



Acciona Financiación Filiales, S.A. (Sociedad Unipersonal)

Annual Financial Statements

31 December 2018

Directors' Report

2018

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the sole shareholder of Acciona Financiación Filiales, S.A. (Sociedad Unipersonal)

Opinion

We have audited the annual accounts of Acciona Financiación Filiales, S.A. (Sociedad Unipersonal) (the "Company"), which comprise the balance sheet at 31 December 2018, the income statement, the statement of changes in equity, the statement of cash flows, and the notes, for the year then ended.

In our opinion, the accompanying annual financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the financial statements in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Non-current and current loans and credit extended to Group companies and associates: See notes 4.1, 5.2, 12 and 14 to the annual financial statements

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Company has extended loans and credit facilities to related companies, which are recognised in the balance sheet under non-current investments in Group companies and associates and current investments in Group companies and associates, amounting to Euros 2,644 million and Euros 2,350 million, respectively.</p> <p>At each year end, management and the directors assess whether there is objective evidence of impairment of financial assets. A financial asset is impaired when its carrying amount exceeds its recoverable amount, which would require the recognition of an impairment loss and the corresponding valuation allowance.</p> <p>At 31 December 2018, current investments in Group companies and associates include Euros 118 million, reflecting the amount receivable on a loan extended by the Company to ATLL Concessionària de la Generalitat de Catalunya, S.A., a related company belonging to the same group as the Company (The Acciona Group), which falls due in 2019.</p> <p>As mentioned in notes 5.2 and 14 to the accompanying annual accounts, the appeals lodged by the Acciona Group were dismissed on 6 February and 12 February 2019, with the court ruling that ATLL Concessionària de la Generalitat de Catalunya, S.A. cease to render the service foreseen in the concession awarded thereto. The dissolution of the concession contract and determination of the corresponding compensation applicable to ATLL Concessionària de la Generalitat de Catalunya, S.A. are still pending.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key controls related to the identification of impairment indicators and valuation of the credit facilities extended to Group companies and associates. • Analysis of the indicators of impairment of investments in Group companies and associates identified by the Company. • Together with our legal specialists, we assessed the reasonableness of the assumptions and estimates made by the management and directors of the Company, and of Acciona, S.A., its parent, and their external legal advisors, regarding the situation and possible consequences for Acciona Financiación Filiales, S.A. (Sociedad Unipersonal) of the dissolution of the concession contract held by the related company ATLL Concessionària de la Generalitat de Catalunya, S.A. • We also assessed whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

**Non-current and current loans and credit extended to Group companies and associates:**

See notes 4.1, 5.2, 12 and 14 to the annual financial statements

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The management and directors of the Company, and of Acciona, S.A., its parent, bearing in mind the opinion of their legal advisors, consider that the aforementioned dissolution of the concession contract will not result in any loss for ATLL Concessionària de la Generalitat de Catalunya, S.A., and will therefore not affect the recoverable amount of the loan. Consequently, no provision has been made in this respect at 31 December 2018.</p> <p>Due to the significance of the loans and credit facilities extended to Group companies and associates, and considering that in order to determine the recoverable amount it is necessary to estimate the future cash flows, which require the use of assumptions and estimates, and the inherent uncertainty associated with the aforementioned dissolution of the contract for ATLL Concessionària de la Generalitat de Catalunya, S.A., all of which could give rise to significant differences with respect to the values accounted for by the Company at year end, this has been considered a key audit matter.</p>	

Other Information: Directors' Report

Other information solely comprises the 2018 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual financial statements.

Our audit opinion on the annual financial statements does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the Company obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual financial statements for 2018 and the content and presentation of the report are in accordance with applicable legislation.



Directors' Responsibility for the Annual Accounts _____

The Directors are responsible for the preparation of the accompanying annual financial statements in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Accounts _____

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.



- Conclude on the appropriateness of the Company Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated to the Directors of Acciona Financiación Filiales, S.A. (Sociedad Unipersonal), we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on the original in Spanish)

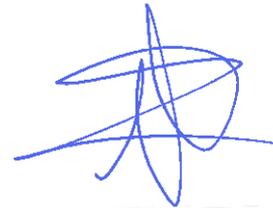
Borja Guinea López

On the Spanish Official Register of Auditors ("ROAC") with No. 16210

1 April 2019

ACCIONA FINANCIACIÓN FILIALES S.A.
Sole-Shareholder Company

**ANNUAL FINANCIAL STATEMENTS FOR
FINANCIAL YEAR ENDED 31 DECEMBER 2018**



CLARA LOIS LOZANO
TRADUCCION-INTERPRETE JURADA DE INGLÉS
Nº. 10009

ACCIONA FINANCIACIÓN FILIALES, S.A. (Sole-Shareholder Company)
BALANCE SHEET AT 31 DECEMBER 2018 & 2017
 (Thousand euros)

ASSETS	Notes	31/12/2018	31/12/2017	EQUITY AND LIABILITIES	Notes	31/12/2018	31/12/2017
NON-CURRENT ASSETS		2,908,630	3,478,662	EQUITY		634,451	533,673
Long-term investments in Group companies & associates		2,902,804	3,476,665	EQUITY	Note 6	649,632	534,107
Shareholding in group companies & associates	Notes 5.1 & 12.2	258,433	67,512	Capital		82,413	82,413
Loans and credits to companies & associates	Note 5.2 and 12.2	2,644,371	3,409,153	Issue premium		329,413	329,413
Long-term financial investments		431	-	Reserves		122,281	45,467
Derivatives	Note 5.3	431	-	Legal and statutory		11,932	4,250
Deferred tax assets	Note 9.3	5,395	1,997	Other reserves		110,349	41,217
				Year's profit / (loss)		122,918	76,814
				Interim dividend	Note 3	(7,393)	-
				VALUE ADJUSTMENTS		(15,181)	(434)
				NON-CURRENT LIABILITIES		2,590,142	3,115,414
CURRENT ASSETS		2,643,699	1,740,183	Long-term payables	Note 7.1	2,580,838	3,105,893
Accounts receivable		73	-	Debtentures & other negotiable securities		128,519	418,294
Short-term investments in Group companies & associates		2,350,299	1,707,145	Bank borrowings		2,440,509	2,687,599
Loans and credits to companies & associates	Notes 5.2 & 12.2	2,350,299	1,707,145	Derivatives	Note 5.3	11,810	-
Short-term financial investments	Note 5.2	9,778	17,198	Payables to Group companies and associates	Notes 7.1 & 12.2	8,969	7,669
Derivatives	Note 5.3	810	8,225	Deferred tax liabilities	Note 9.3	335	1,852
Other financial assets	Note 5.4	8,968	8,973	CURRENT LIABILITIES		2,327,736	1,569,758
Cash and other current financial assets	Note 5.5	283,549	15,840	Short-term payables		1,373,754	1,000,170
Cash and banks		283,549	15,840	Debtentures & other negotiable securities	Note 7.2	1,096,861	611,704
				Bank borrowings	Note 7.2	269,401	388,466
				Derivatives	Note 5.3	99	-
				Interim dividend payable	Note 3 and 12.2	7,393	-
				Short-term payables to Group companies and associates	Note 7.2 and 12.2	953,577	569,566
TOTAL ASSETS		5,552,329	5,218,845	Trade and other accounts payable		405	22
				Other payables		405	22
				TOTAL EQUITY AND LIABILITIES		5,552,329	5,218,845

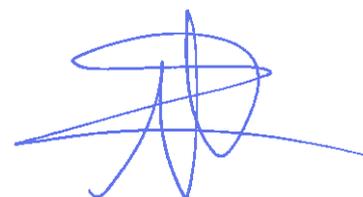
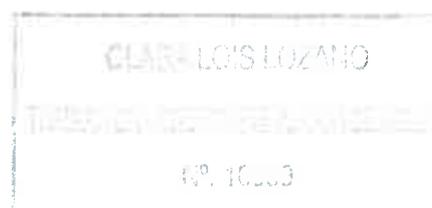
Notes 1 to 14 to the accompanying financial statements are an integral part of the balance sheet at 31 December 2018.

ACCIONA FINANCIACIÓN FILIALES, S.A.
 BALANCE SHEET AT 31 DECEMBER 2018 & 2017
 (Thousand euros)

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
INCOME STATEMENT
FINANCIAL YEAR 2018 & 2017
(Thousand euros)

	Notes	FY 2018	FY 2017
Revenue	Notes 11 & 12.1	244,368	214,659
Provision of services		120	202
Financial income from interest on credits to Group companies and associates		244,248	214,457
Other operating expenses		(566)	(507)
External services		(566)	(507)
OPERATING PROFIT/(LOSS)		243,802	214,152
Financial income	Note 12.1	--	--
From negotiable securities and other financial instruments		--	--
Group companies & associates		--	--
Third parties		--	--
Finance costs	Note 12.1	(119,904)	(110,710)
For payables to Group Companies		(8,577)	(5,535)
For payables to third parties		(111,327)	(105,175)
Change in fair value of financial instruments	Note 5.6	(5)	971
Translation differences		30,085	1,951
Impairment and profit/(loss) on disposal of financial instruments	Notes 5.1 & 5.4	8,736	(3,361)
FINANCIAL PROFIT/(LOSS)		(81,088)	(111,149)
PROFIT/(LOSS) BEFORE TAX		162,714	103,003
Tax on profit	Note 9.1	(39,796)	(26,189)
YEAR'S PROFIT/(LOSS)		122,918	76,814

Notes 1 to 14 to the accompanying financial statements are an integral part of the income statement for financial year 2018.

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2018 & 2017

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES
 (Thousand euros)

	Notes	FY 2018	FY 2017
RESULTS OF INCOME STATEMENT (I)		122,918	76,814
Income and expense recognised directly in equity			
- For cash flow hedges	Note 5.3	(20,242)	(580)
- Tax effect	Note 9.2	5,060	146
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		(15,181)	(434)
Transfers to income statement:			
- For cash flow hedges		580	(2,241)
- Tax effect		(146)	559
TOTAL TRANSFERS TO INCOME STATEMENT (III)		434	(1,682)
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)		108,171	74,698

Notes 1 to 14 to the financial statements are an integral part of the statement of recognised income and expenses for financial year 2018.



