the Group's sites in Spain under a contract negotiated by the Group for coverage of the entire Cellnex Group; and
- Providers of civil engineering and facilities, for the construction and adequacy of sites, such as Cobra and Elecnor.

The Group's top suppliers for the Telecom Site Rental activity in Italy, other than Wind pursuant to the Transitory Services Agreement, are:

- SIRTI, the service provider for infrastructure maintenance;
- Energy suppliers such as Energetic Source and YouTrade;
- SRT, Electa and Munus as providers of engineering services; and
- Providers of renegotiation of land rents (AON, Divitel, Nextel).

Competition

The Group is the leading independent wireless telecom infrastructure operator in Spain and Italy, with an estimated 9% market share by total number of telecom sites in Spain and an estimated 19% market share in total number of telecom sites in Italy as at 31 December 2014 on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II (source: Arthur D. Little). The Group competes primarily against other tower operators who provide regional co-location services. Furthermore, both in Spain and Italy MNOs often operate their own towers or share towers with other MNOs. As at 31 December 2014, the Group estimates that Orange, Telefónica, Vodafone and Yoigo, in the aggregate, owned approximately 40,000 communication towers in Spain. The Group also competes with local operators in Spain and Italy. In general it faces competition for site rental customers from various companies, such as other independent wireless infrastructure owners or operators, including owners or operators of towers, rooftops, water towers, small cells, broadcast towers, or utility poles;

wireless carriers that own and operate their own wireless infrastructure and lease antenna space to other wireless communication companies; or new alternative deployment methods in the wireless communication industry.

Broadcast Infrastructure Activity

Overview

Operating income from the Group's Broadcast Infrastructure activity was €250,354 thousand and €266,828 thousand, which represented 57.41% and 69.38% of its operating income for the years ended 31 December 2014 and 2013, respectively. As at 31 December 2014, on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II, the Group had 2,922 broadcasting sites, of which 1,619 were shared sites. The Group's backlog as at 31 December 2014 for broadcasting infrastructure services was approximately €548 million.

The Group's Broadcast Infrastructure activity consists of the distribution and transmission of TV and radio signals (FM) as well as the O&M of broadcasting networks, the provision of connectivity for media contents, over the top content ("**OTT**") broadcasting services and other services. The creation of its Broadcast Infrastructure activity stemmed from the acquisition in 2003 of Tradia, the company that had been created in the context of the privatisation of the Catalan TV and radio and the acquisition in 2003 of the company Retevisión, created in the context of the privatisation of the Spanish TV and radio broadcasting.

The Group has developed a unique know-how in the broadcasting business that it has been able to leverage to develop its other activities. The provision of these services requires unique high mast sites that, in most cases, only the Group owns, spectrum management know-how, and the ability to comply with stringent service levels.

The Group's Broadcast Infrastructure activity is characterised by predictable, recurrent and stable cash flows as well as by the high technical know-how. Economies of scale acquire special relevance in this activity. Although a mature business in Spain, broadcasting has proved resilient to adverse economic conditions like the ones experienced in Spain in recent years, driven by the fact that the Group's revenues do not directly depend on macroeconomic factors but on the demand for TV and radio broadcasting services by broadcasting companies.

As a complement to the Group's strategy for growth, internationalisation and diversification, which is mainly focused on its Telecom Site Rental activity, the Group may also consider potential transactions related to its Broadcast Infrastructure activity, provided that: (i) they allow the Group to consolidate a leading position in a country other than Spain, or (ii) if the relevant assets are part of a portfolio of sites similar to the Group's portfolio (e.g., that apart from being used for broadcasting services, they may also be leased to telecom operators). Any potential opportunity needs to meet the Group's strict conditions and create value.

Services

The Group classifies the services that it provides to its customers as a broadcast network operator in three groups:

1. **Digital TV (distribution and broadcasting of DTT, DTT premium & Hybrid TV)**

The Group operates as a media distribution player throughout the entire broadcast value chain by owning the towers and equipment that TV broadcasters use to compress and distribute the signal in Spain.

The TV value chain encompasses a wide range of contractual relationships between a highly diverse set of market players, including international content majors and local independent television. The relationships include long-term business to business ("**B2B**") contracts for the use of infrastructure, the purchase of advertising time, one-off purchases of premium content by end users, and the acquisition of the rights to use intellectual property.

From a contractual and technical point of view, the value chain in terrestrial TV broadcasting consists of six key steps. These include content production (which can be done internally or externally), content aggregation, media operations (for example, programming), compression and multiplexing, signal distribution and signal transmission. The Group is a leading player in the latter three stages of the value chain and a growing player in media operations.

The digital TV spectrum is owned by the Spanish State and is typically licensed to public TV entities for non-limited time periods and to the various media groups which own private TV channels for 15 year periods, with automatic renewal. Current licenses are valid until 2025 with expected automatic renewal

afterwards. However, to the extent channels do not own any broadcast equipment or sites (and do not intend to own these), the Group acts as an infrastructure and network services provider to the channels, effectively being responsible for bringing the signal from studios to the broadcasting sites and transmitting it to the end users.

The Group owns 2,922 towers used for broadcasting television signals as at 31 December 2014, on a pro forma basis giving effect to the Galata Acquisition and the closing of Project Volta Extended Phase II, which include 318 high-quality sites that allow a coverage area almost complete throughout Spain.

The positioning of DTT in Spain as a television delivery platform

In Western Europe, television is watched through a variety of platforms that differ with respect to the underlying technology used to carry the signal to viewers. The various platforms—terrestrial, cable, broadband (IPTV) and satellite—are conditioned by different competing players. In Spain, the terrestrial platform is the most commonly used platform for primary access to television.

DTT's leading position in Spain is expected to remain strong as it is supported by a number of features and trends and significant advantages relative to other platforms:

Quality, reliability and free of charge: DTT is the only TV platform to offer c. 30 channels in the Spanish language free of charge, which is key for millions of households in a challenging economic environment and in a country where pay TV has had relatively limited historical success. It offers best-in-class image quality with substantial reliability, notably when compared to IPTV or OTT where quality is heavily impacted by competing uses of bandwidth availability (e.g. surfing the web, downloading, streaming, etc.), especially when used simultaneously by several people in a given household.

Accessibility: DTT is the most economical platform for reaching a wide audience when compared to cable and satellite. Some thematic channels offering more specialised content could also be on DTT in pay format. It offers an easy setup for the primary TV set as well as for second and third TV sets because, for historical reasons, households in Spain are adapted for receiving terrestrial television almost entirely, as opposed to satellite that needs a parabolic dish, and cable that typically requires exclusive wired connectivity in the house. The Group believes that the attractiveness of the satellite platform is decreasing slightly, development of interactive services is slow, and cable suffers from relatively late network rollout and limited coverage of the territory.

Large and diverse offer of channels: Most popular public and private channels are broadcast on DTT. Despite a relatively small channel line-up, the platform satisfies the TV needs of the vast majority of viewers given that it contains all the most popular channels. The diversity of channels available on the platform (six HD and 34 SD channels) has substantially grown in recent years. Also, the variety of content available is relatively high with the emergence of thematic channels satisfying the Spaniards interest in news, sports, foreign series, movies, cartoons and popular shows.

Low cost for channels: It costs a channel less to reach a TV household in Spain via DTT than via direct to home. DTT is also competitive in cable areas as there is little or no marginal cost for a channel to reach a cable or IPTV home via DTT. DTT transmission costs represent approximately 6% of the overall cost base of broadcasters.

Incorporation of interactive services: In the longer term, hybrid broadcasted TV, which is enabled by a convergence between telecommunication devices, is expected to bring interactivity, enrich the DTT platform and yield new revenue streams for the broadcasters. The underlying demand is expected to mature as an increasing number of TV channels launch Hybrid Broadcast Broadband ("**HBB**") TV services and most TV sets sold in the coming years are HBB-compliant.

