



**Metropolitano de Tenerife, S.A.**  
*(incorporated with limited liability under  
the laws of Spain)*

**EUR 130,000,000**  
**1.229 per cent. Green Notes due 2036**

The issue price of the EUR 130,000,000 1.229 per cent. Green Notes due 2036 (the "**Notes**") of Metropolitano de Tenerife, S.A. ("**MetroTenerife**" or the "**Issuer**") is 100 per cent. of their principal amount.

The Notes will be redeemed at their principal amount on 30 July 2036.

The Notes will bear interest from 30 July 2021 at the rate of 1.229 per cent. per annum payable annually in arrear on 30 July each year commencing on 30 July 2022.

Payments on the Notes will be made in Euro with deduction for or on account of taxes imposed or levied by Spain or any political subdivision or any authority thereof or therein having power to tax as described under Condition 8 (*Taxation*). The Notes do not contain a gross-up provision.

This document (together with the information incorporated by reference) constitutes a prospectus (the "**Prospectus**") for the purposes of Article 6.3 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has been prepared in accordance with, and including the information required by, Annexes 7 and 15 of Delegated Regulation (EU) 2019/980 of 14 March 2019. This Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) ("**CNMV**") as competent authority under the Prospectus Regulation. The CNMV has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to trading on the Spanish AIAF Fixed Income Securities Market ("**AIAF**"). AIAF is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments directive (as amended, "**MiFID II**").

Title to the Notes is evidenced by book-entries, and each person shown in the central registry of the Spanish clearance and settlement system managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("**Iberclear**") and in the registries maintained by the participating entities (*entidades participantes*) in Iberclear ("**Iberclear Members**") as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein (a "**Noteholder**").

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Sole Bookrunner (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Issuer has been rated A/A-1 outlook negative by S&P Global Ratings Europe Limited ("**S&P**").

The Notes are rated A by S&P.

S&P is established in the European Economic Area ("EEA") and registered under Regulation (EU) No 1060/2009 (as amended) on credit rating agencies (the "EU CRA Regulation"). S&P appears on the latest update of the list of registered credit rating agencies (as of 7 May 2021) on the European Securities Markets Authority ("ESMA").

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

**The period of validity of this Prospectus is up to (and including) the admission to trading of the Notes. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the admission to trading of the Notes.**

*Manager and Sole Bookrunner*

**Crédit Agricole CIB**

*Co-Manager and Financial Advisor*

**Cross Capital**

30 July 2021

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares, to the best of its knowledge, that the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Prospectus.

The Issuer has confirmed to Crédit Agricole Corporate and Investment Bank as manager and sole bookrunner (the "**Sole Bookrunner**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Sole Bookrunner.

Neither the Sole Bookrunner nor any of its respective affiliates have authorised the whole or any part of this 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 Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the Sole Bookrunner) in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

The Sole Bookrunner will not regard any actual or prospective holders of Notes (whether or not a recipient of this Prospectus) as its client in relation to the offering described in this Prospectus and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Prospectus or any transaction or arrangements referred to herein.

The Sole Bookrunner does not accept any responsibility for the Notes issued as Green Notes or makes any representation or warranty or assurance whether the Notes or the Eligible Green Projects will meet any investor expectations or requirements regarding environmental impact and sustainability performance for any investors. The Sole Bookrunner is not responsible for the use of proceeds for the Notes, nor the impact or monitoring of such use of proceeds. No representation or assurance is given by the Sole Bookrunner as to the suitability or reliability of the Second-Party Opinions (as defined below), nor is it a recommendation by the Sole Bookrunner to buy, sell or hold the Notes.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Sole Bookrunner 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 distribution of this Prospectus 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 and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area 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 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.*

As agreed by the Issuer and the Sole Bookrunner, offers of the notes in Spain have only been directed specifically at or made to professional clients (*clientes profesionales*) as defined in Article 205 of the restated text of the Spanish securities market law approved by Royal Legislative Decree 4/2015, of 23 October (the "**Spanish Securities Market Law**") and article 58 of Royal Decree 217/2008, of 15 February, and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or; (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Market Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact that such investment will have on its overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments, and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

A prospective investor should have regard to the information set out in the section "*Use and Estimated Amount of Net Proceeds*" and determine for itself the relevance of such information for the purpose of an investment in such Notes together with any other investigation it deems necessary.

No assurance can be given that the Notes or the Eligible Green Projects (as defined below) will meet investor expectations or requirements regarding such "green" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "**EU Taxonomy**") the operative provisions of which are due to enter into force over the course of 2022 and 2023). Each prospective investor should have regard to the information contained in the section "*Use and Estimated Amount of Net Proceeds*", the factors described in the Issuer's Green Bond Framework (as defined below) and the relevant information contained in this Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest.

No assurance is given by the Issuer or the Sole Bookrunner that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental impact of any project or uses, the subject of or related to, the relevant Eligible Green Projects).

The Sole Bookrunner has not undertaken, nor is responsible for, any assessment of the eligibility criteria for selecting investments in Eligible Green Projects (including the repayment of the financing for the execution of the tram Line 1 and tram Line 2 and the derivatives instruments linked to it), any verification of whether the Eligible Green Projects meet such eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's website, the Green Bond Framework and the Second-Party Opinions (as defined below) for information. S&P Global Ratings Europe Limited and Sustainalytics SARL, the providers of the Second-Party Opinions have been appointed by the Issuer. No assurance or representation is given by the Issuer, the Sole Bookrunner or any other person as to the suitability or reliability for any purpose whatsoever of the Second-Party Opinions or any other opinion or certification of any third party (whether or not solicited by the Issuer or any affiliate).

Any such opinion or certification is not a recommendation by the Issuer or the Sole Bookrunner or any other person to buy, sell or hold any such Notes and is current only as of the date it was issued. In addition, Second-Party opinions are not periodically reviewed or renewed. As at the date of this Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

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## OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.*

<b>The Issuer:</b>	Metropolitano de Tenerife, S.A., incorporated with limited liability under the laws of Spain.
<b>Manager and Sole Bookrunner:</b>	Crédit Agricole Corporate and Investment Bank.
<b>Financial Advisor and Co-Manager:</b>	Cross Capital EAF, S.L. (" <b>Cross Capital</b> ").
<b>Paying Agent:</b>	Bankinter, S.A. (" <b>Bankinter</b> ").
<b>Second-Party Opinion providers:</b>	S&P Global Ratings Europe Limited (" <b>S&amp;P</b> ") and Sustainalytics SARL (" <b>Sustainalytics</b> ").
<b>The Notes:</b>	EUR 130,000,000 1.229 per cent. Green Notes due 2036.
<b>Issue Price:</b>	100% per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	30 July 2021.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Notes will be used to finance and/or refinance, in whole or in part, Eligible Green Projects (as described in " <i>Use and Estimated Amount of Net Proceeds</i> " below).
<b>Interest:</b>	The Notes will bear interest from the Issue Date at a rate of 1.229 per cent. per annum payable annually in arrear on 30 July in each year commencing 30 July 2022.
<b>Status:</b>	<p>The Notes constitute (subject to the provisions of Condition 4 (<i>Negative Pledge</i>)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and in the event of insolvency (<i>concurso</i>) of the Issuer (unless they qualify as subordinated debts under Article 281 of the consolidated text of the Spanish Insolvency Law approved by Royal Decree 1/2020 of 5 May (<i>Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal</i>) (the "<b>Spanish Insolvency Law</b>") or equivalent legal provision which replaces it in the future and subject to any legal and statutory exceptions) will be ordinary credits (<i>créditos ordinarios</i>) as defined in the Spanish Insolvency Law and rank <i>pari passu</i> at least equally with all other unsecured and unsubordinated obligations of the Issuer without any preference among themselves and with all other outstanding, unsecured and unsubordinated obligations of the Issuer, present and future.</p> <p>Ordinary credits rank below credits against the insolvency estate (<i>créditos contra la masa</i>) and credits with a privilege (<i>créditos privilegiados</i>). Ordinary credits rank above subordinated credits. Accrued and unpaid interest due in respect of the Notes at the commencement of an insolvency proceeding (<i>concurso</i>) of the Issuer will qualify as subordinated credits. Under Spanish law, accrual of interest on the Notes shall be suspended from the date of any declaration of insolvency.</p>

<b>Form and Denomination:</b>	The Notes will be issued in uncertificated, dematerialised book-entry form ( <i>anotaciones en cuenta</i> ) in euro in an aggregate nominal amount of EUR 130,000,000 and minimum denominations of EUR 100,000.
<b>Final Redemption:</b>	30 July 2036.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 4 ( <i>Negative Pledge</i> ).
<b>Cross Default:</b>	The Notes will have the benefit of a cross default provision as described in Condition 9 ( <i>Events of Default</i> ).
<b>Title and transfer</b>	<p>Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry (as defined in the Conditions) managed by Iberclear and in the registries maintained by the Iberclear Members as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. For these purposes, the "<b>Noteholder</b>" means the person in whose name such Notes is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and Noteholder shall be construed accordingly. The Notes are issued without any restrictions on their transferability.</p> <p>For further information, see Condition 3 (<i>Title and Transfer</i>).</p>
<b>Rating:</b>	<p>The agency S&amp;P assigned the Issuer a long-term rating of A with negative outlook.</p> <p>The Notes are rated A by S&amp;P.</p> <p>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 EU CRA Regulation unless (1) 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 EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Ratings may not reflect all risks, are not recommendations to buy or to hold securities and may be subject to revision, suspension or withdrawal at any time.</p>
<b>Withholding Tax:</b>	<p>All payments made by or on behalf of the Issuer in respect of the Notes will be made subject to and after deduction or withholding required to be made by law 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 Spain or any political subdivision or any authority thereof or therein having power to tax. The Issuer will not be required to pay any additional or further amounts in respect of such deduction or withholding.</p> <p>The Notes do not contain a gross-up provision.</p>
<b>Governing Law:</b>	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by Spanish law.



<b>Listing and Trading:</b>	Applications have been made for the Notes to be admitted to trading on AIAF.
<b>Clearing and settlement:</b>	The Notes have been registered with Iberclear as managing entity of the Spanish Central Registry. Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with Iberclear.
<b>Selling Restrictions:</b>	See " <i>Subscription and Sale</i> ".
<b>Risk Factors:</b>	Investing in the Notes involves risks. See " <i>Risk Factors</i> ".
<b>Financial Information:</b>	See " <i>Description of the Issuer—Selected Financial Information</i> ".

## RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with the business of the Issuer and with any investment in the Notes together with all other information contained in this Prospectus, including, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

The following are only risks that are specific to the Issuer or the Notes as required by the Prospectus Regulation but it is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

Investors, before investing in the Notes, should consult with their own legal, regulatory, tax, financial and accounting advisors to the extent they consider necessary in order to determine, and consider carefully, whether an investment in the Notes is a fit, proper and suitable investment for them in light of the information in this Prospectus and their personal circumstances.

### 1. Risks factors relating to the Issuer

#### (a) Risk related with the financial situation of the Issuer

As described within the point "Selected Financial Information relating to the Issuer" of the section "Description of the Issuer", as of the end of 2020 MetroTenerife accounted long-term financial liabilities for an aggregated amount of EUR 127.4 million and short-term financial liabilities for an aggregate amount of EUR 11.9 million. Most of this financing consist of the financing subscribed by the Issuer in 2008 for the partial financing for the works of execution of tram Line 1 and tram Line 2 composed of a debt with the European Investment Bank with an outstanding amount as of 31 December 2020 of EUR 84.0 million maturing in 2033, debts with a banking syndicate with an outstanding amount of EUR 13.7 million maturing in 2037 and coverage derivatives with a reasonable value of EUR 35.7 million recognized as a financial liability and expiration in 2037. This financing will be fully amortized with the proceeds of the Notes on the Issue Date.

As of 30 June 2021, according with unaudited internal records of the Issuer, the outstanding amounts of these debts were:

- (i) Debts with the European Bank of Investments: EUR 80.2 million maturing in 2033.
- (ii) Debts with the banking syndicate: EUR 13.6 million maturing in 2037.
- (iii) Reasonable value of coverage derivatives (recognized as a financial liability): EUR 32.7 million,

making a total outstanding amount of EUR 126.6 million compared with the EUR 130 million principal amount of the Notes (EUR 129.012 million net from transaction costs of EUR 987,081 and with a net worth of the Issuer as of 31 December 2020 of EUR 44.7 million. Holders of Notes bear the credit risk of the Issuer, that is the risk that the Issuer is not able to meet its obligations under the Notes.

#### (b) Risk related with the net worth of the Issuer and the mandatory reduction of capital stock when losses decrease net worth below two-thirds of the capital stock

The Issuer presents as of the end of the financial year 2020 a net worth of EUR 44.7 million compared with a capital stock of EUR 69.2 million which in relative terms represents less than two-thirds of the capital stock.

According to article 327 of the Spanish Companies Act approved by Legislative Decree 1/2010, of 2 July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*), as amended, replaced or supplemented from time to time (the "**Spanish Companies Act**"), public limited liability companies shall be bound to reduce their capital stock when their losses decrease their net worth below two-thirds of their capital and the net worth has not been recovered within one full financial year.

However, for the purposes of evaluating equity when a company is in the case of the aforementioned article 327, and in accordance with the first final provision of Royal Decree-Law 10/2008 of 12 December that modifies art. 36.1.c) of the Commercial Code, the company's net worth must be corrected by the balance of adjustments for changes in value derived from cash flow coverage operations resulting in a "corrected equity" that in the case of the Issuer amounted, as of the end of 2020, to EUR 71.4 million (see point "*Selected Financial Information relating to the Issuer*" of the section "*Description of the Issuer*" for the detailed calculation).

If a definition of a "corrected equity" was not considered, the Issuer would meet the requirements established in article 327 of the Spanish Companies Act for mandatory reduction of capital stock and the Issuer would be bound to reduce its capital stock.

(c) ***Risk related with the business of the Issuer and its concessional nature***

***i. Risk of change in fares and fluctuations in revenues from commercial activities***

MetroTenerife receives its funding primarily from passenger transport services. Revenues from fares are subject to the determination of the Cabildo. Any material change in fare levels that could affect negatively to the number of passenger journeys (i.e., the elimination of social subsidies to the clients for the use of public transport) or structural changes in passenger demand could reduce MetroTenerife's revenues and have an adverse impact on the financial condition of MetroTenerife. The weight of the income generated by passenger transport services over Net revenues in 2020 was 89.3% (89.2% in 2019).

Revenues from commercial activities (including consulting services, advertising income, property rental income and other income from the sale of energy) are exposed to the risk of fluctuations and volatility due to adverse market conditions and any reduction in revenues from commercial activities as a result of those factors over time could have an adverse impact on the financial condition of the Issuer. The weight of these additional income over total revenues in 2020 was of 10.4% (10.5% in 2019).

In 2020 total revenues of the Issuer decreased by 33.9% on annual terms, mainly as a consequence of the decrease in the number of passengers due to the mobility restrictions in response to COVID-19 (see risk factor "(d) Risks derived from the COVID-19 health crisis and its impact on turnover"). By business line, revenues from passenger transport service decreased by 33.8% in 2020 and revenues from commercial activities (referred as to "Additional revenue" in the Issuer's financial statements) decreased by 34.7%.

***ii. Concessional risk***

MetroTenerife operates the Line 1 and Line 2 of Tenerife tram under the Management Agreement. The Management Agreement for the two lines expires in 2053 when MetroTenerife will have to revert the assets, without any type of compensation, to the public administration. The Issuer is incorporated in Spain as a public limited liability company (*sociedad anónima*) for a term of 50 years since its incorporation on 22 January 2001, so it will be dissolved once such term has elapsed unless it had been previously extended and registered with the Mercantile Registry.

If MetroTenerife does not meet the obligations it has undertaken under the Management Agreement, this could lead to sanctions being applied by the Cabildo and even, under certain very serious circumstances, to the loss of the administrative concession. For more information on the Management Agreement, see "*Description of the Issuer - Business of the Issuer – Concessions*". As the activity of the Issuer depends on the Management Agreement, its modification, resolution, or possible non-compliance from the parts could negative affect the results and the business of the Issuer.

**iii. Risk of fraud**

The Issuer is at risk of fraud by employees, contractors/suppliers, customers and other third parties. In particular, the Issuer is exposed to fraud in connection with ticket sales, thereby reducing revenues. Although MetroTenerife has systems and procedures in place to avoid such situations, no assurance can be given that the nature and extent of such fraudulent practices will not have a material adverse effect on the financial condition of the Issuer. The fraud rate measured over the recent years has remained below 10% of the total number of people entering into the tram. It is part of MetroTenerife management's objective to keep this under control. An increase in the levels of fraud would cause a reduction in revenues and could cause an increase in operational expenses in order to set mitigation measures to address the increase in fraud. The combination of lower revenues and increased expenditure could have a negative impact in the results of the Issuer.

**iv. The Issuer is controlled by a local government and it is dependent of changes in the political landscape**

MetroTenerife is dependent upon the Cabildo, the local government of the island of Tenerife and as such its operations are subject to the direction, approval and guidance from the Cabildo. Besides, the Cabildo is the competent authority for land transport and tourism in Tenerife. No assurance can be given as to the impact on the Issuer of any possible change either in the political landscape of Tenerife or in legislation, regulation or policies after the date of this Prospectus, especially in matters related with the public transport service policy and incentive plan that have a direct implication in the generation of income from the transport of passengers. Besides, in the Board of Directors of the Issuer, five different political parties are represented as of the date of this Prospectus. This political fragmentation can, in practice, hinder and slow down the decision-making capabilities of the Issuer and, ultimately, it can affect its operational efficiency.

**(d) Trade Union Relations**

The relationship that MetroTenerife has with trade unions is important and any failure to maintain a constructive working relationship with the trade unions may jeopardise the ability of MetroTenerife to deliver services of an acceptable standard. This could have a significant impact on costs and on performance levels and therefore fare revenues. In 2020 and 2019, 57.5% and 53.7% of the operations and maintenance costs respectively derived from salaries. The margins of MetroTenerife are consequently very sensitive to salary increases above the consumer price index that could represent a risk for its financial condition. In the past, MetroTenerife has experienced three different strikes in 14 years.

