Acciona, S.A. and Subsidiaries

Consolidated Financial Statements

31 December 2018

Consolidated 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.
Paseo de la Castellana, 259C
28046 Madrid

Auditor's Report on the Consolidated Financial Statements issued by an Independent Auditor

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

To the Shareholders of Acciona, S.A.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Acciona, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the balance sheet at 31 December 2018, the income statement, the statement of comprehensive income, the statement of changes in total equity, the statement of cash flows, and the notes, all of them consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the equity and financial position of the Group at 31 December 2018 and of its financial performance and cash flows, all of them consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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 Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from construction contracts

See notes 4.1, 4.2(O) and 25 to the consolidated financial statements

Key audit matter	*How the matter was addressed in our audit*
A large part of the Group's revenue is from construction service contracts, whereby revenue is recognised in accordance with the percentage of completion method, which requires estimating the margin on each contract, the costs still to be incurred and the probability that revenue arising from any amounts claimed or disputed vis-à-vis clients will be received. Moreover, during this process consideration must be given as to whether these aspects need to be analysed in accordance with a new accounting standard for revenue recognition, *IFRS 15 Revenue from Contracts with Customers*, applicable from 1 January 2018 onwards. The recognition of revenue and profit or loss on these contracts therefore requires a high level of judgement by management and the Directors, and rigorous control over the estimates made and any deviations that may arise over the life of the contracts. The estimates take into account all costs and revenue related to the contracts, including any unforeseen cost overruns, risks or claims currently in dispute and any revenue currently being negotiated with or claimed from clients. The Group recognises revenue arising from amounts under negotiation with or being claimed from clients at the amount which, it is considered highly probable, will not be subject to significant change once the inherent uncertainty is resolved, either because customer approval has been obtained or because there are technical and/or legal reports that support this circumstance. Due to the uncertainty associated with these estimates and as any changes therein could give rise to material differences in the revenue recognised, this has been considered a key audit matter.	Our audit procedures included the following: - We evaluated the design, implementation and effectiveness of key controls in relation to the process for revenue recognition using the percentage of completion method and the process for budget control, evaluating the methodology used to draw up the contract budgets and monitor the assumptions used therein. - Based on certain quantitative and qualitative selection criteria, we obtained a sample of construction contracts and evaluated the most significant and complex estimates therein used by the Group for purposes of revenue recognition. We obtained documentation supporting these estimates and evidencing the judgements made by management and the Directors. - We compared the profit or loss on completed contracts with the budgeted profit or loss, including the historical performance and the Group's control over the budget, to evaluate the reasonableness of the estimates made regarding the contracts. - For a selection of contracts, we analysed key clauses and identified significant contractual mechanisms such as penalties and bonuses, in order to evaluate whether these clauses are adequately reflected in the amounts recognised in the consolidated financial statements.

Recognition of revenue from construction contracts See notes 4.1, 4.2(O) and 25 to the consolidated financial statements	
Key audit matter	*How the matter was addressed in our audit*
	- We evaluated the judgement applied by the Group and, in general, the reasonableness of executed works with progress billings pending, which are under negotiation with or being claimed from customers and have been recognised as revenue at the reporting date, as well as the judgement applied with respect to the recognition of variable consideration. In this respect, we updated the status of customer negotiations for the main case files and verified the reasonableness and consistency of the documentation supporting such recognition, including, where applicable, the related technical and/or legal reports. - We visited some of the most significant building sites, carrying out on-site inspections of the stage of completion of the projects and identifying possible areas of risk through observation, analysis of documentation and discussion with works personnel. - We assessed whether the provisions recognised at year end in relation to each of the contracts reasonably reflect the main obligations and the level of risk of the contracts, assessing the judgement of management and the Directors in these estimates. - We assessed whether the information disclosed in the consolidated financial statements meets the requirements of the financial reporting framework applicable to the Group, including that relating to first-time application of the revenue recognition standard, IFRS 15.

Recoverability of property, plant and equipment of the Energy division See notes 4.2 (E) and 5 to the consolidated financial statements	
Key audit matter	*How the matter was addressed in our audit*
The Group recognised impairment of Euros 641 million on the property, plant and equipment of the Energy division in prior years. In accordance with the applicable financial reporting framework, at the end of each reporting period the Group assesses whether there has been any indication of possible impairment or any evidence of changes in the events or circumstances that gave rise to previously recognised impairment and, where applicable, regulatory or other changes that could modify future cash flow expectations. Determining and measuring the indications requires management and the Directors to make significant judgements and estimates, which increases the risk. Consequently, this area has been considered a key audit matter.	Our audit procedures included the following: - We obtained an understanding of the evaluation process used by the Group to identify indications of impairment of property, plant and equipment or indications that previously recognised impairment should be reassessed, and we evaluated the design and implementation of that process. - We reviewed management's analysis of the impairment of property, plant and equipment of the Energy division and the conclusions drawn. - We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.

Valuation of the investment in Nordex SE See notes 3.2 (f) and 9 to the consolidated financial statements	
Key audit matter	*How the matter was addressed in our audit*
The Group has an investment in Nordex SE, an equity-accounted company listed on the Frankfurt Stock Exchange.The value of this investment at 31 December 2018 is Euros 556 million. Since the acquisition of the investment in 2016, there has been a decline in the listed price of Nordex SE to below the carrying amount at which this investment is recognised in the consolidated balance sheet. At 31 December 2018, the Group has estimated the recoverable amount of its investment in Nordex SE based on the estimated value in use, determined as the present value of the expected future cash flows from the investment. There is a high level of judgement and complexity involved in determining whether there are indications of impairment and estimating the value in use of the Group's investment in Nordex SE. Value in use is based, among other things, on financial projections that consider the assumptions made regarding macroeconomic trends, the internal circumstances of the investee and its competitors, discount rates and the future performance of the business. Moreover, changes in the key assumptions considered by the Group in its valuation of Nordex SE could entail substantial modifications to the investee's value in use and, therefore, its carrying amount at year end. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the investment in Nordex SE, we have considered the valuation of this investment a key audit matter.	Our audit procedures included the following: - We documented our understanding of the processes followed by the Group in identifying indications of impairment and estimating the value in use, including tests of the design and implementation of the key controls defined by the Group in relation to these processes. - We evaluated the reasonableness of the methodology and assumptions used by the Group in estimating the recoverable amount of the investment in Nordex SE, with the collaboration of our specialists in business valuations. We reviewed the extent of achievement of the estimates in past business plans and contrasted the information contained in the valuation model with Nordex SE's business plans used by the Group and with estimates and forecasts for the industry of which Nordex SE forms part, calculated by external sources. In addition, we evaluated the growth rates and discount rates used in the calculation of the recoverable amount, and sensitivity of the latter to changes in key assumptions to determine its impact on the valuation. - Lastly, we assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.

Lawsuits and contingencies See notes 4.2 (m) and 17 to the consolidated financial statements	
Key audit matter	*How the matter was addressed in our audit*
The Group is exposed to possible claims and disputes in the course of its activity and could become involved in both administrative and legal proceedings, as well as arbitration matters. The control, monitoring and assessment process for claims and disputes affecting the Group is complex and requires the exercising of judgement by management and the Directors in estimating future developments therein, the probability of a ruling being handed down that goes against the Group's interests, the possible financial consequences and, where applicable, the amount of any provisions that might need to be recognised to cover the related obligations, as well as other accounting impacts and/or the disclosures to be included in the consolidated financial statements. In particular, as described in note 17 to the consolidated financial statements, the Catalan Regional Government's Minister for Regional Planning and Sustainability notified the subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A., by means of a resolution issued on 4 June 2018, that the concession agreement under which that subsidiary had been operating and managing the high level water supply service for the Ter-Llobregat system had been cancelled and was entering settlement, pursuant to the provisions of the Catalonia High Court of Justice (TSJC) judgment of 22 June 2015, after the cassation appeals lodged by the parties with the Supreme Court were rejected in February and March 2018. At the date on which the consolidated financial statements were authorised for issue, ATLL Concessionària de la Generalitat de Catalunya, S.A. was still providing the aforementioned service, in accordance with the Catalan Regional Government's Decree-Law 4/2018 of 17 July 2018, although the Group considers that the assets used in rendering the service under the concession will be delivered and made available to the Catalan Regional Government shortly.	Our audit procedures included the following: - We obtained details of the claims and lawsuits in which the Group is involved, through information provided by the Group's legal counsel. - We evaluated the design and implementation of the relevant controls established by the Group in relation to the integrity of claims and litigation and to estimate the possible consequences thereof for the Group and, where appropriate, the necessary provisions and their corresponding recognition. - We obtained responses from the Group's lawyers containing their representations regarding the status, probability and possible consequences for the Group of the most significant claims and disputes in quantitative and qualitative terms. - For relevant claims and lawsuits, we evaluated, together with our legal specialists, the reasonableness of the assumptions and estimates made by management and the Directors, and, where applicable, by the Group's lawyers, including an assessment of the legal grounds put forward by the Group's lawyers, and the estimates made by management and the Directors, in particular as regards the view that the settlement resulting from the early rescission of the concession agreement vis-à-vis ATLL Concessionària de la Generalitat de Catalunya, S.A. will not give rise to losses for that subsidiary, as well as the effects of those estimates on the consolidated financial statements of the Group at 31 December 2018. - We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.

Lawsuits and contingencies See notes 4.2 (m) and 17 to the consolidated financial statements	
Key audit matter	*How the matter was addressed in our audit*
As stated in the aforementioned note to the consolidated financial statements, on the basis of independent expert reports, the Group estimates that the settlement of the concession agreement, as indicated in clause 9.12 thereof, would amount to Euros 305 million, notwithstanding the amount of any indemnity that could be payable, based on the estimates of management and the Directors, in respect of damage and loss incurred as a result of the early termination of the agreement, pursuant to clause 55 of the tender specifications through which the concession was awarded at the time, and which the Group considers could amount to euros 770 million. In this context however, and considering the uncertainties associated with the present status of the termination of the ATLL Concessionària de la Generalitat de Catalunya, S.A. concession, management and the Directors –taking into account the evaluation of their legal counsel– consider the probability that the settlement resulting from the early rescission of the concession agreement will give rise to losses for the aforementioned subsidiary is remote. As such, at 31 December 2018 the Group has included under current assets in the consolidated balance sheet only the net amount of the assets and liabilities used in the concession activity that were recorded in the accounts of the subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A. at that date. Due to the judgement inherent in assessing such matters, in view of the uncertainty associated with the estimates and resolution timelines related with claims and disputes, and because changes in estimates could give rise to significant differences with respect to the amounts recognised by the Group at the reporting date, we have considered lawsuits and contingencies to be a key audit matter.	

Other information: Consolidated Directors' Report

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

Our audit opinion on the consolidated financial statements does not encompass the consolidated directors' report. Our responsibility regarding the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the consolidated directors' report, or where applicable, that the directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated financial statements, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated 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 above, we have verified that the information mentioned in a) above has been provided in the consolidated directors' report and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated financial statements for 2018 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Financial Statements

The Parent's Directors are responsible for the preparation of the accompanying consolidated financial statements in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent 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.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated financial statements 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 28 February 2019.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 18 May 2017 for a period of three years, from the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors (“ROAC”) with No. S0702

(Signed on original in Spanish)

Borja Guinea López
On the Spanish Official Register of
Auditors (“ROAC”) with No. 16210

28 February 2019

ACCIONA, S.A.

AND

SUBSIDIARIES
(Consolidated Group)

CONSOLIDATED

FINANCIAL STATEMENTS

AND

DIRECTORS' REPORT

2018

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ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR FINANCIAL YEARS 2018 and 2017 (Thousand euros)

ASSETS	Note	31.12.2018	31.12.2017
Property, plant and equipment	5	6,735,988	6,640,329
Investment property	6	130,800	176,757
Goodwill	7	198,466	185,650
Other intangible assets	8	584,583	1,576,022
Other non-current financial assets	11	208,086	131,923
Investments accounted for using the equity method	9	1,000,822	1,391,331
Deferred tax assets	22	787,378	805,369
Non-current receivables and other non-current assets	12	355,959	277,250
NON-CURRENT ASSETS		**10,002,082**	**11,184,631**
Inventories	13	914,311	820,965
Trade and other accounts receivable	14	1,700,814	1,891,893
Other current financial assets	11	178,305	246,988
Current income tax assets	22	107,475	146,403
Other current assets		317,201	151,576
Cash and cash equivalents	15	1,717,405	1,272,781
Non-current assets held for sale	23	--	1,432,121
CURRENT ASSETS		***4,935,511***	***5,962,727***
TOTAL ASSETS		**14,937,593**	**17,147,358**

EQUITY AND LIABILITIES	Note	31.12.2018	31.12.2017
Share capital		57,260	57,260
Retained earnings and issue premium		3,637,683	3,943,324
Treasury shares		(199,616)	(3,146)
Translation differences		(205,902)	(237,211)
Interim dividend		--	--
Equity attributable to equity holders of the Parent Company	16	**3,289,425**	**3,760,227**
Non-controlling interests	16	205,713	203,041
EQUITY		**3,495,138**	**3,963,268**
Preferred shares, debentures and other marketable securities	18	405,980	864,938
Bank borrowings	18	3,673,960	4,406,936
Deferred tax liabilities	22	475,929	490,506
Provisions	17	420,354	528,607
Other non-current liabilities	21	892,371	1,786,271
NON-CURRENT LIABILITIES		**5,868,594**	**8,077,258**
Preferred shares, debentures and other marketable securities	18	1,243,758	641,148
Bank borrowings	18	904,838	831,142
Trade and other accounts payable	36	2,459,030	2,199,217
Provisions		231,888	139,810
Current income tax liabilities	22	60,366	77,385
Other current liabilities	21	673,981	744,590
Liabilities held for sale	23	--	473,540
CURRENT LIABILITIES		**5,573,861**	**5,106,832**
TOTAL EQUITY AND LIABILITIES		**14,937,593**	**17,147,358**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2018.

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº. 10009

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR 2018 and 2017
(Thousand euros)

	NOTE	2018	2017
Revenue	25	7,509,529	7,253,974
Other income	4.2 A)	461,928	613,346
Changes in inventories of finished goods and work in progress		43,837	29,166
Cost of goods sold	26	(2,170,316)	(1,975,668)
Personnel expenses	26	(1,486,319)	(1,497,031)
Other operating expenses	26	(3,113,997)	(3,148,568)
Depreciation and amortisation charge and change in provisions	4,5,7,26	(638,805)	(662,989)
Impairment and profit/(loss) on disposals of non-current assets	26	151,683	104,323
Other gains and losses		(129)	3,774
OPERATING PROFIT		**757,411**	**720,327**
Financial income	28	48,600	45,628
Finance costs	28	(341,807)	(368,747)
Translation differences		2,506	(9,898)
Profit/(loss) from changes in value of financial instruments at fair value	26	(196)	38,482
Profit/(loss) of companies accounted for using the equity method	8	42,266	(69,506)
PROFIT/(LOSS) BEFORE TAX		**508,780**	**356,286**
Income tax expense	22	(136,323)	(105,341)
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**372,457**	**250,945**
Profit/(Loss) after tax from discontinued operations		–	–
YEAR'S PROFIT/(LOSS)		**372,457**	**250,945**
Non-controlling interests	16	(44,427)	(30,814)
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT COMPANY		**328,030**	**220,131**
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Euros)	**31**	**5.90**	**3.85**
DILUTED EARNINGS PER SHARE (euros) CONTINUING OPERATIONS (Euros)	**31**	**5.90**	**3.79**
BASIC EARNINGS PER SHARE (euros)	31	5.90	3.85
DILUTED EARNINGS PER SHARE (euros)	31	5.90	3.79

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2018.

CLARA LUIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº. 10000

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2018 and 2017 (Thousand euros)

	Note	2018	2017
A) CONSOLIDATED PROFIT FOR THE YEAR		**372,457**	**250,945**
1. Profit attributed to the Parent Company		328,030	220,131
2. Non-controlling interests		44,427	30,814
B) ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		**(168)**	**116**
1. Revaluation/(Reversion of revaluation) of property, plant and equipment and intangible assets		--	--
2. Actuarial gains and losses and other adjustments	17	(224)	155
3. Tax effect		56	(39)
C) ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		**86,911**	**(150,288)**
Income and expense recognised directly in equity:		**25,619**	**(184,983)**
1. Revaluation of financial instruments:		(193)	(316)
a) Available-for-sale financial assets	16	(193)	(316)
b) Other income / (expenses)		--	--
2. Cash flow hedges	20	23,570	60,879
3. Translation differences		8,087	(230,405)
4. Other income and expenses recognised directly in equity		--	--
5. Tax effect		(5,845)	(15,141)
Transfers to the income statement:		**61,292**	**34,695**
1. Revaluation of financial instruments:		--	--
a) Available-for-sale financial assets		--	--
b) Other income / (expenses)		--	--
2. Cash flow hedges	20	50,482	47,548
3. Translation differences		23,430	(966)
4. Other income and expenses recognised directly in equity		--	--
5. Tax effect		(12,620)	(11,887)
TOTAL RECOGNISED INCOME / (EXPENSE) (A+B+C)		**459,200**	**100,773**
a) Attributed to the Parent Company		396,218	121,324
b) Attributed to non-controlling interests		62,982	(20,551)

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2018.

CLARA LOIS LOZANO

TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS

Nº 10030

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 December 2018 (thousand euros)

	Equity attributed to the Parent Company (thousand euros) Shareholders' Equity (Note 16)							
	Share capital	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent Company	Other equity instruments	Value adjust-ments	Non-controlling interests	Total equity
Opening balance at 01/01/18	**57,260**	**3,861,097**	**(3,146)**	**220,131**	**--**	**(375,115)**	**203,041**	**3,963,268**
Adjustments due to changes in accounting policies (note 4.1)	--	(499,086)	--	--	--	--	(2,736)	**(501,822)**
Adjustments due to errors	--	--	--	--	--	--	--	**--**
Adjusted opening balance	**57,260**	**3,362,011**	**(3,146)**	**220,131**	**--**	**(375,115)**	**200,305**	**3,461,446**
Total recognised income/(expense)	--	--	--	328,030	--	68,188	62,982	**459,200**
Transactions with shareholders or owners	--	(171,352)	(204,781)	--	--	--	(58,185)	(434,318)
Capital increases/(reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(171,779)	--	--	--	--	(46,648)	(218,427)
Treasury share transactions (net)	--	427	(204,781)	--	--	--	--	(204,354)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	(15,324)	(15,324)
Other transactions with shareholders or owners	--	--		--	--	--	3,787	3,787
Other changes in equity	--	220,019	8,311	(220,131)	--	--	611	8,810
Share-based payments	--	(162)	8,311	--	--	--	--	8,149
Transfers between equity items	--	220,131	--	(220,131)	--	--	--	--
Other changes	--	50	--	--	--	--	611	661
Closing balance at 31/12/18	**57,260**	**3,410,678**	**(199,616)**	**328,030**	**--**	**(306,927)**	**205,713**	**3,495,138**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2018.

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº. 10009

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 DECEMBER 2017 (thousand euros)

	Equity attributed to the Parent Company (thousand euros) Shareholders' Equity (Note 16)							
	Share capit:	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent Company	Other equity instrument s	Value adjust-ments	Non-controlling interests	Total equity
Opening balance at 01/01/17	**57,260**	**3,712,946**	**(14,403)**	**351,981**	**--**	**(276,308)**	**265,870**	**4,097,346**
Adjustments due to changes in accounting policies	--	--	--	--	--	--	--	--
Adjustments due to errors	--	--	--	--	--	--	--	--
Adjusted opening balance	**57,260**	**3,712,946**	**(14,403)**	**351,981**	**--**	**(276,308)**	**265,870**	**4,097,346**
Total recognised income/(expense)	--	--	--	220,131	--	(98,807)	(20,551)	**100,773**
Transactions with shareholders or owners	--	(201,992)	(2,195)	--	--	--	(39,053)	(243,240)
Capital increases/(reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(164,569)	--	--	--	--	(40,422)	(204,991)
Treasury share transactions (net)	--	(35,711)	(2,195)	--	--	--	--	(37,906)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	2,426	2,426
Other transactions with shareholders or owners	--	(1,712)	--	--	--	--	(1,057)	(2,769)
Other changes in equity	--	350,143	13,452	(351,981)	--	--	(3,225)	8,389
Share-based payments	--	573	13,452	--	--	--	--	14,025
Transfers between equity items	--	351,981	--	(351,981)	--	--	--	--
Other changes	--	(2,411)	--	--	--	--	(3,225)	(5,636)
Closing balance at 31/12/17	**57,260**	**3,861,097**	**(3,146)**	**220,131**	**--**	**(375,115)**	**203,041**	**3,963,268**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2018.

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ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2018 and 2017 (Thousand euros)	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		**635,652**	**491,087**
Profit before tax from continuing operations		508,780	356,286
Adjustments for:		**648,848**	**846,776**
Depreciation and amortisation charge and provisions	5,6,7,8,11, 13,14,17,2	640,356	627,494
Other adjustments to profit (net)	9,26,28	8,492	219,282
Changes in working capital		**(300,468)**	**(343,096)**
Other cash flows from operating activities:		**(221,508)**	**(368,879)**
Interest paid	28	(267,962)	(297,724)
Interest received	28	44,575	32,207
Dividend received	9	77,255	20,204
Income tax recovered/(paid)	25	(38,504)	(110,812)
Other amounts received/(paid) relating to operating activities		(36,872)	(12,754)
CASH FLOWS FROM INVESTMENT ACTIVITIES	**5,6,8,11**	**700,374**	**(588,435)**
Payments due to investment:		**(682,334)**	**(929,097)**
Group companies, associates and business units		(37,631)	(160,329)
Property, plant and equipment, intangible assets and investment property		(644,703)	(768,768)
Proceeds from disposal:		**1,465,928**	**231,036**
Group companies, associates and business units		1,369,632	188,433
Property, plant and equipment, intangible assets and investment property		96,296	42,603
Other cash flows from investment activities:		**(83,220)**	**109,626**
Other amounts received/(paid) relating to investment activities		(83,220)	109,626
CASH FLOWS FROM FINANCING ACTIVITIES		**(872,361)**	**(25,574)**
Proceeds and (payments) relating to equity instruments:	**16**	**(196,043)**	**(6,567)**
Purchases		(196,043)	(6,567)
Disposals		--	--
Proceeds and (payments) relating to financial liability instruments:	**18**	**(487,966)**	**237,954**
Proceeds from issues		2,637,484	2,088,175
Repayments and redemptions		(3,125,450)	(1,850,221)
Dividends and returns on other equity instruments paid	**16**	(218,427)	(204,991)
Other cash flows from financing activities		**30,075**	**(51,970)**
Other amounts received/(paid) relating to financing activities		30,075	(51,970)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(19,041)**	**(32,616)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**444,624**	**(155,538)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,272,781	1,428,319
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,717,405	1,272,781
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash on hand and at banks		1,352,329	909,851
Other financial assets		365,076	362,930
TOTAL CASH AND CASH EQUIVLAENTS AT END OF YEAR	**15**	**1,717,405**	**1,272,781**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 OF ACCIONA, S.A. AND SUBSIDIARIES
(Consolidated Group)

1.- Group activities

Acciona, S.A. ("the Parent Company" or "the Company") and its subsidiaries integrate the Acciona Group ("Acciona" or the "Group"). Acciona, S.A.'s registered office and headquarters are in Alcobendas (Madrid) at Avenida de Europa 18.

The Acciona Group companies operate in several sectors of economic activity, including most notably:

- Energy: including the electric business encompassing the promotion of renewable generation plants, its construction, its O&M and the sale of the produced energy. All the electricity generated by Acciona Energy is renewable.

- Infrastructure: Including activities relating to:

    - Construction: including infrastructure construction and engineering activities.
    - Industrial: turn-key projects of high technological content mainly for the construction of generation plants and transmission networks.
    - Concessions: including the exploitation of mainly transport and hospital concessions.
    - Water: including the activities relating to the construction of desalination plants, water and wastewater treatment plants, as well as the management of the entire water cycle, an activity that covers from the initial water collection, to its treatment, including desalination, to its purification and return to the environment after use. It also operates concessions for services related to the entire water cycle.
    - Services: including the activities of facility services, airport handling services, waste collection and treatment, and logistics services, among others.

- Other Activities: businesses relating to fund management and stock market brokerage, wine production, the real estate business, and other investments. The Subgroup Acciona Trasmediterránea was also included in this section until its sale in May 2018 (see note 3.2h).

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2. - **Regulatory framework for the energy division**

Spain

The regulatory framework for the energy division in Spain is summarised below, which is the most significant within ACCIONA Group's activity.

Up until the regulatory reform of the electrical sector in 2013, the electricity production business was regulated under the special system in Spain by Spanish Electricity Industry Act 54/1997 of 27 November, and by the regulatory provisions developing the Act, mainly Royal Decree 661/2007 of 25 May, which regulated electricity production under the special system.

Most of the Group's electricity production facilities in Spain were constructed, as far as the remuneration framework for the support of renewable energy sources is concerned, under the special system.

Royal Decree 661/2007 of 25 May which regulated electricity production under the special system acknowledged the right of wind generated power facilities, inter alia, with start-up certificates pre-dating 1 January 2008, to continue to receive the premiums and incentives existing under the previous system (Royal Decree 436/2004, of 12 March) until 31 December 2012, before transitioning into the new system. The facilities owned by the Group's subsidiaries that commenced operations prior to that date availed themselves of the aforementioned Transitional Provision. For all the facilities that came into service after 1 January 2008 caps and floors were set for the aggregate price (market price plus premium) applicable to power sales in the market, or a regulated fixed tariff was established.

Royal Decree-Law 6/2009 of 30 April, adopting certain measures for the energy sector and approving the social bond, introduced the facility pre-assignment system for entitlement to the premiums system of the Special System defined in the Spanish Electricity Industry Act until the targets set in the Renewable Energy Plan for 2020 had been met. The facilities that, at the date of publication of the Royal Decree-Law, met the pre-assignment conditions established therein, would be entitled to the premiums and tariffs provided for in Royal Decree 661/2007.

Royal Decree 1614/2010 was approved on 7 December 2010. The purpose of this legislation was to modify and regulate matters relating to the production of electricity using solar thermal and wind energy technologies, with the aim of containing the deficit. This Royal Decree established a limit on the equivalent hours of operation with entitlement to a premium for solar thermal and wind technologies, the obligation to sell electricity at the regulated tariff for the solar thermal sector for the twelve months following the entry into force of the Royal Decree or following the start-up of the related facility if at a later date, and a 35% reduction in the premiums for wind technology subject to Royal Decree 661/2007 and for the period from the date of approval of the Royal Decree to 31 December 2012, while maintaining the amounts relating to the cap, floor and regulated tariff unchanged.

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The reduction in the premiums established by Royal Decree 1614/2010 hardly affected the Group's projects, since most of them had start-up certificates pre-dating 1 January 2008 and they availed themselves of the aforementioned Transitional Provision of Royal Decree 661/2007. The remainder of the facilities sold their energy under the regulated tariff system. Also, the limits placed on operating hours had little impact on the Group's facilities, since the number of hours established in the Royal Decree exceeded the hours that the facilities actually operated.

On 28 January 2012, Royal Decree-Law 1/2012 was published in the Spanish Central Government Gazette and it came into force on that same date, giving rise to the suspension of remuneration pre-assignment procedures and the removal of economic incentives for new electricity production facilities which use combined heat and power, renewable energy sources and waste. Royal Decree-Law 1/2012 affected, inter alia, facilities under the special system that at 28 January 2012 had not been registered in the Pre-assignment Register. Since the Group's facilities had been registered in the aforementioned Register before 28 January 2012, this Royal Decree did not have any effect on the profitability of the Group's facilities.

On 28 December 2012, Act 15/2012 from 27 December was published regarding tax measures aimed at energy sustainability, which affected all electricity production facilities in Spain from 2013 onwards. All of Acciona's facilities became subject to the tax on the value of electricity output, which means 7% tax over income from electricity sales. On the other hand, the aforementioned Act also introduced in the Consolidated Text of the Water Act - which was later modified by Act 1/2018 of 6 March, on urgent measures to mitigate the effects of drought - a charge for the use of inland water for electricity production. This charge meant a 25.5% tax on the economic value of electricity output, with a 92% reduction in the tax for hydroelectric facilities with a capacity equal to or lower than 50 MW, and a 90% reduction in the tax for pumped facilities with a capacity greater than 50 MW. Lastly, Act 15/2012 also established a dual tax on solar thermal plants: on the one hand, the Act eliminated the incentives for power produced using fossil fuels and, on the other, it introduced a tax of 0.65 euros per GJ of gas consumed.

Until 31 December 2012, practically all the facilities owned by the companies in the Group operating on the Spanish market were selling their energy under the free market system ("pool") through Acciona Green Energy Development, S.L., part of the Group companies.

Royal Decree-Law 2/2013 of 1 February on urgent measures in the electricity sector was approved in 2013. This RDL, in force from 1 January 2013, set the premiums at 0€/kWh for all special system facilities applying the market sale option, with the option for tariff-based sales being maintained, although the coefficient for annual updating of said tariff was modified, it being referenced to core inflation instead of to the Consumer Price Index (CPI). This RDL established that the registered holders of facilities had to opt for selling the electricity under the regulated tariff option or selling it freely on the market without receiving any premium. Once an option was taken, it was then irrevocable.

For practical purposes, this RDL meant that the Acciona Group's wind farms and thermoelectric or biomass power stations had to choose the regulated tariff sale option

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from 2013 on. The hydroelectric power plants under the Special System were already selling at the tariff prior to the publication of this RDL.

Royal Decree-Law 9/2013 was published on 13 July, whereby urgent measures to guarantee the financial stability of the electricity system were adopted. This Royal Decree-Law repealed the remuneration system supporting renewable energies up to that date, and introduced substantial changes in the applicable legal and economic framework.

This new regulation meant that, in addition to the remuneration for the sale of electricity generated valued at market prices, facilities could receive a specific remuneration comprising (i) a term per unit of power installed, covering, where appropriate, the investment costs for a standard facility that cannot be recovered through electricity sales and (ii) an operating remuneration term that covers, where applicable, the difference between operating costs and the revenue of a "standard" facility that participates on the market, to which each pre-existing facility would assimilate.

To calculate this specific remuneration, for each type of facility, the following items are considered throughout its regulatory lifetime and with respect to activities conducted by an efficient and well-managed company:

a) The standard revenue from the sale of the energy generated valued at market production price.
b) Standard operating costs, and
c) The standard value of the initial investment.

According to the regulation, the aim of these parameters is not to exceed the minimum level necessary to cover the costs that enable the renewable facilities to compete on a similar level with the rest of the technologies on the market and make it possible to obtain a reasonable profit.

With regard to this reasonable profit, the Royal Decree-Law 9/2013 indicated that in general it would be similar, before tax, to the average profit of ten-year Government Bonds on the secondary market after applying an appropriate differential. For the facilities under the premium-based economic system prior to the enactment of Royal Decree-Law 9/2013, the first additional provision specified that reasonable profit would be around (i) the average profit for the 24 months prior to the enactment of said Royal Decree-Law plus (ii) a differential of 300 basis points, all without prejudice to a possible review every six years.

RD-L 9/2013 came into force on 14 July 2013. Its regulatory development (RD relating to the production activity with renewable energies and remuneration parameters order for such activity) was still pending approval at the close of financial year 2013, existing a draft Ministerial Order containing the parameters for remuneration, based on which, at 31 December 2013, the Group estimated and re-appraised its revenue and other key figures, posting the resulting impairments according to the new model.

On December 2013, Act 24/2013 on the Electricity Industry was published on 26 December, which was enacted to replace Act 54/1997 and it established the new legal framework for the industry. This Act, including the provisions of RDL 9/2013,

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eliminates the concept of the special system and regulates specific remuneration, as well as establishing the formula for defining the reasonable profit of the facilities.

Royal Decree 413/2014 of 6 June was published in the Central Government Gazette on 10 June 2014, to regulate the activities of electricity generation from renewable energy sources, co-generation and waste. As a follow-up to the same, final Ministerial Order IET 1045/2014 was issued on 20 June 2014 and published in the Central Government Gazette on 29 June 2014. This Order contained the final remuneration parameters applicable to all renewable energy facilities, whether already in existence or planned for the future. The new model defined the remuneration of assets applicable from 14 July 2013 as a consequence of RDL 9/2013.

Lastly, the European Commission's Decision of 10 November 2017 on matters of state aid (SA.40348) is also relevant, where in the European Commission concludes that the Spanish support system for electricity generation from renewable energy sources, high-efficiency cogeneration of heat and electricity and waste, complies with EU standards regarding state aid. In this decision, the Commission declared the compatibility of the current support system with European legislation, and noted that the old system - which was in fact built into and replaced by the current one -, did not need to be replaced. Therefore, the possibility of an eventual negative impact on renewable energy producers receiving incentives (currently and/or in the past) that could have been derived on an unfavourable resolution of the matter on that file.

Hardly any relevant modifications were made to the regulatory framework for ACCIONA Group's Energy Division in Spain during 2018, although the following should be noted: (i) on the one hand, Order ETU/1133/2017 amending Order ITC/3127/2011 of 17 November, regulating the power availability service for capacity payments, essentially removed the possibility for part of Group's hydroelectric dam power plants to provide the power availability service, which implies a non-material decrease in revenues, and, (ii) on the other hand, Royal Decree-Law 15/2018 on urgent measures for the ecological transition, which includes the temporary "suspension" (during two quarters) of the Tax on the Value of Electricity Generation.

It is also important to note that in 2018, the so-called "Clean Energy Package for all Europeans" was approved at the European level in 2018; this package consists of a series of standards aimed to govern the energy sector in the EU up to 2020, and it is generally expected to have a positive impact on the ACCIONA Group. Specifically, Directive 2018/2001 on renewable energy establishes a common objective for the EU to have at least 32% of its energy supplied from renewable sources based on end consumption. In addition, Regulation 2018/1999 on the Governance of the Energy Union sets out the guidelines for the contribution of all member states to achieve the EU objectives. Finally, the new regulatory standards for the internal electricity market promote the integration of renewable energies into the network and the market, in line with the other standards in the clean energy package.

United States

The fight against climate change in the United States at the state level was undermined by the entrance of Donald Trump to the presidency, who removed everything related to climate change from his list of priorities and announced the country's withdrawal from the Paris Agreement. It is not clear, however, that these measures will have a real impact, since the withdrawal from the Paris Agreement does not come into force until 4 years after its announcement. In addition, there is significant movement of states and corporations that aim to compensate for the federal government's efforts to push the fight against climate change to one side.

On the other hand, renewable energies have also been affected for several reasons:

- The Suniva case: The photovoltaic panel company Suniva declared bankruptcy claiming to have suffered "serious damage" due to PV panel imports from China. The Committee on International Trade (CIT) agreed with the President and proposed remedial options, which consisted in duties of \$0.25/W and \$0.32/W on cells and modules, respectively. The US Trade Representative (USTR), after consulting with the Interagency Trade Policy Committee and following the conclusions of the US International Trade Commission, made recommendations to President Trump who regulated that imports of "low-cost" solar panels did harm US manufacturers. In January 2018, President Trump approved the recommendations to relieve US manufacturers and to impose tariffs on solar cells and modules.
- Subsidies to nuclear and coal power plants: The Department of Energy (DOE) ordered the Federal Energy Regulatory Commission (FERC) to force RTOs in competitive markets to modify their structures in order to pay nuclear and coal facilities their capital and operation costs, claiming problems of supply security. This would prevent these plants, which are often not competitive, from shutting down. On 8 January 2018, the FERC rejected the order from the DOE. The FERC recommended to not subsidise nuclear and coal power plants in an oversight hearing held in June 2018. The majority of this hearing focussed on a leaked draft memo from the DOE regarding the Trump Administration's plan to subsidise nuclear and coal power plants which were nearing the end of their useful lives. During the hearing, the commissioners recommended that Congress should consider allocating mandatory safety standards for natural gas pipelines instead of subsidising nuclear and coal power plants that are to be shut down. On 9 August, the FERC issued a statement saying that the agency is not involved in designing a plan to rescue nuclear and coal power plants.
- Order 841: The FERC issued Order 841 which requires that all Regional Transmission Operators (RTOs) and Independent System Operators) (ISOs) make changes to market rules so that energy storage can become part of all the services. It also requires that market operators consider the physical and technical characteristics of a storage unit on market operations. It comes into force in May, and February 2019 is set as the deadline for the ISOs / RTPs to consider the changes requested by the FERC order for their markets, with February 2020 set as the deadline for the ISOs / RTOs to implement such changes.

The "Renewable Portfolio Standard" (RPS) is a market policy freely established by some states which requires that a minimum proportion of the electricity supply comes from renewable sources. The percentages vary between states, with the majority being

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between 20% and 30% of the supply from 2020 to 2025. The implementation of it is usually done using Renewable Energy Credits (RECs), a system of tradeable certificates that verify that a kWh of electricity has been generated from a renewable source. At the end of a certain year, the electricity generators must have sufficient certificates to cover their annual quota, and sanctions will be applied in the event of non-compliance. The Production Tax Credits (PTCs) grant the electricity generated with a tax deduction during the first 10 operating years for an amount per MWh which is adjusted annually based on the CPI (regulated by the "Energy Policy Act").

In 2005, Congress established an investment tax credit (ITC) of 30% initially applicable to solar energy projects.

In 2009, a Law was adopted according to which the companies that could access the PTC regime could receive ITC in exchange, or alternatively, could receive payment equivalent to 30% of the investment.

These tax incentives have always needed to be renewed annually, with the associated uncertainty, but in December 2015 a long term extension of the PTC and ITC was approved, for both wind and solar energy, with a gradual decrease in the incentive. In the case of wind energy, the PTC decreases 20% each year until 2020, ending with 0% incentive. In the same way, the ITC is also progressively reduced until it is eliminated in 2020. In the case of solar energy, 30% of the ITC is maintained until 2020 (31 December 2019), from when it will begin to decrease until it is set at 10% after 2022. The milestone that determines the time frames is the start of construction.

In May 2016, the Internal Revenue Service (IRS) clarified what it considers as "start of construction" for wind projects, which can comply with both the defined "beginning of the physical work" or with a "safe harbour" for a certain minimum expense (5%).

The Bipartisan Budget Act of 2018 increased the PTC and the ITC which previously only applied to wind and solar energy to other renewable energy resources: biomass, geothermal, landfill gas, waste facilities, small-scale hydraulic and marine.

In June 2018, the IRS issued a guide clarifying when the construction of a solar facility started in order to qualify for the ITC. Two methods are provided to determine the "construction start" date: i) when physical work of a significant nature has started, or ii) when 5% or more of the costs that the installation will have in the year that construction begins have been incurred, in order to comply with the "5 percent safe harbor test".

There is also another tax benefit linked to the ability of a wind farm's owner to take advantage of the accelerated depreciation in most of the capital assets (Modified Accelerated Cost Recovery - MACRs), which can be fiscally transferred to an average depreciation period of five years. This benefit has no expiration date.

Australia

The "Renewable Energy (Electricity) Amendment Bill 2015" was approved in June 2015, which introduced stability to the green certificate system, setting the Renewable Energy Target (RET) to 33,000 GWh in 2020 and eliminating the target revisions that took place every 2 years (which are now to be done every 4). The first and only case to date of a company that chose to pay a penalty for non-compliance rather than delivering the corresponding renewable electricity certificates took place in January 2017.

The State of South Australia suffered a major blackout in September 2016, which caused storage and renewable energy integration issues to become more relevant in the country. In June, the final version of the Finkel report was published, which commissioned by the government after the blackout with the aim of providing recommendations to enhance the safety and reliability of the system and to reduce emissions according to the Paris targets. The report stresses the importance of carrying out the energy transition in an orderly, studied and planned manner, in addition to the need for strong governance and it poses systemic recommendations to maintain the level of security of the system (such as revision of market rules, for example). It gives the consumer a greater role to play. A continuation of the RET after 2020: the Clean Energy Target (CET) is also proposed, which would be based on a green certificate system that would include Renewable Energy Schemes (RES) and technologies that comply with an emissions limit. Some of the recommendations in the report were approved at the Coalition Joint Party meeting on 20 June, although the Minister of Energy announced that the implementation of the CET would be analysed later more calmly.

In April 2017, the Clean Energy Council published a recommendations report to eliminate regulatory barriers to storage and to improve the security of the network ("Policy and regulatory reforms to unlock the potential of energy storage in Australia"), and in August the Victoria Government announced a renewable energy auction of 650MW, which is part of the Victorian Renewable Energy Auction Scheme (VREAS) to achieve the Victorian Renewable Energy Target (VRET) of 40% of renewable energy by 2025.

In October 2017, the government announced the National Energy Guarantee (NEG) scheme to replace the current CET after 2020. Its key aspects are: i) Reliability Guarantee (obligation for retailers to contract a certain amount of "dispatchable" energy - from coal, gas, hydraulic or stored); (ii) Emissions Guarantee (obligation for retailers to reach an emissions intensity level in their energy portfolio that supports Australia's commitment to reduce emissions by 26% by 2030). The final document was expected by April 2018. The Energy Security Board published a document on the design of the NEG which was presented at the Energy Council meeting in April 2018. The Council wanted a more detailed design to develop to the NEG and the final design was expected be presented to the Energy Council in August 2018. The NEG was criticised for lacking ambition, and it was considered that the NEG emissions guarantee would be met easily, and depending on the final design, the reliability guarantee could back up investment in storage and the response to demand.

Australia would then suspend the draft bill which contains the emission reduction target for the NEG. The governing party partly supported the NEG, but the conservatives led by former prime minister Abbott were against it. The States did not support the NEG either, and demanded more ambitious targets, while high electricity prices on the

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wholesale market received a lot of public interest. In the midst of all this, Turnbull was replaced by Morrison as Prime Minister on 21 August and Australia still did not have a climate policy. Price and reliability became the new Prime Minister's priorities, not the reduction of emissions.

The next elections for the Senate and Parliament will be held in May and November 2019, respectively.

Following this, the options to replace the renewable targets after 2020 were analysed. The incumbent Federal Coalition Government withdrew the NEG proposal, but the Opposition (Labour Party) recently announced the energy policies it would propose if elected in 2019, and it aims to revive the NEG with a high emissions target than the previous one, with a target of having 50% renewable energy by 2030 and a distributed storage plan.

The Australian Energy Market Operator (AEMO) published the Integrated System Plan with a forecast for 20 years for the NEM.

It is a very detailed cost modelling of the operation of the NEM electricity supply system, which takes on the renewable generation actions implied in current government policies. These policies include renewable energy targets for the Victoria and Queensland governments, but do not include the recently suspended NEG.

Mexico

Until December 2013, the generation, transmission, distribution and sale of electrical energy was reserved exclusively to the Federal Government through the Federal Energy Commission (FEC).

