



GREEN BOND INVESTOR PRESENTATION

JULY 2021

Summary

1. **Company overview**
2. Financial Information
3. Rating Agencies
4. Credit Highlights
5. Corporate Social Responsibility
6. Green Bond Framework
7. Indicative Terms & Conditions
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Metrotenerife's Company Overview



Main highlights

- Constituted on January, 2001, Metropolitano de Tenerife, S.A. (Metrotenerife) is a **public company owned by The Cabildo Insular de Tenerife (Tenerife Island Government)**.
- The company is the **unique representative of the railway infrastructure sector in Canary Islands**, providing Consulting, Engineering and Operation & Maintenance (O&M) services.
- Since 2007 it operates and maintains **Tramlines 1 and 2** (12.5 and 3.6 km respectively), with a patronage of **15.6 million passengers in year 2019**. However, currently there is a preliminary design for the construction of a new Line 3 (10 km), and for the extension of Line 1 of Tenerife's Tramway (additional layout of 3.4 km avg.) and the extension of the Tram Line 2 (additional layout of 2.5km avg.). Also, there are transport projects (subject to final approval by the Cabildo) for the execution of two high performance commuter railway lines (trenes de cercanías) for Tenerife (80 km on the south corridor of the island and 40 km on the north corridor, 13 interchanges and workshop and depot facilities).
- **Rated "A/A-1"** neg. outlook by S&P Global, considered as Government-related entity/issuer (GRI), with implicit government guarantee.
- The company has been operating using a "project finance" funding scheme since constitution, having the European Investment Bank (EIB) and a pool of private banks as counterparties.
- An amount equivalent to the net proceeds of this **inaugural Green Bond issue** will be used to refinance in whole the financing for the execution of the Tramlines 1 and 2 and the derivatives instruments linked to this financing, qualified as Eligible Green Projects as defined in Metrotenerife's Green Bond Framework.
- With this Green Bond issue, the company's will gain **access to the capital markets** and therefore earn flexibility and agility to finance new projects in the future.

Metrotenerife's Company Overview



Main highlights

- **Financial Data (as of Dic.2020, € million)**
 - ✓ Total Assets: € 196.29 M
 - ✓ Total Equity: € 45.86 M
 - ✓ Total Debt: € 151.61 M
 - ✓ Turnover: € 14.76 M (€ 22.34 M 2019)
 - ✓ Ebitda: € 8.34 M (€ 13.71 M 2019)
 - ✓ Net Profit: € 0 (€ 5.24 M 2019)
- **Corporate organization**
 - ✓ The Chairman of Metrotenerife is proposed by The Cabildo Insular de Tenerife, and currently is occupied by the First Vice President of The Cabildo, in charge of the following areas: Roads, Culture, Mobility and Innovation.
 - ✓ The rest of the members of the Board of directors are also appointed and removed by the Cabildo.
- **Principal sources of funds:**
 - ✓ Income from business: transportation of passengers and consultancy services (domestic and international).
 - ✓ Cabildo's contributions: a "management agreement" that governs the relationship between Cabildo and the company. The Cabildo pays the difference between the technical tariff (updated annually according to the consumer price index) and the final fare paid by the user, ensuring a stable revenue stream for Metrotenerife. In addition, the agreement defines the availability payment that the company receives from the Cabildo, subject to the achievement of KPIs that are audited externally.
- **Control**
 - ✓ Metrotenerife's annual accounts are controlled and monitored by The Cabildo (Intervención General), and also by the Audiencia de Cuentas (Canary Island Government supervision body) and has an internal Audit Commission.
 - ✓ Accounts are annual audited by a Big Four.

Metrotenerife's Company Overview



Value Proposition

- Metrotenerife was set up with the aim of creating a alternative transport in the form of railway so as to alleviate the traffic congestion on the island of Tenerife, being passengers transportation it's core business. It is currently a solid company, which is **self-sufficient under an economic standpoint and customer-centric, since the income obtained from the operation of its two tram lines covers all its operational and maintenance costs**. Based on the extensive knowledge accumulated at each stage of a railway transportation project: studies and design, construction management, testing and commissioning, operating and maintenance, the firm provides a variety of consultancy services tailored to its client's needs.
- Currently, Metrotenerife employs a team of 180 experts and subcontracts a team of 40 professionals. In addition, the company has provided technical assistance to clients located in four continents. The enterprise has its headquarters in Spain and a branch office in Ecuador.
- Metrotenerife is a member of the International Association of Public Transport (UITP), and being its managing director Chairman of the UITP Light Rail Committee, Latin American Association of Metro and Subways (ALAMYS) and the Association of Collective Urban Transport Management Companies (ATUC) and takes an active part in European Cooperation in Science and Technology (COST) on safety in Tramway systems.
- The company holds the AENOR universal accessibility certificate, where Metrotenerife was the first spanish transport operator to obtain this certification among a reduced group of current holders.
- Moreover, the social commitment and the public service vocation of Metrotenerife has driven the company to earn a number of awards and recognition honours in the course of its existence, for example "Best environmental and Sustainability Initiative" (Global Light Rail Awards 2018).