**(e) Risks derived from the COVID-19 health crisis and its impact on turnover**

On 11 March 2020, the World Health Organization declared the outbreak of COVID-19 (also commonly referred to as the "coronavirus") a global pandemic due to its rapid spread throughout the world. Since then, most governments have been taking restrictive measures to contain its spread, which include, among others, isolation, confinement, quarantine and restrictions of free movement of persons, closure of non-essential business, temporary closure of external borders and controls and limitations on air, sea, rail and road transport.

In Spain, the Government has adopted (i) Royal Decree 463/2020, of 14 March, declaring the state of alarm in Spain to manage the health crisis situation caused by COVID-19, (ii) Royal Decree 926/2020, of 25 October, declaring a new state of alarm in order to manage a new health crisis situation caused by COVID-19 and (iii) Royal Decree 956/2020, of 3 November, extending such state of alarm given that the health crisis had not been controlled as at that time. Such measures have been accompanied by the approval of a series of extraordinary measures to face the economic and social impact of COVID-19.

Although it is expected (however not guaranteed) that COVID-19 vaccine rollout becomes widespread throughout the year, there is still high uncertainty in relation to how the pandemic will evolve as it depends on multiple factors that are difficult to quantify at this time, including, its evolution and future spread, development of treatments and vaccines and actions taken by authorities to contain or treat the disease and mitigate its impact on the economy.

The limitations of movements of citizens have led to a reduction in MetroTenerife's income from passengers in 2020, in line with other European transport operators. The number of passengers carried in 2020 reduced by 33.65% compared to 2019, moving from 15,551,981 passengers in 2019 down to 10,318,285 passengers in 2020. During the first quarter of 2021 the number of passengers carried was 2,817,246 compared with 3,578,769 in the same period of 2020.

This decrease was a consequence of the impact that the different measures adopted at a national and regional level in order to prevent the impact of the COVID-19 had on the passenger transport, especially the ones related with the mobility restrictions under the state of alarm. Additionally, the cessation of the academic and non-essential work activity prompted a rapid and unexpected decrease on demand. From June 2020 onwards, after the progressive reactivation of the social and economic activity, the levels of demand started to recover until October 2020, when the weekly demand of transport recorded a maximum representing 75% of the demand in the same weeks of 2019. During November and December 2020, however, the start of the "third wave" of the COVID-19 in Spain and the reinforcement of the restrictive measures in order to avoid a further spread of the virus during Christmas holidays lead to an additional and significant drop on demand.

Given that the Issuer performs an essential activity (the public transport of passengers), the service was uninterrupted during all the period and the Tenerife Island Authority (*Cabildo Insular de Tenerife*) (the "**Cabildo**"), as the competent transport authority in Tenerife, issued resolutions regulating both the transport services during the state of alarm and its adaptation to the different stages of the crisis (relaxation and tightening of the restrictions depending on the levels of contagion).

The Issuer has adopted a set of measures in different areas to face the impact of the crisis caused by the COVID-19, especially the lower mobility of passengers and the consequent decrease in the activity of MetroTenerife, that have included, among others, the periodic assessment of the financial situation of MetroTenerife and the adoption of measures to procure a robust financial balance.

As a result of this evaluation and given that the Issuer performs an activity of public interest, the Cabildo approved a specific contribution in its budget for 2021 of EUR 2,532,750 in the form of an operating subsidy for MetroTenerife with the purpose of restoring the economic balance, as it is established in the contract equivalent to an agreement signed between MetroTenerife and the Cabildo for the purposes of the construction and operation of the public transport passenger services of the tramways "Line 1" and "Line 2" on the island of Tenerife (the "**Management Agreement**").

As a result of this specific contribution from the Cabildo, the Issuer avoided incurring in negative results and the net profit the end of 2020 was zero compared with a positive result of EUR 5.2 million recorded the year before.

During 2021, some organizational challenges and temporary supply shortages have delayed vaccination campaigns in many countries. In this context, the Issuer's business will likely continue being adversely affected by the pandemic. The extent of the COVID-19 impact will depend on the public health situation and the duration and future development of containment measures by governments. For MetroTenerife, as provider of a public transport service, the prolongation of economic uncertainty and especially potential additional restrictions on mobility could lead to a deterioration of its economic results and negatively impact its cash generation capability for the future repayment of the Notes.

(f) ***Force Majeure***

Catastrophic events which are outside of MetroTenerife's control, such as war and terrorism, floods, droughts, earthquakes or other such events could result in personal injury, loss of life, pollution or environmental damage, severe damage or destruction of the transport network in Tenerife. Should any of such events occur, MetroTenerife may be prevented from continuing its operations and the revenues and the funding made available to MetroTenerife may reduce or cease. In the past the island of Tenerife has experienced episodes of torrential rains, high winds and blackouts. Particularly significant were the torrential rains experienced in Santa Cruz de Tenerife in March 2002 reaching maximum rains of 162.6 mm/sqm per hour and causing multiple physical

and personal damages. Also, in 2020 the island of Tenerife experienced a second blackout of seven hours (the previous was in 2019) caused by the disconnection of combined cycle 1 at the Granadilla thermal power plant. These events could cause an interruption the service of transport, damages in the property and installations of the Issuer and even personal damages which could have a negative impact in the activity and the results of the Issuer.

## 2. Risks factors relating to the Notes

### (a) *Notes issued as Green Notes with a specific use of proceeds, may not meet investor expectations or requirements*

The section "*Use and Estimated Amount of Net Proceeds*" provides that an amount equivalent to most of the proceeds of the issue of the Notes net from transaction costs ("**Net Proceeds**"), has been used to repay all the amounts outstanding related with the financing for the execution of the tram Line 1 and tram Line 2 and the derivatives instruments linked to this financing. The amortization of these debts and their associated derivative instruments meet the definition of eligible green projects (the "**Eligible Green Projects**") in accordance with the Issuer's green bond framework (the "**Green Bond Framework**") as they are financing investments in clean transportation aimed at maintaining and increasing Tenerife's public transport capacity and services. Any residual amount of the Net Proceeds will be allocated to finance and/or refinance, in whole or in part, new or existing Eligible Green Projects. A prospective investor should have regard to the information set out in the section "*Use and Estimated Amount of Net Proceeds*" and determine for itself the relevance of such information for the purpose of an investment in such Notes together with any other investigation it deems necessary.

The Issuer's Green Bond Framework is published on the website of the Issuer as amended, supplemented, restated or otherwise updated on such website from time to time. The Green Bond Framework may be subject to changes and amendments without Noteholders' consent, and it will not constitute an event of default or a breach of contract with respect to the Notes. The Issuer can modify the current Green Bond Framework whenever it considers it is needed. However, the Notes will not be affected, as any change will only be taken into consideration for future bond issuances and projects financed.

While it is the intention of the Issuer to apply any residual amount of the Net Proceeds for Eligible Green Projects and to report on the use of proceeds or Eligible Green Projects as described in "*Use and Estimated Amount of Net Proceeds*" and the Green Bond Framework, there is no contractual obligation to do so. There can be no assurance that any such Eligible Green Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that the Issuer will be able to use any residual amount of the Net Proceeds for such Eligible Green Projects as intended. In addition, there can be no assurance that Eligible Green Projects will be completed as expected or achieve the impacts or outcomes originally expected or anticipated. None of a failure by the Issuer to allocate any residual amount of the Net Proceeds or to report on the use of proceeds or Eligible Green Projects as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with the Notes or the failure of the Notes to meet investors' expectations requirements regarding any "green" or similar labels will constitute an Event of Default or breach of contract with respect to the Notes.

Payments of principal and interest on the Notes shall not depend on the performance of the Eligible Green Projects or on compliance with general green targets at Issuer level, nor have any preferred right against such assets.

The failure of the Notes to meet investors' expectations requirements regarding its "green" or similar label, or a disqualification of an eligible project from "green" or similar label, or if the performance of the eligible assets is not as expected, or the fact that the maturity of an eligible green asset or project may not match the duration of the Notes will not constitute an event of default or a breach of contract with respect to the Notes, and it will not lead to an obligation of the Issuer to redeem the Notes, and Holders of the Notes will not be able to exercise any right, and the Notes will not be subject to any acceleration or early redemption rights.

A failure of the Notes to meet investor expectations or requirements as to their "green" or equivalent characteristics including the failure to apply any residual amount of the Net Proceeds for Eligible Green Projects, the failure to provide, or the withdrawal of, a third party opinion or certification or the failure by the Issuer to report on the use of proceeds or Eligible Green Projects as anticipated, may have a material adverse effect on the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate).

- (b) *Upon the occurrence of an event of default, the Notes will not be automatically accelerated. If accelerated by Noteholders, the liquidity of the Notes may be affected***

The Notes may only be accelerated by Noteholders if any of the events of default contained in the Conditions of the Notes occurs and is continuing, for which purposes Noteholders will have to deliver a written notice to the Issuer. Acceleration of the Notes is only possible to the extent permitted by applicable Spanish law so acceleration may not always be possible upon the occurrence of an event of default (see "*Risks relating to the Insolvency Law*" below).

If any Notes are accelerated, the outstanding amount of Notes will be reduced and therefore the liquidity of such Notes may be adversely affected.

- (c) *The Issuer may incur more indebtedness in the future, which may make it difficult for the Issuer to service its debt, including the Notes, and impair the Issuer ability to operate its businesses.***

The Issuer may incur substantial additional indebtedness in the future. Any debt that the Issuer incurs could be effectively senior to the Notes, and other debt could be secured (subject to the provisions of Condition 4 (*Negative Pledge*)) or could mature prior to the Notes. The Conditions of the Notes permit the Issuer to incur future debt that may have substantially the same or more restrictive or favourable covenants as those of the Notes. Borrowings under other debt instruments that contain cross acceleration or cross default provisions, including the Notes, may as a result also be accelerated and become due and payable. If the Issuer incurs any additional indebtedness that ranks equally with the Notes, the holders of that debt will be entitled to share rateably in any proceeds distributed in connection with the Issuer's insolvency, liquidation, reorganization, dissolution or other winding-up. The Issuer may be unable to pay in full the Notes and these debts in such circumstances.

As of the date of this Prospectus, there are (i) projects for the construction of a new line and for the extension of Line 1 and Line 2 of the tram and (ii) transport projects (subject to final approval by the Cabildo) for the execution of two high performance commuter railway lines for Tenerife. If these projects were finally approved by the competent authorities and the Issuer were awarded with all or any of these projects new indebtedness would be required by the Issuer in order to execute the necessary investments.

- (d) *There is no active trading market for the Notes and this would adversely affect the value at which an investor could sell its Notes***

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. In addition, the Notes are the first debt securities issued by the Issuer and, therefore, it is uncertain how they will trade in the secondary market. 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. Given the lack of previous references of securities issued by the Issuer, there is no assurance as to the development or liquidity of any trading market for the Notes.

- (e) *The Notes do not contain a gross-up provision***

All payments made by or on behalf of the Issuer in respect of the Notes will be made subject to and after deduction or withholding required to be made by law 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 or any authority thereof or therein having power to tax. The Issuer is not under any obligation to make additional payments in respect

of the amount of any withholding or deduction for, or on account of, any present or future taxes (or stamp duty).

(f) **Risks relating to the Insolvency Law**

The consolidated text of the Spanish Insolvency Law approved by Royal Decree 1/2020 of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) (the "**Spanish Insolvency Law**") regulates pre-insolvency and court insolvency proceedings, as opposed to out-of-court liquidation, which is only available when the debtor has sufficient assets to meet its liabilities.

A debtor is required to apply for insolvency proceedings when it is not able to meet its current obligations (*insolvencia actual*) within the term of two months as from the moment that it knows that it is insolvent or it should have known it is insolvent. The debtor is also entitled to apply for such insolvency proceedings when it expects that it will shortly be unable to do so (*insolvencia inminente*). Insolvency proceedings are available as a type of legal protection that the debtor may request in order to avoid the attachment of its assets by its creditors.

Notwithstanding the foregoing, pursuant to Royal Decree Law 5/2021 of 12 March, which introduces a new set of measures within the Spanish judicial system to deal with the effects caused by COVID-19 pandemic, until 31 December 2021 (inclusive) debtors that are insolvent will not have the duty to file for insolvency proceedings. Subject to Condition 4 (Negative Pledge) of the Notes, the Notes rank below credits against the insolvency estate (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*) which shall be paid in full before ordinary credits.

The Spanish Insolvency Law provides that provisions in a contract granting one party the right to terminate by reason only of the other's insolvency shall not be enforceable, for which reason the Notes may not be accelerated upon the Issuer's insolvency as contemplated under Condition 9 (*Events of Default*). In addition, 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, and (ii) accrual of unsecured interest (whether ordinary or default interest) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date shall become subordinated. In the case of secured ordinary interests, (i) these shall be deemed as specially privileged, and (ii) interests shall keep accruing after the declaration of insolvency up to the limit of the secured amount, and only if a contingent credit for secured ordinary interests that may accrue after the declaration of insolvency is included in the statement of claim to be sent to the insolvency administrator (as per the Supreme Court judgment dated 20 February 2019). In the case of secured default interests, (i) these shall be deemed as specially privileged, and (ii) these shall not accrue after the declaration of insolvency, in accordance with the Spanish Supreme Court judgment dated 11 April 2019. Any payments of interest in respect of debt securities will be subject to the subordination provisions of Article 281.1.3° of the Spanish Insolvency Law.

The Spanish Insolvency Law, in certain instances, also has the effect of modifying or impairing creditors' rights even if the creditor, either secured or unsecured, does not consent to the amendment. Secured and unsecured dissenting creditors may be written down not only once the insolvency has been declared by the judge as a result of the approval of a creditors' agreement (*convenio concursal*), but also as a result of an out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*) without insolvency proceedings having been previously opened (e.g., refinancing agreements which satisfy certain requirements and are validated by the judge), in both scenarios (i) to the extent that certain qualified majorities are achieved and unless (ii) some exceptions in relation to the kind of claim or creditor apply (which would not be the case for the Notes).

As such, certain provisions of the Spanish Insolvency Law could affect the ranking of the Notes or claims relating to the Notes on an insolvency of the Issuer.



## INFORMATION INCORPORATED BY REFERENCE

The information set out below shall be deemed to be incorporated by reference in, and to form part of, this Prospectus provided however that any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement:

- (i) The Issuer's audited annual accounts and the directors' report as of and for the year ended 31 December 2020, together with the audit report of ERNST & YOUNG, S.L. ("**E&Y**"), available at the Issuer's website (<https://inversor.metrotenerife.com/aptdo-elemento/informacion-economica-financiera/>) (together, the "**2020 Annual Accounts**").
- (ii) The Issuer's audited annual accounts and the directors' report as of and for the year ended 31 December 2019, together with the audit report of E&Y, available at the Issuer's website (<https://inversor.metrotenerife.com/aptdo-elemento/informacion-economica-financiera/>) (together, the "**2019 Annual Accounts**").

Each document incorporated herein by reference is only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, as the case may be, since the date thereof or that the information contained therein is current as of any time subsequent to its date.

Any documents themselves contained in or incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on any website referred to in this Prospectus does not form part of this Prospectus and has not been scrutinised or approved by the CNMV. Specifically, the Green Bond Framework and the Second-Party Opinions are not incorporated by reference into this Prospectus.

### **English translations**

English translations of the 2020 Annual Accounts and the 2019 Annual Accounts are available at the Issuer's website (<https://inversor.metrotenerife.com/aptdo-elemento/informacion-economica-financiera/>).

## TERMS AND CONDITIONS OF THE NOTES

### EUR 130,000,000 1.229 per cent. Green Notes due 2036

The EUR 130,000,000 1.229 per cent. Green Notes due 2036 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of Metropolitano de Tenerife, S.A. (the "**Issuer**") are the subject of a paying agency agreement dated 21 July 2021 (as amended or supplemented from time to time, the "**Paying Agency Agreement**") between the Issuer, and Bankinter, S.A. as paying agent (the "**Paying Agent**", which expression includes any successor paying agent appointed from time to time in connection with the Notes).

The Notes have been issued on 30 July 2021 (the "Issue Date")

#### 1. **Form and Denomination**

The Notes are in uncertificated, dematerialized book-entry form (*anotaciones en cuenta*) in euro in the denomination of €100,000 and in an aggregate amount of €130,000,000.

#### 2. **Status**

The Notes constitute (subject to the provisions of Condition 4 (*Negative Pledge*)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and in the event of insolvency (*concurso*) of the Issuer (unless they qualify as subordinated debts under Article 281 of the consolidated text of the Spanish Insolvency Law approved by Royal Decree 1/2020 of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) ("**Spanish Insolvency Law**") (or equivalent legal provision which replaces it in the future and subject to any legal and statutory exceptions)) will be ordinary credits (*créditos ordinarios*) as defined in the Spanish Insolvency Law and rank *pari passu* at least equally with all other unsecured and unsubordinated obligations of the Issuer without any preference among themselves and with all other outstanding, unsecured and unsubordinated obligations of the Issuer, present and future.

Ordinary credits rank below credits against the insolvency estate (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*). Ordinary credits rank above subordinated credits. 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. Under Spanish law, accrual of interest on the Notes shall be suspended from the date of any declaration of insolvency.

#### 3. **Title and Transfers**

The Notes have been registered with Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("**Iberclear**") as managing entity of the central registry of the Spanish clearance and settlement system (the "**Spanish Central Registry**"). Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with Iberclear.

Iberclear manages the settlement and clearing of the Notes, notwithstanding the Issuer's commitment to assist, when appropriate, on the clearing and settlement of the Notes through Euroclear Bank SA/NV and Clearstream Banking, S.A. .

The Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) has assigned the following International Securities Identification Number (ISIN) to identify the Notes: ES0205597000. The Common Code for this issue is 236902340.

Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the participating entities (*entidades participantes*) in Iberclear (the "**Iberclear Members**") as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the "**Holder**" means the person in whose name such Notes is for the time being registered in the Spanish Central Registry managed

by Iberclear or, as the case may be, the relevant Iberclear Member accounting book and "**Noteholder**" shall be construed accordingly and when appropriate, means owners of a beneficial interest in the Notes.

One or more certificates (each a "**Certificate**") attesting to the relevant Holder's holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant Iberclear Member's or, as the case may be, Iberclear's procedures) to such Holder upon such Holder's request.

The Notes have been issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Holder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Holder.