The only options for the sale of renewable energy were Independent Energy Production (electricity generation plants that sell their production directly to the FEC) or Self-Sufficiency Contracts (electricity generation plants that sell their production to a load centre plant which has a certain ownership percentage of the generation plant).

On 20 December 2013, a constitutional reform introducing significant changes to the Mexican energy model was published, leading to the market to open up and accepting greater private participation. The new Law on the Electricity Industry (LEI) published on 11 August 2014 defines these substantial changes to the electricity sector: it reduces the role of the State in the sector, which is limited to operating the system and to providing transmission and distribution services; the legal separation of activities is imposed; a wholesale electrical market is created which is operated by the National Centre for Energy Control, the bids for which will be based on costs, and establishes an obligations system for generators to cover with Clean Energy Certificates (CECs). In addition, auctions for Electricity Coverage Contracts will take place to cover the supply to Basic Services Users. Clean energy, power and CEC electricity coverage contracts are assigned in the Long-Term Auctions. With regards to the existing contracts from the previous law, the LEI contemplates their continuity.

The first market bases were published in 2015 and must be re-evaluated every 3 years (the manual to carry out this re-evaluation is currently being discussed). In January 2016, the Energy Secretary published a resolution authorising operations to start in the

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short-term market in the different interconnected systems, and National Centre for Energy Control started the Day-Ahead Market (DAM) operations. The DAM is in operation to date, and the Real Time Market (RTM) will not open to the public until the Market Information System (MIS) is ready. Also, in February 2017 the Power Balancing Market was opened, which determines the price that supports the capacity of the previous year, the volume and the total amount. It is an annual and ex-post market.

2018 was the first year with CEC obligations, and the certificates must be delivered until 5% of the electricity sold is reached. The CEC Requirements were published in February 2017, corresponding to the Obligation Periods 2020, 2021 and 2022, (7.4%, 10.9% and 13.9%, respectively) that complement the one published in 2016 for 2019 (5.8%).

To date, three long-term auctions have taken place: the first in March 2016, the second in September 2016 and the last in October 2017. The latter already included a clearing house, potentially allowing the participation of suppliers different to the FEC. National Centre for Energy Control announced the fourth long-term auction in 2018, SLP-1/2018, for the purchase and sale of energy, capacity and CECs. The first draft auction guidelines were published in March, and in August the prequalification was held, potential buyers were registered and prequalification sales proposals were presented. In December 2018, it was announced that they would be suspended, and they were cancelled in January 2019.

The last PRODESEN (Development Programme of the National Electrical System) published by Energy Secretary for the period 2018-2032 estimates that in 2032 electricity generation will be of 485 TWh, greater than what was estimated in the 2017-2030 estimates for 2030 (443 TWh).

Chile

Chile amended Law 20,257 (Non-Conventional Renewable Energy Law) of 2008 through Law 20.698 (Law 20/25) in 2013, and established a renewable target on the total power generation of 20% by 2025. The electricity companies must prove that a percentage of the energy that is removed from the system comes from this type of technology. The law also imposes a penalty for breaching the obligation amounting to 0.4 UTM per MWh that is not accredited (approximately 32 USD) and, for companies that continue to breach the obligation in the three years following the first breach, the penalty will be 0.6UTM/MWh (approximately 48 USD). The law indicates that those companies that have administrated renewable energy in excess of their obligation may transfer that excess to other companies. However, a green certificate market has not been established, but bilateral contracts are signed between the parties concerned and the transfer certification is made through an authorised copy of the contract.

To achieve the target set, Law 20/25 also introduced annual auctions according to the demand forecasts from the Government for the next three years. The introduction of the auctions provides the possibility to offer differentiated blocks (Block A for the night, Block B during solar hours, and Block C for the remaining hours of the day), facilitating renewable energy.

In April 2016, an Exempted Resolution was published, approving the preliminary tender report which established the values of regulated consumptions (in GWh-year) that

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should be put out to tender in the next few years. The volumes included a decrease in the energy demand forecast of approximately 10% between 2021 and 2041, which implies a significant decline of what was going to be auctioned this year (from the 13,750 GWh expected to approximately 12,500 GWh). The volumes of the preliminary report were confirmed in May with the final publication of the report.

Year Call to Tender	Year Awarded	Supply Starts	Volume	Duration
2016	2017	2023	2,500	20
2017	2018	2024	7,000	20
2018	2019	2025	9,000	20
2019	2020	2026	4,500	20

Up to date 3 auctions have been held: The first energy auction in Chile was held in 2015 for 1,200 GWh/year. All tenders were for Non-Conventional Renewable Energies, achieving an average price of 79.3 USD/MWh. An average price was awarded of 47.6 USD/MWh in the second auction in 2016 for 12,430 GWh/year. The last energy auction in Chile in 2017 to award 2,200 GWh/year of energy for clients subject to price regulation achieved an average price of 32.5 USD/MWh. 100% of the energy awarded was also renewable energy. The Chilean Government's objective is for electrical distribution companies to have long-term supply contracts, of 20 years from 2024, in order to meet the consumptions of their customers subject to price regulation.

The Transmission Law was published in July 2016, which establishes a new electrical power transmission system and creates a single independent coordinator entity for the national electrical system. Work on the associated regulations began after the Transmission Law was approved.

In 2017, the regulation to implement a tax on $CO2$ emissions was approved (exempted resolution 659), which as it stands involves all generation companies, including non-polluting companies, making compensation payments. However, in the final version this compensation was significantly reduced by changing the way it is quantified (annually instead of monthly - at the suggestion of Acciona).

The Complementary Services Regulation and the Coordination and Operation of the National Electrical System Regulation were withdrawn from the comptroller in 2018, delaying the approval process.

In January 2018, the Chilean Government stated that the country would not build new coal-fired power plants without carbon capture, and has started discussions to replace the existing capacity with cleaner sources.

In March 2018, the new Chilean Energy Minister, Susana Jimenez, committed to modernising the country's energy legislation and to prepare a plan to de-carbonise the country's economy, among other issues. She also indicated that the government is studying the possibility of creating CO2 emissions and renewable energy certificates.

The "Energy Ministry Road Map" in 2019 will be marked by three draft laws: The Flexibility Law, the Refining Law, and the Distribution Law (which announces a change in the distribution model and discusses consumers who will be able to generate, store, and sell energy to the system). Some of the topics set out in this agenda are: decreasing energy costs, introducing renewable power plants, and decarbonisation and storage plans.

3. - Basis of presentation of financial statements and consolidation principles

3.1 Basis of presentation

The consolidated financial statements for financial year 2018 of the Acciona Group were prepared by the Directors of Acciona, S.A. at the Board of Directors Meeting held on 28 February 2019, and disclose a true and fair view of the Group's equity and consolidated financial position at 31 December 2018, and of the results of its operations, the changes in the consolidated statement of recognised income and expenses, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

These financial statements were prepared in accordance with the applicable regulatory financial reporting framework and, in particular, with the principles and criteria contained in the International Financial Reporting Standards (IFRS) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council. The main mandatory accounting principles and measurement criteria applied, the alternative treatments permitted by the relevant legislation in this respect, and the standards and interpretations issued but not yet in force at the date of formal preparation of these financial statements are summarised in Note 4.

These financial statements were prepared on the basis of the accounting records kept by the Parent Company and by the other Group companies. These records include the figures relating to the joint ventures, groupings and consortia considered to be joint operations, in which the Group companies have interests, through the proportional consolidation method, that is, through the inclusion, based on the percentage of participation, of the assets, liabilities and operations of these entities, after asset and liability balances are appropriately eliminated, as well as operations in the year.

The Acciona Group's consolidated financial statements for 2017 were approved by the shareholders at the Annual General Meeting on 30 May 2018. The consolidated financial statements for 2018 of the Acciona Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent Company's Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Unless otherwise indicated, these consolidated financial statements are presented in thousands of euros, because the euro is the functional currency of the principal economic area where the Acciona Group operates. Foreign operations are accounted for in accordance with the policies established in Notes 3.2.g) and 4.2.q).

3.2 Consolidation principles

a. Consolidation methods

The companies over which, under IFRS 10, control is exercised were fully consolidated. These companies are considered subsidiaries and they are listed in Appendix I, and their consolidation method is explained in section d. of this same note.

Entities managed jointly with third parties as a joint operation are proportionately consolidated when it is concluded that the participating company has direct rights and obligations for its share percentage in the assets and liabilities under the agreement. This is explained in section e. in this note. The agreements that confer joint control by means of separate vehicles are listed in Appendix II.

Finally, the companies not included in the paragraphs above, where significant influence is held in their management or they are a joint venturer, are associates, and they are measured by applying the equity method (see Appendix III). This consolidation method is explained in section f. in this note.

b. Eliminations on consolidation

All material balances and effects of the transactions performed between the subsidiaries and the associates and joint operations, and intra-subsidiaries, were eliminated on the consolidation process.

The gains on transactions with associates and jointly controlled entities are eliminated to the extent of the Group's share percentage in their capital. Exceptionally, the profit and loss on internal transactions with Group companies, jointly controlled entities or associates in connection with certain concession-related activities were not eliminated.

c. Uniformity

The Spanish resident companies included in the scope of consolidation were consolidated on the basis of their separate financial statements prepared in accordance with the Spanish General Accounting Plan and foreign companies were consolidated in accordance with their local standards. All material adjustments required to adapt these financial statements to International Financial Reporting Standards and/or make them compliant with the Group's accounting policies were considered in the consolidation process.

d. Subsidiaries

"Subsidiaries" are defined as companies over which the Company has the capacity to exercise effective control; control is generally seen in three elements that must be complied with: having authority over the subsidiary, exposure or the right to variable returns from its investment, and the ability to use said authority to influence the amount of these returns.

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The financial statements of the subsidiaries are fully consolidated with those of the Company. Accordingly, all material balances and effects of the transactions between consolidated companies were eliminated on consolidation.

When a subsidiary is bought, its assets, liabilities and contingent liabilities are measured at their acquisition-date fair values, as provided for in IFRS 3, Business Combinations. Any excess in the cost of acquisition over the fair values of the identified net assets is recognised as goodwill. If the cost of acquisition is lower than the fair value of the identifiable net assets, the difference is credited to profit or loss on the acquisition date.

For subsidiaries acquired during the year, only the results from the date of acquisition to year-end are included in the consolidation. Similarly, for subsidiaries disposed of during the year, only the results from the beginning of the year to the date of disposal are included in the consolidated income statement.

The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

The share of third parties in the equity of their investees is disclosed within the Group's equity under "Non-Controlling Interests" on the consolidated balance sheet. Similarly, their share in the profit or loss for the year is disclosed under "Non-Controlling Interests" on the consolidated income statement.

e. Joint operations

Joint arrangements are deemed to be ventures in which the investee is managed by a Group company and one or more unrelated third parties, all of whom act jointly to manage the relevant activities and where strategic decisions require the unanimous consent of the parties.

Joint arrangements where the investing company is deemed to hold direct rights and obligations for its share percentage in the assets and liabilities under the arrangement are considered joint operations.

The financial statements of joint operations are proportionately consolidated with those of the Company and, therefore, the aggregation of balances and subsequent eliminations are only applied in proportion to the Group's share in these operations.

The assets and liabilities relating to operations are recognised on the consolidated balance sheet classified according to their specific nature. Similarly, the income and expenses from joint operations are disclosed in the consolidated income statement on the basis of their nature.

f. Equity method

In the consolidated financial statements, investments in associates and joint ventures (joint arrangements giving a right to the net assets of the arrangement) are measured by applying the equity method, i.e., at the Group's share in net assets of the investee, after taking into account the dividends received therefrom and other equity eliminations.

The value of these investments on the consolidated balance sheet implicitly includes, where applicable, the goodwill arising on their acquisition.

When the Group's investments in associates are reduced to zero, any additional implicit obligations in the subsidiaries that are accounted for by the equity method are recognised under "Non-current provisions" on the consolidated balance sheet.

In order to disclose results uniformly, the Group's share in the profit or loss of associates is disclosed on the consolidated income statement before and after tax.

g. Translation differences

On consolidation, the assets and liabilities of the Group's foreign operations with a functional currency other than the euro are translated to euros at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly. Capital and reserves are translated at the historical exchange rates. Translation differences, if any, are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the investment is made or disposed of.

h. Changes in the scope of consolidation

Appendices I, II and III to the accompanying consolidated financial statements contain relevant information about the Acciona Group's subsidiaries, joint operations and associates and joint ventures, and Appendix IV shows the changes in consolidation scope in the year.

During 2018, the main change in scope corresponds with the sales contract for 100% of the shares that the Group held in Acciona Termosolar, S.L. (the owner of 5 thermal power plants in Spain) to Contourglobal Mirror 2 S.Á.R.L. being formalised, after fulfilling the final condition precedent regarding the clearance from the Spanish Competition Ministry on 10 May 2018; the sale amounted to 1,093 million euros, and capital gains of 53 million euros were recognised under "impairment and gains or losses on disposal of assets" for this operation. At 31 December 2017, the assets and liabilities of this subgroup were recognised under heading held for sale (see Note 23). On the other hand, the revenue and after tax result provided by the subgroup and recognised in the 2018 consolidated income statement came to 42,605 thousand euros and profit of 1,742 thousand euros, respectively.

The sale of the totality of the shares held by the company in Compañía Trasmediterránea, S.A. (92.71% of the share capital) to Grupo Naviera Armas was formalised on 6 June 2018 after fulfilling the final condition precedent regarding the clearance from the Spanish Markets and Competition Commission. The sale price amounted to 357.3 million euros, which covers the repayment of the debt that Trasmediterránea had with Group companies amounting to 127.3 million euros, and a deferred payment of 30.4 million euros over a maximum period of 5 years, which is linked to the evolution of the main business indicators. Capital gains amounting to 44.8 million euros are recognised in the consolidated income statement under "impairment and gains or losses on disposal of assets" for this operation. At 31

December 2017, the assets and liabilities of this subgroup were recognised under heading held for sale (see Note 23). On the other hand, the revenue and after tax result provided by the subgroup and recognised in the 2018 consolidated income statement came to 160,296 thousand euros and a loss of 7,935 thousand euros, respectively.

A sales agreement for 100% of the shares that the Latam Airlines Group held in the Chilean company "Andes Airport Services S.A." was signed on 4 October 2017 for an amount of 24,300 CLP (32,781 thousand euros). On 7 May 2018, after all the conditions precedent contained in the contract relating to administrative clearance from the corresponding Chilean competitions board, and to Latam effectively providing certain assets detailed in the contract to the purchased company, the Group acquired control and it starts to be fully consolidated. The breakdown of the business combination is as follows (in thousand euros).

Company	Acquisition cost	Percent acquired	Fair value of company assets and liabilities	Goodwill
Andes Airport Services, S.A.	32,781	100%	16,354	16,427

The table below shows the breakdown of the fair value of the Andes Airport Services, S.A. Subgroup's assets and liabilities at the time control was taken over (in thousand euros):

	07.05.2018
Detail of identified assets:	
Other intangible assets	50
Property, plant and equipment	11,047
Deferred tax assets	426
Non-current assets	11,523
Current assets	9,341
Total Identified Assets	**20,864**
Detail of identified liability:	
Current liabilities	(4,510)
Total Identified Liabilities	**(4,510)**
TOTAL IDENTIFIED NET ASSETS	**16,354**

At the time of the acquisition, as indicated by IFRS 3, the Group carried out an analysis of the fair value of the acquired company's assets and liabilities in order to allocate the purchase price ("Purchase Price Allocation" or PPA). No assets or liabilities other than those recorded in the acquired company's financial statements were identified or recognised in this analysis.

As a result of the aforementioned process and due to the difference between the fair value of the net assets acquired and the acquisition cost, goodwill of 16,427 thousand euros has been recognised. With this acquisition, the Group has positioned itself in the Santiago de Chile airport handling market, which will provide access to obtain contracts with local airlines and to a large extent also provides access to the expected market growth following the current Santiago de Chile airport expansion.

According to applicable accounting regulations, the allocation of assets and liabilities identified shall be deemed final once 12 months have passed since the acquisition date.

The main assets and liabilities contributed by the company Andes Aiport Services, S.A. are detailed in the notes to these consolidated financial statements.

It should be noted that the net revenue and the after-tax result provided by the company Andes Airport Services, S.A. from the effective acquisition date until 31 December 2018 amounted to 26,722 thousand euros and 3,726 thousand euros, respectively. If the acquisition date of this company had been 01 January 2018 then the revenue and after tax result would have been 41,409 thousand euros and 4,932 thousand euros, respectively. The functional currency of the Andes Airport Services, S.A. company is the Chilean Peso (CLP).

On the other hand, a sales agreement for 100% of the shares in the Brazilian concessionaire "Acciona Concessoes Rodovia do Aço, S.A." was signed on 6 September 2018. The transaction was finalised in November 2018 after obtaining approvals from the Brazilian National Road Transport Agency and the Brazilian National Bank for Economic and Social Development and replacing the operational guarantee. The sales price was set in Brazilian real. As a result of this transaction, a loss of 18.3 million euros has been recognised under "Impairment and profit/(loss) on disposal of non-current assets" on the accompanying consolidated income statement.

A purchase agreement was finalised on 11 October 2018 with Blackstone Group International Partners LLP for the entire shares held by the Acciona Group in Testa Residencial SOCIMI S.A., (Testa), which amounted to a 20% share in the company, for a total price of 379 million euros. On 21 December 2018, after the conditions precedent had been fulfilled and following a prior agreement with the buyer, Testa distributed a dividend to its shareholders, Acciona Group receiving 201 million euros, therefore the Testa shares were effectively sold for 178 million euros, obtaining a profit of 47 million euros which is recognised under "Impairment and profit/(loss) on disposals of non-current assets" in the accompanying consolidated income statement.

Finally, on 27 December 2018, a purchase agreement was signed for the 10% share that Acciona Concesiones, S.L. held in the Canadian concessionaire subsidiary, "Maple Concessions Canada Inc". The sales price of these shares was set at 3.1 million euros, resulting in a profit for the Group of 5.4 million euros which has been recognised under "Impairment and profit/(loss) on disposal of non-current assets" on the accompanying consolidated income statement.

With economic effects, on 01 January 2018 the Company Acciona Energía, S.A. acquired the additional 50% of the companies Valdivia Energía Eólica, S.A. and Eólico Alijar, S.A. for 7,800 and 2,700 thousand euros, respecitvely; therefore, the Group now holds 100% of these companies and the consolidation method changes

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from the equity method to fully consolidated. The breakdown of the business combination is as follows (in thousand euros).

Company	Acquisition cost	Percent acquired	Carrying amount of 100% of the company	Consolidation Difference
Valdivia Energía Eólica, S.A.	7,800	50%	8,456	6,952
Eólico Alijar, S.A.	2,700	50%	3,226	2,015

The table below shows details of the companies' assets and liabilities consolidated at the time control was taken over:

Thousand euros	**01/01/2018**
Detail of identified assets:	
Property, plant and equipment	23,000
Deferred tax assets	445
Other assets	3
Non-current assets	23,448
Current assets	5,268
Total Identified Assets	**28,716**
Detail of identified liabilities:	
Non-current liabilities	(12,268)
Current liabilities	(4,766)
Total Identified Liabilities	**(17,034)**
TOTAL IDENTIFIED NET ASSETS	**11,682**

A positive consolidation difference attributed to the operating assets (wind farms) has been identified according to the value analysis under IFRS 3, and therefore its value has been increased by a gross amount of 11,956 thousand euros. At 31 December 2018, the amortised amount of the consolidation difference amounted to 862 thousand euros.

The revaluation of the pre-existing investment that the Group held has led to the recognition of profit of 5 million euros.

The net revenue and after tax result for financial year 2018 prior to the aforementioned adjustments amounted to 8,287 and 2,879 thousand euros, respectively.

In financial year 2018 no significant additions to or removals from the scope of consolidation took place, apart from those described in the paragraphs above.

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4.- Main accounting policies

4.1 Adoption of new standards and interpretations issued

Standards and interpretations applicable in this financial year

In financial year 2018, the following accounting standards, amendments and interpretations came into force and, accordingly, were considered in the preparation of the accompanying consolidated financial statements.

Standards, amendments and interpretations:		**Mandatorily applicable in annual periods beginning on or after:**
Approved to be applied in the EU		
IFRS 15 — Revenue from contracts with clients	New standard for revenue recognition, replacing IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.	01 January 2018
IFRS 9 - Financial Instruments	This new standard replaces the requirements for classification, measurement, recognition and de-recognition of financial assets and liabilities, hedge accounting and impairment under IAS 39.	01 January 2018
Amendments to IFRS 4 - Insurance Contracts	It gives entities within the scope of IFRS 4 the option to apply IFRS 9 ("overlay approach") or temporary exemption.	01 January 2018
Amendment to IFRS 2 — Classification and measurement of share-based payments.	These are limited amendments which clarify specific issues such as the effects of accrual conditions on share-based payments settled in cash, the classification of share-based payments when it has net settlement clauses, and some aspects of changes in the type of share-based payment.	01 January 2018
Amendments to IAS 40: Reclassification of property investments	The amendment clarifies that reclassification of an investment from or to a property investment is allowed only when there is evidence of a change in use.	01 January 2018
Improvements to IFRS Cycle 2014-2016	Minor amendments to a number of standards.	01 January 2018
IFRIC 22 — Foreign currency transactions and advances	This interpretation establishes the "transaction date" to the effects of determining the exchange rate applicable to transactions with foreign currency advances.	01 January 2018

IFRS 15 - Revenue from contracts with customers and IFRS 9 - Financial Instruments coming into force has led to significant amendments to the Group's accounting policies which are explained later on.

The amendments to accounting policies associated with revenue recognition (IFRS 15) and financial instruments (IFRS 9) are described below:

- IFRS 9 - Financial Instruments:

IFRS 9 will replace IAS 39 from the financial year starting on 1 January 2018 and it affects both financial assets and financial liabilities. The effects of its first application were recorded on the 1st of January 2018, against reserves, without re-calculating the figures from the 2017 period, as per the adopted option by the Group and in keeping with the standard. As explained below, there are some differences between this standard and IAS 39, which are grouped in three main areas: (i) classification and measurement, (ii) value impairment and (iii) hedge accounting. The Group has been affected mainly by the new value impairment criteria defined in the new standards for financial assets.

An itemised breakdown of all variations experienced following the implementation of IFRS 9, organised by balance sheet section is set out below:

Impact of the first application of IFRS 9

(In thousand euros)	Adjustments for IFRS 9
Other intangible assets	(2,997)
Non-current financial assets	(2,100)
Deferred tax assets	4,645
NON-CURRENT ASSETS	**(452)**
Trade and other accounts receivable	(48,220)
Customers and debtors	(48,220)
CURRENT ASSETS	**(48,220)**
TOTAL ASSETS	**(48,672)**
Equity attributable to equity holders of the Parent Company	**(41,488)**
Non-controlling interests	-
EQUITY	**(41,488)**
Interest bearing borrowings	(9,579)
Deferred tax liabilities	2,395
NON-CURRENT LIABILITIES	**(7,184)**
TOTAL EQUITY AND LIABILITIES	**(48,672)**

- Classification and measurement:

Classification of financial assets: the new scope for asset classification is based on the contractual specifications of asset cash flow and the company's business model to manage such assets. IFRS 9 provides three categories for financial assets: (i) amortised cost, (ii) fair value with changes in equity and (iii) fair value with changes in the consolidated income statement. In addition, companies may choose to present specific equity instruments as part of the fair value with changes in equity category, without later recycling this in the consolidated income statement.

Based on the analysis carried out, transitioning to these categories has caused some changes in terminology which have not impacted the valuation of the affected financial assets. The amortised cost category is the one that practically collects all of the Group's financial assets, which were previously classified under the IAS 39 as "loans and receivables". This new category does not present any significant valuation differences when compared to the categories used by IAS 39. In section 11 of these financial statements, a breakdown of all financial assets as of 31 December 2018 and 31 December 2017 has been included, using the terminology specified by IFRS 9 and IAS 39, respectively.

Refinancing liabilities: as established by IAS 39, contractual amendments of any liabilities are not listed as losses in the consolidated income statement because they are considered unsubstantial amendments. The new standards indicate that these ought to be accounted for as changes in the estimated contractual flow for the liability, under the original effective interest rate and adjusting the book value on the modification date, recording the difference as either income or an expense in the income statement on the refinancing date.

Acciona Group, during their last financial years, has carried out a series of debt refinancing operations. As of 1 January 2018 (first application date) the impact of applying IFRS 9 criteria to the aforementioned refinancing operations has amounted to a decrease in the book value of financial liabilities and retained earnings of 7 million euros.

- Value impairment

As established by IFRS 9, the Group has established a new impairment model based on the expected losses to replace the previous model based on incurred losses. The new model requires any potential losses arising from defaulting payments during the next 12 months or throughout the entire lifespan of the financial instrument to be recognised, depending on the nature of the financial asset and the evolution of its associated credit risk from the initial recognition date.

The standard also provides a simplified model for trade receivables, accounts receivable related to financial leases, and any assets included under IFRS 15, which calculates the total expected losses for the lifespan of these assets. It is in this trade receivables section that the expected loss calculations have had the most impact on the Group.

In order to calculate expected losses, Acciona Group has developed a model that allows, firstly, any pending receivables according to be segmented by business division and type of client (public entities, large clients, etc.) and subsequently, analyses past credit losses over the last five years. In these cases, past credit loss experiences are then adjusted in order to reflect the differences between the economic conditions of the period during which the historical data was gathered and the current economic conditions.

Following this analysis, a negative impact of 49 million euros after taxes has been estimated, which was recorded against the retained earnings at 1 January 2018, according to the standard.

- Hedge accounting:

IFRS 9 seeks to align hedge accounting with the Group's risk management policies, and therefore it makes them more flexible and expands the requirements to designate hedged items and hedging items. The Group has determined that any associated hedges currently listed as "effective hedges" can still be classified as hedges according to IFRS 9. IFRS 9 does not change any of the general hedge accounting principles, and therefore the Group has been largely unaffected by the implementation of this standard.

- IFRS 15 Revenue from contracts with customers

From 1 January 2018, the Acciona Group recognises its revenue as coming from sales and services rendered under the criteria set by IFRS 15. The main differences for the Group when compared to the previous standard are related to assessing revenue recognition methods and the level of customer acceptance in relation to the work carried out, and the identification of different obligations in long term contracts. These adjustments were recorded against reserves, calculated retroactively under the provisions set by paragraph C3 b) of IFRS 15 for any outstanding contracts (mainly falling under the infrastructure division) on the date the standard was first applied (1 January 2018), according to the Group's choices when implementing the new standard. Therefore, any amounts listed for comparison purposes with 2017 have not been recalculated and are still presented according to IAS 11 and IAS 18.

A breakdown of all variations experienced following the initial application of IFRS 15 is detailed below:

Impact of the first application of IFRS 15

(In thousand euros)	**Adjustments for IFRS 15**
Other intangible assets	(1,274)
Investments accounted for using the equity method	(58,927)
Deferred tax assets	126,051
NON-CURRENT ASSETS	**65,850**
Inventories	(1,761)
Trade and other accounts receivable	(524,314)
Customers and debtors	(22,310)
Works pending certification	(502,004)
CURRENT ASSETS	**(526,075)**
TOTAL ASSETS	**(460,225)**
Equity attributable to equity holders of the Parent Company	**(457,489)**
Non-controlling interests	(2,736)
EQUITY	**(460,225)**
TOTAL EQUITY AND LIABILITIES	**(460,225)**

The main differences brought about by the adoption of this standard in Acciona Group's revenue recognition policies correspond to:

- An increase in the level of customer acceptance required to record revenue coming from *modifications over the original contract.* When it comes to those contracts where negotiations are still taking place and customer acceptance is still pending, it is now required for their completion status to be advanced enough to reasonably ensure that it is highly likely that the revenues recorded will not be reverted once negotiations are finalised. Furthermore, in such cases revenue recognition will be recorded under the limitations corresponding to variable compensation, as set out by paragraph 19 of IFRS 15 standard. The negative impact after taxes recorded in reserves, as of 1 January 2018, amounted to 416.6 million euros.

- On the other hand, the new standard requires the different *performance obligations* to be identified at the beginning, in a way that allows revenue recognition for each obligation to be done separately. The negative impact after taxes recorded in reserves, as of 1 January 2018, amounted to 2.3 million euros.

- Recognition of the *costs for obtaining* construction projects has also been revised, and it is now necessary for any expenses listed under this item to correspond to incremental costs, that is, to costs incurred after the project is awarded. The negative impact after taxes recorded in reserves, as of 1 January 2018, amounted to 4.7 million euros.

- The change in revenue recognition methods implemented by Nordex subgroup, which is accounted for by the Acciona Group using the equity method, replace the incurred costs - percentage completion method for the completed milestones method. The negative impact after taxes recorded in reserves, as of the 1st of January 2018, amounted to approximately 36.6 million euros.

It should be noted that the effects of the first application of both IFRS 9 and IFRS 15 have created a negative difference between "current assets" and "current liabilities", although this has had no impact on the management of the Group's working capital. This is a transient situation and will progressively correct itself as the different related revenue recording conditions are met – mainly after reaching the required customer acceptance levels for works in progress, and when accounts receivables that were derecognised after the initial application of the accounting standards are re-established.

Standards and interpretations issued but not in force

At 31 December 2018, the following were the most significant standards and interpretations published by the IASB, but they have not come into effect yet, either because their effective date is later than the date of the consolidated financial statements, or because they have not been adopted by the European Union yet:

Standards, amendments and interpretations:		Mandatorily applicable in annual periods beginning on or after:
Approved to be applied in the EU		
IFRS 16 - Leases	Replaces IAS 17 and related interpretations. The novelty centres around a unique accounting model for lessees, which will include all leases in the balance sheet (with some limited exceptions) with an impact similar to that of the current financial leases (there will be amortisation of the asset by the right of use and a finance expense for the amortised cost of the liability on leases).	01 January 2019
Amendment to IFRS 9 - Prepayment features with negative compensation.	This amendment will allow the valuation at amortised cost of some financial assets that may be prepaid in advance for a lower amount than the outstanding amount of principal and interest on said principal.	01 January 2019
IFRIC 23 - Uncertainty over tax treatments	This interpretation clarifies how to apply the recognition and measurement criteria from IAS 12 when there is uncertainty about the tax authority's acceptability of a particular tax treatment used by the entity.	01 January 2019
Amendments to IAS 28 Long-term interests in associates and joint ventures	Clarifies that IFRS 9 should be applied to the long-term interests in an associate or joint venture to which the equity method is not applied.	01 January 2019
Not approved for use in the EU		
IFRS 17 - Insurance Contracts	Replaces IFRS 4, and incorporates the principles of recognition, measurement, presentation and disclosure of insurance contracts with the aim that the entity provides relevant and reliable financial information that enables users of the information to determine the effect that insurance contracts have on the financial statements.	1 January 2021 (the date is being reviewed by IASB, and it may be delayed until 1 January 2022)
Improvements to IFRS Cycle 2015-2017	Minor amendments to a number of standards.	01 January 2019
Amendment to IAS 19 Modification, reduction or liquidation of a plan	Clarifies how to calculate the cost of the service for a current period and the net interest for the remainder of an annual period when a modification, reduction or liquidation of a defined benefit plan occurs.	01 January 2019
Amendments to IFRS 3 - Business definition	Clarification on business definition.	01 January 2020
Amendments to IAS 1 and IAS 8 Definition of "materiality"	Amendments to IAS 1 and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework.	01 January 2020

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- <u>IFRS 16 - Leases:</u>

IFRS 16 – Leases, will replace the IAS 17 – Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease, for reporting periods starting on 1 January 2019. This new standard proposes a single lease model in which a liability will be recorded for any payments due for the lease, including any reasonable extensions, and an asset that represents the right to use the underlying asset for the duration of the lease. Lessees will also be responsible for re-evaluating any liabilities on the lease, usually by adjusting the recorded asset for right of use, whenever certain events require it - such as changes to the duration of the lease, changes in the future payment schedule caused by updating any clauses included in the lease agreement, changes to any future instalments, etc. The Standard includes two exceptions to lease asset and liability recognition on behalf of lessees: small value leases and leases lasting under 12 months. Likewise, lessees must also list their amortised liability expenses as separate from the amortised value for right of use. The dual model based on the current IAS 17 is maintained for the lessor and the leases will be financial or operational.

Most of the situations in which Acciona Group acts as a lessee relate to operational leases, and the Group is currently finalising an analysis on the full impact of this standard on its financial statements. This analysis has taken into account the following procedures:

– Inventory of any lease agreement in force as of 31 December 2018 that are expected to remain valid by 1 January 2019.

– Analysis of each lease agreement in order to determine their effective periods, based on the likely extensions that will be negotiated, and whether any of these fall within the scope of IFRS 16.

– analysis on the right to substantially obtain all the economic benefits of the use of the asset in order to conclude on the Group's capacity as a lessee, to control the use of the underlying asset identified in the contract. As a result of this analysis, which entails a high level of judgement value, the Group considers that most of the land lease contracts where wind power generation facilities are located are excluded from the scope of IFRS 16, since they contain clauses that do not recognise the exclusive use by the lessee subsidiaries, and allow the lessor access to and development of activities on the land, restricting, therefore, the ability of the Group to manage the use of such land.

  Given this is an issue that is not specifically regulated in the standard, the fact that this treatment may be modified cannot be discarded, in accordance with the interpretations or clarifications that may be issued by the legislators or the doctrine.

– Revising any payment plans included within lease agreements in order to separate, whenever possible, which instalments belong to services rendered and therefore do not meet the definition of a lease.

– Estimating the discount rates that will be applied to each lease agreement.

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- Implementing a management tool that facilitate future control and calculations for the new standard.

  Acciona Group has chosen not to adopt IFRS 16 in advance, and it intends to apply a mixed transition method, by which, depending on the characteristics of the contracts in force and the historical information that can be reconstructed from them, the application of a modified retroactive transition (paragraph C8 (b) (i)), or a simplified modified retroactive transition method (paragraph C8 (b) (ii)) is being considered. Additionally, the Group will apply the recognition exemptions for short-term or low-value leases, establishing the amount of 5,000 euros as an upper limit for the latter.

  The Group is currently finishing the estimates and policies that should be applied in relation to this new standard. Following a first estimate of the incremental rate and application to contracts subject to IFRS 16, at the closing date they would imply the recognition of an asset for rights of use, a negative impact on reserves, and a lease liability of 158 million euros, 23 million euros, and 181 million euros, respectively. The main types of underlying assets identified in the affected contracts are detailed below in millions of euros:

Type of asset	01.01.2019
Plants	90
Buildings	59
Transportation elements	16
Machinery	8
Land	7
Others	1
Total liabilities for leases	**181**

If land leases, related to the generation of wind energy described above are subject to IFRS 16, the estimated initial impact should be increased by 193 million euros for rights of use, 8 million euros for the negative impact on reserves, and 201 million euros for lease liability.

Except for the impacts of the standards indicated in the paragraphs above, the Group's Directors do not anticipate any significant changes to arise as a result of the introduction of the other standards, amendments and interpretations published but not yet in force, since they are applications to be applied prospectively, amendments related to presentation and disclosure issues and/or matters that are not applicable to the Group's operations.

4.2 Measurement standards

The main measurement standards applied in the preparation of the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, were as follows:

A) Property, plant and equipment

Property, plant and equipment acquired for use in the production or supply of goods or services or for administrative purposes are stated on the consolidated balance sheet at the lower of acquisition or production cost less any accumulated depreciation and their recoverable amounts.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Acquisition cost includes professional fees and borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. The finance costs relating to this funding used for the construction of these assets are entirely capitalised during their construction.

The acquisition cost of elements acquired before 31 December 2003 includes any asset revaluations permitted in the various countries to adjust the value of the property, plant and equipment due to the effect of inflation until that date.

The balances of assets retired as a result of modernisation or for any other reason are de-recognised from the related cost and accumulated depreciation accounts.

In-house work done by the Group on its own property, plant and equipment is recognised at accumulated cost (external costs plus internal costs calculated on the basis of in-house consumption of warehouse materials and manufacturing costs incurred). At 31 December 2018 "other income" on the accompanying consolidated income statement recorded the amount of 207 million euros for work done by the Group on its own property, plant and equipment, mostly related to wind projects developed in Chile, Mexico and Australia, and a photovoltaic project in Chile.

Upkeep and maintenance costs are charged to the consolidated income statement for the year in which they are incurred.

Generally, depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; it is understood that the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated. The Group companies depreciate their property, plant and equipment over the years of estimated useful life. The annual depreciation rates applicable in 2018 were as follows:

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Annual depreciation rates	
Buildings	2 - 10%
Special facilities:	
Wind farms	4 - 5%
Hydroelectric power plants	1 - 4%
Biomass plants	4%
Solar thermal plants	3.33%
Solar PV plants	4%
Remaining plant	5 - 33%
Machinery	5 - 40 %
Furniture	5 - 25%
Computer hardware	13 - 30%
Transportation Elements	10 - 32%
Other PPE	6 - 33%

The consolidated companies recognise in the books any loss that may have occurred in the registered value of these assets due to their impairment, and the heading "Impairment and profit/(loss) on disposal of non-current assets" on the consolidated income statement is used as balancing entry. The criteria to recognise the impairment losses of these assets and, if appropriate, the loss recoveries that might occur subsequently are detailed in section E) in this note.

Finance leases

Property, plant and equipment held under finance leases are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets.

B) Investment property

"Investment Property" on the accompanying consolidated balance sheet reflects the net values (i.e. less any accumulated depreciation) of the land, buildings and other structures held either to earn rentals or for capital appreciation on their sale.

Investment property is stated at acquisition cost and for all purposes the Group applies the same policies as those used for property, plant and equipment of the same kind.

Each year the Group determines the fair value of its investment property with the support of appraisals undertaken by independent experts (see Note 6).

Investment property is depreciated on a straight-line basis over the years of estimated useful life of the assets, which constitutes the period over which the Group companies expect to use them. The average depreciation rate is as follows:

Annual depreciation rate	
Buildings held for rental	2 - 3%

C) Goodwill

As part of the process carried out in a business combination, the existing excess between the given consideration, plus the allocated value to non-dominant stake holdings and the net amount of the assets acquired and the liabilities assumed measured at fair value are recognised as goodwill. If applicable, the shortcoming after measuring the given consideration, the value assigned to non-dominant stake holdings and the identification and measurement of the net amount of the assets acquired at fair value is recognised in the profit/(loss).

The assets and liabilities acquired are measured provisionally at the date on which control is acquired, and the resulting value is reviewed no later than one year from the date of acquisition.

Goodwill is not amortised, but impairment is verified each year, or before then if there are signs of a potential loss of asset value. For these purposes, the goodwill resulting from the business combination is assigned to each of the Cash-Generating Units (CGU) or groups of CGUs that belong to the Group which are expected to benefit from the synergies of the combination. After the initial recognition, goodwill is measured at its cost less the accumulated impairment losses.

Goodwill generated internally is not recognised as an asset. Goodwill is only recognised when it has been acquired for a consideration and represents, therefore, a payment made by the buyer in anticipation of future economic benefits from assets of the acquired company that are not individually and separately identifiable and recognisable.

Goodwill arising in the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

D) <u>Other intangible assets</u>

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less, if applicable, any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those used to depreciate property, plant and equipment. The amortisation rates, which were determined on the basis of the average years of estimated useful life of the assets, are basically as follows:

Annual depreciation rate	
Development expenditure	10 - 33%
Administrative concessions	2 - 25%
Leasehold assignment rights	10 - 33%
Computer software	10 - 33%

The consolidated companies recognise any impairment loss in the carrying amount of these assets with a charge to "Impairment and profit/(loss) on disposal of non-current assets" on the consolidated income statement. The criteria to recognise the impairment losses of these assets and, if appropriate, the loss recoveries that might occur subsequently are detailed in section E) in this note.

Research and development

As a general rule, expenditure on research activities is recognised as an expense in the year in which it is incurred, except in development projects in which an identifiable

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asset is created, it is probable that the asset will generate future economic benefits, and the development cost of the asset can be reliably measured. The Group's development expenditure, basically related to the wind power business, is only recognised as an asset if it is probable that it will generate future economic benefits and the development cost of the asset can be reliably measured.

Development expenditure is amortised on a straight-line basis over its useful life. Unless the aforementioned conditions for recognition as an asset are met, development expenditure is recognised as an expense in the year in which it is incurred.

Administrative concessions

The "Administrative Concessions" line item includes concessions that have been acquired by the Group for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the Government or from a public agency. Administrative concessions are amortised on a straight-line basis over the term of the concession. Appendix V details the duration (and, therefore, amortisation) of the main concessions.

Intangible assets in infrastructure projects

Since the adoption of IFRIC 12, the Acciona Group has included under "Intangible Assets in Infrastructure Projects", the intangible assets associated with concessions in which the demand risk is borne by the operator. This type of concession-related activity is carried out through investments mainly in transport and water supply infrastructure that is operated by subsidiaries, jointly controlled entities or associates (concession operators), the main characteristics being as follows:

- The concession infrastructure is owned by the grantor in most cases.

- The concession grantor, which can be a public or private sector entity, controls or regulates the service offered by the concession operator and the conditions under which it should be provided.

- The infrastructure is operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are handed over to the concession grantor, and the concession operator has no right whatsoever over these assets.

- The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

The most significant accounting criteria applied by the Acciona Group in relation to these concession arrangements are as follows:

- Capitalisation of the borrowing costs incurred during the construction period and non-capitalisation of the borrowing costs subsequent to the entry into service of the related assets.

- Amortisation of the concession infrastructure on a straight-line basis over the concession term.

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- Concession operators amortise these assets so that the carrying amount of the investment made plus the costs considered necessary to return the assets in working order is zero at the end of the concession term.

- Practically in all the concessions of the Acciona Group, the construction work was carried out by Group companies. In this regard, the income and expenses corresponding to infrastructure construction or upgrade services are recognised at their gross amount (recognition of the sales and the cost of sales on the consolidated financial statements of the Acciona Group), with the construction margin recognised on the consolidated financial statements. If construction were not carried out by the Group itself, this fact would be taken into account for the purpose of recognising sales and the cost of sales on the consolidated financial statements. No adjustment was necessary in 2018 for this reason.

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised at acquisition cost with a charge to "Other Intangible Assets" on the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

E) Impairment of non-current assets

At the closing date of each balance sheet, the Group reviews the carrying amounts of its property, plant and equipment, investment property and intangible assets, to determine whether there is any indication that those assets might have sustained an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the value impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the smallest identifiable cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years.

