

## BASE PROSPECTUS



**ADIF-ALTA VELOCIDAD**  
(incorporated in the Kingdom of Spain)  
€8,000,000,000  
**Euro Medium Term Note Programme**

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This base prospectus (this "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This base prospectus has been prepared for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus. Such approval only relates to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange trading as Euronext Dublin (the "**Regulated Market**") or other regulated markets for the purposes of Directive 2014/65/EC (as amended the "**Markets in Financial Instruments Directive**" or "**MiFID II**") or which are offered to the public in any Member State of the European Economic Area (the "**EEA**"). Application will be made to the Irish Stock Exchange trading as Euronext Dublin ("**Euronext Dublin**") to admit Notes issued under the Programme to listing on the official list (the "**Official List**") and to trading the Regulated Market which is a regulated market for the purposes of MiFID II. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus is valid for a period of twelve months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Base Prospectus is no longer valid.

References in this Base Prospectus to Notes being "listed" (and all related references) on Euronext Dublin shall mean that such Notes have been admitted to the Official List and to trading on the Regulated Market. The Programme also permits Notes to be admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, which is a regulated market for the purposes of MiFID II, and to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Under the Programme, ADIF-Alta Velocidad ("**ADIF-AV**" or the "**Issuer**") may from time to time issue Notes denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. No Notes may be issued under the Programme which have a minimum denomination of less than €100,000 (or equivalent in another currency).

Notes may be issued in bearer form or, when Notes are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*).

When Notes are in bearer form, the Notes of each Tranche (as described below) will initially be represented by a temporary global Note (a "**Temporary Global Note**") (or, if so specified in the relevant Final Terms or Drawdown Prospectus, a permanent global Note (a "**Permanent Global Note**"). If the Global Notes are stated in the applicable Final Terms or Drawdown Prospectus to be issued in new global note ("**NGN**") form they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") will be deposited on or around the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depository**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions relating to the Notes while in Global Form*".

Notes to be admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) and title to the Notes will be evidenced by book-entries, and each person shown in the central registry of the Spanish 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**") and each an "**Iberclear Member**") 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.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Programme has been rated A- by Fitch Ratings España, S.A.U. ("**Fitch**") and Baa2 by Moody's Investors Service España, S.A. ("**Moody's**"). Series of Notes to be issued under the Programme may be rated or unrated.

As at the date of this Base Prospectus, each of Moody's and Fitch is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Amounts payable under the Floating Rate Notes may be calculated by reference to EURIBOR, which is provided by the European Money Markets Institute ("**EMMI**"). As at the date of this Base Prospectus, EMMI does appear, on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/2011 (the "**Benchmark Regulation**").

A 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.

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" on pages 12 to 17 below.*

**Arranger and Dealer**

**SANTANDER CORPORATE & INVESTMENT BANKING**

**Dealers**

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

**BARCLAYS**

**CAIXABANK**

**CREDIT SUISSE**

**HSBC**

**BANKIA, S.A.**

**BNP PARIBAS**

**CRÉDIT AGRICOLE CIB**

**DEUTSCHE BANK**

**SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT  
BANKING**

26 January 2021

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### **Final Terms/Drawdown Prospectus**

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

### **Other relevant information**

This Base Prospectus must be read and construed together with any supplements hereto and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

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

### **Conditions for determining price**

The price and amounts of the Notes to be issued under the Programme will be determined by the Issuer in consultation with each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Unauthorised information**

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

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

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms or Drawdown Prospectus, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose

possession this Base Prospectus or any Final Terms or Drawdown Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms or Drawdown Prospectus, and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, 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 U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

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 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; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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.

The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For the purposes (a) the expression retail investor means a person who is one (or more) of the following: (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 by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets 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 by virtue of the EUWA. Consequently no key information document required by regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (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.

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

#### **MiFID II product governance / target market**

The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

#### **UK MiFIR product governance / target market**

The Final Terms in respect of any Notes may include a legend entitled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution

of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

### **Programme limit**

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €8,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

### **Certain definitions**

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

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

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

### **Ratings**

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Prospectus. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA or in the UK and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA or in the UK but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA or in the UK but which is certified under the CRA Regulation will be disclosed in the Final Terms or Drawdown Prospectus, as applicable.

### **Stabilisation**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or Drawdown Prospectus may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by**

**the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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## KEY FEATURES OF THE PROGRAMME

*The following must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole.*

*This key features constitutes a general description of the Programme for the purposes of Article 25(1)(b) of Commission Delegated Regulation (EU) No. 2019/980.*

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

<b>Issuer:</b>	ADIF-Alta Velocidad (" <b>ADIF-AV</b> ").
<b>Arranger:</b>	Banco Santander, S.A.
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankia, S.A., Barclays Bank Ireland PLC, BNP Paribas, CaixaBank, S.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities Sociedad de Valores, S.A., Deutsche Bank Aktiengesellschaft, HSBC Continental Europe and Société Générale and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal and principal Paying Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>Spanish Paying Agent:</b>	In the case of Notes listed on the AIAF Fixed Income Securities Market in Spain and clearing through Iberclear, the paying agent shall be BNP Paribas Securities Services, S.C.A., Sucursal en España of Emilio Vargas 4, 28043 Madrid, Spain (" <b>Spanish Paying Agent</b> "). All references to "Paying Agent" in this Base Prospectus shall be deemed to include a reference to BNP Paribas Securities Services, S.C.A., Sucursal en España in its capacity as Spanish Paying Agent.
<b>Irish Listing Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch.  BNP Paribas Securities Services Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed to the extent described in the relevant Final Terms or, as the case may be supplemented, amended and/or replaced the relevant Drawdown Prospectus.
<b>Listing and Trading:</b>	This Base Prospectus has been approved by the Central Bank as competent authority under the Prospectus Regulation. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Regulation.  Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the Regulated Market. The Programme also permits Notes to be admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain and to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The market on which application has been made for each



Series of Notes to be admitted to trading will be specified in the relevant Final Terms or Drawdown Prospectus, as applicable.

**Clearing Systems:**

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms or Drawdown Prospectus, as applicable. In the case of Notes listed on the AIAF Fixed Income Securities Market in Spain, the Spanish registry, clearance and settlement system managed by Iberclear shall be the relevant clearing system in relation to such Notes.

**Initial Programme Amount:**

Up to €8,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement as defined under "*Subscription and Sale*".

**Issuance in Series:**

Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Forms of Notes:**

Notes may be issued in bearer form or, when Notes are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*).

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

In the case of Notes listed on the AIAF Fixed Income Securities Market in Spain, these will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) and registered with 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 and Clearstream Luxembourg with Iberclear.

<b>Currencies:</b>	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> and without preference among themselves and (subject to such exceptions as are from time to time mandatory under Spanish law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.
<b>Issue Price:</b>	Notes may be issued at any price as specified in the relevant Final Terms or Drawdown Prospectus. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
<b>Maturities:</b>	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Redemption:</b>	Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms or Drawdown Prospectus.
<b>Optional Redemption:</b>	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms or Drawdown Prospectus.
<b>Tax Redemption:</b>	Except as described in " <i>Optional Redemption</i> " above, early redemption will only be permitted for tax reasons as described in Condition 8(b) ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).
<b>Interest:</b>	Notes will be interest-bearing. Interest may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
<b>Denominations:</b>	Notes will be issued in such denominations (of at least €100,000 or its equivalent in another currency) as may be specified in the relevant Final Terms or Drawdown Prospectus, as applicable, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below.  Prospective investors should understand the risks of investing in any type of Note before they make their investment decision. They should make their own independent decision to invest in any type of Note and as to whether an investment in such Note is appropriate or proper for them based upon their own judgment and upon advice from such advisers as they consider necessary.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Negative Pledge</i> ).
<b>Events of Default:</b>	The Conditions contain events of default as set out in Condition 11 ( <i>Events of Default</i> ).

<b>Cross Default:</b>	The Notes will have the benefit of a cross default as described in Condition 11(c) ( <i>Events of Default – Cross-default of Issuer or any of its Material Subsidiaries</i> ).
<b>Taxation:</b>	Payments in respect of Notes or Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will, save in certain limited circumstances (please refer to Condition 10 ( <i>Taxation</i> )), pay such additional amounts as will result in the holders of Notes (the " <b>Noteholders</b> ") or Coupons receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.
<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>Enforcement of Notes:</b>	<p>In the case of Global Notes, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in the relevant Global Note will acquire rights directly against the Issuer, governed by a Deed of Covenant dated 26 January 2021, a copy of which will be available for inspection at the specified office of the Fiscal Agent.</p> <p>In the case of Notes evidenced by book-entries, each person shown in the Spanish Central Registry 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.</p>
<b>Ratings:</b>	The Programme has been rated A- by Fitch and Baa2 by Moody's. Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Prospectus. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA or in the UK and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA or in the UK but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA or in the UK but which is certified under the CRA Regulation will be disclosed in the Final Terms or Drawdown Prospectus. 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.
<b>Selling Restrictions:</b>	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America, the United Kingdom, the Kingdom of Spain and Japan, see " <i>Subscription and Sale</i> " below.
<b>United States Selling Restrictions:</b>	Regulation S, Category 1. TEFRA C or D applicable/TEFRA not applicable, as specified in the applicable Final Terms or Drawdown Prospectus.

## **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 any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base 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 Base Prospectus have the same meanings in this section.*

*The following 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 Base Prospectus and their personal circumstances.*

*The following are the risks that ADIF currently considers to be specific to the Issuer and important for making an informed investment decision. Although the main risk factors considered have been identified, the Issuer is subject to other risks which, as they are considered to be of lower importance or because they are generic risks, such as, for example, changes in the legal and tax framework applicable in Spain or credit risk, have not been included in this section of this Base Prospectus in accordance with the provisions of the Prospectus Regulation.*

### **Risk Factors relating to the Issuer**

#### ***Project and operational risks***

Investment into the high speed rail network (particularly for construction of the high speed rail lines), which by its nature involves long and often complex projects, requires a high level of capital expenditure. As these projects typically take several years to achieve, any changes to the legal framework, delay in delivery of a project or technical adjustment can result in increased costs. Notwithstanding the extensive control systems in place to prevent operational issues from causing major service disruptions, there can be no assurance that the changes listed above would not lead to increased costs and/or operational difficulties that may have an adverse effect on the Issuer's business, particularly its ability to complete construction of a specific line of the high speed rail network in due course, and results of operations.

Furthermore, the costs related to materials and services for construction constitute a significant portion of ADIF-AV's capital expenses. Procurement prices of such materials and services may shift depending on the market situation. Although, as a general rule, currently contracts do not include the possibility of reviewing prices, any shifts in prices may have an adverse impact on the Issuer's business.

Regarding accidents, derailment and other potential incidents the Issuer's infrastructure operation may be adversely affected by many factors, including accidents, derailments, the breakdown or failure of equipment or processes, natural disasters, terrorist attacks or sabotage. A major rail accident, derailment or other incident involving the Issuer's railway operations could result in damage to or loss of the Issuer's infrastructure and may also disrupt the Issuer's services, which could give rise to potential claims by counterparties, injured passengers and others. The Issuer carries insurance that would cover such events – see further below. A significant event would cause the Issuer to incur additional expenses (if not covered by relevant insurance) and the Issuer may not be able to rebuild or repair its infrastructure or restore operations in a timely fashion. Accordingly, a major accident, derailment or other incident involving the Issuer's railway operations could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

In addition, train crashes or similar incidents could impact general passenger confidence and lead to a reduced demand for train travel adversely impacting Issuer's results coming from charges for the use of the high speed rail infrastructure. Furthermore, ADIF-AV might suffer from reputational damage (and associated losses) derived from a train crash or similar incidents. The adverse consequences of such events, and the threat of such events, could include reduced demand for train travel, limitations on the availability of insurance coverage and increased costs associated with security precautions.

#### ***Risks relating to macroeconomic conditions***

ADIF-AV is dependent on the economic environment and cyclical trends in the world.

The macroeconomic outlook in the Euro-zone has become less favourable in the year 2020, due to the growing commercial tensions that are materialising and may entail a risk to economic growth and global stability; the negotiation of the United Kingdom's exit terms to leave the European Union, but specially the COVID-19 impact.