#### 4. **Negative Pledge**

So long as any Note remains outstanding:

- (a) the Issuer shall not create any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness or any Guarantee of any Indebtedness with the exception of a Permitted Security Interest; and
- (b) the Issuer shall procure that none of its Relevant Subsidiaries will create any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness or any Guarantee of any Indebtedness with the exception of a Permitted Security Interest,

without at the same time or prior thereto (i) securing the Notes equally and rateably therewith or (ii) providing such other security for the Notes as may be approved by the Syndicate of Noteholders.

In these Conditions:

"**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;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;

- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Permitted Security Interest"** means:

- (a) any Security Interest arising by operation of law and in the ordinary course of business of the Issuer or any of its Subsidiaries (and not as a result of any default or omission by the Issuer or any Subsidiary) which does not (either alone or together with any one or more other such Security Interests) materially impair the operation of such business and which has not been enforced against the assets to which it attaches;
- (b) any Security Interest authorised by the Syndicate of Noteholders; and
- (c) any Security Interest that does not fall within paragraphs (a) or (b) above and that secures Indebtedness which, when aggregated with Indebtedness secured by all other Security Interests permitted under this paragraph, does not exceed €10,000,000 (or its equivalent in other currencies).

**"Relevant Subsidiary"** means each Subsidiary whose EBIT or whose assets, considered individually, represent at any time during the term of this Notes a percentage equal to or greater than ten percent (10%) of the consolidated EBIT or of the consolidated total assets, respectively, of the Issuer. As of the date of this Prospectus, the Issuer does not have any Relevant Subsidiaries or subsidiaries.

**"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;

**"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; and

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

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

## 5. Interest

The Notes bear interest from the Issue Date at the rate of 1.229 per cent. per annum, (the **"Rate of Interest"**) payable in arrear on 30 July in each year (each, an **"Interest Payment Date"**), subject as provided in Condition 7 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is 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 notice is given to the Noteholders.

The amount of interest payable on each Interest Payment Date shall be €1,229.00 in respect of each Note. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest (half a cent, being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

"**Calculation Amount**" means €100,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

## 6. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously purchased and cancelled, the Notes will be redeemed at their principal amount on 30 July 2036 (the "**Maturity Date**"), subject as provided in Condition 7 (*Payments*).
- (b) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraph (a) (*Scheduled redemption*) above.
- (c) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market at any price or through a tender offer directed to all Noteholders at any price or otherwise and at any price and such Notes may be held or resold or, at the option of the Issuer, cancelled. Any Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12 (*Syndicate of Noteholders*).

## 7. **Payments**

- (a) *Principal and interest*: Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Business Day on which the payment of principal or interest, as the case may be, falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the Notes. None of the Issuer, the Paying Agent or, if applicable, the Sole Bookrunner will have any responsibility or liability for the records relating to payments made in respect of the Notes.
- (b) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations to which the Issuer or its agents (including the Paying Agent) agree to be subject and neither the Issuer nor the Paying Agent will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements (in accordance with Condition 8 (*Taxation*)). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (c) *Payments on business days*: If the due date for payment of any amount in respect of any Note is not a TARGET Settlement Day, the holder shall not be entitled to payment in such place of the amount due until the next succeeding TARGET Settlement Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Condition:

"**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.

"**TARGET2 System**" means the TARGET2 system.

#### 8. **Taxation**

All payments made by or on behalf of the Issuer in respect of the Notes will be made subject to and after deduction or withholding required to be made by law 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 Spain or any political subdivision or any authority thereof or therein having power to tax. The Issuer will not be required to pay any additional or further amounts in respect of such deduction or withholding.

See "*Taxation*" for a fuller description of certain tax considerations relating to the Notes.

If the Issuer becomes subject at any time to any taxing jurisdiction other than Spain, references in these Conditions to Spain shall be construed as references to Spain and/or such other jurisdiction.

#### 9. **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 on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within five business 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
- (c) *Cross-default of Issuer or Relevant Subsidiary*:
  - (i) any Indebtedness of the Issuer or any of its Relevant Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the Relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
  - (iii) the Issuer or any of its Relevant Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

*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, individually or in the aggregate, exceeds €10,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an amount in excess of €10,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Relevant

Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

- (e) *Security enforced*: 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 its Relevant Subsidiaries; or
- (f) *Insolvency, etc.*: (i) the Issuer or any of its Relevant Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Relevant Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Relevant Subsidiaries, (iii) the Issuer or any of its Relevant Subsidiaries 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 (iv) the Issuer or any of its Relevant Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Relevant Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Relevant Subsidiaries (otherwise than, in the case of a Relevant Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of Spain has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, and (ii) to ensure that those obligations are legal, valid, binding and enforceable; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes;
- (k) *Change of control*: the Issuer ceases to be wholly-owned by the Tenerife Island Authority (*Cabildo Insular de Tenerife*) (the "**Cabildo**") or the Cabildo no longer has control of the Issuer ("**control**" in this context meaning the right to appoint and/or remove all or the majority of the members of the board of directors and/or the President (*Presidente*) of the board of directors of the Issuer, whether directly or indirectly, and whether by law, the possession of voting rights, contract or otherwise). Notwithstanding the above, a transfer of control in favour of any public corporation or government of equal or higher status shall not constitute a Change of Control for purposes of this subparagraph (k); or
- (l) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Relevant Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Relevant Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues,

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer, be declared immediately due and payable, whereupon it shall, to the extent permitted by applicable Spanish law, become immediately due and payable at its principal amount together with accrued interest without further action or formality.

*The Spanish Insolvency Law provides that provisions in a contract granting one party the right to terminate by reason only of the other's insolvency shall not be enforceable; for which reason the*

*Notes may not be accelerated upon the Issuer's insolvency. See Risk factor headed "(h) Risk relating to the Insolvency Law".*

10. **Prescription**

To the extent that Article 950 of the Spanish Commercial Code (*Código de Comercio*) applies to the Notes, claims relating to the Notes will be extinguished unless such claims are duly made within three years of the relevant payment date.

11. **Agents**

In acting under the Paying Agency Agreement and in connection with the Notes, the Paying Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor paying agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Paying Agent; and
- (b) 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 in any particular place, the Issuer shall maintain a paying 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 Agent or in its specified office shall promptly be given to the Noteholders.

12. **Syndicate of Noteholders**

Noteholders shall meet in accordance with the regulations governing the Syndicate of Noteholders (the "**Regulations**"). The Regulations contain the rules governing the Syndicate of Noteholders and the rules governing its relationship with the Issuer. See "*Regulations of the Syndicate of Noteholders*".

Bondholders, S.L. has been appointed as Commissioner for the Syndicate of Noteholders. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the Commissioner; and (ii) become a member of the Syndicate of Noteholders.

13. **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.

14. **Notices**

The Issuer shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

So long as the Notes are listed on AIAF, to the extent required by the applicable regulations, the Issuer shall ensure that (i) the communication of all notices will be made public to the market through announcements of inside information (*información privilegiada*) or of relevant information (*información relevante*), as the case may be, to be filed with the CNMV and to be published at the CNMV's official website at [www.cnmv.es](http://www.cnmv.es) and (ii) all notices to the Holders will be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*).

In addition, so long as the Notes are represented by book-entries in Iberclear, all notices to Holders shall be made through Iberclear for on transmission to their respective accountholders.



Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Issuer may approve.

15. **Governing Law and Jurisdiction**

The terms and conditions of the Notes and any non-contractual obligations arising out of or in connection therewith shall be governed by, and construed in accordance with, Spanish law.

The Notes will be issued in accordance with the provisions of the consolidated text of the Spanish Companies Act approved by Legislative Decree 1/2010, of 2 July (*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 Regulation (EU) 2017/1129, the consolidated text of the Spanish Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October and Royal Decree 1310/2005, of 4 November.

Each of the Issuer and any Holders submits to the exclusive jurisdiction of the Spanish courts, in particular, to the venue of the city of Santa Cruz de Tenerife, in relation to any dispute arising out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes).

## REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

### REGLAMENTO DEL SINDICATO DE OBLIGACIONISTAS / REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

*The following are the Regulations of the Syndicate of Noteholders referred to in the Terms and Conditions of the Notes. The Spanish version of the Regulations of the Syndicate of Noteholders is the legally binding version. The English translation provided below is a translation of the original Spanish text given for information purposes only.*

#### REGLAMENTO

**Artículo 1.-** Con la denominación "Sindicato de Obligacionistas de la Emisión EUR130,000,000 1.229 per cent. Green Notes due 2036) of Metropolitano de Tenerife, S.A. Notes " queda constituido un sindicato que tiene por objeto la defensa de los intereses y derechos de los titulares de obligaciones emitidas por Metropolitano de Tenerife, S.A. ("Metro Tenerife"), bajo la denominación "EUR 130,000,000 1.229 per cent. Green Notes due 2036", de acuerdo con la legislación vigente (en adelante, las "Obligaciones" o la "Emisión", según resulte apropiado).

**Artículo 2.-** El Sindicato subsistirá mientras dure el empréstito y, terminado este, hasta que queden cumplidas por Metro Tenerife sus obligaciones ante los titulares de las Obligaciones.

**Artículo 3.-** El domicilio del Sindicato se fija en [•].

**Artículo 4.-** Son Órganos del Sindicato la Asamblea General de Obligacionistas y el Comisario.

**Artículo 5.-** El Comisario será el Presidente del Sindicato de Obligacionistas y de las Asambleas Generales, y además de las competencias que pueda atribuirle la Asamblea General, tendrá la representación legal del Sindicato y podrá ejercitar las acciones que a este correspondan y las que considere oportunas para la defensa general y particular de los obligacionistas, así como ejecutar los acuerdos de la Asamblea General. En todo caso, el Comisario será el órgano de relación entre Metro Tenerife y el Sindicato, y como tal y sin perjuicio de otras facultades que pueda conferirle la legislación vigente o los términos y condiciones de las Obligaciones, podrá asistir con voz y sin voto a las deliberaciones de la Junta General de Metro Tenerife, informar a esta de los acuerdos del Sindicato y requerir de la misma los informes que, a su juicio o al de la Asamblea de Obligacionistas, interesen a estos.

#### REGULATIONS

**Article 1.-** The "Syndicate of Noteholders of the EUR130,000,000 1.229 per cent. Green Notes due 2036) of Metropolitano de Tenerife, S.A. Notes" is established as a syndicate whose function is to defend the interests and rights of the holders of the Notes issued by Metropolitano de Tenerife, S.A. ("Metro Tenerife"), with the name "EUR 130,000,000 1.229 per cent. Green Notes due 2036", according to the legislation in force (the "Notes" or the "Issue", as appropriate).

**Article 2.-** The Syndicate will exist for as long as the borrowing does and, once the latter has concluded, until Metro Tenerife has fulfilled its obligations vis-à-vis the Notes.

**Article 3.-** The address of the Syndicate is [•].

**Article 4.-** The Bodies of the Syndicate are the General Meeting of Noteholders and the Commissioner.

**Article 5.-** The Commissioner will be the President of the Syndicate of Noteholders and of the General Meetings, and in addition to the responsibilities that the General Meeting may attribute to him, will be the legal representative of the Syndicate and can take any action within his remit and that he considers appropriate for the defence of the Noteholders, in general and specific terms, and for the execution of the resolutions of the General Assemblies. In any event, the Commissioner will liaise between Metro Tenerife and the Syndicate and, as such, and notwithstanding any other powers potentially conferred upon him by the legislation in force or the terms and conditions of the Notes, may attend the deliberations of Metro Tenerife's General Meeting, with the right to speak but not to vote, inform the latter of the resolutions of the Syndicate and request any reports that he or the Meeting of Noteholders considers to be in the interest of the latter.

**Artículo 6.-** La Asamblea General de Obligacionistas, debidamente convocada por el Presidente o por el Órgano de Administración de Metro Tenerife y sin perjuicio de otras facultades que pueda conferirle la legislación vigente o los términos y condiciones de las Obligaciones, está facultada para acordar lo necesario a la mejor defensa de los legítimos intereses de los obligacionistas, destituir y nombrar al Comisario, modificar, de acuerdo con Metro Tenerife, los términos y condiciones de la Emisión (ya sean esenciales o no) y ejercer, cuando proceda, las acciones judiciales correspondientes y aprobar los gastos ocasionados por la defensa de los intereses comunes.

**Artículo 7.-** El régimen de quórums y mayorías para la constitución y adopción de acuerdos en las Asambleas Generales de Obligacionistas será el previsto en la Ley de Sociedades de Capital.

La Asamblea General quedará también válidamente constituida para tratar de cualquier asunto de su competencia siempre que estén presentes o debidamente representados los obligacionistas titulares de la totalidad de las Obligaciones y los asistentes acepten por unanimidad la celebración de la Asamblea General.

Salvo previsión en otro sentido en la legislación vigente, la convocatoria de la Asamblea General se hará, por lo menos, 15 días antes de la fecha fijada para su celebración mediante (a) anuncio que se publicará en la página web del emisor y, si se estima conveniente, en uno o más periódicos de difusión nacional o internacional, o (b) notificación a los obligacionistas de conformidad con los términos y condiciones de las Obligaciones.

La Asamblea General de Obligacionistas podrá reunirse, cuando se considere oportuno, en cualquier lugar de la ciudad de Tenerife, expresándose así en la convocatoria.

Tendrán derecho de asistencia a la Asamblea General los obligacionistas que lo sean con cinco (5) días de antelación, por lo menos, a aquél en que haya de celebrarse la reunión. Los Consejeros de MetroTenerife y el agente de pagos de la Emisión tendrán derecho de asistencia a la Asamblea General aunque no hubieren sido convocados.

Todo obligacionista que tenga derecho de asistencia a la Asamblea General podrá hacerse representar por medio de otra persona o por el Comisario (con sujeción a lo previsto en la ley). La representación deberá conferirse por escrito y

**Article 6.-** The General Meeting of Noteholders, duly convened by the President or the Management Body of Metro Tenerife and notwithstanding any other powers potentially conferred upon him by the legislation in force or the terms and conditions of the Notes, will be entitled to adopt any decisions necessary to best defend the legitimate interests of the Noteholders, remove and appoint the Commissioner, amend, in accordance with Metro Tenerife, the terms and conditions of the Issue (whether these are essential or not), bring legal action, when appropriate, and approve expenses incurred in defending shared interests.

**Article 7.-** The Spanish Companies Act (*Ley de Sociedades de Capital*) regime will be applicable to the quorums and approval of resolutions in the General Meetings of Noteholders.

The General Meeting will be also validly constituted to transact any business within its remit, provided that Noteholders representing all of the Notes are present or duly represented and that they unanimously approve the holding of such meeting.

Unless otherwise indicated in the legislation in force, the General Meeting will be convened at least 15 days prior to the date set for the meeting, by means of: (a) a notice published in the website of the issuer and, if considered appropriate, in one or more widely-distributed national or international newspapers, or (b) a notice to the Noteholders in accordance with the terms and conditions of the Notes.

The General Meeting of Noteholders may meet, whenever considered appropriate, at any place within the city of Tenerife, specifying the location when convening the meeting.

Noteholders who have been so for at least five (5) business days prior to the date on which the General Meeting is scheduled, will be entitled to attend the meeting. The members of the Board of Directors of MetroTenerife and the paying agent of the Issue will be entitled to attend the General Meeting even if they have not been requested to attend.

All Noteholders having the right to attend the General Meetings also have the right to be represented by another person or by the Commissioner (subject to applicable legal provisions). Appointment of a proxy must be

con carácter especial para cada Asamblea General.

En las reuniones de la Asamblea cada Obligación, presente o representada, dará derecho a un voto.

En todo caso, si así se previera en la correspondiente convocatoria de la Asamblea General, el voto podrá ejercitarse a través de medios de comunicación a distancia, incluyendo la correspondencia postal o por medios telemáticos siempre que (i) se garantice debidamente la identidad del Obligacionista que ejerce el derecho de voto y (ii) este quede registrado en algún tipo de soporte.

El acta de la sesión podrá ser aprobada por la propia Asamblea General, acto seguido de haberse celebrado esta, o, en su defecto, y dentro del plazo de quince (15) días, por el Comisario y al menos un obligacionista designado al efecto por la Asamblea General. Las certificaciones de las actas de los acuerdos de la Asamblea General de Obligacionistas serán expedidas por el Comisario.

**Artículo 8.-** En todo lo no previsto en el presente Reglamento serán de aplicación la Ley de Sociedades de Capital, las disposiciones de los estatutos sociales de Metro Tenerife que sean de aplicación, así como las restantes disposiciones legales vigentes aplicables.

Para cuantas cuestiones se deriven de este Reglamento, los obligacionistas, por el solo hecho de serlo, se someten, de forma exclusiva, con renuncia expresa a cualquier otro fuero que pudiera corresponderles, a la jurisdicción de los Juzgados y Tribunales de la ciudad de Tenerife.

done in writing and specifically for each meeting.

In the meetings of the General Meeting, the right to one vote will be granted for each Note, whether present or represented.

In any case, if so provided in the corresponding notice for the General Meeting, voting may be exercised through remote means of communication, including postal correspondence or by telematic means, provided that (i) the identity of the Noteholder exercising the voting right is duly guaranteed. and (ii) the vote is recorded in some type of support.

The minutes of the meeting may be approved by the General Meeting itself, immediately after the meeting has been held or, failing that, within a term of fifteen (15) days, by the Commissioner and at least one Noteholder appointed for such purpose by the General Meeting. The certificates of the minutes of the resolutions of the General Meeting will be issued by the Commissioner.

**Article 8.-** All matters not covered by these Regulations will be governed by the Spanish Companies Act, the applicable provisions of the by-laws of Metro Tenerife and by any other applicable legislation.

Regarding any disputes arising from these Regulations, the Noteholders, by virtue of being so, will submit to the exclusive jurisdiction of the courts and tribunals of the city of Tenerife, expressly waiving any other legal forum to which they may otherwise be entitled.

## USE AND ESTIMATED AMOUNT OF NET PROCEEDS

An amount equivalent to the proceeds of the issue of the Notes net from transaction costs ("**Net Proceeds**") of EUR 129.012 million, has been used to repay all the amounts outstanding related with the financing for the execution of the tram Line 1 and tram Line 2 and the derivatives instruments linked to this financing that as of 30 June 2021 amounted to EUR 126.6 million (see detail of this debt in the "*Description of the Issuer - Audited Balance Sheet for the years 2020 and 2019*" section of this Prospectus).