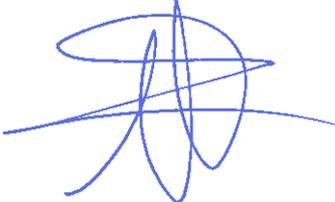
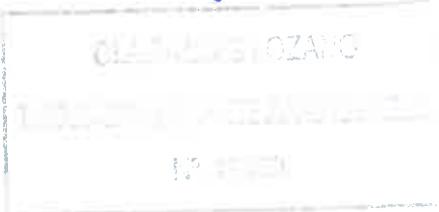
CLARA LOIS LOZANO
 TRADUCTORA INTERPRETE DE LENGUAS
 Nº. 10500

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2018 & 2017

B) COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY
 (Thousand euros)

	Notes	Capital	Issue premium	Reserves	Year's profit /(loss)	Value adjustments	Interim dividend	TOTAL
Balance at 01 January 2017		82,413	329,413	3,084	42,383	1,682	--	458,975
Total recognised income and expenses		--	--	--	76,814	(2,116)		74,698
Transactions with shareholders		--	--	42,383	(42,383)	--		--
- Capital increase		--	--	42,383	(42,383)	--		--
- Application of results		--	--	--	--	--		--
Balance at 31 December 2017		82,413	329,413	45,467	76,814	(434)	--	533,673
Total recognised income and expenses		--	--	--	122,918	(14,747)		108,171
Transactions with shareholders		--	--	76,814	(76,814)	--		--
- Application of results	Note 3	--	--	76,814	(76,814)	--	(7,393)	(7,393)
Balance at 31 December 2018		82,413	329,413	122,281	122,918	(15,181)	(7,393)	634,451

Notes 1 to 14 to the financial statements are an integral part of the comprehensive statement of changes in equity for financial year 2018.

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
STATEMENT OF CASH FLOWS FOR FINANCIAL YEARS 2018 & 2017
(Thousand euros)

	Notes	FY 2018	FY 2017
CASH FLOWS FROM OPERATING ACTIVITIES		226,055	(292,169)
Profit / (loss) before tax		162,714	103,003
Adjustments for:		(158,879)	(102,539)
Other adjustments to profit (net)		(158,879)	(102,539)
Change in provisions		(4,330)	3,361
Financial income	Note 5.2 and 12.1	(244,368)	(214,659)
Finance costs	Note 7	119,904	110,710
Translation differences		(30,085)	(1,951)
Changes in working capital & non-current capital		113,658	(380,920)
Other cash flows from operating activities:		108,563	88,287
Interest paid	Note 7	(94,825)	(98,153)
Interest received	Note 5.2	241,692	204,227
Income tax recovered/(paid)	Note 9	(38,304)	(17,787)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(187,560)	(49,729)
Payments due to investment:	Note 5.1 and 5.2	(187,560)	(49,729)
Group companies, associates and business units		(187,560)	(49,729)
Proceeds from disposal:		-	-
Group companies, associates and business units		-	-
CASH FLOWS FROM FINANCE ACTIVITIES		229,213	338,335
Proceeds and (payments) relating to equity instruments:		-	-
Issue of equity instruments	Note 6	-	-
Proceeds and (payments) relating to financial liability instruments:		229,213	338,335
- Issue of bonds and other negotiable securities	Note 7	1,277,428	866,064
- Redemption of bonds and other negotiable securities	Note 7	(1,082,572)	(343,725)
- Issue of bank borrowings	Note 7	2,325,500	1,506,092
- Repayment and amortisation of bank borrowings	Note 7	(2,674,322)	(1,434,967)
- Issue of loans with Group companies and associates	Note 7	424,866	453,882
- Repayment and amortisation of loans with Group companies and associates	Note 7	(41,686)	(709,011)
NET INCREASE / (DECREASE) IN CASH & OTHER CURRENT FINANCIAL ASSETS		267,709	(3,563)
CASH & OTHER CURRENT FINANCIAL ASSETS AT BEGINNING OF PERIOD		15,840	19,403
CASH & OTHER CURRENT FINANCIAL ASSETS AT YEAR'S END		283,549	15,840
COMPONENTS OF CASH AND OTHER CURRENT FINANCIAL ASSETS AT YEAR'S END			
Cash on hand and at banks		283,549	15,840
Other financial assets		-	-
TOTAL CASH & OTHER CURRENT FINANCIAL ASSETS AT YEAR'S END		283,549	15,840

Notes 1 to 14 to the financial statements are an integral part of the statement of cash flows for financial year 2018.



ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)

NOTES TO FINANCIAL STATEMENTS FOR FY 2018

1. Activity

Acciona Financiación Filiales, S.A. (hereinafter the Company) was established in Madrid on 23 May 2014, pursuant to deed executed before Notary Public Manuel Rodríguez Marín. The registered office is located in Alcobendas (Madrid), Avenida de Europa 18. The Company is registered under the Spanish Classification for Business Activities (CNAE) with code number 6499.

Based on its corporate purpose, the activity of the Company is the following:

- To manage, optimise and channel the monetary resources and take care of the cash needs of the Sole Shareholder ACCIONA. S.A. and of the companies of its group in accordance with the provisions of article 42 of the Code of Commerce.
- To manage and make collections and payments on account of all the companies referred to in the paragraph above.

The activities listed above may also be developed by the Company, in whole or in part, directly or indirectly, through the holding of shares and ownership interests in companies with the same or similar corporate purpose, both in Spain and abroad (see Note 5.1.).

Any activities for the development of which the law establishes special or minimum capital requirements that are not met by the Company are excluded from the corporate purpose.

If, for the development of any activity as included in the corporate purpose, the law requires professional qualifications or administrative authorisation or registration on a Public Register, the activity in question may not be carried out unless the administrative requirements in question have been fulfilled and, if mandatory, such activity must be carried out only by the person that holds the required professional qualifications, and the corporate purpose will then be limited to brokering or coordination in respect of such provisions.

The Company is part of the "Other Business" Division of the Acciona Group, whose Parent is Acciona, S.A., with registered office at Avenida de Europa 18, Alcobendas (Madrid). The Consolidated Annual Financial Statements of the Acciona Group for financial year 2018 were drawn up by the Directors of Acciona, S.A. at a meeting of the Board of Directors held on 28 February 2019.

As described in note 5.1, the Company has ownership interests in subsidiaries. As a result, the Company is the parent of a Group of companies in accordance with current legislation. According to generally accepted accounting principles and standards, consolidated financial statements must be presented in order to present a true and fair view of the Group's financial position, results of operations, changes in equity, and cash flows. The information relating to investments in group companies, associated and multi-group companies is presented in Appendix I. However, the Company does not present consolidated financial statements because it only has ownership interests in subsidiaries which taken as a whole do not present a significant interest for a true and fair view.

The sole shareholder of the Company is ACCIONA, S.A., so it is a sole-shareholder company to any and all effects provided for by the regulations for the time being in force.

6

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2. Bases of presentation of annual financial statements

2.1. Financial reporting standards framework applicable to the Company

These annual financial statements were prepared by the Board of Directors in accordance with the financial reporting standards framework applicable to the Company, which is as established in:

- a) The Code of Commerce and any other mercantile legislation.
- b) General Accounting Plan as approved by Royal Decree 1514/2007.
- c) The mandatory standards approved by Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accounting and Accounts Audit Institute) within the development of the General Accounting Plan and its supplementary regulations.
- d) Any other Spanish accounting regulations as applicable.

2.2. True and fair view

The annual financial statements for 2018 stated in thousand euros, the functional currency of the Company, were obtained from the accounting records of the Company and they are presented in accordance with the financial reporting standards framework applicable to the Company and specifically with the principles and criteria contained therein so as to show a true and fair view of the equity, financial position and results of the Company for financial year 2018. These annual financial statements, as prepared by the Directors of the Company, will be submitted to the Sole Shareholder, for approval; and it is believed that they will be approved as they stand. In addition, the 2017 annual financial statements were approved by the Sole Shareholder on 29 June 2018.

2.3. Comparison of information

The information contained in these notes referred to financial year 2018 is disclosed, for comparative purposes, along with the information on financial year 2017.

2.4. Main estimates included in the annual financial statements

For the preparation of these annual financial statements, estimates were made by the Directors of the Company to measure some of the assets, liabilities, income, expenses and obligations appearing recorded therein. Basically, these estimates refer to:

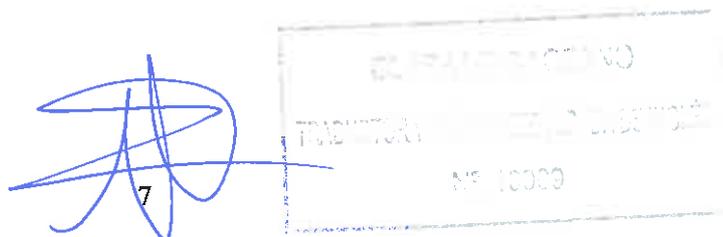
- Assessment of losses due to impairment of financial assets (see Note 4.1).
- The fair value of certain financial instruments (see Note 4.1).

Although these estimates were made on the basis of the best information available at the close of 2018, it may so happen that future events will make it necessary to change them (upwards or downwards) in the next few years. If so, it would be done prospectively.

2.5. Changes in estimates, accounting criteria and correction of errors

In 2018 no significant changes took place in accounting criteria in respect of those applied in 2017.

When these annual financial statements for 2018 were prepared, no material error was found that led to restatement of the amounts included in the annual accounts for financial year 2017.



A handwritten signature in blue ink is written over a rectangular official stamp. The stamp contains the text "RESOLUCIÓN" at the top, "TRIBUTOS" in the middle, and "Nº 10000" at the bottom. The number "7" is written below the signature.

3. Application of results

The proposed application of the results of financial year 2018 (compared to the proposal for 2017 which was approved by the Sole Shareholder on 29 June 2018) that the Board of Directors will submit to the Sole Shareholder for approval is the following (in euros):

DISTRIBUTION BASE	2018	2017
Gains and losses	122,917,960.81	76,813,796.60
Distribution		
To legal reserve	4,550,962.17	7,681,379.66
To voluntary reserve	110,974,054.97	69,132,416.94
To dividends	7,392,943.67	
Total	122,917,960.81	76,813,796.60

According to the minutes of the Company's Joint Directors meeting from 31 December 2018, an interim dividend of 7,393 thousand euros was approved, payable as from 1 January 2019.

These amounts to be distributed do not exceed the results obtained by the Company since the end of the last financial year, after deducting the estimate of the income tax payable on these results in accordance with the provisions of Article 277 of the consolidated text of the Capital Companies Act.

The provisional accounting statement prepared in accordance with legal requirements and which shows the existence of sufficient liquidity for the distribution of the aforementioned dividend is set out below:

	Euros
Supporting financial statement as at 31 December 2018	
Results obtained from 01-01-2018 to 31-12-2018:	122,917,960.81
Mandatory allocations to reserves:	4,550,962.17
Negative results from previous years	
Distributable profit	118,366,998.64
Proposed interim dividend	7,392,943.67
Treasury forecast as at 31 December 2018	
Funds available for distribution	
Treasury:	291,549,219.03
Proposed interim dividend:	(7,392,943.67)
Difference:	284,156,275.36

4. Recognition and measurement standards

The main recognition and measurement standards applied by the Company to the preparation of its annual financial statements, in accordance with those established by the General Accounting Plan and related standards indicated in Note 2.1, were the following:

4.1. Financial instruments

Financial assets

The financial assets held by the Company are classified under the following categories:

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- a) Loans and receivables: Financial assets from the provision of services on business trade operations, or those that, although not originated in trade operations, are not equity instruments or derivatives, and in respect of which the amounts to receive are specific or can be quantified, and they are not traded on an active market. This category is comprised practically in its entirety of the assets recorded in “Loans and credits to Group companies and associates” under current and non-current assets.
- b) Investments in the equity of group companies, jointly-controlled entities and associates: group companies are the companies related to the Company through a control relationship, and associates the companies where the Company holds significant influence. Additionally, the jointly-controlled entities category includes companies where, under an agreement, control is held jointly with one or more members.
- c) Other financial assets at fair value with changes in the income statement: This category includes the financial assets so designated by the Company at the time of initial recognition, because such designation eliminates or reduces significantly accounting asymmetry, or such assets make up a group the performance of which is assessed, by the Company Management, on the basis of fair value and according to a established and documented strategy.