The appearance of the Coronavirus COVID-19 in China in January 2020 and its recent global expansion to a large number of countries, including Spain, has led to the viral outbreak being classified as a pandemic by the World Health Organization since March 11. To address this serious and exceptional situation, the Government has declared a State of Emergency by Royal Decree 463/2020, of March 14th, 2020, declaring the state of alarm in Spain to manage the health crisis situation caused by COVID-19, which has remained in force with successive extensions until 22 June. In its article 14, the aforementioned Royal Decree establishes a series of measures in the field of transport, among which the following reductions in rail traffic should be highlighted:

a) For public rail transport services, which are not subject to public contracts or public service obligations (PSOs), transport operators shall reduce the total supply of operations by at least 50 per cent.. By decision of the Ministry of Public Works, this percentage may be changed and specific conditions laid down.

b) Public passenger transport services that are subject to a public contract or PSO shall reduce their total operating offer by at least the following percentages:

i. Medium-distance rail services: 50 per cent..

ii. Medium- distance rail services-AVANT: 50 per cent..

c) Suburban rail services shall maintain their offer.

In this context, the Issuer, as manager of a critical infrastructure, has been developing and implementing the necessary contingency plans to give continuity to its activity in all its fields of action with all the necessary security measures and arranged according to the regulations in force.

Currently, after the removal of the State of Emergency, the restrictions on rail transport have been lifted, although it is not possible to predict how long it will take to recover the number of train journeys and occupation levels that existed before this situation. Therefore, at the date of preparation of this Base Prospectus, it is premature to make a detailed assessment of the possible impact that the COVID-19 will have on the Issuer, due to the uncertainty regarding its duration and intensity. Nevertheless, the circumstances described above are having a negative effect, particularly on the Issuer's turnover, which fell by around 43 per cent. year-on-year at 30 September 2020, and on the losses obtained by the Issuer in the period from 1 January 2020 to 30 September 2020, which increased by 127 per cent. compared to the losses obtained in the same period of the previous year. This negative trend continued in October 2020, when turnover and accumulated losses up to 31 October 2020, compared to 31 October 2019, showed similar variations to those reflected at the closing date of these financial statements. The Issuer has implemented a series of measures to partially offset this effect, including the following:

- A proposal to apply discounts/allowances to encourage rail traffic growth in 2020. This proposal involves a subsidy for new long distance passenger transport services on high speed lines, with a 50 per cent. reduction in the amounts payable for modes A and B, and the addition of the fee stipulated in article 97 of the Act 38/2015, the Rail Sector Act, to mode B, as well as a reduction in reference traffic, traffic estimates per line and type of service from which the subsidy is applied, in order to adapt them to the situation created by the pandemic.

- A plan to reduce expenditure is being developed and its effects are expected to be deployed in the last quarter of 2020. At 30 September 2020, the section for other operating expenses showed a 19 per cent. decrease compared to the amounts forecast at that date and incorporated into the Issuer's budget. In any case, although it is not possible at this time to quantify the exact evolution of these items, it would not seem probable that they will have a significant negative effect on the assets and financial situation of the Issuer, taking into account the characteristics of the activity and its condition as operator of a strategic network for the transport of goods and people.

As the Issuer is a public corporate entity, its credit rating is linked to, and closely follows, that of the Kingdom of Spain. The Issuer, is therefore, exposed to the risk of downgrading in Spain's sovereign credit rating. Accordingly, in line with practice adopted by rating agencies, a hypothetical downgrade of Spain's credit rating may have a knock-on effect on the credit rating of the Issuer and, consequently, adversely affect the Issuer's access to alternative sources of funding and/or may increase the cost of funding.

In this regard on 13 April 2018 Moody's upgraded the rating for the Kingdom of Spain from Baa2/P2/Stable outlook to Baa1/P2/Stable outlook as was the case with the rating for the Issuer which were upgraded on 16 April 2018 from Baa3/P3/Stable outlook to Baa2/P2/Stable outlook, meanwhile on 19 January 2018 Fitch upgraded the rating for the Kingdom of Spain from BBB+/F2/Positive outlook to A-/F1/Stable outlook and on 25 January 2018 Fitch upgraded the rating from BBB+/F2/Positive outlook to A-/F1/Stable outlook for the Issuer. There is however, no assurance that this positive development is sustainable.

Due to the changing nature of the aforementioned risk, as at the date of this Base Prospectus it is not certain how such risk may impact the Issuer's business prospects and financial condition.

***Risks related to the issuer's financial situation: liquidity, credit, interest and bankruptcy risks***

From time to time, ADIF-AV may need to raise further debt to, among other things, finance future capital expenditure and enable it to refinance its existing indebtedness (please see Description of Adif-Alta Velocidad-ADIF-AV's debt profile section for further information regarding the Issuer repayment schedule) in the ordinary course of business. The Issuer proactively manages its liquidity and financing needs by controlling and reviewing its expected cash flows and access to diversified sources of funding both in the long and short-term. There can be no assurance that ADIF-AV will be able to raise future debt on terms that are economically viable, or at all, and this may have an adverse effect on the Issuer's business (including the ability to complete construction of its infrastructure) and results of operations.

The Issuer has entered into credit facilities which are linked to a number of different interest rates: at a fixed rate for periods between 6 and 50 years and at a floating rate referenced to Euribor plus a margin which can be either fixed or floating. In certain cases, the risk that an interest rate may rise could be modulated by changing the allocation of fixed and floating rates, if at the time when the credit operation is entered into, this is possible and the Issuer considers this to be beneficial. As at 31 December 2019, 90.65 per cent. of ADIF-AV's long term debt is at a fixed rate (11.76 per cent. of which remains subject to review in the future and could be allocated to fixed or floating rate), 9.35 per cent. is linked to Euribor.

The Issuer has entered into hedging transactions on the basis of specific risk management policies, with the aim of managing the exposure to changes in floating interest rates. The Issuer does not enter into derivatives for speculative purposes. There can be no assurance that the Issuer will be able to further implement transactions to hedge interest rate risk related to new debt issues and this may have an adverse effect on the Issuer's business and results of operations.

Finally, the Issuer's ability to make payments on or to refinance its debt obligations will depend on its future operating performance and ability to generate sufficient cash.

If future cash flow from operations and other capital resources are insufficient to pay any obligations as they mature on to liquidity needs, the Issuer may be forced to reduce or limit its business activities or delay capital expenditure, sell assets, obtain additional debt financing or restructure all or a portion of its debt, including the Notes, on or before maturity.

However, refinancing of the Issuer's debt could be at higher interest rates than the Issuer's current debt and may require the Issuer to comply with more onerous obligations, which could further restrict the Issuer's business operations. In addition, the terms of the Issuer's existing or future debt instruments and the terms governing the Notes may restrict the Issuer from adopting some of these alternatives, therefore it cannot be assured that the Issuer would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Any failure to make payments of interest or principal on Issuer's outstanding indebtedness on a timely basis would likely result in a reduction of Issuer's credit standing, which could harm its ability to incur additional indebtedness. Moreover, the Issuer could face substantial liquidity problems, which would have a material adverse effect on the Issuer's business, financial condition and results of operations.

***Insurance policy***

Although ADIF-AV maintains appropriate insurance cover as required for the type of risks associated with the business it conducts (such as general liability and additional operating liability insurance, liability insurance for damages (for example, fire, lightning and explosion) and other extraordinary risks of ADIF-AV's rail infrastructure; accident insurance for users of passenger stations; and liability insurance for ADIF-AV's directors and for its management), the risk to the occurrence of events not covered by those insurance policies cannot be excluded, nor

that the insurance cover in place will not be sufficient in the event that a risk crystallises. If a claim were to be made that was not covered by insurance, this could impact on Issuer's results of operations.

### ***Legal and regulatory risks***

As detailed in section "History and legal status" of this Base Prospectus, ADIF-AV, as a public corporate entity (*entidad pública empresarial*) is subject to a number of Spanish regulations implemented by various sources (such Acts, Royal Decrees, Ministerial Orders and budgetary legislation.).

Therefore, any regulatory or political developments which result in changes to the legislation, government regulation or policy which ADIF-AV is subject to may have a material impact on the Issuer. For example, any change on regulation governing the charges for the use of the high speed infrastructures could have an adverse effect on Issuer's profitability. Another example may be a change in the relevant General State Budget reducing the annual amount of contributions from the Spanish State, which could limit Issuer's ability to expand its construction activities.

### ***Environmental, social and governance risks***

As the Issuer's business involves infrastructure projects, which by their nature pose a number of potentially hazardous consequences for the environment, their operations are subject to extensive environmental laws and regulations. Compliance with environmental regulation is therefore an on-going process and, as such, new laws and regulations would need to be complied with. As new policies in this area tend to impose more stringent requirements, as well as carrying stricter enforcement, ADIF-AV would be required to modify its operations in order to comply with any new laws or regulations which may result in substantial costs being incurred. If ADIF-AV fails to comply with any such environmental laws, it may incur hefty penalties that could have a material adverse effect on the Issuer's business, profitability and operating results.

As referred to in section "Principal sources of funds" of this Base Prospectus, ADIF-AV's main revenue stream comes from the charges for railway usage. The main users of the railway are public business entities such as Renfe Viajeros and Renfe Mercancías (affiliates of Renfe Operadora), who in turn are also the Issuer's main debtors.

The Issuer evaluates the credit status of its commercial debtors by taking into account a number of factors: their financial position; their historical experience, and any other economic factor that may be helpful for establishing their creditworthiness.

The Issuer has several internal policies in order to (i) evaluate the creditworthiness of the financial entities by looking at the period of the investment to be made and considering among others, the credit qualification given by rating agencies, and (ii) to determine the individual limit of credit for each financial entity, according to different factors (total volume of assets, profitability, etc.)

However, a failure in such internal policies to evaluate the Issuer's counterparties could have a negative impact on the Issuer's business. The Issuer is wholly owned by the State and therefore has the power to influence and to control the Issuer's operational and financial decisions, under the framework of national and European regulation, with special reference to the Directive 2016/2370/EU. The policies from the State related to financing and development of the railway network might require the Issuer to take decisions on these issues in a way not always consistent with the best interests of the holders of the Notes. Additionally, as a consequence of the Issuer's nature of public corporate entity (*entidad pública empresarial*) and of the fact that most of the Issuer's assets are in the public domain, it is not possible to enforce against most of ADIF-AV's assets if it fails to make payments under the Notes.

### **Risk Relating to the Notes**

#### ***Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

#### ***Conflicts may arise between the interests of the Calculation Agent and the interest of holders***

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

#### ***Risks related to Sustainable Bonds***

There can be no assurance that the use of proceeds of the Notes identified as Sustainable Bonds will be suitable for the investment criteria of a Noteholder.

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds of the issue of those Notes ("**Sustainable Bonds**") to Eligible Sustainable Projects (as defined in the "Use of Proceeds" below and further described in the ADIF-AV Green Financing Framework available on its website: [http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/doc/FW\\_sep2019.pdf](http://www.adifaltavelocidad.es/en_US/empresas_servicios/doc/FW_sep2019.pdf)). While it is the intention of the Issuer to apply the proceeds of the Sustainable Bonds in, or substantially in, the manner described in "Use of Proceeds", there can be no assurance that the Eligible Sustainable Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for the Eligible Sustainable Projects.

In addition, although the Issuer may agree at the time of issue of any Sustainable Bonds to certain reporting and use of proceeds, it would not be an event of default under the Notes if the Issuer were to fail to comply with such obligations.

Any such event or failure by the Issuer will not constitute an Event of Default under the Notes or a default of the Issuer for any purpose. Any such event or failure and/or withdrawal of any opinion or certification may have a material adverse effect on the value and marketability of the Sustainable Bonds and/or result in adverse consequences for Noteholders with portfolio mandates to invest in securities to be used for a particular purpose.

#### ***Risks related to the underlying***

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks. Reference rates and indices such as Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate or other types of rates and indices which are deemed to be "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"), to which the interest on Notes may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. This has resulted in regulatory reform and changes to existing Benchmarks, with further change anticipated. Such reform of Benchmarks includes the Benchmark Regulation which was published in the Official Journal of the European Union ("**EU**") and applied from 1 January 2018.