The amortization of these debts and their associated derivative instruments meets the definition of Eligible Green Projects of the Green Bond Framework defined by the Issuer, as they are financing investments in clean transportation aimed at maintaining and increasing Tenerife's public transport capacity and services.

The residual amount of the Net Proceeds after the repayment of the above-mentioned financings and derivatives instruments will be pending of allocation to finance and/or refinance, in whole or in part, another new or existing Eligible Green Projects.

Hereafter, the core four components of MetroTenerife Green Bond Framework, established in accordance with the Green Bond Principles June 2018 published by the International Capital Market Association (the "**Green Bond Principles**"), are explained in accordance with this specific issuance:

### 1. USE OF PROCEEDS

An amount equivalent to the Net Proceeds of the Notes issued has been used to refinance in whole the financing for the execution of the tram Line 1 and tram Line 2 and the derivatives instruments linked to this financing. This use of proceeds is related to Eligible Green Projects category 1 "clean transportation":

- Investments aimed at maintaining and increasing Tenerife's public transport capacity and services including expansions of current electric public transportation network and refurbishment and maintenance of existing electric public transportation network and infrastructure.

The Green Bond Framework also considers a second Eligible Green Projects category "renewable energy" that consists of:

- Investments aimed at financing the acquisition, equipment, operation and maintenance of renewable energy sources: wind energy, solar energy and geothermal energy with direct emissions lower than 100g CO<sub>2</sub>e/kWh.

This second category of Eligible Green Projects is less important in this specific issuance, as most of the funds received have been used to refinance clean transportation projects. In any case, both eligibility criteria categories (clean transportation and renewable energy) apply for the use of Net Proceeds according to MetroTenerife's Green Bond Framework.

### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

A dedicated internal green bond committee (the "**Green Bond Committee**") has been set up in accordance with the Green Bond Principles June 2018 published by the International Capital Market Association (the "**Green Bond principles**"). It is composed by the following:

- Administrative and Financial Director;
- Project Director;
- Maintenance Director.

The Green Bond Committee has already overseen:

- a proposal to the Board of Directors for refinancing a list of existing infrastructures in alignment with the eligibility criteria defined in the Green Bond Framework including the refinancing of the financing for the execution of the tram Line 1 and tram Line 2 and the derivatives instruments linked to this financing, as MetroTenerife Board of Directors is responsible for deciding how to finance the selected projects.

The Green Bond Committee will meet again before the end of the financial year 2021 and it will be in charge of:

- constituting and monitoring the green portfolio of MetroTenerife composed of Eligible Green Projects;
- validating the green notes reporting;
- reviewing and updating the Green Bond Framework because of the evolution of market standards and practices in the sustainable bond market.

The Committee will meet more if required.

### 3. MANAGEMENT OF PROCEEDS

Immediately after the receipt of the proceeds from the Notes in the general account of Issuer opened with the Paying Agent, MetroTenerife has used the Net Proceeds to repay all the amounts outstanding related to the financing of tram lines 1 and 2 and the derivatives instruments linked to this financing.

The residual amount of the Net Proceeds after the repayment of the above-mentioned financings and derivatives instruments will be pending of allocation to finance and/or refinance, in whole or in part, another new or existing Eligible Green Projects.

No separate management of proceeds by the Issuer is required as most of the Notes have been used for the refinancing of debts and considering that the costs of the associated projects (the execution of the tram Line 1 and tram Line 2) were already disbursed in the past.

### 4. REPORTING

MetroTenerife will provide to investors and other stakeholders a two-fold reporting on the allocation of the net proceeds and the environmental impact of the Eligible Green Projects financed.

The reporting will be published within approximately one year following the Issue Date. The reporting will be made available at: <https://inversor.metrotenerife.com/aptdo-elemento/annual-report/>

The Green Bond Framework was approved by the Managing Director of MetroTenerife in March 2021. The Issuer may amend or update the Green Bond Framework in the future, but that amendment will not have impact on the Notes.

The Green Bond Framework, including any changes thereto, is available on the Issuer's website at <https://inversor.metrotenerife.com/aptdo-elemento/marco-de-bonos-verdes/>

The second-party opinion from S&P dated 8 July 2021 (the "**S&P Second-Party Opinion**") is available at: <https://inversor.metrotenerife.com/aptdo-elemento/second-party-opinion-report/>

The second-party opinion from Sustainalytics dated 17 March 2021 (the "**Sustainalytics Second-Party Opinion**") and together with the S&P Second-Party Opinion, the "**Second-Party Opinions**") is available at: <https://inversor.metrotenerife.com/aptdo-elemento/second-party-opinion-report/>

The Second-Party Opinions are not renewed during the term of the Notes. For the avoidance of doubt, the Second-Party Opinions refer exclusively to the Green Bond Framework of the Issuer and not to the Notes.

Information about the Green Bond Principles June 2018 published by the International Capital Market Association is available at:

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

For the avoidance of doubt, URLs given in respect of website addresses in this Prospectus are inactive textual references only and it is not intended to incorporate the contents of any such websites into this Prospectus nor should the contents of such websites be deemed to be incorporated into this Prospectus. None of the information contained in such websites has been scrutinized or approved by the CNMV.

## DESCRIPTION OF THE ISSUER

### History and Development

The Issuer's legal name is Metropolitano de Tenerife, S.A. and its trading name is MetroTenerife. The Issuer is incorporated in Spain as a public limited liability company (*sociedad anónima*) for a term of 50 years since its incorporation on 22 January 2001 and operates under the laws of Spain. The registered office of the Issuer is at Carretera General La Cuesta-Taco, nº 124, C.P. 38108, San Cristóbal de La Laguna, Santa Cruz de Tenerife, Spain, and the telephone number is +34 922 024 800. The Issuer is registered with the Santa Cruz de Tenerife Mercantile Registry in page (*hoja*) TF-25570, volume (*tomo*) 2147, sheet (*folio*) 69 with tax identification number A-38620209. The Issuer's website is [Metrotenerife.com](http://Metrotenerife.com).

In accordance with article two of MetroTenerife's bylaws (*Estatutos*), the National Classification of Economic Activities (C.N.A.E code) corresponding to the activities of the corporate purpose or the Issuer are: 4931.- Urban and suburban passenger land transport, which is designated as its main economic activity. 4910.- Interurban passenger transport by railway. 7112.- Technical engineering services and other activities related to technical advice. The Issuer's corporate purpose is the planning, design, construction, launch, operation and maintenance of railways. Likewise, the corporate purpose includes energy generation activities, technological advice and communication systems, either directly or in collaboration with third parties. The management and profitability of its assets by any means and any accessory commercial activity that allows improving MetroTenerife's income statement. The activity of the MetroTenerife can take place both at a national and international level.

The legal form adopted by MetroTenerife since its incorporation has been that of a public limited liability company (*sociedad anónima*), organised under the provisions of the consolidated text of the Spanish Companies Act approved by Legislative Decree 1/2010, of 2 July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*), as amended, replaced or supplemented from time to time (the "**Spanish Companies Act**"), being governed by the rules applicable to this type of companies and by the specific legislation applicable to public sector companies, primarily and to the extent applicable:

- Law 9/2017, of 8 November, on public sector contracts (the "**LCSP**"), which transposes Directives of the European Parliament and of the Council 2014/23/EU and 2014/24/EU, of 26 February 2014 into the Spanish legal system;
- Royal Decree-Law 3/2020, of 4 February, on urgent measures, including the transposition of various Directives of the European Union in the field of public procurement in certain sectors, private insurance, pension plans and funds, tax and tax disputes into the Spanish legal system;
- Law 48/1998, of 30 December, of regulation of the labour recruitment in the sectors of water, energy, mobility, transports and telecommunications and transposing Directives 93/38/ECC and 92/13/ECC ("**Law 48/1998**");
- Order EHA/3362/2010, of 23 December, approving the rules adapting the Spanish National Chart of Accounts to concession holders for public infrastructure; and
- Collective labour agreement of MetroTenerife that regulates the relationship between MetroTenerife and its employees signed on 29 January 2021.

### Recent Events

There are no recent events that affect the solvency of the Issuer other than those included in this Prospectus.

### Business of the Issuer

Article 6.2.d) of Law 8/2015, of 1 April, on the Island Councils (*Cabildos Insulares*), attributes to the island councils, among others, the competence in matters of "road, cable and railway transport". The Cabildo provides this public service directly through its wholly-owned company, MetroTenerife. Thus, the Issuer is the only operator of the railway passenger transport service on the island of Tenerife pursuant to a contract signed with the Cabildo on 16 December 2003 which is described under "*Concessions*" below.



MetroTenerife was established in 2001 as part of an initiative of the Tenerife Island local government to seek new public transport alternatives in a territory limited in size and highly congested, in the form of railway lines on the island of Tenerife. To do so:

- The first aim of MetroTenerife was to carry out all the necessary studies for the design of an effective and efficient railway network within the laws and regulations of the Autonomous Community of the Canary Islands, Spain and the European Union.
- The second aim was the construction and setting in motion of the first railway lines, which contribute to relieving traffic congestion, facilitate and meet the transport demands of Tenerife's population and visitors to the island.

Few years after its inception, the first tram line was designed and developed by MetroTenerife in the metropolitan area of the island, where the implementation of new connection routes was most urgent. Line 1 is in service since 2007 and in 2009 a second line was opened and became part of the metropolitan area tram network.

The Tenerife tramway currently has 25 stops distributed over 2 lines throughout the metropolitan area of Tenerife. During 2019 15.6 million people used the tram as a means of transport. During 2020, although the traffic of passengers was conditioned by the mobility restrictions imposed because of the Covid-19, the annual traffic of passengers remained above the 10 million of people equivalent to an average monthly traffic of 0.9 million people. As a result, since its inauguration in 2007, the tram has become one of the main transport options on the island of Tenerife. The location of the line guarantees a large number of impacts, not only because the route runs around the main nerve centres of the metropolitan area (hospitals, university campuses, cabildo, multi-purpose buildings, shopping areas, museums, etc.) but also because 70% of households in the metropolitan area are less than 500 metres from one of the stops.

**Figure: Tenerife tramway map**



As of the date of this Prospectus, there is a preliminary design for the construction of a new line 3 (*Recinto Ferial – Las Teresitas*), the total length of the new line will be 10 km, and for the extension of Line 1 of Tenerife's Tramway with an additional layout of 3.4 km length on average and the extension of the Tram Line 2, with an additional layout of 2.5km on average.

Also, there are transport projects (subject to final approval by the Cabildo) for the execution of two high performance commuter railway lines (*trenes de cercanías*) for Tenerife (80 kilometres on the south corridor of the island and 40 kilometres on the north corridor, 13 interchanges and workshop and depot facilities).

These projects are pending of the final approval from the Cabildo. If approved, the execution of the projects will be assigned to MetroTenerife and new financing will be required subject to contribution to be determined by the Cabildo. Both projects would meet the requirements established in the Green Bond Framework for being Eligible Green Projects as the meet de definition of "Clean transportation". However, the approval of these projects is not expected in the short-term.

MetroTenerife receives its funding primarily from "passenger transport services" (see table with the breakdown of net turnover below):

- *Income paid by users of the transport service*: it is the income that comes directly from the customer (i.e., the price paid by customers when they validate their passenger tickets at the time of using the service).
- *Customer subsidies for the use of public transport with a social objective*: it is the subsidy from the Cabildo to social groups with specific characteristics (i.e. students, large family, disabled persons and elderly people among others) with the goal of reducing the price paid for their use of the public transport.
- *Customer subsidies for the use of public transport with a commercial objective*: it is the subsidy from the Cabildo to promote the recurring use of the public transport with the goal of reducing the price paid by frequent users of the public transport system.
- *Minor income derived from expired passenger ticket and from the sale and subscription of transportation pass.*

Additional sources of income for MetroTenerife are:

- *Advertising*: MetroTenerife receives income from the rental of the trams as advertising platform, the rental of muppies (advertising supports) and the rental of the tram stops for advertising campaigns.
- *Photovoltaic plants*: it includes income from the sale of electric energy generated by the photovoltaic plants installed in the roofs of the facilities.
- *Technical advice and management of TEN+MÓVIL*: MetroTenerife perceives income from the advisory services to other tramway companies (i.e. the tram of Zaragoza, Jerusalem or Chiclana). It also includes the income from the management to other operators of the app property of MetroTenerife, "TEN+MÓVIL", that allows to the users of the public transport to acquire and validate their transport tickets with their smartphones.
- *Commercial management services*: fines paid by fare evaders (clients using the public transport without paying for the service).
- *Income from the rental of the duct for telecommunications infrastructure.*
- *Income from joint businesses.*

MetroTenerife has interests in the following joint businesses (temporary union of companies) as part of its activities of consulting services described below:

<b>Name of the temporary union of companies</b>	<b>Partner</b>	<b>Participation percentage</b>
Ingeniería de Instalaciones y Trenes, S.L. y Metropolitano de Tenerife, S.A., Tranvía de Cádiz, Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo ( <b>UTE 2 IT/ Tenerife</b> )	Ingeniería de Instalaciones y Trenes, S.L.	30%

GPO Ingeniería de Sistemas, S.L.U. y Metropolitano de Tenerife, S.A., Tranvía de Cádiz, Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo ( <b>UTE Pre-explotación Tranvía de Cádiz</b> )	GPO Ingeniería de Sistemas, S.L.	30%
Consorcio Trenes Chosica	Trazas Ingeniería, S.L., Sucursal en Perú (40%)	60%

- *Income from the branch office in Ecuador:* MetroTenerife was awarded the contract by the autonomous decentralized municipal government of Cuenca Canton in Ecuador to offer services and undertake studies for the preparation for operation, as well as to provide technical assistance in the commercial operation, of the Cuatro Ríos tram line of Cuenca.

The following table shows the breakdown of net turnover by business line for the financial years 2019 and 2020:

<i>(Thousand €)</i>	<b>2019</b>	<b>2020</b>
Passenger transport service	19,929	13,184
Compensations from insurers for damages caused by third parties	65	48
<b>Operation revenue</b>	<b>19,994</b>	<b>13,232</b>
Advertising	474	226
Photovoltaic plants	197	146
External Technical Advice and Management of Ten+Mobile	552	530
Commercial management	26	14
Duct rental	46	46
Joint ventures income	535	126
Ecuador Branch income	513	443
<b>Additional revenue</b>	<b>2,343</b>	<b>1,530</b>
<b>Total revenues from service provision</b>	<b>22,337</b>	<b>14,762</b>

#### *Concessions*

The agreement signed between MetroTenerife and the Cabildo Insular de Tenerife on 16 December 2003 (named in Spanish "*Contrato entre el Excmo. Cabildo Insular de Tenerife y la empresa Metropolitano de Tenerife, S.A. para la construcción y explotación del servicio público (supramunicipal) de transporte de viajeros de metro ligero de la Línea 1, entre el Intercambiador de Santa Cruz de Tenerife y la Avenida de la Trinidad de la Laguna*") and its subsequent addenda established the objective of the construction and operation of the public transport passenger services of the tramways "Line 1", between Santa Cruz de Tenerife and Avenida de la Trinidad in La Laguna, and "Line 2" between Cuesta and Tincer (the "**Management Agreement**").

The concession period for the operation and maintenance of the two tram lines are as follows:

	Start	Finish	Years
<i>Line 1</i>	2007	2053	46
<i>Line 2</i>	2009	2053	44

Besides, as mentioned before, the Issuer is incorporated in Spain as a public limited liability company (*sociedad anónima*) for a term of 50 years since its incorporation on 22 January 2001, so it will be dissolved once such term has elapsed unless it had been previously extended and registered with the Mercantile Registry, that is, in 2051.

However, as the Cabildo is main shareholder of the Issuer and also the Management Agreement is signed between the Cabildo and the Issuer, and also given that the Cabildo is the competent authority for land transport and tourism in Tenerife, it is expected that after the end of the Management Agreement, the Cabildo will decide to do continuity to the service and the Issuer will not be dissolved (see "*Concessional Risk*" within "*Risks factors relating to the Issuer*" section).

In these regards, the Issuer is neither provisioning nor carrying out special works for the possible future dissolution of the MetroTenerife than, in case of occurring, it would be after the maturity of the Notes.

There have not been significant interventions on the infrastructure throughout the concession period, except for corrective and preventive maintenance.

The Management Agreement establishes that "at the end of the contractual term, the service will revert to the public administration and the contractor must hand over to the competent administration the elements and facilities affected by the service, in an adequate state of conservation and operation, without this entailing any additional compensation in favour of MetroTenerife".

Additionally, it addresses all the rights and obligations of the parties and sets out that non-compliance with obligations may result in the termination of the Management Agreement.

The main obligations of MetroTenerife under the Management Agreement include the following:

- Building the infrastructure and acquiring the necessary equipment for the exploitation of Lines 1 and 2 of the tramway.
- Provision of the transport services of Lines 1 and 2 in the required conditions of continuity, capacity, regularity, cleanliness, and user satisfaction in return for the payment of the economic compensation included in the approved fares.
- Ensuring an appropriate order of the service, being able to dictate the appropriate instructions, and maintaining the facilities adequately and according to the conditions that are established in the specifications.
- Compliance with the provisions on railway police established in the applicable regulations and carrying out police functions, in the matter of rail transport, attributed by the legal system.
- Abiding by the terms of the agreements and contracts it enters into in accordance with the provisions of the Law 9/2017, of 8 November, on public sector contracts ("**LCSP**") and the Law 48/1998.
- Compensating the damages to third parties as a result of the operations arising from the services, except when the damage is caused for reasons attributable to the public administration.
- Reporting to the Cabildo on the status of the works during the construction phase and the progress of the service during the exploitation phase, as well as any other information requests relating to MetroTenerife that the Cabildo may formulate.
- To engage independent auditors to carry out an annual financial audit, as well as those others that derive from the Management Agreement, as necessary to prove the compliance with the conditions set forth for the payment of the consideration to MetroTenerife.
- Communicating in advance to the Cabildo the essential elements of the transfer of shares that may occur within the framework established in MetroTenerife's bylaws.
- Compliance with current provisions on labour, social security, and occupational health and safety, during the term of the Management Agreement. The personnel employed by MetroTenerife will not have any employment relationship with the Cabildo.
- Marking out the works, in accordance with the applicable regulations and instructions.
- Carrying out the maintenance of the gardening and irrigation of the tram platform.