Integration of latest technologies: Going forward, the diversity and the quality of the channels available is expected to increase with the wide adoption of new technologies. For example, High Efficiency Video Coding (improved modulation technology) and Digital Video Broadcasting – Second Generation Terrestrial (improved signal quality) enable the development of ultra-HD and will be able to increase the number of channels available through DTT.

Superior coverage and traffic capacity: Due to their inherent technological limitations and costs, none of the existing or upcoming broadcast and broadband technologies such as LTE Broadcast or service overlay

network is expected to be mature/reliable/affordable enough to offer an alternative way of providing millions of users with high quality signal simultaneously.

Support by the regulator: Acknowledging its central position in the national television landscape, the regulator has stated on numerous occasions that they are highly supportive of DTT, encouraging the Spanish government to adopt legislation to foster technical innovations for the platform.

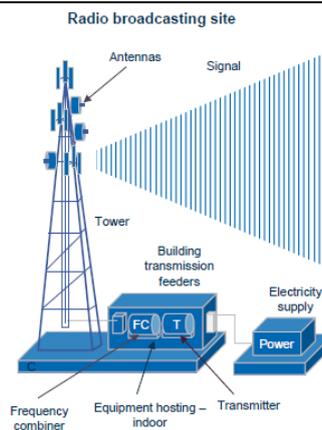
2. **Radio (distribution and transmission of analogue and digital radio)**

The Group is one of the main players in the value chain of Spanish radio infrastructure. It is able to provide services across the whole radio broadcasting value chain, including: distribution (signal transport from content production studios to the sites), broadcast of terrestrial radio signal for all analogue platforms and digital audio broadcasting services.

The production of content, right acquisition and channel scheduling, together with the encoding of radio channels, are provided and managed by radio stations themselves. The Group or other local radio broadcasters are responsible for the terrestrial distribution of the signal of the AM/FM/DAB broadcasters. AM/FM and DAB signals are aggregated by AM/FM broadcasters and multiplex operators respectively and then distributed to the population. For internet radio, the signal is sent over the IP network.

The Group distributes radio signals, both analogue and digital, with analogue FM being the dominant platform in Spain. Regarding the analogue FM radio, the Group owns and manages a network infrastructure and the necessary equipment to provide broadcasting services to public and private customers. The Group also hosts radio stations that want to self-broadcast using its infrastructure sites.

The chart below shows a radio broadcasting site on illustrative basis.



Source: Company Information

Broadcasting is achieved through the use of active equipment, such as transmitters, connected to antennas located on physical infrastructure, such as towers. The vast majority of the Group's radio operations are based on infrastructure that it owns (the Group owned 1,428 transmitters as at 31 December 2014), although some sites are rented from third parties such as the owners of building rooftops. Most of the clients rent both active and passive equipment from the Group, with the exception of a number of clients that broadcast using their own active equipment while hosting their equipment on the Group's sites and renting the Group's antennas. Active equipment refers to telecom equipment (radio frequency transmitters and equipment connectivity) that is located on the infrastructure. Passive equipment refers to the infrastructure of the site (including tower, stand, power supply, generator and batteries) and the radiant system (antennas).

The Group believes it is the largest radio broadcast operator in Spain. It broadcasts FM, AM and DAB services from 446 sites and operates 1,428 transmitters as at 31 December 2014. Radio Nacional de España ("RNE"), Cadena Ser, Onda Cero and COPE, the largest players in Spain, broadcast using the Group's sites. The Group is also a significant provider of sites to the other players although these tend to rely more on self-broadcasting.

Radio stations are charged based on the number of frequencies operated by the broadcaster. Revenue varies across frequencies and depends on the area covered by a given frequency as well as the quality of service required by the radio stations.

3. **Other broadcasting services (O&M, connectivity and others)**

The Group provides maintenance and connectivity services to its broadcasting customers. Certain trading, consulting and spectrum managing services are also included in this category.

Customers and Contracts

The Group's customers within the Broadcast Infrastructure activity include all national and most regional and local TV broadcasters as well as leading radio station operators in Spain. Some of the key customers for DTT services include Atresmedia, CTTI, Mediaset España, Net Televisión and Radio Televisión Española. These five customers generated operating income of €163,763 thousand for the year ended 31 December 2014, representing 83% of the Group's operating income generated by DTT services for the year.

The Group's DTT broadcasting contracts do not have volume risk, have stable and visible pricing of MUXs, are compliant with the regulation and contain indexation terms. The main features of these contracts are:

- Medium-term contracts with high renewal rates. Complying with the limitations imposed by law, the Group usually enters into five-year maximum term contracts with its media customers regarding national MUXs and four-year maximum term contracts regarding regional MUXs. The Group has experienced a high rate of renewal for these types of contracts in the recent past.
- No volume risk. For each MUX distributed, the Group receives a "flat fee". Broadcasters contract the capacity of MUX allowed by their licenses and pay a fee according to such contracted capacity. As long as the conditions attached to the audiovisual licenses for TV channels do not change, the Group's contracts do not envisage reductions in price.
- Stable and visible pricing. The prices the Group charges its customers are negotiated between the parties although the Group has to fulfill a series of regulatory requirements. In order to price its services, the Group uses a method which has been fully disclosed to the telecom regulator and competition authorities.
- Indexation to CPI that allows the Group to cover increases in operational costs.

The Group's key customers for radio services include Catalunya Radio, COPE, Grupo Radio Blanca, Onda Cero and RNE. The Group's contracts with radio stations typically have a term of five years and the prices are usually indexed to inflation. For the year ended 31 December 2014 the five customers, accounted for 66% of operating income generated from radio services for the year. Three quarters of the revenue generated by the Group's radio activity come from private funding.

The main customers for the Group's other broadcasting services include, amongst others, Televisió de Catalunya, Accenture and Forta. These contracts have an initial term of three years.

The key customers of connectivity services include Atresmedia, Forta, Mediaset España, and Radio Televisión Española. Connectivity contracts usually have an initial term of three years and the fees charged are linked to the number of circuits deployed and the capacity used.

Within the Broadcast Infrastructure activity, the Group's top five customers generated €184,656 thousand of operating income, accounting for 74% of the Group's total consolidated operating income of €250,354 thousand from such activity.

Suppliers

The Group's top suppliers for the Broadcast Infrastructure activity, other than intragroup companies, are:

- CTTI, from which it rents telecom infrastructures of the Generalidad of Catalonia;
- Endesa, its energy supplier to all of the Group's sites in Spain under a contract negotiated for coverage of the entire Group;

- Torre de Collserola, from which the Group rents telecom infrastructure;
- Unísono Soluciones de Negocio, to which the Group outsources its call center and customer service in exchange for a variable fee based on consumption; and
- Broadcast equipment suppliers.

Competition

According to the CNMC, the Group is the leading audiovisual media infrastructure operator in Spain with an overall audiovisual market share (TV and radio) of approximately 86.8% as measured by revenues as at 31 December 2013 (last available). According to CNMC, the total TV and radio broadcast services at the national and regional level generated €235 million of operating income for the same period. The Group currently enjoys 100% of the domestic market share in national TV broadcast services, which generated a total of €175 million of operating income for the year ended 31 December 2014.

The Group is the number one provider of radio broadcasting services in Spain, with an estimated overall market share estimated of 42% of the outsourced frequencies and of 74% of high power transmission as at 31 December 2014. There are a few regional DTT infrastructure providers which compete with the Group for the provision of broadcasting services to regional MUXs. These include Axion, Aragon Telecom, Telecom CLM, Itelazpi, Retegal, Opatel and Multimedia de les Illes Balears.

Network Services & Other Activity

Overview

Operating income from the Group's Network Services & Other activity was €79,160 thousand and €77,429 thousand, which represented 18.15% and 20.13% of the Group's operating income for the years ended 31 December 2014 and 2013, respectively. The Group's backlog as at 31 December 2014 for this activity was approximately €229 million.