MetroTenerife's Company Overview



Consultancy and Engineering services

- MetroTenerife offers engineering and consulting services for the development and management of rail transport systems. Moreover, MetroTenerife has extensive experience in operations and maintenance and therefore it is able to integrate the constraints of operation and maintenance from the design phase, which is key to ensure that the line is functional and maintained according to budget throughout its useful life. The consulting services range includes:
 1. *Planning*: Assistance to public administrations and private companies in decision-making on infrastructure and transport services, including master plans, transport system plans, mobility analysis and management, economic and technical feasibility studies, assistance in Public-Private Partnerships (PPP) schemes (privatization, outsourcing, management contracts), design of financial models, maintenance and operational models and conceptual demand studies.
 2. *Design*: Detailed engineering design, technical assistance in project management, planning, definition of technical-administrative specifications, tender management, drafting and review of functional and technical specifications, development of interfaces, definition of loading structure, evaluation of accessibility plan and rolling stock, etc.
 3. *Construction*: On-site technical and administrative assistance, construction planning and monitoring, quality certificates, execution and interface control.
- MetroTenerife has provided consultancy services in planning, design and construction to clients from Europe (Albania), Latin America (Ecuador, Perú, Colombia), Africa (Senegal, Egypt, Morocco) and Middle East (Israel), involving urban and interurban rail transport.

Metrotenerife's Company Overview



Operation & Maintenance

- MetroTenerife's ample experience in operations and maintenance, acquired in the different projects it has managed, allows it to share its expertise offering technical assistance services to other operators and transport authorities:
 1. *Pre-operation phase:* Advice on human resources and labour relations, drafting of operation documentation, maintenance plans, tender documents, lay-out of workshops and depots, theoretical and practical training of staff, deployment of temporary drivers and driving qualification.
 2. *Tests and trials:* Elaboration, organisation, and follow-up of tests (systems, interfaces, and integration), robustness tests, system degraded modes tests, etc.
 3. *Service simulation:* Elaboration, programming, and management of the service simulation, service demonstration and validation of procedures.
 4. *Operation and maintenance:* Development of the operation plan, service definition and optimisation, obsolescence management, maintenance plan review and optimisation, RAMS (Reliability, Availability, Maintainability and Safety) studies, financial and operational management, operational benchmarking, operation of light rail and conventional rail lines, maintenance of rolling stock and fixed installations, maintenance management assistance and training, etc.
- Metrotenerife has been involved in the pre-operation and operation of the following Light Rail Train systems: Madrid (Spain), Zaragoza (Spain), Málaga (Spain), Cádiz (Spain), Rabat (Morocco), Jerusalem (Israel) and Cuenca (Ecuador).