Initial measurement:

Financial assets are initially recognised at the fair value of the consideration plus the transaction costs as are directly attributable.

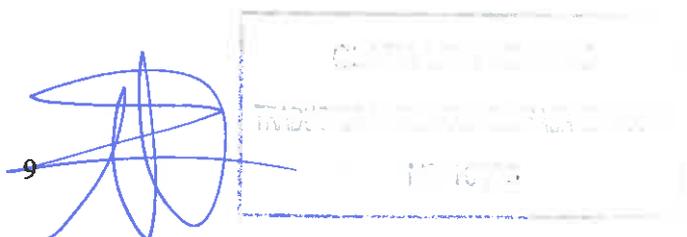
In the case of investments in the equity of Group companies that give control over the subsidiary, the fees paid to legal advisers or other professionals in relation to the acquisition of the investment are directly recognised on the income statement.

Subsequent measurement:

- a) Loan and accounts receivable are measured at their amortised cost.
- b) Financial assets at fair value with changes in the income statement are measured at their fair value, and the result of the changes in said fair value are recorded in the income statement.
- c) Investments in the equity of group companies, jointly-controlled entities and associates are measured at their cost, reduced, if appropriate, by the accrued amount of impairment value adjustments. These adjustments are estimated as the difference between their carrying amount and their recoverable amount. The recoverable amount is their fair value less the sale costs or the current value of the future cash flows derived from the investment, whichever is the higher. Unless there is better evidence of the recoverable amount, the investee’s net equity at the end of the financial year is taken into consideration, as adjusted by the tacit gains present at the date of measurement (including goodwill, if any).

At least at the close of the financial year the Company analyses the recoverability of its financial assets not recorded at fair value.

A financial asset or group of financial assets is impaired and an impairment loss has occurred if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and such event or events causing the loss have had an impact on the estimated future cash flows of the asset or group of financial assets which can be reliably estimated.



The Company recognises the appropriate valuation adjustments for impairment of loans and receivables and debt instruments when there has been a reduction or delay in the estimated future cash flows due to the insolvency of the debtor.

Also, in the case of equity instruments, impairment exists when the carrying amount of the asset is not recoverable due to a prolonged or significant decrease in its fair value.

The Company writes off financial assets when they mature or the rights over the related cash flows are transferred and the risks and benefits attached to their ownership have been substantially transferred.

Writing off a financial asset in its entirety implies the recognition of results for the difference between its carrying amount and the sum of the consideration received, net of transaction expenses, including the assets obtained or liabilities assumed and any deferred gain or loss in income and expenses recognised in equity.

Otherwise, the Company does not write off financial assets, and recognises financial liabilities in an amount equivalent to the consideration received, in transfers of financial assets where the risks and benefits attached to their ownership are retained.

Financial liabilities

Financial liabilities are the Company's debits and accounts payable arising from the purchase of goods and services in the course of the Company's trade operations, or those that while they may not have originated in trade, may not be considered derivative financial instruments.

They are initially measured at the fair value of the consideration received, adjusted by any directly attributable transaction costs. Subsequently, these liabilities are measured at their amortised cost.

The Company writes off financial liabilities or part of them when the obligations contained therein expire, or when it is legally released from the main responsibility of the liability through a legal process or by the creditor.

The exchange of debt instruments between the Company and the counterparty, or substantial modifications to the liabilities that had initially been recognised are accounted for as the cancellation of the original financial liability and the recognition of a new financial liability, whenever the instruments have substantially different terms.

The Company considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the original financial liability then any costs or fees incurred are recognised in the income statement as part of the profit or loss. Otherwise, the costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. In the latter case, a new effective interest rate is determined at the modification date, which matches the present value of the cash flows to be paid under the new conditions with the carrying amount of the financial liability on that date.

The Company recognises the difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed in profit or loss, with a charge or credit to the income statement. If the Company delivers non-monetary assets as debt payment, it recognises the difference between the fair value of the assets and their carrying amount as operating profit, and the difference between the value of the debt that is cancelled and the fair value of the assets is recognised as financial profit/(loss).

If the Company delivers inventories, the corresponding sale transaction is recognised at fair value and the change in inventories is recognised as the carrying amount.

Equity instruments

An equity instrument represents a residual investment in the Company's equity after all related liabilities are deducted.

Capital instruments issued by the Company are recognised in equity at the amount received, net of any cost to issue them.

Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. These risks arise from fluctuations in interest rates and exchange rates. Within the framework of such operations, the Company engages cash flow hedge financial instruments. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the policies and guidelines established by the Company Management.

For these financial instruments to be classified as hedge accounting, they are initially designated as such by documenting the hedging relationship. In addition, the Company verifies initially and periodically throughout their life (at least at the close of every accounting period) that the hedge relationship is effective, that is, it can be prospectively expected that the changes in fair value or in the cash flows of the hedged item (attributable to the hedged risk) will be almost completely offset by those of the hedge instrument and that, retrospectively, the hedge results will have ranged from 80% to 125% in respect of the hedged item.

The Company discloses only "cash flow hedges". For this type of hedges, the portion of gain or loss of the hedge instrument designated as effective hedge is temporarily recognised in equity, and it is reflected on the income statement in the same period in which the hedged element affects results, unless the hedge relates to a projected transaction that finishes with recognition of a non-financial asset or liability, in which case the amounts recorded in equity will be included in the cost of the asset or liability when it is acquired or assumed.

Hedge accounting ceases when the hedge instrument matures or is sold, has expired or has been exercised, or has stopped fulfilling the criteria for hedge accounting. Then, any accumulated profit or loss related to the hedge instrument recognised in equity is held in equity until the projected operation takes place. When the hedged operation is not expected to occur, the net accumulated profit or loss recognised in equity is transferred to the net results for the period.

4.2. Tax on profit

Profit tax expense or income comprises the portion that relates to current tax expense or income and the portion that relates to deferred tax expense or income.

Current tax is the amount that the Company pays as a result of the tax settlements for tax on profit for a given financial year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carry-forwards from previous financial years effectively applied in the current financial year, result in lower current tax.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences which are identified as the amounts that are expected to be payable or recoverable and which arise from the differences between the carrying amounts of assets and liabilities and their fiscal value, and the negative tax bases pending carry-forward and credits for tax

deductions that have not been fiscally applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled, to the temporary difference or credit in question.

Deferred tax liabilities are recognised for all temporary tax differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in an operation that affects neither the tax profit or loss nor the accounting profit or loss and which is not a business combination.

Deferred tax assets, however, are only recognised to the extent that it is considered likely that the Company will have future tax gains against which the deferred tax assets can be applied, which, unless there is evidence to the contrary, will be understood to be within a period not exceeding 10 years.

Deferred tax assets and liabilities for operations debited or credited directly in equity accounts are also booked with a balancing entry in net equity.

At the close of every accounting period, recognised deferred tax assets are reassessed and the appropriate adjustments are applied thereto to the extent that there are doubts as to their future recoverability. Similarly, deferred tax assets not recognised on the balance sheet are reassessed at the end of each accounting period and are recognised to the extent that they are likely to be recovered through future tax gains.

Acciona Financiación Filiales, S.A. is allowed by the competent authorities to use the fiscal consolidation system for Corporate Tax, and it is part of the fiscal consolidation Group whose parent is Acciona, S.A., under group number 30/96.

4.3. Income and expenses

Income and expenses are recognised following the accrual principle, that is, when the actual flow of goods and services represented by income and expenses takes place, regardless of the time when the cash or financial flow arising therefrom occurs. Income is measured at the fair value of the consideration received, with any discounts and taxes being deducted.

As a financial company and as a holding company, dividends and accrued interest arising from financing granted to investees, as well as the profits obtained from providing services to subsidiaries, jointly controlled entities or associates, constitute the "net revenue" in the income statement.

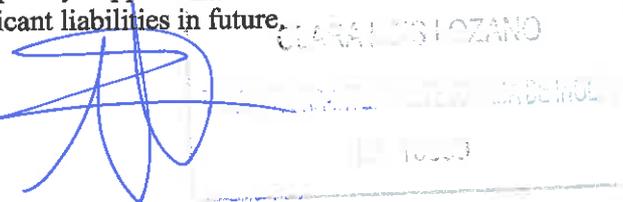
Interest received on financial assets is recognised using the effective interest method and dividends when the shareholder's right to receive them is declared. In any event, interest and dividends from financial assets as accrued after the time of acquisition are recognised as income on the income statement. If the dividends distributed arise unequivocally from results generated prior to the acquisition date because amounts greater than the profits generated by the investee since the acquisition have been distributed, then they reduce the carrying amount of the investment.

4.4. Cash and other current financial assets

Cash and other current financial assets include cash on hand and demand deposits with credit institutions. Other short-term, highly liquid investments are also included under this heading provided that they are readily convertible into specified amounts of cash and are subject to a negligible risk of change in value. Investments with maturities of less than three months from the acquisition date are included for these purposes.

4.5. Related-party transactions

The Company carries out all its transactions with related parties on an arm's length basis. Additionally, the prices of operations with related parties are adequately supported, so the Directors of the Company consider that there is no risk that might lead to significant liabilities in future.

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Transactions between group companies, except those related to mergers, spin-offs and non-monetary business contributions, are recognised at the fair value of the consideration given or received. The difference between this value and the agreed amount is recorded according to the underlying economic substance.

4.6. Equity elements of an environmental nature

Assets used on a lasting basis in the Company's activity, the main purpose of which is to minimise environmental impact and protect and upgrade the environment, including the reduction or elimination of future pollution, are considered assets of an environmental nature.

Given its nature, the Company's activity does not have a significant environmental impact.

4.7. Current and non-current items

Current assets are those associated with the Company's ordinary course of operations, which is usually considered to be one year, and also other assets for which the due date, disposal or realisation is expected to occur in the short term after the close of the financial year, financial assets at fair value, and cash and cash equivalents. Any other assets are classified as non-current.

In the same way, current liabilities are those associated with the Company's ordinary course of operations and in general all liabilities for which the due date or cancellation will take place in the short term. Otherwise, liabilities are classified as non-current.