Within the Network Services & Other activity, the Group includes connectivity services to telecom operators (other than broadcasting operators), radio communication, O&M services, trading, urban telecom infrastructure and other services.

The Group provides end-to-end solutions for critical services and official bodies as a multiservice and neutral operator.

Services

The Group classifies the services that it provides in this activity in five groups:

1. **Connectivity services:** these services include connection between different nodes of the telecommunication networks (backhaul) of the Group's clients and/or connectivity with its customers premises (enterprise leased lines), using radio-links, fiber or satellite. The Group also provides specialised leased lines to telecom operators such as MNOs or fixed network operators ("FNOs"), public administrations, and small and medium enterprises as well as corporates in rural areas of Spain enabling high speed connectivity at locations outside of the reach of telecom networks via fiber as well as microwave technology that relies on the Group's portfolio of sites and existing radio equipment.
2. **PPDR services:** the Group provides public safety, disaster recovery and emergency networks for terrestrial and maritime critical communications.

The Group operates seven regional and three municipal terrestrial trunked radio ("**TETRA**") networks which are critical for the communication needs of regional governments and municipalities where the networks are located and a highly reliable Global Maritime Distress and Safety System ("**GMDSS**") for the Maritime Rescue Service for the Safety of Life at Sea, which provides communication services to ships in distress and risk situations in the coastal areas around Spain.

The Group also operates the Automatic Identification System ("**AIS**") for the Spanish Maritime Safety Agency, an arm of the Spanish Ministry of Transport and Public Works.

3. **O&M:** in order to provide the Group's customers (other than its broadcasting customers that are addressed within the Broadcast Infrastructure activity) with all the services they may require as tenants of its sites, the Group manages and operates its infrastructure (as opposed to outsourcing it to third parties) and provides maintenance services of customer equipment and infrastructure.
4. **Urban telecom infrastructure:** the Group provides communications networks for smart cities and specific solutions for efficient resource and service management in the cities.
5. **Others:** within this category the Group includes its trading activities (the Group may purchase from time to time equipment from its providers and sell it to its customers for their use) as well as additional services, such as engineering and consultancy services, installation and provision of telecommunication equipment and some ancillary IT services.

Customers and Contracts

The Group's main customers for its connectivity services are BT, COLT, ONO, Orange and Vodafone. Connectivity contracts usually have an initial term of three years and the fees that charged are linked to the number of circuits deployed and the capacity used.

The Group serves multiple national, regional and local public entities for which it acts as a trusted supplier of mission critical services and infrastructure. Some of the key customers for the public safety and emergency networks services include the Ministry of Defense, the National Maritime Rescue, and the Generalidad of Catalonia. The key customers of the connectivity services are Aragonesa de Servicios Telemáticos ("**AST**"), the government of Asturias and the Regional Council of Málaga. The average term of these contracts is between five and ten years.

The main customers for the O&M services are Enel, Gas Natural, ONO and Telefónica. Although it varies depending on the particular service, the O&M contracts usually have an initial term from two to ten years and the fees that the Group charges its customers are linked to the quantity of equipment to be maintained and the particular type of maintenance provided.

The key customers for the urban telecom infrastructure services are the city council of Barcelona and Securitas Direct. Some of the customers of other services are Ferrocarriles de la Generalidad of Catalonia and Provilsa.

The five largest customers of the Network Services & Other activity generated €42,616 thousand of operating income for the year ended 31 December 2014, representing 54% of the Group's operating income from the activity for the year. The Group estimates that as at 31 December 2014, the remaining average weighted life of the Group's contracts within this activity was approximately 2.74 years.

Suppliers

The Group's top suppliers for the Network Services & Other activity, other than intragroup companies, are:

- ONO, from which the Group rents portable circuits under a ten-year term contract; and
- Hispasat, S.A. ("**Hispasat**"), from whom it is leased fixed satellite capacity.

Competition

The Group's main competitors in the provision of connectivity services are telecom operators providing wholesale access such as ONO, Orange and Telefónica.

Within the PPDR activity, the Group's main competitor at a national level is Telefónica's TETRA network. Although telecom operators could also potentially use their frequencies to carry emergency service traffic, this has not happened in practice since TETRA networks are configured using low frequencies to serve a much greater area with a single site, as opposed to the multiple sites of mobile operators. Additionally, TETRA network solutions offer several additional advantages such as lower costs, essential safety features and a variety of suppliers. In the other services that the Group provides within this line of activity there is a wide range of competitors operating.

The Group's main competitors in the provision of O&M services and trading are Ericsson, Huawei and others.

The Group's main competitors in the provision of smart city services are companies such as Indra, Schneider Electric and Telefónica. Main competitors in the provision of IoT services are the MNOs which provide machine to machine ("M2M") services, such as Telefónica's M2M business line. M2M technology facilitates online data gathering, remote control and process automation, which enables companies to reduce costs and provide a better service.

Employees

As at 31 December 2014, the Group had a total of 1,156 employees, of which 1,147 are in Spain and 9 in Italy.

Following the Galata Acquisition, as at 31 March 2015 the Group had 1,220 employees, of which 77 were located in Italy. As at that date, 93.7% of the Group's workforce was located in Spain and 6.3% in Italy.

Legal Proceedings

At any given time, the Group may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of its business. As at the date of this Base Prospectus the material legal proceedings outstanding are summarised below and they all refer to antitrust and state aid proceedings where the Issuer and Retevisión are involved. If any of these legal proceedings were not resolved in the Group's favour, it could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

- On 19 May 2009, the National Commission of Markets and Competition (Comisión Nacional de los Mercados y de la Competencia, or "CNMC", the former *Comisión del Mercado de las Telecomunicaciones*) imposed a fine of €22.7 million on the successor of Abertis Telecom, S.A.U. for an alleged abuse of dominant position in the market for transportation and broadcasting of TV signal in Spain, contrary to article 2 of the Law 15/2007, of 3 July on Competition ("LDC") and article 102 of the Treaty on the Functioning of the European Union. In the opinion of the CNMC, the Issuer had allegedly abused its market power by (i) demanding substantial sums of money from its customers as a penalty for early termination of contracts; (ii) establishing contracts of excessive duration; and (iii) offering discounts if customers purchased more than one service. The decision also imposed on the Issuer a duty to grant certain customers of carrier support services (Sogecable, Telecinco and Net Televisión) the right to terminate certain contracts unilaterally and for whatever reason, by giving three months' prior notice. Such notice can be given both for a partial termination of any of the regional territories (*placas regionales*) or for the entire national territory. The affected contracts terminate in 2016. The Issuer appealed this decision before the Spanish High Court (*Audiencia Nacional*) which on 16 February 2012 denied the appeal and upheld the decision on all grounds. The Issuer further appealed the decision of the Spanish High Court to the Supreme Court on 12 June 2012. It also requested the deferral of the payment of the fine until the Court rules on the matter, a deferral that was granted on 10 January 2010.

The Issuer, based on the uncertainty on the outcome of the Supreme Court, accounted for this contingency in its 2014 financial statements with a provision of €16 million. On 8 May 2015 the Issuer received the notification of the Supreme Court's ruling of 23 April 2015, which quashed the Spanish High Court (*Audiencia Nacional*) decision and partially upheld the appeal against the CNMC's fine in the following aspects: (a) it annuls the CNMC's decision with regard to the amount of the fine, ordering the CNMC to determine the amount in accordance to the Spanish Competition Act of 1989 (*Ley 16/1989 de Defensa de Competencia*), without being able to follow the guidelines set out in the CNMC's notice of 6 February 2009; and (b) it also annuls the measure that recognised the right of certain TV operators to early terminate their contracts, notwithstanding the fact that the new decision to be rendered with regard to the quantification of the new amount of the fine may also foresee alternative measures.