At the end of each reporting period, goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to "Impairment and profit/(loss) on Disposals of Non-Current Assets" on the consolidated income statement. Impairment losses recognised for goodwill do not reverse in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. The methodology used to estimate value in use varies on the basis of the type of asset in question. For these purposes, the Group considers three types of assets: investment property (assets held to earn rentals), goodwill of companies and assets of a limited duration (primarily assets related to electricity production and infrastructure concessions); the way they are measured is explained below.

Real estate assets (assets held to earn rentals and inventories)

The Group's real estate investment relates to properties earmarked for lease. The fair value at 31 December 2018 of the Group's real estate investment was calculated with the support of valuations conducted at that date by Savills Aguirre Newman (its report was issued on 7 February 2019 as an independent expert).

Assets of this type are measured by updating the rents at rates that vary on the basis of the type of building earmarked for lease and of the specific characteristics of the buildings. In proportion to their carrying amounts, the assets held to earn rentals may be classified as residential for rent (19.81%), offices (39.83%), land for development (21.79%) and other property (18.57%) (housing, car parks, etc.) The update rates used for each type of property lie in the following ranges: residential property for rent (5.75-6.5%), offices (7.25-9.5%) and other property (8-11.5%).

The method used to calculate the market value of investment goods consists in preparing ten-year forecasts for the income and expenses of each asset that will then be updated at the date of the statement of financial position, through a market discount rate. The residual amount at the end of the tenth year is calculated by applying a yield rate ("exit yield" or cap rate") from the forecasts for net income in the eleventh year. The market values thus obtained are analysed through calculation and analysis of the capitalisation of the yield implicit in these values. The forecasts are used to reflect the best estimate of income and expenses of property assets over the future. The yield rate and the discount rate are defined according to the domestic market; the reasonability of the market value thus obtained is proved in terms of initial gain.

To calculate the fair value of land, the residual method was applied. This method consists in estimating the value of the final product on the basis of the comparison or cash flow discount method, and the development costs are taken off this value. Development costs include the cost or urbanisation, construction, fees, levies and all the costs needed to carry out the projected development. Revenue and costs are distributed over time according to the development and sale periods estimated by the appraiser. The update rate used is the rate representing the annual average yield of the project, and the external financing that would be required by an average developer for a development of the characteristics of the development analysed is not taken into account. This update rate is calculated by adding the risk premium (determined through the risk assessment of the development, with the type of property asset to build, its location, liquidity, term of construction and amount of required investment being considered) to the free-risk rate. Where in the determination of the cash flows external financing is taken into account, the risk premium mentioned above increases depending on the percentage of said financing (leverage level) attributed to the project and on the usual interest rates on the mortgage market.

Taking the valuations made as a benchmark, the related impairment if any is booked and recognised in "Impairment and profit/loss on disposal of non-current assets" on the income statement (see Note 6).

Goodwill of companies

The impairment test takes into consideration the cash-generating units' overall capacity to generate future cash flows.

The Group prepares five-year forecasts of projected cash flows, including the best available estimates of income and expenses for the cash-generating units, using industry projections, past experience and future expectations.

Also, a residual value is calculated on the basis of the normalised cash flows of the last year of the forecast, to which a perpetuity growth rate is applied which under no circumstances exceeds the growth rates of previous years or those estimated in the long term for the market where the cash generating unit is located. The cash flow used to calculate residual value takes into account the replacement investments required for the continuity of the business in the future at the estimated growth rate.

The weighted average cost of capital (WACC) is used to discount cash flows, which will depend on the type of business and on the market in which it is carried on. The average leverage during the projection period is taken into account in the calculation of the WACC.

Other items calculated include: i) the effective cost of borrowings, which takes into account the tax shield that they give rise to, based on the average tax rates in each country; and ii) the estimated cost of equity based on a risk-free interest rate, (generally using as a benchmark the return on a ten-year bond in each market), the beta (which factors in the leverage and the risk associated with the asset), and a market premium (estimated on the basis of historical yields on the capital markets). These variables are tested using recent studies on premiums required at long term, comparable companies in the industry and rates habitually used by investment banks.

At 31 December 2018, the impairment tests implemented did not show the need to register impairment (see Note 7).

Non-current assets in projects

This line item includes concession assets and projects with a limited duration and characterised by having a contractual structure that makes it possible for the costs incurred in the project to be clearly determined (both at the initial investment stage and at the operating phase) and the related revenue to be reasonably projected over the life of the project (basically property, plant and equipment from the energy division). They are registered under property, plant and equipment (mainly under electric power generation facilities) and in other intangible assets under intangible concessions (IFRIC 12).

To calculate the value in use of assets of this nature, the expected cash flows are projected until the end of the life of the asset. Therefore, it is assumed that there is no terminal value. This is possible because:

- These assets have a stable long-term production, thus making it possible for reliable long-term estimates to be made.
- There are extensive series of historical data from reliable external sources.
- In connection with the energy division, the estimates of prices used by the Acciona Group for revenue determination (pool price) are based on a profound understanding of the market and on the analysis of the parameters determining pool prices.
- The operating costs are known and with scant variability.
- A large part of them have been financed with long-term debt with known and constant terms and conditions that make it possible to forecast easily the necessary outflows of cash to cover the debt service.

The projections include both known data (based on project contracts) and basic assumptions supported by specific studies performed by experts or by historical data (on demand, production, etc.). Also, macroeconomic data, such as inflation, interest rates, etc., are projected using data provided by independent specialist sources (e.g. Bloomberg).

The discounted cash flows are those obtained by the shareholder after servicing the debt. The rates used to discount these cash flows are based on the cost of equity, and in each case include the business risk and the sovereign risk relating to the location where the operation is being performed.

At 31 December 2018 and 2017, the Acciona Group has not recognised significant amounts in the accompanying consolidated income statement for this concept.

F) <u>Leases</u>

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance leases

When the consolidated companies act as the lessee, they disclose the cost of the leased assets on the consolidated balance sheet, based on the nature of the leased asset, and, simultaneously, recognise a liability for the same amount (which will be the lower of the fair value of the leased asset and the aggregate present values of the amounts payable to the lessor plus, where applicable, the price of exercising the purchase option). These assets are depreciated using the same criteria as those applied to similar items of property, plant and equipment that are owned.

The finance charges arising under finance leases are charged to the consolidated income statement on a straight-line basis over the term of the leases.

Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased assets remain with the lessor, which recognises the assets at their acquisition cost.

These assets are depreciated using the coefficients set ou in section 4.2.A) and lease income is recognised on the income statement on a straight-line basis.

When the consolidated companies act as the lessee, lease costs, including any incentives granted by the lessor, are recognised as an expense on a straight-line basis on their income statements.

Amounts received and receivable as incentives for the arrangement of operating leases are also recognised in profit or loss on a straight-line basis over the term of the lease.

G) Non-current receivables and other non-current assets

"Non-Current Receivables and Other Non-Current Assets" includes the non-current trade receivables, mainly from public authorities, and withholdings from trade receivables, mainly from the Infrastructure division.

Since the Acciona Group adopted IFRIC 12, it has recognised under "Other Non-Current Assets" non-current assets associated with concessions in which the grantor guarantees the payment of a quantified or quantifiable amount, and where, therefore, the operator does not bear any demand risk.

This type of concession-related activity was carried on through investments mainly in transport, water supply and hospital infrastructure operated by subsidiaries, jointly controlled entities or associates (concession operators), the detail being as follows:

- The concession infrastructure is owned by the grantor in most cases.

- The concession grantor, which can be a public or private sector entity, controls or regulates the service offered by the concession operator and the conditions under which it should be provided.

- The infrastructure is operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are handed over to the concession grantor, and the concession operator has no right whatsoever over these assets.

- The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

The most significant accounting criteria applied by the Acciona Group in relation to these concession arrangements are as follows:

- The account receivable is recognised for the present value of the amount receivable from the grantor.

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- Borrowing costs are not capitalised, either during the construction phase or after the concession has started to operate.

- The Group recognises interest income earned on the financial asset, even during the construction phase, by applying the effective interest rate of the financial asset. This income is recognised in the net revenue.

- Practically in all the concessions of the Acciona Group, the construction work was carried out by Group companies. In this regard, the income and expenses corresponding to infrastructure construction or upgrade services are recognised at their gross amount (recognition of the sales and the cost of sales on the consolidated financial statements of the Acciona Group), with the construction margin recognised on the consolidated financial statements. If construction were not carried out by the Group itself, this fact would be considered for the purpose of recognising sales and the cost of sales on the consolidated financial statements.

- There is no depreciation or amortisation charge since the arrangements constitute a financial asset.

- Annual billings are divided into a financial asset component recognised on the balance sheet (and, therefore, not recognised as sales) and the component relating to services provided, which is recognised under "Revenue".

H) Financial instrument disclosures

The qualitative and quantitative disclosures in the financial statements regarding financial instruments and risk and capital management are detailed in the following notes:

- Financial asset and liability categories, including derivative financial instruments and accounting policies are detailed in Note 4.2 i).
- Classification of the fair value measurements of financial assets and for derivative financial instruments consistent with the fair value hierarchy established in IFRS 7, detailed in Note 4.2 i).
- Disclosure requirements (qualitative and quantitative information) regarding the capital are detailed in Note 16 g).
- Risk accounting and management policies are detailed in Note 19.
- Derivative financial instruments and hedge accounting are detailed in Note 20.
- Transfers from equity to the year's profit or loss, for settlements of hedging derivative financial instrument transactions, are detailed in Note 28.

l) Financial instruments

Non-current and current financial assets excluding hedging derivatives

The financial assets held by the Group companies are classified into two large blocks based on the subsequent valuation method:

- Financial assets carried at amortised cost: corresponds to assets that are expected to retain contractual cash flows, which consist of collecting principal and interest (if applicable). These items are measured at amortised cost, which is basically the initial market value, less principal repayments, plus the accrued interest receivable calculated using the effective interest method. The types of assets comprised by this classification are:

  - Loans and receivables: those originated by the companies in exchange for supplying cash, goods or services directly to a debtor. This category is comprised practically in its entirety of the assets recorded under heading "Trade and other accounts receivable".
  - Cash and other current financial assets: this item comprises both cash and bank deposits on demand. Other cash equivalents comprise short-term investments, with maturity under three months, and not subject to a relevant risk of change in value.
  - Other financial assets: assets with fixed or quantifiable payments and fixed maturity. The Group has the intention and ability to hold them from the date of purchase to the date of maturity. The category mainly includes loans granted to companies consolidated by equity method, short-term deposits, and deposits and guarantees.

The Group has determined an impairment model based on the forecast losses arising from defaulting payments during the next 12 months or throughout the entire lifespan of the financial instrument to be recognised, depending on the nature of the financial asset and the evolution of its associated credit risk from the initial recognition date. The model is carried out by considering the division, type of customer (public entity, large customers, etc.) as well as the historical experience regarding credit risk over the past five years. No significant amount for this concept has been recognised in the income statement for 2018.

- Financial Assets designated at fair value with changes in profit or loss: these relate to securities acquired that are not classified in the other categories; almost all of them relate to financial instruments in the capital of companies. They are measured:

  - In the case of shareholdings in unlisted companies, given that the fair value cannot always be reliably determined, at acquisition cost, adjusted for any impairment losses disclosed. The main criterion applied by the Acciona Group to determine if there is objective evidence of impairment is to have incurred significant or permanent losses in the investee.

  - At fair value when it is possible to determine it reliably, either through the market price or, in the absence thereof, using the price established in recent transactions or the discounted present value of the future cash flows. The gains

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and losses from changes in fair value are recognised directly in the consolidated income statement.

In financial years 2018 and 2017, no financial assets were reclassified among the categories defined in the foregoing paragraphs. Although the classification of these categories has been aligned to IFRS 9, it has not led to a change in the valuation method for the Group's financial assets with respect to the previous year.

Purchases and sales of financial assets are booked using the trade date method.

Transfers of financial assets

The Acciona Group de-recognises financial assets when they expire or when the rights to the cash flows from the financial asset and substantially all the risks and rewards of ownership have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinate financing or award any kind of guarantee or assume any other kind of risk.

Bank borrowings other than derivatives

Interest-bearing bank loans and overdrafts are recognised at the amount received, net of direct issue costs. Borrowing costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. In subsequent periods, these obligations are measured at amortised cost using the effective interest method.

In specific cases where liabilities are the underlying of a fair value hedge, they are measured, exceptionally, at fair value for the portion of the hedged risk.

The Group 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 Group 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 Group 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 as part of the profit or loss. Otherwise, the cash flows are discounted at the original effective interest rate and any difference with the previous carrying amount is recognised in profit or loss. In addition, the costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group 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.

The Group also applies this accounting treatment to debt renegotiations arising from agreements with creditors, recognising the effect of them at the date the agreement is legally approved. Positive results are recognised under "financial income" in the consolidated income statement.

Derivative financial instruments and hedge accounting

Because of its activities, the Group is mainly exposed to the financial risks derived from fluctuations in foreign exchange rates and interest rates and in certain energy material supplies. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Electricity price and supply hedging transactions are also arranged. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors.

Accounting policies:

Derivatives are recognised at fair value (see measurement bases below) at the consolidated balance sheet date under "Other Current Financial Assets" or "Non-Current Financial Assets" if positive and under "Bank Borrowings" (both current and non-current) if negative. Changes in the fair value of derivative financial instruments are recognised on the consolidated income statement as they arise. If the derivative has been designated as a hedge which is highly effective, it is recognised as follows:

- Fair value hedges: these hedges are arranged to fully or partially reduce the risk of fluctuations in the value of assets and liabilities (underlying) recognised on the consolidated balance sheet. The portion of the underlying for which the risk is being hedged is measured at fair value, as is the related hedging instrument, and changes in the fair values of both items are recognised under the same heading on the consolidated income statement. At 31 December 2018, the Group had no fair value hedges.
- Cash flow hedges: these hedges are arranged to reduce the risk of potential changes in the cash flows associated with the interest payments on non-current floating-rate financial liabilities, exchange rates and fuel stock and fuel hedges. Changes in the fair value of derivatives are recognised, with respect to the effective portion of the hedge, in "Reserves - Value Adjustments" under equity. The cumulative gain or loss recognised in this heading is transferred to the consolidated income statement to the extent of the impact of the underlying (resulting from the risk hedged) on the consolidated income statement; thus, this effect is netted off under the same heading

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on the consolidated income statement. Gains or losses on the ineffective portion of the hedges are recognised directly on the consolidated income statement.

Group policy on hedging:

At the inception of the transaction, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge. Hedges are only recognised when formal documentation regarding the hedging relationship is available and all effectiveness requirements are met; this means that if an economic relationship between the hedged item and the hedging instrument is proven to exist, if the credit risk effect does not dominate value changes arising from this economic relationship, and if there is a reason for the hedge through which the hedging relationship is the same as that arising from the amount of the hedged item without any imbalance between the weights of the hedged item and hedging instrument which could cause the hedge to be ineffective.

The Group does not hedge projected transactions, but rather only firm financing commitments. If the cash flows from projected transactions were hedged, the Group would assess whether such transactions were highly probable and whether they were exposed to changes in cash flows that could ultimately affect the year's profit or loss.

If the cash flow hedge of a firm commitment or projected transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period as that in which the hedged item affects net profit or loss.

Compound financial instruments with multiple embedded derivatives

The Acciona Group does not have any compound financial instruments with embedded derivatives.

Measurement and adjustment for credit risk bases

The Group measures derivatives not traded on an organised market (OTC) by discounting the expected cash flows and using generally accepted option pricing models based on spot and futures market conditions at the closing date of every financial year. The fair value calculations for each type of financial instrument are as follows:

- Interest rate swaps are valued by discounting future settlements between fixed and floating interest rates to their present value, in line with implicit market rates, obtained from long-term interest rate swap curves. Implicit volatility is used to calculate the fair values of caps and floors using option pricing models.

- Foreign currency hedging and option contracts are valued using the spot exchange rate, forward spots of the related currencies and, in the case of options, implicit volatility until maturity.

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- Commodities contracts (for fuel) are valued in a similar way, in this case, taking into account the futures prices of the underlying and the implicit volatility of the options.

In order to determine the adjustment for credit risk in the measurement of derivatives at 31 December 2018, the technique applied was based on a calculation through simulations of the total expected exposure (incorporating both the actual and the potential exposure) adjusted in line with the probability of default over time and the severity (or potential loss) assigned to the Company and to each of the counterparties.

More specifically, the adjustment for credit risk was obtained from the following formula:

EAD * PD * LGD, where

- EAD: Exposure at default at any given moment. This is calculated through the simulation of scenarios with market price curves.
- PD: Probability of default, i.e., that one or other of the counterparties may fail to fulfil its payment obligations at any given moment.
- LGD: Loss given default with a severity = 1- (recovery rate): The percentage of losses ultimately occurring when one of the counterparties has incurred default.

The total expected exposure from derivatives is obtained using observable market inputs, such as interest curves, exchange rates and volatilities depending on the market conditions on the measurement date.

The inputs applied to obtain credit risk and counterparty risk (determination of the probability of default) are mainly based on the application of credit spreads of the Company or other comparable businesses currently traded on the market (CDS curves, IRR of debt issues). In the absence of credit spreads of the Company or other comparable businesses and in order to maximise the use of relevant observable variables, the listed references taken into account are those considered most suitable in each case (listed credit spread indices). For counterparties with credit information available, the credit spreads used are obtained from the Credit Default Swaps (CDS) listed on the market.

Furthermore, for the fair value (adjustment of the market value to the bilateral credit risk), consideration has been given to the credit enhancements in terms of collateral or guarantees when determining the severity rate to be applied to each position. Severity is considered to be unique over time. If there are no credit enhancements in terms of collateral or guarantees, a standard market recovery rate has been applied which corresponds to a senior unsecured debt of 40%. Nonetheless, this recovery rate would range between 66.15% and 90.45%, depending on the degree of progress in the project (construction or operation phase), and its geographical area (Western Europe, Eastern Europe, North America, Latin America, Oceania and Africa), for derivatives contracted under Project Finance structures.

The measurements at fair value made over the different derivative financial instruments including the information used for the calculation of the adjustment for credit risk of both the Company and its counterparty are classified at level 2 in the fair value hierarchy established in IFRS 7 as the inputs based on prices listed for similar instruments on active markets (not included in level 1), listed prices for identical or similar instruments on markets that are not active, and techniques based on valuation models for which all the significant inputs are observable on the market or can be corroborated by observable market data.

Although the Acciona Group has determined that most of the inputs used to evaluate the derivatives are at level 2 in the fair value hierarchy, the credit risk adjustments use level 3 inputs such as the credit estimations based on the credit rating or comparable companies to assess the probability of insolvency for the Company or its counterparty. The Group has assessed the relevance of the credit risk adjustments for the total valuation of the derivative financial instruments and has concluded that they are not material.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ substantially from their fair value.

Trade payables include unpaid balances to suppliers which are handled through confirming contracts with financial entities and, in the same way, payments related thereto are classified as transaction flows, since these transactions do not include either special guarantees given as pledge for the payments to be made or modifications that change the commercial nature of the transactions.

Current/Non-current classification

On the accompanying consolidated balance sheet, assets and liabilities maturing within no more than twelve months are generally classified as current items and those maturing within more than twelve months are classified as non-current items. However, the companies in the Real Estate business classify them based on the operation cycle, which is usually greater than one year. The current assets and liabilities allocated to this division with an estimated maturity of more than twelve months are as follows:

Thousand euros	2018	2017
Inventories	479,700	414,273
Total current assets	**479,700**	**414,273**
Bank borrowings	4,806	9,375
Other current liabilities	18,157	8,627
Total current liabilities	**22,963**	**18,002**

Loans that mature in the short term but whose long-term refinancing is, at the Group's discretion, ensured through available long-term credit facilities are classified as non-current liabilities.

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J) Inventories

The Group companies measure their inventories as follows:

- In the Construction business, procurements, consisting basically of construction materials located at the sites of the various construction projects in progress, are measured at acquisition cost. Semi-finished goods or work in progress to be included in the value of the construction projects are recognised at production cost.

- In the real estate business, land is measured at acquisition cost, plus urban development costs, if any, purchase transaction costs and borrowing costs incurred from the date of commencement of the development of the site for its desired use until construction begins, or at their estimated market value, whichever is the lower. If the building work is halted due to its rescheduling or other reasons, the borrowing costs cease to be capitalised.

  The costs incurred in property developments or part thereof whose construction has not been completed at the closing date of the financial year are treated as inventories. These costs include land, urban development and construction costs, capitalised borrowing costs incurred in the construction period, and other allocable direct and indirect costs. Commercial costs are charged to the income statement in the year in which they are incurred.

  In financial year 2018, the capitalised borrowing costs in inventories came to 2,642 thousand euros (672 thousand euros in 2017) (see Note 28).

- Other inventories are recognised generally at the lower of weighted average cost and net realisable value. These inventories can, on a residual basis, be measured at FIFO cost.

As regards real estate inventories, the Group's Directors estimate their fair value at the end of every year on the basis of the valuations carried out by independent experts Savills Aguirre Newman (whose report was issued on 7 February 2019), and CB Richard Ellis, S.A. (whose report was issued on 7 February 2019) allocating if necessary provisions for impairment when the properties are found to be overvalued.

The valuations were carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of Great Britain and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC). The residual method was used to calculate the fair value, supplemented by the comparative method.

Whenever there is a reasonable change in the basic assumptions that affect the recoverable amount of the assets, the Group performs a sensitivity analysis to determine whether this change may reduce the realisable value to below the carrying amount, in which case, an impairment loss is recognised.

K) Treasury shares

At 31 December 2018, Acciona, S.A. held 2,902,115 treasury shares representing 5.06% of the share capital at the time. The acquisition cost of these shares amounted to 199,616 thousand euros. The acquisition cost of the treasury shares and the gains or losses on transactions involving them were recognised directly in equity (see Note 16).

At 31 December 2017, Acciona, S.A. held 45,702 treasury shares representing 0.0798% of the share capital at the time. The acquisition cost of these shares amounted to 3,146 thousand euros.

L) Termination benefits

Under the legislation for the time being in force, the Spanish companies and certain foreign companies are required to pay termination benefits to employees dismissed on unfair grounds. The Acciona Group companies do not currently have any employee termination plans that have not been appropriately provisioned in accordance with the regulations in force.

M) Provisions

The Group's consolidated financial statements include all the provisions covering present obligations at the balance sheet date arising from past events which could give rise to a loss for the companies, certain as to its nature but uncertain as to its amount and/or timing. They include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the close of every accounting period, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations are extinguished or reduced.

Litigation and/or claims in process

At the close of financial years 2018 and 2017, certain litigation and claims arising from the ordinary course of operations were in process against the consolidated companies. The Group's Directors, considering the opinion of its legal advisers, consider that the outcome of litigation and claims will not have a material effect on the consolidated financial statements for the years in which they are settled. Accordingly, they did not deem it necessary to record an additional provision in this respect.

Operating provisions and allowances

These provisions and allowances include costs that have not yet been incurred. The provision for the cost of completion of construction projects is intended to cover the expenses arising from the date on which project units are completed to the date of delivery to the client.

Provisions for pensions and similar obligations

The Acciona Group companies do generally not have any pension plans to supplement social security pensions. The appropriate provisions are recognised for terminations of permanent site personnel related to projects, except for the group mentioned below.

Certain companies from the Acciona Group entered into or were subrogated to collective agreements that establish benefits of specific amounts for employees included in such agreements that reach retirement age, provided that the conditions established in the agreements are met. Some of these collective agreements also establish a loyalty bonus based on the employee's length of service at the companies. The impact of these obligations is not material.

These companies have various pension obligations to their employees. These defined benefit obligations are basically formalised in pension plans, except as regards certain benefits in kind, mainly electricity supply commitments, which, due to their nature, have not been externalised and are covered by the related in-house provisions.

For the defined benefit plans, the companies recognise the expenditure relating to these obligations on an accrual basis over the working life of the employees by performing at the consolidated balance sheet date the appropriate actuarial studies calculated using the projected unit credit method. The past service costs relating to changes in benefits are recognised immediately on the consolidated income statement as the benefits are accrued.

The defined benefit plan obligations represent the present value of the accrued benefits after deducting the fair value of the qualifying plan assets. The actuarial losses and gains arising in the measurement of both the plan liabilities and the plan assets are recognised directly in equity under "Reserves - Change due to Actuarial Losses and Gains on Pension Schemes".

For each of the plans, any positive difference between the actuarial liability for past services and the plan assets is recognised under "Provisions" on the consolidated balance sheet and any negative difference is recognised under "Trade and Other Receivables" on the asset side of the consolidated balance sheet, provided that such negative difference is recoverable by the Group, usually through a reduction in future contributions.

The impact of these plans on the consolidated income statement is not material (see Note 17).

The Group recognises termination benefits when there is an individual or collective agreement with the employees or a genuine expectation that such an agreement will be reached that will enable the employees, unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recorded in situations in which the Group has decided to consent to the termination of the employees when this has been requested by them. In all cases in which these provisions are recognised the employees have an expectation that these early retirements will take place.

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N) Grants

Government grants related to assets to cover staff re-training costs are recognised as income once all the conditions attached to them have been fulfilled over the periods necessary to match them with the related costs.

Government grants related to property, plant and equipment and intangible assets are treated as deferred income, are classified under "Other Non-Current Liabilities" and are taken to income over the expected useful lives of the assets concerned under "Other Income".

O) Revenue recognition

Revenue is measured by the fair value of the consideration received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Income and expenses are recognised following the accrual principle, that is, when the actual flow of goods and services represented takes place, regardless of the time when the cash or financial flow arising therefrom occurs.

As mentioned above, with the new revenue recognition standard IFRS 15 entering into force on 1 January 2018, the Group has modified its revenue recognition policies so that they conform to this standard, and has developed a common policy to be applied across the various segments.

In this sense, the Group identifies and separates the different commitments when transferring goods or services referred to in a contract. This implies a separate recognition for each of the obligations that can be identified individually within the same main contract.

In addition, the Group estimates the price of each of the contracts identified, also considering the initial agreed contract price, the amount of variable considerations, the time value of money (in cases that are considered to have a significant financing component), and non-cash contributions.

In cases when the amount is variable, or corresponds to unapproved claims, the amount is estimated following the approach that best predicts what the Group will have a right to, using an expected value based on the probability, or the single most likely value is used. This consideration is only recognised to the extent that it is considered to be highly probable that a significant reversal of the revenue recognised will not occur once the associated uncertainty has been resolved.

Some of the particular features of the business activities carried on by the Group are detailed below:

Construction business revenue:

Revenue:

Given the type of activity, revenue usually comes from long-term contracts where the start date of the contract activity and the date of completion of same generally fall into different accounting periods, so the initial revenue and expenses estimates may suffer variations that could affect the recognition of revenue, expenses and results thereof.

The Group recognises construction contract revenue and expenses by reference to the stage of completion of the activity under contract at the closing date of the balance sheet, determined on the basis of the examination of the work carried out, or by the percentage of costs incurred in relation to total estimated costs. In the first case, based on the measurement of the units made, the production of the period is recorded as revenue and costs are recognised based on the accrual related to the units performed. In the second case, revenue is recognised in the revenue statement according to the percentage of progress in costs (costs incurred versus total costs estimated in the contract), applied to the total revenue that is considered to be highly likely to be obtained from the project. The latter is commonly used in markets of Anglo-Saxon influence and contracts without unit prices.

In exceptional cases, where the outcome of a construction contract cannot be reliably estimated, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised only to the extent that the contract costs incurred are highly likely to be recovered.

In addition, for contracts where it is considered that the estimated costs of the contract will exceed the revenue derived from same, the expected losses are provisioned against the consolidated income statement for the year in which they are known.

Ordinary revenue from the contract is recognised considering the initial amount of the contract agreed with the client as well as any modifications and claims on the same to the extent that it is highly probable that revenue will be obtained from same, that it can be reliably measured, and that a significant reversal will not occur in the future.

It is considered that there is a modification to the contract when there is a client's instruction to change the scope of the contract. It is considered that there is a claim on the contract when, due to the client or third parties, there are costs not included in the initial contract (delays, errors in specifications or design, etc.) and the contractor is entitled to be compensated for the overrunning costs incurred, either by the client or by the third party causing them.

These modifications and claims are included as contract revenue when the client has approved the associated work, either in writing, by verbal agreement or tacitly under normal commercial practices, i.e., when collection is considered to be highly probable and a significant reversal of the revenue will not be produced in the future.

In cases when the work has been approved but has yet to be assigned an associated price, or where approval has not been granted by the client, the Group considers that final approval is highly probable when they are in an advanced negotiation stage or when there is a technical and/or legal report from independent experts supporting such work; the amount recognised as revenue under such cases is estimated according to the definition of "variable consideration" set out in IFRS 15, i.e. using methods that provide the best prediction of the consideration so that the most likely amount is obtained (single most likely amount within a range of possible consideration amounts), according to all the information available (historical, current and expected) that can reasonably be made available, and only to the extent that it is highly probable that a significant reversal in the amount of ordinary accumulated revenue recognised will not occur when the uncertainty related to the variable consideration is resolved at a later date.

As discussed above, construction contracts are subject to estimates for revenues and costs that need to be reviewed by project managers as the contracts progress. Any change in estimates for revenue, expenses and final work results is subject to review by the different Management levels and when verified and approved, the effect is treated as a change in the accounting estimate in the year in which it occurs and in subsequent periods, in accordance with the accounting standards in force.

Expenses:

A project costs include those directly related to the main contract and to any modifications or claims on the contract. In addition, they include the costs related to the contracting activity for each contract, such as insurance, consultancy, design and technical assistance, etc.

Construction contract costs are recognised on an accrual basis, i.e., the costs related to work units performed and total contract indirect costs attributable to said units are booked as expense.

Costs that relate to future activity on the contract, such as insurance premiums, site installations, consultancy, design and other initial costs are initially recognised as assets in "Inventories", provided that they are considered to be necessary to fulfil the contract and will be recovered by successfully completing the contract, and are charged to the income statement on the basis of the stage of completion of the contract.

Machinery removal and site installation dismantling costs, upkeep costs within the warranty period and the costs, if any, arising in the period from completion of the construction work to the date of final settlement, are deferred and recognised over the life of the construction project, since they are considered one more cost of the construction work and they relate both to the completed contract units and to the future activity on the contract.

As regards the provision for depreciation of property, plant and equipment used in construction contracts, the assets whose estimated useful life coincides with the duration of the construction work are depreciated over the term of the contract so that they are fully depreciated upon completion thereof. For machinery whose useful life exceeds the term of the contract is depreciated systematically on the basis of the technical criteria stipulated under the various contracts for which it is used and it depreciates under the straight-line method in the course of each contract.

Late payment interest due to delay in the payment by the client for work certifications are registered, as financial income, only when they can be reliably measured and their collection is reasonably guaranteed.

The Group Companies record in the account "Executed production pending certification", under "Trade and other accounts receivable", the positive difference between the recognised revenue from a contract and the amount of the certifications at the origin of the contract. In addition, they record in the account "Advances received on orders", under "Trade and other accounts payable", the amount of advance certifications for various items, including advances received from the client.

Services business revenue:

This business includes a large variety of services rendered, and the associated revenue is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be reliably estimated.

For each financial year the Group companies will follow the procedure of recognising as profit or loss from their services, the difference between production (value at the selling price of the services provided during the period, as stipulated in the main contract entered into with the client or in amendments or addenda thereto as approved by the client, or of the services not yet approved but whose recovery is highly probable) and the costs incurred during the year.

Price reviews stipulated under the initial contract signed with the client are recognised as revenue on an accrual basis, regardless of whether they have been approved by the client on an annual basis, as they are considered to have been committed to under the contract.

Energy sale revenue:

Electricity sales, along with associated complementary items, are recorded as revenue at the time it is delivered to the client, moment at which the performance obligations regarding the amounts supplied during the period are met.

For generation business in regulated markets and in projects with PPA (Power Purchase Agreement), or long-term energy supply contracts, the energy sale and complementary items have pre-set prices; for projects in which energy is sold without these kinds of contracts, the energy sale price and the price of complementary items will vary throughout the project based on the quoted market prices per MWh (pool) at each moment.

Real estate business revenue:

The Group companies recognise property sale revenue and costs on the date the property is delivered, since this is considered to be the time when the client obtains control over the asset.

Accordingly, at the date of delivery of the property the Group companies recognise, if appropriate, the provisions required to cover the contractually stipulated costs not yet incurred in relation to the asset delivered. These provisions arise from a present obligation of the company, the amount of which can be reliably estimated and whose settlement will probably give rise to an outflow of resources for the company.

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Rental revenue is recognised on an accrual basis, and incentive-related income and the initial costs of the lease agreements are recognised in profit or loss on a straight-line basis over the term of the agreement.

Borrowing costs directly attributable to the acquisition or construction of property developments or property investments -assets that necessarily require a substantial period of time to be prepared for their intended use or sale- are added to the cost of said assets until such time as the assets are substantially ready for use or sale, provided that the market value exceeds the accumulated cost of the asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

P) Income tax. Deferred tax assets and liabilities

Income tax expense is calculated by applying the tax rate to the adjusted accounting profit, and is comprised of the current tax that results from applying the tax rate to the tax base for the period after applying deductions and credits, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. They are registered by applying the tax rates at which they are expected to be recovered or settled.

Corporate tax and changes in deferred tax assets and liabilities not arising from business combinations are recognised on the consolidated income statement or in equity accounts on the consolidated balance sheet depending on where the profits or losses giving rise to them have been recognised.

Deferred tax assets relating to temporary differences, and tax loss and tax credit carryforwards are recognised only if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

Deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to verify whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Q) Foreign currency balances and transactions

Transactions in currencies other than the functional currency of each company are recognised in the functional currency by applying the exchange rates prevailing at the date of the transaction. During the year, the differences that arise between the balances translated at the exchange rate prevailing at the date of the transaction and the balances translated at the exchange rate prevailing at the date of collection or payment are recorded as finance costs or finance income on the consolidated income statement.

In addition, balances receivable or payable at 31 December of every year denominated in currencies other than the functional currencies in which the financial statements of the consolidated companies are denominated are translated to euros at the year-end exchange rates. Translation differences are recognised as finance costs or finance income on the consolidated income statement.

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R) Environment-related activities

In general, environment-related activities are considered to be operations whose main purpose is to prevent, reduce or redress damage to the environment.

Investments relating to environmental activities are measured at acquisition cost and capitalised as an addition to non-current assets in the year in which they are made.

Environmental protection and improvement expenses are charged to profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain liability, litigation in process and outstanding environmental indemnity payments or obligations of an unspecified amount, not covered by the insurance policies taken out, are recorded when the liability or obligation giving rise to the indemnity or payment arises.

S) Discontinued operations and non-current assets and liabilities held for sale

The Group classifies as "Non-Current Assets Held for Sale" property, plant and equipment, intangible assets, other non-current assets or investments under "Investments Accounted for Using the Equity Method" and disposal groups (groups of assets which will be disposed of together with their directly associated liabilities) for which at the date of the consolidated balance sheet an active programme and at reasonable prices has been started so as to sell them and the sale is expected to be completed within twelve months from that date.

The Group classifies as "Discontinued Operations" the relevant business lines that were sold or otherwise disposed of or which meet the criteria to be classified as held for sale, including, where applicable, assets which, together with the business line, are part of the same disposal plan or are classified as held for sale as a result of acquired commitments. Similarly, companies acquired exclusively with a view to resale are classified as "Discontinued Operations".

These assets or disposal groups are measured at their carrying amount or their fair value less costs to sell, whichever is the lower, and depreciation on such assets ceases from the time they are classified as "Non-Current Assets Held for Sale". However, at the date of each consolidated balance sheet the related value adjustments are made to ensure that the carrying amount is not higher than the fair value less costs to sell.

Non-current assets held for sale and the components of the disposal groups classified as held for sale are disclosed on the accompanying consolidated balance sheet as follows: the assets as a single line item called "Non-Current Assets Held for Sale and Discontinued Operations" and the liabilities also as a single line item called "Liabilities Associated with Non-Current Assets Held for Sale and Discontinued Operations".

Profit or loss after tax of discontinued operations is disclosed as a single line item on the consolidated income statement as "Profit/(Loss) after Tax from Discontinued Operations".

There were no discontinued operations at 31 December 2018 and 2017.

T) Earnings per share

Basic earnings per share are calculated by dividing the period's net profit attributable to the Parent Company by the weighted average number of ordinary shares outstanding during said period, excluding the average number of shares of the Parent Company held by the Group companies.

Diluted earnings per share are calculated by dividing the period's net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would have been outstanding if all the potential ordinary shares have been converted into ordinary shares of the company. For these purposes, it is considered that the shares are converted at the beginning of the accounting period or at the date of issue of the potential ordinary shares, if the latter had been issued during the accounting period.

U) Consolidated cash flow statement

The following terms, with the meanings specified, are used on the consolidated statement of cash flows, which was prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents, which are taken to be changes in the value of short-term, highly liquid investments.

- Operating activities: the main revenue-producing activities of the Company and other activities that are not investing or financing activities. Beginning with the profit before tax from continuing operations, in addition to the adjustment for "*Depreciation and Amortisation Charge*", transfers of interest paid and received are recognised under "*Other Adjustments to Profit (Net)*" although on a separate basis, as well as the transfer of the gains or losses on disposal of non-current assets included under investing activities and, lastly, the adjustments to the results of companies accounted for using the equity method and, in general, any results that do not generate cash flows.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and of borrowings that are not operating activities.

4.3 Accounting estimates and judgements

The information contained in these financial statements is the responsibility of the Directors of the Parent Company.

For the consolidated financial statements for 2018 and 2017, estimates were made by the Group's Directors in order to measure some of the assets, liabilities, income, expenses and obligations reported therein. These estimates, the results of which can be found in the applicable measurement standards, refer to:

- The measurement of assets showing signs of impairment and goodwill so as to determine any impairment losses thereon.
- Allocation of the cost of business combinations.
- Revenue recognition in the construction and engineering business.
- The assumptions used in the actuarial estimate of pension liabilities and obligations.
- The useful life of property, plant and equipment, investment property and intangible assets.
- The assumptions used to measure the fair value of financial instruments.
- The probability of occurrence and the amount, as applicable, of liabilities of an undetermined amount or contingent liabilities.
- Future costs for dismantling facilities and the restoration of land.
- The results for tax purposes of the various Group companies that will be reported to the tax authorities in the future, which served as the basis for recognising the various corporate tax related balances on the accompanying consolidated financial statements, and the recoverability of recognised deferred tax.

These estimates were made on the basis of the best information available at 31 December 2018 and 2017 on the events analysed. However, events that may take place in the future could make it necessary to change these estimates. Any such changes would be made in accordance with the requirements of IAS 8.

4.4 Changes in accounting estimates and policies and correction of fundamental errors

- Changes in accounting estimates: the effect of any change in accounting estimates is recognised prospectively, under the same income statement heading as that under which the expense or income measured using the previous estimate was recognised.

- Changes in accounting policies and correction of fundamental errors. The effects of changes and corrections of this kind are recognised as follows: if material, the cumulative effect at the beginning of the year is adjusted under "Reserves" and the effect for the current year is recognised on the income statement. In these cases, the financial data for the comparative year presented together with those for the current year are restated.

At 31 December 2018, there were no material changes in accounting estimates or accounting policies; nor any corrections of errors, except for those described in Note 4.1. with regards to changes in accounting policies adopted at 1 January 2018 following IFRS 15 – Revenue from contracts with clients and IFRS 9 - Financial instruments entering into force, through which modifications to the measurement standards desribed in notes 4.2.O) and 4.2.I) were introduced, respectively. As set out in the transition models of both standards, restatement of prior periods could be avoided, an alternative that has been applied by the Acciona Group.

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5.- Property, plant and equipment

The changes in financial years 2018 and 2017 in cost and accumulated depreciation were as follows (in thousand euros):

Property, plant and equipment	Land and buildings	Electricity generating facilities	Other plant and machinery	Advances and PPE in progress	Other PPE	Deprecia-tion	Impair-ment	Total
Balance at 31/12/2016	**408,616**	**11,421,752**	**1,465,229**	**414,012**	**225,690**	**(5,013,181)**	**(956,245)**	**7,965,873**
Variations due to changes in the scope of consolidation	150	62,632	38,038	(185)	8,096	(37,995)	286	71,022
Additions / charge for the year	7,358	10,487	139,625	445,089	49,958	(511,949)	(493)	140,075
Reductions	(2,416)	(8,987)	(36,388)	(5,318)	(5,025)	40,875	2,941	(14,318)
Transfers	(57,348)	(848,184)	(769,869)	(381,656)	(51,188)	715,612	161,480	(1,231,153)
Other changes	(50)	(334,879)	(19,566)	(41,592)	(4,884)	94,516	15,285	(291,171)
Balance at 31/12/2017	**356,310**	**10,302,821**	**817,069**	**430,350**	**222,646**	**(4,712,122)**	**(776,746)**	**6,640,329**
Variations due to changes in the scope of consolidation	15,885	64,478	9,980	(2,213)	(1,778)	(39,924)	946	47,374
Additions / charge for the year	5,210	9,804	36,202	407,544	35,306	(489,821)	(10,030)	(5,785)
Reductions	(979)	(39,460)	(82,966)	(2,222)	(10,877)	121,994	5,499	(9,011)
Transfers	(17,126)	495,630	4,877	(442,189)	(153)	(1,344)	(13,704)	25,991
Other changes	(1,485)	62,171	(4,296)	(924)	(1,784)	(12,406)	(4,185)	37,091
Balance at 31/12/2018	**357,815**	**10,895,444**	**780,866**	**390,346**	**243,360**	**(5,133,623)**	**(798,220)**	**6,735,988**

Breakdown of the net balances at the end of 2018 and 2017 was as follows:

Property, plant and equipment	2018				2017			
	Cost	Depreciation	Impair-ment	Total	Cost	Depreciation	Impair-ment	Total
Land and buildings	357,815	(173,844)	(140)	183,831	356,310	(153,597)	(144)	202,569
Electricity generating facilities	10,895,444	(4,240,342)	(780,486)	5,873,798	10,302,821	(3,871,768)	(769,443)	5,661,610
Other plant	223,447	(148,127)	(4,460)	70,860	204,747	(128,661)	(2,545)	73,541
Machinery	557,419	(404,809)	(12,389)	140,221	612,322	(415,024)	(2,484)	194,814
Advances and PPE in progress	390,346	--	(704)	390,459	430,350	--	(2,091)	428,259
Other PPE	243,360	(166,501)	(40)	76,819	222,646	(143,072)	(39)	79,535
Total	**12,667,831**	**(5,133,623)**	(798,220)	**6,735,988**	**12,129,200**	**(4,712,122)**	**(776,746)**	**6,640,329**

The most significant movements in PPE for financial year 2018 correspond to "Additions" for ongoing investments made in the energy division which are primarily related to wind power generating facilities in Mexico, Australia, Chile, the United States and Spain, and photovoltaic generating facilities in Ukraine, for approximately 394 million euros.