4.8. Foreign currency transactions

The functional currency used by the Company is the euro. Therefore, operations in currencies other than the euro are considered "foreign currency transactions" and are recorded by applying the prevailing exchange rates on the dates of the operations.

At the close of the financial year, the cash assets and liabilities denominated in foreign currencies are translated to euros by applying the prevailing exchange rate at the balance sheet date. Any profit or loss as shown is directly recognised in the income statement for the financial year in which they occur.

5. Financial Assets

Breakdown of long-term and short-term financial assets in 2018 and 2017.

Long-term Financial Assets	Equity Instruments		Credits, derivatives and others	
	2018	2017	2018	2017
Loans and receivable			2,644,371	3,409,153
Investments in Group companies	258,433	67,512		
Long-term financial investments			431	
Total	258,433	67,512	2,644,802	3,409,153

Short-term Financial Assets	Credits, derivatives and others	
	2018	2017
Assets at fair value with changes in the income statement	8,968	8,973
Loans and receivable	2,350,299	1,707,145
Derivative financial instruments	810	8,225
Total	2,360,077	1,724,343

5.1. Equity Instruments

Movement in this item on the balance sheet in financial years 2018 and 2017 was as follows (in thousand euros):

	Balance at 01/01/2018	Additions	Removals	Balance at 31/12/2018
Investments in Group companies	72,267	186,166	-	258,433
Value impairment	(3,361)	-	3,361	-
Called payments outstanding	(1,394)	-	1,394	-
Total	67,512	186,166	4,755	258,433

	Balance at 01/01/2017	Additions	Removals	Balance at 31/12/2017
Investments in Group companies	52,658	19,609	-	72,267
Value impairment	-	(3,361)	-	(3,361)
Called payments outstanding	(31,514)	(1,394)	31,514	(1,394)
Total	21,144	14,854	31,514	67,512

At 2017 and 2018 year-end, the Company had ownership interests in Acciona Financiación de Filiales Chile Spa (hereinafter AFF Chile) and Acciona Financiación de Filiales Australia Pty. Ltd (hereinafter AFF Australia). Acciona Financiación de Filiales S.A. is the sole shareholder of both companies.

The acquisitions recorded in 2018 correspond to capital increases carried out in these companies, which in the case of AFF Australia was executed through the capitalisation of the loan granted by the Company for the amount of 175 million euros.

The additions in 2017 related to the capital increase of 12,821 million Chilean pesos, of which 1,025 million Chilean pesos (1,394 thousand euros) had not yet been paid.

Information on these subsidiaries is listed in Appendix I.

5.2. Long-term and short-term loans and credits with Group companies and Associates

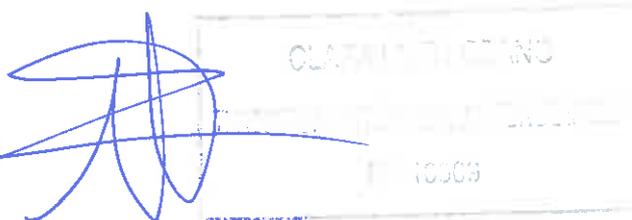
All loans are accounted for at amortised cost.

The remuneration of all loans in euros is established at a fixed market interest rate and in those granted in currencies other than the euro, both fixed and floating rates are used (referenced to the official currency rate: LIBOR, CDOR, BBSW, etc.) plus a differential.

LONG-TERM:

Details for financial year 2018 compared to 2017 were as follows (in thousand euros):

	2018	2017
Loans and credits to companies	1,246,363	835,418
Credits to Group companies (Cash-pooling)	1,398,008	2,573,735
Total	2,644,371	3,409,153



At 31 December 2018 and 2017, the main long-term loans and credits with Group companies were the following:

	Balance at 31/12/2018	Balance at 31/12/2017
Acciona Construcción S.A.	294,539	142,782
Energía Renovable del Istmo II S.A. de C.V.	232,133	66,215
Acciona Energía Internacional S.A.	383,804	374,597
ATLL Concesionaria de la Generalitat de Catalunya	--	117,245
Acciona Financiación de Filiales Chile	219,269	100,793
Other	116,618	33,786
Total long-term loans	1,246,363	835,418

The loans detailed above mature in 2020, except for the loan to Acciona Energía Internacional which matures in 2021.

SHORT-TERM:

Details of this line item on the balance sheet in financial years 2018 and 2017 were as follows (in thousand euros):

	2018	2017
Credits to Group companies (Cash-pooling)	1,795,870	1,225,017
Loans and receivable	554,429	482,128
Total	2,350,299	1,707,145

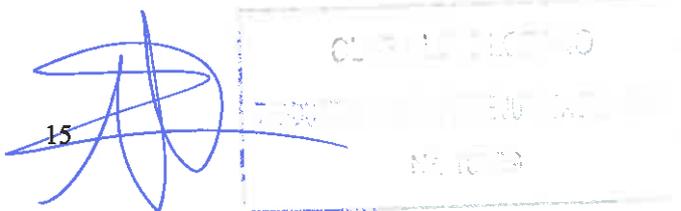
At 31 December 2018 and 2017, the main short-term loans and credits with Group companies were the following:

	Balance at 31/12/2018	Balance at 31/12/2017
Acciona Energía Internacional S.A.	7,130	45,829
Acciona Logística S.A.	149,232	149,216
ATLL Concesionaria de la Generalitat de Catalunya	118,119	8,827
Corporación Acciona Energías Renovables	257,357	257,357
Other	22,591	20,899
Total short-term loans	554,429	482,128

With regards to the loan that the Company has granted to ATLL Concesionaria de la Generalitat de Catalunya and in consideration of the uncertainties related to the existing conditions regarding the Administration's position (see Note 14) and always under the premise repeatedly defended by the Acciona Group based on reports by independent experts that it is remotely unlikely that the ATLL Concesionaria de la Generalitat de Catalunya, S.A.'s equity may be impaired in any way, the Directors of the Company consider that the credit of 118 million euros with this company will be fully serviced, and therefore no impairment provision for this credit has been recorded at year-end.

In addition, on April 11, 2018, minority shareholders outside the Group pledged in favor of the Company the shares of ATLL to guarantee compliance with the obligations arising from the aforementioned loan agreement.

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CASH-POOLING

With the purpose of optimising and managing the treasury of the companies that make up the group, whose parent company is Acciona, S.A., the Company has established a system of daily sweeping of current account balances to different Group subsidiaries. This system operates under the characteristics of the well-known financial cash-pool, paying back the various debit and credit balances "swept" at a fixed market interest rate established by the Acciona Group General Finance Department.

The main outstanding short and long-term debit balances at 31 December 2018 and 2017 for this type of financing are the following (in thousand euros):

	Balance at 31/12/2018	Balance at 31/12/2017
Acciona Construcción S.A.	291,919	611,816
Acciona, S.A.	1,508,332	673,433
Compañía Trasmediterránea S.A.	--	87,731
Corporación Acciona Energías Renovables	1,240,724	2,189,479
Other	152,902	236,293
Total Cash-Pooling	3,193,878	3,798,753

At 31 December 2018, the Company has classified 1,398,008 thousand euros as non-current assets (2,573,735 euros in 2017), on the grounds that the expected date of completion will be more than twelve months.

At 31 December 2018 interest accrued and pending collection for this concept amounted to 36,396 thousand euros (40,158 thousand euros in 2017). Interest is shown included in the balances of each of the debtors.

At 31 December 2018, the provision for loans to Group companies amounted to 11,832 thousand euros, with no material changes with respect to 2017 (12,801 thousand euros at 31 December 2017).

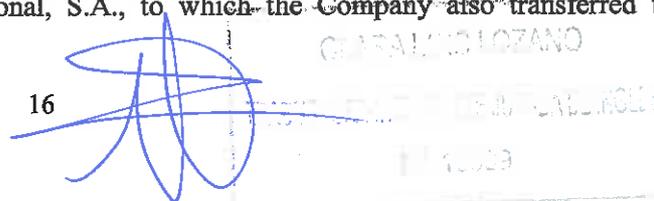
5.3. Hedging derivatives

The Company uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. Within the framework of such operations, the Company engaged certain interest rate and exchange rate hedging financial instruments. Details of the derivatives outstanding at 2018 year-end are presented below:

Interest rate hedges

Type	Notional amount (thousands)	Maturity	Inefficiency recorded in results (thousand euros)		Fair value (thousand euros)	
			2018	2017	2018	2017
Floating to fixed	USD 367,948	31/12/2020	--	--	--	7,090
Floating to fixed	EUR 1,300,000	17/05/2022	--	--	(11,779)	--
Floating to fixed	EUR 30,000	20/07/2022	--	--	(31)	--

In 2016, Acciona Financiación Filiales, S.A. subscribed a loan for 550 million US dollars (see Note 7) to replace the financing in that currency cancelled by certain Acciona Group companies. With regards to the interest rate swap associated with this loan, the Company transferred the engaged hedge derivative to its subsidiary Acciona Energía Internacional, S.A., to which the Company also transferred the

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abovementioned financing arranged in dollars, in order to reduce in such subsidiary, the effect of interest rate fluctuations. On March 14, 2018, Acciona Financiación Filiales S.A. fully repaid this loan and the IRS associated with it but did not cancel either the loan or the IRS contracted with its subsidiary (see Note 7.1).

On 10 May 2018, Acciona Financiación Filiales S.A. signed a syndicated loan of 1,300 million euros (see Note 7) in order to refinance part of its corporate financing. With regards to this financing, Acciona Financiación Filiales S.A. arranged an interest rate hedge for 100% of the nominal amount of the loan.

In relation to the 30-million-euro loan policy taken out on 20 July 2018 by Acciona Financiación Filiales S.A. (see Note 7), the company arranged a hedge for 100% of the nominal amount.

Exchange rate hedges

Type	Nominal amount (thousands)	Maturity	Inefficiency recorded in results (thousand euros)		Fair value (thousand euros)	
			2018	2017	2018	2017
MXN purchase / EUR sale	MXN 784,100	02/01/2019	--	--	108	--
MXN purchase / USD sale	MXN 149,594	30/09/2019	--	--	294	--
EUR purchase / USD sale	EUR 26,726	15/10/2019	--	--	(99)	--
USD purchase / AUD sale	USD 41,874	15/09/2021	--	--	502	815
EUR purchase / AUD sale	EUR 72,756	15/11/2021	--	--	337	320

The contracting of exchange rate derivatives is normally centralised in Acciona Financiación Filiales S.A. as the Group's financial company. Therefore, the financial company arranges the derivatives that the subsidiaries need and transmits the risk to them through mirror contracts to the company that bears the risk. This transfer of risk results in a neutral position for Acciona Financiación Filiales S.A., which does not assume any impact on equity arising from this derivative (810 thousand euros in the short term and 431 thousand euros in the long term). The table above only shows the positions of Acciona Financiación Filiales S.A. with banks. All of them have mirrors, except for the purchase of MXN maturing on 2 January 2019.