- On 8 February 2012, the Spanish antitrust authorities imposed a fine of €13.7 million on the successor of Abertis Telecom, S.A.U. for an alleged abuse of dominant position in the DTT-signal transport business in Spain contrary to article 2 LDC and article 102 of the Treaty on the Functioning of the European Union. The alleged infringement derived from the Issuer establishing margin squeezing prices for (i) wholesale access to its broadcast centres and sites in Spain; and (ii) retail transport services for distribution of OTT signals. The Issuer filed an appeal against the Spanish antitrust authorities' decision before the Spanish High Court (*Audiencia Nacional*) on 21 March 2012 and also requested the deferral of the payment of the fine until the Court rules on the matter, a deferral that was granted on 18 June 2012. The Spanish high Court partially estimated the appeal by ruling of 20 February 2015. It declared that the CNMC resolution

regarding the calculation of the fine was not in accordance with law and ordered the CNMC to recalculate it. The Issuer has appealed this ruling before the Supreme Court.

- On 19 June 2013, the EC issued a decision concluding that the Issuer's subsidiary Retevisión and other terrestrial platform operators had received state aid in the form of €260 million scheme to finance the digitalisation and extension of the terrestrial TV network in remote areas of Spain during the digital switch-over process and that such state aid was incompatible with the EU rules. The decision ordered the Kingdom of Spain to recover the aid by 10 November 2013, which according to the EC amounted to an aggregate of €40 million for Retevisión. Interim calculation made by the Spanish government, however, lowered that amount to around €10 million, subject to approval by the EC, who has shown its initial disagreement with the amount suggested by the Spanish government. The amount to be returned is still uncertain. On 9 October 2013 Retevisión filed an appeal before the General Court of the European Union against such decision. The Group considers there are sufficient grounds for the appeal to succeed although it is difficult to predict the ruling of the General Court of the European Union.

The Spanish government, through the Spanish Secretary of State of Telecommunications and Information Society (*Secretaría de Estado de Telecomunicaciones y para la Sociedad de la Información* or "**SETSI**"), has instructed the different regional governments to issue recovery orders on the basis of their interim calculation. Recovery proceedings have begun in Castile and Leon, La Rioja, Aragon, Extremadura, Andalusia, Balearic Islands and Madrid. The only proceeding that has been taken before the courts is the one relating to the Madrid government by which it requested the repayment of the aid received in this region and amounts to €157 thousand. The Issuer has appealed this decision from the Madrid government and the repayment has been suspended until the appeal is resolved. Nevertheless, this amount has been provisioned.

Despite the appeal filed against the EC's decision, since its enforceability has not been suspended Retevisión is still liable to repay the full amount of the aid received plus interest once the different regional governments issue the relevant recovery orders in the proportion determined therein. It intends to file a claim for damages in an amount equal to the amount that may have to be ultimately returned.

- On 1 October 2014, the EC issued a decision concluding that the Issuer's subsidiary Retevisión and other terrestrial and satellite platform operators had received state aid in the form of a €56.41 million scheme to finance the digitalisation and extension of the terrestrial TV network in remote areas of Castile-La Mancha (a Spanish region) during the digital switch-over process and that such state aid was incompatible with the EU rules. The decision ordered the Kingdom of Spain through the regional government of Castile-La Mancha to recover the aid by 2 February 2015, which, according to the EC, amounted to approximately €0.25 million for the Issuer, on the one hand, and an aggregate amount of approximately €39.1 million equivalent to the total aids distributed among the operators across all the municipalities of the region, on the other hand. The regional government of Castile-La Mancha must determine the specific amount to be returned by the different entities involved in the process. The Group estimates that, bearing in mind the services engaged by Castile-La Mancha, Retevisión may have to return approximately 2% of the aggregate €39.1 million. It has appealed this decision before the General Court of the European Union and has not provisioned any amount for this proceeding as it considers there are grounds for its appeal to succeed and because the amount that Retevisión would have to return has not been fixed yet.
- In April 2014 the Group presented itself as co-defendant in the administrative actions brought by Lolfi Eventos y Medios, S.L., Infraestructuras y Gestión 2002, S.L. and in July 2014 in the administrative actions brought by M&M Infonet before the Supreme Court, relating to contracts to renew the concessions signed in 2010 between the Administration and Antena 3, Telecinco, Sogecable, Veo Televisión and Net Televisión challenging the legality of eight TV channels (which correspond to two MUXs covering 96% of the national population) that were awarded to these televisions. The Group has appeared as an interested party in the proceedings because, in case of favourable ruling for the plaintiff, they may have an impact on the service provision contracts that the Group has subscribed with these televisions. These proceedings are at the concluding stage and the ruling has finally been scheduled for the 23 June 2015, even though the outcome is uncertain. In the case of favourable ruling for the plaintiff, it would result in the Administration convening new contests to award those channels within six months.
- On 29 April 2014, disciplinary proceedings against Retevisión were initiated at the request of the Ministry of Agriculture and Environment of Castile-La Mancha (province of Albacete) for an alleged commission of a very serious offense in relation to the death by electrocution of a specimen of Imperial Eagle in the "Cornudillo" area of Barrax (Albacete). For the sole purpose of benefiting from the early payment of a

potential fine imposed on Retevisión, a possible fine of €500,000, potentially reduced to €415,100 has been established. Retevisión has objected to the disciplinary proceedings and has notified the insurance company with whom it contracted liability policy for environmental damage (with a limit of €15 million). The proceeding must be resolved within a year.

Regulation in Spain

All of the Group's activities need to comply with industry and sector regulations. Below is a summary of certain of these regulations.

Telecom Site Rental Activity

Despite the existence of laws and regulations applicable to this activity, such as obligations with respect to network sharing or regulations related to emission and power on site, the Telecom Site Rental activity is not an "electronic communication activity" as defined in the GTA and is therefore not subject to its provisions.

Broadcast Infrastructure activity

The Group's Broadcast Infrastructure activity is an "electronic communications activity" regulated by the GTA, which implemented the EU regulations on the matter in Spain, including, among others, (i) Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services; (ii) the new Recommendation on Relevant Product and Service Markets approved by the EC on 17 December 2007 (the "**2007 Recommendation**") regarding the relevant markets of products of services within the electronic communications sector that are eligible for *ex ante* regulation pursuant to Directive 2002/21/CE; and (iii) the EC 2007 Recommendation and the Guidelines 2002/C165/03 on market analysis and the assessment of significant market power under the European regulatory framework for electronic communications networks and services.

The national regulation authorities ("**NRAs**") on electronic communication matters in Spain are:

1. The CNMC, since its creation in 2013 has assumed many of the functions performed by the former Commission of the Telecommunications Market ("**CMT**"); and
2. The SETSI, part of the Ministry of Industry, Energy and Tourism, and responsible, among others, for the registration of telecommunications operators and the management and control of the radio spectrum.

European regulations

In order to promote competition in the provision of electronic communications networks and services, the European directives that comprised the "Telecom Package" approved in 2002 contemplates that NRAs should be able to carry out periodic market reviews consisting of three main steps:

1. ***Relevant market definition***: identify markets displaying characteristics which may justify the imposition of *ex ante* regulatory obligations. Any market which satisfies the following three criteria in the absence of regulation will be subject to *ex ante* regulation:
 - no barriers to entry;
 - low tendency towards competition; and
 - insufficiency of ex post competition law.

2. **Significant Market Power ("SMP") operators' identification:** NRAs must carry out an analysis of the relevant markets, taking account of guidelines set by the European regulations. Where an NRA concludes that there is no effective competition in a market, it must identify the operators with SMP in that market; and
3. **Imposition of ex ante obligations on the SMP operators in the market:** taking into account the circumstances and particularities of the market, the NRA may impose the appropriate *ex ante* obligations to attempt to ensure the maintenance of an effective competition in the analysed market.