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"Transfers" line includes transfers from PPE in progress for two wind projects that were commissioned during 2018, one of them is located in Mexico and the other in Australia, to the electric power generation facilities item for the combined amount of 399 million euros. These projects were commissioned in July and September 2018, respectively.

This heading also includes transfers from intangible assets related to the expected rights associated with the wind farms in Mexico and Australia for a total net amount of 17 million euros.

With regards to "Reductions" heading, the dismantling of the "El Cabrito" wind farm located in Cadiz (Spain) should be mentioned. This project is currently being repowered and hence the old wind turbines with a fully amortised cost of 37 million euros are being replaced for more modern and efficient turbines. This heading also includes the disposal of machinery related to works carried out in Ecuador and Dubai that were almost fully amortised.

"Variations due to changes in scope of consolidation" includes the inclusion of land and buildings, plant and PPE in progress from the services division, after acquiring control over the Chilean company "Andes Airport Services, S.A.", in addition to the acquisition of the additional 50% of two wind farms in Spain "Valdivia Energía Eólica, S.A." and "Eólico Alijar, S.A." in the energy division (see Note 3).

In 2018, "Other changes" included mostly the effect of translation differences for the period, for a positive amount of 22 million euros (negative 294 million euros in 2017), which came mainly from the wind farms located in the United States, Chile and Mexico, whose financial statements consolidate in US dollars. This currency appreciated against the euro in 2018.

In 2017, the most significant change related to the reclassification of the Trasmediterránea Subgroup and five solar plants located in Spain to "assets held for sale" for the net carrying amount of 1,255 million euros.

"Variations due to changes in the scope of consolidation" in 2017 included the inclusion within the construction division after acquiring control of the Australian construction subgroup "Geotech Holding", and for acquiring the additional 50% of a wind power generation facility in Canada.

The photovoltaic plant El Romero (Chile) and a wind farm in India started operation in March and April 2017, respectively, for an approximate amount of 380 million euros.

The main "Additions" in financial year 2017 corresponded to the Trasmediterránea Subroup's acquisition of a vessel (subgroup disposed of in 2018, refer to Note 3) for 54 million euros, investments in the energy division corresponding to projects in Mexico, India, Chile and Australia for approximately 421 million euros, and investments in machinery and other PPE to carry out construction projects in Canada, Ecuador, United Arab Emirates and Norway.

No signs of impairment have been identified during 2018 and 2017 which have pointed to the need to recognise any additional significant impairment.

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At 31 December 2018, the amount registered for 2018 and for the previous years under "impairments" amounted to 798 million euros (777 million euros in 2017). The impairment amounts of the assets registered at 31 December 2018 mainly correspond to the energy division, both in the international area and in respect of Spanish assets. In the case of Spanish assets, it is due to the regulatory change that took place in 2012 and 2013 as explained in detail in note 2 relating the Spanish regulatory framework.

In 2018 the companies capitalised finance costs amounting to 6.9 million euros as property, plant and equipment (4.2 million euros in 2017) (see Note 28).

Fully depreciated property, plant and equipment in use at 31 December 2018 and 2017 amounted to 465 and 455 million euros, respectively; most of these assets are currently in use.

At 31 December 2018, the Group companies had property, plant and equipment purchase commitments amounting to 233 million euros, mainly in the energy division, for the wind projects currently under construction in Chile, Mexico, Australia, Ukraine and the United States. The amount committed at 31 December 2017 came to 546 million euros.

The Group has insurance policies to cover the possible risks to which its property, plant and equipment are exposed, and the claims that might be filed against it in the development of its business activities. These policies are considered to provide adequate cover for the related risks.

At 31 December 2018, the carrying amount of the Group's property, plant and equipment acquired under the finance lease system amounted to 51 million euros (44 million euros in 2017); most of this PPE related to machinery for the construction of a dam in Canada.

At 31 December 2018, the net carrying amount for material assets used as guarantee for finance debts associated with a specific project in the energy division was 1,967 million euros (2,163 million euros in 2017).

The Group has mortgaged land and buildings coming to a net carrying amount of 22 million euros (18 million euros in 2017) to secure credit facilities granted to the Group by banks.

6.- Investment property

The Group's investment property relates mainly to properties earmarked for lease.

The changes in 2018 and 2017 in the Group's investment property were as follows:

Investment property	Thousand euros		
	Cost	Accumulated depreciation and impairment losses	Total
Balance at 31/12/2016	**745,382**	**(233,788)**	**511,594**
Additions	27,947	(7,729)	20,218
Disposals	(17,144)	16,754	(390)
Transfers	(48,814)	28,308	(20,506)
Changes in scope	(430,567)	96,408	(334,159)
Balance at 31/12/2017	**276,804**	**(100,047)**	**176,757**
Additions	9,988	(5,482)	4,506
Disposals	(82,341)	31,878	(50,463)
Balance at 31/12/2015	**204,451**	**(73,651)**	**130,800**

The most significant changes in financial year 2018 correspond to the sale of an office building in Madrid with a net carrying amount of 39 million euros, as well as the sale of various assets, mainly residential, located in Spain.

During 2017, the main additions corresponded to the acquisition of land in Madrid to be used for offices, as well as the transfer of mostly land from property investments to inventories due to their change in use for a gross amount of 48 million euros, and a net impairment value of 20.5 million euros.

In addition, in 2017 the change in scope occurred through which Acciona Real Estate, a company 100% owned by the Group, provided Testa Residencial SOCIMI, S.A. with a package of rental assets by contributing its share in the companies Cía. Urbanizadora del Coto, SL. and Valgrand 6, S.A.U., as well as 44 homes located in Lleida, in exchange for newly issued shares of Testa representing 21.02% of the resulting capital after the increase, and which involves net real estate assets of 336 million euros leaving the scope (see Note 9).

At 31 December 2018, the fair market value of the assets recorded under this line item estimated on the basis of the valuations made by independent appraisers (see note 4.2. E) came to 156,522 thousand euros (196,944 thousand euros at 31 December 2017). The reduction in value in 2018 if compared to 2017 was mainly due to the sale of the office building in Madrid indicated above and to the sales of various assets, mostly residential, with an appraised value of 44,846 thousand euros at 31 December 2017. If these impacts were to be considered, the appraised value in 2017 if compared to 2018 would amount to 152,098 thousand euros.

The rental income earned by the Group from investment property listed under this heading at 31 December 2018, all of which was leased out under operating leases, amounted to 11 million euros (20 million euros in 2017). Direct operating expenses arising from investment property in the period amounted to 6 million euros (9 million euros in 2017), recognised under "Other Operating Expenses" on the accompanying consolidated income statement.

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At 31 December 2018 and 2017, the Group had mortgaged a portion of its investment property included under this heading, for 5 and 41 million euros net, respectively, to secure various loans and credit lines granted to the Group. The decrease was mainly due to the sale of the building described above for the amount of 32 million euros.

Detail by location of the cost of the properties held to earn rentals assigned to the Real Estate Division of the Acciona Group at 31 December 2018 and 2017 was as follows:

Location	2018		2017	
	Cost	Depreciation and provisions	Cost	Depreciation and provisions
Madrid	62,775	(5,799)	116,366	(28,923)
The Levant Region	14,411	(5,558)	21,772	(7,773)
Andalusia	16,450	(10,165)	16,220	(9,575)
Catalonia	60,803	(29,037)	64,750	(30,093)
Other	47,586	(22,170)	55,251	(22,781)
Total	**202,025**	**(72,729)**	**274,359**	**(99,145)**

7.- Goodwill

The movements in "Goodwill" on the accompanying consolidated balance sheet in 2017 were as follows (in thousand euros):

	Balance at 31/12/2016	Additions	Impairment	Other changes	Balance at 31/12/2017
Subgroup Geotech Holding	--	117,207	--	(10,860)	106,347
Subgroup Acciona Facility Services	50,962	--	--	--	50,962
Subgroup Acciona Agua	27,976	--	--	--	27,976
Others	346	--	--	19	366
Total	**79,284**	**117,207**	**--**	**(10,841)**	**185,650**

The movements in "Goodwill" on the accompanying consolidated balance sheet in 2018 were as follows (in thousand euros):

	Balance at 31/12/2017	Additions	Impairment	Other changes	Balance at 31/12/2018
Subgroup Geotech Holding	106,347	3,800	--	(6,268)	103,879
Subgroup Acciona Facility Services	50,962	--	--	--	50,962
Subgroup Acciona Agua	27,976	--	--	--	27,976
Acciona Airport Services, S.A.	--	16,427	--	(1,132)	15,295
Others	366	--	--	(11)	355
Total	**185,650**	**20,227**	**--**	**(7,411)**	**198,466**

The goodwill associated with the Australia subgroup Geotech Holding acquired in the previous year has increased during financial year 2018 by approximately 4 million euros after decreasing the initial valuation of certain net tax assets and that of the intangible asset identified associated with the confirmed project backlog.

With regards to the goodwill recorded during financial year 2018 for the acquisition of Andes Airport Services, S.A., at 31 December 2018 there have been no signs of circumstances indicating that the hypotheses and assumptions considered at the time of the acquisition have experienced relevant changes.

At 31 December 2018, negative translation differences under this heading have been registered amounting to approximately 7 million euros, mainly due to Australian dollar exchange rate fluctuations.

In 2018, the update of the impairment tests for subgroups Geotech Holding, Acciona Agua Subgroup, and Acciona Facility Services Subgroup, according to the method described in note 3.2 E) did not show the need to record any impairment as the recoverable amount exceeds the carrying amount.

The growth rate employed by the Geotech Holding subgroup to extrapolate the cash flow projections beyond the five-year period covered by the forecasts was 2%, and the one used by the Agua and Services subgroups was 1.5%.

The WACC rates after tax that were applied were: 7.2% for the Geotech Holding subgroup, 5.0% for the Agua subgroup, and 6.8% for the Services subgroup.

A sensitivity test was carried out for these subgroups, particularly in relation to the operating margin, the discount rate and the perpetuity growth rate, in order to ensure than possible changes in the estimation did not have an impact on the possible recovery of the goodwill registered. The outcome of these sensitivity tests indicated that, decreases of 75 basis points in the growth rate applied, increases in the discount rate of up to 40 basis points and 150 basis point reductions in the net operating margin, these assumptions being considered jointly, do not change the outcome of the impairment test, that is, no impairment is shown on the goodwill registered.

The Acciona Group applies the acquisition method to account for any and all additions to the Group that involve the acquisition of a controlling interest.

There were no further additions to the group in 2017 and 2018 that led to recognition of goodwill different than those described above.

8. - Other intangible assets

The changes in 2018 and 2017 were as follows (in thousand euros):

Other intangible assets	Develop-ment	Concessions	Others	Computer software	Advances	Accumulated Amortisation	Impair-ment	Total
Balance at 31/12/2016	**54,464**	**1,929,606**	**1,451**	**63,467**	**6,019**	**(432,245)**	**(125,804)**	**1,496,958**
Variations due to changes in the scope of consolidation	141	271,564	13,827	152	--	(99,547)	--	186,137
Additions / charge for the year	1,279	28,936	31,322	6,485	9,821	(83,680)	(13,110)	(18,948)
Removals	--	(3,687)	--	(1,374)	(6)	2,096	--	(2,971)
Transfers	(2,282)	(93,791)	(11)	(15,088)	(1,395)	44,231	16,556	(51,880)
Other changes	(293)	(39,906)	(1,242)	(62)	--	6,758	1,471	(33,274)
Balance at 31/12/2017	**53,309**	**2,092,622**	**45,347**	**53,580**	**14,439**	**(562,388)**	**(120,887)**	**1,576,022**
Variations due to changes in the scope of consolidation	--	(130,335)	60	(379)	--	27,518	101,550	(1,586)
Additions / charge for the year	624	66,547	1,500	6,740	9,910	(92,376)	--	(7,055)
Removals	(6)	(2,766)	(2,403)	(539)	--	1,294	25	(4,395)
Transfers	--	(1,097,924)	--	64	(8,207)	126,197	12,829	(967,041)
Other changes	(93)	(14,636)	(755)	(210)	--	4,332	--	(11,362)
Balance at 31/12/2018	**53,834**	**913,508**	**43,749**	**59,256**	**16,142**	**(495,423)**	**(6,483)**	**584,583**

Breakdown of the net balances at the end of 2018 and 2017 was as follows:

Intangible assets	2018				2017			
	Cost	Amortisation	Impair-ment	Total	Cost	Amortisation	Impair-ment	Total
Development	53,834	(49,935)	--	3,899	53,309	(49,894)	--	3,415
Concessions	913,508	(367,178)	(6,450)	539,880	2,092,622	(455,050)	(120,854)	1,516,718
Transfer rights	3,122	(1,066)	(33)	2,023	3,142	(745)	(33)	2,364
Computer software	59,256	(45,070)	--	14,186	53,580	(41,396)	--	12,184
Other intangible assets	40,626	(32,174)	--	8,452	42,205	(15,303)	--	26,902
Advances	16,143	--	--	16,143	14,439	--	--	14,439
Total	**1,086,489**	**(495,423)**	**(6,483)**	**584,583**	**2,259,297**	**(562,388)**	**(120,887)**	**1,576,022**

The "Concessions" line mainly includes those concession assets where the risk of recovering the asset is assumed by the operator.

In addition, it includes the cost of the administrative concessions and the levies paid by Acciona Agua for concessions related to the integral water cycle.

In financial year 2018, the amount recorded under "Variations due to changes in the scope of consolidation" mainly corresponded to the disposal of the concessionaire company of Brazilian motorways, Rodovía do Aço, S.A., after it was effectively sold in November 2018 according to the breakdown in Note 3.

The main "Additions" in the year correspond to the award of a concession to the Water division in Boca del Río, Mexico, related to the integral water cycle for approximately 26 million euros, as well as the acquisition of the expected rights associated with projects under development in the energy division in Mexico and Ukraine for approximately 27 million euros.

At 31 December 2018, the amount recorded under "Transfers" line mostly corresponded to the reclassification made to current assets of the assets and liabilities related to the concession business of the subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A. as a result of the early termination of the concession contract (see Note 17).

"Transfers" also included the reclassification of expected rights associated with wind farms that enter into operation in Mexico and Australia to "Property, plant and equipment" for a net amount of 17 million euros (see Note 5).

During financial year 2017 the main "Additions" in this heading corresponded to the investment undertaken by ATLL Concessionária de la Generalitat de Catalunya, S.A., and the Brazilian concession Rodovía Do Aço, as well as payment of the initial fee for a water supply concession awarded in Mexico.

"Variation due to changes in scope of consolidation" in 2017 included the acquisition of 50% of the concessionaire company Autovía de los Viñedos, S.A., through which its entire equity was consolidated following the fully consolidated method, for a net amount of 172 million euros. Also highlighted was the incorporation of intangible assets from the Geotech Holding subgroup which was acquired in 2017.

"Transfers" in 2017 included the reclassification of operating rights acquired in relation to the El Romero photovoltaic plant in Chile to "Property, plant and equipment" after the plant was commissioned in March 2017, for a net carrying amount of 27 million euros. Also highlighted was the transfer made to "Non-current assets held for sale" for a net carrying amount of 21 million euros associated to the Trasmediterránea Subgroup.

In financial year 2018, "Other changes" includes the effect of translation differences in the period for a negative amount of 11 million euros, mainly related to the net effect of the depreciation of the Brazilian real and the appreciation of the US dollar (negative amount of 33 million euros in 2017).

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Breakdown of the concessions and advances line at 31 December 2018 and 2017 was as follows:

Concessions and advances	2018				2017			
	Cost	Amortisa-tion	Impair-ment	Total	Cost	Amortisa-tion	Impair-ment	Total
Administrative Concessions	306,997	(121,792)	(3,345)	181,860	293,454	(109,300)	(16,199)	167,955
Intangible Concessions (IFRIC 12)	606,511	(245,386)	(3,105)	358,020	1,806,064	(345,750)	(104,655)	1,355,659
Administrative concession advances	8,796	--	--	8,796	3,358	--	--	3,358
IFRIC 12 advances	7,347	--	--	7,347	11,081	--	--	11,081
Total	**929,651**	**(367,178)**	**(6,450)**	**556,023**	**2,107,061**	**(455,050)**	**(120,854)**	**1,531,157**

The breakdown of the main concessions is given in Appendix V (SIC 29) and the detail of the balance of the main concessions under the intangible model (IFRIC 12) at 31 December 2018 and 2017 was as follows:

Concessions	2018				2017			
	Cost	Amortisa-tion	Impair-ment	Total	Cost (*)	Amortisa-tion	Impair-ment	Total
Rodovia do Aço, S.A.	--	--	--	--	142,900	(27,331)	(101,550)	14,019
S.C. A2 Tramo 2, S.A.	148,597	(67,975)	(3,104)	77,518	148,564	(58,292)	(3,104)	87,167
Consorcio Eólico Chiripa, S.A.	99,004	(23,388)	--	75,616	104,075	(19,120)	--	84,955
Autovía de los Viñedos, S.A.	271,711	(116,214)	--	155,497	271,711	(105,107)	--	166,603
Atll Concessionària de la Generalitat de Catalunya, S.A.	--	--	--	--	1,061,319	(103,671)	--	957,658

(*) Includes the amounts of the advances associated with these concessions.

The main intangible presented by the Company ATLL Concessionària de la Generalitat de Catalunya, S.A. (which were registered according to IFRIC 12, intangible assets model, given that the concession carries the demand risk) related to the current value of the assets assigned by the Generalitat according to the concession arrangement subscribed between the concessionaire ATLL and the Generalitat de Catalunya after the award signed on 6 November 2012 and which, at 31 December 2017, amounted to a net value from amortisation of 958 million euros, 816 million of which were pending payment at that date (see Note 21).

In addition, according to the concession contract, additional investments were made in financial years 2013 to 2018 amounting to 33 million euros (4 million euros in 2018 and 29 million euros in previous years).

At 31 December 2018, as a result of the early termination of the concession contract in accordance with Note 17, the net carrying amount of the concession has been transferred, along with the remaining assets and liabilities affected by ATLL concession activities, to a current assets account.

During financial year 2018 no impairment was estimated and no significant losses appeared that were not covered with the provisions in place at 31 December 2018.

At 31 December 2018, Group companies had commitments to acquire intangible assets in the amount of 43 million euros, for concession projects in the concession division and in the water division. At 31 December 2017, the amount committed came to 126 million euros.

Fully amortised intangible assets in use at 31 December 2018 and 2017 amounted to 89 and 88 million euros, respectively.

9.- Investments in associates and joint arrangements booked by the equity method

The movement in 2017 in this heading on the accompanying consolidated balance sheet was as follows (in thousands of euros):

Direct and indirect investments	Balance at 31/12/2016	Share in profit (loss) before tax	Dividend	Tax effect and other changes	Changes in scope & other	Balance at 31/12/2017
Direct investments of the Parent Company						
Consorcio Traza, S.A.	5,366	(1,345)	--	873	--	4,894
Gran Hospital Can Misses, S.A.	1,522	(168)	--	1,135	(2,489)	--
S.C. Novo Hospital De Vigo, S.A.	12,474	2,123	--	(556)	(14,041)	--
Nordex, SE:	772,857	(141,811)	--	(8,437)	--	622,609
Total direct investment	**792,219**	**(141,201)**	**--**	**(6,985)**	**(16,530)**	**627,503**
Indirect investments of the Parent Company						
Indirect investments of the Acciona Energy Subgroup	165,866	40,069	(12,159)	(10,376)	9,221	192,621
Indirect investments of the Ceatesalas Subgroup	83,044	7,871	(1,276)	(1,447)	--	88,192
Indirect investments of the Acciona Construction Subgroup	29,532	7,404	--	(860)	(99)	35,977
Indirect investments of the Acciona Concessions Subgroup	16,781	2,163	(395)	(1,912)	16,530	33,167
Indirect investments of the Acciona Agua Subgroup	68,880	14,853	(4,141)	(13,901)	9,844	75,535
Indirect investments of the Acciona Inmobilaria Subgroup	3,432	(1,437)	--	(101)	335,527	337,421
Indirect investments of the Trasmediterránea Subgroup	182	23	(5)	(200)	--	--
Other	885	749	(170)	(375)	(174)	915
Total indirect investments	**368,602**	**71,695**	**(18,146)**	**(29,172)**	**370,849**	**763,828**
Total	**1,160,821**	**(69,506)**	**(18,146)**	**(36,157)**	**354,319**	**1,391,331**

The movement in 2018 in this heading on the accompanying consolidated balance sheet was as follows (in thousands of euros):

Direct and indirect investments	Balance at 31/12/2017	Share in profit (loss) before tax	Dividend	Tax effect and other changes	Impact of IFRS 15 (see Note 4)	Changes in scope & other	Balance at 31/12/2018
Direct investments of the Parent Company							
Consorcio Traza, S.A.	4,894	--	--	102	--	(4,996)	--
Nordex, SE	622,609	(30,426)	--	573	(36,587)	--	556,169
Total direct investment	**627,503**	**(30,426)**	**--**	**675**	**(36,587)**	**(4,996)**	**556,169**

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Direct and indirect investments	Balance at 31/12/2017	Share in profit (loss) before tax	Dividend	Tax effect and other changes	Impact of IFRS 15 (see Note 4)	Changes in scope & other	Balance at 31/12/2018
Indirect investments of the Parent Company							
Indirect investments of the Acciona Energy Subgroup	192,621	33,837	(39,041)	(15,377)	--	30,693	202,733
Indirect investments of the Ceatesalas Subgroup	88,192	12,395	(7,070)	(3,556)	--	--	89,961
Indirect investments of the Acciona Construction Subgroup	35,977	10,376	(5,556)	(2,387)	--	(1,661)	36,749
Indirect investments of the Acciona Concessions Subgroup	33,167	5,191	(449)	(3,293)	--	4,425	39,041
Indirect investments of the Acciona Agua Subgroup	75,535	13,881	(18,947)	6,132	(22,340)	17,758	72,019
Indirect investments of the Acciona Inmobilaria Subgroup	337,421	(3,839)	(201,217)	(84)	--	(129,739)	2,588
Other	915	851	(232)	19	--	9	1,562
Total indirect investments	**763,828**	**72,692**	**(272,512)**	**(18,546)**	**(22,340)**	**(78,469)**	**444,653**
Total	**1,391,331**	**42,266**	**(272,512)**	**(17,871)**	**(58,927)**	**(83,465)**	**1,000,822**

The Acciona Group's interests in associates are detailed in Appendix III to these notes to the consolidated financial statements.

When the Group's investments in associates, mainly certain toll road concession operators, which are consolidated by application of the equity method, are reduced to zero, and where there could be implicit obligations exceeding the contributions made, the losses or equity decreases are recognised under "Non-Current Liabilities - Provisions" on the consolidated balance sheet (see Note 17). In these cases, the loss is recognised under "Other Gains or Losses" instead of "Profit/(Loss) of Companies Accounted for Using the Equity Method" in the accompanying consolidated Income Statement.

The most relevant movement in financial year 2018 corresponds to the sale of the shares that the Group held in the subgroup Testa Residencial SOCIMI, S.A. from the Real Estate division. Prior to sale, the Acciona Group received a dividend for the share premium refund amounting to 201 million euros, and the sale transaction was immediately formalised, recording a decrease under "Changes in scope" for the amount of 131 million euros, and a profit of 47 million euros in the accompanying consolidated Income Statement (see Note 3.2.h)).

A reduction in the amount of 7 million euros is included under "Changes in scope" corresponding to the change in consolidation method from the equity method after acquiring the additional 50% of the companies Valdivia Energía Eólica, S.A. and Eólico Alijar, S.A., which are now fully consolidated and belong to the Acciona Energy subgroup (see Note 3.2 h)).

The remaining changes in scope under "Changes in scope & other" mainly correspond to greater contributions and refunds on the contributions in the companies in which the Group already had an investment, without the percentage share being changed.

Significant movements in the period also include the first application of IFRS 15, which has resulted in a reduction in the value of investments booked by the equity method against reserves of 59 million euros.

Relevant events for financial year 2017 include the “change in scope” in the Acciona Inmobiliaria subgroup of 21.02% of the share in Testa Residencial SOCIMI, S.A. after the non-cash contribution of shares and assets that was carried out on 27 July 2017 which was initially valued at 336 million euros and which amounted to 335 million euros at the end of 2017.

During financial year 2017, Acciona S.A. sold a group of concession companies to Acciona Concesiones S.L., a company belonging to the Group and the effect of which (neutral for the group) was reflected under "changes in scope and others".

With regards to the share in Nordex, SE, a company whose shares are traded on the Frankfurt Stock Exchange, the continued significant decline in the share price to below the carrying amount experienced in 2017, together with the downward re-estimation of the forecasts announced by the company in 2017, were considered as a sign of impairment. Thus, the Acciona Group carried out an impairment test, the result of which at 31 December 2017 indicated that the recoverable value amounted to 623 million euros, which is why the Group registered an impairment of the investment value of 145 million euros to reach such an amount.

Given the importance of this investment and as the price of the subgroup has remained below the net carrying amount, the Group considered that the impairment test should be updated at 31 December 2018 by reviewing the main model hypotheses according to the latest information published by Nordex and using information from specialised external sources in the sector.

Some key indicators of the sector, as well as those of the company itself, have experience recent improvements, such as for example the significant increase in the volume of orders announced by the company during the presentation of the results corresponding to 31 September 2018. While the test places the value in use at 596 million euros, somewhat above the carrying amount of the investment, it cannot be ignored that the stock price continues to be at levels below the carrying amount, and the sector continues to be immersed in a readjustment process caused by the transformation of compensation schemes applied to renewable energy generation businesses which some key markets have experienced. Therefore, the Group considers prudent to continue its policy of continuously monitoring Nordex, SE waiting that these improvements are consolidated in order for the impairment applied in 2017 to be reversed. At 31 December 2018, the Group considers that such circumstances have not occurred, and therefore it maintains the impairment applied.

The methodology used for calculating the value in use is described in note 3.2.E), i.e., through discounting the cash flows (WACC) at a rate which considers the risks inherent to the company’s business as well as the different markets in which it operates. A cash flow projection that covers a period of five years (2019-2023) has been calculated for this discount operation along with a terminal value that represents the value of the future cash flow from the sixth year and which has been determined based on a standard cash flow estimate.

With regard to the growth of sales used for the standard period, which serves as a basis to calculate the terminal value (“g” parameter), a 1.5% growth has been estimated, despite the existence of growth prospects in the sector in which Nordex operates that support greater growth, among other reasons, due to the growing need for the replacement of conventional energies. However, given the uncertainty associated with projections for such large periods, it has been considered that 1.5% is a reasonable growth rate.

For the discounted cash flows, an after-tax WACC rate of 7.2% has been considered.

Also, in order to strengthen the consistency and reasonableness of the test, sensitivity analyses have been performed on changes reasonably expected to occur in the main hypotheses. Thus, a variation of +/- 50 basis points in the WACC would produce an additional impact on calculated value in use of -60 and +60 million euros, and a variation of +/- 50 basis points in the sales growth rate in the standard period ("g") would result in an additional impact on value in use of +45 and -45 million euros.

"Tax effect and other changes" reflects, in addition to the tax effect of the year's result, the variations due to derivatives, translation differences and the effect of transfers to non-current liabilities of values that turn out to be negative upon application of the equity method.

At 31 December 2018, the heading "Tax effect and other changes" mainly includes a negative amount of 13 million euros corresponding to the tax effect, and a negative amount of 3 million euros due to the variation of derivatives.

The table below shows (in thousands of euros), in proportion to the share percentage in the capital of each of the associates included under this heading, the assets, liabilities, ordinary revenue and profit or loss for 2018 (the figures related to associates with an equity deficit, recognised on the liability side of the consolidated balance sheet, are detailed in Note 17):

	Energy	Infrastructure	Other Activities	Total 2018
Assets				
Non-current assets	1,435,976	529,365	578	1,965,919
Current assets	622,477	218,643	6,703	847,823
Total assets	**2,058,453**	**748,008**	**7,281**	**2,813,742**
Liabilities				
Equity	848,864	149,370	2,588	1,000,822
Non-current liabilities	664,774	468,346	355	1,133,475
Current liabilities	544,815	130,292	4,338	679,445
Total equity and liabilities	**2,058,453**	**748,008**	**7,281**	**2,813,742**
Profit/(Loss)				
Net revenue	854,825	191,368	401	1,046,594
Profit before tax from continuing operations	15,806	30,309	(3,849)	42,266
Profit/(Loss) before tax	15,806	30,309	(3,849)	42,266

At 31 December 2018, none of the associates are individually significant for the Group except for Nordex, S.E., (29.9%); all the main key figures of this investment based on the latest available information are detailed below.

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a) Nordex SE:

The breakdown of the financial information relating to the investee is as follows, in million euros:

Assets	Nordex (*)
Non-current assets	1,278
Current assets	1,783
Total assets	**3,061**
Equity and Liabilities	
Shareholders' equity	754
Value adjustments	(29)
Equity	*725*
Non-current liabilities	877
Current liabilities	1,459
Total equity and liabilities	**3,061**

(*) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2018.

Reconciliation of the consolidated profit/(loss) of the investee is detailed below, in million euros:

	Nordex		
Profit/(Loss)	**Net revenue**	**Profit before tax from continuing operations**	**Profit/(Loss) after tax**
Financial statements of investees (*)	1,773	(65)	(52)
% Share	29.9%		
Attributed result	--	(19)	(16)
Adjustments (**)	--	(23)	(23)
Profit/(loss) accounted for using the equity method	--	(42)	(39)

(*) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2018.
(**) Correspond to the valuation of homogenisation adjustments as well as the estimate of the profit/(loss) from the fourth quarter of 2018.

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10. - Interests in joint operations

The Acciona Group's interests in joint operations are explained in Appendix II to these Notes to the consolidated financial statements. The most significant amounts included in the consolidated financial statements, in relation to these interests, at 31 December 2018 are summarised as follows:

	2018		2017	
	Companies	Joint operations	Companies	Joint operations
Net revenue	70,918	1,730,011	163,400	1,336,740
Gross profit/(loss) from operations	1,344	195,839	4,339	148,097
Profit/(loss) from operations	(11,161)	121,002	3,696	119,387
Non-current assets	14,138	261,957	17,038	266,357
Current assets	64,014	1,006,394	110,817	922,410
Non-current liabilities	1,884	282,296	3,380	300,447
Current liabilities	64,548	970,815	99,596	857,899

There are no stakeholdings in joint operations that are material for the Group.

11. - Other current and non-current financial assets

Breakdown of this heading from the Group's consolidated balance sheet at 31 December 2018 and 31 December 2017, disclosed by type and category for measurement purposes, were as follows:

	Thousand euros				
	31/12/2018 (classification under IFRS 9)				
Financial Assets: Type / Category	**Financial Assets designated at fair value with changes in profit or loss**	**Financial assets at fair value with changes in the recognised consolidated income statement**	**Financial assets carried at amortised cost**	**Hedging Derivatives**	**Total**
Equity instruments	1,292	--	--	--	1,292
Debt securities	--	--	--	--	--
Derivatives	--	--	--	--	--
Other financial assets	0		206,364	430	206,794
Long-term / non-current	**1,292**		**206,364**	**430**	**208,086**
Equity instruments	--	--	--	--	--
Other loans	--	--	132,124	--	132,124
Derivatives	--	--	--	825	825
Other financial assets	--	--	45,356	--	45,356
Short-term / current	**--**	**--**	**177,480**	**825**	**178,305**
Total	**1,292**		**383,844**	**1,255**	**386,391**

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Financial Assets: Type / Category	Thousand euros 31.12.2017 (classification under IAS 39) Available-for-sale financial assets	Loans and receivable	Held to maturity investments	Hedging Derivatives	Total
Equity instruments	13,372	--	--	--	13,372
Debt securities	--	--	--	--	--
Derivatives	--	--	--	--	--
Other financial assets	--	118,551	--	--	118,551
Long-term / non-current	**13,372**	**118,551**	**--**	**--**	**131,923**
Equity instruments	--	--	--	--	--
Other loans	--	166,499		--	166,499
Derivatives	--	--	--	8,226	8,226
Other financial assets	--	72,263		--	72,263
Short-term / current	**--**	**238,762**	**--**	**8,226**	**246,988**
Total	**13,372**	**357,313**	**--**	**8,226**	**378,911**

The increase in "Other non-current financial assets" is mainly explained by the subrogation of Naviera del Roque, S.L.U. to a credit that an Acciona Group subsidiary held with Compañía Trasmediterránea, S.A., related to the sale transaction of the Trasmediterránea subgroup (see Note 3), which matures in 2022 and has been secured by mortgages on certain vessels.

The decrease in "Non-current equity instruments" is mainly explained by the sale of 16.52% of the share that the Acciona Group held through the Trasmediterránea subgroup in the World Trade Center de Barcelona, S.A.'s equity, which has not had a significant impact on the consolidated income statement.

The line "Other credits" records the investments in debt securities or occasional investments in short-term investments or deposits as well as funds allocated by the energy division to the debt service reserve accounts for projects, as required by "Project Financing" clauses in force, which guarantee compliance with payment obligations. There were no significant changes in 2018.

The line "Other financial assets" related mainly to loans granted to companies consolidated by applying the equity method.

12. - Non-current receivables and other non-current assets

The breakdown of this heading at 31 December 2018 and 2017 was as follows:

	31.12.2018	31.12.2017
Non-current operating receivables	170,043	132,283
Non-current prepayments and accrued income	74,947	32,375
Concessions under the non-current financial asset model	110,969	112,592
Total non-current receivables and other non-current assets	**355,959**	**277,250**

"Non-Current Operating Receivables" includes mainly client balances and other trade receivables generated by operating activities maturing at over one year and also the retentions that are customary in the construction business. In addition, it includes the amount of 68,503 thousand euros (66,614 thousand euros at 31 December 2017) related

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to the fair value of a non-financing derivative engaged by a Chilean subsidiary within the Energy Division to supply energy to a client as from 2017 at an inflacted fixed price for 13.5 years.

"Non-current prepayments and accrued income" includes the amount of 62,319 thousand euros (14,571 thousand euros at 31 December 2017) related to the initial value of two energy contracts entered into in December 2015 and December 2018 by two subsidiaries in the United States, to supply a specific amount of energy for a term of 13 years and 12 years, respectively.

"Concessions under the Non-Current Financial Asset Model" includes the balance receivable to more than one year for concessions which, in accordance with IFRIC 12, were treated as financial assets, since there was an unconditional collection right on the investment made to date. The current portion of this unconditional collection right was recognised under "Trade and Other Receivables" based on the collections expected to be made by the grantors of the concessions under the various economic and financial plans. At 31 December 2018 and 2017, the balance reclassified to short term in the "Concessions under the Current Financial Asset Model" under the heading "Trade and Other Receivables" for the amount expected to be collected by the granting entities in the next twelve months came to 12,852 and 14,573 thousand euros, respectively (see Note 14).

The breakdown of "Concessions under the Non-Current Financial Asset Model" for the infrastructure division was as follows:

	31.12.2018	31.12.2017
Infrastructure concessions	109,871	112,211
Integral water cycle concessions	1,098	381
Total	**110,969**	**112,592**

The main concession projects included in the infrastructure concession business relate to hospitals and motorways, and those in the water business relate to the integral water cycle and are detailed in Appendix V. The breakdown of the balance of the main concessions under the financial model at 31 December 2018 and 2017 was as follows:

	31.12.2018	31.12.2017
S.C. Hospital del Norte, S.A.	77,185	79,301
Hospital De Leon Bajio, S.A. De C.V.	32,686	32,910

At 31 December 2018 and 2017, the Group companies had no commitments to acquire concession assets under the financial asset model in any significant amount.

13. - Inventories

Detail of the Group's inventories at 31 December 2018 and 2017 was as follows (in thousand euros):

Real Estate	2018	2017
Raw materials, other procurements and trade inventories	56	65
Land	801,284	734,044
Property developments in progress	109,004	140,128
Property developments completed	64,653	22,333
Advances paid	3,522	485
Impairment	(413,652)	(444,859)
Total real estate	**564,867**	**452,196**

Other inventories	2018	2017
Raw materials, other procurements and trade inventories	195,549	229,260
Work in progress and half-finished goods	35,530	35,951
Finished goods	3,134	3,713
Assets received in payment of loans	12,384	12,477
Land	3,887	8,110
Advances paid	126,949	112,132
Impairment	(27,989)	(32,873)
Total other inventories	**349,444**	**368,769**
Total inventories	**914,311**	**820,965**

The most significant movements during financial year 2018 correspond to the acquisition of several plots of land for an amount of 92 million euros, mainly in Spain and Mexico; in addition, a net amount of 25 million euros corresponds to land transferred to work in progress at the start of construction.

The Group has continued with developer activities, increasing the value of its developments in progress by 57 million euros.

In addition, 114 million gross euros of Work in progress has been transferred to Finished goods upon completing construction works, and real estate developments have been sold for a net value of 52 million euros.

In 2018 the Group has reversed the impairment provision for certain property assets in inventories in 10 million euros, as their recoverable amount exceeds the carrying amount on the basis of the valuations made at 31 December 2018 by independent appraisers not related to the Acciona Group.

Based on these valuations performed by Savills Aguirre Newman and CB Richard Ellis, the Group's property inventories have an estimated value of 630 million euros. These valuations consider the distortions and uncertainties currently persisting in the real estate market and came up when taking into consideration the Group's current strategies in relation to the real estate business in terms of realisation and liquidity.

At 31 December 2018 and 2017 the net carrying amounts of mortgaged inventories were 2,347 and 6,367 thousand euros respectively, and related mostly to property developments completed in 2018 and 2017. The decrease was mainly due to the sale of assets.

At 31 December 2018, there is a firm commitment to purchase a plot of land in Portugal for an amount of 14 million euros.

Property development sales commitments to clients at 31 December 2018 amounted to 132,802 thousand euros (100,613 thousand euros at 31 December 2017). From the balance at 31 December 2018, the amount of 34,075 thousand euros was instrumented in notes and bills receivable, the balancing entry of which was recorded under "Current Trade and Other Payables" on the liability side of the accompanying consolidated balance sheet until the date of delivery (21,010 thousand euros at 31 December 2017).

14. - Trade and other receivables

Detail of "Trade and Other Receivables" at 31 December 2018 and 2017 was as follows:

	2018	2017
Trade receivables	1,076,486	1,166,241
Doubtful trade receivables	35,491	41,673
Amounts to be billed for work performed	624,361	757,213
Total trade receivables for sales and services	**1,736,338**	**1,965,127**
Receivable from associates	64,555	58,216
Sundry accounts receivable	163,174	173,259
Current concessions under the financial asset model (Note 12)	12,852	14,573
Provisions	(276,105)	(319,282)
Total trade and other receivables	**1,700,814**	**1,891,893**
Current and non-current advances from clients (Note 36)	(605,825)	(658,402)
Total net balance at 31 December	**1,094,989**	**1,233,491**

These assets correspond to financial instruments valued at amortised cost.

The breakdown by division of the balance of trade and other receivables, net of client advances, was as follows:

	2018	2017
Energy	554,082	688,713
Infrastructures	1,098,609	1,130,121
Other business activities	94,876	100,493
Intra-Group transactions	(652,578)	(685,836)
Total net balance at 31 December	**1,094,989**	**1,233,491**

The breakdown relating to the construction business was as follows:

	2018	2017
Progress billings receivable	455,123	577,411
Amounts to be billed for work performed	597,180	708,473
Sundry accounts receivable	246,554	189,002
Provisions	(218,494)	(259,744)
Total construction trade receivables	**1,080,363**	**1,215,142**
Advances from clients	(488,696)	(571,581)
Total net balance at 31 December	**591,667**	**643,561**

The breakdown, by type of client, of the net balance of construction trade receivables was as follows:

	2018	2017
Central Government	39,172	34,509
Regional Governments	25,252	40,524
Local Governments	7,355	7,049
Other	69,563	93,817
Public-sector subtotal	141,342	175,899
Private-sector subtotal	140,743	66,719
Total Spanish clients	**282,085**	**242,618**
Total foreign clients	**798,278**	**972,524**

The breakdown, by age, of receivables from clients was as follows:

	2018	2017
Age up to 3 months by date of invoice	744,825	747,324
Age between 3 and 6 months by date of invoice	28,864	29,014
Age over 6 months by date of invoice	302,797	389,903
Total	**1,076,486**	**1,166,241**
Invoices past due by more than 3 months and not provisioned	140,558	214,025

The movement in provisions for losses due to impairment in the value of receivables at 31 December 2018 and 2017 was as follows:

	2018	2017
Opening balance	**(319,282)**	**(370,014)**
Increase in provision for impairment of accounts receivable	(17,773)	(26,696)
Accounts receivable de-registered as impossible to collect	35,695	27,880
Reversion of amounts not used	1,854	9,889
Transfer to Non-current assets held for sale	--	27,147
Reclassifications and other minor adjustments	23,401	12,512
Closing balance	**(276,105)**	**(319,282)**

15. - Cash and cash equivalents

The detail of the balance at 31 December 2018 and 2017 was as follows:

	2018	2017
Cash	1,352,330	909,851
Deposits and other	365,076	362,930
Total cash and cash equivalents	**1,717,405**	**1,272,781**

This heading included mainly the Group's cash, bank deposits and risk-free deposits with initial maturity of three months or less.

In 2018 and 2017 the cash and cash equivalent balances earned interest at market rates.

16. - Equity

a) Subscribed and registered share capital

The Parent Company's share capital is represented by 57,259,550 fully paid-up ordinary shares with a face value of 1 euro each, represented by book entries. All the Parent Company's shares carry the same rights, are listed and there are no restrictions as to their transferability under the Articles of Association.

The table below shows, based on the notices received by the company, the owners of significant direct and indirect equity interests at 31 December 2018 and 2017.

	31.12.2018	31.12.2017
Tussen de Grachten, B.V.	27.80%	27.80%
Wit Europesse Investering, B.V. (*)	25.01%	28.39%
La Verdosa, S.L.	5.54%	--

(*) On 26 January 2018, the family Group of Mr. José María Entrecanales de Azcárate heirs informed of the internal reorganisation carried out in the investment company that centralises Acciona, S.A. shares, under which La Verdosa, S.L became a direct holder of 5.31% of Acciona, S.A. After this reorganisation, the investment company Wit Europesse Investering, B.V. Holds 25.01% of Acciona, S.A.

b) Share premium, reserves and translation differences

The balance of the "Share Premium" account, which at 31 December 2018 and 2017 amounted to 170,110 thousands of million euros, arose as a result of the capital increases with share premiums carried out on different dates. The consolidated text of the Capital Companies Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to the use of said balance.