The Benchmark Regulation applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. It will, among other things, (i) require Benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities such as the Issuer of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The potential elimination of any Benchmark, or changes in the manner of administration of any Benchmark, as a result of the Benchmark Regulation or otherwise, could require an adjustment to the Terms and Conditions or result in other consequences, in respect of any Notes linked to such Benchmark. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or be discontinued, which could have a material adverse effect on the value of, and return on, any such Notes.

Investors should be aware that, if any benchmark (including, for example, EURIBOR) were discontinued or otherwise unavailable, the rate of interest on Notes which reference to such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the benchmark rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for such benchmark rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when such benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Notes which reference such benchmark.



More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain Benchmarks including EURIBOR: (i) discourage market participants from continuing to administer or contribute to the Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of, and return on, any Notes linked to or referencing to a Benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a Benchmark.

## INFORMATION INCORPORATED BY REFERENCE

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

- (1) the audit report and financial statements of the Issuer as at and for the year ended 31 December 2019 available for viewing on:

[https://www.ise.ie/debt\\_documents/Informe%20de%20auditor%C3%ADa%20Definitivo%20y%20CCAA%20ADIF%20AV%202019\\_English-fusionado\\_67a352d3-3d7a-4617-a36e-60af026fe274.pdf](https://www.ise.ie/debt_documents/Informe%20de%20auditor%C3%ADa%20Definitivo%20y%20CCAA%20ADIF%20AV%202019_English-fusionado_67a352d3-3d7a-4617-a36e-60af026fe274.pdf)

- (2) the audit report and financial statements of the Issuer as at and for the year ended 31 December 2018 available for viewing on:

[https://www.ise.ie/debt\\_documents/CCAA%20ADIF%20AV%202018%20English\\_05360cd2-8649-4d93-a174-7e44f9b0bada.pdf](https://www.ise.ie/debt_documents/CCAA%20ADIF%20AV%202018%20English_05360cd2-8649-4d93-a174-7e44f9b0bada.pdf)

- (3) the unaudited interim financial statements of the Issuer with limited review report as at and for the nine months ended 30 September 2020 available for viewing on:

[https://www.ise.ie/debt\\_documents/EEFF%20ADIF%20AV%2030.09.2020%20con%20Informe%20\(003\)\\_9c0b1a87-c94c-44e4-b555-daf160093602.pdf](https://www.ise.ie/debt_documents/EEFF%20ADIF%20AV%2030.09.2020%20con%20Informe%20(003)_9c0b1a87-c94c-44e4-b555-daf160093602.pdf)

- (4) the terms and conditions set out on pages 23 to 43 of the base prospectus dated 15 November 2019 under the heading "*Terms and Conditions of the Notes*" (the "**2019 Conditions**"), available for viewing on:

[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_4c69d909-e936-405d-9048-1a4b15942652.pdf](https://www.ise.ie/debt_documents/Base%20Prospectus_4c69d909-e936-405d-9048-1a4b15942652.pdf)

- (5) the terms and conditions set out on pages 23 to 41 of the base prospectus dated 13 November 2018 under the heading "*Terms and Conditions of the Notes*" (the "**2018 Conditions**"), available for viewing on:

[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_7937aa75-9c9d-46e2-85dd-72f97f613fd7.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_7937aa75-9c9d-46e2-85dd-72f97f613fd7.PDF)

- (6) the terms and conditions set out on pages 21 to 39 of the base prospectus dated 13 November 2017 under the heading "*Terms and Conditions of the Notes*" (the "**2017 Conditions**"), available for viewing on:

[http://www.ise.ie/debt\\_documents/12729778\\_1\\_ESMATTERS\(Final%20Base%20Prospectus\)\\_3086a7a0-1607-4eb8-8600-98251a178d1d.PDF](http://www.ise.ie/debt_documents/12729778_1_ESMATTERS(Final%20Base%20Prospectus)_3086a7a0-1607-4eb8-8600-98251a178d1d.PDF)

- (7) the terms and conditions set out on pages 21 to 39 of the base prospectus dated 2 August 2016 under the heading "*Terms and Conditions of the Notes*" (the "**2016 Conditions**"), available for viewing on:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_6b7b2fa2-4acc-4f31-9ce2-fc8454afbfa9.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_6b7b2fa2-4acc-4f31-9ce2-fc8454afbfa9.pdf)

- (8) the terms and conditions set out on pages 21 to 39 of the base prospectus dated 23 July 2015 under the heading "*Terms and Conditions of the Notes*" (the "**2015 Conditions**"), available for viewing on:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_6eb92443-c714-4069-a74c-59f8a8ee89db.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_6eb92443-c714-4069-a74c-59f8a8ee89db.pdf)

- (9) the terms and conditions set out on pages 15 to 33 of the base prospectus dated 30 April 2014 under the heading "*Terms and Conditions of the Notes*" (the "**2014 Conditions**"), available for viewing on:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_8fd5acc1-c30c-4235-9485-918ea87a3d30.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_8fd5acc1-c30c-4235-9485-918ea87a3d30.pdf)

The audited financial statements of the Issuer as at and for the year ended 31 December 2019 and 31 December 2018, and the unaudited interim financial statements of the Issuer with limited review reports as at and for the nine months ended 30 September 2020 have been prepared in accordance with accounting principles generally accepted in the Kingdom of Spain (Spanish GAAP), consistently applied.

For as long as this Base Prospectus remains valid, copies of the documents listed above will, be available for inspection in physical form from the registered office of the Issuer, Calle Hiedra no. 9, Recinto, Estación de Chamartín, Edificio 23, 28036 Madrid Spain and on the website indicated below:

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/portal\\_del\\_inversor.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/portal_del_inversor.shtml).

Any information not listed above but which is included in the documents from which the information incorporated by reference has been derived, is either not relevant or is covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus, supplements may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

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

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

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

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

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

## FORMS OF THE NOTES

Notes may be issued in bearer form or, when Notes are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*).

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

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

The relevant Final Terms or Drawdown Prospectus will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### **Temporary Global Note exchangeable for Permanent Global Notes**

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

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

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

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

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and,

in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

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

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**") if either of the following events occurs:

- (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) any of the circumstances described in Condition 11 (*Events of Default*) occurs.

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

If:

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

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

#### **Temporary Global Note exchangeable for Definitive Notes**

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

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

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

If:

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

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

#### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if either of the following events occurs:

- (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) any of the circumstances described in Condition 11 (*Events of Default*) occurs.

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

If:

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

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

### **Rights under Deed of Covenant**

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

### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete, or the Drawdown Prospectus which supplements, amends and/or replaces, those terms and conditions.

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

### **Legend concerning United States persons**

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

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

### **Notes admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain**

In the case of Notes admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, 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 respective 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.

References to a "Noteholder" in this case shall also include the person in whose name such Note 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.

One or more certificates (each a "**Certificate**") attesting to the relevant Noteholder's holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder is itself an Iberclear Member, 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 Noteholder upon such Noteholder's request.

The Notes are 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 Noteholder 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 Noteholder.



## TERMS AND CONDITIONS OF THE NOTES

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

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

### 1. Introduction

- (a) **Programme:** Adif-Alta Velocidad (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €8,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated fiscal agency agreement dated 26 January 2021 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) **The Notes:** All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing and copies may be obtained from Calle Hiedra nº. 9, Recinto de la Estación de Chamartín, Edificio 23, 28036 Madrid, Spain and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.
- (e) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:
  - "**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
  - "**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
  - "**Business Day**" means:
    - (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
    - (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

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

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

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

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

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

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (b) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30";

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

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

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

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

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

**"EURIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (such as Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person that takes over the administration of that rate);

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

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

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

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

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

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

**"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;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"Payment Business Day"** means:

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

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

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

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

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

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

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

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

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks in the market that is most closely connected with the Reference Rate as selected by the Issuer on the advice of an investment bank of international repute;

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

**"Regular Period"** means:

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

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

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

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

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

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

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest;

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

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

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

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

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

- (a) 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;

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

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

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

"**Treaty**" means the Treaty establishing the European Communities, as amended.

- (b) **Interpretation:** In these Conditions:

- (i) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (ii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iii) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 10 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (iv) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (v) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vi) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (vii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

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

Notes may be issued in bearer form or, when Notes are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*).

Notes issued in bearer form in the Specified Denomination with Coupons may, if specified in the relevant Final Terms, be issued with Talons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

Title to the Notes which are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, is evidenced by book-entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective 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, references to a "Noteholder" shall also include, with respect to Notes which are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, the person in whose name such Note 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. One or more certificates (each a "**Certificate**") attesting to the relevant Noteholder's holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder is itself an Iberclear Member, 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 Noteholder upon such Noteholder's request.

The Notes which are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain are 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 Noteholder 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 Noteholder.

4. **Status of the Notes**

The Notes constitute direct, general, unconditional unsubordinated and unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge**

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

6. **Fixed Rate Note Provisions**

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

7. **Floating Rate Note Provisions**

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

**provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;
  - (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
    - (A) the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide the Calculation Agent with a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) the Calculation Agent will determine the arithmetic mean of such quotations; and
  - (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

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

**provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the

event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the Specified Denomination.

- (h) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (i) **Interest - Benchmark discontinuation:**

(i) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate (subject to the terms of this Condition 7(i)), failing which an Alternative Rate (in accordance with Condition 7(i)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 7(i)(iii)) and any Benchmark Amendments (in accordance with Condition 7(i)(iv)).

An Independent Adviser appointed pursuant to this Condition 7(i) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of willful default, bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 7(i).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period, as applicable, from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 7(i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(i).

(ii) **Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(i)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this Condition 7(i)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(i)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this Condition 7(i)).

(iii) **Adjustment Spread**

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(i) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 7(i)(v), without any requirement for the consent or approval of the Noteholders or the Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 7(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(i) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 17, the Noteholders and the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Conditions 7(i)(i), 7(i)(ii), 7(i)(iii) and 7(i)(iv), the Original Reference Rate and the fallback provisions provided for in Conditions 7(c) and 7(d) will continue to apply unless and until a Benchmark Event has occurred. Upon the occurrence of a Benchmark Event, this Condition 7(i) shall prevail.

(vii) **Definitions:**

As used in this Condition 7(i):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the Issuer (as applicable), determines, is recognised or acknowledged as being the industry standard for international debt capital market transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

(C) if the Independent Adviser, determines that no such industry standard is recognised or acknowledged, the Independent Adviser, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 7(i)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 7(i)(iv).

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days; or

(B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or

(E) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate.

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 7(i).

**"Original Reference Rate"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Notes.

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 8. **Redemption and Purchase**

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

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

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

1. where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
2. where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

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

- (c) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 8(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 8(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) **Redemption at the option of Noteholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 8(e) (*Redemption and Purchase – Redemption at the option of the Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto (in the case of Notes in bearer form only) and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note and/or the duly completed Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(e) (*Redemption and Purchase – Redemption at the option of the Noteholders*), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 8(e) (*Redemption and Purchase – Redemption at the option of the*

*Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

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

## 9. **Payments**

- (a) **Principal:** Payments of principal shall be made:
  - (i) (save as provided for in (ii) below) only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and
  - (ii) in the case of Notes admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2, 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 payment day on which the payment of principal falls due. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer, the Paying Agents or any of the Dealers will have any responsibility or liability for the records relating to payments made in respect of the Notes.
- (b) **Interest:** Payments of interest shall be made:
  - (i) (save as provided for in (ii) below) subject to paragraph (h) below, only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above; and
  - (ii) in the case of Notes admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2, 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 payment day on which the payment of interest falls due. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer, the Paying Agents or any of the Dealers will have any responsibility or liability for the records relating to payments made in respect of the Notes.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City in the case Notes, other than Notes admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain, if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the



provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) ***Deductions for unmatured Coupons:*** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note (other than in respect of Notes admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain) is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.
- (f) ***Unmatured Coupons void:*** If the relevant Final Terms specifies that this Condition 9 (*Payments*) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 8(b) (*Redemption and Purchase – Redemption for tax reasons*), Condition 8(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 8(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), or Condition 11 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) ***Payments on business days:*** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) ***Exchange of Talons:*** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

10. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Spain by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) by or on behalf of, a Spanish-resident legal entity subject to the Spanish Corporation Income Tax if the Spanish tax authorities determine that the Notes do not comply with applicable exemption requirements including those specified in the reply to a non-binding consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or
  - (iii) by or on behalf of an individual resident for tax purposes in the Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from Spanish withholding tax and require a withholding to be made; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.
- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions to the Kingdom of Spain shall be construed as references to the Kingdom of Spain and/or such other jurisdiction.