In the 2007 Recommendation, Market 18 (wholesale access to transmission sites, a market in which the Group operates) was excluded from those that, *prima facie*, require an analysis of the NRAs. To reach this conclusion the 2007 Recommendation argued that:

- significant changes were underway, with greater competition between platforms due to the transition from analogue to digital TV;
- certain obligations could solve platform accessibility problems that certain TV channels could face, so that *ex ante* regulation was no longer necessary; and
- the NRAs have the power to impose infrastructure sharing obligations without regulating the market.

In any case, NRAs maintain the capacity to apply the three criteria test established in the European regulations to any electronic communications market in order to assess whether, on the basis of national circumstances, a market not included in the 2007 Recommendation might nonetheless still be susceptible to *ex ante* regulation in a particular member state.

The Spanish General Telecommunications law of 2003 contained the standards that authorised the former CMT to carry out market reviews under the terms described. These standards are currently set out in the General Communication Studies Act (Law 7/2010, of 31 March) (the "GTA").

Definition and market analysis of the television broadcasting transmission service

The former CMT (current CNMC) has conducted three reviews of this market. The first two were approved in 2006 and 2009. On 30 April 2013 the latest revision was approved, which is currently in force.

In a resolution of the Market 18, the CMT (current CNMC) defined the market for broadcasting transmission services by terrestrial waves as that which "includes technical activities consistent in making available audiovisual content produced by broadcasters to the public through telecommunication services as a distribution channel by means of terrestrial waves". Additionally, it geographically distinguished the following markets (i) one national market, (ii) 19 regional markets corresponding to each of the territories of the autonomous communities and autonomous cities, and (iii) 308 local markets defined in terms of boundaries contained in the technical television plan.

The CNMC concluded in its resolution that the market was non-competitive, susceptible to *ex ante* regulation and therefore imposed certain obligations on the Group due to its deemed condition of being an SMP.

The CNMC considers that there are certain high and non-transitory barriers to market entry in the broadcasting transmission services market mainly because (i) sunk costs are particularly relevant in the market; (ii) there are significant economies of scale that allow the historical operators to obtain significant reductions in average unit costs; (iii) the service requires an infrastructure that is not easily reproducible and under which no alternative supply is available; and (iv) the existence of legal obstacles to the occupation of the public domain for the installation of networks.

The main obligations imposed on the Group due to its status as an SMP are:

- *Access to other operators.* Obligation to facilitate access to its broadcasting sites of national network to other operators, that reasonably request it, at regulated prices either (i) via co-location and other forms of capacity sharing, or (ii) via interconnection to the Group's equipment when the site is not replicable, space is no longer available or when the sites are used for national population coverage over 93%.

- *Price control.* Access to third parties must be granted at regulated cost-oriented access prices. The model to determine fair and reasonable prices is based on the Group's costs of production. The goal is to avoid margin squeeze and other predatory or anticompetitive prices. The CNMC determines the system of cost accounting and approves an appropriate return on capital employed.
- *Regulatory accounting obligations.* The Group must keep a separate accounting of costs and revenue for individual services in order to verify that there is no cross-financing between retail and wholesale prices.
- *Non-discrimination obligation on access conditions.* The Group must provide resources to third operators equivalent to those provided to itself.
- *Notification obligations.* All agreements reached with national TV broadcasters must be notified to the CNMC as well as all agreements to grant access to broadcast operations to the Group's sites.
- *Access reference offer.* There is an obligation of transparency under which the Group must publish a reference offer for the regulated service, including site lists, characteristics, service-level agreements and the economic terms. The Group's regulated prices must not exceed the prices set out in the relevant reference offer. The Reference Offer for Access to Issuers Sites of Cellnex ("**ORAC**") is available on the website of the CNMC (www.cnmc.es). The latest review of ORAC prices was approved on 13 May 2014.
- *Determination of the specific terms of access.* In any dispute between operators where no voluntary agreements are reached, the CNMC will assess the reasonableness of the access request and, if applicable, will dictate the agreement conditions.
- *Obligations on downstream markets.* There is a general prohibition of anticompetitive behaviours.

General Telecommunications Act

The Group's main activity is supplied under free competition in the electronic communications sector, which is regulated by the GTA.

The GTA is the law regulating the electronic communications sector in Spain, which includes network operations and the provision of electronic communications services and associated resources with the exclusion of services regulated by the GTA.

In general, any natural or legal person who wants to work in the electronic communications market must obtain the appropriate authorisation certificate that is attained by a system of prior communication to the SETSI, which is responsible for the Operators Registry (except for those services using radio spectrum and subject to obtaining the appropriate authorisation certificate from SETSI prior to its use).

The Group holds the necessary authorisation certificates for the use of the radio spectrum for signals (the only service offered by the electronic communications market) and it is registered in the Register of Operators. The appropriate authorisation certificates required for the use of the radio spectrum for radio and television broadcast are not owned by the Group and are owned by the Group's clients (i.e., the different operators that provide final telecom services such as TV broadcasters, FM radio broadcasters, etc.). The Group is required to verify that its clients have those authorisation certificates prior to providing transmission and broadcasting service of the signal.

The spectrum used by wireless telecom networks (such as FM, DTT, mobile or PDDR, among others) is a scarce resource that is managed and controlled by the competent organisations of the public administration. Specifically, although the allocation of the different uses of the spectrum is governed by general principles applicable at the European and international level, member states of the EU are responsible for setting the frequency bands authorised for each of the applications. Specifically, in Spain the SETSI is responsible for this. The frequency allocation is performed in the National Frequency Allocation Table, which determines which frequencies are valid for each of the applications and the technical conditions of use thereof.

The GTA provides an overall framework within which operators can develop their activity, basing itself on the principles of transparency, non-discrimination and proportionality in order to promote free competition and interoperable networks and services. It aims to establish the CNMC conditions to apply *ex ante* regulations for this market and to resolve disputes between operators.

The GTA also regulates the following aspects relevant to the development of the Group's activity:

- rights of operators and deployment of public electronic communications networks, which is the general framework for the implementation and deployment of the Group's networks;
- infrastructure and public electronic communications networks in buildings, as it affects the reception of broadcast services provided by us;
- radio public domain, because the Group is required to verify that its customers have the authorisation certificates needed to use it in their activity;
- taxes on telecommunications; and
- inspection and sanction system

Spanish Audiovisual Communication Act

The Spanish Audiovisual Communication Act 2010 (LGCA) states that radio and audiovisual broadcasting are services of general interest that can generally be provided in a competitive environment by anybody subject to prior notice to SETSI, and only subject to the constraints derived from the limitations of the spectrum and the protection of the interests of citizens. The audiovisual media services provided by government, however, are considered a public service.

The prior regime based on administrative concessions was substituted by a license regime. Services requiring the use of radio spectrum will have to follow a tender process to obtain the relevant licenses. These licenses generally have terms of ten to 15 years, with renewal mechanisms. The civil radio spectrum allocated to each TV operator consists of a specific bandwidth that allows them to broadcast one or more channels within a digital MUX. For audiovisual content to reach viewers, TV operators need a broadcast network that carries the TV signal from the TV operators at production centres. This broadcast network consists of a series of transmitters and relay stations where the transmission systems, infrastructure telecommunications equipment, power cables, air conditioning and other equipment which are installed to enable the TV signal to be carried.

Audiovisual licenses granted to national DTT broadcasters in Spain require nearly complete coverage on population basis: a 96% population coverage requirement for private operators and a 98% population coverage requirement for public operators. Currently, the Issuer is the only Spanish operator which provides the TV broadcasting services with this total national coverage.

Digital Dividend

Royal Decree 805/2014, of 19 September approving the National Technical Plan for Digital Terrestrial Television and certain aspects for the release of the digital dividend, was published in the Official Gazette on 24 September 2014.