Detail of the share premium, reserves and translation differences appearing on the consolidated statement of changes in equity was as follows:

	2018	2017
Issue premium	**170,110**	**170,110**
Legal reserve	11,452	11,452
Reserve for retired capital	15,121	10,454
Voluntary reserves	3,288,457	3,204,081
Consolidated reserves (Note 16.d) (*)	(175,487)	327,097
Subtotal reserves	**3,139,543**	**3,553,083**
Translation differences (Note 16.d)	**(205,902)**	**(237,211)**
Total	**3,103,751**	**3,485,982**

(*) This section includes the impact of the first application of IFRS 15 and 9 at 1 January 2018 for a negative amount of 499 million euros (See note 4.1).

The legal reserve, to which transfers must be made until 20% of the share capital is reached, can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

c) Treasury shares

The changes in treasury shares in financial years 2018 and 2017 were as follows:

	2018		2017	
	Number of shares	**Cost**	**Number of shares**	**Cost**
Opening balance	**45,702**	**3,146**	**233,898**	**14,403**
Additions	971,942	70,675	3,395,430	253,160
Removals	(954,831)	(68,967)	(3,392,916)	(253,024)
Liquidity contract	**17,111**	**1,708**	**2,514**	**136**
Additions 03/05/2017 (*)	--	--	221,357	16,569
Other additions	2,967,395	203,073	90,001	6,370
Removals	(128,093)	(8,311)	(502,068)	(34,332)
Other movements	**2,839,302**	**194,762**	**(190,710)**	**(11,393)**
Closing balance	**2,902,115**	**199,616**	**45,702**	**3,146**

(*) Specific acquisition to meet the convertible bond conversion requirements

On 2 July 2015, Acciona, S.A. reported subscription of a liquidity contract with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The company's stock operations carried out by Bestinver within the framework of this contract take place on the Spanish stock exchanges and the purpose is to increase the liquidity of transactions and the stability of the trading price. On 10 July 2017, Acciona, S.A. cancelled said liquidity contract and on the same date, the Company signed a new liquidity contract with the terms detailed in Circular 1/2017 of the Spanish National Securities Market Commission (CNMV) for the purposes of their acceptance as a market practice. The cash accounts and securities accounts that were associated with the cancelled liquidity contract and amounted to 44,328 shares and 3,539,114.85 euros were used to allocate cash and securities to the new liquidity contract, adjusting the amount in cash to the trading value of the shares assigned to the new contract, in accordance with the limits established in the new CNMV circular, which have been set at 44,328 shares and 3,539,114.85 euros.

On 27 March 2018, Acciona S.A.'s Board of Directors established a time-scheduled share buy-back programme as approved by the shareholders at the Annual General Meeting held on 18 May 2017, under point six of the agenda (the "Buy-back programme"), and according to articles 2.2 and 2.3 of Delegated Regulation (EU) 2016/1052 of 8 March 2016, which complements Regulation (EU) No 596/2014 on market abuse with regards to technical regulation standards relating to the conditions applicable to buy-back programmes and stabilisation measures, and therefore the liquidity contract was temporarily suspended.

As noted above, the Company's Board of Directors agreed to carry out a time-scheduled buy-back programme up to a maximum of 2,862,978 shares, representing 5% of the share capital, and a monetary amount of a maximum of 233,332,707 euros. The purpose of this time-scheduled buy-back programme over its own shares is mainly the reduction in capital through the amortisation of shares, and to a lesser extent, to comply with Acciona, S.A.'s obligations with the Share Delivery Plan for directors and executives.

Subsequently, on 25 September 2018 the liquidity contract was reactivated by suspending the time-scheduled buy-back programme. On 16 October 2018, the liquidity contract was suspended again for 13 days during which the buy-back programme was operational again, and on 29 October 2018 the liquidity contract was reinstated and the buy-back programme was definitively suspended in 2018.

Throughout financial year 2018, the positive result derived from operations with own shares under the liquidity contract has been recorded under the "reserves" heading for an amount of 427 thousand euros.

With regards to the remaining movements carried out with own shares in 2018 were as follows:

- 2,817,395 shares were acquired under the buy-back programme over own shares, equating to 4.92% of the share capital with a cost of 193,207 thousand euros.

- 150,000 shares for a value of 9,865 thousand euros were acquired and 119,418 shares were retired under the Share Delivery Plan and the Variable Remuneration Replacement Plan for Company directors, recording a loss of 231 thousand euros in reserves.

- On 20 December 2018, and under the Performance Shares Plan, 8,675 shares were given to Executive Directors of the Company, which led to a profit being recorded in reserves amounting to 70 thousand euros.

The main movement in 2017 corresponded to the conversions associated with the early amortisation of the Convertible Bond, which resulted in a reduction of 279,965 shares with a loss reflected in the reserves heading amounting to 2,484 thousand euros. To carry out this operation, the liquidity contract was temporarily suspended on 3 May 2017 and 221,357 shares at 74.85 euros each were acquired on the market.

In the previous financial year, two block purchases were carried out on 18 December 2017 comprising a total package of 90,000 Acciona, S.A. treasury shares, representing 0.157% of the share capital at a price of 70.78 euros per share.

The remaining shares retired in 2017 mainly related to the shares delivered to the Group's management. This delivery took place under the Share Delivery Plan and the variable remuneration Replacement Plan (see Note 34). The profit reflected in "reserves" for these operations was 1,275 thousand euros.

d) Reserves in consolidated companies and translation differences

The detail, by business line, of the consolidation reserves contributed by subsidiaries (that includes change in value adjustments), joint ventures and associates and of the related translation differences at 31 December 2018 and 2017 was as follows (in thousand euros):

	2018		2017	
Line of business	**Reserves Consolidated (*)**	**Translation Differences**	**Reserves Consolidated**	**Translation Differences**
Energy	(569,124)	(38,625)	(512,153)	(23,792)
Infrastructures	(370,349)	(163,754)	74,356	(182,389)
Other Activities	798,708	(3,523)	802,632	(31,030)
Consolidation adjustments	(34,721)	--	(37,738)	--
Total	**(175,486)**	**(205,902)**	**327,097**	**(237,211)**

(*) The consolidated reserves decrease after the impact of the first application of IFRS 15 and 9 at 1 January 2018 by a negative amount of 499 million euros (See note 4.1).

In addition to the Parent Company, at 31 December 2018, the Group company Mostostal Warszawa, S.A. was a listed company. The average market price of this company in the last quarter was PLN 2.29 and the market price at year-end was PLN 2.08. The associate Nordex SE is also a listed company. Its average market price in the last quarter was EUR 8.255 and the market price at year-end was EUR 7.586.

e) Value adjustments

- Financial assets at fair value with changes in the consolidated statement of comprehensive income

This heading under "Retained Earnings" on the consolidated balance sheet includes the amount, net of the related tax effect, of changes in the fair value of assets classified at fair value with changes in the consolidated statement of comprehensive income.

The changes in the balance of this heading for 2018 and 2017 were as follows:

	2018	2017
Balance at 1 January	**114**	**351**
Increases in value in the year	--	--
Decreases in value in the year	(144)	(237)
Transfer to results for the year	--	--
Changes in the scope of consolidation	--	--
Balance at 31 December (note 20)	**(30)**	**114**

- Cash flow hedges

This heading under "Retained Earnings" on the consolidated balance sheet reflects the amount, net of the tax effect, of changes in the fair value of financial derivatives designated as cash flow hedging instruments (see Note 20).

The changes in the balance of this item in 2018 and 2017 were as follows:

	2018	2017
Balance at 1 January	**(135,723)**	**(213,372)**
• Changes in value in the year	2,577	46,540
Gross	3,436	62,054
Tax effect	(859)	(15,514)
• Transfer to results for the year	34,614	31,109
Gross	46,153	41,478
Tax effect	(11,539)	(10,369)
Balance at 31 December	**(98,532)**	**(135,723)**

f) Non-controlling interests

The balance of "Non-Controlling Interests" on the accompanying consolidated balance sheet reflects the equity of non-controlling interests in the subsidiaries. Also, "Non-Controlling Interests" on the accompanying consolidated income statement reflects the share of non-controlling interests in the profit or loss for the year.

The movement in 2017 was as follows (in thousand euros):

Company	Balance at 31/12/2016	Changes in scope & capital contrib./ returned	Dividends	Value adjustments and other	Year's Profit/ (Loss)	Balance at 31/12/2017
Energy	206,023	(1,416)	(24,790)	(46,849)	23,467	156,435
Infrastructures	43,208	3,513	(15,632)	(7,317)	6,865	30,637
Other Activities	16,639	(728)	--	(424)	482	15,969
Total non-controlling interests	**265,870**	**1,369**	**(40,422)**	**(54,590)**	**30,814**	**203,041**

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The movement in 2018 was as follows (in thousand euros):

Company	Balance at 31/12/2017	Changes in scope & capital contrib./ returned	Dividends	Value adjustments and other	Year's Profit/ (Loss)	Balance at 31/12/2018
Energy	156,435	3,718	(18,229)	20,756	20,258	182,938
Infrastructures	30,637	692	(28,419)	(4,978)	24,216	22,148
Other Activities	15,969	(15,255)	--	(40)	(47)	627
Total non-controlling interests	**203,041**	**(10,845)**	**(46,648)**	**15,738**	**44,427**	**205,713**

As described in note 3.2.h), on 6 June 2018 the Group formalised the sale of the shares (92.71% of equity) of Compañía Trasmediterránea, SA., which, at the time of the sale transaction had a net asset value of 218 million euros. The heading "Changes in scope & capital contrib./ returned" in the previous table displays the reduction in non-controlling interests of 7.29%.

As described in note 3.2.h), on 8 March 2017 the Group acquired 82.4% of the shares of the Australian construction group Geotech Holding, which, at the time of purchase, had a net worth of 20 million euros. The heading "Changes in scope & capital contrib./ returned" in the previous table includes recognition of the non-controlling interest of 17.6% at the date consolidated.

During 2017, the main currencies that the Group operates with have experienced strong depreciation against the euro. This has resulted in a significant reduction in the non-controlling interests in assets and businesses established abroad, the effect of which is included under "value adjustments and other" in the previous table. The Energy Division was the most affected one, in which the US Dollar alone has caused a fall in the carrying amount of non-controlling interests of more than 30 million euros.

Summarised financial information for the subgroups or subsidiaries representing a material portion of the Group's assets, liabilities and transactions and for which no dominant stakeholdings are held is shown below (except for ATLL Concessionària de la Generalitat de Catalunya, S.A. due to the result of exceptional circumstances described in Note 17):

31.12.2018	Acciona Energy Internacional Subgroup	Mostostal Warszawa, S.A.	Subgroup Geotech Holding
% Non-controlling interests	33.33%	49.91%	17.60%
ASSETS			
Non-current assets	2,585,191	36,799	23,935
Current assets	290,150	223,320	71,821
Total Assets	**2,875,341**	**260,119**	**95,756**
LIABILITIES			
Equity	259,392	20,158	5,313
Attributed Equity	106,652	18,004	5,313

31.12.2018	Acciona Energy Internacional Subgroup	Mostostal Warszawa, S.A.	Subgroup Geotech Holding
Value adjustments and translation differences	(2,800)	(7,766)	405
Remaining equity attributed to the Parent Company	109,452	25,770	4,908
Non-controlling interests	152,740	2,154	--
Non-current liabilities	2,345,557	51,512	10,169
Current liabilities	270,392	188,449	80,274
Total Liabilities	**2,875,341**	**260,119**	**95,756**
PROFIT/(LOSS)			
Revenue	443,915	241,169	236,709
Operating profit	185,032	(4,101)	1,689
Profit/(loss) before tax	82,666	(6,326)	983
Profit/(loss) after tax	37,504	(9,228)	3,838
Profit/(loss) attributed to non-controlling interests	(8,278)	753	--
Profit/(loss) attributed to the Parent Company	29,225	(8,475)	3,838

31.12.2017	Acciona Energy Internacional Subgroup	Mostostal Warszawa, S.A.	Subgroup Geotech Holding	ATLL Concessionària de la Generalitat de Catalunya, S.A.	Subgroup Cía Trasmediterránea
% Non-controlling interests	33.33%	49.91%	17.60%	23.95%	7.29%
ASSETS					
Non-current assets	2,828,205	42,094	18,012	987,997	367,664
Current assets	298,870	213,778	49,213	112,806	124,196
Total Assets	**3,127,075**	**255,872**	**67,225**	**1,100,803**	**491,860**
LIABILITIES					
Equity	191,489	42,118	14,360	32,819	225,028
Attributed Equity	40,832	38,261	14,360	32,819	225,039
Value adjustments and translation differences	(39,428)	(4,906)	(60)	--	3,409
Remaining equity attributed to the Parent Company	80,260	43,167	14,420	32,819	221,630
Non-controlling interests	150,657	3,857	--	--	(11)
Non-current liabilities	2,751,591	72,503	9,035	971,389	10,390
Current liabilities	183,995	141,251	43,830	96,595	256,442
Total Liabilities	**3,127,075**	**255,872**	**67,225**	**1,100,803**	**491,860**
PROFIT/(LOSS)					

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31.12.2017	Acciona Energy Internacional Subgroup	Mostostal Warszawa, S.A.	Subgroup Geotech Holding	ATLL Concessionàr ia de la Generalitat de Catalunya, S.A.	Subgroup Cía Trasmediter ránea
Revenue	437,061	259,143	150,247	156,010	425,527
Operating profit	148,545	6,238	3,043	64,853	15,688
Profit/(loss) before tax	31,146	4,829	2,990	19,845	9,875
Profit/(loss) after tax	13,757	(4,502)	2,208	15,381	5,895
Profit/(loss) attributed to non-controlling interests	(26,016)	1,198	--	--	(1)
Profit/(loss) attributed to the Parent Company	(12,259)	(3,304)	2,208	15,381	5,895

g) Capital management

The main objectives of the Group's capital management are to safeguard its capacity to continue operating as a going concern so that it can continue to provide returns to shareholders and to benefit other stakeholders, and also to maintain an optimal financial and equity structure to reduce the cost of capital. As a result of this policy, creating value for the shareholder is compatible with access to financial markets at a competitive cost in order to cover both debt refinancing and investment plan financing needs not covered by funds generated by the business.

In order to maintain and adjust the capital structure, the Group may vary the amounts of the dividends payable to the shareholders, return capital, issue shares or sell assets to reduce debt.

In line with other groups in the industries in which the Acciona Group operates, the capital structure is controlled on the basis of the leverage ratio. This ratio is calculated as the result of dividing net debt by equity. Net debt is calculated as the sum of current and non-current financial debt, excluding those relating to held-for-sale assets, less current financial assets and cash and cash equivalents.

The leverage ratio at 31 December 2018 and 2017 is shown below:

Leverage	2018	2017
Net debt:	**4,333**	**5,224**
Non-current financial debt	4,080	5,272
Current bank financial debt	2,149	1,472
Current financial assets and cash and cash equivalents	(1,896)	(1,520)
Equity:	**3,495**	**3,963**
Of the Parent Company	3,289	3,760
Of non-controlling interests	206	203
Leverage	**124%**	**132%**

h) Restriction on the distribution of funds by subsidiaries

Certain Group companies have clauses in their financing contracts that have to be met in order for profit to be distributed to the shareholders. Specifically, the clauses stipulate the maintenance of a senior debt coverage ratio in financing contracts.

17. - Provisions and litigation

The movement in the "Non-current provisions" heading on the liability side of the consolidated balance sheets at 31 December 2018 and 2017 was as follows:

	31.12.2018	31.12.2017
Opening balance	**528,607**	**497,472**
Additions and allocations	34,114	97,262
Removals	(53,413)	(74,587)
Transfers	(55,147)	3,817
Other changes	(33,805)	4,644
Closing balance	**420,354**	**528,607**

The main changes in financial year 2018 related to the increase in provisions for dismantling operations, both due to the update in estimates and due to international wind farms being commissioned which carry this provision, as well as the allocation to the repairs provision. With regards to "removals", the decrease of 34 million euros should be noted (20 million euros transferred to current accounts), after the agreement reached in the contentious procedure that the Group had for the Plaza project, as described later on. "Transfers" mainly correspond to repair provisions and so-called drought provisions of the subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A. amounting to 49 million euros at 31 December 2018 and transferred to a current account as described below. The movement in "Other changes" corresponds to scope changes, translation differences, and to the cancellation of the provision for constructive obligations associated with Infraestructuras y Radiales, S.A. as explained in section a) of this note.

The Acciona Group operates in different businesses and in a great number of countries with very specific industry regulations. In the normal course of its business, the Group is exposed to litigation related to these business activities, including most notably: tax claims, claims related to defects in construction projects performed and claims related to differences regarding services rendered. Part of these risks are covered by insurance policies (third-party liability, construction defects, etc.) and for the other risks identified, the required provisions are recognised. The nature and amount of the main provisions are detailed below.

a) Constructive obligations: Provisions are recognised for the constructive obligations of subsidiaries accounted for using the equity method when the Group's investments in associates have been reduced to zero. At 31 December 2018, the provision in this connection amounted to 36 million euros (59 million euros at 31 December 2017). The table below shows the detail, by division and in proportion to the Group's share percentage in the capital of each, of the assets, liabilities, revenue and profit/(loss) for 2018 of the associates for which a provision was recognised:

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	Energy	Infrastructures	Other Activities	Total 2018
Assets				
Non-current assets	19,554	218,690	--	238,244
Current assets	11,062	50,708	--	61,770
Total assets	**30,616**	**269,398**	**--**	**300,014**
Liabilities				
Equity	(2,159)	(34,262)	--	(36,421)
Non-current liabilities	26,335	236,079	--	262,414
Current liabilities	6,440	67,581	--	74,021
Total equity and liabilities	**30,616**	**269,398**	**--**	**300,014**
Profit/(Loss)				
Net revenue	3,645	53,570	--	57,215
Profit before tax from continuing operations	469	(7,257)	--	(6,788)
Profit/(Loss) before tax	469	(7,257)	--	(6,788)

This heading includes a provision in the amount of 3 million euros for Sociedad Concesionaria Puente del Ebro, S.A., which was declared to be under voluntary creditors' meeting proceedings on 4 November 2014 at Commercial Court no. 2 in Zaragoza. The creditors' agreement was not approved and hence on 9 November 2017 the company entered into liquidation phase. From an administrative point of view, the Aragon Regional Government (DGA) initiated a process to terminate the concession contract on 22 January 2018, providing a period of six months as set out in article 266 of RD 2/2000 which approves the Consolidated Text of the Public Administrations Contract Law. On 27 February 2018, the DGA suspended this period, as according to the administrative specifications document, the state liability of the administration should be calculated by an independent expert appointed by the parties. The contract termination period is still suspended.

The associate companies Infraestructuras y Radiales, S.A. and Henarsa, S.A. from the Infrastructure division were declared to be under voluntary creditors' meeting proceedings on 5 September 2013 at Commercial Court no. 10 in Madrid. The creditors' meeting took place in September 2017 and as sufficient creditors did not adhere to the proposed agreement, on 18 October 2017 the companies entered into liquidation phase, and the liquidation rulings were approved in February 2018. Finally, in July 2018 the termination of the concession contract was published, and the entity Sociedad Estatal de Infraestructuras del Transporte Terrestre, S.A. (SEITTSA) took over the operations. At that time, the Acciona Group cancelled the provision of 29 million euros for constructive obligations against the load granted to the Company for the same amount which had been recorded under "other non-current bank loans" (see Note 11).

b) <u>Levies, taxes and local charges</u>: these relate to provisions for regional, state or international levies, taxes and local charges arising from construction work and infrastructure development and taxes in general which, in view of the varying interpretations that can be made of the tax legislation, could give rise to contingent tax liabilities in the various countries in which the Acciona Group operates. The provision in this connection, at 31 December 2018, amounted to 41 million euros (42 million euros at 31 December 2017).

c) <u>So-called "drought" provision:</u> was recognised by the subsidiary ATLL Concessionaria de la Generalitat de Catalunya, S.A. under the concession contract, in order to deal with possible drought periods. At 31 December 2018, as discussed in this note, the Group has reclassified all the assets and liabilities related to the concession activity to a current asset account as a result of the early termination of the concession contract. The accumulated balance for this provision at 31 December 2017 came to 30 million euros.

d) Repairs: these relate to provisions in connection to repairs agreed with the awarding entity in concessions from the Infrastructure division. Each year they are systematically endowed by a charge against the operating profit/(loss). The provision in this connection, at 31 December 2018, amounted to 39 million euros (69 million euros at 31 December 2017). The decrease in 2018 is due to the sale of the concession company "Acciona Concessoes Rodovia do Aço, S.A." which had recorded a provision for repairs at 31 December 2017 of 5 million euros, and due to the reduction of 24 million euros provided by the company ATLL Concessionària de la Generalitat de Catalunya, S.A. at 31 December 2017 which has been reclassified to a current asset account, as noted in section c) above.

e) Pensions and similar: these relate to provisions for pensions and similar obligations arising mainly from the acquisition of assets from Endesa in 2009, which are detailed and quantified below. The provision in this connection, at 31 December 2018, amounted to 11 million euros (10 million euros at 31 December 2017).

f) Burdensome contracts: these relate to contracts for works and provision of services that represent a burden and lead to losses. The Group charges a provision against the income statement for losses expected from these contracts at the moment when it determines that the contract's costs which cannot be avoided in order to comply with the contract are likely to exceed the revenue therefrom. The provision in this connection, at 31 December 2018, amounted to 54 million euros (54 million euros at 31 December 2017).

g) Dismantling: these relate mainly to provisions stemming from the electricity generation facilities in the Energy division international area, after the Group concluded, upon analysis of the particularities of these contracts, that there is an obligation to dismantle said facilities. The provision in this connection, at 31 December 2018, amounted to 105 million euros (85 million euros at 31 December 2017).

h) Litigation: these related to provisions for lawsuits under way as a number of claims have been brought against the Group in various jurisdictions for various reasons. At 31 December 2018, the Group maintained provisions amounting to 126 million euros (168 million euros at 31 December 2017), of which 87 and 39 million euros corresponded to the energy and infrastructure divisions respectively.

As regards these cases, it is hard to predict how they will turn out, although, with the exception noted in the following paragraph, the Group's Directors are of the opinion that there will be no short-term outflow of economic profits due to the status of these court cases at the present time.

The best estimates of the risks and uncertainty inevitably surrounding most of the events and circumstances affecting these cases have been taken into account to record of these provisions. The measurement of this uncertainty has been done with prudence, understood as the inclusion of a certain degree of caution when making the necessary

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assessments, but safeguarding in all cases the true and fair view of the financial statements.

The Group's Management considers that no significant additional liabilities will occur that are not provisioned in the consolidated financial statements at 31 December 2018. With regards to the the claim against Logistics Platform of Zaragoza (Plaza), an agreement was reached on 9 December 2018 between the defence, prosecutors and private prosecution, exempting all natural persons from any criminal liability. In terms of civil liability, the Group subsidiary Acciona Construcción, S.A., as a Joint Venture partner, has reached an agreement whereby it disbursed 15 million euros at the end of financial year 2018; after contractual compensations, another 20 million euros are still pending payment, and will be payable in April 2019. The remaining payable amounts will be resolved through a technical arbitration process with no criminal liability involved. The Acciona Group considers that this arbitration will have no adverse economic effect.

The Group, through one of its Australian subsidiaries, holds a contract for the design, construction and start-up of a tram route in the city centre of Sydney (Australia) together with its partner Alstom, in the context of a public-private partnership (PPP) agreement through the concessionaire Altrac Light Rail Partnership (of which the Group holds 5% of the share capital), whose final customer is Transport for New South Wales (TfNSW).

As a consequence of the multiple changes and scope changes produced during the execution of the contract and based on the different technical and legal reports from external advisers, the Group, through its subsidiary, filed claims with grounds on the contractual clauses. In addition, the subsidiary filed claims before the Supreme Court of New South Wales against TfNSW in 2018.

In parallel, the different parties involved reached an agreement to resolve some pending contractual disputes through a facilitation process, which is still ongoing.

In any case, the Group continues to strictly comply with the obligations under the contract, delivering the work according to the required technical and safety standards.

At the date these consolidated annual financial statements were prepared, all negotiation processes are still in effect, subject to a confidentiality commitment between the parties. The Group's Management expects these to be resolved in 2019 without expecting negative impacts on equity.

With regards to the court proceedings related to ATLL Concessionària de la Generalitat de Catalunya, S.A., on 22 June 2015 the High Court of Justice of Catalonia (hereinafeter HCJC) issued judgement allowing in part the appeal for judicial review of the administrative decision lodged by the concession company ATLL Concesionària de la Generalitat de Catalunya, S.A. and Acciona Agua, S.A., overruling the resolution dated 2 January 2013 from the Contractual Resources Administrative Body of Catalonia in relation to exclusion of the bid made by the Acciona led consortium. The Court, however, considered that there were defects in the tender procedure that are not attributable to the bidders, which lead to the contracting procedure being rendered void as a whole because the bidders did not have full knowledge of the exact scope of the requirements related to the works schedule. Cassation appeals on this judgement were

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lodged at the Supreme Court, and dismissed in February and March. This judgement dismisses the claims brought forward by the Generalitat and confirms the HCJC ruling.

Subsequently, the Council of Territory and Sustainability has notified ATLL CGC through a ruling issued on 4 June, where according to the substantial meaning of such court decisions and in application of the provisions of section 35.1 of the Consolidated Text of the Public Contract Law, the concession contract has been cancelled and is currently in liquidation phase. The ruling has been appealed by ATLL CGC via administrative and judicial channels.

The aforementioned ruling of 4 June 2018 calls upon the liquidation process of the contract to begin, which is delegated to a Committee. The Committee was created through a Government Resolution issued on 17 July 2018, a contentious appeal to which has been lodged before the HCJC by ATLL CGC on 27 November 2018; the appeal has been admitted for processing and given the procedure number 332/2018. This appeal has requested for the suspension of the agreement and the immediate cessation of the Committee's activity as a precautionary measure.

Decree-Law 4/2018 of 17 July was published in the Official Gazette of the Government of Catalonia on 19 July 2018, by which the direct management of the water supply service to populations through facilities of the Ter-Llobregat water supply network owned by the Generalitat de Catalunya is undertaken, and the entity Ens d'Abastament d'Aigua Ter-Llobregat is created; this Decree-Law was validated by the Permanent Parliamentary Council (Diputació Permanent del Parlament) in the session held on 1 August 2018. This Decree-Law includes the provision for 1 January 2019 to be the deadline on which the new public entity shall start operations, albeit subject to compliance with certain milestones. Likewise, it is established that within the period between the entry into force of the Decree-Law and when Ens d'Abastament d'Aigua Ter-Llobregat starts operations, ATLL CGC shall continue to provide the service under the terms and conditions provided in the contract dated 27 December 2012. With regards to the fee applicable to the service, it is temporarily prescribed that from 1 January 2018 and until the new rate to be applied by the Water Supply Agency is approved, the amount shall be that established for financial year 2017.

Furthermore, as noted in paragraphs above, ATLL CGC filed an appeal for administrative reinstatement against the ruling issued on 4 June 2018 by the Council, which was not admitted through the ruling dated 20 July 2018, whereby it was advised that any discrepancy was to be considered in the relevant incident, in executing the ruling thereto, before the Administrative Chamber of the HCJC. ATLL CGC filed a contentious-administrative appeal against this ruling on the appeal for reinstatement before the HCJC on 22 October 2018, which is ongoing and has procedure number 276/2018.

Likewise, on 5 September 2018, ATLL CGC filed an incidental complaint for enforcement of the judgement obtained by procedure No. 14/2013 followed before the HCJC by the Generalitat against the OARCC ruling issued on 2 January 2013. This incident has been dismissed by Order issued on 19 November 2018, and ATLL CGC filed an appeal for reconsideration against this order. It is important to point out that in this Order, the Court affirms that according to the operative provisions of the ruling, the contract awarding agreement resulted in a cause of voidability attributable to the Administration in contrast to the nullity as intended by the Administration, which would have supposed that the contract had never existed, nor produced any effect. In contrast,

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this fact confirms the voidability of the contract award and, therefore, the contract enters into the liquidation phase, with the effects provided for in the Public Sector Contract Law, in the contract itself, and in the interpretive ruling of 5 July 2013 issued by the Council of Territory and Sustainability, and the Minister of Economy and Knowledge. In this sense, the contract includes a contractual clause, 9.12, which refers to early termination of the concession contract. This clause establishes that if the concession contract is terminated before the ordinary contract termination date, regardless of the grounds for termination, the Administration should pay the concession company compensation that will cover:

> "(a) the unamortised portion of the total concession fee. This amortisation is calculated according to what is established in this clause 9.12 of the contract in conformity with clause 22 of the Administrative Specifications Document,
> (b) the unamortised portion of the works, installations and other investments, in PPE and intangible assets, carried out by the concessionaire up to date; and,
> (c) related additional costs."

Additionally, this clause contains the following in relation to the amount to be paid by the Concessionaire to the Administration: "The Concessionaire, in turn, must pay the Administration any balance pending for payment on the date of the deferred fee resolution (including principal and interest), without prejudice to any compensation that must be paid in the event of non-performance attributable to the concessionaire. The financial expenses accrued by the deferred fee and not yet incorporated into the rate based on the review criteria under section 22.1 of the Tender Specifications, shall not be included in the pending balance in favour of the granting administration."

Likewise, in the event that certain assumptions included in article 286 of the Public Sector Contract Law are considered to be fulfilled, section 55 of the Tender Specifications provides a calculation method for the compensation that the Administration must pay to the concessionaire. In this sense, section 55.2.d) of the Tender Specifications provides that the Administration will indemnify the concessionaire for any damages and losses incurred, including the future profit that the latter ceases to receive for any years remaining to be completed under the contract.

Based on expert reports carried out by independent experts, the Group has estimated that the amount resulting from clause 9.12 amounts to 305,328 thousand euros, notwithstanding the amount of the compensation for damages caused, corresponding to unrealised profits that would be expected during the normal development of the concessionaire activity until the end of the contract period, and which according to clause 55 of the Tender Specifications amount to 769,535 thousand euros.

As part of the Administration's actions aimed at starting the operation of the Ens d'Abastament d'Aigua, communication from the Council of Territory and Sustainability was received on 21 December 2018, according to which the 31 December 2018 was the last day that the service was provided by ATLL CGC, and ATLL CGC was required to facilitate the corresponding transfer of operations to Ens d'Abastament d'Aigua Ter-Llobregat. Likewise, a request was received from the Director General of State Assets of the Generalitat de Catalunya on 21 December 2018, in order for the possession and occupation of the assets listed in the Annex to Decree-Law 4/2018 shall cease, taking effect on 31 December 2018, and such assets shall be evicted and possession returned to the Generalitat de Catalunya. Administrative appeals have been filed against both actions and followed by the HCJC Administrative Chamber under number 359/18 (fifth section) and 739/2018 (second section), respectively. In these procedures ATLL CGC has requested the precautionary suspension of the effects thereto.

As a continuation of the requirement to evict and return possession of the assets, on 16 January 2019 ATLL CGC submitted, within the term granted, allegations requiring the procedure to be terminated insofar as ATLL CGC 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.

Since confirmation of the invalidity of the contract by Supreme Court Order issued on 19 November 2018, the Administration has submitted different proposals to liquidate the concession, based on the synthesis of the contract incurring in a cause of radical or full nullity and, therefore, was never able to produce effects and accordingly, the doctrine issued by the Supreme Court does not apply, and there is a breach of the terms and conditions included in section 9.12. of the contract, and hence such proposals have not been accepted by the Company; the Company has continued to provide the water supply service until a ruling in accordance with the agreed conditions is issued, or, where appropriate, the administrative appeals are finally resolved confirming the eviction and return of the concession assets to the Generalitat de Catalunya.

On 6 and 12 February 2019, the appeals filed in response to the concession asset eviction and return requirements for the assets under the Company'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.

Therefore, in light of the uncertainties related to the existing conditions in respect to the Administration's position, and under the firm premise by the Group based on independent experts' reports that it is remote that the Company's assets may be subject to any damage whatsoever, it is then considered appropriate to record an entry under the current assets heading (included under "Other Current Assets" in the consolidated balance sheet), based on the expected liquidation in the short term, corresponding to the net amount of the concession assets and liabilities in individual books.

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Provisions for pensions and similar obligations

The "Non-current provisions" section on the accompanying consolidated balance sheet includes provisions for pensions and similar obligations mainly due to the acquisition of assets and/or companies from the Endesa Group in 2009.

The group of employees considered in 2018 for measurement was 87 employees (92 at the close of 2017), 22 of whom have already taken early retirement or are retired (23 at the close of 2017). Not all of them are in the same situation and under the same commitment. The main characteristics of the plans assumed are the following:

i) Defined benefit pension plan with salary increase rate tied to the increase in the CPI. This plan is treated in exactly the same way as a defined benefit system. The assumptions used in calculating the actuarial liability in respect of the uninsured defined benefit obligations at 31 December 2018 and 2017 were as follows:

	2018	2017
Interest rate	1.91%	1.72%
Mortality tables	PERPM/F2000	PERPM/F2000
Expected rate of return on plan assets	1.89%	1.70%
Salary review	2.00%	1.70%

Information is provided below on the changes in the actuarial liabilities for the defined benefit obligations at 31 December 2018 and 2017:

	2018	2017
Initial actuarial liability	**4,064**	**4,044**
Cost incurred in the year	109	112
Finance costs	71	77
Benefits paid in the year	--	(190)
Actuarial gains and losses	(908)	21
Final actuarial liability	**3,336**	**4,064**

Information is provided below on the changes in the actuarial assets for the defined benefit obligations at 31 December 2018 and 2017:

	2018	2017
Initial actuarial asset	**2,688**	**2,312**
Return recognised in the year	46	43
Contributions made in the year	136	488
Actuarial gains and losses	(904)	(155)
Final actuarial asset	**1,966**	**2,688**

At 31 December 2018 and 2017, the total amount of the final actuarial assets and liabilities related in full to defined benefit obligations in Spain.

At 2018 year-end, the amount recognised in the consolidated income statement for defined benefit pension obligations amounted to 134 thousand euros (146 thousand euros in 2017) and related to the cost incurred during the year and the return and finance cost of the assets and liabilities associated with these employee welfare benefits.

ii) Obligations to provide certain employee welfare benefits during the retirement period, relating mainly to electricity supplies. These obligations were not externalised and are covered by the related in-house provisions totalling 3,223 thousand euros (2,981 thousand euros at 31 December 2017).

The actuarial changes recognised, arising in this connection, amounted to a profit of 228 thousand euros in financial year 2018 (profit of 331 thousand euros in 2017).

iii) Commitment undertaken by the company to supplement the public social security system benefits in the event of termination of the employment relationship as a result of an agreement between the parties.

The movement in the provision for these obligations, recognised under the "Provisions" heading on the accompanying consolidated balance sheet in 2018 and 2017, was as follows:

	Provision for other long-term employee benefit obligations
Balance at 31/12/2016	**507**
Additions and allocations	44
Removals	(336)
Balance at 31/12/2017	**215**
Additions and allocations	--
Removals	(146)
Balance at 31/12/2018	**69**

These liabilities related in full to the collective redundancy procedures signed by Group companies in Spain.

The Plan affects employees with at least 10 years of acknowledged seniority. Employees aged 50 or more at 31 December 2005 were entitled to adhere to a pre-retirement plan at the age of 60, of which they could avail themselves between the ages of 50 and 60, upon the mutual agreement between the employee and the company concerned. For the Plan to apply to employees younger than 50 at 31 December 2005, a written request from the employee and the acceptance thereof by the Group were required.

The conditions applicable to employees under 50 years of age affected by the Voluntary Redundancy Plan consisted in a termination benefit of 45 days' salary per year of service plus an additional amount of 1 or 2 months' salary based on the employee's age at 31 December 2005.

The impact of these plans on the consolidated income statement is not material.

18. - Financial debt

a) Bank borrowings

At 31 December 2018 and 2017, detail of recourse and non-recourse borrowings, it being understood that non-recourse is the debt with no corporate guarantees, whose recourse is limited to the debtor's flows and assets, was as follows (in thousand euros):

	2018		2017	
	Current	Non-current	Current	Non-current
Non-recourse bank borrowings	**286,136**	**1,029,040**	**181,874**	**1,443,526**
Mortgage loans for non-current asset financing	8,563	6,706	13,127	11,206
Mortgage loans for property developments	1,902	--	6,514	--
Project finance	262,279	990,471	149,990	1,407,316
Obligations under finance leases	13,392	31,863	10,991	25,004
Other limited recourse debt	--	--	1,252	--
Recourse bank borrowings	**618,702**	**2,644,920**	**649,268**	**2,963,410**
Discounted notes and bills not yet due	325	--	522	--
Other bank loans and credit facilities	618,377	2,644,920	648,746	2,963,410
Total bank borrowings	**904,838**	**3,673,960**	**831,142**	**4,406,936**

All financial liabilities in this note correspond to financial instruments measured at amortised cost, except for the financial derivatives that are detailed in note 20 and are measured at fair value.

In 2018 and 2017, the Group's loans and credit facilities accrued interest mainly tied to Euribor for those financed in euros, although a portion of the Group's borrowings were also tied to other indices such as Libor for borrowings in US dollars, the CDOR for borrowings in Canadian dollars, the TIIE for financing in Mexican pesos, the WIBOR for financing in Polish zloty, the BBSY for financing in Australian dollars and the JIBAR for financing in South African rands; these are the main indices for the Group outside the euro zone. A significant portion of the Group's borrowings is hedged by financial derivatives which seek to reduce the volatility in the interest rates paid by the Acciona Group (see Note 20).

Through subsidiaries or associates, the Acciona Group undertakes investments mainly in transport infrastructure, energy, water supply and hospitals, and these are then operated by subsidiaries, joint operations and associates and funded through "Project finance" (financing applied to projects).

These finance structures are applied to projects capable of providing by themselves sufficient support for the participating financial entities as to the repayment of the borrowings taken out to implement them. Thus, each one is normally executed through special purpose vehicles in which the project's assets are financed on the one hand by a contribution of funds by the project's sponsors, limited to a certain predefined amount, and, on the other hand, generally a larger sum through third-party funds in the form of long-term borrowing. The debt service on these loans or credits is fundamentally backed by the cash flows to be generated in future by the project itself, as well as by in rem guarantees over the project's assets and credit rights.

In financial year 2018, the decrease that occur under the line "current and non-current project finance" mainly correspond to the amortisation of this type of loan, the exchange differences of the period, mainly those from the projects done in South African rand, and the cancellation of 113 million euros of bank debt in two wind projects in Spain which are now financed through recourse debt.

Acciona Financiación Filiales, S.A. arranged a syndicated loan last April 2018 for 1,300 million euros, classified under the "other bank loans and credit facilities" heading, with due date to 5 years and accruing a market interest rate. Several bilateral loans maturing in 2018-2020 and part of the previous syndicated loan are cancelled through this operation, and the average life of the debt is extended. These debt cancellations have a related financial expense of 14 million euros from transferring the arrangement fees and other pending costs incurred to the consolidated income statement. In addition, Acciona Financiación Filiales, S.A. arranged a credit facility to dispose of 100 million euros with the European Investment Bank, which matures in 2024. It had been drawn down in its entirety at 2018 year-end. The purpose of this credit is to invest in research, development and innovation projects in water treatment, renwable energy and infrastructure sectors, as well as for certain cross-cutting investments in digitalisation and other technologies.

As indicated in Note 4.2 I), the adoption of IFRS 13 requires an adjustment in the measurement techniques applied by the Acciona Group to obtain the fair value of its derivatives in order to incorporate the bilateral credit risk adjustment so as to reflect both own risk and counterparty risk in the fair value of the derivatives.

At 31 December 2018, the adjustment of credit risk represented a lower valuation of liability derivatives in the amount of 4,664 thousand euros, recognised on the one hand as a smaller debt with credit entities in the amount of 2,630 thousand euros by subsidiaries and, on the other hand, as a higher value of the investment using the equity method in the amount of 1,526 thousand euros, without considering the tax effect, by the companies consolidated in accordance with this method. The effect, net of external and after-tax effects, that this modification had on the heading "Adjustments in equity for valuation of cash flow hedges" was positive in the amount of 3,165 thousand euros.

At 31 December 2018, the Group companies had been granted additional financing of 2,170,368 thousand euros that had not been drawn down, relating to credit lines to finance working capital.

The Group's Management is of the opinion that the amount of these credit lines and the ordinary generation of cash, together with the realisation of current assets, will sufficiently cover the short-term payment obligations.

At 31 December 2018 and 2017, neither Acciona, S.A. nor any of its significant subsidiaries were in breach of any of their financial obligations or any other obligations in such a way as might lead to early maturity of their financial obligations. Similarly, no default is expected for 2019.

In addition, in 2018 and 2017 there were no defaults or any other non-payments of principal, interest or repayments in respect of interest bearing borrowings.

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Borrowings by the real estate business are classified as current liabilities on the basis of the production cycle of the asset they finance, that is, inventories, even though the due date for some of these liabilities stands at over twelve months.

Detail, by maturity, of bank borrowings for the years following the closing date of the balance sheet was as follows, in thousands of euros:

2019	2020	2021	2022	2023	2024	Subsequent years	Total
904,838	550,064	483,008	550,003	1,437,145	120,453	533,287	4,578,798

Obligations under finance leases

Detail of the Group's finance leases at 31 December 2018 and 2017 was as follows, in thousands of euros:

	Minimum lease payments	
Amounts to pay under finance leases	**2018**	**2017**
Within one year	14,751	13,743
Between one and two years	15,683	12,558
Between two and five years	17,175	12,351
After five years	56	--
Total lease payments payable	**47,665**	**38,652**
Less future finance charges	2,410	2,657
Present value of lease obligations	**45,255**	**35,995**
Less amount due for settlement within twelve months (current liability)	13,392	10,991
Amount due for settlement after twelve months	**31,864**	**25,004**

It is the Group's policy to lease certain of its facilities and equipment under finance leases. The average lease term is two to three years. In the year ended 31 December 2018, the average effective interest rate was the market rate. Interest rates are set at the lease contract date. All leases have fixed payments and no arrangements have been entered into for contingent rental payments.

b) Debentures, bonds and negotiable securities

Breakdown at 31 December 2018 and 2017, of debentures, recourse and non-recourse bonds and negotiable securities, it being understood that non-recourse is the debt with no corporate guarantees, whose recourse is limited to the debtor's flows and assets, was as follows (in thousand euros):

	Thousand euros	
	2018	**2017**
Debentures, bonds and negotiable securities without recourse	224,401	263,265
Debentures, bonds and negotiable securities with recourse	1,425,337	1,242,821
Total debentures, bonds and negotiable securities	**1,649,738**	**1,506,086**

The movement in these accounts on the current and non-current liabilities side of the balance sheet for financial years 2018 and 2017 was as follows:

	Thousand euros	
	2018	**2017**
Opening balance	**1,506,087**	**1,114,609**
Changes in the scope of consolidation	--	47,026
Issues	1,331,891	866,953
Interest accrued pending payment	7,190	7,068
Amortisations	(1,223,536)	(489,721)
Other changes	28,107	(39,847)
Closing balance	**1,649,738**	**1,506,086**

The main variation in this heading in 2018, on the "Issues" line, related to the issue of EMTN and ECP (promissory notes) for a total of 128 million euros and 1,204 million euros, respectively, under the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programmes, which are described further below. As for the line "Amortisations", mention must be made of the amortisation on maturity of the previous ECP programme for 901 million euros, as well as the total cancellation for 43 million euros of the issue of bonds by the subsidiary Autovía de los Viñedos, S.A. in October 2004 after these obligations were acquired by the Group subsidiary Acciona Financiación Filiales, S.A. in 2018.