11. **Events of Default**

If any of the following events occurs:

- (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 3 days of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) **Cross-default of Issuer or any of its Material Subsidiaries:**
  - (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or 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 Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness; or

- (d) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of an individual or aggregate amount equal to or in excess of €200,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Material 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) **Inability to pay debts:** (i) the Issuer or any of its Material Subsidiaries is unable to, or admits its inability to, pay its debts as they fall due, (ii) the Issuer or any of its Material 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 (iii) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or
- (f) **Winding up etc:** an order is made or an effective resolution, law or regulation is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or
- (g) **Analogous event:** any event occurs which under the laws of the Kingdom of Spain has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (h) **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, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Kingdom of Spain is not taken, fulfilled or done; or
- (i) **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; or
- (j) **Change of control:** the Issuer ceases to be wholly-owned by the General Administration of the Spanish State (*Administración General del Estado*) or the General Administration of the Spanish State (*Administración General del Estado*) 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); or
- (k) **Change of law:** a change in Spanish law or regulation that results in the Issuer ceasing to be a public corporate entity (*entidad pública empresarial*) or a change in the Spanish legislative, regulatory and administrative framework applicable to the winding up and liquidation of public corporate entities (*entidad pública empresarial*) that has, or is reasonably likely to have, a material adverse effect on (i) the business, operations, property, condition (financial or otherwise) or prospects of the Issuer, (ii) the ability of the Issuer to perform its obligations under the Notes, or (iii) the validity or enforceability of the Notes or the rights or remedies of any Noteholder under the Notes,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

For the purpose of this Condition, "**Material Subsidiary**" means, at any time, a Subsidiary of the Issuer which has earnings (before interest, tax, depreciation and amortisation), gross assets, net assets or turnover representing 5 per cent. or more of the earnings (before interest, tax, depreciation and amortisation), gross assets, net assets or turnover of the Issuer, in each case calculated on a consolidated basis. Compliance with the conditions set out in this definition shall be determined by reference to the latest financial statements and/or management accounts of the Issuer and each of its Subsidiaries. However, if a Subsidiary has been acquired since the date as at which the latest financial statements and/or management accounts of the Issuer or any relevant Subsidiary were prepared, those financial statements and/or management accounts shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary. A letter from the auditors of the Issuer confirming the calculation as to whether a Subsidiary is or is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all Parties.

12. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

13. **Replacement of Notes and Coupons in bearer form**

If any bearer Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced bearer Notes or Coupons must be surrendered before replacements will be issued.

14. **Agents**

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

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

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) 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 Agents or in their Specified Offices shall promptly be given to the Noteholders.

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

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

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

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

16. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, 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 any Series of the Notes.

17. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are admitted to trading on the Irish Stock Exchange trading as Euronext Dublin ("**Euronext Dublin**") and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Ireland or published on the website of Euronext Dublin or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

In respect of Notes which are listed on AIAF, notices to the Noteholders will also be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*). Any such notice will be deemed to have been given on the date of the first publication. In addition, in respect of Notes which are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

18. **Currency Indemnity**

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

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

19. **Rounding**

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

20. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by Spanish law.

- (b) **Jurisdiction:** The courts of the city of Madrid are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not), in each case to the extent allowed by law.
- (c) **Consent to enforcement etc.:** The Issuer consents generally to the extent permitted by any applicable Law in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (d) **Waiver of immunity:** To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

## FORM OF FINAL TERMS

### PROHIBITION OF SALES TO 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 DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (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 AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (THE "UK"). FOR THE PURPOSES (A) THE EXPRESSION RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (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 BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA"); OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS 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 BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (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 ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – SOLELY FOR THE PURPOSES OF [THE/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 MANUFACTURER ['S/S'] 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 MANUFACTURER ['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

**[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – SOLELY FOR THE PURPOSES OF [THE/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 ONLY ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("**COBS**"), AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("**UK**

**MiFIR**") ; 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 MANUFACTURER ['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "**UK MiFIR PRODUCT GOVERNANCE RULES**") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER ['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.]

**Final Terms dated [•]**

**ADIF-ALTA VELOCIDAD**

**Legal entity identifier (LEI): 959800D5SDA4R1CG7K10**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

*[Indicate in title if the Notes are green bonds, i.e. if issued to finance Eligible Sustainable Projects]*

**€8,000,000,000**

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 26 January 2021 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.]

[Terms used herein shall be deemed to be defined as such for the purposes of the [2019/2018/2017/2016/2015/2014] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated 26 January 2021. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 26 January 2021 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation in order to obtain all the relevant information, save in respect of the Conditions which are set forth in the base prospectus dated [15 November 2019/13 November 2018/13 November 2017/2 August 2016/23 July 2015/30 April 2014] and are incorporated by reference in the Base Prospectus.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the websites of the Irish Stock Exchange trading as Euronext Dublin ("**Euronext Dublin**") (<http://www.ise.ie/>) [and during normal business hours at [address] [and copies may be obtained from [address]].

[The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129]<sup>1</sup>

1. Issuer: Adif-Alta Velocidad

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<sup>1</sup> When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Regulation references are to be removed.



2. [(i) Series Number:] [•]  
 [(ii) Tranche Number:] [•]  
 [(iii) Date on which the Notes become fungible:] [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [•]].]
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]  
 [(i) [Series]:] [•]  
 [(ii) Tranche:] [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. (i) Specified Denomination: [•]  
 (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]  
 (ii) Interest Commencement Date: [[•]/Issue Date]
8. Maturity Date: [•]
9. Interest Basis: [[•] per cent. Fixed Rate]  
 [•][•] [EURIBOR]+/- [•] per cent. Floating Rate]  
 (further particulars specified in paragraph [14/15] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest or Redemption/Payment Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified in paragraph [16/17] below)]
13. (i) Status of the Notes: Senior  
 [(ii) [Date [Board] approval for [•]] issuance of Notes obtained: [•]]

## PROVISIONS RELATING TO INTEREST PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [•] in each year
  - (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
  - (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
  - (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Actual 365 (Fixed) / Actual/360 / 30E/360 / 30E/360 (ISDA)]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [•]
  - (ii) Specified Period: [•]
  - (iii) Specified Interest Payment Dates: [Not Applicable/[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below]
  - (iv) [First Interest Payment Date]: [•]
  - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
  - (vi) Additional Business Centre(s): [Not Applicable/[•]]
  - (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•] shall be the Calculation Agent
  - (ix) Screen Rate Determination:
    - Reference Rate: [•][•] [EURIBOR]
    - Interest Determination Date(s): [•]
    - Relevant Screen Page: [•]
    - Relevant Time: [•]
    - Relevant Financial Centre: [•]

- (x) ISDA Determination:
  - Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (xi) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xii) Margin(s): [+/-][•] per cent. per annum
- (xiii) Minimum Rate of Interest: [•] per cent. per annum
- (xiv) Maximum Rate of Interest: [•] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 /30E/360 / 30E/360 (ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

- 16. Call Option [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [•] per Calculation Amount
    - (b) Maximum Redemption Amount: [•] per Calculation Amount
  - (iv) Notice period: [•]
- 17. Put Option [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
  - (iii) Notice period: [•]
- 18. Final Redemption Amount of each Note: [•] per Calculation Amount
- 19. Early Redemption Amount (Tax)
  - Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons: [Not Applicable] [•]
- 20. Early Termination Amount: [Not Applicable] [•]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Bearer Notes:  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
[Temporary Global Note exchangeable for Definitive Notes]  
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]/  
[Uncertificated, dematerialised book-entry form (*anotaciones en cuenta*)]
22. New Global Note: [Yes] [No]
23. Additional Financial Centre(s): [Not Applicable/[•]]
24. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

Signed on behalf of ADIF-Alta Velocidad:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of Euronext Dublin with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the AIAF Fixed Income Securities Market in Spain [with effect from [•] / within 30 days of the Issue Date.]]

(ii) Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of Euronext Dublin with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the AIAF Fixed Income Securities Market in Spain [with effect from [•] / within 30 days of the Issue Date.]]

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

(iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

The Notes to be issued [have been/are expected to be/ will not be] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings: [Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*

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

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to such offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or

commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)]*

#### 4. **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

Reasons for the offer: The net proceeds of the issue of the Notes will be used [for the construction of the Spanish high speed rail infrastructure/ for general corporate and financing purposes /to finance and/or refinance, in whole or in part, Eligible Sustainable Projects and policies linked to ESG (environmental, social and governance) criteria]. See “Use of Proceeds” in Base Prospectus.

Estimated net proceeds: [•]

#### 5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

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

#### 6. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

[CUSIP: [•]]

CFI: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/ Not Available]

FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”.)*

Any clearing system(s) other than Euroclear Bank SA/ NV and Clearstream, Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

**7. DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable]
  - (a) Names of Managers: [•]
  - (b) Stabilising Manager(s) (if any): [Not Applicable/[•]]
- (iii) If non-syndicated, name and address of Dealer: [Not Applicable/[•]]
- (iv) U.S. Selling Restrictions: [TEFRA C/TEFRA D] [Reg. S Compliance Category 1]

**8. EU BENCHMARK REGULATION**

EU Benchmark Regulation: Article 29(2) statement on benchmarks: [Not Applicable]

[Applicable: Amounts payable under the Notes are calculated by reference to [insert name[s] of benchmark(s)], which [is/are] provided by [insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark].

[As at the date of the Final Terms, [insert name[s] of the administrator[s]] [is/are] [not] included in

the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [(“ESMA”)] pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) [(the “BMR”)].] [repeat as necessary]



## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### Conditions applicable to Global Notes

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

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

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

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

**Partial exercise of call option:** In connection with an exercise of the option contained in Condition 8(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

**Notices:** Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such

notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK-ENTRY SECURITIES

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry securities such as the Notes of the Issuer which are admitted to listing and trading on the AIAF Fixed Income Securities Market in Spain.

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 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 clearing and settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), the Book-Entry Public Debt Market, the Alternative Stock Market (MAB), Alternative Fixed Income Market (MARF) and AIAF. To achieve this, Iberclear uses the technical platform 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 per cent. 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 Iberclear Members.

Access to become an Iberclear Member is restricted to (i) credit institutions, (ii) investment firms 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 Iberclear Members' proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the Iberclear Members 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 Iberclear Member, in turn, maintains the detail records of the owners of the securities held in their general third-party accounts.

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

- the Iberclear Member appearing in the records of Iberclear as holding the relevant securities in its own name;
- the investor appearing in the records of the Iberclear Member as holding the securities; or
- 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 Iberclear Members 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 Iberclear Member must issue a legitimization certificate (*certificado de legitimación*). If the owner is an Iberclear Member 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 Iberclear Members 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 and Clearstream**

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 and Clearstream Luxembourg with Iberclear Members.

## USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used either:

- (a) for the construction of the Spanish high speed rail infrastructure;
- (b) for general corporate and financing purposes, or
- (c) to finance and/or refinance, in whole or in part, Eligible Sustainable Projects and policies linked to ESG (environmental, social and governance) criteria.

For the purpose of this section:

**"Eligible Sustainable Projects"** means Eligible Green Projects and/or Eligible Social Projects.

**"Eligible Green Projects"** means investments in railway infrastructure which meet a set of environmental criteria approved by both the Issuer and an independent rating agency which is internationally recognized and with experience of providing environment, social and governance (ESG) ratings to projects.

**"Eligible Social Projects"** means investments in railway infrastructure which meet a set of social criteria approved by both the Issuer and an independent rating agency which is internationally recognized and with experience of providing environment, social and governance (ESG) ratings to projects.

## DESCRIPTION OF ADIF-ALTA VELOCIDAD

### INTRODUCTION

#### History and legal status

ADIF-AV is a state-owned "public corporate entity" (*entidad pública empresarial*) created by the State General Public Administration Department (*AGE-Administración General del Estado*) of the Spanish State (the "**State**"), and operates under the supervisory control of the Ministry of Public Works (*Ministerio de Transportes, Movilidad y Agenda Urbana*) pursuant to Article 84.1 (a) 2º and 103 to 108 of Act 40/2015<sup>2</sup>. Public corporate entities are organisations which perform functions considered to be in the public interest and which are not permitted to be carried out by the private sector. Although they operate in line with public policy, unlike government agencies which operate as non-profit making organisations, a public corporate entity performs these functions on a commercial basis with funding from the State. ADIF-AV is charged with the responsibility of constructing and managing Spain's high speed rail network in-line with government policy.