Metrotenerife's Company Overview



Research, Development & Innovation

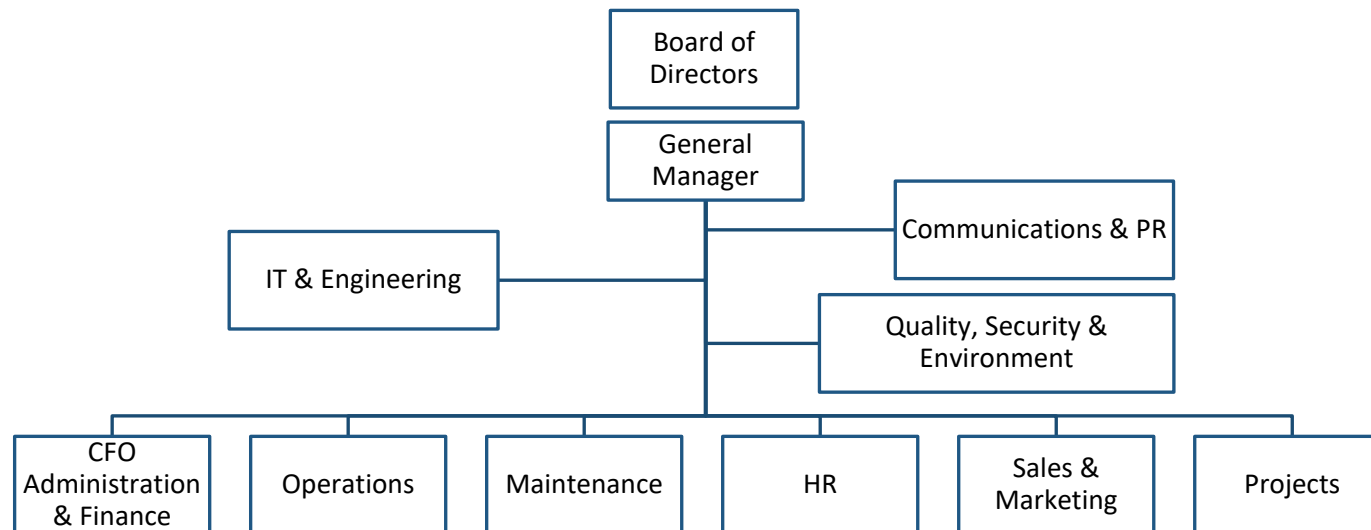
- Transporting millions of passengers every year has allowed Metrotenerife to know first-hand the needs of the sector in terms of safety, technology and energy. The engineering team develops **innovative solutions that meet the needs of operators worldwide**, as well as the creation of safer and more efficient transport systems.
- Some of the innovations are the following:
 1. ***Speed Monitoring and Control Safety System (SIMOVE)***. Development, testing and deployment of a system that continuously monitor and control the speed of its vehicles, comparing the position and speed of any railway vehicle with the appropriate speed for any given section of the lane. In case the driver over speed the system warns the driver and if not reduced the system stops the vehicles avoiding the risk of the vehicle overturning on curves due to excessive speed. SIMOVE has a very strong back-office that becomes a powerful tool for the railway operator to monitor aspects such as traffic signal priority, time spent at stops and termini, commercial speed per line section, quality of driving in terms of braking and acceleration consistency, accelerations module to analyse passengers' comfort and falling due to jerk, etc. SIMOVE is a key tool in order to detect speeding not detected before and to produce statistics to evaluate driving behaviour. SIMOVE has been installed in two Light-Rain Train (LRT) systems in Spain and recognized as a significant safety system by operators across Europe and Latin America. Manchester Metrolink conducted a pilot test of SIMOVE in 2019-2020. Moreover, SIMOVE has been highly commended as Project of the Year at Smart Rail Awards 2018, highly commended as Significant Safety Initiative at the Global Light Rail Awards 2017 and Shortlisted at the XV Technological Innovation Award of Talgo Foundation 2015.
 2. ***"VIA-MOVIL" is an integral ticketing system*** that unifies, by means of the user's mobile telephone and without the need for a paper ticket, the purchase, validation and ticket control process, and which allows for a direct communication between the transport operator and passengers. VIA-MOVIL enables management of complex ticketing systems in multi-operator environment.
 3. ***Other:*** On-board measurement energy consumption software, removable insulating encapsulation for grooved rails patent, sewers cover levelling system patent, etc.

Metrotenerife's Company Overview



Organization

- Metrotenerife has a multidisciplinary team that brings together specialists with recognized skills and knowledge in engineering, systems, operation and maintenance, allowing the company to manage the complexity of rail transport projects. The team of professionals includes civil, IT and industrial engineers. In addition to the permanent staff, there is a large number of experts who collaborate with Metrotenerife's team in providing assessment for specific projects.



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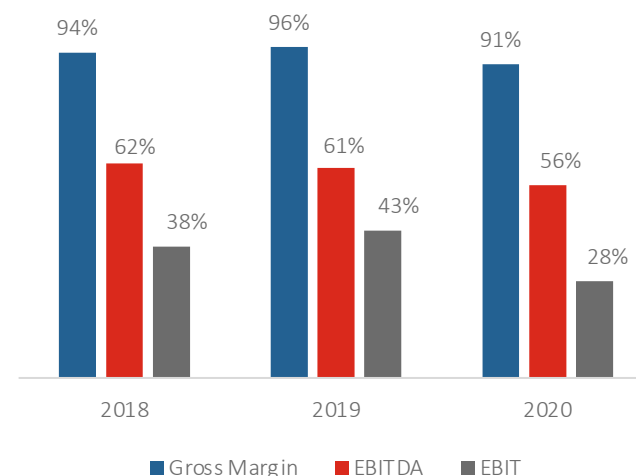
Metrotenerife's Financial Information



Profit & Loss Statement

(Thousand €)	2018	2019	2020
Sales and services rendered	20,142	22,514	14,930
Net turnover	19,921	22,340	14,763
Work carried out by the company for assets	221	174	167
Procurements (consumption of raw materials and others)	-1,144	-925	-1,361
Gross Margin	18,998	21,589	13,569
Others operating income	5,905	5,604	7,965
Personnel expenses	-7,330	-7,740	-8,372
Other operating expenses	-5,057	-5,743	-4,824
EBITDA	12,517	13,709	8,338
Depreciation of fixed assets	-4,414	-4,325	-4,267
Impairment of non-financial fixed assets subsidies	275	275	275
Impairment due to gains/losses on disposals of fixed assets	-293	0	-66
Other results	-409	-42	-88
EBIT	7,676	9,617	4,192
Financial result	-4,545	-4,223	-4,164
Financial income	142	132	130
Financial expenses	-4,684	-4,356	-4,254
Exchange rate differences	-3	2	-40
Profit before tax	3,131	5,395	28
Income Tax	0	-151	-28
Net profit	3,131	5,244	0