The line "Other changes" related mainly to translation differences in the two issues of bonds in currencies other than the euro.

The distribution of the maturity of these debentures for 2018 and for the next and subsequent years is as follows, in thousands of euros:

2019	2020	2021	2022	2023	2024	Subsequent years	Total
1,243,758	48,487	12,340	17,819	14,074	77,988	235,272	1,649,738

At 31 December 2018, detail of the issues making up the balance for this heading was as follows:

- Placement of a bonds issue on 10 August 2012 with a credit rating of "BBB " given by the Standard & Poors and Fitch rating agencies for the Mexican subsidiaries CE Oaxaca Dos, S. de R.L. de C.V. and CE Oaxaca Cuatro, S. de R.L. de C.V., in a total amount of 298.7 million US dollars. The purpose of this funding was the development, construction and operation of two wind power projects (102 MW each) for the final client, the Federal Electricity Commission (FEC). The issue accrues interest at 7.250% per annum, payable every six months on 30 June and 31 December each year until 31 December 2031. The redemption of the debt began on 31 December 2012 and will continue with six-monthly debt write-downs until its total repayment on 31 December 2031. At 31 December 2018, the balances recorded for this issue on the non-current and current bonds and debentures account amounted to 215.6 and 8.7 million euros, respectively.

- Euro Commercial Paper (ECP) Programme initially formalised on 17 January 2013 by Acciona, S.A. and renewed annually as from 2015 by the Group's subsidiary Acciona Financiación de Filiales, S.A. (renewed most recently on 3 May 2018) with the guarantee of Acciona, S.A. The programme currently has a maximum amount of 1,000 million euros. Through this programme, which is listed on Euronext Dublin (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 1,204 and 908 million euros, respectively, and the outstanding balance stood at 677 million euros at 31 December 2018.

- Issue by Acciona, S.A. in April 2014 of simple bearer debentures through a private placement, in the amount of 62.7 million euros and maturing in 2024. The face value of each debenture is 100,000 euros and they accrue interest at 5.55% per annum with an annual coupon. At 31 December 2018, the balances recorded for these simple debentures on the accounts for non-current and current bonds and debentures, net of the transaction costs and considering the interest accrued, amounted to 61.9 and 2.4 million euros, respectively.

- On 12 April 2018, Acciona Financiación Filiales, S.A. renewed, with the guarantee of Acciona, S.A., under the same terms and conditions as the previous one issued by Acciona, S.A., a fixed-interest securities issue programme - Euro Medium Term Note Programme (EMNT) for a maximum amount of up to 2,000 million euros. 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 4.625%. 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. At 31 December 2018, the balances registered against this EMNT programme in the non-current and current debentures and bonds accounts, net of transactions costs and considering interest accrued, amounted to 444 and 241 million euros, respectively. The fair value of the bonds at the end of the financial year amounts to 766 million euros.

- With regards to Autovía de los Viñedos, S.A., a bond issue took place on 28 October 2004 in the amount of 64.100 thousand euros and accrues interest at 4.79% per annum payable on 15 December each year throughout the life of the issue. The bonds started to be redeemed on 15 December 2009 and their total amortisation is scheduled for 15 December 2027. However, as noted above, after all these obligations were acquired by the Group subsidiary Acciona Financiación Filiales, S.A. in 2018, the issue has been cancelled in its entirety.

At 31 December 2018, there were no issues convertible into shares, or issues granting rights or privileges that might, in the event of a contingency, make them convertible into shares of the Parent Company or of any of the Group companies.

In addition, three of the companies in the Acciona Group consolidated using the equity method have debentures and bonds issued with the following characteristics:

- Private issue of bonds with a credit rating of "A" given by the Standard & Poors rating agency by the Canadian company Chinook Roads Partnership in the amount of 108,882 thousand euros attributed as part of the funding needed to undertake the construction, operation and maintenance project for the Southeast Stoney Trail motorway in the city of Calgary (Canada). This issue took place on 31 March 2010 and accrues interest of 7.134% per annum payable monthly on the last working day of each month during the construction phase and quarterly during the operation phase. Debt amortisation began on 31 December 2013 and will continue with quarterly cancellations until its total amortisation on 31 March 2043.

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- Issue on 27 May 2015, by Sociedad Concesionaria Autovía de la Plata, S.A. in the amount of 184,500 thousand euros. The issue accrues a 3.169% annual coupon payable every six months. The bond principal must be amortised every six months and the total term is 26.6 years, with final maturity on 31 December 2041. The issue credit rating is BBB by the Standard & Poors rating agency.

- Issue on 2 February 2018, of Green Bonds by Nordex, SE in the amount of 275,000 thousand euros, accepted for trading on the International Stock Exchange. The bond accrues a 6.5% annual coupon payable every six months and has a maturity period of 5 years.

c) Other debt-related information

At 31 December 2018, the average interest rate of the debt, considering bank borrowings and the debt associated with debentures and other negotiable securities, stood at 3.55%.

In financial year 2018, the debt percentage not subject to interest rate volatility stood at 54.73%.

The composition of debt in currencies other than the euro at 31 December 2018, classified by the main currencies in which the Acciona Group operates, was the following:

	Financial debt	
Currency	**2018**	**2017**
Australian dollar	351,566	359,438
Brazilian real	--	54,535
Canadian dollar	56,421	79,974
Mexican peso	45,629	31,611
Polish zloty	30,379	41,038
US dollar	410,185	890,793
South African rand	219,867	254,229
Others	91,073	69,749
Total	**1,205,120**	**1,781,367**

Reconciliation of the carrying amount of bank borrowings is included below, differentiating between the changes that generate cash flow and those that do not:

Balance at 31/12/2016	**6,744,164**
Cash inflow	2,088,175
Cash outflow	(1,850,221)
Transfers to held for sale	(269,002)
Change in value of derivatives	(22,317)
Change in scope	100,284
Translation differences and other	(73,513)
Balance at 31/12/2017	**6,744,164**
Cash inflow	2,637,484
Cash outflow	(3,125,450)

Transfers to held for sale	--
Change in value of derivatives	(10,990)
Change in scope	15,408
Translation differences and other	(32,081)
Balance at 31/12/2018	**6,228,536**

19.- Risk management policy

Due to its geographical and business diversification, the Acciona Group is exposed to certain risks, which are managed appropriately through the application of a Risk Management System. This System is designed to identify potential events that might affect the organisation; to manage its risks through the establishment of internal treatment and control procedures that ensure the probability of occurrence and impact of these events are kept within the established tolerance levels; and to provide reasonable assurance in relation to the achievement of strategic business objectives.

This policy seeks to integrate risk management into Acciona's strategy and to establish the framework and principles of the Risk Management System.

This policy covers all the risks associated with the activities carried on by Acciona's business lines throughout the geographical areas in which it carries on its activity.

Interest rate risk

Interest rate fluctuations change the future flows of assets and liabilities that bear floating-rate interest.

This interest rate fluctuation risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the variation in interest rates may have a strong impact on their profitability. This risk is mitigated by hedging transactions through the engagement of derivatives (mainly interest rate swaps, IRS).

Hedging transactions are carried out that mitigate these risks as a function of the Acciona Group's projections of the trend in interest rates and of debt structure targets. The level of debt hedged in each project depends on the type of project in question and the country in which the investment is made.

The benchmark interest rate for the borrowings arranged by the Acciona Group companies is mainly Euribor for transactions denominated in euros, Libor for transactions denominated in US dollars, CDOR for transactions denominated in Canadian dollars, and BBSW for transactions denominated in Australian dollars. The borrowings arranged for projects in Latin America are normally tied to the local indices customarily used in the local banking industry, or also to the LIBOR rate as the projects in this geographic area are frequently financed in US dollars since the cash flows generated by the asset are also in the same currency (exchange rate risk natural hedge).

Sensitivity test on derivatives and debt

The financial instruments that are exposed to interest rate risk are basically borrowings arranged at floating interest rates and derivative financial instruments.

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

The analysis of sensitivity to upward or downward changes of 0.50% in floating interest rates (mainly Euribor and Libor) gave rise to a sensitivity in the Group's consolidated income statement arising from an increase or decrease in financial results due to interest payments, without the effect of derivatives being considered of 14,043 thousand euros at 31 December 2018.

The analysis of the sensitivity to upward or downward changes in the long-term interest rate curve in relation to the fair value of interest rate derivatives included in cash flow hedges arranged by the Group at 31 December 2018 on the basis of consolidation percentage, meant a decrease in debt for financial derivatives vis-à-vis 0.5% increases in the interest rate curve of 62,033 thousand euros. Similarly, 0.5% decrease in the interest rate curve would lead to an increase of 61,174 thousand euros in liabilities for financial derivatives.

Foreign currency risk

Acciona is developing a process of growing the internationalisation of its business, which means it is exposed to foreign currency risk involving transactions in the currencies of the countries where it invests and operates.

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

Foreign currency risks relate basically to the following transactions:

- Debt denominated in foreign currencies engaged by Group companies and associates.
- Payments to be made in international markets for procurements.
- Receivables tied mainly to the performance of currencies other than the euro.
- Investments made in foreign companies.

In order to mitigate foreign currency risk, the Acciona Group uses currency derivatives (foreign currency hedges) to cover future transactions and cash flows, within acceptable risk limits. At other times, non-current assets in currencies other than the euro are financed in the same currency as that in which the asset is denominated (natural cover).

Also, the net assets relating to net investments in foreign operations whose functional currency is not the euro are exposed to foreign currency risk in the translation of the financial statements of these foreign operations on consolidation.

The composition of current and non-current assets and liabilities and equity at 31 December 2018 is shown below in thousand euros for the main currencies in which the Acciona Group operates.

Currency	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net Assets	Sensitivity (10%)
Australian dollar (AUD)	698,249	301,685	246,511	427,508	325,915	32,592
Brazilian real (BRL)	7,885	82,976	2,199	41,905	46,757	4,676
Canadian dollar (CAD)	190,875	147,966	92,692	125,696	120,453	12,045
Chilean Peso (CLP)	397,006	154,476	59,316	257,584	234,582	23,458
Mexican Peso (MXN)	248,351	350,186	86,508	299,656	212,373	21,237
Zloty (PLN)	154,458	275,136	32,947	197,826	198,821	19,882
US dollar (USD)	2,419,246	439,974	899,530	379,989	1,579,701	157,970
Rand (ZAR)	250,112	98,322	237,218	75,067	36,149	3,615

The last column on the table above shows estimate of the negative impact on the Group's equity of 10% revaluation in the quotation of the euro in respect of these eight main currencies in which the Group operates and holds investments.

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 Group. The Group has adopted a policy of only trading with solvent third parties and obtaining sufficient guarantees to mitigate the risk of losses in the event of non-performance. The Group only trades with entities rated at the same investment level as the Group, or higher, and obtains information on its counterparties through independent company valuation agencies, other public sources of financial information or the information it obtains from its own relations with clients.

Bills receivable and trade receivables from clients relate to a large number of clients spread over different industries and geographical areas. Credit relations with clients and their solvency are assessed on an ongoing basis and credit guarantee insurance is arranged when it is considered necessary.

As regards the default risk, basically in the infrastructure division, an assessment process is implemented before entering into contracts with public and private clients. This assessment includes both a solvency study and supervision of contractual requirements from a financial and legal guarantee viewpoint. During the course of the projects, the correct performance of the debt is monitored constantly and the related value adjustments are made using economic criteria.

The Group does not have significant exposure to credit risk with any of its clients or groups of clients with similar characteristics. Similarly, credit risk concentration is not significant.

The credit and liquidity risk of derivative instruments with a positive fair value is limited in the Acciona Group, since both cash placements and the arrangement of derivatives are made with highly solvent counterparties with high credit ratings and no counterparty has significant levels of total credit risk.

Moreover, the definition given for the fair value of a liability in IFRS 13, based on the concept of transferring the liability in question to a market player, confirms that own credit risk must be taken into account in the fair value of liabilities. Thus, Acciona adds a bilateral credit risk adjustment in order to reflect both its own risk and the counterparty risk in the fair value of derivatives.

Liquidity risk

The Acciona Group manages liquidity risk prudently by ensuring that it has sufficient cash and negotiable securities (see Note 15) and by arranging committed credit facilities for amounts sufficient to cater for its projected requirements. As noted in Note 18, at 31 December 2018 the Group companies had been granted additional financing of 2,170,368 thousand euros that had not been drawn down relating to credit lines to finance working capital. The average term of these limits amounts to 3.20 years.

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 Group manages liquidity risk by holding adequate reserves, appropriate banking services, having available loans and credit facilities, monitoring projected and actual cash flows on an ongoing basis and pairing them against financial asset and liability maturity profiles.

Finally, attention should be drawn, in relation to this risk, to the fact that the Acciona Group has recognised, as part of its quest to diversify its funding sources, a European Commercial Paper programme for the maximum amount of 1,000 million euros to issue commercial paper with maturities of not more than one year and a Euro Medium Term Notes programme for a maximum of 2,000 million euros (see Note 18).

Economic risk vs. budget variances

The Group has an overall system of economic and budget control for each business, adapted to each activity, which provides those responsible for each business with the necessary information and allows them to control potential risks and make the most appropriate management decisions. The economic and financial information generated within each division is periodically compared with the projected data and indicators, variances regarding business volume, profitability, cash flows and other relevant and reliable parameters are assessed and, where necessary, the appropriate corrective measures are taken.

Price risk

With regards to the price risk on the Spanish electricity market, Royal Decree-Law 9/2013, whereby urgent measures were adopted to guarantee the financial stability of the electricity system, was published on 12 July 2013. This Royal Decree, which came into force on 13 July 2013, repealed, among others, Royal Decree 661/2007, of 25 May, the decree governing the remuneration framework supporting renewable energies for most of the Acciona Group's power generation facilities located in Spain.

Royal Decree 413/2014, whereby the activities for electricity generation from renewable energy sources, co-generation and waste were regulated, was enacted on 6 June 2014 and published in the Central Government Gazette on 10 June 2014. In the development of this decree, final Ministerial Order IET 1045/2014 was signed on 20 June 2014 and published in the Central Government Gazette on 29 June 2014. The Order sets out the final remuneration parameters applicable to all renewable facilities, whether already in existence or planned. These parameters were recently updated after approval of Order ETU/130/2017 of 17 February. The new model defines the remuneration for assets to be applied from 14 July 2013 onwards, pursuant to RDL 9/2013.

This regulation provides that, in addition to the remuneration for the sale of electricity generated valued at market prices, facilities can receive a specific remuneration comprising a term per unit of power installed, covering, where appropriate the investment costs for a standard facility that cannot be recovered through electricity sales and an operating term that covers, where applicable, the difference between operating costs and the revenue from the participation of that standard facility in the market. Furthermore, the terms for remunerating the investment and the transaction will be reviewed every 3 years, taking into consideration the revenue from energy sales at market rates by standard facilities, so that any upward or downward variations outside the range of the bands established in said Ministerial Order will be incorporated into the calculation of the specific remuneration.

According to the regulation, the purpose of these remuneration terms is not to exceed the minimum level necessary to cover the costs enabling the facilities to compete on an equal footing with the rest of the technologies on the market and making it possible for them to achieve reasonable profitability. With regards to what constitutes reasonable profitability, the Royal Decree-Law indicates this will revolve around the mean pre-tax yield on the secondary market of ten-year Government Bonds by applying the appropriate differential. The first additional provision of Royal Decree-Law 9/2013 sets this appropriate differential at 300 basis points for facilities participating in the economic regime with a premium, all without prejudice to a possible review every six years.

The regulatory framework shows that a large part of the Group's renewable assets, especially wind power technology commissioned prior to 2004, as well as many of its mini-hydroelectric power stations, will cease to receive any additional remuneration other than the market price and will thus be fully exposed to price variations on the electricity market. At 31 December 2018, 57% of the installed capacity in Spain is subject to regulated remuneration whereas the rest is remunerated at market prices.

Finally, as regards the price risk on the international power markets where Acciona operates, it should be noted that approximately 62% of production is governed by a long-term price contract (PPA) established with a third party, 18% under a regulatory feed-in tariff and the remainder through unrestricted sale on the market.

20. - Derivative financial instruments

Interest rate hedges

The Acciona Group regularly arranges interest rate derivatives, which are designated as hedges. These instruments are used to hedge possible changes in cash flows due to interest payments on long-term floating rate financial liabilities.

Detail of the derivative financial instruments arranged and outstanding at 31 December 2018 and 2017, which are recognised at market value on the accompanying consolidated balance sheet, in assets or liabilities, depending on the market value of the derivative and the method of inclusion in the Acciona Group, was as follows:

	2018				2017				
(thousand euros)	Notional amount arranged	Financial liabilities	Financial assets (Note 11)	Investment in associates (*)	Notional amount arranged	Financial liabilities	Held for sale liabilities	Financial assets (Note 11)	Investment in associates (*)
Cash flow hedges:									
Interest rate swaps	2,588,421	94,375	14	(47,740)	1,746,487	105,464	25,268	7,089	(55,628)
Total	**2,588,421**	**94,375**	**14**	**(47,740)**	**1,746,487**	**105,464**	**25,268**	**7,089**	**(55,628)**

(*) The indicated amount of investment in associates is net of tax.

The most commonly used interest rate derivatives are interest rate swaps, the purpose of which is to fix or limit fluctuations in the floating interest rates of hedged borrowings. The Group arranges these financial derivatives mainly to hedge the cash flows on the debt arranged to finance wind farms or solar facilities, in the case of the Energy division, and to finance the infrastructure concessions operated mainly through joint operations and associates.

At 31 December 2018, the fixed interest rates on the Euribor benchmarked financial derivative instruments ranged from 5.06% to 0.14%, and at 31 December 2017 from 5.074% to 2.060%.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Substantially all the interest rate swaps are designated and effective as cash flow hedges and the fair value thereof is deferred and recognised in equity.

The terms in which these cash flow hedges are expected to impact the income statement are shown below (in thousand euros).

	Future settlements				
	< 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	+ 5 years
Group companies	102	1,153	28,582	56,697	15,807
Associates (*)	612	870	10,680	35,990	22,161

(*) The indicated amount of investment is detailed in proportion to the Group's share percentage and is not detailed net of tax.

Changes in the fair value of these instruments are recognised directly in equity (see Note 16.e). The net deferred tax asset arising on recognition of these instruments amounted to 21,403 thousand euros at 31 December 2018 and 21,470 thousand euros at 31 December 2017; these were recognised in equity lines (see Note 22).

The methods and criteria applied by the Group to measure the fair value of these financial instruments are described in Note 4.2.I.).

The notional amounts of the liabilities hedged by interest rate hedges were as follows:

	2018	2017
Group companies	2,055,900	1,191,829
Associates (*)	532,521	438,014
Companies classified as held for sale	--	116,644
Total notional amount arranged	**2,588,421**	**1,746,487**

(*) The indicated amount is detailed in proportion to the Group's share percentage.

The contractual notional amounts of the contracts entered into do not reflect the risk assumed by the Group, since these amounts merely represent the basis on which the derivative settlement calculations are made. The changes in the notional amounts of the financial instruments arranged for the coming years are as follows:

	Change in notional amounts					
	2019	2020	2021	2022	2023	2024
Group companies	1,887,964	1,762,916	1,669,460	260,997	220,545	179,581
Associates (*)	717,224	678,692	579,115	529,105	432,577	385,577

(*) The indicated amount is detailed in proportion to the Group's share percentage.

Fuel hedges

Through its subsidiary Compañía Trasmediterránea, S.A. before its disposal (see Note 3), the Group hedged fuel oil and diesel price fluctuations by arranging several derivatives which ensured a fixed purchase price. The settlements of these derivatives in 2018 were favourable to the Group and revenue of 2,985 thousand euros relating to the contracts that matured during the year was recognised on the consolidated income statement as a reduction to the cost of procurements.

The amount directly recognised at 31 December 2018 in equity as the effective part of the cash-flow hedging relations amounted to a profit of 2,490 thousand euros net of external and deferred tax, and a total net amount of 2,985 thousand euros was recycled to the income statement at the time of the disposal.

The Group does not have any derivative fuel hedges to cover fuel price risks following the disposal of Compañía Trasmeditárranea, S.A.

Foreign currency hedges

The Group uses currency derivatives to hedge significant future transactions and cash flows. In 2018 and 2017 the Group hedged a portion of purchases and payments to suppliers in US dollars through exchange rate insurance.

The derivative financial instruments arranged and outstanding at 31 December 2018 and 2017, which are recognised at market value on the accompanying consolidated balance sheet, in assets or liabilities, depending on the market value of the derivative, were as follows:

	2018			2017	
(thousand euros)	**Notional amount arranged**	**Financial liabilities**	**Financial assets (note 11)**	**Notional amount arranged**	**Financial assets (note 11)**
			Cash flow hedges:		
Exchange rate insurance	200,541	99	1,240	27,917	320
Total	**200,541**	**99**	**1,240**	**27,917**	**320**

Detail of the transactions outstanding at 31 December 2018 and 2017 was as follows (in thousand euros):

			2018		2017	
	Currency	**Expiry date**	**Amount arranged**	**Effect of measurement at market value**	**Amount arranged**	**Effect of measurement at market value**
Foreign currency purchase	USD	15/12/2020	57,692	251	18,383	207
Foreign currency purchase	EUR	15/11/2021	101,798	403	9,534	113
Foreign currency purchase	MXN	30/09/2019	41,050	487	--	--
Total			**200,541**	**1,141**	**27,917**	**320**

At 31 December 2018, the market values of foreign currency hedges related mainly to the instalments of the exchange rate insurance engaged for the construction of a photovoltaic plant and a waste treatment plant in Australia, and a wind farm in Mexico.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Substantially all the currency purchase transactions are designated and effective as cash flow hedges and the fair value thereof is deferred and recognised in equity.

Other derivative financial instruments

Three Australian energy subsidiaries of the Group have contracts in place which enable them to set the future electricity sale price for a specific volume of MW. These contracts are measured at market value and the changes in value are recognised in equity as value adjustments. At 31 December 2018, the balance in "Reserves" and in "Non-controlling interests", net of the tax effect, amounted to a negative amount of 232 and a positive amount of 3,111 thousand euros, and two of them have balancing entries in non-current receivables in the amount of 13,333 thousand euros (see Note 12) and the other in accounts payable in the amount of 9,220 thousand euros (see Note 21).

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The impacts on equity of the measurement of derivative financial instruments at 31 December 2018 can be summarised as follows:

Thousand euros	31.12.2018
Financial liability due to interest rate hedge	94,375
Financial asset due to interest rate hedge	(14)
Negative impact on equity due to interest rate hedge by associates, net of tax	47,740
Net deferred tax payable due to interest rate hedge	(21,403)
Total impact on reserves from purchasing in stages in previous financial years	(19,082)
Other, mainly due to non-controlling interests in interest rate hedging transactions	(4,156)
Balance adjusted due to changes in value of interest rate hedging transactions	**97,460**
Balance adjusted due to changes in value of fuel hedging transactions (net of non-controlling interests and tax)	--
Balance adjusted due to changes in value of foreign currency hedging transactions (net of non-controlling interests and tax)	(745)
Balance adjusted due to changes in value of energy contract (net of non-controlling interests and tax)	232
Other, mainly due to translation differences on derivatives	1,635
Total asset balance receivable for value adjustments at 31 December (Note 16)	**98,532**

21.- Other non-current and current liabilities

Other liabilities	Non-current		Current	
	2018	2017	2018	2017
Grants	108,649	110,685	--	--
Other deferred income	74,782	83,273	--	--
Obligations under finance leases	13,920	15,334	690	538
Remuneration payable	--	--	141,420	129,023
Debt with non-controlling interests	331,531	350,668	1,681	5,870
Other payables	363,489	1,226,311	530,190	609,159
Closing balance	**892,371**	**1,786,271**	**673,981**	**744,590**

"Other Deferred Income" related mainly to certain incentives established to promote the development of renewable energies in the US, which are similar in nature to grants for accounting purposes and which apply to two wind farms developed by the energy division in the US. In addition, it included the amount of 41 million euros (42 million euros in 2017) related to the initial value of a non-finance derivative arranged by a Chilean subsidiary of the Energy Division, for energy supply to a client as from 2017 at an inflacted fixed price for 13.5 years (see Note 12).

"Debt with non-controlling interests" included mainly the assumption by the infrastructure fund KKR, which became shareholder in the Acciona Group's subsidiary Acciona Energía Internacional, S.A. in June 2014, of one third of the subordinated debt of Acciona Energía Internacional, S.A. dated 25 February 2012 and with a balance of 312 million euros at 31 December 2018 (327 million euros in 2017). This debt matured in December 2017 and was renewed for another 5 years up to 31 December 2022, and it accrued 12-month Euribor interest rate +3.7%.

In addition, mention must be made of the subordinated debt with members in the wind and photovoltaic projects in South Africa, which amounted to 7 million euros (12 million euros in 2017).

At 31 December 2017, the main movement in "Other Non-Current Payables" related to the balance pending payment of 799 million euros from the subsidiary ATLL Concesionaria de la Generalitat de Catalunya, S.A. for the fee under the conditions established in the tender specifications. As described in note 17, at 31 December 2018, this amount has been transferred, along with the remaining concession assets and liabilities related to the ATLL business, to a current asset account.

The same item records a loan from the Administration for 61 million euros as part of the financing for Sociedad Concesionaria A2 Tramo 2, S.A.U., as well as liabilities for long-term business transactions relating to the construction business for 51 million euros (50 million euros in 2017). This figure includes advances from clients, which will be discounted with future certifications in a period over one year in the international projects of the construction business.

The heading "Other Non-Current Payables" decreased by 79 million euros which is mainly explained by the movement in the PPE supplier accounts mostly in the energy division, and by the payments made in 2018 for two wind facilities that were being built in Australia and Mexico at the end of the previous financial year, net of the increase produced by another two wind facilities under construction in Chile and the United States at the end of the financial year.

The heading "Obligations under Finance Leases", which related mainly to the pending lease payments, includes the purchase option on certain facilities of the energy division in Australia. Detail was as follows:

	Minimum lease payments	
Amounts payable under leases	**2018**	**2017**
Within one year	1,967	2,001
Between one and two years	1,768	1,902
Between two and five years	5,096	5,512
After five years	20,614	25,531
Total lease payments payable	**29,445**	**32,946**
Less future finance charges	14,835	17,074
Present value of lease obligations	**14,610**	**15,872**
Less amount due for settlement within twelve months (current liability)	690	538
Amount due for settlement after twelve months	**13,920**	**15,334**

The main change in the financial year related to the payments made during the period.

"Grants" related mostly to amounts awarded for the construction of wind farms in United States. The changes in "Grants" in 2018 and 2017 were as follows:

	Grants
Balance at 31/12/2016	**132,426**
Additions	124
Taken to profit/(loss) "Other Income"	(8,065)
Others	(13,800)
Balance at 31/12/2017	**110,685**
Additions	147
Taken to profit/(loss) "Other Income"	(6,698)
Others	4,516
Balance at 31/12/2018	**108,649**

In 2018 there were no significant additions. The line "Other" reflects mainly a positive variation due to the exchange rate, as a result of the appreciation of the US dollar against the euro.

In 2017 there were no significant additions either. The line "Other" reflected mainly a negative variation due to the exchange rate, as a result of the depreciation of the US dollar against the euro.

22.- Tax matters

Tax Consolidation System:

Pursuant to current legislation, consolidated tax groups include the Parent Company together with certain subsidiaries that meet the requirements provided for in Spanish tax legislation. Since 2009, there has been a single tax group in Spain that avails itself of this special taxation system, the Parent Company of which is Acciona, S.A. In addition to the Spanish tax group, the Group pays tax under the tax consolidation system in Australia (including all the Group's divisions operating in said country), in Germany for the handling business and for the companies comprising the energy division in the US, Portugal and Italy.

The other Acciona Group companies file separate tax returns in accordance with the applicable state or regional tax laws or those in force in each jurisdiction.

Effective from 1 January 2008, several Group companies availed themselves of the special system for Company Groups for VAT purposes, as set forth in Chapter IX of Title IX of Value Added Tax Act 37/1992, of 28 December. The Parent Company of the VAT Group is Acciona, S.A. Various entities of the energy division also pay VAT under the Group VAT system, in accordance with local laws in Navarra, Italy, Australia and in the United Arab Emirates, which includes the Construction and Water project companies in Abu Dhabi and Dubai.

Years open for review by the tax authorities:

On 10 March 2012, tax audits were initiated in relation to Corporate Tax for 2007-2009 by the inspection services from the Central Office for High-Income Taxpayers, against both the Parent Company, Acciona, S.A., and other subsidiaries. In addition to the review of the Tax Group's corporate tax for those years, the Company Group for VAT was under review for 2008 and 2009 and for other taxes for 2008 and 2009 of the Group companies subject to the tax review.

During these actions and on the occasion of the review of the withholdings effected on payment of dividends, this partial review was extended to financial years 2010, 2011 and 2012 and also included the reverse merger operation involving Grupo Entrecanales, S.A. and its subsidiaries taken over by Acciona, S.A. on 11 July 2011. The tax inspectors accepted the existence of valid economic grounds for the merger operation and its inclusion within the special tax system for mergers, spin-offs, contributions of assets and securities swaps.

The inspectors, for their part, queried the fulfilment of the requirements for application of the exemption in the payment of dividends for one of the non-resident shareholders, in particular, the requirements of holding the status of effective beneficiary, and this led to the signing of the contested tax assessments. On 3 and 17 July 2014, the Company lodged economic and administrative appeals at the Central Economic Administrative Court. On 29 May 2015 the Company reached an agreement with the shareholder that received the dividends so as to proceed to pay said amount, with settlement of the tax debt upon the shareholder's payment.

The other inspection actions concluded on 12 June 2014 with the signing of uncontested assessments for Corporate Tax for 2007-2009 and without any tax due, uncontested conclusions for VAT (without fine), as well as contested assessments for Personal Income Tax withholdings relating to compensation for dismissal. The Group companies lodged economic and administrative appeals at the Central Economic Administrative Court. On 19 October 2015 this Court notified dismissal of the claims filed by Acciona Construcción, S.A. confirming settlement of the assessments for withholdings for the 2008 to 2011 periods, as well as the relevant fine proceedings. On 3 December 2015 the company filed appeal for judicial review at the National Appellate Court. On 3 April 2018 the National Appellate Court notified that the appeal related to the debts settled had been dismissed, but disciplinary proceedings had been annulled. A notice of a cassation appeal was submitted to the Supreme Court on 18 July 2018, which was declared inadmissible on 12 November 2018. An appeal for annulment was made against this decision to the Supreme Court on December 2018, which was eventually declared inadmissible on 11 January 2019.

On 21 May 2015 the Central Office of High-Income Taxpayers notified the start of inspection actions in relation to Corporate Tax for financial years 2010-2012, targeting Acciona, S.A., as the Parent Company of the Group, and several subsidiaries. The activities were concluded with the signing of a Corporate Tax conformity certificate for the Tax Group and the signing of the VAT settlement certificate without penalty, under the terms agreed in previous proceedings.

On 10 January 2013, the company Guadalaviar Consorcio Eólico, S.A. was notified of the inception of tax inspection actions relating to Corporate Tax and Value Added Tax for financial years 2008 and 2009, in which the value of the wind-power rights transferred in 2009 was reviewed. These actions concluded with the signing of a contested assessment for the measurement made by the tax auditors of the said wind-power rights, which increased the value declared by the parties. The company received

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the proposed settlement from the technical services from the Central Office for High-Income Taxpayers on 23 December 2013 and an economic-administrative appeal was filed at the Central Economic and Administrative Court on 13 January 2014. On 16 February 2017, the Central Economic and Administrative Court issued resolution accepting the claim in part and ordering the Inspection to proceed to notify the entity of its right to have a countervaluation by appraisal experts. On 27 August 2017, the Technical Office of the Tax and Customs Control of the Spanish Internal Revenue Administration (AEAT) notified of the Central Economic and Administrative Court's enforcement of the resolution agreement, retroactively agreeing to the actions taken during the Inspection phase, and reporting a new settlement agreement.

On 22 September 2017, the Company lodged an economic and administrative appeal at the Central Economic Administrative Court against the aforementioned Settlement Agreement and requested for the automatic suspension without providing a debt guarantee. On 5 April 2018, allegations were submitted to the Central Economic Administrative Court which are pending resolution to date.

The amount of the adjustment, including late-payment interest up to the settlement date would come to 10,838 thousand euros and it is estimated that the possibility of these liabilities materialising is possible, and therefore provisions have been provided at 31 December 2018.

In the month of December 2014, the Mexican project companies Eurus SAPI de CV, CE Oaxaca III and CE Oaxaca IV received notice of tax settlements from Juchitán Town Council for municipal levies related to the 2011 to 2014 financial years. These companies lodged complaints or appeals (petitions for legal protection) before the District Court of Oaxaca and obtained the suspension of enforcement of the settlements. There are solid arguments for the defence, as constitutional principles have been breached and they are administrative acts contrary to law. All this was supported by the fact that a Mexican court, at the first instance, allowed cancellation of the municipal regulations on these contributions for 2015. In addition, on 28 January 2016 the Seventh District Court of Oaxaca issued a ruling favourable to the company Oaxaca IV, allowing the appeal filed against the settlement of municipal contributions of the Juchitán Town Council, the amount of which came to 126 million pesos.

On their behalf, on 6 October 2017, the Sixth District of Oaxaca also issued a ruling in favour of the appeal against the settlements of the company EURUS (years 2011-2014), the amount of which came to 823 million pesos.

Finally, on 27 June 2018, a favourable ruling was issued on the appeal filed by the company Oaxaca III, the amount of which came to 455 million pesos, thereby concluding these procedures without adjustment.

At 31 December 2018, the years that have not lapsed and that have not been reviewed were subject to review by the tax authorities, both for Corporate Tax and for the other main taxes applicable to the companies in the consolidated tax group. In general, the other Spanish consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable thereto. Foreign entities on the other hand are subject to lapse periods which in most countries where the Group operates is from 4 to 5 years.

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 cannot be objectively quantified at the present time. However, the probability of material liabilities arising in this connection additional to those already recognised is remote, and the directors of Acciona S.A. Consider that the liabilities that might arise would not have a material affect on the equity of the Acciona Group.

Receivables and payables with Public Administrations

Breakdown of receivables and payables with Public Administrations at 31 December 2018 and 2017 was as follows:

	2018		2017	
	Non-current	Current	Non-current	Current
Tax receivables				
VAT and other indirect taxation	--	163,643	--	131,092
Corporate Tax	--	107,475	--	146,403
Deferred tax	787,378	--	805,369	--
Other	--	10,105	--	15,038
Total	**787,378**	**281,223**	**805,369**	**292,533**
Tax payables				
Corporate Tax	--	60,366	--	77,385
Personal income tax withholdings	--	25,546	--	30,697
VAT and other indirect taxation	--	107,770	--	99,214
Deferred tax	475,929	--	490,506	--
Accrued social security charges	--	26,532	--	22,144
Other local taxes	--	36,123	--	37,690
Others	--	11,702	--	46,805
Total	**475,929**	**268,039**	**490,506**	**313,935**

The line "Others" with payables at 31 December 2017 included the Transfer Tax and Stamp Duty to which the ATLL Concessionària de la Generalitat de Catalunya, S.A. concession is subjected to, for the amount of 31 million euros, the settlement of which is suspended since the court ruling is still pending. As described in note 17, at 31 December 2018, this line has been transferred, along with the remaining concession assets and liabilities related to the ATLL business, to a current asset account.

At 31 December 2018, of note is the increase in tax payables for VAT and other indirect taxes, which corresponds to the pending payment for the VAT tax group for the month of December, of which Acciona, S.A. is the Parent Company.

The line "Other local taxes" for balances payable included the Tax on the Value of Electricity Generation and the fee for the use of continental waters for electricity production. These charges were introduced by Act 15/2012 of 27 December and came into effect on 1 January 2013.

Reconciliation of accounting profit/(loss) and the tax result

Reconciliation between the accounting result and the income tax expense, at 31 December 2018 and 2017, was as follows:

	2018	2017
Consolidated profit/(loss) before tax	508,780	356,286
Profit/(loss) before tax from discontinued operations	--	--
Permanent differences	(136,783)	10,539
Adjusted accounting profit/(loss)	371,997	366,825
Tax expense adjusted by tax rate	99,785	89,255
Tax credits	(6,589)	(4,714)
Offset of taxable amounts not posted to the accounts	(2,721)	(3,919)
Unrecognised tax credits	46,786	13,759
Year's tax expense	137,261	94,381
Tax rate change	--	4,202
Effect of tax adjustments from previous years and other	(938)	6,758
Tax expense on the income statement	**136,323**	**105,341**
Tax expense from discontinued operations	--	--

The "Permanent differences" item is made up of income and expenditure that are not eligible for inclusion in accordance with the applicable tax legislation. In addition, the heading also includes those results that are eliminated in the consolidation process but, nonetheless, are fully effective within the scope of the international tax returns of each entity in the Group, especially those that do not belong to the Tax Groups.

The most significant permanent differences include the adjustment of the positive result of 44.8 million euros which is generated by transferring the equity participation in Compañía Trasmediterránea, S.A. (see Note 3.2.h) and which is not subject to taxation, as well as the reversals of asset impairment in the real estate division amounting to 30.4 million euros which were not deductible in previous years, and therefore not subject to taxation in the current financial year. In addition, negative differences amounting to 30.3 million euros are included, derived from the inflation adjustments that arise in branches of the Infrastructure division located in Brazil and Chile.

The most significant permanent positive difference in 2017 related to the adjustment of the depreciation recorded on the Nordex SE investment amounting to 145 million euros. The permanent negative difference corresponded to the adjustment of the positive result of 74 million euros that was generated by the contribution of assets to Testa Residencial SOCIMI, S.A.

The "Tax expense adjusted by tax rate" is the result of applying the different tax rates applicable to the adjusted accounting result for each of the different jurisdictions where the Group operates.

The line "Unrecognised tax credits" includes the tax credits derived from the negative results generated by some subsidiaries, mainly in Chile, Canada and the United States.

The reconciliation of the pre-tax accounting profit/(loss) and the tax base is shown below:

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	2018	2017
Consolidated profit/(loss) before tax	508,780	356,286
Permanent differences	(136,783)	10,539
Temporary differences	(189,935)	(115,804)
Offsetting of tax loss carryforwards	(154,313)	(125,404)
Taxable base	**27,749**	**125,617**

The temporary differences for financial year 2018 included the deduction of the excess non-deductible net finance costs in previous financial years by the Spanish Tax Group, which meant a decrease in the taxable base of some 30.6 million euros, as well as the movement in non-deductible provisions and impairments and related reversions on application thereof, together with the remaining adjustments for the freedom of amortisation and the accelerated tax amortisation amounting to 136.4 million euros; they are detailed further below in the section about deferred taxes.

Taxes recognised in Equity

Independently from the tax on profit recognised on the consolidated income statement, in 2018 and 2017 the Group recognised the following amounts in consolidated equity:

	2018	2017
Fair value of financial instruments	(18,513)	(27,107)
Financial assets with changes in equity	48	79
Actuarial losses and gains on pension plans	56	(39)
Total	**(18,409)**	**(27,067)**

Deferred tax

In accordance with the tax legislation in force in the countries in which the consolidated companies are located, in 2018 and 2017 there were certain temporary differences arose that must be taken into account to quantify the related income tax expense.

The deferred taxes arose in 2018 and 2017 as a result of the following:

Deferred tax liabilities with origin in:	2018	2017
Tax loss carryforwards	235,041	279,504
Tax credit carryforwards	141,611	151,329
Derivative financial instruments	25,992	39,538
Prov. over assets	31,394	34,270
Relating to taxation under the pass-through regime (UTEs)	17,746	24,242
Other	335,593	276,486
Total deferred tax assets	**787,378**	**805,369**

Deferred tax liabilities originating in:	2018	2017
Remeasurement of financial assets	--	38
Allocation of first-time consolidation differences to assets	133,249	131,560
Remeasurement of property, plant and equipment and investment property	10	10
Derivative financial instruments	6,168	7,696
Relating to taxation under the pass-through regime (UTEs)	--	908
Other	336,502	350,294
Total deferred tax liabilities	**475,929**	**490,506**

Detail of the deferred tax assets and liabilities presented as net values for accounting purposes at the end of the financial year is as follows:

Assets	2018
Tax loss carryforwards	36,454
Other	73,479
Early taxes relating to taxation under the pass-through regime (UTEs)	8,590
Deferred tax assets	**118,523**

Liabilities	2018
Other	109,933
Relating to taxation under the pass-through regime (UTEs)	8,590
Deferred tax liabilities	**118,523**

At 31 December 2018, the tax loss carryforwards, generated by the subsidiaries before their inclusion in the Tax Group of which Acciona, S.A. is the Parent Company, amounted to 22.2 million euros. Of this amount, a total of 19.7 million euros related to tax loss carryforwards not capitalised on the consolidated balance sheet, corresponding to the Tax Group of which Acciona, S.A. is the Parent Company, as there was no assurance of the achievement of sufficient future profits or because the tax regulations establish limits and requirements for them to be offset.

In addition, some subsidiaries in Mexico, the US, Australia, Chile and Poland recognised tax credits for negative taxable bases pending offsetting. There are also taxable bases that have not been recorded totalling 836.8 million euros, mainly generated in the US, South Africa, Canada and Chile.

Regarding the interim settlement of Corporate Tax of the Tax Group for 2018, 24 million euros of negative tax bases for financial year 2014 have been offset, resulting in a deferred tax asset balance for this concept amounting to 46.9 million euros.

At 2018 year-end, the deadlines for the tax credits recognised for negative taxable bases pending application were as follows, in thousand euros:

	Amount	Lapse period
Acciona, S.A. tax group	46,942	No lapsing date
Spanish companies outside the Tax Group	9,354	No lapsing date
International – limited	2,263	2023
International – limited	14,438	2024
International – limited	47,879	2025
International – limited	51,767	2026
International – limited	24,706	2027
International – limited	28,742	2028
International –unlimited	45,404	No lapsing date
Total	**271,495**	

The Corporate Tax Act (Act 27/2014, of 27 November) eliminated with effective date on 1 January 2015, the deadline for offsetting negative taxable bases, which was set at 18 years, so this is now unlimited.