Prior to December 2013, overall responsibility for Spain's railway infrastructure was entrusted to *Administrador de Infraestructuras Ferroviarias* ("**ADIF**")<sup>3</sup>. However, on 13 December 2013 the Council of Ministers approved "Royal Decree-law 15/2013" ("**RDL 15/2013**"), which effectively split ADIF into two entities. The high speed rail network business was hived off to ADIF-AV leaving the conventional railway system in ADIF. As per article 1 of RDL 15/2013, this split became effective on 31 December 2013 (but with effects for accountancy purposes as from 1 January 2013), when ADIF-AV was created as a public corporate entity<sup>4</sup>.

ADIF-AV was established and is governed by the following Spanish regulatory provisions:

- (i) RDL 15/2013;
- (ii) Royal Decree 1044/2013, of 27 December, by virtue of which ADIF-AV's By-Laws were approved, as amended from time to time;
- (iii) Ministerial order PRE/2443/2013, of 27 December, (the "**Order PRE/2443/2013**") by virtue of which the assets and liabilities allocated to ADIF-AV were transferred from ADIF to ADIF-AV; and
- (iv) Ministerial order FOM/2438/2013, of 27 December, (the "**Order FOM/2438/2013**") by virtue of which the lists of employees of ADIF to be transferred to ADIF-AV was approved.

In addition to the above, ADIF-AV is also subject to the following general regulatory provisions which apply to all public corporate entities:

- (i) Act 40/2015 and its implementing regulations;

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<sup>2</sup> The Ministry of Public Works (*Ministerio de Transportes, Movilidad y Agenda Urbana*) is in charge of Spanish rail policy, legislation and future planning, and is responsible for issuing, granting, suspending and revoking licences in the sector

<sup>3</sup> *Administrador de Infraestructuras Ferroviarias* (ADIF) is a public corporate entity in charge of the management of the rail infrastructure, excluding High Speed infrastructure (including rail traffic, allocation of available infrastructure and the building of additional infrastructure pursuant to government instructions).

<sup>4</sup> Formerly regulated pursuant to article 43.1(b) of Act 6/1997, of 14 April, on the Organisation and Function of the General State Administration (*Ley 6/1997, de 14 de abril, de Organización y Funcionamiento de la Administración General del Estado* which was derogated by Act 40/2015, of 1 October, on Legal Status of the Public Sector (*Ley 40/2015, de 1 de octubre, de Régimen Jurídico del Sector Público* ("**Act 40/2015**")).

- (ii) Act 38/2015, of 29 September, on Railway Sector<sup>5</sup>;
- (iii) Act 39/2015, of 1 October, dealing with the Legal Regime of Public Administrations and Common Administrative Procedure<sup>6</sup>;
- (iv) Budgetary legislation (Act 47/2003, of 26 November, General Budgetary Law –*Ley General Presupuestaria*- and annually approved budgetary legislation); and
- (v) any other applicable regulations.

Where a matter of law is not covered by the above regulations, regulations applicable to the private sector will apply in respect of that matter.

In performing its duties, ADIF-AV's management has autonomy but must act within the parameters of certain policy objectives as defined by statute including: safeguarding public interest; meeting customer needs by ensuring that the service provided by ADIF-AV is user friendly; and the overarching commitment to create and maintain an efficient railway network.

As ADIF-AV was created by a Royal Decree-Law, it may only be dissolved by a Law or Royal Decree.

#### **Registered office**

As ADIF-AV is a public corporate entity, it is not registered with any Public Registry and therefore is not required to hold a registered office. For the purpose of communication and tax purposes, ADIF-AV's uses its office address at: Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid, Spain. Its telephone number is +34 91 7674425.

#### **Financial Year**

ADIF-AV's financial year runs from 1 January to 31 December.

#### **ADIF-AV's Business**

##### **Overview**

The main business activities of ADIF-AV are:

- the construction of high speed rail infrastructures. Further investment is being sought to fund additional construction of high speed rail infrastructures in line with ADIF-AV's business strategy (please see *Description of the Issuer – ADIF-AV's Business Strategy*). For the year ended 31 December 2019, the investment for construction activities amounted to €0.99 billion;
- the management and administration of the high-speed rail network owned by ADIF AV. Although some funding comes from the State, management and administration costs are expected to be met from revenue streams generated through railway charges (*cánones ferroviarios*) payable by train operators;
- other activities such as (i) management of the passenger stations; (ii) the management of ADIF-AV's fiber optic network, until its assignment to Red Eléctrica Internacional on 20 November 2014; and (iii) the supply of energy for train users on the rail network, which accounted for 42 per cent. of the Issuer's total revenues and other operating income for the year ended 31 December 2019.

<sup>5</sup> *Ley 38/2015, de 29 de septiembre, del Sector Ferroviario* pursuant to which Act 39/2003, of the Railway Sector (*Ley 39/2003, de 17 de noviembre, del Sector Ferroviario*) was derogated.

<sup>6</sup> *Ley 39/2015, de 1 de octubre, del Procedimiento Administrativo Común de las Administraciones Públicas* pursuant to which Act 30/1992, of 26 November, dealing with the Legal Regime of Public Administrations and Common Administrative Procedure (*Ley 30/1992, de 26 de noviembre, de Régimen jurídico de las Administraciones Públicas y del Procedimiento Administrativo Común*) was derogated.

ADIF-AV is not permitted to provide rail transport services, as it is established in Article 3.2 of its By-laws and in Article 23.2 of the Act 38/2015. ADIF-AV is only permitted to provide transport services to a third party for the purpose of transporting materials which are required by ADIF-AV in order to perform its functions, for example when transporting materials for the purpose of construction activities of the rail network.

A resolution dated 28 January 2014 was passed by the Secretary of State for Infrastructure, Transport and Housing, who authorised publication of the resolutions of ADIF-AV's Board of Directors dated 17 January 2014, which permit ADIF-AV to delegate the following activities to ADIF:

- (a) *General Directorate of Management of Exploitation and Construction*
  - (i) Maintenance of infrastructure
  - (ii) Traffic (circulation) and Capacity Management
  - (iii) Safety in Traffic
  - (iv) Safety and Civil Protection
  - (v) Engineering and Innovation
  - (vi) Voice and Data Service (Servitel)
  - (vii) Right of Way and Maintenance of Optic Fibre and Complementary Facilities
  - (viii) Coordination and operations follow up
- (b) *Corporate General Directorates*
  - (i) Economic and Financial
  - (ii) Human Resources
  - (iii) Occupational risks, safety and health in workplace
  - (iv) Legal Services
  - (v) Information Technology (at user level)
  - (vi) Communication
- (c) *General Directorate of Customer Service and Patrimony*
  - (i) Stations
  - (ii) Patrimony
  - (iii) Fuel
  - (iv) Integration and Subsidiary Companies

The nature and scope of the activities being delegated will be set out in the relevant agreements (*convenios*) to be entered into by ADIF-AV with ADIF in respect of each activity. From an accounting perspective, these agreements will have retroactive treatment.

For the year ended 31 December 2019, expenses for services and activities rendered by ADIF to ADIF-AV amounted to €413 million. In addition, ADIF-AV may also carry out activities or render services to ADIF. For the same period, the income for services and activities rendered by ADIF-AV to ADIF amounted to €32.4 million.



## ADIF-AV's key statistics

The Issuer operates a railway network spanning 3,455.7 km: 2,618.5 km of high speed lines; and 837.3 km of conventional lines. The high speed railway network is connected with the remaining lines of the Spanish railway system, comprising a total length of 15,390 km.

Please find below some key statistics relating to the Spanish high speed railway network:

	<u>2018</u>	<u>2019</u>	<u>Variation 2018/2019</u>
Line length (km).....	2,514	2,618	4.14%
<b>Traffic</b>			
Average number of daily trains .....	428	437	2.10%
Kilometres-train <sup>1</sup> (millions in a year) .....	49.70	51.08	2.78%
<b>Other data</b>			
Investments (€ million) .....	1,083	991	(8.49)%
Total assets (€ million).....	46,007	47,177	2.54%
Net patrimony (€ million).....	24,535	24,862	1.33%
Debt (€ million).....	15,451	16,076	4.04%
EBITDA <sup>2</sup> (€ thousand).....	286,332	276,289	(3.51)%

Notes:

- <sup>1</sup> Kilometres-train is a ratio that is used as a market standard in the international railway sector and it means the sum of the total of the routes made by all trains using a specific railway infrastructure.
- <sup>2</sup> The Issuer defines EBITDA as: Earnings before interest, taxes, depreciation and amortization.  
For the years 2019 and 2018, it is calculated based on the following items of the Income Statement: (Revenue + Self-constructed assets + Other operating income + Provision Surpluses) – (Personnel expenses + Other operating expenses + Impairment and result on disposal of fixed assets).

## Areas of activity

### Construction

This sector of the business comprises the construction of the Spanish high speed rail network. As at 31 December 2019, the total length of high speed rail tracks under construction was 1,513.2 km (including those at project design stage).

The following table sets out the high speed lines currently under construction:

### *High Speed lines under construction*

<u>Line/Tram</u>	<u>Length</u>
	(km)
Variante de Pajares.....	49.7
León – La Robla .....	21.0
Venta de Baños – Burgos .....	75.7
Vitoria – Bilbao – San Sebastián .....	138.6
Madrid – Galicia / Trams Zamora – Lubián – Ourense (access to cities included).....	253.2
Monforte del Cid – Murcia .....	73.0
La Encina – Xátiva – Valencia .....	106.0
Tram Murcia – Almería.....	200.7
Navalmoral de la Mata – Cáceres – Badajoz .....	232.8
Adaptación UIC Corredor Mediterráneo .....	286.5
Atocha – Torrejón de Velasco .....	27.2
Atocha – Chamartín connexion (Madrid).....	8.2
Bypass de Almodóvar del Río .....	1.7
Zaragoza – Pamplona .....	38.9
<b>Total</b> .....	<b>1,513.2</b>

### Management

#### *Preservation and maintenance of the High Speed rail network*

Maintenance of the high speed rail network is divided into three technical areas:

- (i) infrastructure;
- (ii) railway track maintenance; and
- (iii) power supply and safety installations.

Within each of these technical areas, the maintenance sector is further subdivided into three key activities:

- (i) preventive maintenance (scheduled based on legal guidelines);
- (ii) corrective maintenance; and
- (iii) improvement work.

Maintenance activities relate to lines in operation as at the date of this Base Prospectus. The lines in operation as at 31 December 2019 are set out below:

<u>Line</u>	<u>Line length</u>
	<i>(km)</i>
Madrid – Sevilla .....	475
Madrid – Toledo .....	21
Córdoba – Málaga .....	247
Madrid – Valladolid – Palencia – León .....	349
Madrid – Barcelona – French Border .....	820
Madrid – Castilla la Mancha – Comunidad Valenciana – Región de Murcia .....	606
Madrid – Galicia (Medina del Campo – Zamora).....	100
<b>Total</b> .....	<b>2,618</b>

### *Logistics*

The purpose of ADIF-AV's traffic management activities is to manage the high speed rail network in a way that is both safe and sustainable. This involves, primarily, two operational processes: (i) regulating rail traffic by devising a timetable and allocating slots to different railway companies at different times; and (ii) train circulation management carried out from the Centre for Circulation Regulation (*Centros de Regulación de la Circulación*).

### Other activities

#### *Passenger stations management*

This area of activity involves managing the 42 stations, positioned on the high speed rail track used by passenger trains, by ensuring that a range of services are provided and that each station has suitable accessibility for its commercial activities.

#### *Telecommunications*

The telecommunications business of ADIF-AV comprises: (i) the use of ADIF-AV's fibre optic network (which covers the whole Spanish territory); and (ii) the management of the mobile phones masts and ancillary facilities.