Source: Metrotenerife



Source: Metrotenerife

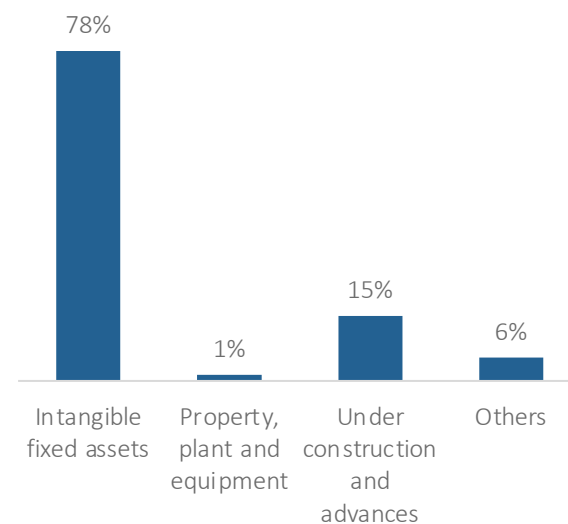
Metrotenerife's Financial Information



Balance Sheet (I) - Assets

(Thousand €)	2018	2019	2020
Intangible fixed assets	140,731	137,980	136,573
Property, plant and equipment	2,992	2,791	2,589
Under construction and advances	26,487	27,729	27,013
Long-term financial investments	1,349	1,064	758
Deferred tax assets	8,341	9,091	8,919
Non Current Assets	179,900	178,655	175,852
Inventories	1,959	1,981	1,886
Comercial debtors and other receivables	7,651	6,691	7,860
Short-term financial investments	1	1	2
Short-term accruals and deferrals	71	72	202
Cash and cash equivalents	9,293	11,559	10,484
Current Assets	18,975	20,303	20,434
Total Assets	198,875	198,958	196,286

Source: Metrotenerife



Source: Metrotenerife

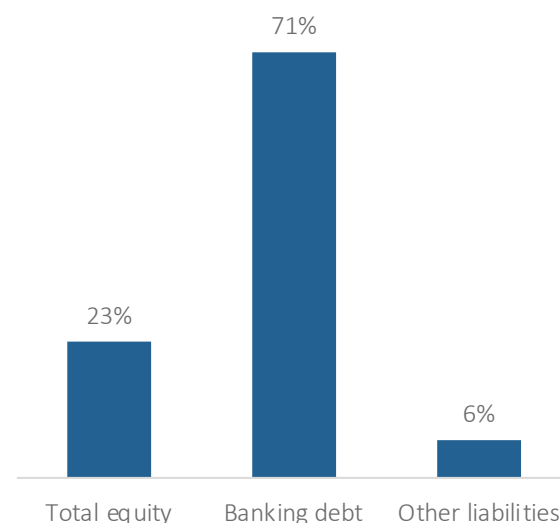
Metrotenerife's Financial Information



Balance Sheet (II) – Equity and Liabilities

(Thousand €)	2018	2019	2020
Capital	69,200	69,200	69,200
Reserves	7,018	7,370	7,894
Treasury Shares and equity investments	-245	-245	-245
Profit/(loss) for previous years	-38,488	-35,709	-30,989
Profit/(loss) for the year	3,131	5,244	0
Adjustments for changes in value	-25,023	-27,274	-26,756
Grants, donations and legacies received	25,986	25,779	25,573
Total equity	41,578	44,365	44,676
Long-term loans and borrowings	100,976	97,695	93,739
Short-term loans and borrowings	5,614	3,291	5,942
Derivatives	33,364	36,365	35,675
Creditors under finance leases	4,047	3,477	2,758
Other financial liabilities	759	702	1,237
Banking debt	144,760	141,531	139,351
Deferred tax liabilities	8,662	8,593	8,524
Accruals and deferrals	817	1,226	859
Trade and other accounts payables	2,662	2,846	2,479
Short-term provisions	396	396	396
Other liabilities	12,537	13,062	12,258
Total Liabilities and Equity	198,875	198,958	196,286

Source: Metrotenerife



Source: Metrotenerife

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Metrotenerife's Rating Agencies



Rating Agency	Long-term	Short-Term	Outlook
S&P Global	A/A-1	A/A-1	Negative

S&P Global
October 2020



Rating Action

- On October 21, 2020, S&P Global ratings affirmed its 'A/A-1' long-and short-term issuer credit ratings on Metropolitano de Tenerife, S.A. The outlook is negative, mirroring that on Spain.