The analogue switch-off ("**ASO**") and the implementation of DTT in Spain were completed in April 2010. Recently, the Royal Decree 805/2014, of 19 September, approved the National Technical Plan for Digital Terrestrial Television. Among other matters, this new Technical Plan will allow the release of the so-called "Digital Dividend", so that part of the 800 MHz band of frequencies currently used by DTT are available since 31 March 2015 to mobile operators which were awarded the frequencies through auctions conducted in 2011. As a consequence of the reallocation of the frequencies, the number of MUXs available for DTT service was reduced from eight to seven at a national level and from two to one at the regional level. The impact of the reduction is already accounted for in the Group's business for an amount of approximately €20 million per year for the capacity of each MUX covering 96% of the population that has been released. The Group will be able to continue to broadcast 40 channels instead of the current 49, all within the 470-790 MHz band. Through Order 677/2015 of 16 April (published in the Spanish Official Gazette on 18 April 2015), the Spanish government amended the initial allocation of the digital MUX capacity of national coverage RGE2 to RTVE, so that only half of the capacity of RGE2 is allocated (versus 2/3 as it was before) which results in the reduction of one-sixth of a MUX. Further, on 17 April 2015, the Spanish government approved a resolution that was published in the Spanish Official Gazette on 18 April 2015 and that contained the basis for a public tender for the award of six new DTT national licenses: two SD channels within the RGE2 MUX, another SD channel within the MPE4 MUX, and three HD channels within the MPE5 MUX. See "*Risk Factors—Risks Related to the Industry and Businesses in which the Group Operates—Spectrum may not be secured*"

in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products."

Competition Law

Practices restricting competition are prohibited in Spain under applicable competition regulations. Such practices include, among others, (i) the abuse of a dominant position and (ii) prohibited collusive agreements.

The prohibition of competition-restricting practices is the result of both EU and Spanish law. European and Spanish competition laws (articles 101 and 102 of the Treaty on the Functioning of the European Union and LDC) regulate these practices in a similar manner. EU laws regulate any prohibited practices that may affect trade between EU member states and Spanish laws regulate practices that have a domestic effect.

If the relevant competition authorities (generally the EC on the European level, and the CNMC on the national level) determine that a company has abused its dominant position or is party to a prohibited agreement, they may order the company to cease such anti-competitive practices and/or impose sanctions which may include up to 10% of the revenues obtained by the offending company in the year preceding the disciplinary resolution.

Actions constituting the abuse of a dominant position, or any clauses in agreements prohibited by the competition regulations are void and therefore not enforceable. Engaging in competition-restricted practices may trigger the filing of civil claims by third parties that suffered an economic loss. The competition regulation prohibits any agreement between competitors aimed at price fixing, either directly or indirectly, or other relevant commercial conditions, limiting production, allocation of markets or customers, or boycott to third parties.

The competition regulation also prohibits certain practices in connection with the supplier-customer relationship. In this case, there are no absolute prohibitions as they depend on the market share of the parties, duration of the clauses and characteristics of the restrictions of competition.

Regarding the abuse of a dominant position, the consideration is whether the company enjoys a dominant position in the market affected by the practice. Thus, before examining whether a specific conduct is abusive, it is necessary to determine the relevant market and the position of the company in such market. Defining the relevant market is of great importance because it determines the position of the company in the market. This definition must be done from two perspectives: product/service and geographical. It is therefore crucial to assess the substitutability between goods and services.

A dominant position is defined as a position of economic or commercial strength that enables a party to behave independently of its suppliers, competitors and customers. There is no legal definition of dominant position either in the Spanish or European regulation, however there are different criteria that are used to assess whether such a position exists or not. One such criterion is market share which gives an indication of the existence of dominance. In this regard, market shares below 30% generally exclude the possibility of the existence of dominance. In any event, the particular circumstances applicable to each case should carefully be analysed.

Abuse may take different forms. Article 2 of the LDC lists the most important: (i) application of non-equitable prices or other trading conditions or services, (ii) limiting production, distribution or technical development to the unreasonable detriment of companies or consumers; (iii) unjustified refusal to satisfy purchases of products or services demands; (iv) applying discriminatory conditions to commercially equivalent situations, which places some competitors at a disadvantage compared to others; or (v) the subordination of certain services to contracting others that are not related to them.

Network Services & Other activity

The Network Services & Other line of business is not a regulated activity from an anti-trust perspective but there are several industry and sector regulations applicable to the Group.

Regulation in Italy

The Telecom Site Rental activity that the Group develops in Italy is not subject to sector-related regulation.

Board of Directors of the Issuer

The Issuer's Bylaws provide for a Board of Directors consisting of between four and thirteen members. The Board of Directors of the Issuer currently consists of nine Directors. The composition of the Board of Directors of the

Issuer at the date of this Base Prospectus and the status of its members in accordance with the provisions of the Bylaws and the Board of Directors regulations (*Reglamento del Consejo de Administración* or "**Board of Directors Regulations**") of the Issuer are shown below:

<u>Name</u>	<u>Nature</u>	<u>Title</u>	<u>Principal activities outside the Issuer</u>
Mr. Francisco Miguel Reynés Massanet	Proprietary	Chairman	Vice Chairman and Chief Executive Officer of Abertis, S.A. On behalf of Abertis, he is a member of various board of directors. He holds the position of joint director in several companies of the Abertis Group.
Mr. Tobías Martínez Gimeno	Executive	Chief Executive Officer	Vice President of AMETIC
Mr. Francisco José Aljaro Navarro	Proprietary	Director	Chief Financial and Corporate Development Officer for Abertis, S.A. and he also holds the position of joint director in several companies of the Abertis Group.
Mr. Josep María Coronas Guinart	Proprietary	Director	General Secretary and Public and General Director of Corporate Affairs of Abertis reporting to the Chief Executive Officer, providing operational support to the Board and Governing Bodies of the parent company of the Abertis Group and its subsidiaries. He also holds the position of joint director in several companies of the Abertis Group.
Mr. Lluís Deulofeu Fuget	Proprietary	Director	CEO of Grupo Sanef and president and CEO of SPAN.
Mr. Pierre Blayau	Independent	Director	President of CCR (Caisse Central de Reassurance) and independent director on the boards of FIMALAC and Canal + Group.
Mr. Leonard Peter Shore	Independent	Director	N/A
Mr. Giampaolo Zambelletti	Independent	Director	Vice President of Unidad Editorial S.A. and President of RCS Investimenti.
Mr. Bertrand Boudewijn Kan	Independent	Director	Among other responsibilities, he is currently a member of the Supervisory Board of UWC Netherlands and the advisory board of Wadhvani Asset Management.
Mr. Javier Martí de Vesés Estades		Secretary non-Director	N/A
Ms. Mary Annabel Gatehouse		Vice-Secretary non-Director	N/A

The business address of the Issuer's Directors and Executive Officers is currently Avenida del Parque Logístico, 12-20 Barcelona, Spain.

Senior Management of the Issuer

The Senior Management of the Issuer is exercised by the people identified below:

<u>Name</u>	<u>Title</u>	<u>Principal activities outside the Issuer</u>
Mr. Alexandre Mestre Molins	Director of International Business and Marketing	Vice president of DigiTAG organisation.
Mr. Antoni Brunet Mauri	Director of Corporate Public Affairs	N/A
Mr. Javier Martí de Vesés Estades	General Secretary and Regulatory Department Director	Member of the Advisory Board of Telecommunications of the Ministry of Telecommunications and Information, Member of the Board and Executive Committee of AMETIC (employers of the ICT sector), President of Adesal Telecom, Member of the Board of Directors of Hispasat S.A.
Mr. José Manuel Aisa Mancho	Financial Director and Corporate Development	N/A

<u>Name</u>	<u>Title</u>	<u>Principal activities outside the Issuer</u>
Mr. Josep Ventosa Freixedes.....	Director of Business Unit Spain	Member of the Board and Chairman of the Policy Working Group of Broadcast Networks Europe (BNE, European operators association Broadcast network), member of the Board of European Wireless Infrastructures Association (EWIA, European association of wireless infrastructure operators), and member of the Barcelona Digital Foundation.
Ms. Rosa Piñol Raurich.....	Director of Resources	Member of the Board of Bassat Ogilvy Group, Director of Finance and Administration at Grand Peninsula (now Port Aventura Entertainment, S.A.V.) and EAJA (Autonomous Entity Games and Gambling of the Generalitat).