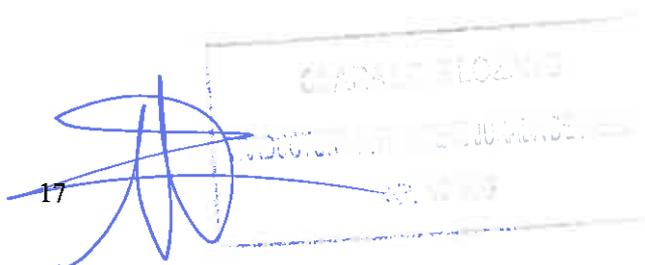
The Company has complied with the requirements detailed in the measurement standards to classify the financial instruments detailed above as hedges, both regarding interest rate and exchange rate hedges. Specifically, said financial instruments were formally classified as such and it was verified that the hedge was effective.

5.4. Other short-term financial assets

At 31 December 2018, the balance included in this heading related to the investment in Bestinver Lux Latam., a Latin American floating rate investment fund, through the fund manager Bestinver Gestión SGIIC, S.A., a company belonging to the Acciona Group. The Company held 533,333 interests at the close of financial year 2018 and 2017.

At 31 December 2018 the fair value of the interests was 8,968 thousand euros (8,973 thousand euros in 2017). The movement in fair value was recognised on the income statement for 2018 in "Change in fair value in financial instruments" for the amount of 5 thousand euros (971 thousand euros at 31 December 2017).

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CAPITAL FLOANS
ACCIONA FINANCIACIÓN FILIALES S.A.
31/12/2018

In 2018 a bond from the Group company "Autovía de los Viñedos S.A. (Auvisa)" was acquired from third parties with an implicit capital gain of 4,405 thousand euros. This capital gain materialised before year-end as Auvisa decided to pay off the bond early and in full.

5.5. Cash and other cash equivalents

Details for financial year 2018 compared to 2017 were as follows (in thousand euros):

	31/12/2018	31/12/2017
At banks	283,549	15,840
Other cash equivalents	-	-
Total	283,549	15,840

There are no restrictions as to the availability of these amounts.

5.6. Information on the nature and risk level of financial instruments

Liquidity risk

The Company manages the liquidity risk with prudence, keeping an adequate level of cash and negotiable securities and arranging for credit facilities for a sufficient amount to support projected needs (see Note 7). At 31 December 2018 the Company had available additional financing that had not been drawn down, for the amount of 2,000 million euros.

Ultimate responsibility for liquidity risk management lies with the Economic and Financial Department, which prepares the appropriate framework to control the group's liquidity requirements in the short, medium and long term. The Company manages liquidity risk by holding adequate reserves, appropriate banking services, having credit facilities and loans available, monitoring projected and actual cash flows on an on-going basis and pairing them against financial asset and liability maturity profiles.

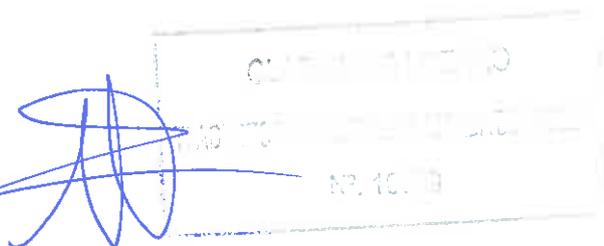
Finally, in relation to this risk, it should be mentioned that the Company, seeking to diversify its financing sources, has a European Commercial Paper programme registered for the maximum amount of 1,000 million euros, to issue notes with maturity under one year, as well as a Euro Medium Term Note programme for the maximum amount of 2,000 million euros (see Note 7).

Interest rate risk

Fluctuations in the interest rates to which the Group's financial assets and liabilities are referenced in its balance sheet affect both the Company's balance sheet and its statements of profit and loss and cash flows. The impact of these fluctuations is sometimes mitigated by arranging derivative hedging financial instruments (see Note 5.4). This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Company's accounts, a simulation was performed which assumed a 50-basis point increase and decrease in interest rates at 31 December 2018.

This sensitivity analysis to upward or downward changes of 0.50% in floating Euribor / Libor interest rates gave rise to a sensitivity in the Group's income statement arising from an increase or decrease in financial results due to interest payment, with the effect of derivatives being considered, of 10,625 thousand euros at 31 December 2018.



Credit risk

Credit risk is the risk that the counterparty to a contract does not meet its obligations, giving rise to a financial loss for the Company. The Company has adopted a policy of only negotiating with group companies, so this risk is significantly reduced.

Foreign currency risk

Foreign currency risk arises from the appreciation or depreciation of the currencies in which the Group operates with respect to the euro, the currency in which financial results are presented. Acciona has developed a process of growing internationalisation, which means it has increased exposure to foreign currency risk involving transactions in the currencies of the countries where it invests and operates. Foreign currency risk arises mainly from investments, debt, supplies and services denominated in currencies other than the euro and foreign currency collections and payments.

This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

In order to mitigate foreign currency risk, the Acciona Group uses currency derivatives to cover significant future transactions and cash flows, within acceptable risk limits (see Note 5.3.).

6. Equity and capital and reserves

6.1. Share capital and issue premium

The Company's share capital is represented by 82,413,197 shares with a face value of one euro each, all fully subscribed and paid up. There is also a fully paid issue premium of 329,413 thousand euros.

At 31 December 2018 and 2017, Acciona, S.A. held 100% of the shareholding, it being therefore the Sole Shareholder of the Company. Following the mercantile regulations, the Company has its form of sole-shareholder company registered with the Companies Register. All the shares carry the same political and economic rights.

The contracts subscribed and the balances and transactions held with the Sole Shareholder are detailed in Note 12.

6.2. Legal Reserve

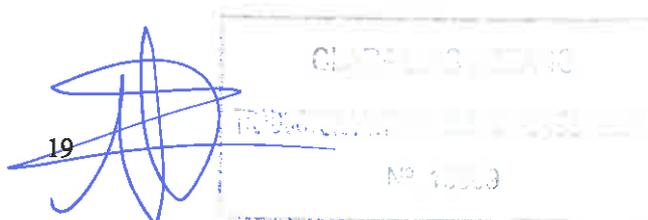
In accordance with the mercantile legislation, an amount equivalent to 10% of the year's profit must be applied to legal reserve until this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase the share capital. Otherwise, until the legal reserve does not reach 20% of share capital, this reserve can only be used to offset losses, provided that there are no other reserves available in a sufficient amount for this purpose.

6.3. Other reserves

The Company has unrestricted reserves under this heading from prior years' income.

6.4. Value adjustments

In addition to the fair values net of taxes of derivatives held by the company with financial institutions (see Note 5.3), this heading includes the net value of the derivative with Group companies amounting to (6,405) thousand euros (5,752 thousand euros in 2017) indicated in Note 7.1.



- Detail of main loans (nominal without Commitment fees) including amounts maturing in the short term (in thousand euros):

Type	Currency	Limit	Amount drawn down	Long-term	Short-term	Due date
Syndicated Loan	EUR	1,300,000	1,300,000	1,300,000		may -23
Syndicated Loan Tranche C	EUR	260,000	260,000	260,000		jul.-22
Loan	EUR	160,000	160,000	160,000		mar -21
Loan	EUR	100,000	100,000	100,000		abr.-20
Loan	EUR	100,000	100,000	100,000		feb -24
Loan	USD	43,668	43,668	43,668		ene.-20
Loan	AUD	36,991	36,991	36,991		jun -21
Loan	AUD	33,909	33,909	33,909		jul.-20
Loan	AUD	30,826	30,826	30,826		jul.-20
Loan	AUD	46,239	46,239	46,239		nov.-20
Loan	CAD	8,779	8,779	8,779		ago -22
Other		302,000	302,000	296,000	6,000	Oct-20 to July-23
Total		2,422,412	2,422,412	2,416,412	6,000	

At 31 December 2017, the limit on long-term loans was 2,505.792 thousand euros, of which 2,281,626 thousand euros had been drawing down.

The main non-current debt amounts at 31 December 2018 and 31 December 2017 were the following:

- a) In March 2015 the Company subscribed a syndicated bank loan, with the guarantee of Acciona, S.A., for 1,800 million euros with due date in 2020. On 20 July 2016, the Company increased the syndicated loan up to 2,200 million euros and extended the due date to 2021. On 14 July 2017, the banking agent is changed and the due date is extended to 2022. The credit is divided into four tranches: tranche A, B and C for maximum amounts of 250, 250, and 260 million euros and due dates in July 2020, July 2021, and July 2022 respectively, and tranche D for the maximum amount of 1,440 million euros in the form of a revolving credit, with due date on 14 July 2022. On 14 March 2018 the due date of tranche D is extended by twelve months, with due date on 14 July 2023. The four tranches will be used to refinance part of the Acciona Group debt (the Group to which the Company belongs) and to finance general corporate and investment needs and to strengthen the Group's liquidity.

At 31 December 2017, tranches A, B and C had been completely drawn down.

On 14 March 2018 the due date of tranche D is agreed to be extended by twelve months, with due date on 14 July 2023. At 31 December 2018 the syndicated bank loan has been drawn down in part - tranche C has been completely drawn down and tranche D has not been drawn down. Tranches A and B were amortised in 2018.

- b) In March 2018 the Company cancelled a loan amounting to 550 million US dollars, which was accompanied by an interest rate derivative which was charged as a positive result to the profit and loss account amounting to 10,338 thousand euros (see Note 5.3). The amount drawn down on this loan at 31 December 2017 was 318 million euros.
- c) In April 2017, a loan was formally arranged for the amount of 330 million euros, with due date in March 2022 and accruing market interest rate. The amount outstanding at 31 December 2017 was 85 million euros for the long term and 45 million euros for the short term. At 31 December 2018 the outstanding amount is 160 million euros for the long term, maturing in March 2021 and March 2022.

- d) In 2016, a syndicated financing agreement was signed for 140 million euros to finance the cancellation of the financial contracts held by the ATLL concessionaire. Said syndicated loan matures in April 2019 and accrues a market interest rate. The amount outstanding at 31 December 2017 was 119 million euros for the long term and 8 million euros for the short term. This loan was cancelled in 2018.
- e) In April 2017, a loan was formally arranged for the amount of 100 million euros, with due date in 3 years (April 2020) and accruing market interest rate, to cover refinancing and support for sustainable projects. At 31 December 2018 and 2017 the loan was fully drawn down for an amount of 100 million euros.
- f) In May 2018, the Company entered into a syndicated financing agreement with five financial institutions amounting to 1,300 million euros, with a personal guarantee from Acciona, S.A., maturing on 10 May 2023. The purpose has been to cancel certain bank debt instruments amounting to 1,207 million euros, and to finance the Group's general corporate, investment and cash requirements.
- g) The limit of the multi-currency credit facility was increased by 20 million euros in April 2018, leaving the established limit at 60 million euros. In addition, the repayment date is extended to 2020.
- h) In January 2018, a loan of 25 million euros maturing in 3 years was arranged with a national bank. The loan is included under the "other" caption in the table above.
- i) In July 2018, a loan was formally arranged for the amount of 30 million euros, with due date in 5 years. The loan is included under the "other" caption in the table above.
- j) A drawdown credit of 100 million euros, maturing in 3 years, was arranged in January 2018. It had been totally drawn down at the close of the financial year.