Furthermore, the Management Agreement provides the right of MetroTenerife to receive a series of compensations, including an extra payment for the difference between the fare level of a single ticket and the fare established by the Cabildo for the different groups of users that benefit from subsidies with a social objective or as an incentive for the use of public transport; an annual remuneration for availability as a payment for the services of operation of the service under the agreed conditions of continuity, capacity, regularity, cleanliness and customer satisfaction; and a subsidy for the maintenance of the gardening and irrigation of the tram platform. Compensations for the fare level of a single ticket and the fare established by the Cabildo are accounted within income from "Passenger Transport Services" within "Operation revenue", while the annual remuneration for availability can be observed within the line "other operation revenues" of the Income Statement.

Regarding the fare limits that the Cabildo may establish from time to time and recognising the Cabildo as the maximum authority for the planification, ordination and inspection the service and as responsible, among others, for the annual approval of the fares, the auditing of the quality of the transport, the inspection of service and the intervention of the service, in compliance with the relevant regulation. In these regards, the Cabildo is responsible for the annual approval of fares for the users of the tram while the fares that MetroTenerife has to receive are fixed and they are established in the Management Agreement and being updated every year according with the evolution of the Consumer Price Index. Any difference between the approved fares for the users of the tram and the fixed fare is compensated to MetroTenerife by the Cabildo.

The Management Agreement also provides that the Cabildo will establish the necessary mechanisms in order to guarantee the financial and economic balance of MetroTenerife. Among these mechanisms, the use of direct compensation, an increase in the remuneration for availability or, eventually, an increase in the tariff could be considered. A relevant recent example of this mechanism was observed in 2020 when the Cabildo approved a specific contribution in its budget for 2021 of EUR 2,532,750 in the form of an operating subsidy for MetroTenerife with the purpose of restoring the economic balance as a consequence of the impact of the COVID-19 in the traffic of passengers (see risk factors 1. (a) "Risks derived from the COVID-19 health crisis and its impact on turnover").

The Management Agreement is available through the following link:

<https://transparencia.tenerife.es/informacion-organizativa/acuerdos-sociedades-mercantiles-fundaciones-consorcios>

#### *Consulting and engineering services*

MetroTenerife offers engineering and consulting services for the development and management of rail transport systems. MetroTenerife has extensive experience in operations and maintenance and therefore it is able to integrate the constraints of operation and maintenance from the design phase, which is key to ensure that the line is functional and maintained according to budget throughout its useful life. The consulting services range includes:

- *Planning*: Assistance to public administrations and private companies in decision-making on infrastructure and transport services, including master plans, transport system plans, mobility analysis and management, economic and technical feasibility studies, assistance in Public-Private Partnerships (PPP) schemes (privatization, outsourcing, management contracts), design of financial models, maintenance and operational models and conceptual demand studies.
- *Design*: Detailed engineering design, technical assistance in project management, planning, definition of technical-administrative specifications, tender management, drafting and review of functional and technical specifications, development of interfaces, definition of loading structure, evaluation of accessibility plan and rolling stock, etc.
- *Construction*: On-site technical and administrative assistance, construction planning and monitoring, quality certificates, execution and interface control.

In the last three years, MetroTenerife has provided consultancy services in planning, design and construction to clients from Europe (Albania), Latin America (Ecuador, Perú, Colombia), Africa (Senegal) and Middle East (Israel), involving urban and interurban rail transport.

## *Operations and Maintenance*

MetroTenerife's ample experience in operations and maintenance, acquired in the different projects it has managed, allows it to share its expertise offering technical assistance services to other operators and transport authorities:

- *Pre-operation phase*: Advice on human resources and labour relations, drafting of operation documentation, maintenance plans, tender documents, lay-out of workshops and depots, theoretical and practical training of staff, deployment of temporary drivers and driving qualification.
- *Tests and trials*: Elaboration, organisation, and follow-up of tests (systems, interfaces, and integration), robustness tests, system degraded modes tests, etc.
- *Service simulation*: Elaboration, programming, and management of the service simulation, service demonstration and validation of procedures.
- *Operation and maintenance*: Development of the operation plan, service definition and optimisation, obsolescence management, maintenance plan review and optimisation, RAMS (Reliability, Availability, Maintainability and Safety) studies, financial and operational management, operational benchmarking, operation of light rail and conventional rail lines, maintenance of rolling stock and fixed installations, maintenance management assistance and training, etc.

In the last three years, MetroTenerife has been involved in the pre-operation and operation of the following Light Rail Train systems: Madrid (Spain), Cadiz (Spain), Jerusalem (Israel) and Cuenca (Ecuador).

The business lines "External Technical Advice and Management of Ten+Mobile", "Joint ventures income" and "Ecuador Branch income" include income generated by MetroTenerife from its Consulting and engineering services and Operation and Maintenance services.

## *Research, Development & Innovation*

MetroTenerife's engineering team develops innovative solutions that meet the needs of operators worldwide, as well as create safer and more efficient transport systems.

Some of the innovations are the following:

- *Speed Monitoring and Control Safety System (SIMOVE)*. Development, testing and deployment of a system that continuously monitor and control the speed of its vehicles, comparing the position and speed of any railway vehicle with the appropriate speed for any given section of the lane. In case the driver over speeds, the system warns the driver and if not reduced the system stops the vehicles avoiding the risk of the vehicle overturning on curves due to excessive speed. SIMOVE has a very strong back-office that becomes a powerful tool for the railway operator to monitor aspects such as traffic signal priority, time spent at stops and termini, commercial speed per line section, quality of driving in terms of braking and acceleration consistency, accelerations module to analyze passengers comfort and falling due to jerk, etc. SIMOVE is a key tool in order to detect speeding not detected before and to produce statistics to evaluate driving behavior. SIMOVE has been installed in two Light-Rail Train (LRT) systems in Spain. In 2020 and 2019 income from SIMOVE represented a 0.10% and a 0.69% respectively of total income.
- *"VIA-MOVIL" is an integral ticketing system* that unifies, by means of the user's mobile telephone and without the need for a paper ticket, the purchase, validation and ticket control process, and which allows for a direct communication between the transport operator and passengers. VIA-MOVIL enables management of complex ticketing systems in multi-operator environment. In 2020 and 2019 income from VIA-MOVIL represented a 0.32% and a 0.27% respectively of total income.
- *Other*: On-board measurement energy consumption software, Rail vibration absorber system patent, Sewers cover levelling system patent, etc.

The income generated by these innovative activities is accounted within the accounting line of revenues "External Technical Advice and Management of Ten+Mobile" as part of "Additional revenues".

## Management of the Issuer

### Board of Directors

As of the date of this Prospectus, the members of the Board of Directors of MetroTenerife are the following:

Name	Position	Latest appointment	Type of Director
Enrique Arriaga Álvarez	Chairman	29/11/2019	Proprietary
Jose Alberto León Alonso	Vice-chairman	26/09/2019	Proprietary
María Ana Franquet Navarro	Ordinary member	26/09/2019	Proprietary
Daniel Bravo Tejera	Ordinary member	26/09/2019	Proprietary
M <sup>a</sup> Jose Belda Díaz	Ordinary member	26/09/2019	Proprietary
M <sup>a</sup> Ruth Acosta Trujillo	Ordinary member	26/09/2019	Proprietary
Manuel Fernández Vega	Ordinary member	26/09/2019	Proprietary
Félix Fariña Rodríguez	Ordinary member	26/09/2019	Proprietary
Alejandro Marrero Cabrera	Ordinary member	04/10/2019	Proprietary
Guillermo Díaz Guerra	Ordinary member	30/10/2020	Proprietary
Javier Álvarez Cabrera	Ordinary member	16/06/2021	Independent
M <sup>a</sup> José Parrilla	Ordinary member	16/06/2021	Independent

The business address of each member of the Board of Directors is Carretera General La Cuesta-Taco, nº 124, C.P. 38108, San Cristóbal de La Laguna, Santa Cruz de Tenerife, Spain.

A number of members of the Board of Directors also hold a political position within the Cabildo. Their names and positions and an indication of the principal activities performed by them outside of that Issuer where these are significant with respect to MetroTenerife are detailed below:

- **Enrique Arriaga Álvarez:** First Vice-President of the Cabildo and Island councillor for roads, mobility, innovation and culture.
  - Degree in chemical sciences and master's degree in: environmental management; eco-audits and business planning of the environment; and occupational risk prevention.
  - Head of occupational risk prevention in the area of human resources and legal defence of the Cabildo.
  - Member of the subcommittee EN/CTN81/SC1 "individual protection" of AENOR.
  - Teacher in several masters and occupational risk prevention courses.
  - Ciudadanos political party.
- **Jose Alberto León Alonso:** Island director for mobility.
  - Degree in economic and business sciences from the University of La Laguna.
  - Director of consulting in Corporación 5.
  - Part-time associate professor in the department of financial analysis of the Faculty of Economics in University of La Laguna.

- Entrepreneur, business advisor at the Development Agency of Santa Cruz de Tenerife, Logistics Manager at Martínez and Business and Management Systems Analyst at Philip Morris Spain.
  - Ciudadanos political party.
- **María Ana Franquet Navarro:** Island councillor for social action, citizen participation and diversity, councillor delegate for equality and prevention of gender violence.
  - Equality Consultant.
  - Has been director of the Canary Islands Institute of Equality of the Government of the Canary Islands.
  - Feminist activist, in different social groups.
  - PSOE political party.
- **Daniel Bravo Tejera:** Senior technician in transport and logistics
  - Senior Technician in Transport and Logistics.
  - Studies in Digital Marketing, Electronic Commerce and Sustainable Mobility.
  - Professionally he has developed his activity in Incident Management at Metro Ligero Oeste (Madrid), Arriva Spain operating technician, responsible for Mobility and logistics at Inneveo-Vodafone.
  - Field work for the City of Madrid's Regional Transport Consortium (CRTM) and Móstoles City Council.
  - PSOE political party.
- **M<sup>a</sup> Jose Belda Díaz:** Island councillor.
  - Degree and collegiate in Psychology with curricular specialty in clinic from the National Distance Education University (UNED) with a qualification in Health Psychology.
  - Training in different areas such as: equal opportunities, citizen participation, co-development and projects, migration.
  - Expert in Didactic Methodology, specialist in Forensic Psychology and currently working as a psychologist and trainer.
  - Environmental, social and defence activist.
  - Sí Podemos Canarias political party.
- **M<sup>a</sup> Ruth Acosta Trujillo:** Island councillor.
  - Degree in Art Restoration from the University of Granada and degree in Social and Cultural Anthropology from the Autonomous University of Barcelona.
  - Environmental, social and defence activist of the herigate of the Canary Islands.
  - Sí Podemos Canarias political party.
- **Manuel Fernández Vega:** Island councillor.
  - Degree in Economics and Business Administration and Management from the University of La Laguna and an MBA in Tourism Business Management from the Antonio de Nebrija University in Madrid.



- Since 2010 he is a member of the Social Council of the University of La Laguna and of the Cloister with the Gaudeamus cloister group. Budget spokesperson.
  - Elected member of the National Executive Committee of the Partido Popular and Secretary General of Tenerife.
  - Partido Popular political party.
- **Felix Fariña Rodríguez:** Island councillor.
- Technical Telecommunications Engineer, Master's Degree in Business Management and Administration.
  - Professor of the Department of Techniques and Projects in Engineering and Architecture at the University of La Laguna (Higher School of Engineering and Technology).
  - In charge of the Council with special delegation in Information and Communication Technologies and the Information Society of the Cabildo.
  - Coalición Canaria-Partido Nacionalista Canario (CC-PNC) political party.
- **Alejandro Marrero Cabrera:** Second deputy mayor of San Cristobal de la Laguna, councillor for finance, economic affairs and public safety.
- Degree in Business Management and Administration from the International University of La Rioja.
  - Technician in Commerce and Marketing and expert in New Technologies applied to Construction by the ANCOP in Santa Cruz de Tenerife.
  - Has been General Director of the company Yaizalex S.L., commercial representative of Industrias Juno S.A. and Autoquality Canarias 2 S.L. and later member of the Administration Department of the Canary Health Service, in Santa Cruz de Tenerife.
  - Since January 2018, member of the executive of the PSOE of La Laguna and since June 2019, member of the Government team of the Municipal Corporation of San Cristóbal de La Laguna.
- **Guillermo Díaz Guerra:** First deputy mayor of Santa Cruz de Tenerife. Government councillor for community welfare and public services, delegate councillor for health and councillor-president of the Tagoror of the Ifara Centre District.
- Pharmacist.
  - Health Inspector Officer since 1998.
- **Javier Álvarez Cabrera:**
- Chartered accountant (ROAC number 16092)
  - Member of the Spanish Institute of Chartered Accountants (ICJCE by its Spanish acronym)
  - Member of the Economist Association of Las Palmas with number 1115.
  - Managing partner and member of the board of directors of RSM Spain Auditores, S.L.P.
- **Mª José Parrilla Toribio:**
- Chartered accountant (ROAC number 16287)
  - Member of the Institute of Chartered Accountancy Auditors since 1996.

- Member of the Registry of Accountant Experts number 1888 since 2016
- More than 20 years of professional experience
- Signing partner, manager and rendering professional services at Parrilla Auditores y Asociados, S.L.P.
- Partner and rendering professional services at Parrilla Asesores, S.L.
- Professional partnership with the auditing firm C.G.P. Auditores, S.L.

To the best of the Issuer's knowledge, none of the persons mentioned above has a conflict of interest with their duties vis-à-vis the Issuer and their private interests nor do they carry out activities on their own account or on behalf of others, whether current or potential that, in any other way, place them in conflict with the interests of the Issuer.

### ***Audit Committee***

#### (a) Composition

Pursuant to the Shareholders Meeting resolution on 16 June 2021 and the Board of Directors resolution on 8 July 2021, the creation of the Audit Committee was approved in accordance with the Spanish Capital Companies Act. The Audit Committee shall be comprised of a minimum of three (3) and a maximum of five Directors appointed by the Board of Directors. The Capital Companies Act require all members of the Audit Committee to be non-executive Directors and the majority of them must be independent Directors and to be appointed taking into account their knowledge and experience in accounting, auditing or both, as well as in risk management.

The Chairman of the Audit Committee is appointed by the Board of Directors from amongst the independent Directors that are members of the Audit Committee to serve for a maximum term of four (4) years, and may be re-elected as Chairman only after one year since his or her removal has elapsed, irrespective of his/her continuity or re-election as a member of the Audit Committee. The Secretary of the Audit Committee is appointed by the Audit Committee and it is not required that such Secretary is a Director or a member of the Audit Committee.

The Audit Committee will meet periodically in accordance with the Company's corporate needs and a minimum of four (4) times per year. The Audit Committee may also meet at the request of the Chairman whenever it is necessary to perform the duties for which the Audit Committee was established. A quorum for the Audit Committee shall be validly established with the attendance, in person or by proxy, of at least one half of the members thereof, and the Committee shall adopt resolutions by a majority of those present at the meeting in person or by proxy. In the event of a tie, the Chairman of the Committee shall cast the deciding vote. The Audit Committee is comprised of three (3) members appointed by the Board of Directors. The members of the Audit Committee are:

Name	Title
Ms. M <sup>a</sup> José Parrilla Toribio	Chairman
Mr. Javier Álvarez Cabrera	Independent
Mr. José Alberto León Alonso	Non-executive

Additionally, Mr. José Antonio Duque Díaz acts as the Secretary Non-Director of the Audit Committee.

#### (b) Functions

Any manager or employee of the Company required by the Audit Committee to attend to any of its meetings is obliged to attend such meeting and to collaborate, assist and provide the Committee with any information available.

The Audit Committee shall also request the Company's external auditors to attend any of its meetings, or the advice of any external professionals for the performance of its functions. Without prejudice to any other tasks that the Board of Directors may assign thereto, the primary duty of the Audit Committee shall be to support the Board of Directors in its supervisory duties.

Specifically, in accordance with article 529 quaterdecies of the Spanish Companies Act, it shall have at least the following fundamental powers and duties:

- (i) Report to the Shareholders' Meeting, through its Chairman, regarding the control exercised over the Company and the Committee's activities during the year, and on any matters raised during such Meeting by the shareholders that fall within the scope of the Committee's competence.
- (ii) Present to the Board of Directors, for submission to the Shareholders' Meeting, its proposal regarding the appointment, re-appointment or replacement of the external auditors, as well as the terms of their hiring, the scope of their professional mandate, the supervision of activities falling outside the scope of the actual accounting audit, and the guarantees as to the external auditor's independence.
- (iii) In relation to the external auditor:
  - a) Examine, in the event of resignation by the external auditor, the circumstances which have given rise to such resignation;
  - b) Ensure that the remuneration corresponding to the external auditor for its work does not compromise its quality or independence;
  - c) Ensure that the Company notifies any change of auditor to the National Securities Market Commission (CNMV) as a communication of a relevant information;
  - d) Ensure that the external auditor holds a yearly meeting with the Board of Directors in plenary session, to inform it of the work undertaken and of developments in the Company's risk and accounting positions;
  - e) Monitor compliance with the audit agreement, ensuring that the opinion on the annual accounts and the main content of the audit report are drafted in a clear and precise manner;
  - f) Ensure that the Company and the external auditor adhere to current rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, all other rules concerning auditor independence, for which purpose the Committee must issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms;
  - g) Establish and maintain the pertinent relations with the external auditor in order to receive information on any matters that could pose a threat to its independence, for the examination thereof by the Committee, and any other information related to the audit process and, where appropriate, the authorisation of services other than prohibited services, on the terms set forth in the Law, as well as any other communications provided for in audit legislation and in audit standards. In any case, the Audit Committee must receive an annual declaration of independence from the auditor in relation to the entity or entities directly or indirectly related to it, as well as detailed and itemised information on additional services of any kind provided and the corresponding fees received from these entities by the auditor or by persons or entities related to the auditor, pursuant to the provisions of the applicable legislation; and
  - h) Issue on an annual basis, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must in all cases include an opinion on the provision of the additional services referred to above.
- (iv) Propose to the Board of Directors the approval of the Audit Committee's annual report.
- (v) Be familiar with and supervise the process for the drafting of financial reports and the completeness thereof, and the Company's internal control systems.
- (vi) Receive information from the external auditor on those matters that could affect its independence for the consideration of the Committee, and any others related to the process of implementation of the audit accounts, as well as those other communications foreseen in the audit legislation and in the audit technical rules. In any case, it must receive written confirmation on an annual basis from the auditors of their independence from the entity or entities directly or indirectly related to it, as well as information on additional services of any kind provided to these entities by the auditors or firms, or by persons or entities related to them in accordance with the provisions of audit legislation.
- (vii) Any other functions attributed to it by virtue of Audit Committee Regulations or by the Board of Directors

## ***Appointments and Remuneration Committee***

### (a) Composition

Pursuant to the Shareholders Meeting resolution on 16 June 2021 and the Board of Directors resolution on 8 July 2021, the creation of the Appointments and Remuneration Committee was approved in accordance with the Spanish Capital Companies Act. The Appointments and Remuneration Committee shall be comprised of a minimum of three (3) and a maximum of five (5) Directors appointed by the Board of Directors. The Capital Companies Act require all members of the Appointments and Remuneration Committee to be non-executive Directors and at least two of them must be independent Directors.