The unused tax credits, totalling 122,798 thousand euros, related mainly to those earned by the tax Group of which Acciona, S.A. is the Parent Company. At 31 December 2018, the most significant unused tax credits were: R&D+I tax credits amounting to 87,453 thousand euros; tax credits for the reinvestment of extraordinary income amounting to 17,167 thousand euros; tax credits amounting to 17,111 thousand euros for deductions for donations, events of special interest, and for the non-deductible amortisation in financial years 2013 and 2014.

At the close of 2018, the deadlines for deduction of the unused tax credits recognised on the consolidated balance sheet of the Acciona Group were as follows (in thousand euros):

	Amount	Lapse period
Acciona, S.A. tax group	1,786	2023
Acciona, S.A. tax group	2,340	2024
Acciona, S.A. tax group	3,240	2025
Acciona, S.A. tax group	23,681	2026
Acciona, S.A. tax group	13,040	2027
Acciona, S.A. tax group	10,330	2028
Acciona, S.A. tax group	19,119	2029
Acciona, S.A. tax group	11,985	2030
Acciona, S.A. tax group	11,667	2031
Acciona, S.A. tax group	9,480	2032
Acciona, S.A. tax group	6,095	2033
Acciona, S.A. tax group	4,194	2034
Acciona, S.A. tax group	3,511	2035
Acciona, S.A. tax group	2,330	2036
Spanish companies outside the Tax Group	8,088	No lapsing date
Non-resident companies	10,725	No lapsing date
Total	**141,611**	

Act 27/2014, of 27 November, on Corporate Tax, eliminated, effective 1 January 2015, the deadline for offsetting double-taxation deductions pending application from previous financial years, so the period is unlimited, as provided for in section 39 of Act 27/2014, and extended the general period to offset other deductions to 15 years, except for R&D+I which was extended to 18 years.

At year-end, there are no material unused tax credits that had not been recognised.

The Acciona Group expects to recover the tax loss and tax credit carryforwards recognised in the books, through the companies' ordinary activities and without any equity risk of losses.

Most of the deferred tax assets included in the line "Other" related to provisions for liabilities, risks, insolvency, and other non-deductible items amounting to 50,300 thousand euros, to the adjustment for non-deductible accounting amortisation of 30% of the Spanish companies introduced on a temporary basis for the years 2013 and 2014 and which began to reverse in 2015, the amount of which at the close of 2018 is 23,370 thousand euros, as well as the homogenisations made as part of the consolidation process and the elimination of internal margins that reverse as the assets are amortised. Finally, this heading includes adjustments to the tax base through the application of other countries' specific regulations whereby certain expenses are not deductible until payment or do not follow the accounting accrual criterion for their deductibility, as is the case with Mexico, Australia and the United States, or because a billing-based criterion is applied instead of accounting accrual by stage of progress, as happens in Chile.

The line "Other" under the deferred tax liability heading includes the tax adjustments under the freedom to amortise established in the Eleventh Additional Provision included in RDL 4/2004 (consolidated text of the Corporate Tax Act) by Act 4/2008. This line reflects the reversion of the adjustment from previous years for the amount of the accounting amortisation recognised and for de-recognised assets. The accumulated amount of this adjustment at 31 December 2018 for the Spanish Tax Group companies amounted to 185,011 million euros for tax liability. It also included the amortisation effect for tax purposes of Mexico, the US and Chile for approximately 85, 57 and 9 million euros for tax liability, respectively, as well as adjustments for application of the specific regulations of countries where accounting income is not recognised for tax purposes until the bill is issued or collected, instead of the principle of accounting accrual or stage of progress, mainly in Chile and Mexico. This line also includes deferment of income from uncertified works and advances to suppliers of several Mexican companies.

Based on the enactment of Royal Decree-Law 3/2016, of 2 December, which establishes measures in the taxation area aimed at the consolidation of public finances, and urgent measures in social matters, the total amount of the deferred tax liability related to the impairment of portfolio pending reversion in the taxable base for 45,456 thousand euros. This Royal Decree established the incorporation of value impairments of investments that were fiscally deductible in periods prior to 2013, for a maximum period of five years from the tax periods starting on 01/01/2016, regardless of whether their value has been recovered or not. For quantification of this tax liability, the specific situations of each value impairment of the shareholding in capital or in capital and reserves of the investees that were fiscally deductible were considered, as well as potential legal or contractual restrictions or otherwise in connection to possible transferability of such shareholdings.

Reporting obligations

Current Corporate tax legislation provides tax incentives to encourage certain investments. The companies in the Tax Group have availed themselves of the benefits provided for under this legislation.

The Tax Group, through its Parent Company and certain of its subsidiaries, is required to fulfil the obligations assumed in connection with the tax incentives applied and, in particular, it must hold, for the stipulated period, the assets for which the investment or reinvestment tax credits were taken.

In financial years 2010, 2011, 2012, 2013 and 2014, the Parent Company and certain companies in the Tax Group availed themselves of the tax credit for reinvestment of extraordinary income provided for by Article 42 of Royal Legislative Decree 4/2004 (consolidated text of the Corporate Tax Act)[1]. The income qualifying for this tax credit in these years amounted to 86,550, 160,251, 8,640, 9,598 and 34,516 thousand euros, respectively. The income relating to 2009 and 2010 was reinvested in 2010, the income relating to 2011 was reinvested in 2011, the income relating to 2012 and 2013 was reinvested in 2013, and the income relating to 2014 in 2014. The assets in which the income was reinvested were as listed in Article 42 of Royal Legislative Decree 4/2004, i.e. property, plant and equipment, intangible assets, investment property and securities representing stakeholdings of no less than 5% in the share capital or equity of all manner of companies. The income was reinvested by the companies belonging to Tax Group 30/96.

Pursuant to section 10 of article 42 of the consolidated text of the Corporate Tax Act, this information must be disclosed in the notes to the consolidated financial statements as long as the period for which the assets must be held, as established in section 8 of article 48, is not complied with.

In accordance with the provisions contained in section 86 of Corporate Tax Act 27/2014, certain Group companies engaged in 2018 in the transactions listed below, to which the Special System for mergers, spin-offs, contribution of assets and securities swaps was applied:

- Special non-cash contribution by Acciona, S.A. to Corporación Acciona Infraestructuras, S.A. of the stakeholding in Acciona Concesiones, S.L., documented in public deed dated 28 December 2018.

Pursuant to section 3 of article 86 of Act 27/2014 on the consolidated text of the Corporate Tax Act, the information required for operations carried out in previous years appears in the relevant separate notes to financial statements as approved.

In 2008, 2009, 2010, 2011 and 2012, several companies in the tax group deducted the tax credit for impairment losses on ownership interests in Group companies, joint operations and associates, as provided for in Article 12.3 of Royal Legislative Decree

[1] Regulated in the Twenty-Fourth Temporary Provision of Act 27/2014

4/2004 (consolidated text of the Corporate Tax Act), regulated in Temporary Provision Sixteen of Act 27/2014.

Act 16/2013, of 29 October, repealed, with effect from 1 January 2013, section 12.3 of the consolidated text of the Corporate Tax Act in relation to deduction of impairment losses on such equity interests and established a transitional system for the inclusion of losses pending incorporation at 31/12/2012 in the taxable base.

Royal Decree-Law 3/2016, of 2 December, which establishes measures aimed at the consolidation of public finances and urgent measures in social matters, provided for mandatory minimum reversion of deductible portfolio reversions, in a maximum period of five years, effective financial year 2016.

The notes to the separate financial statements of these companies include the disclosures required by tax legislation concerning the change in the year in the investees' equity, the amounts included in the taxable base and the amounts yet to be included.

23.- Non-current assets and liabilities classified as held for sale

In financial year 2017, Acciona Group classified all assets and liabilities associated with the subgroup Trasmediterránea (Other Activities division) and with the subgroup Acciona Termosolar (Energy division) under "non-current assets and liabilities held for sale". The sale of both subgroups materialised during financial year 2018.

The sale of the totality of the shares held by Acciona Group in Compañía Trasmediterránea, S.A. (92.71% of the share capital) to Grupo Naviera Armas was formalised in June 2018 after fulfilling all the conditions precedent. The Acciona Group recognised capital gains amounting to 44.8 million euros in the consolidated income statement under "impairment and gains or losses on disposal of assets" for this operation (see Note 3).

On the other hand, the final condition precedent of the sales contract for 100% of the shares in Acciona Termosolar, S.L. to Contourglobal Mirror 2 S.Á.R.L. was fulfilled in May 2018, for which capital gains of 53 million euros were recognised under "impairment and gains or losses on disposal of assets" (see Note 3).

At 31 December 2018, there are no assets classified as held for sale.

24. - Guarantee commitments to third parties

The Group has provided third-party bonds before clients, public agencies and financial institutions, for 3,985,012 thousand euros and 3,677,415 thousand euros at 31 December 2018 and 2017, respectively. The increase was mainly due to bonds delivered for new tenders within the construction business.

The purpose of most of the bonds provided was to guarantee good performance in the development of the works engaged by the infrastructure division.

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The companies estimate that any liabilities as could arise from the guarantees provided would not be significant.

25. - Revenue

The breakdown of the Group's revenue is detailed below, according to the nature of the goods or services produced (also refer to Note 27, Segments) on the one hand, and on the other hand, to the business model in terms of the level of investment required to generate such production, the margins, and risk profile:

2018	Business model				
Segment/Activity	**Long-Term Asset Business**	**Service Business**	**Greenfield Developments Business**	**Corporate and other**	**Total Revenue**
Energy	**1,441,820**	--	**966,275**	**(201,763)**	**2,206,332**
Construction	--	--	3,116,499	20,380	3,136,879
Concessions	106,261	--	--	1,600	107,861
Industrial	--	--	409,336	1,517	410,853
Water	286,107	175,968	180,948	(3,812)	639,211
Services	--	792,835	--	7,145	799,980
Consolidation adjustments	--	--	--	(35,782)	(35,782)
Infrastructures	**392,368**	**968,803**	**3,706,783**	**(8,952)**	**5,059,002**
Bestinver	--	102,360	--	--	102,360
Real Estate	--	--	83,923	--	83,923
Others	--	--	--	205,314	205,314
Other activities	**--**	**102,360**	**83,923**	**205,314**	**391,597**
Consolidation adjustments	--	--	--	(147,401)	(147,401)
Total	**1,834,188**	**1,071,163**	**4,756,981**	**(152,803)**	**7,509,529**

2017	Business model				
Segment/Activity	**Long-Term Asset Business**	**Service Business**	**Greenfield Developments Business**	**Corporate and other**	**Total Revenue**
Energy	**1,324,247**	--	**757,809**	**(344,869)**	**1,737,187**
Construction	--	--	3,114,710	16,183	3,130,893
Concessions	138,532	--	--	1,771	140,303
Industrial	--	--	272,726	787	273,513
Water	262,910	168,128	252,570	(2,032)	681,575
Services	--	746,171	--	6,359	752,531
Consolidation adjustments	--	--	--	(38,892)	(38,892)
Infrastructures	**401,442**	**914,299**	**3,640,006**	**(15,823)**	**4,939,924**
Bestinver	--	105,695	--	--	105,695
Real Estate	--	--	113,309	--	113,309
Others	--	--	--	470,833	470,833
Other activities	**--**	**105,695**	**113,309**	**470,833**	**689,837**
Consolidation adjustments	--	--	--	(112,975)	(112,975)
Total	**1,725,690**	**1,019,994**	**4,511,125**	**(2,834)**	**7,253,974**

The Group's different business models are described below, according to the nature, timing, and uncertainty of the revenue:

- **Long-Term Asset Business**

  This category includes the portfolio of operating assets for renewable electricity generation in the group, as well as its portfolio of concessions for social, transport, and water infrastructure. It is a capital-intensive business, where most of the investment is made at the beginning of the useful life and a high operating margin is needed for a return on investment as well as to compensate for operation and maintenance costs. Revenue is characterised by its low level of risk given that it is mostly regulated or comes from long-term contracts with solvent counterparties that have a high degree of diversification. Revenue recognition is carried out at the same time as electricity is generated, or the service is provided, as applicable. With regards to generation assets, the high diversification of the portfolio in terms of facilities, technologies and geographical areas means that production is highly stable and predictable.

- **Service Business**

  Includes the group's services business, covering the operation and maintenance of infrastructure and other services related to such activities within the service business, as well as financial services (asset management). It is a medium risk business with low capital intensity. With regards to infrastructure services, revenue comes from long-term operation and maintenance contracts which range from 5 to 15 years. Revenue recognition is carried out at the same time as the service is provided. In the case of financial services, these activities have a high margin because of the specialisation and added value of the business, and while they are exposed to the volatility of the market, a high degree of loyalty from its customer base is also enjoyed. For mediation and consultancy services, revenue recognition is carried out at the same time as the service is provided.

- **Greenfield Developments Business**

  This type of business encompasses activities for the construction of civil works (railways, roads, bridges, hydraulic works, etc.), buildings (residential and non-residential), industrial and water treatment facilities (the latter two with high technological content and carried out, for the most part, under the turnkey or EPC - Engineering, Procurement and Construction- modality), as well as the development and construction of renewable generation assets. The main purpose of this activity is the creation of new and complex infrastructures, both for public or private clients as well as for the company's own portfolio, and is characterised by its low capital intensity which makes it possible to apply lower margins in comparison with other businesses of the group, which require higher investment levels. The revenue horizon depends on the level of the contracted portfolio, which is usually between 18 and 24 months. Because of that, the work generally consists in the creation or transformation of an asset that is under the client's control, and revenue is recognised based on the level of completion of the work. The business also includes real estate promotion activities (both residential and tertiary) the revenue of which is recognised at the time that the property is delivered to the client, with a generation period of around 36 months, which includes preparing the project, licensing, execution, etc.

- **Corporate and other**

  This chapter mainly includes the elimination of revenues between different segments upon consolidation, as well as revenue from some residual businesses. It also includes revenue from Compañía Trasmediterránea which according to Note 3.2.h was removed from the consolidation scope in June 2018.

The breakdown, by geographical area, of the Group companies' total production was as follows (in thousand euros):

	Spain	European Union	OECD countries	Other countries	Total
2018					
Energy	1,292,474	148,537	664,722	100,599	2,206,332
Infrastructures	1,633,373	423,344	1,701,600	1,300,685	5,059,002
Other activities	366,148	17,384	1,722	6,343	391,597
Intra-Group transactions	(111,039)	(4,226)	(32,126)	(11)	(147,402)
Total 2018 production	**3,180,956**	**585,039**	**2,335,918**	**1,407,616**	**7,509,529**
2017					
Energy	1,235,264	90,196	317,082	94,645	1,737,187
Infrastructures	1,415,186	474,417	1,769,999	1,280,322	4,939,924
Other activities	609,597	65,256	7,023	7,962	689,838
Intra-Group transactions	(87,976)	(4,538)	(20,448)	(13)	(112,975)
Total 2017 production	**3,172,071**	**625,331**	**2,073,656**	**1,382,916**	**7,253,974**

<u>Revenue from the Infrastructure activity</u>

Concessions

At 31 December 2018, the Acciona Group maintained its main service concession contracts in force in the construction and water businesses. The net amount of revenue at the close of the financial year for each category of concession agreement, including those within the scope of IFRIC 12, came to 108 and 206 million euros, respectively. Appendix V details the main concessions.

As indicated in Note 4.2 g), following the adoption of IFRIC 12, the Acciona Group recognises under "Non-Current Receivables and Other Non-Current Assets" concession business assets whose recovery is guaranteed under the concession contract by the grantor through the payment of a fixed or quantifiable amount and, accordingly, no demand risk is borne by the operator.

In relation to these concession assets, even during the construction phase the Group recognises income earned on interest, based on the effective interest rate of the financial asset. This interest income is recognised under "Revenue", and at 31 December 2018 and 2017 it amounted to 10,458 and 15,547 thousand euros, respectively.

Construction

The Group obtains substantially all its construction revenue in its capacity as prime contractor.

Detail of infrastructure construction revenue by type of project was as follows:

	2018	2017
Civil engineering	2,650,191	2,779,039
Residential building construction	90,956	64,274
Non-residential building construction	296,728	212,302
Other construction activities	53,549	30,402
Auxiliary construction	25,123	20,784
Engineering and industrial	20,332	24,119
Total construction and industrial revenue	**3,136,879**	**3,130,920**

Detail of infrastructure construction revenue by type of client was as follows:

	2018	2017
Central Government	354,091	367,204
Regional Governments	128,486	173,314
Local Governments	67,563	63,127
Regional Agencies and Government-owned corporations	14,669	12,412
Public sector	143,373	118,351
Private sector	201,959	137,578
Total Spanish clients	556,051	504,782
Total clients abroad	2,580,828	2,626,138
Total construction and industrial revenue	**3,136,879**	**3,130,920**

The geographical distribution of the infrastructure construction backlog at the close of 2018 and 2017 was as follows:

2018	**Spain**	**Abroad**
Civil engineering	747,614	3,293,147
Residential building construction	108,380	18,634
Non-residential building construction	273,182	485,799
Other construction activities	77,388	1,851
Auxiliary construction	43,084	234,638
Other activities	24,903	19,340
Total construction and industrial backlog	**1,274,551**	**4,053,409**

2017	**Spain**	**Abroad**
Civil engineering	725,893	4,571,451
Residential building construction	62,254	61,985
Non-residential building construction	233,804	398,817
Other construction activities	118,379	8,565
Auxiliary construction	54,715	-
Other activities	32,625	18,912
Total construction and industrial backlog	**1,227,670**	**5,059,730**

26.- Expenses

Breakdown of the Group's expenses was as follows:

	2018	2017
Cost of goods sold	2,170,316	1,975,668
Personnel expenses	1,486,319	1,497,031
Wages, salaries and similar	1,201,340	1,216,304
Social security costs	250,666	254,153
Other personnel expenses	34,313	26,574
Other external expenses	2,921,293	2,930,698
Taxes other than income tax	169,804	198,470
Other current operating expenses	22,900	19,400
Subtotal	**6,770,632**	**6,621,267**
Change in provisions	29,286	29,833
Depreciation and amortisation charge	609,519	633,156
Total	**7,409,437**	**7,284,256**

Employees:

The average number of employees in 2018 and 2017, by professional category, was as follows:

	2018	2017	Change
Management and supervisors	2,101	2,095	6
Qualified line personnel	6,599	5,962	637
Clerical and support staff	2,051	1,864	187
Other employees	27,793	27,482	311
Total average number of employees	**38,544**	**37,403**	**1,141**

The classification above broken down by gender in 2018 and 2017 was as follows:

	2018			2017		
	Men	Women	Total	Men	Women	Total
Management and supervisors	1,687	414	2,101	1,710	385	2,095
Qualified line personnel	4,653	1,946	6,599	4,238	1,724	5,962
Clerical and support staff	953	1,098	2,051	720	1,144	1,864
Other employees	20,959	6,834	27,793	20,563	6,919	27,482
Total average number of employees	**28,252**	**10,292**	**38,544**	**27,231**	**10,172**	**37,403**

Breakdown of the Group's employees by segment was as follows:

	2018	2017	Change
Energy	1,587	1,631	(44)
Infrastructures	35,596	33,709	1,887
Other Activities	1,361	2,063	(702)
Total average number of employees	**38,544**	**37,403**	**1,141**

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The classification above broken down by gender in 2018 and 2017 was as follows:

	2018			2017		
	Men	Women	Total	Men	Women	Total
Energy	1,154	433	1,587	1,210	421	1,631
Infrastructures	26,320	9,276	35,596	24,823	8,886	33,709
Other Activities	778	583	1,361	1,198	865	2,063
Total average number of employees	**28,252**	**10,292**	**38,544**	**27,231**	**10,172**	**37,403**

In 2018 and 2017, respectively, 347 and 313 employees of the total headcount were employees of the Parent Company and the remainder were employed by the Group subsidiaries.

At 31 December 2018, the average number of employees with a disability level of 33% or over employed by the consolidated companies amounted to 1,001 employees (direct and indirect employment), and to 897 at 31 December 2017. The percentage of compliance with Royal Decree Law 1/2013, of 29 November, which approves the Consolidated Text on the General Act for the Rights and Social Integration of Persons with Disabilities, which establishes a minimum quota of 2% for the recruitment of disabled persons in companies with more than 50 employees, was 3.86% (3.52% at 31 December 2017).

Operating leases:

On 31 December 2018, following the sale of Compañía Trasmediterránea (see Note 3), the Acciona Group no longer has assets under lease that are individually significant. During 2018, the expense included in the "Leases" account under "Other External Expenses" on the accompanying consolidated income statement corresponds to multiple lease contracts for goods of various kinds, which cover items of transport, land, and machinery. A large part of these contracts are short-term and their consideration is established according to highly variable components such as hours/machine, MW/hours, etc.

The amount of minimum payments and committed operating lease fees are the following, in thousand euros:

Estimated expiry date	2018
Less than one year	76,438
Between one and five years	184,479
After five years	272,244
Total committed payments	**533,161**

At 31 December 2017, the lease terms and conditions and minimum payments (without taking into account inflation or possible updates) under the main vessel charter contracts entered into by the Compañía Trasmediterránea Subgroup were as follows:

2017 (thousand euros)					
Vessel	Arrangement date	Expiry date	Type	2018	2019-2020
Wisteria/Vronskiy	29/02/2012	15/11/2018	Time Charter	5,268	-
Tenacia	07/12/2011	31/12/2018	Time Charter	7,020	-
Forza	12/01/2016	22/02/2020	Time Charter	6,660	8,820
Volcán de Teneguía	04/02/2013	31/05/2017	Time Charter	1,465	-
Nura Nova	28/02/2017	28/02/2019	Time Charter	2,244	362
Romy	26/10/2017	06/11/2017	Time Charter	50	-
Surprise	08/01/2018	07/01/2019	Time Charter	3,726	-
Maestro Sea	13/10/2017	13/11/2017	Time Charter	323	-

Change in provisions:

Breakdown of the balance of "Change in Provisions" on the consolidated income statement was as follows (in thousand euros):

	2018	2017
Change in provision for uncollectable receivables	15,908	16,296
Change in provision for inventories	1,381	7,508
Other provisions	11,997	6,030
Total	**29,286**	**29,833**

"Other provisions" related mainly to the provision for future replacement or large repairs in concessions recognised under the intangible model, as well as the provision for litigations.

In financial year 2017, the "Change in provisions for inventories" included mainly the impairments of inventories for 5.4 million euros for a plot of land located in Italy.

Impairment and profit/(loss) on disposals of non-current assets

Breakdown for this heading on the income statement for financial years 2018 and 2017 was as follows:

Impairment and profit/(loss) on disposal of plant, property and equipment	2018	2017
Profit/(loss) from plant, property and equipment	163,130	111,118
Impairment of other assets	(11,447)	(6,795)
Total	**151,683**	**104,323**

At 31 December 2018, the "Profit/(loss) from plant, property and equipment" heading included profit derived from the sales of the Acciona Thermosolar subgroups (energy division) for the amount of 53 million euros, and Trasmediterránea (other activities division) for the amount of 44.8 million euros, as well as the sale of the stakeholding in Testa Socimi Residential (other activities division) for the amount of 46.5 million euros (see Notes 3.2.h and 23).

At 31 December 2017, this heading included profit of 74 million euros from a share swap operation with Testa Residencial Socimi, S.A., as well as 34 million euros from the sale of Sociedad Concesionaria Acciona Concesiones Ruta 160, S.A.

At the end of the financial year, “Impairment of other assets” included mainly impairment for machinery in the construction business at national level.

This same heading at 31 December 2017 included impairment for 13 million euros in intangible assets from the Brazilian concessionaire Rodovía do Aço, S.A., as well as the reversals of investment property impairments for 6.8 million euros from the real estate business.

Other gains or losses

In 2017, a capital gain of 5 million euros was recorded under this heading as a result of the purchase of an additional 50% stake in Sociedad Concesionaria Autovía de los Viñedos, S.A.

Profit/(loss) from changes in value of financial instruments at fair value

At 31 December 2017, this heading reflected mainly revenue of 37,370 thousand euros related to the change in fair value of two energy sales contracts concluded in December 2015 and 2016 by subsidiaries in the US and Chile respectively, to supply a specific amount of energy in the long term at a fixed price.

27. - Segment reporting

Segment reporting is done based on the nature of the goods and services produced by the Group. The Acciona Group’s business model is inspired by values supported by two pillars: Energy and Infrastructure, offering products and services with an emphasis on supplying solutions to meet the challenges of modern society and always under the same guiding principle: sustainable development.

The Group also has other lines of business that are grouped under the name of "other activities", composed mainly of fund management services and financial intermediation, real estate business and wine production.

Each of the segments constitutes a differentiated business that has its own management and reporting structure in order to evaluate the degree to which the objectives are achieved. The information presented to Acciona Group’s Corporate Management in order for the performance of the different segments to be evaluated, as well as to allocate resources between them, is structured according to this segmentation criterion.

Costs incurred by the Corporate Unit are distributed pro rata, using an internal cost distribution system, among the different divisions. Inter-segment sales are made at market prices.

A reorganisation process for the current infrastructure division started in 2014 by integrating both the construction and operation activities, under concession arrangements, for water treatment infrastructure and facilities, as well as a set of services (facility services, mobility, urban services, airport handling, etc.), creating therefore a comprehensive range of solutions in the infrastructure area which has allowed the Group to enhance what it can offer in target markets. Integrating the different infrastructure activities under the same management has brought important synergies, such as optimising the international business support structure, for example. Along with centralising functions under a common management structure, the Group started a corporate restructuring process in order to provide the segment with its own management and reporting structure, which was completed in 2018. In this sense, starting in financial year 2018 the Group presents information corresponding to these activities integrated under the common "Infrastructure" heading, aligned with the Group's strategy as a global supplier of infrastructure services, and the financial and management information is evaluated periodically by Senior Management.

On the other hand, in financial year 2018 the financial margin that the centralised treasury system which manages the Corporate Unit was charged across the different divisions based on their financing needs.

For comparison purposes, the segment information for financial year 2017 has been reexpressed according to the changes described in the above two paragraphs.
In addition to the segment information, in order to help understand the results and in line with the way in which the Acciona Group Directors manage this information, certain amounts related to "Corporate Transactions" that facilitate a better understanding of the ordinary course of business are presented as an additional column. Nonetheless, where these effects are material in respect of the Group's results, details are given as to how they affect each segment.

Finally, the information is also presented in terms of the geographical areas in which the operations take place.

Segment information and that of Corporation Transactions for 2018 and 2017 is shown below:

Balances at 31/12/2018	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-Group transactions		
ASSETS						
Property, plant and equipment, intangible assets	6,519,463	750,077	184,277	(2,446)	--	7,451,371
Goodwill	--	198,466	--	--	--	198,466
Non-current financial assets	35,042	83,106	116,365	3,023	--	237,536
Investments accounted for using the equity method	848,864	149,369	2,589	--	--	1,000,822
Other assets	469,135	503,387	252,792	92	--	1,225,406
Non-current assets	**7,872,504**	**1,684,405**	**556,023**	**669**	**--**	**10,113,601**
Inventories	112,405	205,050	613,026	(16,170)	--	914,311
Trade and other receivables	559,836	1,600,727	194,654	(654,403)	--	1,700,814
Other current financial assets	124,082	52,013	2,210	--	--	178,305
Other assets	63,607	298,766	(23,379)	(22,954)	108,636	424,676
Cash and cash equivalents	(39,653)	1,952,796	(192,715)	(3,023)	--	1,717,405
Current assets	**820,277**	**4,109,352**	**593,796**	**(696,550)**	**108,636**	**4,935,511**
Total assets	**8,692,781**	**5,793,757**	**1,149,819**	**(695,881)**	**108,636**	**15,049,112**
EQUITY AND LIABILITIES						
Consolidated equity	**3,254,616**	**901,320**	**(732,519)**	**(36,915)**	**108,636**	**3,495,138**
Bank borrowings and other financial liabilities	3,129,763	1,639,223	(689,046)	--	--	4,079,940
Other liabilities	1,252,740	486,969	165,025	(4,562)	--	1,900,172
Non-current liabilities	**4,382,503**	**2,126,192**	**(524,021)**	**(4,562)**	**--**	**5,980,112**
Bank borrowings and other financial liabilities	254,700	111,111	1,782,785	--	--	2,148,596
Trade and other payables	466,628	2,071,579	117,995	(197,172)	--	2,459,030
Other liabilities	334,334	583,555	505,579	(457,232)	--	966,236
Current liabilities	**1,055,662**	**2,766,245**	**2,406,359**	**(654,404)**	**--**	**5,573,862**
Total equity and liabilities	**8,692,781**	**5,793,757**	**1,149,819**	**(695,881)**	**108,636**	**15,049,112**

Balances at 31/12/2018	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-Group transactions		
Total revenue	2,206,332	5,059,002	391,596	(147,401)	--	7,509,529
Revenue	2,171,548	4,949,868	388,113	--	--	7,509,529
Revenue to other segments	34,784	109,134	3,483	(147,401)	--	--
Other revenue and operating expenses	(1,463,592)	(4,640,338)	(305,795)	144,858	--	(6,264,867)
Gross profit/(loss) from operations	**742,740**	**418,664**	**85,801**	**(2,543)**	**--**	**1,244,662**
Allocations	(382,319)	(230,820)	(25,871)	205	--	(638,805)
Impairment and profit/(loss) from disposal of plant, property and equipment	5,186	1,662	13,505	--	131,330	151,683
Other gains or losses	494	(948)	10	--	315	(129)
Profit/(loss) from operations	**366,101**	**188,558**	**73,445**	**(2,338)**	**131,645**	**757,411**
Financial profit/(loss)	(202,798)	(81,424)	(6,479)	--	--	(290,701)
Profit/(loss) due to changes in value	(222)	--	26	--	--	(196)
Profit/(loss) from entities accounted for by the equity method	15,804	30,310	(3,849)	--	1	42,266
Profit / (loss) before tax	**178,885**	**137,444**	**63,143**	**(2,338)**	**131,646**	**508,780**
Expense for Corporate Tax	(53,748)	(41,297)	(18,971)	702	(23,010)	(136,323)
Consolidated profit/(loss) in the year	**125,137**	**96,147**	**44,172**	**(1,636)**	**108,636**	**372,457**
Profit/(loss) after tax from discontinued activities	--	--	--	--	--	--
Profit /(loss) in the year	**125,137**	**96,147**	**44,172**	**(1,636)**	**108,636**	**372,457**
Non-controlling interests	(20,258)	(24,216)	469	(422)	--	(44,427)
Profit /(loss) attributable to the Parent Company	**104,879**	**71,931**	**44,641**	**(2,058)**	**108,636**	**328,030**

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Balances at 31/12/2017	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-Group transactions		
ASSETS						
Property, plant and equipment, intangible assets and investment property	6,374,296	1,807,188	222,641	(11,017)	--	8,393,108
Goodwill	--	185,650	--	--	--	185,650
Non-current financial assets	20,440	65,190	43,270	3,023	--	131,923
Investments accounted for using the equity method	903,423	150,486	337,422	--	--	1,391,331
Other assets	465,678	357,320	258,753	868	--	1,082,619
Non-current assets	**7,763,837**	**2,565,834**	**862,086**	**(7,126)**	**--**	**11,184,631**
Inventories	119,922	218,210	499,960	(17,127)	--	820,965
Trade and other receivables	702,096	1,692,347	121,516	(624,066)	--	1,891,893
Other current financial assets	163,131	75,082	8,775	--	--	246,988
Other assets	209,899	133,290	(29,528)	(2,625)	(13,057)	297,979
Cash and cash equivalents	(97,482)	1,447,383	(74,098)	(3,022)	--	1,272,781
Current assets	**2,077,553**	**3,566,312**	**992,793**	**(660,874)**	**(13,057)**	**5,962,727**
Total assets	**9,841,390**	**6,132,146**	**1,854,879**	**(668,000)**	**(13,057)**	**17,147,358**
EQUITY AND LIABILITIES						
Consolidated equity	**3,360,609**	**867,838**	**(214,357)**	**(37,765)**	**(13,057)**	**3,963,268**
Bank borrowings and other financial liabilities	4,410,666	1,395,880	(264,672)	--	--	5,271,874
Other liabilities	1,248,982	1,410,211	152,360	(6,169)	--	2,805,384
Non-current liabilities	**5,389,648**	**2,806,091**	**(112,312)**	**(6,169)**	**--**	**8,077,258**
Bank borrowings and other financial liabilities	145,216	72,061	1,255,013	--	--	1,472,290
Trade and other payables	271,923	1,872,982	146,025	(91,714)	--	2,199,217
Other liabilities	380,382	513,173	600,582	(532,352)	--	961,785
Current liabilities	**1,091,133**	**2,458,217**	**2,181,548**	**(624,066)**	**--**	**5,106,832**
Total equity and liabilities	**9,841,390**	**6,132,146**	**1,854,879**	**(668,000)**	**(13,057)**	**17,147,358**

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Balances at 31/12/2017	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-Group transactions		
Total revenue	1,737,187	4,939,924	689,837	(112,974)	--	7,253,974
Revenue	1,706,172	4,862,148	685,654	--	--	7,253,974
Revenue to other segments	31,015	77,776	4,183	(112,974)	--	--
Other revenue and operating expenses	(1,011,583)	(4,513,584)	(565,594)	112,006	--	(5,978,755)
Gross profit/(loss) from operations	**725,604**	**426,340**	**124,243**	**(968)**	**--**	**1,275,219**
Allocations	(406,287)	(229,925)	(45,989)	1,531	17,681	(662,989)
Impairment and profit/(loss) from disposal of plant, property and equipment	(1,836)	1,504	6,906	--	97,749	104,323
Other gains or losses	479	3,411	(116)	--	--	3,774
Profit/(loss) from operations	**317,960**	**201,330**	**85,044**	**563**	**115,430**	**720,327**
Financial profit/(loss)	(250,979)	(85,511)	1,826	--	1,647	(333,017)
Profit/(loss) due to changes in value	35,235	--	836	--	2,411	38,482
Profit/(loss) from entities accounted for by the equity method	51,129	25,780	(1,415)	--	(145,000)	(69,506)
Profit / (loss) before tax	**153,345**	**141,599**	**86,291**	**563**	**(25,512)**	**356,286**
Expense for Corporate Tax	(51,171)	(54,169)	(2,564)	(141)	2,704	(105,341)
Consolidated profit/(loss) in the year	**102,174**	**87,430**	**83,727**	**422**	**(22,808)**	**250,945**
Profit/(loss) after tax from discontinued activities	--	--	--	--	--	--
Profit /(loss) in the year	**102,174**	**87,430**	**83,727**	**422**	**(22,808)**	**250,945**
Non-controlling interests	(33,219)	(6,865)	(452)	(30)	9,752	(30,814)
Profit /(loss) attributable to the Parent Company	**68,955**	**80,565**	**83,275**	**392**	**(13,056)**	**220,131**

In financial year 2018 the most significant impacts recorded under "Corporate transactions" are detailed below:

- The sale of the shares that the Group held in Acciona Termosolar, S.L., the owner of 5 thermal power plants in Spain, to Contour Global plc, with capital gains of 53 million euros linked to the energy division (see Note 3.2h).

- The sale of 92.71% of the share capital held by Acciona Group in Compañía Trasmediterránea, S.A., with capital gains of 44.8 million euros, linked to the other activities division (see Note 3.2h).

- The sale of the entirety of the shares held by Acciona Group in Testa Residencial SOCIMI, S.A. with capital gains of 47.5 million euros, linked to the other activities division (see Note 3.2h).

In financial year 2017 the most significant impacts recorded under "Corporate transactions" are detailed below:

- Sale of the shares held by the Group in Compañía Urbanizadora del Coto, S.L., Valgrand, S.A. and the sale of certain real estate assets owned by Acciona Real Estate, S.A. to the company Testa Residencial SOCIMI, S.A., with capital gains of 74 million euros linked to the "other activities" division (see Note 3.2.h).

- The sale of 100% of the shares held by the Group in Sociedad Concesionaria Acciona Concesiones Ruta 160, S.A. for 34 million euros, linked to the infrastructure division (see Note 3.2.h).

- Impairment of 145 million euros linked to the energy division related to the share held by the Acciona Group in Nordex, S.E.

The following tables show the breakdown of certain of the Group's consolidated balances for the energy and infrastructure segments based on the activities that gave rise to them:

31.12.2018		
Division	**Revenues**	**EBITDA**
Generation	1,441,820	820,833
Non-generation (*)	764,512	(78,093)
Energy	**2,206,332**	**742,740**
Construction	3,136,879	204,593
Concessions	107,861	48,676
Industrial	410,853	22,877
Water	639,211	112,895
Services	799,980	29,623
Consolidation adjustments	(35,782)	--
Infrastructures	**5,059,002**	**418,664**

31.12.2017		
Division	**Revenues**	**EBITDA**
Generation	1,324,247	802,064
Non-generation (*)	412,940	(76,460)
Energy	**1,737,187**	**725,604**
Construction	3,130,894	196,860
Concessions	140,303	55,589
Industrial	273,513	9,659
Water	681,575	129,947
Services	752,531	34,285
Consolidation adjustments	(38,892)	--
Infrastructures	**4,939,924**	**426,340**

(*) Includes business development activities, as well as the allocation of costs from the corporate unit.

EBITDA is defined as operating income before depreciation and amortisation and variations in provisions, that is, it shows the operating result of the Group. The Group presents the calculation of EBITDA in the consolidated income statement, and it is calculated by taking the following items of the consolidated income statement: "net revenue", "other revenues", "change in inventories of finished goods and work in progress", "procurement", "personnel expenses" and "other operating expenses".

The table below shows disclosure of certain of the Group's consolidated balances based on the geographical area where the operations take place:

	Income		Total assets		Non-current assets		Current assets	
	2018	2017	2018	2017	2018	2017	2018	2017
Spain	3,180,955	3,172,071	7,741,356	10,284,816	4,538,146	5,955,110	3,203,210	4,329,706
European Union	585,040	625,331	1,474,649	1,525,381	1,102,785	1,203,241	371,864	322,140
OECD countries	2,335,920	2,073,656	4,311,924	4,042,225	3,696,060	3,274,307	615,864	767,918
Other countries	1,407,614	1,382,916	1,409,664	1,294,936	665,091	751,973	744,573	542,963
Total	**7,509,529**	**7,253,974**	**14,937,593**	**17,147,358**	**10,002.08**	**11,184,631**	**4,935,511**	**5,962,727**

Income and non-current assets from certain significant countries are disclosed below, understanding "significant" to refer to those where the values are greater than 10% of the income from external clients or from non-current assets according to IFRS 8.

	Income		Non-current assets	
	2018	2017	2018	2017
Australia	919,957	892,862	704,771	612,648
Mexico	614,157	297,963	1,233,223	1,150,112

28.- Finance income and costs and other profit/(loss) for the year

Detail of the Group's finance income and costs was as follows:

	2018	2017
Financial income	**48,600**	**45,628**
From equity investments	91	226
From other financial instruments in Associates	4,261	4,347
Other finance income	44,248	41,055
Finance costs	**(341,807)**	**(368,747)**
On payables to third parties	(351,142)	(372,193)
On ineffectiveness of derivatives (note 20)	--	--
Capitalisation of borrowing costs (note 5)	9,515	5,197
Change in financial provisions	(180)	(1,751)

Other finance income and costs:

The Group had capitalised borrowing costs amounting to 9.5 million euros at 31 December 2018 and 5.2 million euros at 31 December 2017, all of them practically capitalised in property, plant and equipment (see note 5). Borrowing costs capitalisation in inventories amounted to 2.6 million euros in 2018, and 0.7 million euros in 2017 (see note 4.2.j).

Finance costs:

In 2018 payables to third parties subtracted from equity and included in "Finance Costs" relating to the periodic settlements of hedging derivatives and corresponding to fully consolidated Group companies amounted to 18,490 thousand euros (36,849 thousand euros in 2017).

In addition, 13,100 thousand euros (14,938 thousand euros in 2017) relating to these periodic settlements were recognised as a decrease in the results of companies accounted for using the equity method.

29.- Proposed application of profit/(loss)

Proposed application of the profit in financial years 2018 and 2017 of Acciona, S.A., as approved by the Annual General Shareholders' Meeting, in the case of 2017, and that the Board of Directors will submit to approval by the Annual General Shareholders' Meeting, in the case of 2018, is as follows (in euros):

	2018	2017
Distribution basis:		
Acciona, S.A. profit or loss	233,855,108.03	209,202,462.05
Application:		
To legal reserve	--	--
To statutory reserve	2,338,551.08	20,920,246.21
To capitalisation reserves	--	4,667,230.18
To voluntary reserves	39,697,064.45	11,836,335.66
Dividends	191,819,492.50	171,778,650.00
Total	**233,855,108.03**	**209,202,462.05**

The proposed allocation contemplates the distribution of dividends of 3.35 euros per share.

Under its Articles of Association, Acciona, S.A. must, in any event, allocate 10% of net profit to legal and statutory reserves in such a manner that, when the former is covered (20% of the share capital), any remaining portion of the 10% of net profit must be transferred to the statutory reserve. This reserve is unrestricted.

30.- Environmental matters

ACCIONA backs the development of environmentally sustainable businesses: it generates electricity from renewable sources; it desalinates water, makes it drinkable and also cleans it; and it builds infrastructures and services where the environmental variable is relevant when it comes to decision making.

In 2018, 38% of the Group's global sales and 69% of EBITDA were based on businesses included in what the United Nations Environment Programme (UNEP) defines as the Green Economy.
http://web.unep.org/greeneconomy/resources/green-economy-report

In 2018 environmental expenses accounted for 2,687 million euros and environmental investments 555 million euros, which placed the company's global environmental activity at 3,242 million euros.

Out of that total figure, 83 million euros arose from management (prevention, mitigation or correction) of the environmental impacts generated by the Group's activity (69 million euros in expenses and 14 million euros in investments) and 3,159 million euros came from development of the businesses with a mainly environmental component (2,618 million euros in expenses and 541 million euros in investments); they are relevant because of the actual strategic orientation of the business, such as renewable energy generation and integral water cycle management, which centre on dealing with environmental impacts produced by other players and whose management is part of Acciona's business.