All loans accrue a fixed or floating market interest rate benchmarked to the Euribor, Libor, BBSW and CDOR plus a margin.

Detail at 31 December 2018 by maturity of the items included in "Long-term bank borrowings" and "derivatives" was as follows (in thousand euros):

2020	2021	2022	2023	2024 and subsequent years	Total
370,735	235,694	416,825	1,329,065	100,000	2,452,319

Detail at 31 December 2017 by maturity of the items included in "Long-term bank borrowings" was as follows (in thousand euros):

2019	2020	2021	2022	2023 and subsequent years	Total
751,439	790,821	714,925	430,414		2,687,599

Debentures & other negotiable securities

On 12 April 2018 the fixed-interest securities issue programme - Euro Medium Term Note Programme (EMTN) was renewed under the same terms and conditions, for a maximum amount of up to 2,000 million euros (1,500 million euros in 2017). In relation to this programme, the Group prepared a base leaflet that was approved by the Central Bank of Ireland. These issues accrue annual interest ranging from 0.125% to 4.25%. The securities issued under this programme may: accrue fixed or variable interest, be issued in euros or in another currency and at par, below par and premium and have different maturity dates for the principal and the interest.

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 TITULO DE DEBE Y HABER
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At 31 December 2018 the balances registered against this EMNT programme in the non-current debentures and other negotiable securities accounts, net of transactions costs and considering interest accrued, amounted to 129 million euros (418 million euros in 2017). The fair value of the bonds at the end of the financial year amounts to 766 million euros.

The changes in this heading in 2018 and 2017 were as follows:

	Balance at 31/12/2016	Additions	Removals	Transfers	Balance at 31/12/2017	Additions	Removals	Transfers	Balance at 31/12/2018
Non-current debentures and negotiable securities	62,200	356,094	—	—	418,294	21,025	—	(310,800)	128,519

The details of bonds at 31 December 2018 by maturity was as follows (in thousand euros):

2020	2021	2022	2023	2024 & thereafter	Total
38,000	—	5,000	—	85,519	128,519

The details of bonds at 31 December 2017 by maturity was as follows (in thousand euros):

2019	2020	2021	2022	2023 & thereafter	Total
310,800	22,100	—	—	85,394	418,294

Other disclosures

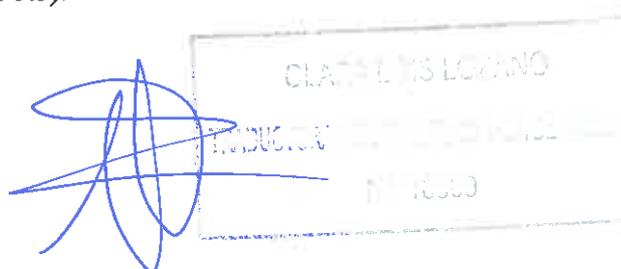
In relation to the syndicated loan for 2,200 million euros, described in the section “Bank borrowings”, it should be noted that the Company must meet certain financial ratios calculated over the consolidated accounts of the Acciona Group (mainly the Net Financial Indebtedness Ratio over EBITDA) and maintain a certain percentage of the recourse debt over the total for the Acciona Group. In addition, there are other non-financial obligations that restrict significant divestment of the obligated entities, the performance of structural changes that affect the Group’s corporate or business structure, as well as its capacity for additional indebtedness or the granting of guarantees.

In relation to this syndicated loan and the rest of the financing subscribed by the Company for which it is stipulated that certain financial ratios must be met, it should be noted that at 31 December 2018 and 2017 the Company was not in default of its financial obligations or of any type of obligation that could lead to early termination of its financial commitments. Similarly, no default is expected for 2019. The Sole Shareholder, Acciona, S.A., is the guarantor of all the loans and financial obligations undertaken by the Company.

In addition, in financial year 2017, there were no defaults or any other non-payments of principal, interest or repayments in respect of bank borrowings.

Payables to Group companies, jointly-controlled entities and associates

“Long-term payables to Group companies and associates” for the amount of 8,969 thousand euros (7,669 thousand euros in 2017) relates almost entirely to the account payable to the company Acciona Energía Internacional, S.A., as a result of the transfer of the interest rate hedge derivative engaged in financial year 2016 and cancelled with the bank in 2017 (see Note 5.3).



7.2. Current financial liabilities

	Bank borrowings		Debentures & other negotiable securities		Payables to Group companies and associates		Derivatives		Interim dividend payable	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Debits and other accounts payable	269,401	388,466	1,096,861	611,704	953,577	569,566	99	--	7,393	--

The detail of "Bank Borrowings" is as follows:

	Bank borrowings	
	2018	2017
Loans	270,847	313,015
Policies	235	76,898
Interest	10,833	12,867
Availability fees	83	587
Commitment fees	-12,597	-14,901
TOTAL	269,401	388,466

Current bank borrowings

The Company holds current credit policies with a limit totalling 367 million euros at 31 December 2018 (200 million euros in 2017), 58 million US dollars (8 million US dollars in 2017), and 10 million Australian dollars (0 Australian dollars in 2017). At the close of 2018, current policies in euros had not been drawn down (16 million euros in 2017), nor had policies in US dollars been drawn down (which was not drawn down in 2017 either), and 0.4 million Australian dollars (59 million Australian dollars in 2017) had been drawn down.

- Breakdown of the main amounts (without Commitment fees or interests) of short-term loans:

Type	Currency	Limit	Amount drawn down
Loan	EUR	35,000	35,000
Loan	EUR	56,500	56,500
Loan	EUR	43,500	43,500
Loan	EUR	55,000	55,000
Loan	USD	14,847	14,847
Other		66,000	66,000
Total		270,847	270,847

At 31 December 2017, the limit on short-term loans was 1,207,276 thousand euros, of which 313,015 thousand euros had been drawn down.

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Breakdown of the main amounts (without Commitment fees or interests) of short-term credit policies:

Type	Currency	Limit	Amount drawn down
Policy	EUR	150,000	--
Policy	EUR	137,000	--
Policy	USD	34,935	--
Policy	USD	15,721	--
Policy	AUD	6,165	235
Other		80,000	--
	Total	423,821	235

At 31 December 2017, the limit on short-term policies was 207,071 thousand euros, of which 77,021 thousand euros had been drawn down.

All the loans and credit policies accrue Euribor, Libor, BBSW and CDOR benchmarked market interest rates plus a margin.

The balances of loans with credit entities correspond to short-term loans and include the debts indicated in note 7.1 that mature in the short term.

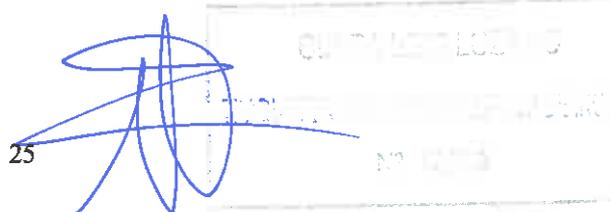
Debentures & other negotiable securities

The Euro Commercial Paper (ECP) Programme formalised on 17 January 2013 by Acciona, S.A. and renewed as from 2015, most recently on 03 May 2018, by the Group's subsidiary Acciona Financiación de Filiales, S.A., with the guarantee of Acciona, S.A., for another twelve months and a maximum of 750 million euros. The Programme was modified on 18 October 2018, increasing the limit to 1,000 million euros. Through this programme, which is listed on the Irish Stock Exchange, notes are issued on the euro market with maturities between 15 and 364 days. In 2018, promissory notes were issued and amortised for 1,207 and 908 million euros, respectively, and the outstanding balance stood at 677 million euros at 31 December 2018 (378 million euros in 2017).

These amounts, together with balances of the EMTN programme due in 2019 are explained in Note 7.1, which amount to 420 million (234 million in 2017). The changes in these products in 2018 and 2017 were as follows:

	Balance at 31/12/2016	Additions	Removals	Transfers	Balance at 31/12/2017	Additions	Removals	Transfers	Balance at 31/12/2018
Current debentures and negotiable securities	444,559	519,607	-352,462		611,704	1,267,829	-1,093,472	310,800	1,096,861

The finance costs associated with financing this kind of products were 16,001 thousand euros (11,738 thousand euros in 2017), and the interest payable on the bonds at the close of 2018 amounted to 2,045 thousand euros (1,508 thousand euros in 2017).



Short-term payables to Group companies, jointly-controlled entities and associates

The details of “payables to Group companies and associates” at 31 December 2018 and 2017 were as follows (in thousand euros):

	Balance at 31/12/2018	Balance at 31/12/2017
Deposits	647,902	537,637
Cash-Pooling	299,126	27,290
Other payables	6,549	4,639
Total	953,577	569,566

Deposits by Group companies

The balances of the main short-term deposits made by Group companies at 2018 and 2017 year-end are as follows:

	Balance at 31/12/2018	Balance at 31/12/2017
Acciona Agua S.A.	51,641	51,231
Acciona Construcción S.A.	464,561	430,460
Acciona Energía Internacional S.A.	53,452	18,931
Acciona Energía Servicios México	71,416	--
Acciona Industrial S.A.	--	36,693
Other	6,832	322
Total	647,902	537,637

These deposits accrue a fixed market interest rate of 1% per annum in favour of the depositing company, remuneration which is established by the Acciona Group Financial Department. The interest accrued but unpaid in this heading amounted to 517 thousand euros (438 thousand euros in 2017) and is included in the balances shown.

Short-term debts with Group companies Cash-pooling

As indicated in Note 5.2, a daily cash-sweep system has been set up for current account balances to different Group subsidiaries. When these sweeps result in a liability for the Company, the treatment is similar to that of deposits, which are remunerated at 1% per annum in accordance with the rates established by the Group's Financial Department.

At the close of 2018 and 2017, the main balances per company were as follows:

	Balance at 31/12/2018	Balance at 31/12/2017
Acciona Inmobiliaria S.A.	249,054	--
Acciona Serv. Urbanos S.L.	--	3,421
Acciona Mantmt. De Infraestruct.	12,873	13,861
Grupo Bodegas Palacio 1984 S.A.	8,280	6,065
Acciona Industrial S.A.	23,765	--



Other	5,154	3,943
Total	299,126	27,290

The interest accrued but unpaid in this heading amounted to 152 thousand euros (65 thousand euros in 2017) and is included in the amounts shown.