The Chairman of the Appointments and Remuneration Committee is appointed by the Board of Directors from amongst the independent Directors that are members of the Appointments and Remuneration Committee. The Secretary of the Appointments and Remuneration Committee is appointed by the Appointments and Remuneration Committee and it is not required that such Secretary is a Director or a member of Appointments and Remuneration Committee.

The Appointments and Remuneration Committee will meet upon request of the Board of Directors or its Chairman for the elaboration of any reports or adoption of proposals and, in any case, whenever it is necessary for the correct performance of its functions. In any case, the Appointments and Remuneration Committee shall meet a minimum of one (1) time per year in order to produce the information on the remuneration of the Company's Directors that the Board of Directors shall approve and include as part of its annual public information, and to exercise its specific functions. A quorum for the Appointments and Remuneration Committee shall be validly established with the attendance, in person or by proxy, of at least one half of the members thereof, and the Committee shall adopt resolutions by a majority of those present at the meeting in person or by proxy. In the event of a tie, the Chairman of the Committee shall cast the deciding vote. The Appointments and Remuneration Committee is comprised of three (3) members appointed by the Board of Directors. The members of the Appointments and Remuneration Committee are:

Name	Title
Mr. Javier Álvarez Cabrera	Chairman
Ms. M <sup>a</sup> José Parrilla Toribio	independent
Mr. José Alberto León Alonso	Non-executive

Additionally, D. José Antonio Duque Díaz acts as the Secretary Non-Director of the Audit Committee.

### (b) Functions

The Appointments and Remuneration Committee shall always take into account any suggestions or directions provided by the Board of Directors, its Chairman and the Company's managers or shareholders. In particular, any Director may request that the Committee takes into account any recommendation made by him/her regarding any potential candidates to fill in any vacancies in the Board of Directors.

Furthermore, the Appointments and Remuneration Committee shall consult with and seek advice from the Chairman of the Board of Directors and the Company's Chief Executive Officer in relation to any matters related to executive Directors and Senior Managers. Without prejudice to any other tasks that the Bylaws or the Board of Directors may assign thereto, the Appointments and Remuneration Committee shall have at least the following fundamental powers and duties, in accordance with article 529 quincecies of the Spanish Companies Act:

- (i) Make proposals for the appointment, ratification, re-election and removal of independent directors, and report regarding the other directors.
- (ii) Submit to the Board of Directors proposals for the appointment of independent directors for their designation by co-option or for submission to the decision of the Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the Shareholders' Meeting.
- (iii) Establish a target for the representation of the least represented gender on the Board of Directors and prepare guidelines on how to achieve this target.

- (iv) Propose to the Board for its approval the directors' remuneration policy and their individual remuneration, and the corresponding annual report on directors' remuneration that the Board will submit to the Shareholders' Meeting to be voted upon on an advisory basis.
- (v) Propose to the Board the individual remuneration corresponding to executive directors and, where appropriate, to non-executive directors, for the performance of functions beyond those corresponding to board membership, and other terms of their contracts.
- (vi) Propose the remuneration policy for senior management, including general managers or those performing senior management functions who report directly to the board of directors, executive committees or chief executive officers, as well as their individual remuneration and other basic terms of their contracts.
- (vii) Any other functions attributed to it by virtue of Appointments and Remuneration Committee Regulations or by the Board of Directors

### **Management team**

The management team of MetroTenerife is responsible and accountable for the delivery of the day-to-day operations of MetroTenerife. The current members of the Executive Team and their respective positions are:

<b>Name</b>	<b>Position</b>
Andrés Muñoz de Dios Rodríguez	Managing Director
Rebeca Estévez Ugidos	Administrative and Financial Director
Francisco Manuel Granados Molina	Human Resources Director
Ignacio Teresa Fernández	Maintenance Director
Gonzalo Umpiérrez Medina	Commercial Director
Raúl Parra Hermida	Project Director
José Chinaa Mendoza	Operations Director
Santiago Correa Melián	Communications and Public Relations Director
Pablo Martín Pacheco	IT and System Engineering Director
Lucas de la Torre Romero	Quality, Security and Environmental Director

The business address of each member of MetroTenerife's management team mentioned above is Carretera General La Cuesta-Taco, nº 124, C.P. 38108, San Cristóbal de La Laguna, Santa Cruz de Tenerife, Spain.

Their functions are as follows:

- **Andrés Muñoz de Dios Rodríguez<sup>1</sup>**: Responsible for the planning, project, financing, construction, operation, and maintenance of the Tenerife Light Railway, as well as for all MetroTenerife's departments and areas under his responsibility.
- **Rebeca Estévez Ugidos**: Responsible for managing and supervising MetroTenerife's economic and financial resources in order to be able to work with the best cost, liquidity, profitability and security conditions.
- **Francisco Manuel Granados Molina**: Responsible for the direction and management of the workforce: design of human resources policies, planning, coordination and supervision of the areas of personnel administration, recruitment and training.
- **Ignacio Teresa Fernández**: Responsible for all MetroTenerife's maintenance of Fixed Installations (Building, Track, Systems, Energy) and Rolling Stock (Vehicles) as well as the purchasing area.

<sup>1</sup> He expects to leave his position, effective on 31 August 2021. There is no new Managing Director as of the date of this Prospectus. The selection must be made through a process whose bases must be defined by Cabildo.

- **Gonzalo Umpiérrez Medina:** Responsible for Planning and directing the policy of promotion, sales and distribution of MetroTenerife's products and services. Monitoring of fare policies and supervision of ticketing control and inspection tasks.
- **Raúl Parra Hermida:** Responsible for the preparation, management and supervision of railway civil works plans and projects and complementary works carried out directly and indirectly by MetroTenerife.
- **José Chinae Mendoza:** Responsible for the planning of all operational services for the provision of public transport services to the public, as well as all operational staff (managers, regulators, drivers and planning staff).
- **Santiago Correa Melián:** Spokesperson for MetroTenerife, his responsibilities include designing and managing the general communication strategy, and monitoring the positioning, brand and perception of MetroTenerife's image.
- **Pablo Martín Pacheco:** Responsible for the development, planning, implementation and maintenance of the necessary information systems, processes, circuits and procedures. His role includes managing the communication technology policy so that it adapts to the objectives and needs of MetroTenerife.
- **Lucas de la Torre Romero** - Responsible for defining, planning, promoting, coordinating and evaluating the quality, accessibility, safety and environmental management systems.

There are no members of the management team of MetroTenerife with activities performed outside MetroTenerife that are significant with respect to MetroTenerife.

To the best of the Issuer's knowledge, none of the persons mentioned above has a conflict of interest with their duties vis-à-vis the Issuer and their private interests nor do they carry out activities on their own account or on behalf of others, whether current or potential that, in any other way, place them in conflict with the interests of the Issuer.

#### Share Capital and Main Shareholder

The Issuer is a company fully owned by a public entity, the Cabildo, which is the governing body of the island of Tenerife (Canary Islands).

As at the date of this Prospectus, the share capital of the Issuer amounts to EUR 69,200,000 represented by 69,200 shares with a nominal value of €1,000 per share and is distributed as follows:

Shareholder	Stake (%)	Share capital	Paid in capital	Number of shares
Cabildo Insular de Tenerife	94.0%	65,048,000	65,048,000	65,048
Treasury stock	6.0%	4,152,000	4,152,000	4,152
Total	100.0%	69,200,000	69,200,000	69,200

MetroTenerife is not aware of any agreement the application of which may lead to a change in control of the Issuer at a later date.

The Issuer does not have any subsidiaries although it has a branch office in Cuenca (Ecuador) since 2018. The purpose of this branch office is the provision of services for the preparation of operation, as well as technical assistance to the municipal decentralized autonomous government in the canton of Cuenca in the commercial operation of the line "Cuatro Ríos" of the Cuenca's tram.

As of the date of this Prospectus, the Issuer has a stake in the following joint ventures:

- Ingeniería de Instalaciones y Trenes, S.L. y Metropolitano de Tenerife, S.A., Tranvía de Cádiz, Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo ("**UTE 2 IT/Tenerife**"):

- Associate company: Ingeniería de Instalaciones y Trenes, S.L. (stake of 70%)
- Stake of MetroTenerife: 30%
- GPO Ingeniería de Sistemas, S.L.U y Metropolitano de Tenerife, S.A., Tranvía de Cádiz, Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo ("**UTE Preexplotación Tranvía de Cádiz**")
  - Associate company: GPO Ingeniería de Sistemas, S.L. (stake of 70%)
  - Stake of MetroTenerife: 30%
- Consorcio Trenes Chosica:
  - Associate company: Trazas Ingeniería, S.L., Sucursal en Perú (stake of 40%)
  - Stake of MetroTenerife: 60%

### Credit Rating

The Issuer's credit rating assigned by S&P is "A" for long term debt and "A-1" negative outlook for the short term. The rating was affirmed by S&P on 21 October 2020 (date of the last rating).

### Selected Financial Information relating to the Issuer

The following tables set out in summary form balance sheet, income statement and cash flow statement information relating to the Issuer. Such information is derived from the financial statements of the Issuer as at and for the years ended 31 December 2020 and 31 December 2019. The financial statements of the Issuer are prepared in accordance with the Spanish General Accounting Plan approved by Royal Decree 1514/2007 and the amendments made by virtue of Royal Decree 606/2016 (all together, the "**Spanish GAAP**") and the amendment to the Spanish GAAP introduced by the Order EHA/3362/2010 for public transport concession companies. Such financial statements, together with the reports of Ernst & Young, S.L. and the accompanying notes, are incorporated by reference to this Prospectus. There has not been a change in the accounting standard of Issuer accounts for the years ended 31 December 2020 and 31 December 2019.

The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

*Audited Balance Sheet for the years 2020 and 2019:*

<i>(Thousand €)</i>			As a % of Total assets		Year-on-Year variation
	2019	2020	2019	2020	2020/2019
<b>Non-current assets</b>	<b>178.655</b>	<b>175.852</b>	<b>89,8%</b>	<b>89,6%</b>	<b>-1,6%</b>
Intangible Fixed Assets	137.980	136.573	69,4%	69,6%	-1,0%
IT application	0	0	0,0%	0,0%	-63,4%
Other intangible fixed assets	9.091	8.815	4,6%	4,5%	-3,0%
Concession agreement, regulated asset	98.610	96.254	49,6%	49,0%	-2,4%
Financial Capitalisation Concession Agreement	30.279	31.504	15,2%	16,1%	4,0%
Tangible Fixed Assets	30.520	29.602	15,3%	15,1%	-3,0%
Long-term financial investments	1.064	758	0,5%	0,4%	-28,7%
Deferred income tax assets	9.091	8.919	4,6%	4,5%	-1,9%
<b>Current assets</b>	<b>20.303</b>	<b>20.434</b>	<b>10,2%</b>	<b>10,4%</b>	<b>0,6%</b>
Stock	1.981	1.886	1,0%	1,0%	-4,8%
Commercial debtors and other pending payments	6.691	7.860	3,4%	4,0%	17,5%
Sales and services clients	2.244	2.035	1,1%	1,0%	-9,3%
Various debtors	2.940	2.872	1,5%	1,5%	-2,3%
Staff	16	41	0,0%	0,0%	147,7%

Current tax assets	929	69	0,5%	0,0%	-92,6%
Other credits with Public Administrations	560	2.845	0,3%	1,4%	407,6%
Short-term financial investments	1	2	0,0%	0,0%	141,8%
Short-term accruals	72	202	0,0%	0,1%	179,7%
Cash and other equivalent liquid assets	11.559	10.484	5,8%	5,3%	-9,3%
<b>Total assets</b>	<b>198.958</b>	<b>196.286</b>	<b>100,0%</b>	<b>100,0%</b>	<b>-1,3%</b>
<b>Net worth</b>	<b>44.365</b>	<b>44.676</b>	<b>22,3%</b>	<b>22,8%</b>	<b>0,7%</b>
Shareholder's equity	45.859	45.859	23,0%	23,4%	0,0%
Capital	69.200	69.200	34,8%	35,3%	0,0%
Reserves	7.370	7.894	3,7%	4,0%	7,1%
Equity shares and participations	-245	-245	-0,1%	-0,1%	0,0%
Results of previous fiscal years	-35.709	-30.989	-17,9%	-15,8%	-13,2%
Result of the fiscal year	5.244	0	2,6%	0,0%	-100,0%
Adjustments due to value changes	-27.274	-26.756	-13,7%	-13,6%	-1,9%
Subsidies, donations and bequests received	25.779	25.573	13,0%	13,0%	-0,8%
<b>Non-current liabilities</b>	<b>141.704</b>	<b>136.648</b>	<b>71,2%</b>	<b>69,6%</b>	<b>-3,6%</b>
Long-term debts	132.387	127.446	66,5%	64,9%	-3,7%
Debts with credit entities	97.695	93.739	49,1%	47,8%	-4,0%
Financial leasing creditors	2.670	1.885	1,3%	1,0%	-29,4%
Derivatives	32.021	31.821	16,1%	16,2%	-0,6%
Deferred income tax liabilities	8.593	8.524	4,3%	4,3%	-0,8%
Long-term accruals	724	678	0,4%	0,3%	-6,4%
<b>Current liabilities</b>	<b>12.889</b>	<b>14.962</b>	<b>6,5%</b>	<b>7,6%</b>	<b>16,1%</b>
Short-term provisions	396	396	0,2%	0,2%	0,0%
Short-term debts	9.144	11.905	4,6%	6,1%	30,2%
Debts with credit entities	3.291	5.942	1,7%	3,0%	80,5%
Financial leasing creditors	807	873	0,4%	0,4%	8,3%
Derivatives	4.344	3.853	2,2%	2,0%	-11,3%
Other financial liabilities	702	1.237	0,4%	0,6%	76,2%
Commercial creditors and other pending payments	2.846	2.479	1,4%	1,3%	-12,9%
Short-term accruals	502	181	0,3%	0,1%	-63,9%
<b>Total Net Worth and Liabilities</b>	<b>198.958</b>	<b>196.286</b>	<b>100,0%</b>	<b>100,0%</b>	<b>-1,3%</b>

Regarding the composition of the Net worth of the Issuer, MetroTenerife is neither involved in causes of dissolution according to the established in Article 363 of the Spanish Companies Act nor it is subject to a mandatory capital reduction according to the provisions of Article 327 of the Spanish Companies Act that state the following:

- Article 363 of the Spanish Companies Act: a company is in the process of dissolution, among other reasons, when there are losses that reduce the net worth to an amount less than half of the share capital.
- Article 327 of the Spanish Companies Act: limited liability companies shall be bound to reduce their capital stock when their losses decrease their net worth below two-thirds of their capital stock and the net worth has not been recovered within one full financial year.

In accordance with the first final provision of Royal Decree-Law 10/2008 of 12 December that modifies art. 36.1.c) of the Commercial Code, equity must be corrected by the balance of adjustments for changes in value derived from cash flow coverage operations. The following table shows the evaluation of equity as it is presented in the 2020 Annual Accounts of the Issuer:



<i>(Thousands €)</i>	<b>2019</b>	<b>2020</b>
Equity	44,365	44,676
Adjustments due to value changes	27,274	26,756
<b>Corrected Equity</b>	<b>71,639</b>	<b>71,432</b>
Capital Stock	69,200	69,200
<b>50% Capital Stock</b>	<b>34,600</b>	<b>34,600</b>

In the same way, the Issuer does not meet the requirements established in article 327 of the Spanish Companies act for a mandatory reduction of capital stock when losses decrease the net worth below two-thirds of the capital stock and the net worth has not been recovered within one full financial year.

The detail of long-term and short-term financial liabilities at the end of fiscal years 2019 and 2020 is as follows:

<i>(Thousands €)</i>	<b>2019</b>	<b>2020</b>
Long-term financial liabilities	132,387	127,446
<b>Debts and items pending payment</b>	<b>100,366</b>	<b>95,624</b>
Debts with credit entities	97,695	93,739
<i>European Bank of Investments</i>	83,950	80,192
<i>Banking syndicate</i>	13,745	13,547
Creditors due to financial lease	2,670	1,885
<b>Coverage Derivatives</b>	<b>32,021</b>	<b>31,821</b>
Short-term debts	9,144	11,905
<b>Debts and items pending payment</b>	<b>4,098</b>	<b>6,815</b>
Debts with credit entities	3,291	5,942
<i>European Bank of Investments</i>	3,083	3,758
<i>Banking syndicate</i>	198	198
<i>Credit policy Caixabank</i>		1,985
<i>Other-short term debts</i>	11	1
Creditors due to financial lease	807	873
<b>Short-term Derivatives</b>	<b>4,344</b>	<b>3,853</b>
<b>Other financial liabilities</b>	<b>702</b>	<b>1,237</b>

The debt with the European Investment Bank ("**EIB**") was divided into two tranches in the financing agreement: tranches B and E formalized respectively on 15 June 2006 and 29 May 2008 and with final maturity on 15 June 2033.

In the case of tranche B, the outstanding balance as of 31 December 2020 was EUR 74.3 million. The purpose of this section was the partial financing of the works of execution of the tram Line 1. Tranche E presented an outstanding balance as of 31 December 2020 of EUR 9.7 million. The purpose of this section was the partial financing of tram Line 2.

On the other hand, the Company subscribed on 29 May 2008 and final maturity on 15 December 2037 a loan with a banking syndicate formed, mainly, by Dexia Sabadell, S.A. (currently Dexia Credit Local), and Banco Santander, S.A., the purpose of which is the financing of the Line 2 from the funds generated by the operation of the Line itself (Tranche F). The outstanding balance as of 31 December 2020 was EUR 13.8 million.