Rationale

- S&P Global considers Metrotenerife to be a government-related entity (GRE) of the Cabildo de Tenerife, a local government in the Autonomous Community of the Canary island (A/Negative). They cap Metrotenerife's rating at the same level as the rating on Spain.
- The Cabildo would almost certainly provide timely and sufficient extraordinary support to Metrotenerife in the event of financial distress, if needed, given the company's role and integral link with the Cabildo.
- The Rating Agency believe that Metrotenerife operates under a low risk industry environment and in an oligopoly. S&P Global sees Metrotenerife's management and governance as effective, based on their observation of solid standards of operating performance and healthy EBITDA in recent years.

Liquidity

- Metrotenerife has a good liquidity position. S&P Global understands that Metrotenerife's cash position could improve in the coming year if it cancels its syndicate loan.

Outlook

- The negative outlook reflects that on Spain. Local and regional governments and their GREs, can only be rated above the sovereign in exceptional circumstances.

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Metrotenerife's Credit Highlights



Stable legal framework due to the strategic importance of Metrotenerife to the Tenerife island's economy



100% Public Entity, owned by the Cabildo Insular de Tenerife, operates under the supervision of the Canary Islands Government and the Spanish Ministry of Transport



Budget approved by the Cabildo's Board under the Annual General Budget Framework



Economically self-sufficient: income covers O&M costs

Metrotenerife's Credit Highlights



No funding needs, inaugural debt issuance for refinancing purpose



Metrotenerife qualifies as Government-Related Issuer (GRI): implicit local Government Guarantee



Rated A (Negative) by S&P, as the Spanish Government

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Metrotenerife's Corporate Social Responsibility



Metrotenerife has a CSR Plan that defines its activity and responsible behaviour: sustainable mobility, accessibility and public service are the main features of the Company's daily activity.



Public service and accessibility: two main principles that allow everyone to travel by tramway in the metropolitan area of the Island.



Continuous educational campaigns focused in promoting best practices in social cohesion, cohabitation, culture and values among the different segments of the population.



Commitment with the environment: electric transportation means that contribute to the promotion of sustainable development, with systems of waste control and recycling of materials.



R&D and Innovation activity: focus on the improvement of user experience and security.



Social Action: intensive collaboration since inception with associations and NGO's dedicated to numerous causes including disabled people, low-income population at risk of social exclusion, sport and cultural events organisation as well as via donations and sponsorships.

Metrotenerife's Corporate Social Responsibility



- The Company has received **numerous recognitions and awards**, both domestically and at the international level.
- Recently, the Company has been **awarded in April 2021 by the UNECE** (United Nation Economic Commission for Europe) with the **2nd price** in the 'Building Back Better' infrastructure competition, that shows the **best resilient People-first PPPs (Public-Private Partnership) projects worldwide**. Link to the [video](#).
- Metrotenerife is **certified by AENOR** (most important certifying agency in Spain):
 - ✓ Environment management system
 - ✓ Occupational health and safety management system
 - ✓ Quality management system
 - ✓ Universal accessibility management system
 - ✓ National security scheme approval



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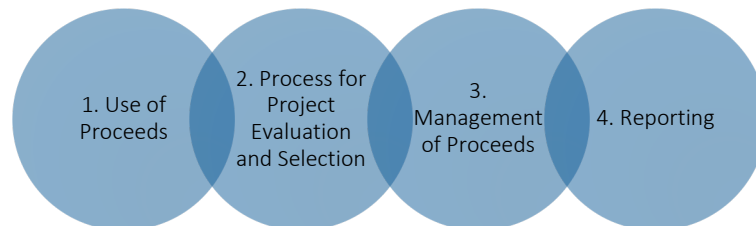


Metrotenerife's Green Bond Framework



At a glance

- Metrotenerife deeply believes that Green Bonds are an effective funding tool for **transitioning towards a carbon neutral world**.
- Through its Green Bond issuance, Metrotenerife strives to contribute to the development of the Sustainable Debt Market.
- The Green Bond Framework has been designed in alignment with **ICMA's Green Bond Principles 2018 (GBP)** and its core four pillars, providing **transparency and disclosure** to investors.



- **Sustainalytics** and **S&P** are the **Second Party Opinion** providers on the Green Bond Framework. Report will be available at Metrotenerife's website.