Conflicts of Interest

As set forth above, some of the Directors of the Issuer are also officers and/or employees of companies within the Abertis Group.

There are no other potential conflicts of interest between any duties owed by the Directors or Senior Management to the Issuer and their private interests or other duties.

Conflicts of interest of the Directors of the Issuer are governed by the Internal Rules of Conduct in the Securities Markets (the "**Rules of Conduct**") and additionally by the Board of Directors Regulations which establishes that a Director shall notify the Board of Directors of the existence of conflicts of interest, direct or indirect, that he or any person related to him may have in relation with the interests of the Issuer and refrain from intervening agreements or decisions of the Issuer in the transaction to which the conflict refers.

Regarding Senior Management and as provided in the Rules of Conduct, a senior manager shall notify the General Secretary of any potential conflicts of interest that may arise and shall act at all times with loyalty to the Issuer and regardless of their own interests or those of others and refrain from intervening or influencing decisions of matters affected by the conflict and from accessing confidential information affecting any such conflict.

TAXATION

The following is a general description of certain Spanish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Taxation in Spain

The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Base Prospectus:

If:

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions ("**Law 10/2014**"), as well as Royal Decree 1065/2007 ("**Royal Decree 1065/ 2007**"), of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the European Union and other tax rules;
- (b) for individuals with tax residency in Spain who are personal income tax ("**Personal Income Tax**") tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax law as amended by Law 26/2014, of 27 November (the "**Personal Income Tax Law**"), and Royal Decree 439/2007, of 30 March promulgating the Personal Income Tax Regulations, along with Law 19/1991, of 6 June on Wealth Tax as amended and Law 29/1987, of 18 December 1987 on Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are corporate income tax ("**Corporate Income Tax**") taxpayers, Law 27/2014, of 27 November on Corporate Income Tax Law, and Royal Decree 1777/2004, of 30 July 2004 promulgating the Corporate Income Tax Regulations (the "**Corporate Income Tax Regulations**"); and
- (d) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax ("**Non-Resident Income Tax**") taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law, and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December 1987 on Inheritance and Gift Tax.

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a "**Beneficial Owner**"), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from value added tax, in accordance with Law 37/1992, of 28 December regulating such tax.

1. Individuals with Tax Residency in Spain

1.1 Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and must be included in

each investor's taxable savings and taxed at the tax rate applicable from time to time, currently 20 per cent. for taxable income up to €6,000; 22 per cent. for taxable income between €6,000.01 to €50,000 and 24 per cent. for taxable income in excess of €50,000.

As from 1 January 2016, each investor's savings income tax base will be taxed at 19 per cent for taxable income up to €6,000; 21 per cent. for taxable income between €6,000.01 to €50,000 and 23 per cent. for taxable income in excess of €50,000.

According to Section 44.5 of Royal Decree 1065/2007, of 27 July, the Issuer will make interest payments to individual holders who are resident for tax purposes in Spain without withholding *provided that* the relevant information about the Notes set out in Annex I is submitted by the Fiscal Agent in a timely manner.

Notwithstanding the above, withholding tax at the applicable rate of 20 per cent. in fiscal year 2015 (19 per cent. as from fiscal year 2016) may have to be deducted by other entities (such as depositaries, institutions or financial entities) provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

In any event, individual holders may credit the withholding against their Personal Income Tax liability for the relevant fiscal year.

1.2 ***Reporting Obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to Noteholders who are individuals resident in Spain for tax purposes.

1.3 ***Wealth Tax (Impuesto sobre el Patrimonio)***

According to Wealth Tax regulations as amended by Royal Decree-Law 13/2011 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)), the net worth of any individuals with tax residency in Spain up to the amount of €700,000 is exempt from Wealth Tax in respect of the tax year 2015. Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

From 2016 onwards, a general 100% tax relief applies (set forth by article 61 of Law 36/2014 approving the General State Budget for 2015).

1.4 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or federal rules. The applicable rates range between 7.65 per cent. and 81.6 percent depending on the relevant factors.

2. **Legal Entities with Tax Residency in Spain**

2.1 ***Corporate Income Tax (Impuesto sobre Sociedades)***

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes must be included in the taxable income of legal entities with tax residency in Spain and will be subject to Corporate Income Tax (CIT) at the current general rate of 28 per cent. (25 per cent. as from 1 January 2016) following the rules for this tax.

No withholding on account of CIT will be imposed on interest or on income derived from the Notes, by Spanish CIT taxpayers, provided that certain requirements (including certain formalities to be complied with by the Fiscal Agent described in "*Information about the Notes in connection with Payments*", below) are met.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest and income obtained upon the transfer, redemption or repayment of the Notes may be subject to withholding tax at the current rate of 20 per cent. (19 per cent.

as from 1 January 2016), withholding that will be made by the depositary or custodian, if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish Tax Authorities (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final CIT liability.

2.2 **Reporting Obligations**

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to Noteholders who are legal persons or entities resident in Spain for tax purposes.

2.3 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Spanish resident legal entities are not subject to Wealth Tax.

2.4 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Legal entities with tax residency in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Notes in their taxable income for Spanish Corporate Income Tax purposes.

3. **Individuals and Legal Entities with no Tax Residency in Spain**

3.1 **Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)**

- (a) Non-Spanish resident investors acting through a permanent establishment in Spain

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those for Spanish Corporate Income Tax taxpayers.

- (b) *Non-Spanish resident investors not acting through a permanent establishment in Spain*

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax. In order for such exemption to apply it is necessary to comply with the information procedures, in the manner detailed under "*Information about the Notes in connection with Payments*" as set out in article 44 of Royal Decree 1065/2007.

3.2 **Reporting Obligations**

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to Noteholders who are individuals or legal entities not resident in Spain for tax purposes who act with respect to the Notes through a permanent establishment in Spain.

3.3 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

For tax year 2015 Spanish non-resident tax individuals are subject to Wealth Tax (Law 19/1991), which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year.

However, to the extent that income derived from the Notes is exempt from non-resident income tax, individual Noteholders not resident in Spain for tax purposes that hold Notes on the last day of any year will be exempt from Wealth Tax. Furthermore, Noteholders who benefit from a convention for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the Noteholder's country of residence will not be subject to Wealth Tax.

If the provisions of the foregoing paragraph do not apply, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, although some reductions may apply.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value are situated. As such, prospective investors should consult their tax advisers.

From 2016 onwards, a general 100% tax relief applies (set forth by article 61 of Law 36/2014 approving the General State Budget for 2015).

3.4 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals who do not have tax residency in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation.

Generally, non-Spanish tax resident individuals are subject to the Spanish Inheritance and Gift Tax according to the rules set forth in the Spanish State level law. However, if the deceased or the donee are resident in an EU or European Economic Area Member State, the applicable rules will be those corresponding to the relevant Spanish autonomous regions. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the legal entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

4. **Information about the Notes in connection with Payments**

As at the date of this Base Prospectus, the Issuer is currently required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to the Notes. In accordance with Section 44 of Royal Decree 1065/2007, for the purpose of preparing the annual return referred to above, certain information with respect to the Notes must be submitted to the Issuer before the close of business on the Business Day (as defined in the Terms and Conditions of the Notes) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each, a "**Payment Date**") is due.