This financing entailed a series of covenants, all of them met until their amortization with the issuance of the Notes, including the maintenance of certain financial ratios, and the pledge of MetroTenerife's shares in the following terms:

- As a guarantee of compliance with the obligations guaranteed under the loan called "Risk Project", a real pledge right has been established on shares number 40,001 to 41,630, both included.

- As a guarantee of compliance with the obligations guaranteed under the line of guarantees called "Risk Project", a real pledge right has been established on shares number 41,631 to 49,692, both included.
- As a guarantee of compliance with the obligations guaranteed under the Credit Coverage Contracts called " Risk Project", a real pledge right has been established on shares number 49,693 to 49,857, both included.
- As a guarantee of compliance with the obligations guaranteed under the Contribution Financing Agreements, a real pledge right has been established on shares number 49,858 to 50,000, both included.

Also, in the frame of this financing, MetroTenerife signed a line of guarantees (*línea de avales*) with the banking syndicate, for a maximum amount of EUR 97.9 million as a guarantee of the obligations assumed by MetroTenerife vis-à-vis the EIB of tranches B and E. At the end of 2020, the line of guarantees amounted to EUR 83,950,312.60 Euros (EUR 87.0 million in 2019). This line of guarantees does constitute a contingent liability.

Finally, MetroTenerife signed on 29 May 2008 interest rate coverage contracts with Dexia Sabadell, S.A., (currently Dexia Credit Local), Banco Santander, S.A. and Nomura International plc (which received the positions from Ahorro Corporación Financiera SV, SA) and final maturity on 15 December 2037, with the purpose of covering the risk of interest rate increases on the loans with the European Investment Bank and with a banking syndicate described above. The reasonable value of the coverage derivative as of 31 December 2020 was EUR 35.7 million.

The abovementioned debt has been repaid with the proceeds of the Notes the object of this Prospectus (see "Use and estimated amount of net proceeds" section of this Prospectus):

- Debts with the European Bank of Investments (outstanding balance as of 31 December 2020 of EUR 84.0 million)
- Debts with the banking syndicate (outstanding balance as of 31 December 2020 of EUR 13.7 million)
- Coverage derivatives (reasonable value as of 31 December 2020 of EUR 35.7 million -recognized as a financial liability)
- The cancellation of these financings includes the cancellation of the associated pledge of MetroTenerife's shares and the cancellation of the line of guarantees.

The outstanding balance of the abovementioned financings as of 30 June 2021, according with unaudited internal records of the Issuer was:

- Debts with the European Bank of Investments: EUR 80.2 million maturing in 2033.
- Debts with the banking syndicate: EUR 13.6 million maturing in 2037.
- Reasonable value of coverage derivatives (recognized as a financial liability): EUR 32.7 million,

which represents a total amount of EUR 126.6 million as of that date.

*Audited Income Statement for the years 2020 and 2019:*

<i>(Thousand €)</i>			As a % of Net Revenue		Year-on-Year Variance
	2019	2020	2019	2020	2020/2019
Net revenue	22.340	14.763	100,0%	100,0%	-33,9%
Sales	3	1	0,0%	0,0%	-67,4%
Service provision	22.337	14.762	100,0%	100,0%	-33,9%

Works conducted by the company	174	167	0,8%	1,1%	-3,7%
Provisions	-925	-1.361	-4,1%	-9,2%	47,1%
<b>Gross Margin (*)</b>	<b>21.589</b>	<b>13.569</b>	<b>96,6%</b>	<b>91,9%</b>	<b>-37,1%</b>
	<i>Gross Margin % (*)</i>	<i>96,6%</i>	<i>91,9%</i>		
Other operation revenues	5.604	7.965	25,1%	54,0%	42,1%
Staff expenses	-7.740	-8.372	-34,6%	-56,7%	8,2%
Wages, salaries and ancillaries	-5.812	-6.377	-26,0%	-43,2%	9,7%
Social charges	-1.928	-1.994	-8,6%	-13,5%	3,4%
Other operation expenses	-5.743	-4.824	-25,7%	-32,7%	-16,0%
External services	-5.140	-4.378	-23,0%	-29,7%	-14,8%
Taxes	-37	-35	-0,2%	-0,2%	-5,9%
Provision losses, deterioration and var. Caused by comm. Op.	0	-21	0,0%	-0,1%	n.a.
Other current management expenses	-566	-390	-2,5%	-2,6%	-31,1%
<b>EBITDA (*)</b>	<b>13.709</b>	<b>8.338</b>	<b>61,4%</b>	<b>56,5%</b>	<b>-39,2%</b>
	<i>EBITDA Margin % (*)</i>	<i>61,4%</i>	<i>56,5%</i>		
Depreciation of fixed assets	-4.325	-4.267	-19,4%	-28,9%	-1,3%
Allocation of subsidies for non-financial fixed assets	275	275	1,2%	1,9%	0,0%
Deterioration resulting from disposal of fixed assets	0	-66	0,0%	-0,4%	n.a.
Other results	-42	-88	-0,2%	-0,6%	108,9%
<b>OPERATION RESULTS</b>	<b>9.617</b>	<b>4.192</b>	<b>43,0%</b>	<b>28,4%</b>	<b>-56,4%</b>
	<i>Operation Results Margin % (*)</i>	<i>43,0%</i>	<i>28,4%</i>		
Financial result	-4.223	-4.164	-18,9%	-28,2%	-1,4%
Financial revenue	132	130	0,6%	0,9%	-1,4%
Financial expenses	-4.356	-4.254	-19,5%	-28,8%	-2,4%
Exchange differences	2	-40	0,0%	-0,3%	-2345,3%
<b>Result prior to taxes</b>	<b>5.395</b>	<b>28</b>	<b>24,1%</b>	<b>0,2%</b>	<b>-99,5%</b>
Corporate income tax	-151	-28	-0,7%	-0,2%	-81,3%
<b>Fiscal year result</b>	<b>5.244</b>	<b>0</b>	<b>23,5%</b>	<b>0,0%</b>	<b>-100,0%</b>
	<i>Net Margin % (*)</i>	<i>23,5%</i>	<i>0,0%</i>		

(\*) Alternative Performance Indicator

- Despite the positive evolution recorded in the first quarter of 2020, MetroTenerife experienced a decline in Net Revenues in 2020 as a consequence of the decline in demand for transport due to the effects that the different COVID-19 prevention measures had on public transport, especially those related to the establishment of a nationwide State of Alarm and the population lockdown.
- Additionally, the discontinuation of all school and non-essential work activities caused a sudden and unexpected decrease in demand. Starting in June, once the State of Alarm was over and social and economic activities started to gradually recover, demand levels began to gradually recover as well, until the end of October, when a peak of 75% of the weekly demand level obtained in the same weeks of the previous year was reached.
- During the months of November and December, the appearance and spread of the third wave of Covid-19 together with the restriction measures imposed by the authorities and the suspension of face-to-face teaching activity at the university caused a new and significant decrease compared to the equivalent months of the previous year.
- As a result, Net revenues in 2020 recorded an annual decline of 33.9% mainly related with the decrease in the passenger transport service.
- In order to partially compensate the decrease in the demand for the transport of service as a consequence of the pandemic caused by COVID-19, MetroTenerife recorded in 2020 an operating

subsidy amounting 2.5 million € corresponding to a contribution to be made by the Cabildo with the purpose of restoring the economic balance of MetroTenerife as it is established under the Management Agreement. This contribution is recorded within "Other operation revenues" as detailed in the table below:

<i>(Thousand €)</i>	2019	2020
<b>Ancillary income and other current management</b>	<b>5,275</b>	<b>5,319</b>
<i>Pay for availability</i>	5,207	5,248
<i>Other income</i>	69	71
<b>Operating subsidies included in profit or loss</b>	<b>328</b>	<b>2,645</b>
<i>Lawn Maintenance L1 and L2</i>	112	109
<i>Contactless Ticket Launch Campaign</i>	211	0
<i>COVID-19 contribution (Note 12.1)</i>	0	2,533
<i>Continuous training</i>	5	3
<b>Total other operation revenues</b>	<b>5,604</b>	<b>7,965</b>

*Audited Cash Flow Statement for the years 2020 and 2019:*

<i>(Thousand €)</i>	2019	2020	<b>Year-on-Year Variation 2020/2019</b>
<b>A) OPERATION CASH FLOWS</b>			
1. Result of the fiscal year before taxes	5.395	28	-99,5%
2. Result adjustments	8.160	8.108	-0,6%
3. Changes in current capital	1.349	-3.004	-322,7%
4. Other operation cash flows	-6.006	-4.616	-23,1%
<b>5. Operation cash flows (+/-1+/-2+/-3+/-4)</b>	<b>8.898</b>	<b>516</b>	<b>-94,2%</b>
<b>B) INVESTMENT ACTIVITIES CASH FLOWS</b>			
6. Payment of investments (-)	-1.274	-749	-41,2%
Intangible fixed assets	-12	-303	2486,5%
Tangible fixed assets	-1.262	-445	-64,7%
Other financial assets	0	-1	1028,8%
7. Collection of investments (+)	0	0	n.a.
<b>8. Investment cash flows (7-6)</b>	<b>-1.274</b>	<b>-749</b>	<b>-41,2%</b>
<b>C) FINANCING ACTIVITIES CASH FLOWS</b>			
9. Collection and payment from equity instruments	815	1.183	45,1%
10. Collection and payment from financial liabilities	-6.173	-2.024	-67,2%
a) Issue	0	1.985	n.a.
b) Return and depreciation of debts with credit entities	-6.173	-4.009	-35,1%
<b>12. Financing activities cash flows (+/-9+/-10-11)</b>	<b>-5.358</b>	<b>-841</b>	<b>-84,3%</b>
<b>D) Impact of variations in exchange rates (+/-)</b>	<b>0,02</b>	<b>-0,31</b>	<b>-1559,3%</b>
<b>E) NET INCREASE/DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)</b>	<b>2.266</b>	<b>-1.075</b>	<b>-147,4%</b>
<b>Cash or equivalents at the start of the fiscal year</b>	<b>9.293</b>	<b>11.559</b>	<b>24,4%</b>
<b>Cash or equivalents at the end of the fiscal year</b>	<b>11.559</b>	<b>10.484</b>	<b>-9,3%</b>

## Alternative Performance Measures

Certain alternative performance measures (as defined in the ESMA Guidelines on Alternative Performance Measures) ("APMs") are included in this Prospectus (which reference includes any information incorporated by reference herein). Such APMs, which have not been prepared in accordance with the Spanish General Accounting Plan approved by Royal Decree 1514/2007 and the amendments made by virtue of Royal Decree 606/2016 (all together, the "Spanish GAAP"), have been extracted or derived from the accounting records of the Group.

The Issuer uses APMs to provide additional information to investors and to enhance their understanding of MetroTenerife's results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to Spanish GAAP. Such APMs have not been audited or reviewed and are not recognised measures of financial performance under Spanish GAAP but are used by management to monitor the underlying performance of the business, operations and financial condition of MetroTenerife. The Issuer has presented these APMs in this Prospectus because it considers them to be important supplemental measures of MetroTenerife's performance. However, not all companies calculate APMs in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the APMs contained in this Prospectus and they should not be considered as a substitute for operating profit, profit for the year, or financial measures computed in accordance with Spanish GAAP. Each of the APMs measures presented as APMs is defined below:

- "**Gross Margin**" consists of the result of "Net revenue" and "Works conducted by the company" being subtracted from "Provisions (consumption of raw materials and other materials)".

<i>(Thousand €)</i>	<b>2019<sup>(1)</sup></b>	<b>2020<sup>(1)</sup></b>
1. Net revenue	22,340.08	14,762.74
<i>a) Sales</i>	3.16	1.03
<i>b) Service provision</i>	22,336.92	14,761.71
3. Works conducted by the company	173.86	167.47
4. Provisions	-925	-1,361.25
<i>b) Consumption of raw materials and other materials</i>	-925	-1,361
<b>Gross Margin (1+3+4)</b>	<b>21,589</b>	<b>13,569</b>

<sup>(1)</sup> Source: Audited annual financial statements as for the year ended 31 December 2020 and 2019

- "**Gross Margin %**": is the result of dividing "Gross Margin" as defined above by the accounting entry "Net revenue" and multiplied per 100.
- "**EBITDA**": Earnings before interest, taxes, depreciation and amortization. Consists of the sum of accounting entries (i) Net revenue, (ii) Works conducted by the company, and (iii) Other operation revenues minus the sum of the accounting entries (i) Provisions, (ii) Staff expenses and (iii) Other operation expenses.

<i>(Thousand €)</i>	<b>2019<sup>(1)</sup></b>	<b>2020<sup>(1)</sup></b>
1. Net revenue	22,340.08	14,762.74
<i>a) Sales</i>	3.16	1.03
<i>b) Service provision</i>	22,336.92	14,761.71
3. Works conducted by the company	173.86	167.47
4. Provisions	-925	-1,361.25
<i>b) Consumption of raw materials and other materials</i>	-1,361	-925.31
5. Other operation revenues	5,603.76	7,964.71
<i>a) Other sundry income</i>	5,275.39	5,319.34
<i>b) Incorporated operation subsidies</i>	328.38	2,645.36
6. Staff expenses	-7,740.38	-8,371.73

<i>a) Wages, salaries, and ancillaries</i>	-5,812.03	-6,377.37
<i>b) Social charges</i>	-1,928.34	-1,994.36
7. Other operation expenses	-5,743.26	-4,824.43
<i>a) External services</i>	-5,139.57	-4,377.77
<i>b) Taxes</i>	-37.34	-35.14
<i>c) Provision losses, deterioration and var. caused by comm. Op.</i>	0.00	-21.13
<i>d) Other current management expenses</i>	-566.34	-390.38
<b>EBITDA (1+3+4+5+6+7)</b>	<b>13,709</b>	<b>8,338</b>

<sup>(1)</sup> Source: Audited annual financial statements as for the year ended 31 December 2020 and 2019

- **"EBITDA Margin %"**: is the result of dividing "EBITDA" as defined above by the accounting entry "Net revenue" and multiplied per 100.
- **"Operation Results Margin %"**: is the result of dividing the accounting entry "Operation results" by the accounting entry "Net revenue" and multiplied per 100.
- **"Net Margin %"**: is the result of dividing the accounting entry "Fiscal year result" by the accounting entry "Net revenue" and multiplied per 100.

## TAXATION

*The tax laws of the investor's jurisdiction and of the Issuer's jurisdiction might have an impact on the income received from the Notes. 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 the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

*Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

### Spanish tax considerations

The following summary describes the main Spanish tax implications arising in connection with the acquisition and holding of the Notes by individuals or entities who are the beneficial owners of the Notes. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain, and it is not intended to be, nor should it be construed to be, legal or tax advice, and does not address all the tax consequences applicable to all categories of investors, some of which (such as look through entities or Holders by reason of employment) may be subject to special rules.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Iberclear.

Prospective purchasers of the Notes should consult their own tax advisers as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of the Notes.

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

- (a) of general application, the First Additional Provision of Law 10/2014, as well as 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 ("**Royal Decree 1065/2007**");
- (b) for individuals resident for tax purposes in Spain who are personal income tax ("**PIT**") taxpayers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the "**PIT Law**"), and Royal Decree 439/2007, of 30 March, approving the PIT Regulations, as amended (the "**PIT Regulations**") by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June, on Wealth Tax, as amended, and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended;
- (c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, the CIT Law, and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended (the "**CIT Regulations**"); and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended ("**NRIT Law**") and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended ("**NRIT Regulations**") along with Law 19/1991, of 6 June, on Wealth Tax as amended and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended.

## ***Tax treatment of the Notes***

### ***Indirect taxation***

Whatever the nature and residence of the Holder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, dated 24 September 1993 and exempt from Value Added Tax, in accordance with Law 37/1992, dated 28 December 1992 regulating such tax.

The Issuer understands that the Notes should be deemed as financial assets with an explicit yield for Spanish tax purposes, according to Article 91 of the PIT Regulations and Article 63 of the CIT Regulations.

### ***Direct taxation***

#### ***(a) Individuals with tax residency in Spain***

##### **Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Both interest periodically received and income derived 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 PIT Law, and must be included in each investor's savings income and taxed at the tax rate applicable from time to time, currently 19 per cent. for taxable income up to €6,000; 21 per cent. for taxable income between €6,000.01 and €50,000 and 23 per cent. for taxable income in excess of €50,000.

Income from the transfer of the Notes is computed as the difference between their transfer value and their acquisition or subscription value. Also, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Notes, in the event that the investor had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her PIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

A (current) 19 per cent. withholding on account of PIT will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to PIT.

However, income derived from the transfer of the Notes should not be subject to withholding on account of PIT provided that the Notes are:

- (i) registered by way of book entries; and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Notwithstanding the above, 19 per cent. withholding tax shall apply on the part of the transfer price that corresponds to the accrued interest when the transfer of the Notes takes place within the 30-day period prior to the moment in which such interest is due when the following requirements are fulfilled:

- (i) the acquirer would be a non-resident or a CIT taxpayer;
- (ii) the explicit yield derived from the Notes being transferred is exempt from withholding tax.

In any event, the individual holder may credit the withholding tax applied by the Issuer against his or her final PIT liability for the relevant tax year.



## **Reporting Obligations**

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are individuals resident in Spain for tax purposes.

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

According to Wealth Tax regulations (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), individuals with tax residency in Spain would be subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Notes which they hold as of 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.

### **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 state rules. The applicable rates range between 7.65 per cent. and 81.6 per cent., although the final tax rate may vary depending on any applicable regional tax laws. Some tax benefits could reduce the effective tax rate.

#### *(b) Spanish tax resident legal entities*

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

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes are subject to CIT at the current general flat tax rate of 25 per cent.

However, this general rate will not be applicable to all CIT taxpayers and, for instance, it will not apply to banking institutions (which will be taxed at the rate of 30 per cent.).

No withholding on account of CIT will be imposed on interest payments or on income derived from the redemption or repayment of the Notes, by Spanish CIT taxpayers provided that certain requirements are met (including that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below). See "*Compliance with Certain Requirements in Connection with Income Payments*".