Pursuant to Order PRE/2443/2013, all of the assets relating to the fiber optic network previously owned and operated by ADIF prior to December 2013 were assigned to ADIF-AV, along with all the associated assets necessary to run the network, including mobile phone masts, although ADIF still retained the right to use the fiber optic network. ADIF's right extends to the use of any of the assets in the fibre optic network that are necessary for running the conventional railway network still held under its management, are free of charge, and are not subject to a date of expiry. ADIF is however required to contribute proportionally to the maintenance of such assets.

On 20 November 2014, by way of public tender, the use of ADIF-AV's fibre optic network was granted to another entity for a 20 year term. The income generated to ADIF AV from this public tender amounted to €434 million which was fully perceived in fiscal year 2014.

## Energy

This sector of the business involves the supply of traction electrical energy to any train operator that may require such supply. Effectively, this division of ADIF-AV operates as an energy sale centre: ADIF-AV buys the traction electrical energy and afterwards sells such energy to the train operators. ADIF-AV is obliged to offer this service to train operators using the rail network under ADIF-AV's control, pursuant to Act 38/2015.

### Corporate Bodies and Management

Pursuant to article 14 of its By-Laws, ADIF-AV is required to be governed and managed by both a President and a Board of Directors.

The President of ADIF-AV is proposed by the Ministry of Public Works, and appointed by the Council of Ministers (*Consejo de Ministros*). The President's powers are contained in ADIF-AV's By-laws and include the authority to act on behalf of ADIF-AV in any action, or to enter into any contract with an individual or company. The By-laws also allow the President to appoint an assistant in the form of a General Manager (Director General) to assist with their duties. At present, the current President is Mrs. Isabel Pardo de Vera Posada, and the General Manager is Mr. Juan Pablo Villanueva Beltramini.

The Board of Directors are responsible for the executive supervision of the management and administration of ADIF-AV. The Board comprises directors appointed by the Ministry of Public works and a secretary non-director (currently Mr. Guillermo Martínez de Simón Santos), with the President acting as the Chairman. As ADIF-AV's By-Laws do not contain a time limit for a director's appointment, their role will be ongoing until they are removed by the Ministry of Public Works.

### Board of Directors

As at the date of publication of this Base Prospectus, the members of the Board of Directors are as follows:

<u>Name</u>	<u>Business Address</u>	<u>Title</u>	<u>Position in the AGE</u> <u>(Administración General del Estado)</u>
Mrs. Isabel Pardo de Vera Posada..	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Chairman	Mrs. Isabel Pardo de Vera Posada was appointed by virtue of RD 735/2018 dated 29 June 2018 and accepted such appointment on 26 July 2018.
Mr. Jorge Ballesteros Sánchez .....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Deputy General Director of Rail Planning under the general infrastructures secretariat of the Ministry of Public Works. Mr. Jorge Ballesteros Sánchez was appointed by Ministerial order dated 31 December 2013 and accepted such appointment at the board meeting held on 17 January 2014.
Mr. Rodrigo Moreno Pérez .....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Secretary of Services for Mobility and Consumption. UGT Trade Union. This is not a position within the AGE Mr. Rodrigo Moreno Pérez was appointed by Ministerial order dated on 10 February 2017 and accepted such appointment on 27 February 2017.
Mr. Julián González Cid.....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Deputy General Director of Administration and Financial Management. General Directorate of budgets. Mr. Julián González Cid was appointed by Ministerial order dated 10 January 2019 and accepted such appointment at the meeting held on 30 January 2019.
Mr. Domingo García Díez.....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Deputy General Director of budgets of the General Directorate of budgets. Secretariat of State of budgets and expenses of the Ministry of Finance. Mr. Domingo García Díez was appointed by Ministerial order dated on 1 March 2017 and accepted such appointment at the meeting held on 29 March 2017.

<b>Name</b>	<b>Business Address</b>	<b>Title</b>	<b>Position in the AGE (Administración General del Estado)</b>
Mr. Rafael García Martínez.....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Secretary of Organization, Institutional and Training of the Federation of Services to Citizenship of the railway sector of "Comisiones Obreras" Trade Union. This is not a position within the AGE. Mr. Rafael García Martínez was appointed by Ministerial order dated 24 March 2020 and accepted such appointment at the meeting held on 31 March 2020.
Mrs. María Pilar Elvira Seisdedos Espinosa.....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	National Auditor – Audit National Office of the General Public Auditor. Ministry of Culture and Sports. Mrs. María Pilar Elvira Seisdedos Espinosa was appointed by Ministerial order dated 19 November 2018 and accepted such appointment at the meeting held on 28 November 2018.
Mrs. Jesús Miguel Pozo de Castro..	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Relations Advisor to the Cabinet of the Secretariat of State under the general infrastructures secretariat of the Ministry of Public Works. Mr. Jesús Miguel Pozo de Castro was appointed by Ministerial order dated 10 March 2017 and accepted such appointment at the meeting held on 29 March 2017.
Mrs. Gema Pérez Sanz	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Relations Advisor to the Cabinet of the Secretariat of State under the general infrastructures secretariat of the Ministry of Public Works. Mrs. Gema Pérez Sanz was appointed by Ministerial order dated 27 December 2019 and accepted such appointment at the meeting held on 31 January 2020.
Mr. Javier Herrero Lizano	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	General Director of Roads under the general infrastructures secretariat of the Ministry of Public Works. Mr. Javier Herrero Lizano was appointed by Ministerial order dated 2 July 2018 and accepted such appointment at the board meeting held on 16 July 2018.

The Secretary Non-Director of the Board of Directors, Mr. Guillermo Martínez de Simón Santos, was appointed and accepted such appointment at the board meeting held on 30 January 2019.

### **Management Committee**

The Management Committee is a consultant body formed by those ADIF-AV's managers that directly report to the President. The Management Committee is an internal committee which is not regulated under ADIF-AV's By-laws and is subject to ADIF-AV's internal rules. The Management Committee's main function is to provide the President with support and advice as regards the day to day management of ADIF-AV.

As at the date of this Base Prospectus, the Managers on the Management Committee are as follows:

<b>Name</b>	<b>Business Address</b>	<b>Title in ADIF-AV</b>
Mrs. Isabel Pardo de Vera Posada .....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	President of ADIF-AV and Chairman of the Board of Directors
Mr. Juan Pablo Villanueva Beltramini .....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	General Manager of ADIF-AV
Mr. Guillermo Martínez de Simón Santos...	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Secretary non-director of the Board of Directors

### **Audit Committee**

(a) *Composition*

Pursuant to the Board of Directors resolution on 27 February 2017, the creation of the Audit Committee was approved in accordance with article 529 quaterdecies of the Royal 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 Audit Committee consists of three non-executive officers appointed by ADIF-AV's Board of Directors pursuant to the mentioned resolution approving the creation of such body. The members of the Audit Committee are appointed for a four year term, and may be re-elected at the end of four years by the Board of Directors.

The Board of Directors is required to appoint a Chairman of the Audit Committee from amongst the members to serve for four years, with the possibility of re-election. The Chairman position is currently vacant.

The Secretary Non-Director of the Board of Directors also acts as the Secretary Non-Director of the Audit Committee.

In order to be appointed to the Audit Committee, members must have sufficient experience and knowledge of both the economic and financial challenges facing entities operating in the public sector.

(b) *Functions*

The Audit Committee is responsible for overseeing the financial and economic information provided by ADIF-AV, and for reporting to the Board regarding its actions and any relevant questions it considers the Board should address arising from their investigation into the information provided.

(c) *Members of the Audit Committee:*

<u>Name</u>	<u>Business Address</u>	<u>Title</u>	<u>Position in the AGE (Administración General del Estado)</u>
Mr. Domingo García Díez .....	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Chairman	Deputy General Director of budgets of the General Directorate of budgets. Secretariat of State of budgets and expenses of the Ministry of Public Works.
Mr. Jorge Ballesteros Sánchez	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	Deputy General Director of Rail Planning under the general infrastructures secretariat of the Ministry of Public Works.
Mrs. María Pilar Elvira Seisdedos Espinosa	Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036, Madrid	Director	National Auditor –Audit National Office of the General Public Auditor. Ministry of Culture and Sports.

Additionally, Mr. Guillermo Martínez de Simón Santos acts as the Secretary Non-Director of the Audit Committee.

***Auditors and financial control***

In accordance with Act 47/2003 of the General Budget and article 38 of ADIF AV's By-Laws, ADIF-AV is subject to ongoing audit by the General Public Auditor (*Intervención General de la Administración del Estado*) under supervision from the Ministry of Finance and Public Administrations. As such, the General Public Auditor (*Intervención General de la Administración del Estado*) has a permanent team based at ADIF-AV's offices. The General Public Auditor is in charge of auditing the Issuer's annual accounts. Regarding the financial statements of the Issuer that were audited by the General Public Auditor (*Intervención General de la Administración del Estado*) for the years ended 31 December 2019 and 31 December 2018, please see paragraph 5 of "*General Information*", below.

In addition, the General State Budget for each year includes limits on allowable debt for ADIF-AV. The Ministry of Finance is in charge of the control over ADIF-AV's compliance with such limits.

### ***Conflict of interest***

As at the date of this Base Prospectus, the Board of Directors, the Management Committee and the Audit Committee are not aware of any potential conflicts of interest between their respective duties in relation to ADIF-AV and their private interests or arising by virtue of any cross-directorships.

### ***Capital***

As a public corporate entity (*Entidad Pública Empresarial*) incorporated within the State General Public Administration (*AGE – Administración General del Estado*), ADIF-AV does not have a share capital or shares in the corporate law sense.

For the purposes of ADIF-AV's accounts, the State's contributions are treated as constituting its "capital". As at 31 December 2019, the State's contributions amounted to €15,306 million and at 31 December 2018, the State's contributions amounted to €14,995 million.

### ***Principal sources of funds***

#### ***(d) Spanish State Contributions***

ADIF-AV receives State funding towards investment in the high speed rail infrastructure. The amount of contributions received each year is set annually by the General State Budget, which is normally approved during the last three months of each year.

For more information on ADIF-AV's funding from the State, please see the section above entitled "*Capital*".

#### ***(e) European Union subsidy for the construction of the high speed rail infrastructure***

ADIF-AV has been attributed several subsidies from the European Union for investment in the construction of the high speed rail infrastructure in Spain.

For the year ended 31 December 2019, ADIF-AV was attributed subsidies from the European Union for a total amount of €315 million.

For the year ended 31 December 2018, ADIF-AV was attributed subsidies from the European Union for a total amount of €220 million.

#### ***(f) Charges for the use of the high speed rail infrastructure (Cánones ferroviarios)***

In accordance with article 3 of ADIF-AV's By-Laws, it is ADIF-AV's responsibility to set the charges for the use of the rail network within its control. This includes reviewing, revising and collecting these charges from users of the rail network.

The charges for the use of the rail infrastructure represented 58.34 per cent. of the Issuer's total revenues and other operating income for the year ended 31 December 2019. The charges for the use of the rail infrastructure represented 58.14 per cent. of the Issuer's total revenues and other operating income for the year ended 31 December 2018.

Act 38/2015 requires railway companies to pay certain charges for using the rail network. This Act distinguishes between: (i) charges for using the railway lines included in the railway system of general interest; and (ii) charges for using the stations and other railway facilities.

- (i) *Charges for using the railway lines:* Article 97 of Act 38/2015 establishes four different categories of charges for using the railway lines: (a) capacity reserve; (b) using railway lines; and (c) using electrification equipment.

For the year ended 31 December 2019, the total revenue generated from charges for using the railway lines amounted to approximately €498 million.

For the year ended 31 December 2018, the total revenue generated from charges for using the railway lines amounted to approximately €473 million.

- (ii) *Charges for using railway facilities:* Article 98 of Act 38/2015 also establishes the following categories of charges for the use of the railway facilities: (a) use of passenger stations; (b) gauge changing installations; (c) parking and use of platforms; (d) using sidings; and (e) using freight loading points.

For the year ended 31 December 2019, the total revenue generated from charges relating to the general use of the stations and other railway facilities amounted to €113 million, including the revenue generated from charges for use of passenger stations which amounted to €83 million.

For the year ended 31 December 2018, the total revenue generated from charges relating to the general use of the stations and other railway facilities amounted to €99 million, including the revenue generated from charges for use of passenger stations which amounted to €84 million.