8. Information on deferred payments to suppliers

The table below details the information required by Final Provision Two of Act 31/2014, of 3 December, as prepared following application of Resolution dated 29 January 2016 by the Spanish Accounting and Audit Institute. This information refers only to Spain, where this regulation is applicable.

Average payment period and payments made and outstanding at the closing date of the balance sheet:		
	2018	2017
	<i>Days</i>	<i>Days</i>
Average period of payment to suppliers	37.79	40.00
Paid operations ratio	37.79	40.00
Unpaid operations ratio		--
	Amount (thousand euros)	
Total payments made	535	811
Total payments outstanding	2	--

“Average period of payment to suppliers” refers to the time that elapses from delivery of goods or provision of services by a supplier to payment of the operation.

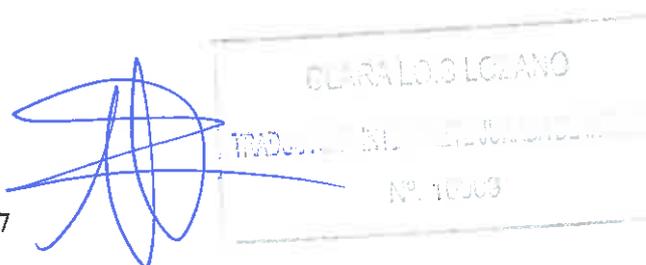
The “Average period of payment to suppliers” is calculated as the quotient whose numerator is the result of adding the paid operations ratio by the total amount of payments made to suppliers plus the operations outstanding ratio by the total amount of payments outstanding and whose denominator is the total amount of payments made and payments outstanding.

The “Paid operations ratio” is calculated as the quotient whose numerator is the sum of the products related to the amounts paid, by the number of payment days (calendar days elapsed as from the time when the period begins to run up to actual payment of the operation) and whose denominator is the total amount of payments made.

And the “Unpaid operations ratio” refers to the quotient whose numerator is the sum of the products related to the amounts outstanding, by the number of payment outstanding days (calendar days elapsed as from the time when the period begins to run up to the closing of annual financial statements) and whose denominator is the total amount of payments outstanding.

9. Tax matters

As indicated in Note 4.2., the Company pays income taxes under the consolidated tax system as it is included in the tax group whose Parent is Acciona, S.A.



With regards to the other amounts reflected in Receivables and payables with Public Administrations, the balances at 31 December 2018 and 2017 are as follows:

	2018	2017
Payable to tax authorities: VAT	5	2
Payable to tax authorities: withholdings	398	12

9.1. Reconciliation of accounting result, taxable base and corporate tax expense

Reconciliation between the accounting result and the expense for Corporate Tax for the year was as follows (in thousand euros):

	2018	2017
Profit before tax	162,714	103,003
Permanent adjustment to tax base	(4,931)	2,731
Taxable base	157,783	105,734
Tax Rate (25%)	39,446	26,433
Adjustments from previous years	350	(244)
Tax expense	39,796	26,189

The tax account is registered with Acciona, S.A, the company heading the tax group, and it amounted to 6,128 thousand euros at 31 December 2018 (included in "other payables" heading, Note 7.2).

In financial year 2018, the Company anticipated in part the payment of the 2018 Corporate Tax to pay to its parent, Acciona, S.A.

In 2018 and 2017 the permanent differences are associated with the portfolio provision and the exemption from interest on participating loans (article 21 of Corporate Tax Act).

9.2. Taxes recognised in Equity

Detail of taxes recognised directly in Equity at 31 December 2018 and 2017 was as follows (in thousand euros):

FY 2018	Balance at 01/01/2018	Increases	Decreases	Balance at 31/12/2018
For deferred tax: <i>Hedge financial instruments</i>	145	5,060	(145)	5,060
FY 2017	Balance at 01/01/2017	Increases	Decreases	Balance at 31/12/2017
For deferred tax: <i>Hedge financial instruments</i>	(559)	145	559	145

9.3. Recognised deferred tax assets and liabilities

Detail of the balance in this account at the close of 2018 and 2017 was the following (in thousand euros):



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	2018	2017
Hedge derivative instruments	5,395	1,997
Total deferred tax assets	5,395	1,997
Hedge derivative instruments	335	1,852
Total deferred tax liabilities	335	1,852

9.4. Years open to verification and review by the tax authorities

According to the legislation in force, taxes cannot be considered definitely settled until the tax forms filed have been examined by the tax authority or the four-year lapse period has elapsed.

The last four years are open to inspection regarding the tax applicable to the Company.

As tax legislation can be interpreted in different ways, the outcome of the tax audits that could be conducted by the tax authorities in the future for the years subject to verification might give rise to tax liabilities which at present cannot be objectively quantified. However, the Directors of the Company consider that such liabilities, if they were to arise, would not affect the annual financial statements in a significant way.

10. Foreign currency

The details of the balances and transactions in foreign currency in financial years 2018 and 2017, measured at the closing exchange rate and average exchange rate, respectively, were the following (in thousand euros):

	2018			2017		
	USD	CAD	AUD	USD	CAD	AUD
Loans receivable Group	833,471	18,496	153,394	575,658	26,850	33,729
Cash and banks	29,930	2,128	6	47	151	148
Loans payable Group	198,225	--	--	96,123	--	--
Debts financial entities	43,668	8,779	190,518	505,426	23,746	186,551
Finance expenses Group	1,191	--	--	1,168	--	--
Finance expenses financial entities	9,059	605	7,063	20,750	954	2,132
Financial income Group	49,093	1,226	9,117	44,534	2,014	2,764
Financial income financial entities	4	--	--	144	--	--

11. Income and expenses

Net revenue

In financial year 2018 the Company basically developed activities relating to the centralisation of financing sources within the Acciona Group and activities typical of a holding company. As such, it did not engage in any significant commercial activity, and, therefore, it does not have activity segments, so the figure for revenue on the income statement related mainly to the financial income from the financing provided to the companies of the Acciona Group, to which the Company belongs (see Note 12.1)

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DIRECTOR GENERAL
Nº 12.11.18

12. Related-party operations and balances

12.1. Related-party operations

Details for financial year 2018 compared to 2017 were as follows (in thousand euros):

	Acciona, S.A.	Other Group Companies	Total 2018
Income from interest	45,665	187,933	233,598
Expenses for interest	--	(8,577)	(8,577)
	Acciona, S.A.	Other Group Companies	Total 2017
Income from interest	23,802	190,655	214,457
Expenses for interest	--	(5,546)	(5,546)

The incomes and expenses above both with the Sole Shareholder and with the remaining Acciona Group companies originated in the financing granted by the Company, including the cash-pooling "sweeping" as explained in Notes 5.2 and 7.2. The financial income was recorded in "Net revenue", as the Company is treated as a holding company.

12.2. Related-party balances

The detail of the balances at the close of 2018 and 2017 were as follows (in thousand euros):

FY 2018	Notes	Acciona, SA.	Other Group Companies	Total 2018
Investments in Group companies	Note 5.1	--	258,433	258,433
Non-current loans and credits to Group companies	Note 5.2	659,127	1,985,244	2,644,371
Current loans and credits to Group companies	Note 5.2	--	554,429	554,429
Cash-pooling debit	Note 5.2	849,205	946,665	1,795,870
Long-term debts with Group companies	Note 7.1	--	8,969	8,969
Short-term debts with Group companies	Note 7.2	7,393	647,902	655,295
Cash-pooling credit	Note 7.2	--	299,127	299,127
Other short-term debts (inc. Debt for corp. tax)	Note 9.1	6,128	420	6,548
FY 2017	Notes	Acciona, SA.	Other Group Companies	Total 2017
Investments in Group companies	Note 5.1	--	67,512	67,512
Non-current loans and credits to Group companies	Note 5.2	--	835,418	835,418
Current loans and credits to Group companies	Note 5.2	--	482,128	482,128
Cash-pooling debit	Note 5.2	673,440	3,125,313	3,798,753
Long-term debts with Group companies	Note 7.1	--	7,669	7,669
Short-term debts with Group companies	Note 7.2	--	537,635	537,635
Cash-pooling credit	Note 7.2	--	27,295	27,295
Other short-term debts (inc. Debt for corp. tax)	Note 9.1	4,636	--	4,636

The main balances detailed here relate to the financing provided and/or received by the Company in accordance with its corporate purpose as explained in Notes 5 and 7.

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12/11/2018

12/11/2018

12.3. Remuneration for Joint Directors and Senior Management

No expenses were accrued for salaries, allowances, civil liability insurance premiums or any other type of remuneration for the Joint Directors in 2017.

The Company had no advances or credits granted or obligations undertaken in pension matters or regarding life insurance Premium payment in relation to former or current Directors.

In addition, the Company has no personnel, so there are no own personnel holding senior management functions. These functions are held by the Sole Shareholder (Acciona, S.A.) corporate Management.

12.4. Other disclosures about the Directors. Statement about conflict of interest

Pursuant to Article 229 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act was approved, at 31 December 2018 and 2017, according to the information available to the Company and notified by Directors and their related parties, they were not involved in any situations of conflict, whether direct or indirect, with the Company's interests.

13. Other disclosures

13.1. Auditor's fees

For financial years 2017 and 2018, the fees for financial audit and other services provided by the auditor of Acciona, S.A.'s financial statements, KPMG Auditores, S.L., or by firms in the KPMG organisation, were as follows:

	Services provided by the main auditor		Services provided by other audit firms	
	2018	2017	2018	2017
Auditing services	3	3	--	--
Other assurance services	--	81	--	40
Total Professional Services	3	84	--	40
Tax advisory services	--	--	--	--
Other services	16	--	--	--
Total professional services	16	--	--	--

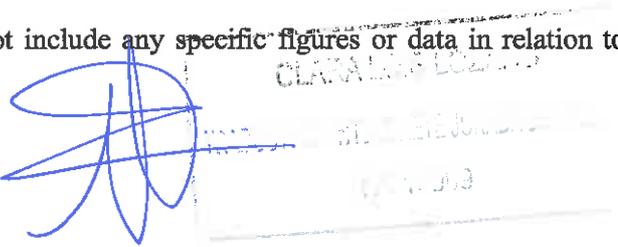
The fees for services provided by the auditing firm KPMG Auditores, S.L. have been 3 thousand euros in 2018 (3 thousand euros in 2017) for the financial statements, and there have been no fees for other assurance services in 2018 (81 thousand euros in 2017).

The concept "other services" basically includes services for reports on agreed procedures related to compliance with covenants.

13.2. Environmental matters

The environmental regulations for the time being in force do not affect in any relevant manner the activities developed by the Company, so there are no liabilities, expenses, revenue, grants, assets, provisions or contingencies of an environmental nature that could be significant in relation to the equity, financial positions and results of the Company.

Therefore, these annual financial statements do not include any specific figures or data in relation to environmental matters.



CLARA LÓPEZ LOPEZ
DIRECTORA GENERAL DE ADMINISTRACIÓN
17/07/2018

13.3. Guarantees undertaken with third parties, other contingent liabilities and commitments

At the close of financial years 2018 and 2017, the Company had no bonds granted by financial entities or any other obligations or contingent liabilities that should be disclosed in these notes.