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Green Bond Principles' pillars

Metrotenerife's Green Bond Framework



Use of Proceeds

Eligible Green Categories	Eligibility criteria	Examples	UN-SDG's	
Clean transportation 	<ul style="list-style-type: none"> Expansion, refurbishment and maintenance of the network Improvements in customer services R&D 	<ul style="list-style-type: none"> New tram lines and stations Electric vehicles acquisition Signalling and stations upgrades Passenger guidance systems 	 	1
Renewable energy 	<ul style="list-style-type: none"> Wind energy Solar energy Geothermal energy 	<ul style="list-style-type: none"> Solar photovoltaics integrated to the transportation system infrastructure 	 	2
				3
				4

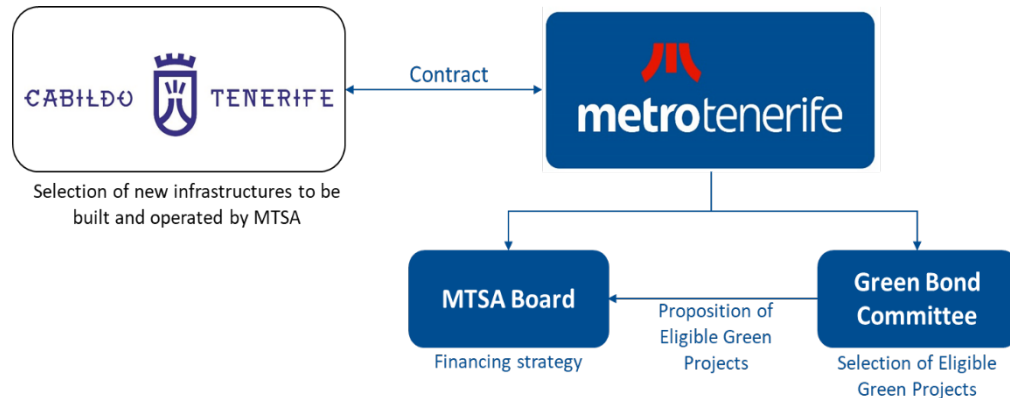
Green Bond Principles' pillars

Metrotenerife's Green Bond Framework



Project evaluation and management of proceeds

PROCESS FOR PROJECT EVALUATION AND SELECTION



The **Green Bond Committee** will meet on an annual basis and will be composed of representatives from:

- Chief Financial Officer / Administration & Finance
- Project Director
- Maintenance Director

MANAGEMENT OF PROCEEDS

- Net proceeds will be deposited in the **general account and allocation to the Green Portfolio on nominal equivalence basis.**
- **Internal tracking system** to monitor allocation on annual basis.
- In case of insufficient Eligible Green Projects in the Portfolio, the balance of the net proceeds will be invested in cash or cash equivalent instruments.

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Green Bond Principles' pillars

Metrotenerife's Green Bond Framework



Reporting

Metrotenerife commits to a two-fold annual reporting on the allocation and the environmental impact available at the company's website.



ALLOCATION REPORTING

- Information on the Green Bonds issued: ISIN, pricing date, maturity date etc.
- Total amount of the net proceeds allocated to the Green Portfolio per Eligible Green Projects category.
- An analysis of the Green Portfolio by Eligible Green Projects category.
- The balance of any unallocated proceeds, if any.



IMPACT REPORTING

Eligible Green Categories	Output metrics	Impact metrics
Clean transportation	<ul style="list-style-type: none"> • Number of passengers transported annually • Average number of passengers transported per day vs number of inhabitants • Kilometres of infrastructure constructed or renovated • Estimated time savings per day within the network thanks to enhanced services • Number of App-users 	<ul style="list-style-type: none"> • Estimated annual avoided GHG emissions (tCO₂e/year)
Renewable energy	<ul style="list-style-type: none"> • Capacity installed (MW) • Expected renewable energy generation (MWh/year) 	

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Green Bond Principles' pillars

An independent external auditor will provide a limited assurance on of the allocation of the Green Bond proceeds.

Metrotenerife's Green Bond Framework



Sustainalytics, an independent ESG and corporate governance research firm, has provided a Second Opinion on Metrotenerife's Green Bond Framework, assessing its environmental credentials and its alignment with the Green Bond Principles 2018

" The eligible categories for the use of proceeds, Clean Transportation and Renewable Energy, are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals."



USE OF PROCEEDS

Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 ,9, and 11.



PROJECT EVALUATION / SELECTION

Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS

Sustainalytics considers the project selection process in line with market practice.



REPORTING

Sustainalytics views Metropolitano De Tenerife's allocation and impact reporting as aligned with market practice.

Metrotenerife's Green Bond Framework



S&P Global Ratings

S&P, the Financial and ESG Rating agency, has provided a Second Opinion on Metrotenerife's Green Bond Framework, assessing its alignment with all the components of the Green Bond Principles 2018

"In our view, the Metropolitano de Tenerife S.A. (Metrotenerife) Green Bond Framework, is aligned with the four components of the Green Bond Principles."



1. Use of proceeds

Metrotenerife's green bond framework is aligned with this component of the GBP because the company commits to using the proceeds to finance projects that belong in the clean transportation and renewable energy categories.