## Overview of financial information of ADIF-AV

### *ADIF-AV's debt profile*

A breakdown of ADIF-AV's financial debt as at 31 December 2019 can be summarised as follows:

	<u>Amount</u>	<u>Average interest rate</u>	<u>Average term</u>
	<i>(€ 000s)</i>	<i>(%)</i>	<i>(years)</i>
EIB <sup>1</sup> .....	10,386,209	1.77	12.78
Other Entities .....	5,690,022	1.82	4.43
<b>Total</b> .....	<b><u>16,076,231</u></b>		

Notes:

- <sup>1</sup> European Investment Bank.

The repayment schedule for ADIF-AV's financial debt as at 31 December 2019 can be summarised as follows:

<u>Repayment year</u>	<u>Amount</u>
	<i>(€ 000s)</i>
2020 .....	580,805
2021 .....	612,454
2022 .....	1,799,576
2023 .....	1,133,627
2024 .....	1,450,204
2025 .....	1,451,702
2026 .....	1,060,822
2027 .....	1,076,257
2028 .....	476,257
2029 .....	476,257
After 2029 .....	5,958,270
<b>Total</b> .....	<b><u>16,076,231</u></b>

### *ADIF-AV's business strategy*

For the period 2020-2030 ADIF-AV has defined and developed its strategy through the “PE 2030” Plan, which defines clear and oriented to results objectives, with specific goals and a roadmap to reach them, so that ADIF-AV employees are aligned with them, contributing to the service to citizens, transformation of the sector and the entity itself.

This Plan, which will be updated periodically, aims to be an effective tool that frames all operational and management decisions towards a new strategic orientation based on responsibility and focused on sustainability and the public utility of the country's rail system.

This new orientation of the strategy towards sustainable development has taken as reference the Sustainable Development Goals (SDGs) of the 2030 Agenda formulated by the United Nations in September 2015, which represents a global framework.

In addition, this global perspective of SDGs must be specified in response to local challenges. Therefore, the expectations and demands of ADIF-AV stakeholders have been taken into account.

Considering these starting points, the Plan is driven by the people who build the four pillars: Security, Service, Sustainability and Orientation to results, and operate the three levers of transformation that must accelerate and contribute to the transformation process: Communication, Digital transformation and Innovation.

Among the 15 defined strategic objectives, they are included the following:

- (a) Ensuring safe circulation management, fostering a culture of prevention, proactivity and continuous improvement.
- (b) Favouring the increase of the rail transport quota and its integration with other modes of transport.
- (c) Obtaining a balanced operating result and raising the necessary financial resources efficiently.
- (d) Strengthening the prestige of ADIF-AV as a well-managed public entity which is governed by the principles of ethics and transparency.
- (e) Orienting innovation towards an open and participatory model that responds to the challenges of the rail sector.

### **Recent developments**

Construction and renovation works, concerning both railway infrastructure and superstructure, as well as security systems implementation, have been continued in the year 2019.

The main developments have been executed in the following high-speed rail lines:

- Madrid-Extremadura
- Antequera-Granada
- Olmedo-Zamora-Lubián-Orense
- León-Asturias (Variante de Pajares)
- Madrid-Levante
- Almería-Murcia
- Vandellós-Área de Tarragona-Valencia
- Valladolid-Burgos-Vitoria
- Vitoria-Bilbao-San Sebastián
- La Encina-Alcudia-Xátiva Junction
- Sagrera Station, Barcelona
- Chamartín Station, Madrid
- Madrid-Sevilla

Directive 2016/2370/EU, which has been incorporated into the Spanish regulation through Royal Decree-Law 23/2018, establishes the opening to competition of commercial passenger services for the entire railway network of general interest from 14 December 2020. As of that date, any company that has a railway



company license and a safety certificate, granted by the State Railway Safety Agency, and has requested the use of the infrastructure railway, may provide its services.

To organize the liberalization process, framework agreements have been signed with three railway companies, once the procedure for awarding capacity through packages has been resolved. It has been applied the priority criterion of greater use of the infrastructure that was rated by the Regulatory Body, as adequate, transparent, objective and non-discriminatory.

#### **Judicial investigations and proceedings (criminal proceedings, arbitration, antitrust proceedings administrative litigation)**

##### ***Project AVE Madrid – Barcelona – Figueres Investigation***

On 5 May 2014 a court-ordered search was performed at various ADIF offices; court agents requisitioned documentation relating to the AVE MADRID-BARCELONA-FIGUERES project, and detained four employees of ADIF.

The reason for the search and detention is related to a claim made by a sub-contractor pursuant to the "works execution agreement for the construction project of the high speed line platform Madrid-Zaragoza-Barcelona-French Border. Section: La Sagrera-Nudo de La Trinidad. Sector Sagrera" (Case ON 041/07-3.7/5500.0794/7-00000). The works were completed in July 2011, and a works certification in the amount of €6 million was due to then be issued.

ADIF-AV has been cooperating with the Justice Administration in its investigation into this matter since October 2013, when a request was received from the Barcelona Judicial Police case file. As a precautionary measure, it was decided not to issue the final works certification. Currently, this decision has been upheld by judicial order, and ADIF-AV was notified as such on the day of the search. The Court of Instruction Number 9 of Barcelona continues with the investigation.

In addition and in parallel with the above investigations, ADIF, in the framework of a preliminary review of the contracts carried out on its own initiative, discovered discrepancies between the work completed and the work certifications, which involved unjustified advance payments to contractors. On 4 November 2014, ADIF reported these discrepancies to the Justice Administration.

Subsequently, in November 2015, ADIF-AV hired external auditors and submitted the results to the Justice Administration.

Following the above-mentioned investigations and subsequent reports made by ADIF in 2014 and 2015, in June 2016 a new court-ordered search was performed at various ADIF offices. The judicial investigations are related to three areas in AVE MADRID-BARCELONA-FIGUERES: La Sagrera Station structure; Access to La Sagrera Station; and La Sagrera-La Trinidad junction, Sant Andreu sector and as yet there is no further information available in relation to these searches.

As at the date of this Base Prospectus, the Spanish Audit Court is finalising an audit on ADIF-AV's works in the Barcelona-French border area, which includes the affected lines.

The abovementioned advance payments began in the last quarter of 2010. As at the date of this Base Prospectus, ADIF-AV is analysing the relevant contractual issues in order to resolve this situation.

With respect to the individuals who were detained, although their names cannot be disclosed in order to safeguard their privacy, neither of them is a member of the Board of Directors or the Management Committee of ADIF-AV and, as at the date of this Base Prospectus and without prejudice to their right to presumption of innocence, the positions and duties held in ADIF-AV have been disclosed.

On 15 July 2019, the Court of Instruction Number 26 of Barcelona issued an order to dismiss this case.

As at the date of this Base Prospectus, to the knowledge of ADIF-AV these proceedings have not had and are not expected to have a significant effect on the financial position or profitability of the Issuer.

##### ***Project AVE Madrid – Levante - Operation Cesar***

The Court of Instruction nº 9 of Murcia initiated the Preliminary Proceedings 1007/2015 in connection with the alleged deviation of funds (through a price alteration) by one subcontractor of the replenishment projects of hydraulic infrastructures affected by the main works consisting of the execution of the high speed line Madrid-Levante carried out by the relevant contractors. ADIF-AV has appeared as private accusation against such contractors as a result of being damaged by the deviation of funds and the overcosts produced by the replenishment of the irrigation infrastructures which are property of the relevant irrigation association, overcosts which are estimated to amount up to 35.000.000 €. The aforementioned loss has been provisioned by ADIF-AV and, therefore, no additional effect on the financial position or profitability of the Issuer, apart from the eventual refund of such amount in the framework of the proceeding, would arise. The confidentiality of this judicial investigation was lifted on 12 September 2016. The Court of Instruction Number 9 of Murcia must issue an order to open an oral trial.

In addition and in parallel with the previous investigation, the Court of Instruction nº 8 of Murcia initiated the Preliminary Proceedings 1165/2017 in connection with the alleged deviation of funds (through a price alteration) by one subcontractor of the replenishment projects of hydraulic infrastructures affected by the main works consisting of the execution of the high speed line Madrid-Levante, Section: Access to Murcia and Permeabilization of the Path. ADIF-AV has appeared as private accusation against such contractors as a result of being damaged by the deviation of funds and the over-costs produced by the replenishment of the irrigation infrastructures which are property of the relevant irrigation association. There aren't, no additional effect on the financial position or profitability of the Issuer, apart from the eventual refund of such amount in the framework of the proceeding, would arise. The Court continues with the investigation. Other than as described above, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which ADIF-AV is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of ADIF-AV.

## TAXATION

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

### Taxation in the Kingdom of Spain

#### Introduction

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

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions ("**Law 10/2014**"), as well as Royal Decree 1065/2007 ("**Royal Decree 1065/ 2007**"), of 27 July as amended, by Royal Decree 1145/2011 of 29 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended;
- (b) for individuals with tax residency in Spain who are personal income tax ("**Personal Income Tax**") tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Net Wealth Tax Law, as amended by Law 26/2014 of 27 November and Royal Decree-law 9/2015, of 15 July (the "**Personal Income Tax Law**"), and Royal Decree 439/2007, of 30 March promulgating the Personal Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are corporate income tax ("**Corporate Income Tax**") taxpayers, Law 27/2014, of 27 November 2014 of the Corporate Income Tax Law, and Royal Decree 634/2015, of 10 July promulgating the corporate income tax regulations (the "**Corporate Income Tax Regulations**"); and
- (d) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax ("**Non-Resident Income Tax**") taxpayers, subject to Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law, as amended by Law 26/2014 of 27 November and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June on Wealth Tax as amended by Law 4/2008, Royal Decree-Law 13/2011 as amended by Law 36/2014, of 26 December and Law 29/1987, of 18 December on Inheritance and Gift Tax.

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

#### 1. Individuals with Tax Residency in Spain

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

Payments of both interest periodically received and income deriving from the transfer, redemption, repayment or exchange of the Notes would constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and should be included in a noteholder's Personal Income Tax savings taxable base pursuant to the provisions of the aforementioned law, and taxed according to the then-applicable rate. The savings taxable base of tax year 2020 will be taxed at the rate of 19 per cent.

up to €6,000, 21 per cent. for taxable income between €6,000.01 and €50,000, and 23 per cent. for taxable income exceeding €50,000.

Section 44.5 of Royal Decree 1065/2007 applies, and in the opinion of the Issuer, the Issuer would pay interest as well as income derived from the redemption or repayment of the Notes without withholding to individual Noteholders who are resident for tax purposes in Spain provided that the information about the Notes required by Exhibit I is submitted by the Fiscal Agent in a timely manner, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation. In addition, income obtained upon transfer or exchange of the Notes could also be paid without withholding.

However when Section 44.4 of the Royal Decree applies, the Issuer would withhold at the general rate applicable from time to time. In addition, income obtained upon transfer or exchange of the Notes may also be subject to withholding.

In any event, the individual Noteholder would be able to credit the withholding against his or her Personal Income Tax liability for the relevant year.

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

Individuals with tax residency in Spain are subject to Wealth Tax on the 2020 tax year to the extent that their net worth exceeds a certain limit. This limit has been set at €700,000 for 2020. Therefore, such Noteholders would be required to take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. The autonomous communities may have different provisions on this respect.

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

Individuals tax resident 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. As at the date of this Base Prospectus, the applicable tax rates currently range between 7.65 per cent. and 34 per cent. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) determine the final effective tax rate that range, as of the date of this Base Prospectus, between 0 per cent. and 81.6 per cent.

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

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

Payments of both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes would have to be included in the profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax at the current general rate of 25 per cent.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, and in the opinion of the Issuer, there would be no obligation to withhold on income payable to Spanish Corporate Income Tax taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer would not withhold tax on interest payments to Spanish Corporate Income Tax taxpayers as well as on income derived from the redemption of the Notes provided that the information about the Notes required by Exhibit I is submitted by the Fiscal Agent in a timely manner, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation.

However, with regard to income derived from the transfer of the Notes: (i) if the Notes are listed on the AIAF Fixed Income Securities Market in Spain, any income derived would be exempt from withholding in accordance with Section 61.q of the Corporate Income Tax Regulations; and (ii) if the Notes are listed on an organised market in another OECD country, then in accordance with Section 61.s of the Corporate Income Tax Regulations, there would be no obligation to withhold on income obtained by Spanish Corporate Income Tax taxpayers. Application would be made for the Notes to be traded on an organised market in an OECD country and, upon admission to trading

on such market, the Notes would fulfil the requirements set forth in the legislation for exemption from withholding.