With regard to income derived from the transfer of the Notes, in accordance with Article 61.q of the CIT regulations, there is no obligation to withhold on income derived from the Notes obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

- (i) registered by way of book entries; and
- (ii) negotiated in a Spanish official secondary market, such as AIAF.

## **Reporting Obligations**

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

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

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes are not subject to Spanish Wealth Tax.

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

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but generally must include the market value of the Notes in their taxable income for CIT purposes.

(c) *Individuals and legal entities that are not tax resident in Spain*

- (i) Investors that are not resident in Spain for tax purposes, acting in respect of the Notes through a permanent establishment in Spain

#### **Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)**

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those set forth above for Spanish CIT taxpayers. See "*Spanish tax resident legal entities—Corporate Income Tax (Impuesto sobre Sociedades)*".

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

#### **Reporting Obligations**

The Issuer will comply with the reporting obligations set forth under Spanish tax laws with respect to beneficial owners of the Notes that are individuals or legal entities not resident in Spain for tax purposes and that act with respect to the Notes through a permanent establishment in Spain.

- (ii) Investors that are not resident in Spain for tax purposes, not acting in respect of the Notes through a permanent establishment in Spain

#### **Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)**

Both interest payments periodically received under the Notes and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met.

In order to be eligible for the exemption from NRIT, certain requirements must be met (including that, in respect of interest payments from the Notes carried out by the Issuer, the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below), as set forth in Article 44 of Royal Decree 1065/2007. See "*Compliance with Certain Requirements in Connection with Income Payments*".

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of interest under the Notes, the Issuer will withhold Spanish withholding tax at the applicable rate (currently 19 per cent.) on such payment of income on the Notes and the Issuer will not pay additional amounts with respect to any such withholding tax.

A beneficial owner who is not resident in Spain for tax purposes and entitled to exemption from NRIT, but to whom payment was not exempt from Spanish withholding tax due to a failure on the delivery of a duly executed and completed Payment Statement to the Issuer, will receive a refund of the amount withheld, with no need for action on the beneficial owner's part, if the Issuer receives a duly executed and completed Payment Statement no later than the tenth calendar day of the month immediately following the relevant payment date.

In addition, beneficial owners of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law and its regulations.

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

According to Wealth Tax regulations, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. although some reductions may apply.

However, non-Spanish resident individuals will be exempt from Wealth Tax in respect of the Notes which income is exempt from NRIT as described above.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax.

Individuals that are not resident in Spain for tax purposes but 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 (i) are located, (ii) can be exercised or (iii) must be fulfilled.

#### **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 no treaty for the avoidance of double taxation in relation to Inheritance and Gift Tax applies, applicable Inheritance and Gift Tax rates would range between 7.65 per cent. and 81.6 per cent, depending on relevant factors.

Generally, non-Spanish tax resident individuals are subject to Inheritance and Gift Tax according to the rules set forth in the Spanish state level or relevant autonomous region law. 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 NRIT. 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.

#### *(d) Compliance with certain requirements in connection with income payments*

As described under "*Spanish tax resident legal entities—Corporate Income Tax (Impuesto sobre Sociedades)*", "*— Individuals and legal entities that are not tax resident in Spain*", provided the conditions set forth in Law 10/2014 are met, income payments made by the Issuer in respect of the Notes for the benefit of Spanish CIT taxpayers, or for the benefit of non-Spanish tax resident investors will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a "**Payment Statement**") (which is attached as Annex I), in accordance with section 4 of Article 44 of Royal Decree 1065/2007, containing the following information:

- (i) Identification of the Notes.
- (ii) Total amount of the income paid by the Issuer.
- (iii) Amount of the income corresponding to individual residents in Spain that are PIT taxpayers.

- (iv) Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, currently at the rate of 19 per cent. If this were to occur, affected beneficial owners will receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the tenth calendar day of the month immediately following the relevant payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

**Prospective investors should note that the Issuer does not accept any responsibility relating to the lack of delivery of a duly executed and completed Payment Statement by the Iberclear Members in connection with each payment of income under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner 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 the Payment Statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.**

### **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**"). However, Estonia has ceased to participate.

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.

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.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

In the case of Spain, the Spanish Parliament has approved Law 5/2020 of 15 October, on the FTT (*Ley del Impuesto sobre las Transacciones Financieras*) which entered into force on 16 January 2021. The FTT applies on the acquisition of shares (including transfer or conversion) of Spanish companies with a market capitalization of more than €1 billion, at a tax rate of 0.2%. In principle, the FTT does not affect transactions involving bonds or debt or similar instruments.

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

### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the

Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

*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.*

## 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 ( )<sup>(1)</sup>, en nombre y representación de (entidad declarante), con número de identificación fiscal ( )<sup>(1)</sup> y domicilio en ( ) en calidad de (marcar la letra que proceda):*

Mr. (name), with tax identification number ( )<sup>(1)</sup>, in the name and on behalf of (entity), with tax identification number ( )<sup>(1)</sup> 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 ...

- <sup>(1)</sup> ***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.



## MARKET INFORMATION

### Summary of clearance and settlement procedures

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry securities such as the Notes of the Issuer.

The Spanish clearing, settlement and recording system of securities transactions has undergone a significant reform to align it with the EU practices and standards and prepare it for the implementation of future integration projects (the "**Reform**"). Following the Reform, which implementation was completed by 18 September 2017, the Spanish clearing, settlement and registry procedures of securities transactions allows the connection of the post-trading Spanish systems to the European system TARGET2 Securities.

The Reform has introduced three main changes that, in turn, involve a number of operating modifications. These changes include (i) a new recording system based on balances, (ii) the introduction of a central clearing counterparty (BME Clearing, S.A., "**BME Clearing**" or the "**CCP**"), and (iii) the integration of the current CADE (*Central de Anotaciones de Deuda Pública*) and SCLV (*Servicio de Compensación y Liquidación de Valores*) into a single platform managed by Iberclear which operates under the trade name of ARCO.

### *Iberclear and BME Clearing*

Iberclear is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), BME Growth, Alternative Fixed Income Market (MARF) and AIAF. To achieve this, Iberclear uses the technical platforms named ARCO.

Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. ("**BME**"), a holding company, which holds a 100% interest in each of the Spanish official secondary markets and settlement systems. The corporate address of Iberclear is Plaza de la Lealtad 1, 28014 Madrid, Spain.

The securities recording system of Iberclear is a two tier registry: the keeping of the central record corresponds to Iberclear and the keeping of the detail records correspond to the participating entities (*entidades participantes*) in Iberclear.

Access to become a participating entity is restricted to (i) credit institutions, (ii) investment services companies which are authorised to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorised central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorised to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects (i) one or several proprietary accounts which show the balances of the participating entities' proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of the securities or the shares held in their general third-party accounts.

According to the above, Spanish law considers the owner of the securities to be:

- (a) the participating entity appearing in the records of Iberclear as holding the relevant securities in its own name;
- (b) the investor appearing in the records of the participating entity as holding the securities; or
- (c) the investor appearing in the records of Iberclear as holding securities in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The CCP then generates and send to Iberclear the relevant settlement instructions. BME Clearing is also owned by BME.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO (for both equity securities and fixed-income securities as from September 2017), receives the settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

To evidence title to securities, at the owner's request the relevant participating entity must issue a legitimization certificate (*certificado de legitimación*). If the owner is a participating entity or a person holding securities in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the securities held in their name.

### **Market Information in relation to the Notes**

#### ***Iberclear Settlement of securities traded in AIAF***

Iberclear and the participating entities (*entidades participantes*) in Iberclear have the function of keeping the book-entry register of securities traded on AIAF.

Securities traded in AIAF are fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds) and bonds issued by the Spanish Treasury and Spanish regions, among others, represented either in a dematerialised form or by certificates.

In the AIAF settlement system, transactions may be settled spot, forward (settlement date more than five days after the relevant trade date), with a repurchase agreement on a fixed date and double or simultaneous transactions (two trades in opposite directions with different settlement dates).

The settlement system used for securities admitted for trading in AIAF is the Model 1 delivery versus payment system, as per the classification of the Bank for International Settlements: that is, it is a "transaction-to-transaction" cash and securities settlement system with simultaneity in its finality.

Transactions are settled on the stock-exchange business day agreed by participants at the moment of the trade.

#### **Euroclear Bank SA/NV and Clearstream Banking, S.A.**

Investors who do not have, directly or indirectly through their custodians, a participating account with Iberclear may hold their investment in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV and Clearstream Banking, S.A. with participating entities in Iberclear.

## SUBSCRIPTION AND SALE

The Sole Bookrunner has, in a placement agreement dated 28 July 2021 (the "**Placement Agreement**") and made between the Sole Bookrunner and the Issuer, upon the terms and subject to the conditions contained therein, agreed to procure subscribers for the Notes on the Issue Date at their issue price of 100% of their principal amount. Cross Capital has been appointed as co-manager and financial advisor in respect to the issue of the Notes (the "**Financial Advisor**"). The Issuer has agreed to pay the Sole Bookrunner a commission for the management and placement services in connection with the issue of the Notes and to the Financial Advisor a commission for the advisory services in connection with the issue of the Notes and to reimburse them for certain of their expenses incurred in connection thereof.

The Issuer will use all reasonable endeavours to procure that the Notes are admitted to listing on AIAF within 30 days from the Issue Date and to maintain such admission until none of the Notes is outstanding.

### *Prohibition of Sales to EEA Retail Investors*

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; and
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### *Prohibition of Sales to UK Retail Investors*

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); and
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

### *United Kingdom Securities Laws*

#### *Other UK regulatory restrictions*

The Sole Bookrunner has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### *United States of America*

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 may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or

in a transaction not subject to, 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.

The Sole Bookrunner has agreed that, except as permitted by the Placement Agreement, it will not offer, sell or deliver the Notes, (a) as part of its distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period 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 commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### ***Spain***

The Sole Bookrunner has represented and agreed that the Notes have not been offered or sold in Spain other than by institutions authorised under the Spanish Securities Market Law and related legislation, to provide investment services in Spain, and as agreed between the Issuer and the Sole Bookrunner, offers of the Notes in Spain have only been directed specifically at or made to professional clients (*clientes profesionales*) as defined in Article 205 of the Spanish Securities Market Law and Article 58 of Royal Decree 217/2008, of 15 February, and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law.

### ***General***

The Sole Bookrunner has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Sole Bookrunner to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

### Responsibility statement

1. Pursuant to the Board of Directors resolution on 8 July 2021, the Issuer and the undersigned, Mr. Enrique Arriaga Álvarez, in his capacity as Chairman (*Presidente*), accept responsibility for the information contained in this Prospectus and declare, to the best of their knowledge, that the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

### Authorisations

2. The issuance of the Notes has been authorised by the Governing Council (*Consejo de Gobierno*) of the Cabildo on 26 January 2021.
3. The creation and issue of the Notes has been authorised by a resolution of the extraordinary shareholders' meeting of the Issuer held on 16 June 2021 and a resolution of the Board of Directors of the Issuer dated 8 July 2021.

### Legal and Arbitration Proceedings

4. 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 Prospectus, a significant effect on the financial position or profitability of the Issuer.

### Significant/Material Change

5. Save as disclosed in the section entitled "*Risk Factors - Risks derived from the COVID-19 health crisis and its impact on turnover*", since 31 December 2020 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial position or financial performance of the Issuer.

### Auditors

6. The Spanish language unconsolidated annual accounts of the Issuer for each of the years ended 31 December 2019 and 31 December 2020 have been audited and the respective reports have been issued, without qualification, by Ernst & Young, S.L. ("**E&Y**") with its registered address at Calle Raimundo Fernández Villaverde, 65, Madrid, registered with the Commercial Register of Madrid under general volume 9,364; 8,130 of section 3 of the Book of Companies (*Libro de Sociedades*), page 68 and sheet 87,690, first inscription and registered with the Official Registry of Accounting Auditors (ROAC) under number S0530 (*Registro Oficial de Auditores de Cuentas*). E&Y is a member of the *Instituto de Censores Jurados de Cuentas de España*.

### Approval of financial information

7. The 2019 Annual Accounts were approved by the general shareholders' meeting of the Issuer held on 12 January 2020.  
  
The 2020 Annual Accounts were approved by the general shareholders' meeting of the Issuer held on 24 March 2021.

### References to websites

8. For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on any website referred to in this Prospectus does not form part of this Prospectus and has not been scrutinised or approved by the CNMV.

### Documents on Display

9. Copies of the following documents may be inspected during normal business hours at the offices of Metropolitano de Tenerife S.A. at Carretera General La Cuesta-Taco, 124, 38108 La Laguna,

Santa Cruz de Tenerife, Spain or at <https://inversor.metrotenerife.com> for 10 years from the date of this Prospectus:

- (a) the deed of incorporation and by-laws of the Issuer;
- (b) the audited unconsolidated annual accounts of as at and for each of the years ended 31 December 2019 and 31 December 2020 and the English translation thereof;
- (c) the Green Bond Framework; and
- (d) the Second-Party Opinions.

### **Material Contracts**

- 10. There are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes.

### **Yield**

- 11. On the basis of the issue price of the Notes of 100% per cent. of their principal amount, the yield of the Notes is 1.229 per cent. on an annual basis.

### **ISIN and Common Code**

- 12. The Notes will be admitted to listing on AIAF and have been accepted for clearance through Iberclear. The Notes bear the ISIN ES0205597000 and the common code 236902340.

### **The Legal Entity Identifier**

- 13. The Legal Entity Identifier (LEI) code of the Issuer is 95980020140005542563.

### **Listing**

- 14. This Prospectus has been approved by the CNMV as competent authority under the Prospectus Regulation. The CNMV has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to trading on AIAF. AIAF is a regulated market for the purposes of MiFID II.

### **Paying agency**

- 15. All payments under the Notes will be carried out by Bankinter as Paying Agent through Iberclear. The corporate address of Iberclear is Plaza de la Lealtad 1, 28014 Madrid, Spain.

### **Ratings**

- 16. The Issuer's credit rating assigned by S&P is "A" for long term debt and "A-1" negative outlook for the short term. The rating was affirmed by S&P on 21 October 2020 (date of the last rating).

The Notes are rated "A" by S&P. In accordance with S&P's ratings definitions, "A" means strong capacity to meet financial commitments, but somewhat susceptible to economic conditions and changes in circumstances.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal, at any time, by the assigning rating organisation. Potential investors should not rely on any rating of the Notes and should make their investment decision in light of its own circumstances. The Issuer does not participate in any decision making of the rating agencies

and any revision or withdrawal of any credit rating assigned to the Issuer or any securities of the Issuer is a third party decision for which the Issuer does not assume any responsibility.

### **Interests of natural and legal persons involved in the offer of the Notes**

17. Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Notes had an interest material to the offer.

### **Other relationships**

18. The Sole Bookrunner has engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. The Sole Bookrunner and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of its business activities, the Sole Bookrunner and its 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 and its affiliates. The Sole Bookrunner and its affiliates may in the future have a lending relationship with the Issuer and may routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, the Sole Bookrunner and its 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. Any such positions could adversely affect future trading prices of the Notes. The Sole Bookrunner and its 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.

19. The Financial Advisor has performed, and may in the future perform, financial advisory services for the Issuer and its affiliates in the ordinary course of business.

### **Third party information**

20. The S&P Second-Party Opinion has been issued by S&P, whose details are:
- a) Name: S&P Global Ratings Europe Limited
  - b) Business address: Fourth Floor, Waterways House, Grand Canal Quay, Dublin 2, Ireland
  - c) Qualifications: External reviewer
  - d) Material interest in the Issuer: S&P is also the provider of the rating of the Notes and of the Issuer.
21. The Sustainalytics Second-Party Opinion has been issued by Sustainalytics, whose details are:
- a) Name: Sustainalytics SARL
  - b) Business address: 52, rue de la Victoire, 75009 Paris, France
  - c) Qualifications: Provider of environmental, social and governance (ESG) research and analysis
  - d) Material interest in the Issuer: None
22. S&P and Sustainalytics evaluated MetroTenerife's Green Bond Framework set forth in this Prospectus and the alignment thereof with relevant market standards and provided views on the robustness and credibility of MetroTenerife's Green Bond Framework which views are intended to inform investors in general, and not for a specific investor.

23. The Issuer confirms that the S&P Second-Party Opinion and the Sustainalytics Second-Party Opinion are available in the website of the Issuer with the consent of S&P and Sustainalytics, respectively.

**Expenses related to the admission to trading**

24. For informative purposes only, an approximate estimate of the expenses payable by the Issuer in relation to the admission to trading is as follows:

<b>Type of expense</b>	<b>Euro (estimated amount)</b>
Charges and fees of AIAF and Iberclear	€21,500
CNMV fees (listing)	€9,181
Other expenses (commissions, rating, legal advice)	€956,400
<b>Total</b>	<b>€987,081</b>



## **SIGNATURES**

In witness to their knowledge and approval of the contents of this Prospectus drawn up according to Annexes 7 and 15 of Delegated Regulation (EU) 2019/980 of 14 March 2019, it is hereby signed by Mr. Enrique Arriaga Álvarez, in his capacity as Chairman (*Presidente*) of the Issuer, in Tenerife, on 30 July 2021.

**REGISTERED OFFICE OF THE ISSUER**

**Metropolitano de Tenerife, S.A.**  
Carretera General La Cuesta-Taco, 124.  
38108 La Laguna - Santa Cruz de Tenerife  
Spain

**PAYING AGENT**

**Bankinter, S.A.**  
Paseo de la Castellana, 29  
28046 Madrid

**MANAGER AND SOLE BOOKRUNNER**

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis – CS 70052  
92547 Montrouge Cedex  
France

**CO-MANAGER AND FINANCIAL ADVISOR**

**Cross Capital EAF, S.L.**  
Calle San Clemente 24, 4ªA  
38002 - Santa Cruz de Tenerife  
Spain

**LEGAL ADVISERS**

*Legal advisers to the Issuer:*

**Analistas Financieros Internacionales, S.A.**  
Calle Marqués de Villamejor, 5  
28039 Madrid  
Spain

*To the Manager and Sole Bookrunner and to the  
Co-Manager and Financial Advisor:*

**Clifford Chance, S.L.P.**  
Paseo de la Castellana 110,  
28046 Madrid  
Spain

**COMMISSIONER**

**Bondholders, S.L.**  
**[www.bondholders.com](http://www.bondholders.com)**  
Avenida Francia 17, A, 1,  
46023, Valencia,  
Spain