2. Process for project evaluation and selection

Metrotenerife's green bond framework is aligned with this component of the GBP because the framework sets out the green bond committee's proposal, to the board of directors, regarding financing projects in line with the defined eligibility criteria, and how the committee will monitor the green portfolio.



3. Management of proceeds

Metrotenerife's green bond framework is aligned with this component of the GBP because the issuer commits to track and monitor the use of proceeds and ensure that the total value of the green bonds exceeds the number of eligible green projects, to ensure sufficient funds for the projects.



4. Reporting

Metrotenerife's green bond framework is aligned with this component of the GBP because it commits to report the allocation of proceeds and the environmental effects of the eligible green projects, including impact metrics, annually.

Metrotenerife's Green Bond Framework



Examples of Eligible Projects

Tramlines 1 and 2

➤ Description

The Tenerife tramway currently has 25 stops distributed over 2 lines throughout the metropolitan area of Tenerife. Every month, more than 1.2 million people use the tram as a means of transport and, since its inauguration in 2007, it has become one of the main transport options on the island of Tenerife. Line 2 was launched in 2009 to complete the coverage of the main metropolitan area of the Island with a total distance of 16,1km.

➤ Location

The location of the line guarantees a large number of impacts, not only because the route runs around the main nerve centres of the metropolitan area (hospitals, university campuses, cabildo, multi-purpose buildings, shopping areas, museums, etc.) but also because 70% of households in the metropolitan area are less than 500 metres from one of the stops.

➤ Amount

The company has transported more than 175 million passengers since inception, operating 26 tramways.

Tenerife tramway map



Metrotenerife's Green Bond Framework



Examples of Eligible Projects

Tramlines 1 and 2

(2019 Demand Stats, 1.369 Surveys, 95% LC)

➤ Client profile:

- Women: 58,9%
- Young people (<45): 67,13%
- Worker: 42,1%
- Forced mobility: 41%
- Resident metropolitan area: 89,8%
- Social media users: 74,6%

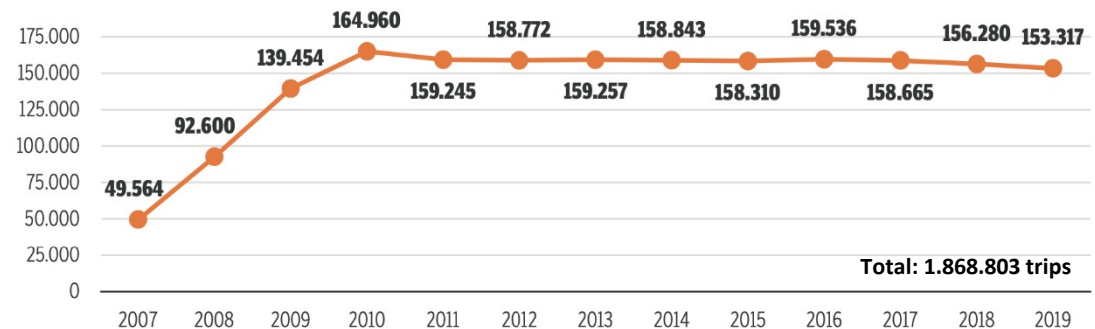
➤ Frequency of use

- 61,6% every single working day
- 68,32% twice a day
- 35% declares it's their main way of transport

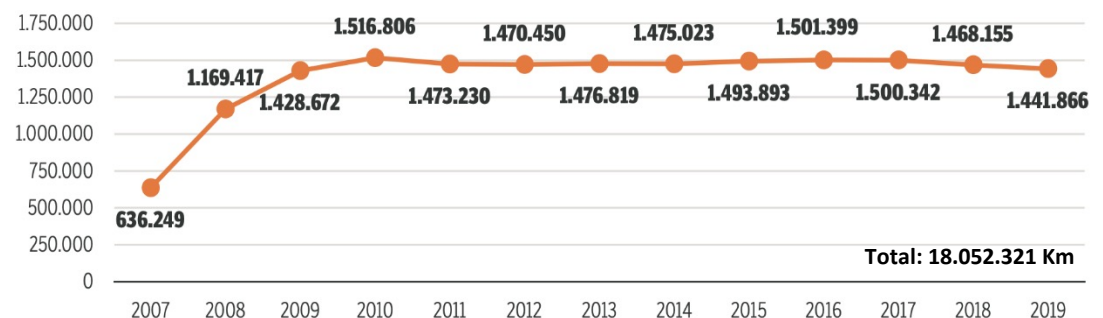
➤ Usability

- Going home: 29,90%
- Going to work: 21,70%
- Going to study: 19,30%
- Shopping: 9,90%
- Visiting a friend: 4,50%
- Medical: 5,30%
- Paperwork: 4,20%
- Others: 5,20%