On 27 July 2004, the Directorate General for Taxation (*Dirección General de Tributos*) issued a ruling indicating that in the case of issues made by entities resident in Spain, as in the case of the Issuer, application of the exemption requires that, in addition to being traded on an organised market in an OECD country, the Notes be placed outside Spain in another OECD country. The Issuer believes that the issue of the Notes would fall within this exemption as the Notes are to be sold outside Spain and in the international capital markets. Consequently, no withholding on account of Corporate Income Tax should be made on income derived from the transfer of the Notes by Spanish Corporate Income Tax taxpayers that provide relevant information to qualify as such.

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

Spanish resident legal entities are not subject to Wealth Tax.

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

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

## 3. **Individuals and Legal Entities with no tax residency in Spain**

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

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

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

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, such permanent establishment will be subject to Non-Resident Income Tax on similar terms as those previously set out for Spanish Corporate Income Tax taxpayers.

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

Both interest payments periodically received and payments of income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or legal entities without tax residency in Spain, and who are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, would be exempt from Non-Resident Income Tax on the same terms as laid down for income from public debt.

In order to be eligible for the exemption from Non-Resident Income Tax, certain requirements would have to be met, including the provision by the Fiscal Agent of certain information relating to the Notes, in a timely manner as detailed under "*Disclosure of information about the Notes in connection with payments*". If the Fiscal Agent fails or for any reason is unable to deliver the required information in the manner indicated, the Issuer would withhold at the general rate applicable from time to time, and the Issuer would pay the relevant additional amounts as would result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

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

For the tax year 2020, Spanish non-resident tax individuals are subject to Spanish Wealth Tax, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year.

However, to the extent that income derived from the Notes is exempt from Non-Resident Income tax, individual Noteholders not resident in Spain for tax purposes who hold Notes on the last day

of any year will be exempt from Spanish Wealth Tax. Furthermore, Noteholders who benefit from a convention for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the Noteholder's country of residence will not be subject to Spanish Wealth Tax.

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

Non-Spanish resident legal entities are not subject to Wealth Tax.

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

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

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to Inheritance and Gift Tax in accordance with applicable Spanish regional and state legislation, to the extent that rights deriving from the Notes can be exercised within the Spanish territory.

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

## 4. **Disclosure of information about the Notes in connection with payments**

As described above, interest and other income paid with respect to the Notes will not be subject to Spanish withholding tax unless the procedures for delivering to the Issuer the information described in Exhibit I of this Base Prospectus are not complied with. The Issuer is required by Spanish law to file an annual return with the Spanish tax authorities in which they report on certain information relating to the Notes as required by Royal Decree 1065/2007. In accordance with Section 44 of Royal Decree 1065/2007, for the purpose of preparing the annual return referred to above, certain information with respect to the Notes must be submitted to the Issuer at the time of each payment.

Such information would be the following:

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

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

In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes, in the form as contemplated as at the date of this Base Prospectus. If, despite these procedures, the relevant information were not to be received by the Issuer by the close of business on the Business Day (as defined in the Terms and Conditions of the Notes) immediately preceding the date on which any payment of interest, principal or any amounts in respect of the early redemption of the Notes is due, the Issuer may be required to withhold at the applicable rate (as at the date of this Base Prospectus, 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event the Issuer would pay such additional amounts as would result in receipt by

the Noteholders of such amount as would have been received by them had no such withholding been required.

The procedures for providing documentation referred to in this section are set out in detail in the amended and restated fiscal agency agreement dated 26 January 2021 (the "**Agency Agreement**").

*Set out below is Exhibit 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 Exhibit I and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

*The language of this Base Prospectus is English. The Spanish language text of Exhibit I has been included in order that the correct technical meaning may be ascribed to such text under applicable Spanish law. Any foreign language text included in this Base Prospectus does not form part of this Base Prospectus.*

EXHIBIT 1

**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

<sup>(1)</sup>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.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankia, S.A., Barclays Bank Ireland PLC, BNP Paribas, CaixaBank, S.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities Sociedad de Valores, S.A., Deutsche Bank Aktiengesellschaft, HSBC Continental Europe and Société Générale (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in an amended and restated Dealer Agreement dated 26 January 2021 as the same may be amended, restated, supplemented or replaced from time to time (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms or Drawdown Prospectus as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms or Drawdown Prospectus. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms or Drawdown Prospectus as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms or Drawdown Prospectus.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 1; TEFRA D or TEFRA C as specified in the relevant Final Terms or Drawdown Prospectus or neither if TEFRA is specified as not applicable in the relevant Final Terms or Drawdown Prospectus.*

The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold within the United States or to U.S. persons. Each of the Dealers has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes within the United States or to U.S. persons. In addition, until 40 days after the commencement of any offering, an offer or sale of Notes from that offering within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

the expression "retail investor" means a person who is one (or more) of the following:

- i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
- ii. a customer within the meaning of Directive (EU) 2016/97 (as amended, 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.

## United Kingdom

### Prohibition of sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
  - (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 by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
  - (ii) 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 by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Spain

Notes may only be offered to or sold in Spain: (i) to institutional or professional investors (*inversores institucionales o profesionales*) (as defined in the consolidated text of the Spanish Securities Market Law

approved by legislative Royal Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*)), and (ii) by entities duly authorised to provide investment services within Spain.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake that it has not offered or sold and will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***General***

In addition to any further restrictions on the offering of Notes into certain jurisdictions, Notes may only be offered or sold to institutional or professional investors in any jurisdiction.

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or Drawdown Prospectus or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms or Drawdown Prospectus comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or Drawdown Prospectus or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Company details

1. ADIF-AV is domiciled in Spain and was incorporated on 31 December 2013 with legal form as a public corporate entity created by the State General Public Administration Department of the Spanish State. The registered office of the Issuer is located at calle Hiedra nº. 9, Recinto, Estación de Chamartín, Edificio 23, 28036, Madrid, Spain, and its telephone number is +34 91 767 4425.

### Authorisation

2. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 25 April 2014 and the update of the Programme was authorised by a resolution of the Board of Directors dated 24 November 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes, at each time, including amongst others and as the case may be, authorisation from the Ministry of Finance and Public Administrations resulting from Law 22/2013, of 23<sup>rd</sup> December, of the General State Budget for the year 2014.

### Legal and Arbitration Proceedings

3. Save as disclosed in this Base Prospectus under the "*Description of ADIF-Alta Velocidad – Recent Developments – Judicial investigations and proceedings (criminal proceedings, arbitration, antitrust proceedings administrative litigation)*", there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer.

### Significant/Material Change

4. There has been no material adverse change in the prospects of the Issuer since 31 December 2019, nor any significant change in the financial or trading position of the Issuer since 30 September 2020.

### Auditors

5. The financial statements of the Issuer for the years ended 31 December 2019 and 31 December 2018 have been audited by the General Public Auditor (*Intervención General de la Administración del Estado*) with registered office at Calle María de Molina, 50, 28006 Madrid, Spain in collaboration with PKF ATTEST SERVICIOS EMPRESARIALES, S.L. with registered office at Alameda de Recalde, 36, 8º, Bilbao, Vizcaya, Spain, a member of the Registro Oficial de Auditores de Cuentas with registration number S1520. Additionally a limited review of the financial statements of the Issuer for the nine months ended 30 September 2020 has been carried out by PKF ATTEST SERVICIOS EMPRESARIALES, S.L.

The General Public Auditor (*Intervención General de la Administración del Estado*) issued audit reports on the audited financial statements of the Issuer for each of the years ended 31 December 2019 and 31 December 2018.

The audit reports for each of the years ended 31 December 2019 and 31 December 2018 do not contain any qualification.

The General Public Auditor accepts responsibility for the audit reports and declares that, having taken all reasonable care to ensure that such is the case, the information contained in each audit report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## Documents on Display

6. For as long as this Base Prospectus remains valid, hard copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Issuer at Calle Hiedra nº. 9, Recinto Estación de Chamartín, Edificio 23, 28036 Madrid, Spain for 12 months from the date of this Base Prospectus or on the relevant website below:

(a) the by-laws of the Issuer

[http://www.adif.es/es\\_ES/compromisos/ciudadano/institucional/funciones\\_y\\_normativa.shtml](http://www.adif.es/es_ES/compromisos/ciudadano/institucional/funciones_y_normativa.shtml);

(b) the audited financial statements of the Issuer for the years ended 31 December 2019 and 31 December 2018, and the unaudited interim financial statements with limited review report of the Issuer for the nine months ended 30 September 2020

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/portal\\_del\\_inversor.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/portal_del_inversor.shtml);

(c) the Agency Agreement

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/programas\\_emtn/programas\\_emtn.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/programas_emtn/programas_emtn.shtml);

(d) the Deed of Covenant

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/programas\\_emtn/programas\\_emtn.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/programas_emtn/programas_emtn.shtml);

(e) the Programme Manual (which contains the forms of the Notes in global and definitive form)

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/programas\\_emtn/programas\\_emtn.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/programas_emtn/programas_emtn.shtml); and

(f) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form)

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/programas\\_emtn/programas\\_emtn.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/programas_emtn/programas_emtn.shtml).

## Clearing of the Notes

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms or Drawdown Prospectus. The relevant Final Terms or Drawdown Prospectus shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

## Legal Entity Identifier

8. The Legal Entity Identifier ("LEI") code of the Issuer is 959800D5SDA4R1CG7K10

## Issuers' website

9. The Issuer website is:

[http://www.adifaltavelocidad.es/en\\_US/empresas\\_servicios/portal\\_del\\_inversor/portal\\_del\\_inversor.shtml](http://www.adifaltavelocidad.es/en_US/empresas_servicios/portal_del_inversor/portal_del_inversor.shtml).

Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

**REGISTERED OFFICE OF THE ISSUER**

**ADIF-Alta Velocidad**  
Calle Hiedra nº. 9, Recinto  
Estación de Chamartín, Edificio 23  
28036 Madrid  
Spain

**DEALERS**

**Banco Bilbao Vizcaya Argentaria, S.A.**

Calle Saucedo, 28  
Edificio Asia  
28050 Madrid  
Spain

**Banco Santander, S.A.**

Calle Juan Ignacio Luca de Tena, 11  
Edificio Magdalena, Planta 1  
28027 Madrid  
Spain

**Bankia, S.A.**

Calle del Pintor Sorolla, 8  
46002 Valencia  
Spain

**Barclays Bank Ireland PLC**

One Molesworth Street  
Dublin 2  
D02RF29  
Ireland

**BNP Paribas**

16, boulevard des Italiens  
75009 Paris  
France

**CaixaBank, S.A.**

Calle del Pintor Sorolla 2-4  
46002 Valencia  
Spain

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

**Credit Suisse Securities Sociedad de Valores,  
S.A.**  
Calle Ayala 42  
28001 Madrid  
Spain

**Deutsche Bank Aktiengesellschaft**  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

**HSBC Continental Europe**  
38, avenue Kléber  
75116 Paris  
France

**Société Générale**  
29 boulevard Haussmann  
75009 Paris  
France

**FISCAL AGENT, PAYING AGENT AND LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**  
60, avenue J.F. Kennedy, Luxembourg  
L-2805 Luxembourg

**LEGAL ADVISERS**

*To the Issuer  
as to Spanish law:*

**Watson, Farley & Williams  
Spain, S.L. (Sociedad  
Unipersonal)**  
Calle María de Molina, 4, 6<sup>a</sup>  
planta  
28006 Madrid  
Spain

*To the Issuer  
as to English law:*

**Watson, Farley & Williams  
LLP**  
15 Appold Street  
London EC2A 2HB  
United Kingdom

*To the Dealers as to English  
and Spanish law:*

**DLA Piper Spain, S.L.**  
Paseo de la Castellana, 35  
28046 Madrid  
Spain

**AUDITORS TO THE ISSUER**

**General Public Auditor**  
Calle María de Molina, 50  
28006 Madrid Spain

*In collaboration with:*

**PKF ATTEST SERVICIOS EMPRESARIALES, S.L.**  
Alameda de Recalde, 36, 8<sup>o</sup>  
Bilbao, Vizcaya  
Spain