Furthermore, the Company guarantees joint and severally the amount of 150 million euros to the European Investment Bank. Said amount guarantees two loans granted by the EIB to Acciona, S.A.

14. Events after the reporting date

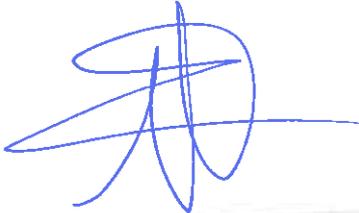
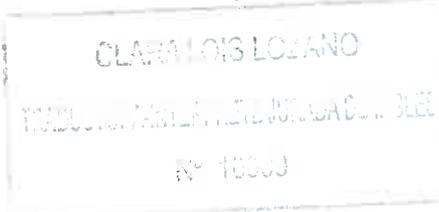
With regards to the loan that the Company has granted to ATLL Concesionaria de la Generalitat de Catalunya S.A. and the conflict that the latter has with the Generalitat, on 16 January 2019 the Group submitted, within the term granted, allegations requiring the procedure to evict the facilities to be terminated insofar as ATLL Concesionària de la Generalitat de Catalunya, S.A. was not legally or contractually obliged to return the facilities and cease to effectively provide the service, until the corresponding compensation from the Generalitat has been paid.

Likewise, on 6 and 12 February 2019, the appeals filed in response to the concession asset eviction and return requirements for the assets under the Group's control and allowing the service to be provided were rejected by the HCJC. Therefore, the Group has submitted a written request to the Generalitat on 13 February 2019 to formalise the delivery of the assets subject to the provision of the service, and to continue as promptly and efficiently as possible, with the contract liquidation procedure, all in accordance with the terms and conditions included therein. However, as established in Article 56 of the Tender Specifications and the joint decision of the Regional Departments of Economy & Knowledge and Territory and Sustainability of the Generalitat de Catalunya, the Group shall continue to provide the concession services until the compensation set out in the Tender Specifications and in the Consolidated Text of the Public Contract Law is paid and until the minutes in relation to the return of the assets and rights linked to the public service are signed. On the assumption that the Group ceases to provide the service, without receiving the corresponding compensation, all appropriate legal and administrative procedures will be initiated, to claim the relevant contractual amount corresponding to the liquidation of such concession from the Generalitat.

As indicated in Note 5.2, at 31 December 2018 the Company is the holder of a receivable from ATLL Concesionària de la Generalitat de Catalunya S.A for the amount of 118 million, which the Directors believe will be fully met and therefore no provisions have been recorded for this purpose at 2018 year-end.

In Alcobendas on 28 February 2019

The Joint Directors

ACCIONA CORPORACION, S.A.
Represented by José Julio Figueroa Gómez de Salazar

ACCIONA DESARROLLO CORPORATIVO, S.A.
Represented by José Ángel Tejero Santos

ANNEX I. GROUP COMPANIES

The subsidiaries of Acciona Financiación Filiales, S.A. considered as Group companies at 2018 and 2017 year-end are the following (amounts in thousand euros):

Name	Location	Division	Audited (*)	2018				Indirect Share %	Sum	Dividends received	Capital	Reserves	Subsidiary Information		Subs-Controlling
				Investment	Provisional	NCA	Direct						Trabs. Diff.	Attributed Result	
Acciona Financiación de Filiales Chile S.p.a.	Chile	Other Business	C	82,724	--	82,724	100.00%	100.00%	--	82,724	4,183	(4,023)	2,233	--	
Acciona Financiación de Filiales Australia PTY Ltd	Australia	Other Business	C	175,709	--	175,709	100.00%	100.00%	--	175,709	(86)	10	(67)	--	
2017															
Name	Location	Division	Audited (*)	Investment	Share %	NCA	Direct	Sum	Dividends received	Capital	Reserves	Trabs. Diff.	Attributed Result	Dividend	Subs-Controlling
Acciona Financiación de Filiales Chile S.p.a.	Chile	Other Business	C	70,873	(3.361)	67,511	100.00%	100.00%	--	70,873	101	(8,080)	4,082	--	--
Acciona Financiación de Filiales Australia PTY Ltd	Australia	Other Business	C	0	--	0	100.00%	100.00%	--	--	--	3	(86)	--	--

(*) Companies whose financial statements are audited by: (A) Deloitte; (B) PricewaterhouseCoopers; (C) KPMG; (D) Ernst & Young; (E) Other.

OLIVIERO LOZANO
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 Nº 10003

ACCIONA FINANCIACIÓN DE FILIALES S.A.
(Sole-Shareholder Company)
DIRECTORS' REPORT – FINANCIAL YEAR 2018

1.- Business trend and situation of the Company:

The Company's revenue increased by 13.8% with respect to the previous period in financial year 2018. This increase was mainly due to an increase in loans granted to related companies, which grew by 36.7%.

The evolution of cash-pooling in terms of income has remained practically unchanged with respect to the previous year, although towards the end of the year the amounts lent under this credit modality decreased, falling 15.9% with respect to the amounts from the previous year.

With regards to debt, and in line with the decrease in cash-pooling, debt also decreased by 3.7% with respect to the overall volume at 2017 year-end.

2.-Events after the reporting date:

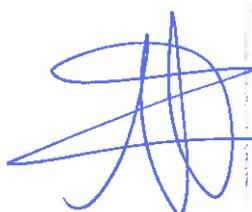
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3.-Foreseeable trend of the Company:

The foreseeable trend for 2019 is for a stable scenario, in which levels similar to the main variables handled by the Company this year are expected to be maintained.


CLARA LLORENS LOZANO
DIRECTOR GENERAL DE ACCIONA FINANCIACIÓN DE FILIALES S.A.
Nº 16003

4.-Treasury stock:

The Company did not carry out any treasury stock operations in the course of the year. At the close of the year, the Company did not hold any treasury stock or shares in the Parent Company.

5.-R&D expenses:

The Company did not incur any R&D expenses.

6.- Risk management policies

Liquidity risk

The Company manages the liquidity risk with prudence, keeping an adequate level of cash and negotiable securities and arranging for credit facilities for a sufficient amount to support projected needs. At 31 December 2018 the Company had available additional financing that had not been drawn down, for the amount of 2,000 million euros.

Ultimate responsibility for liquidity risk management lies with the Economic and Financial Department, which prepares the appropriate framework to control the group's liquidity requirements in the short, medium and long term. The Company manages liquidity risk by holding adequate reserves, appropriate banking services, having credit facilities and loans available, monitoring projected and actual cash flows on an on-going basis and pairing them against financial asset and liability maturity profiles.

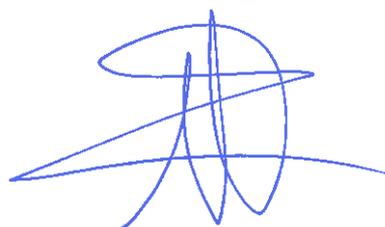
Finally, in relation to this risk, it should be mentioned that the Company, seeking to diversify its financing sources, has a European Commercial Paper programme registered for the maximum amount of 1,000 million euros, to issue notes with maturity under one year, as well as a Euro Medium Term Note programme for the maximum amount of 2,000 million euros.

Interest rate risk

Fluctuations in the interest rates to which the Group's financial assets and liabilities are referenced in its balance sheet affect both the Company's balance sheet and its statements of profit and loss and cash flows. The impact of these fluctuations is sometimes mitigated by arranging derivative hedging financial instruments. This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Company's accounts, a simulation was performed which assumed a 50-basis point increase and decrease in interest rates at 31 December 2018.

This sensitivity analysis to upward or downward changes of 0.50% in floating Euribor / Libor interest rates gave rise to a sensitivity in the Group's income statement arising from an increase or decrease in financial results due to interest payment, with the effect of derivatives being considered, of 10,625 thousand euros at 31 December 2018.



CLARA LOIS LOZANO
TRONFORANTE DE JUANABAY
Nº. 10000

Credit risk

Credit risk is the risk that the counterparty to a contract does not meet its obligations, giving rise to a financial loss for the Company. The Company has adopted a policy of only negotiating with group companies, so this risk is significantly reduced.

Foreign currency risk

Foreign currency risk arises from the appreciation or depreciation of the currencies in which the Group operates with respect to the euro, the currency in which financial results are presented. Acciona has developed a process of growing internationalisation, which means it has increased exposure to foreign currency risk involving transactions in the currencies of the countries where it invests and operates. Foreign currency risk arises mainly from investments, debt, supplies and services denominated in currencies other than the euro and foreign currency collections and payments.

This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

In order to mitigate foreign currency risk, the Acciona Group uses currency derivatives and exchange rate hedges to cover significant future transactions and cash flows, within acceptable risk limits.

7.- Average payment period

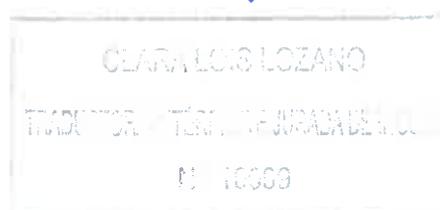
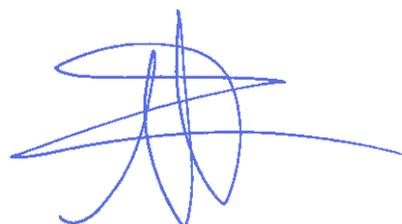
Most payments to suppliers were made within the legally established deadline. In financial year 2018, the average payment period (APP) estimated by the Company did not exceed the maximum period provided for by law; the Company continues to monitor constantly this period to ensure that it is not exceeded.

In Alcobendas on 28 February 2019

The Joint Directors

ACCIONA CORPORACION, S.A.
Represented by José Julio Figueroa Gómez de Salazar

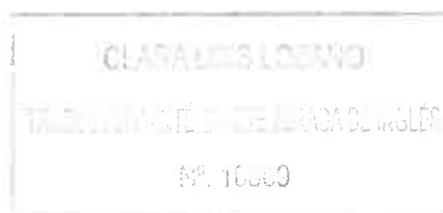
ACCIONA DESARROLLO CORPORATIVO, S.A.
Represented by José Ángel Tejero Santos



Doña Clara Lois Lozano, Traductora-Intérprete Jurada de inglés número 10009 nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que sigue es traducción fiel al inglés de un documento escrito en español. En caso de discrepancia o ambigüedad, prevalecerá lo indicado en el original.

En Madrid, a 23 de abril de 2019

Firmado.



Ms Clara Lois Lozano, Sworn English Translator and Interpreter number 10009, authorized by the Spanish Ministry of Foreign Affairs, certifies that the succeeding is a truthful translation into English of a document written in Spanish. In case of any discrepancy or ambiguity, the original document shall prevail.

Madrid, on the 23rd day of April 2019

Signed.