Historical evolution of number of trips



Historical evolution of Kilometres offered

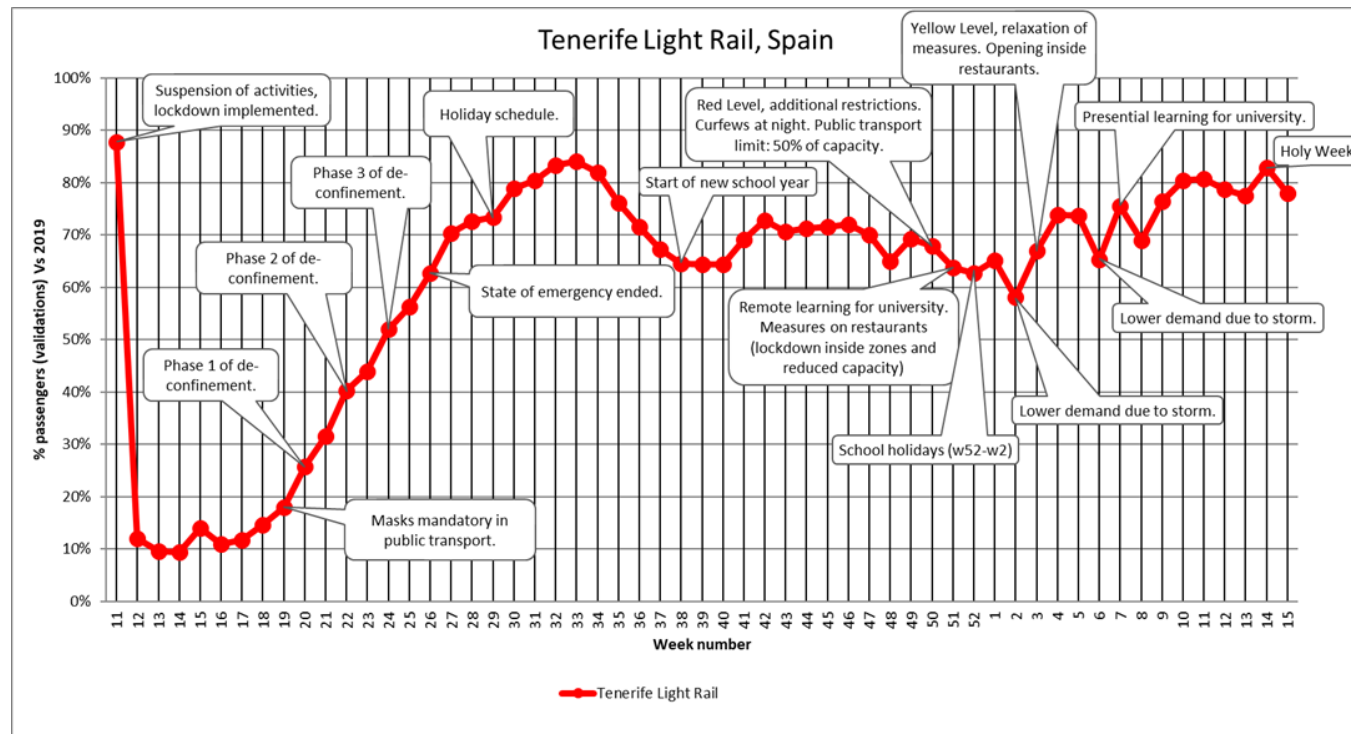


Source: <https://Metrotenerife.com/MEMORIAS/>

Metrotenerife's Green Bond Framework

Examples of Eligible Projects

Demand and usability during Pandemic



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Indicative Terms & Conditions



Issuer:	Metropolitano de Tenerife, S.A.
Issuer rating:	A by S&P
Issue expected rating:	A by S&P
Format:	Senior Unsecured, Reg S only, Dematerialised Book-entry Form
Manager / Sole Bookrunner:	Crédit Agricole CIB
Advisor / Co-Manager:	Cross Capital
Size:	€130,000,000
Maturity:	July 2036
Coupon:	Fixed, Annual, Act/Act
Use of proceeds:	According to Metropolitano de Tenerife's Sustainable Framework
Listing and Trading:	Iberclear / AIAF
Target Markets:	Professionals & Eligible counterparties (MIFID II)
Advertisement:	The final Prospectus, when published, will be available at https://inversor.metrotenerife.com/
Denomination:	€ 100,000 + € 100,000
Paying Agent:	Bankinter
Governing Law:	Spanish

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Metrotenerife's Contacts



ANDRÉS MUÑOZ DE DIOS RODRÍGUEZ

- **Managing Director**
- **Email:** amunoz@metrotenerife.com

REBECA ESTÉVEZ UGIDOS

- **Chief Financial Officer**
- **Email:** restevez@metrotenerife.com

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