Such information would be the following:

- (a) identification of the Notes (as applicable) in respect of which the relevant payment is made;
- (b) date on which relevant redemption is made;
- (c) the total amount of the relevant redemption; and
- (d) the amount of the relevant payment and to each entity that manages a clearing and settlement system for securities situated outside Spain.

In particular, the Fiscal Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Annex I of this Base Prospectus.

In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date.

If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Base Prospectus, 20% and 19% as from fiscal year 2016) from any payment in respect of the relevant Notes.

If, before the tenth calendar day of the month following the month in which the relevant income is paid, the Fiscal Agent provides the required information, the Issuer will reimburse the amounts withheld.

Notwithstanding the foregoing, the Issuer has agreed that, in the event that withholding tax was required by law, the Issuer, would pay such additional amounts as will result in receipt by the holders of such amounts as we would have been received by them had no such withholding or deduction, except as provided in the "*Terms and Conditions of the Notes-Condition 11-Taxation*".

Investors should note that the Issuer does not accept any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See Risk Factors "*Risk related to the Spanish withholding regime*", above. The procedures for providing documentation referred to in this section are set out in detail in the Agency Agreement.

Set out below is Annex I. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Annex I and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.

Any foreign language text included in this Base Prospectus is for convenience purposes only and does not form part of this Base Prospectus.

ANNEX I

Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Don (nombre), con número de identificación fiscal ()⁽¹⁾, en nombre y representación de (entidad declarante), con número de identificación fiscal ()⁽¹⁾ y domicilio en () en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number ()⁽¹⁾, in the name and on behalf of (entity), with tax identification number ()⁽¹⁾ and address in () as (function – mark as applicable):

- (a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**
(a) Management Entity of the Public Debt Market in book entry form.
- (b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**
(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.
- (c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**
(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.
- (d) Agente de pagos designado por el emisor.**
(d) Issuing and Paying Agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

Makes the following statement, according to its own records:

- 1. En relación con los apartados 3 y 4 del artículo 44:**
 - 1. In relation to paragraphs 3 and 4 of Article 44:
 - 1.1 Identificación de los valores.....**
1.1 Identification of the securities
 - 1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
1.2 Income payment date (or refund if the securities are issued at discount or are segregated)
 - 1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)**
1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)

- 1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora**
- 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved
- 1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2. En relación con el apartado 5 del artículo 44.**
2. In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores**
- 2.1 Identification of the securities.....
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 2.2 Income payment date (or refund if the securities are issued at discount or are segregated)
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados)**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.
- 2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**
- 2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.
- 2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.**
- 2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

Lo que declaro en.....a ... de.....de ...

I declare the above in on the ... of of ...

(1) En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia

(1) In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the Savings Directive, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at 35% (subject to a procedure whereby on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Amending Directive will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive, which legislation must apply from 1 January 2017. The changes made under the Amending Directive include extending the range of payments covered by the Savings Directive to, for example, payments made to, or collected for, (i) entities or legal arrangements that are effectively managed in an EU Member State and that are not subject to effective taxation or (ii) persons, entities or legal arrangements that are established or effectively managed outside the EU (and outside any non EU country and territory that has adopted similar measures) which indirectly benefit an individual resident in an EU Member State. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

The European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, EU Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax (FTT)

On 14 February 2013, the Commission's Proposal was published for a Directive for a common FTT in the participating Member States.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Withholding

Certain provisions of U.S. law, commonly known as FATCA, impose reporting requirements and a withholding tax of 30 per cent. on, among other things, certain payments by foreign financial institutions ("**foreign passthru payments**") made to persons that fail to meet certain certification or reporting requirements. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to IGAs, which modify the way in which FATCA applies in their jurisdictions.

In order to avoid becoming subject to withholding tax under FATCA, non-U.S. financial institutions must submit to certain reporting requirements (generally pursuant to an agreement with the IRS or under local law implementing an IGA) or otherwise be exempt from the requirements of FATCA. Specifically, non-U.S. financial institutions that are not exempt from the requirements of FATCA may be required to identify and report to the government of the United States or another relevant jurisdiction certain information regarding "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime.

In addition, a financial institution may be required to withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding. Foreign financial institutions in a jurisdiction that has entered into an IGA are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA ("**IGA Legislation**")) from payments that they make on securities such as the Notes. However, the full impact of IGAs and IGA Legislation on reporting and withholding responsibilities under FATCA is unclear at this time and no assurance can be given that withholding under FATCA, IGAs or IGA Legislation will not become relevant with respect to payments made on or with respect to the Notes in the future.

Withholding under FATCA is expected to begin January 1, 2017 (at the earliest) in respect of "foreign passthru payments". FATCA withholding in respect of foreign passthru payments is not required for "obligations" that are not treated as equity for U.S. federal income tax purposes unless such obligations are issued or materially modified after the date that is six months after the date on which the final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depository or Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

The application of FATCA to Notes issued after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed with the Federal Register, (or whenever issued, in the case of Notes treated as equity for U.S. federal income tax purposes) may be addressed in the relevant Final Terms or a supplement to this Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays and Goldman Sachs International (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 14 May 2015 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:

- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Kingdom of Spain

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered, sold or distributed, nor will any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), as amended and restated, or without complying with all legal and regulatory requirements under Spanish securities laws. Neither the Notes nor the Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Base Prospectus is not intended for any public offer of the Notes in Spain.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed with the Issuer that it has, to the best of its knowledge complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme has been duly authorised by a resolution of the Sole Shareholder of the Issuer on 10 April 2015 and by the Board of Directors of the Issuer on 7 May 2015. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.
2. The Base Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC, as amended and/or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list and trading on its regulated market.

However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange but which will be listed on such other stock exchanges as the Issuer and the Relevant Dealer(s) may agree.

Legal and Arbitration Proceedings

3. Save as disclosed on pages 86 to 88 above, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

4. Since 31 December 2014 there has been no material adverse change in the prospects of the Issuer and its Subsidiaries nor, save as disclosed on pages 74 to 75 above, any significant change in the financial or trading position of the Issuer and its Subsidiaries.

Auditors

5. The consolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2014 and 31 December 2013 by Deloitte, S.L. of Plaza de Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, registered under number S0692 in the Official register of Auditors (*Registro Oficial de Auditores de Cuentas*). Deloitte, S.L. is a member of the Instituto de Censores Jurados de Cuentas de España.

Documents on Display

6. Physical copies of the following documents (together with English translations thereof where applicable) may be inspected during normal business hours at the offices of the Fiscal Agent for 12 months from the date of this Base Prospectus:
 - (a) the constitutive documents of the Issuer;
 - (b) the audited consolidated financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2013;
 - (c) the Agency Agreement;
 - (d) the Deed of Covenant;
 - (e) the Programme Manual (which contains the forms of the Notes in global and definitive form); and

- (f) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

Material Contracts

- 7. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

Dealers transacting with the Issuer

- 8. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Clearing of the Notes

- 9. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and/or the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Issue Price and Yield

- 10. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

REGISTERED OFFICE OF THE ISSUER

Cellnex Telecom, S.A.

Parc Logístic 12-20
08040 Barcelona
Spain

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

FISCAL AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building
Polaris – 2-4 rue Eugène Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

*To the Dealers
as to English and Spanish law:*

Clifford Chance, S.L.
Paseo de la Castellana, 110
28046 Madrid
Spain

*To the Issuer
as to English and Spanish law:*

Linklaters, S.L.P.
Almagro 40
28010 Madrid
Spain

AUDITORS TO THE ISSUER

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
28020 Madrid
Spain

LISTING AGENT

**The Bank of New York Mellon SA/NV, Dublin
Branch**
Hanover Building
Windmill Street
Dublin 2
Ireland