This economic figure for Acciona's environment-related activities can be broken down as follows:

Category	Amount Million euros
Measures to minimise environmental impact	48
Environmental research, development & innovation	8
Personnel involved in the environmental activity	10
Investments in plant, property and equipment to prevent environmental impacts and protect the environment	14
Environmental consultancy and advisory services	2
Other*	2
Subtotal$_1$: Management of environmental impacts caused by the Group's activity	83
Renewable energy generation	2,536
Waste water treatment, purification and desalination	623
Subtotal$_2$: Development of businesses with a mainly environmental component, relevant because of actual strategic orientation	3,159
TOTAL (Subtotal$_1$ + Subtotal$_2$)	3,242

(*) This category includes other environmental expenses, including Training, Environmental Management Systems, Environmental communication and awareness, Insurance and taxes.

It must also be noted that Acciona obtained in 2018 bonuses of 18,000 euros for achieving electricity consumption reductions in a group of wastewater treatment plants located in the Balearic Islands.

31.- Earnings per share

- Basic:

Basic earnings per share are calculated by dividing the profit distributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The amounts for the periods closed at 31 December 2018 and 2017 are given below:

	2018	2017
Adjusted net profit attributable to Parent Company (thousand euros)	328,030	220,131
Weighted average number of shares outstanding	55,588,989	57,117,274
Basic earnings per share (euros)	**5.90**	**3.85**

- Diluted:

To calculate the diluted earnings per share, the entity adjusts the result of the financial year attributable to the holders of ordinary equity instruments and the mean weighted average of the number of outstanding shares for all diluting effects attached to the potential ordinary shares.

In January 2014, Acciona S.A. issued convertible bonds. In 2017, conversions and early cancellations were made and this financial instrument was fully cancelled at 31 December 2017. The convertible bonds are the only diluting effect that explained the difference between the weighted average number of treasury shares outstanding considered in the basic earnings per share calculation and the diluted earnings per share in December 2017. The finance costs recorded in the income statement for the financial year 2017 before Corporate Tax amounted to 5,148 thousand euros. There have been no diluting effects in financial year 2018, and therefore the basic earnings per share and diluted earnings per share are the same.

The amount for the period closed on 31 December 2018 and 2017 is given below:

	2018	2017
Adjusted net profit attributable to the Parent Company (thousand euros)	328,030	225,279
Diluted weighted average number of shares outstanding	55,588,989	59,447,633
Diluted earnings per share (euros)	**5.90**	**3.79**

32.- Events after the reporting period

As mentioned in Note 17 to these consolidated financial statements, 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 Concessionària 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.

33.- Related party transactions

As indicated in these notes to the consolidated financial statements, transactions performed by the Company with its subsidiaries (related parties) as part of its normal business activities, as regards their purpose and terms and conditions, were eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Transactions with associates

At 31 December 2018 and 2017, detail of the balances receivable from and payable to associates was as follows (in thousand euros):

	Receivables / Expenses		Payables / Income	
	2018	2017	2018	2017
Trade and other accounts receivable	64,555	58,216	--	--
Trade and other payables	--	--	205,277	278,047
Loans to associates	110,717	112,019	8,496	8,649
Income and expenses	82,385	184,929	396,926	106,996

The "Income" heading mainly reflects billings by Acciona Energía Servicios México for the construction of the photovoltaic plant Puerto Libertad in Mexico, as well as those by Acciona Construcción, S.A. with the Toledo University Hospital Concessionaire for the construction of their asset.

The balances of "Expenses" and "Payables" mainly include transactions carried out by companies in the energy division with the Nordex Group corresponding to the acquisition of wind turbines for the construction of new projects for the division.

The balances receivable related to the line "Loans to associates" were mainly made up of loans made by Acciona, S.A., Acciona Concesiones, S.A and Acciona Energía, S.A. to associates.

These transactions were performed on an arm's length basis.

Transactions with other related parties

At 31 December 2014, following the arrival of the KKR Fund in the shareholding structure of the Acciona Group subsidiary, Acciona Energy Internacional, S.A., this fund became a "related party" for the Group as the term is defined in IAS 24. The only transaction of note with the KKR Fund in financial year 2018 was the subordinated debt described in Note 21.

In addition, the contract signed between Acciona Energy, S.A. and said fund incorporates long-term collaboration agreements between the Acciona Group and KKR in certain affected countries, through certain rights of refusal that in no case represent a firm commitment.

Transactions with shareholders

In 2018 there were no significant transactions involving a transfer of resources or obligations between the Parent or its Group companies and the Company's main shareholders.

Transactions with directors or executives

The Group's "related parties" are deemed to be, in addition to the subsidiaries, associates and joint operations, the Company Management's "key personnel" (members of its Board of Directors and of senior management, and their close relatives) and the entities over which key management personnel may exercise control or significant influence. The transactions performed by the Group in 2018 and 2017 with its related parties are listed below, differentiating between the Company's significant shareholders, members of the Board of Directors and Managers, and other related parties. Related party transactions are made on terms equivalent to those in arm's length transactions that usually take place in a normal business relationship with Acciona, S.A. or the Group companies within the scope of the ordinary course of trade of these entities and under market conditions. These transactions consisted basically of:

	31.12.2018				
Expenses and income	**Significant Shareholders**	**Directors and Executives**	**Group employees, companies or entities**	**Other related parties**	**Total**
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	102	**102**
Purchase of goods (finished goods and work in progress)	--	--	--	--	--
Value adjustments due to uncollectable or doubtful debts	--	--	--	--	--
Losses on de-recognition or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Revenue:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Rendering of services	--	--	--	6,733	**6,733**
Sale of goods (finished goods or work in progress)	--	--	--	--	--
Gains on de-recognition or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

	31.12.2018				
Other transactions	**Significant Shareholders**	**Directors and Executives**	**Group employees, companies or entities**	**Other related parties**	**Total**

Purchases of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees provided	--	--	--	--	--
Guarantees received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profits distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

	31.12.2017				
Expenses and income	**Significant Shareholders**	**Directors and Executives**	**Group employees, companies or entities**	**Other related parties**	**Total**
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	105	**105**
Purchase of goods (finished goods and work in progress)	--	--	--	--	--
Value adjustments due to uncollectable or doubtful debts	--	--	--	--	--
Losses on de-recognition or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Revenue:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Rendering of services	--	--	--	228	**228**
Sale of goods (finished goods or work in progress)	--	--	--	--	--
Gains on de-recognition or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

	31.12.2017				
Other transactions	**Significant Shareholders**	**Directors and Executives**	**Group employees, companies or entities**	**Other related parties**	**Total**

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Purchases of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees provided	--	--	--	--	--
Guarantees received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profits distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

34.- Remuneration and other benefits

A. Board of Directors

In 2018 the remuneration accrued by the members of the Company's Board of Directors, and taking into account that this remuneration is taken from the perspective of the Parent and its subsidiaries, totalled, in euros, the sum indicated in this Note.

According to article 31 of Articles of Association, the remuneration for Directors will consist in a fixed annual allocation determined for their membership of the Board of Directors and any Committees on which each Director may sit. The amount of the remuneration to be paid by the Company to the Directors as a whole for belonging to the Board of Directors and its Committees will be that determined for this purpose by the General Meeting of Shareholders. Once established, this amount shall remain in force until such time as it may be amended, and the Board of Directors may reduce the amount in the financial years where this is considered convenient.

The Board of Directors determines the exact amount to be paid within that limit and its distribution among the different Directors, with consideration being given to the functions and responsibilities of each member, sitting on the Board's committees and any other unbiased circumstances considered relevant by the Board.

Regardless of the provisions contained in section above, the remuneration deriving from membership of the Board of Directors shall be compatible with any other remuneration (fixed salary; variable bonuses depending on the attainment of business, corporate and/or performance goals; compensation for removal of the Director for reasons other than the failure to perform his or her duties; welfare systems; deferred remuneration items) that, following a proposal by the Appointments and Remuneration Committee and by resolution passed by the Board of Directors, could correspond to the Director for the performance of other functions in the Company, be they senior management executive functions or otherwise, apart from those of joint supervision and decision-taking carried out as mere members of the Board.

Following a resolution adopted by the General Shareholders' Meeting with the legally required scope, Executive Directors may also be remunerated through the delivery of shares or share option rights, or by means of any other remuneration referenced to the value of the shares.
Furthermore, Art. 55 of the Regulations for the Board of Directors establishes that the Board determines the system for distributing the remuneration for Directors within the framework established in the Articles of Association.

The decision must take into account the report issued for the purpose by the Appointments and Remuneration Committee.

The Board of Directors shall strive to ensure that the Directors' remuneration is moderate and in line with that paid on the market in companies of a similar size and business activity, with preference for those formats relating a significant portion of the remuneration to their dedication to Acciona.

The system for remuneration of independent directors will strive to serve as a sufficient incentive for their dedication without compromising their independence.

The remuneration of external directors representing substantial shareholders for their performance as Directors must be proportional to that of other Directors and shall not represent any favoured treatment in the form of remuneration of the shareholder(s) designating them. The remuneration system will establish similar remuneration for comparable functions and dedication.

As regards remuneration of executive directors, article 55 bis of the Regulations establishes that the Board of Directors must try and ensure that the remuneration policies in force at each time include for variable remuneration necessary technical safeguards to make sure that such remuneration is in line with the professional performance of its beneficiaries and does not arise simply from the general trend of markets or of the company's business sector or from other similar circumstances. The remuneration of directors must be transparent.

On 18 May 2017, the General Shareholders' Meeting approved the Directors Remuneration Policy for the years 2018-2020, without prejudice to the fact that amendments introduced by the Policy shall apply to remuneration accrued from the date the Policy was approved.

The Remuneration Policy approved at the Meeting and according to Article 31.2 of the Articles of Association of Acciona: a) the maximum amount of remuneration payable per year to the directors in aggregate for their duties as such is 1,700,000 euros; b) except where the General Shareholders' Meeting establishes otherwise, the distribution of the remuneration among the directors will be decided by the Board of Directors, having consideration for the functions and responsibilities of each director, whether they belong to Board committees, and other objective circumstances that it considers to be relevant.

At its meeting on 30 May 2018, the Board of Directors resolved, at the proposal of the Appointments and Remuneration Committee, to set new amounts for membership of the Board of Directors and its Committees, which from this date are as follows: a) Executive directors shall not receive remuneration for their membership of the Board of

Directors, and therefore their remuneration shall be that which corresponds to their executive functions; b) if an executive committee ceases the exist then the remuneration for membership to such a committee is removed; c) the remuneration for membership of non-executive directors to the board is set at 100,000 euros; d) the remuneration for membership to the Committees is changed, which is set at 70,000 euros for the audit committee, 55,000 euros for the appointments and remunerations committee, and 50,000 euros for the sustainability committee; e) the additional remuneration for holding the position of Independent Coordinating Director is set at 30,000 euros; and f) the additional remuneration for chairing the committees is set at 11,000 euros for the audit committee, 10,000 for the appointments and remunerations committee, and 8,000 euros for the sustainability committee.

After a detailed analysis of the remuneration received at international companies and those included on the IBEX 35 index, the Appointments and Remuneration Committee considered the remuneration to be in line with what was paid on the market in companies of a similar size in the same business area, that similar remuneration was paid for comparable functions and dedication and, without compromising independence, remuneration is an adequate incentive for the engagement of directors in the different committees.

The total remuneration paid to the members of the Board for discharging their duties as Company directors in 2018 amounted to 1,407,203 euros. This amount is broken down in thousand euros, by member of the Board of Directors, in the following way:

	Fixed remuneration	Remuneration for membership of Board Committees	Total 2018	Total 2017
Mr. Daniel Entrecanales Domecq	86	68.3	154.3	149.5
Mr. Jerónimo Marcos Gerard Rivero	86	31.4	117.4	67.5
(*) Mr. Jaime Castellanos Borrego	29	58.3	87.3	203.5
(*) Mr. Fernando Rodés Vila	29	30.9	59.9	139.5
Mr. José Manuel Entrecanales Domecq	29	--	29	67.5
Mr. Juan Ignacio Entrecanales Franco	29	--	29	67.5
Mr. Juan Carlos Garay Ibargaray	86	163.4	249.4	203.5
Ms. Belén Villalonga Morenés	86	--	86	67.5
Mr. Javier Entrecanales Franco	86	63.3	149.3	148.5
(*) Ms. Maria del Carmen Becerril Martinez	--	--	--	39.5
(**) Mr. Javier Sendagorta Gómez del Campillo	57	31.4	88.5	--
Ms. Ana Sainz de Vicuña Bemberg	86	59.3	145.3	112.5
Ms. Karen Christiana Figueres Olsen	86	40	126	41.7
(**) Mr. José María Pacheco Guardiola	57	28.6	85.6	--
Total			**1,407**	**1,308.2**

(*) Directors leaving the Board in 2017 or 2018.
(**) Directors joining the Board in 2018.

The remuneration in cash paid to Directors for the performance of senior management executive functions and for being members of the Board was 4,799 and 8,255 thousand euros in 2018 and 2017, respectively. In addition, they have received remuneration in kind amounting to 53 and 48 thousand euros in 2018 and 2017, respectively.

With regards to long term variable remuneration linked to Company shares following what was established in the Plan 2014 regulations and based on an evaluation of the results obtained during the three year period from 2014 to 2016, following a proposal by the Appointments and Remuneration Committee the Board of Directors approved to deliver a total of 104,096 shares to Executive Directors in 2017, with a fair value of 7,277 thousand euros. In addition, 26,025 shares were assigned in 2017 to have a delivery deferred for a period of three years on a straight-line basis in implementation of the Plan. In 2018, 8,675 shares with deferred delivery were assigned to executive directors and therefore 17,350 shares remain pending delivery. The amount or gross profit of the shares delivered was 665 and 7,277 thousand euros in 2018 and 2017 respectively, equivalent to the market value at the date of delivery.

In 2014, the Company implemented a savings plan related to a term life assurance, permanent disability in the degrees of total, absolute and grand invalidity, and death ("Savings Plan") aimed solely and exclusively at the Company's Executive Directors. The basic characteristics of the plan are as follows:

a) It is a social welfare system based on a defined contribution.

b) It is a system endowed externally through the payment by the Company of annual premiums to an insurance company with the Participant as the beneficiary, for the coverage of survival and the risk contingencies, i.e.: (i) death and (ii) permanent disability in the degrees established in the Regulations.

c) Should the Participants cease to occupy positions as Executive Directors of Acciona for any reason, the Company shall cease to pay the premiums to the Savings Plan on the date on which they indisputably cease to hold their position, without prejudice to any economic rights recognised to Participants.

d) The payment of the Benefit arising out of the Savings Plan will be made directly by the insurance entity to the Participants, net of any corresponding withholdings or payments on account of personal Income Tax that may be applicable in each case and payable by the beneficiary of the Benefit. For the rest of the contingencies, the payment of the Benefit will also be made directly by the insurance entity to any entitled parties.

e) The status of Participant in the Savings Plan will be lost should any of the following circumstances arise: i) occurrence of any of the risk contingencies covered and collection of the Benefit; ii) attainment of the age of 65 years; iii) removal from the position of Executive Director of Acciona for any reason other than those indicated above.

f) Consolidation conditions. The beneficiary of the Savings Plan shall be the Company under the following two situations:

If the participant is removed from the position of Executive Director of Acciona due to resignation for voluntary causes. If the participant is removed from the position of Executive Director for breaching their duties or for an act or omission that harms the Company, or is sentenced with a final verdict issued by a judicial authority.

In these cases, the participants shall lose all economic rights accumulated in the Savings Plan and therefore, may not receive any benefit arising from the Plan.

The contributions to the Savings Plan in 2018 and 2017 in favour of the Executive Directors came to 5,013 and 5,125 thousand euros. These contributions in 2018 included 100% of the fixed annual salary and an additional amount arising from extraordinary contributions to the Savings Plan related to part of the variable remuneration in 2018.

The accumulated value at 31 December 2018 of the savings systems with non-consolidated economic rights of Executive Directors amounted to 15,958 thousand euros.

No obligations have been entered into in connection with pensions with respect to former and current members of the Board of Directors. Nor have any advances, credits or guarantees been given in favour of the members of the Board of Directors, except as indicated in this note.

In financial years 2018 and 2017 the directors of the Parent did not receive any remuneration for being members of other boards and/or senior management of Group Companies.

The total remuneration of members of the board of directors of Acciona, S.A., including remuneration for executive functions, was 6,864 and 17,269 thousand euros in 2018 and 2017, respectively.

B. Senior Management

Senior Management includes those people forming the top two levels of the Acciona group's management and the Corporate Internal Audit Director. This classification is for information purposes only and without prejudice to their specific employment relationship.

The remuneration of the Company's General Managers and people discharging similar duties, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), and bearing in mind that this remuneration is taken from the perspective of the Parent Company and subsidiaries, in 2018 and 2017 is summarised as follows:

Type of remuneration	2018	2017
Number of people	40	35
Remuneration (thousand euros)	23,864	21,551

The figures for 2018 appearing as remuneration included the amounts related to compensation paid to the executives that left the company every year, for termination of their employment relationship, as well as the money settlement for differences in the options exercised during the year. In 2017 no settlements were paid to Senior Management.

The civil liability premium for directors and executives as paid in 2018 amounted to1,345 thousand euros.

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Plan for delivery of shares and performance shares

The General Shareholders' Meeting held on 24 June 2014 approved the following agreement:

A) To extend the term of validity of the Shares and Options Delivery Plan to Acciona group's management, including Executive Directors, as was approved by the General Shareholders' Meeting of Acciona, S.A. on 4 June 2009, for application in financial years 2014 to 2020, and to increase the maximum number of shares available by 200,000 shares.

B) To authorise the Board of Directors of the Company so that it may, to all the extend required by law and upon proposal by the Appointments and Remuneration Committee, amend the Plan Regulations under the terms and conditions that the Board considers convenient, establishing delivery conditions and times, accrual periods, allocation criteria and limits and any other aspect that the Board considers relevant, in order to align further the long-term interests of the Company's Executive Directors and other executives of the Acciona Group with those of the shareholders of Acciona, S.A., and thus boost their motivation in the attainment of higher value and long-term stability for the group, and consolidate their loyalty and permanence in the Group.

Pursuant to that authority, on 26 February 2015 the Board of Directors approved, upon proposal by the Appointments and Remuneration Committee, to amend the Plan Regulations, drawing up a new one whose term of validity covers the six-year period from 2014 to 2019, both inclusive. In addition, and making use of the approval of the General Shareholders' Meeting on 18 May 2017, following a proposal from the Appointments and Remuneration Committee, the Board of Directors approved an additional amendment to the Plan Regulations at their meeting held on 14 December 2017 with the aim of adapting it to corporate governance best practices regarding deferral, malus and clawback on the variable remuneration of executive directors, and to the principles and guidelines contained in the Directors Remuneration Policy approved by the General Shareholders' Meeting. In addition, the duration of the Plan is extended for an additional two years (i.e. up to and including 2021) only for directors (excluding Executive Directors), and subject to the full discretion of the Board of Directors and after a report from the Appointments and Remuneration Committee, the possibility to assign and deliver extraordinary Acciona shares is also introduced for multi-year periods (a minimum of three (3) years) to one or several Beneficiary Directors (other than Executive Directors) for achieving extraordinary results.

The main characteristics are as follows:

A) Purpose of the Plan:

The purpose of the 2014 Plan for Delivery of Shares and "Performance Shares" is to remunerate management, including the Executive Directors of Acciona in such a manner as to boost the attainment of strategic business objectives to the benefit of the Company's shareholders, and the loyalty and permanence of executives.

B) Strategic indicators and objectives to achieve

Achievement of objectives will be based on business strategic indicators, which have been defined by the Board of Directors for financial years ranging from 2014 to 2019.

C) Plan beneficiaries

C.1. – Executive Directors

Reference period: The reference period of the business strategic indicators will be the 2014-2019 six-year period, although, for allocation of "performance shares", the whole period from the start of the 2014 Plan application period to the end of the previous financial year will be considered.

"Performance shares" allocation: Upon completion of each financial year, the Board of Directors may assess the extent to which the long-term strategic objectives have been achieved up to that point.

The final allocation of treasury shares to Executive Directors will take place (a) at the end of the whole 2014 Plan period (in 2020) upon consideration of the assessment made for the whole 2014-2019 period and (b) at a midpoint milestone, in 2017, upon completion of the first three 2014-2016 financial years, upon consideration of the assessment made on the first 2014-2016 three-year period.

Permanence condition: Delivery of the shares finally allocated to Executive Directors is dependent on the fact that the Executive Director has not ceased to perform his/her senior management duties in Acciona or its Group for reasons attributable to the Director in question, according to the terms set out in the Plan Regulations.

In no event may the number of allocated shares exceed, together with those allocated under the 2014 Plan, the maximum number available approved by the GM.

The actual share delivery date in accordance with the provisions in the preceding sections shall be determined by the Board of Directors and in any case, it shall be done after the General Shareholders' Meeting of the year in which the shares are to be delivered has taken place. Delivery of 20% of the shares that the Executive Directors have a right to receive shall be subjected to a minimum deferral period of one (1) year, and its accrual shall be subject to their permanence as an Executive Director as detailed in the Regulations, and on there not being any causes that in the opinion of the external auditors could lead to a material restatement of the Acciona Group's consolidated financial statements, as determined by the Board of Directors following a proposal by the Appointments and Remuneration Committee, except when this arising from an amendment to accounting standards.

Shares delivered in 2017 are subject to an option for Acciona to buy them back: Treasury shares transferred to Executive Directors in 2017 (in relation to financial years 2014, 2015 and 2016) have been subjected to Acciona's right to buy them back, a right that can be exercised if the Executive Director acquiring the shares ceases to perform his/her senior management duties in Acciona or its group before 31 March 2020 for breach of his/her contractual obligations or resignation of his/her own free will.

In addition, during the three (3) years following the date on which the shares are delivered, Acciona could request the Executive Directors to: (i) return the shares and/or amounts paid when the corresponding calculations had been done based on data which has been proven to be manifestly misstated, and (ii) return the shares and/or amounts paid and/or not be paid the amounts that they are entitled to, in cases where the director has incurred a serious breach in their duties of diligence or loyalty in line with their position in Acciona, or for any other serious and negligent breach of the obligations that the Executive Directors have assumed under the contracts signed with Acciona in order to fulfil their executive functions.

With regards to shares to be delivered to Executive Directors in 2020, as applicable, and only in respect of the number of Shares equating to two times the annual fixed remuneration, these shares cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, until three (3) years have passed since the shares were allocated.

Executive Directors may however contribute shares which have been delivered to them to companies controlled or owned by the Executive Director. In these cases, Acciona shall adopt the necessary guarantees, including real guarantees, to ensure compliance with the provisions of the Regulations, and in any case, the benefitiary company receiving the shares which is controlled or owned by the Executive Director, must do so within reason and is bound to comply with the guarantees or limitations granted in favour of Acciona.

C.2. – Group's Executives

For the other beneficiaries that are not executive directors, the Board of Directors will approve, upon considering proposal by the Appointments and Remuneration Committee, the amount for separate variable remuneration to be paid through delivery of the Acciona's treasury shares allocated for each financial year to each executive that benefits from the 2014 Plan other than Executive Directors.

The allocation may be implemented through a number of treasury shares or in a cash amount. In the latter case, the equivalent number of shares will be based on the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation. In no event will the number of allocated shares thus quantified exceed, together with the other shares allocated under the 2014 Plan, the maximum number approved by the GM.

Treasury shares transferred to these Beneficiaries are subject to Acciona's right to buy them back, a right that can be exercised if the beneficiary acquiring the shares ceases

his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary. The Board of Directors may extend to a reduced group of executives the "performance share" and/or shares allocation system established for executive directors, with the changes as can be proposed by the Appointments and Remuneration Committee regarding interim allocation, tax system, objectives, midpoint milestones and delivery times, with the purpose of increasing their motivation in the attainment of higher value and long-term stability for the group, as well as consolidating their loyalty and permanence in the Group.
The 2014 Plan does not provide for the possible sale of shares delivered in order to pay the tax incurred by the Beneficiary as a result of such delivery. The cost of the payment on account of the 2014 Plan performance shall not be passed on to the beneficiaries, and the Company shall assume the tax cost that this payment may have on the personal income tax of the beneficiaries with the established limits.

D) Number of shares available for the Plan

Initially, the maximum number of shares that could be allocated to the Beneficiaries in application of the 2014 Plan was fixed at 258,035, although it could be increased by resolution of the General Shareholders' Meeting.

In this respect, the General Shareholders' Meeting held on 11 June 2015, 10 May 2016, 18 May 2017 and 30 May 2018 agreed to increase the maximum number of shares available for the "2014-2019 Plan for Delivery of Shares and Performance Shares" by 100,000 for each year, without affecting later increases if so proposed by the Board of Directors and approved by the General Shareholders' Meeting.

At the close of 2018 the maximum number of shares that could be delivered to implement the Plan, was 405,823, after 38,742 were used in 2018 for delivery to executives other than Executive Directors, and 8,675 shares for Executive Directors which corresponded to the deferred delivery agreed in 2017. Without prejudice to the foregoing, 17,350 shares are pending delivery of the 26,025 which were assigned in 2017 to have a delivery deferred for a period of three years on a straight-line basis in implementation of the Plan.

E) Recipients

The annual number of Recipients shall not exceed 100.

<u>Plan to replace variable remuneration for shares</u>

Upon proposal by the Appointments and Remuneration Committee, given the limited number of Beneficiaries of the former Plan, with the purpose of furthering and extending the objectives for building loyalty and retaining the Group's executives, on 26 March 2015 the Board of Directors approved the "Plan to Replace Variable Remuneration for Acciona shares, aimed to Acciona and its Group's management" (the Replacement Plan), excluding executive directors; the main characteristics of the plan are the following:

Aim: To retain and motivate the management team effectively and achieve higher alignment of their interests with those of the Company and its Group.

Initial duration: Six years (2014 to 2019).

Purpose: To offer discretionally the option of replacing or swapping, in whole or in part, variable remuneration in cash for Company shares to certain Acciona and its group's executives, according to a swap equation to be determined each year. In 2015, 2016, 2017, and 2018, the swap equation approved carried an incentive of 25% over the variable remuneration replaced.

Beneficiaries: The executives that the Board of Directors determines of its own free will. Executive Directors are excluded from this Plan.

Restrictions on the shares delivered: In general terms, the shares delivered cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, or any other right limiting ownership or as security, until after 31 March of the third year following the year in which the shares in question were delivered to the Beneficiary.

Treasury shares transferred to these Beneficiaries, corresponding to the incentive and not to the portion of the shares related to the replaced remuneration as per the amendment approved on 29 February 2016 by the Board of Directors, are subject to Acciona's right to buy them back, a right that can be exercised if the Beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary.

The Acciona share price to be taken as benchmark to determine the swap equation will be the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation of the replacement option.

<u>**Shareholders Plan**</u>

The Board of Directors, following proposal by the Appointments and Remuneration Committee, with the purpose of facilitating participation in the company's shareholdings, approved on 28 February 2017 a new Plan that makes it possible to redistribute part of the variable and/or fixed money remuneration with the limit of 12,000 euros per year through delivery of shares in the Company in accordance with the current regulatory framework, which is favourable in terms of the fiscal treatment of this type of plan.

The plan is voluntary and it offers all employees with fiscal residence in Spain the opportunity of participating in the company's results by becoming shareholders. This Plan does not affect executive directors as their relationship is mercantile and not based on an employment contract. The shares were measured at the closing quotation price on 29 March 2018.

Finally, the number of shares delivered to Beneficiaries other than executive directors (44 Beneficiaries), under the **Plan for Delivery of Shares / Performance Shares**, in consideration of their dedication and performance in financial year 2018, was 38,742 shares at the fair value of 2,505 thousand euros.

Given that this plan accrues on a three-year basis, one third of the fair values mentioned above is reflected in "Staff costs" on the accompanying income statement at 31 December. The other two thirds will be recognised on the income statements for financial years 2019 and 2020.

Finally, in application of the **Replacement Plan**, 27,112 shares in the Company were delivered in 2018, at the fair value of 1,673 thousand euros, to 36 executives of Acciona and its Group, in payment of part of their variable remuneration in cash in 2017.

The Company determined the fair value of the goods and services received by reference to the fair value of the equity instruments assigned.

The "Plan for delivery to Senior Management" replaced by the plan described in the paragraphs above established the replacement of shares with stock option rights for Acciona, S.A. ordinary shares. The options granted one year as part of the Plan could be exercised, in whole or in part, in one go or more, within the three-year period from (a) 31 March of the third calendar year following the year when they were allocated and (b) 31 March of the third year following the start of the period (the "Exercising Period"). The movement in 2018 in the number of options and weighted average of the prices to exercise the stock options was the following:

2018	Nº of options	Strike Price - Weighted Average (in euros)
Existing at the start of the financial year	23,721	63.25
Awarded during the period	--	--
Cancelled during the period	--	--
Exercised during the period	(5,267)	56.21
Lapsed during the period	(13,786)	--
Existing at the end of the period	**4,668**	**60.90**
Susceptible of being exercised at the end of the period	4,668	60.90

As regards the options existing at the end of the financial year, it should be indicated that the strike price ranged between 56.21 and 62.84 euros and that the weighted average of the remaining life of the contract was 0.98 years.

The valuation methodology applied is based on the Enhanced FASB 123 method (Accounting for Stock Based Compensation), which is in turn based on standard "fair value" methods of the CRR binomial type with certain modifications. The model consists in estimating the value of the option by trinomial tree methods and then adjusting this value by considering that the executive in question may leave the company during the maturity period, or may exercise the option when the share reaches a multiple of the strike value. The market inputs applied for valuation purposes are the closing price of the reference share on the date of issue of the plan and the strike price established for the exercise of the option, the track record of the reference share in terms of volatility calculated as the standard deviation from the quotation yields for a period equal to the duration of the plan and the risk-free interest rate.

Detail of the individuals who held Senior Management positions in the Group (taking the Parent and subsidiaries into account as Senior Management) in 2018 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager — Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager — Acciona Energy — Engineering & Construction
Antúnez Cid, Isabel	General Manager — Acciona Real Estate Property Development
Arilla de Juana, Carlos	General Manager - Acciona Infrastructure Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	Area General Manager - Acciona Infrastructure Contract Management and Studies
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Corral Fernandez, Nicolás	Area General Manager - Acciona Service
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations and OSH
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager — Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure — Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Construction — Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources
Fernández-Cuesta Laborde, Raimundo	General Manager — Market Area and Relations with Investors
Figueroa Gómez de Salazar, José Julio	Area General Manager — Legal Services
Gutierrez Abarquero, David	Area General Manager - Economic Management and Tax Matters
Jiménez Serrano, Ramón	Area General Manager - Acciona Industrial
Marín García, Diego	Area General Manager — Concessions
Martínez Sánchez, Juan Manuel	Area General Manager - Corporate Security
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	Area General Manager — Construction
Muro-Lara Girod, Juan	General Manager - Strategy and Corporate Development
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Pan de Soraluce Muguiro, Andrés	General Manager - Acciona Real Estate
Quero Gil, Mario	Area General Manager - Acciona Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrestructure
Rodríguez Hernández, José Luis	Area General Manager — Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager — Compliance
Silva Ferrada, Juan Ramón	Area General Manager — Sustainability
Vicente Pelegrini, Justo	Area General Manager - Acciona Construction - Spain, Portugal and Africa
López Vega-Penichet, Jorge	General Secretary
Terceiro Mateos, José Manuel	Area General Manager - Construction Economics and Finance
Tejero Santos, José Ángel	General Manager - Economic and Financial Area
Soto Conde, Antonio	Area General Manager - Bodegas Palacio 1894

Detail of the individuals who held Senior Management positions in the Group (taking the Parent and subsidiaries into account as Senior Management) in 2017 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager — Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager — Acciona Energy — Engineering & Construction
Antúnez Cid, Isabel	General Manager — Acciona Real Estate Property Development
Arilla de Juana, Carlos María	General Manager - Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	Area General Manager - Acciona Infrastructure Contract Management and Studies
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations, OHS and Sustainability
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager — Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure — Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Infrastructure — Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources
Figueroa Gómez de Salazar, José Julio	Area General Manager — Legal Services
Gutierrez Abarquero, David	Area General Manager — Fiscal
Jiménez Serrano, Ramón	Area General Manager — Acciona Industrial and Acciona Service
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	General Manager — Acciona Infrastructure - Construction Area
Muro-Lara Girod, Juan	General Manager — Corporate Development and Relations with Investors
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Quero Gil, Mario	Area General Manager — Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrestructure
Rodríguez Hernández, José Luis	Area General Manager — Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager — Compliance
Silva Ferrada, Juan Ramón	Area General Manager — Sustainability
Soto Conde, Antonio	Area General manager - Grupo Bodegas Palacio 1894
Tejero Santos, José Ángel	Area General Manager - Economic Oversight and Finance
Terceiro Mateos, José Manuel	Area General Manager - Acciona Infrastructure - Economics and Finance
Vega-Penichet Lopez, Jorge	General Secretary
Vicente Pelegrini, Justo	Area General Manager - Acciona Construction - Spain, Portugal and Africa

C. Auditor

For financial years 2018 and 2017, the fees for financial audit and other services provided by the auditor of the Group's consolidated financial statements, KPMG Auditores, S.L., or by firms in the KPMG organisation, and the fees billed by the auditors of the financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	Services provided by the main auditor		Services provided by other audit firms	
	2018	2017	2018	2017
Auditing services	3,755	3,519	592	752
Other assurance services	391	1,136	533	560
Total audit and related services	**4,146**	**4,655**	**1,125**	**1,312**
Tax advisory services	242	153	1,389	1,235
Other services	1,881	2,059	3,951	5,019
Total professional services	**2,123**	**2,212**	**5,340**	**6,254**

The fees for services provided by the auditing firm KPMG Auditores, S.L. have been 1,725 thousand euros in 2018 (1,483 thousand euros in 2017) for the Group's financial statements, 247 thousand euros in 2018 (290 thousand euros in 2017) for assurance services, and 40 thousand euros in 2018 (61 thousand euros in 2017) for other services.

With regards to the main auditor, "other assurance services" includes mainly limited reviews of interim financial statements, services to issue "comfort letters" related to securities, and reports on agreed procedures related to compliance with covenants. The concept of "tax advisory services" includes mainly fees for advisory services on transfer pricing, corporate tax and indirect taxation documentation. Finally, "other services" mainly includes advice on information security, advisory services in the scope of sustainability and corporate social responsibility, and information technology and business consultancy services.

35.- Other disclosures concerning the Board of Directors

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, 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.

36.- Trade and other accounts payable

At 31 December 2018, the balance of trade and other payables came to 2,459 million euros, and to 2,199 million euros in 2017. The increase mainly corresponds to the increase in suppliers and advances from clients related to works in progress in both the infrastructure and energy divisions in countries such as Mexico, Chile, the Philippines, among others.

The amount corresponding to advances from clients recorded at the close of financial year 2018 and 2017 under this heading amounted to 541 and 508 million euros, respectively, mainly from the infrastructure division (See Note 14).

Average period for payment 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 payments outstanding at the balance sheet date in Spain	**2018**	**2017**
	Days	**Days**
Average period of payment to suppliers	33	38
Paid operations ratio	30	34
Unpaid operations ratio	50	60
(thousand euros)	**Amount**	**Amount**
Total payments made	2,548,490	2,655,262
Total payments outstanding (*)	463,357	448,834

(*) In financial year 2017 there were "outstanding payments" at 31 December 2017 recorded under "liabilities associated with assets held for sale" for the amount of 56,205 thousand euros.

The "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 accounts) and whose denominator is the total amount of payments outstanding.

APPENDIX I

GROUP COMPANIES

The subsidiaries of ACCIONA, S.A. considered to be Group companies were treated as such in accordance with IFRS. The companies fully consolidated in 2018, and the information thereon at 31 December 2018, were the following (amounts in thousand euros):

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
3240934 Nova Scotia Company	--	Canada	Energy	100.00%	Subgroup Acciona Renewable Canadá	440
Acciona Wind Energy Canada Inc.	--	Canada	Energy	66.67%	Subgroup Acciona Energía Internacional	43,337
Acciona & Sogex Facility Services LLC	A	Oman	Urban Services	70.00%	Subgroup Acciona Facility Services	248
Acciona Aeropuertos, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	25,726
Acciona Agua Adelaide Pty Ltd	A	Australia	Water Treatment	100.00%	Subgroup Acciona Agua Australia	6
Acciona Agua Australia Proprietary, Ltd	A	Australia	Water Treatment	100.00%	Subgroup Acciona Agua	5
Acciona Agua Brasil - Tratamento De Agua Ltd	--	Brazil	Water Treatment	100.00%	Subgroup Acciona Agua	2,750
Acciona Agua Canada Inc.	A	Canada	Water Treatment	100.00%	Subgroup Acciona Agua	7
Acciona Agua India Private Limited	E	India	Water Treatment	100.00%	Subgroup Acciona Agua	1,331
Acciona Agua Internacional Australia Pty, Ltd	C	Australia	Holding Company	100.00%	Subgroup Acciona Agua Internacional	--
Acciona Agua Internacional Inc.	--	Canada	Water Treatment	100.00%	Subgroup Acciona Agua Internacional	7
Acciona Agua Internacional, S.L.	--	Madrid	Holding Company	100.00%	Subgroup Acciona Agua	4
Acciona Agua México, S.R.L. De C.V.	A	Mexico	Water Treatment	100.00%	Subgroup Acciona Agua	6,061
Acciona Agua Servicios S.L.	A	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua	51,130
Acciona Agua, S.A.	A	Madrid	Water Treatment	100.00%	Subgroup Corporación Acciona Infraestructuras	284,285
Acciona Airpor Services Düsseldorf Gmbh	--	Germany	Logistics Services	100.00%	Subgroup Acciona Airport Services Frankfurt	25
Acciona Airport Services Barcelona, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Canarias, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Chile,Spa	--	Chile	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	774
Acciona Airport Services Este, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Frankfurt, Gmbh	A	Germany	Logistics Services	100.00%	Acciona	5,637

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Acciona Airport Services Madrid, S.L	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Sur, S.L	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	25,724
Acciona Airport Services, Sau Argentina	--	Argentina	Logistics Services	100.00%	Subgroup Acciona Aeropuertos	2
Acciona Biocombustibles, S.A.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía	12,871
Acciona Biomasa	--	Navarra	Energy	100.00%	Subgroup Acciona Energía	20,003
Acciona Cerro Negro, S.A.	--	Chile	Water treatment/Construction	100.00%	Subgroup Acciona Construcción	4
Acciona Concesiones Australia Pty Limited	B	Australia	Concession Operation	100.00%	Subgroup Acciona Concesiones	--
Acciona Concesiones Chile, S.A.	A	Chile	Holding Company	100.00%	Subgroup Acciona Construcción	8,419
Acciona Concesiones, S.L.	A	Madrid	Holding Company	100.00%	Subgroup Corporación Acciona Infraestructuras	103,244
Acciona Concessions Management Inc.	A	Canada	Holding Company	100.00%	Subgroup Acciona Concesiones	4,142
Acciona Construccion Australia, Pty Ltd.	A	Australia	Construction	82.40%	Subgroup Geotech Holding	11,269
Acciona Construcción, S.A.	B	Madrid	Construction	100.00%	Subgroup Corporación Acciona Infraestructuras	782,227
Acciona Construction Holdings Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Geotech Holding	120,575
Acciona Construction Maroc, SARL	--	Morocco	Construction	100.00%	Subgroup Acciona Construcción	--
Acciona Construction Philippines Inc.	--	Philippines	Construction	100.00%	Subgroup Acciona Construcción	1,534
Acciona Construction USA Corp.	--	USA	Construction	100.00%	Subgroup Acciona Construcción	842
Acciona Copiapó, S.A.	--	Chile	Water treatment/Construction	100.00%	Subgroup Acciona Construcción	4
Acciona Corporación, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2	60
Acciona Desarrollo Corporativo, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2	60
Acciona Do Brasil, Ltda.	--	Brazil	Holding Company	100.00%	Subgroup Acciona Construcción	29,035
Acciona Energía Atlanta I, S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	2
Acciona Energía Atlanta II, S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	2
Acciona Energía Atlanta III, S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	2
Acciona Energía Chile	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global	37
Acciona Energía Chile Holdings, SA	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global	126
Acciona Energía Costa Rica, S.A.	--	Costa Rica	Energy	100.00%	Subgroup Acciona Energía Global	479

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Acciona Energía Global Italia, S.R.L.	A	Italy	Energy	100.00%	Subgroup Acciona Energía Global	3,347
Acciona Energía Global, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	92,307
Acciona Energía Internacional, S.A.	A	Navarra	Energy	66.67%	Subgroup Acciona Energía	324,000
Acciona Energía México Global LLC	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Global	16,659
Acciona Energía México, Srl	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Internacional	3,300
Acciona Energía Servicios México S De Rl De C.V.	A	Mexico	Energy	100.00%	Subgroup Acciona Energía México Global	4,119
Acciona Energía, S.A.	A	Navarra	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	1,146,380
Acciona Energija D.O.O.	--	Croatia	Energy	100.00%	Subgroup Acciona Energía Global	--
Acciona Energy North América Corp.	--	USA	Energy	66.67%	Subgroup Acciona Energía Internacional	224,438
Acciona Energy Australia Global, Pty. Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global	--
Acciona Energy Canadá Global Corp	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global	2,267
Acciona Energy Development Canadá Inc	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canadá	--
Acciona Energy Global Poland Sp. Z.O.O.	A	Poland	Energy	100.00%	Subgroup Acciona Energía Global	716
Acciona Energy India Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global	18,312
Acciona Energy Korea, Inc	--	South Korea	Energy	100.00%	Subgroup Acciona Energía Global	--
Acciona Energy Oceanía Construction Pty Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia	1,029
Acciona Energy Oceanía Financial Services Ply, Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia	32
Acciona Energy Oceanía Ply. Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Internacional	102,736
Acciona Energy Poland Maintenance Services Sp. Z O.O.	A	Poland	Energy	100.00%	Subgroup Acciona Energía Global Poland	24
Acciona Energy Poland Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Internacional	46,968
Acciona Energy South Africa (Proprietary) Limited	A	South Africa	Energy	66.67%	Subgroup Acciona Energía Internacional	34,852
Acciona Energy South Africa Global (Pty) Ltd	A	South Africa	Energy	100.00%	Subgroup Acciona Energía Global	10,823
Acciona Energy USA Global LLC	A	USA	Energy	100.00%	Subgroup Acciona Energía Global	160,799
Acciona Engineering Qatar	A	Qatar	Engineering	100.00%	Subgroup Acciona Ingeniería	47
Acciona Eólica Calabria, Srl	--	Italy	Energy	100.00%	Subgroup Acciona Energía Global Italia	2,723
Acciona Eólica Cesa Italia, S.R.L.	A	Italy	Energy	66.67%	Subgroup Acciona Energía Internacional	20,572
Acciona Eólica Cesa, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceatesalas	93,938
Acciona Eólica De Castilla La Mancha, S.L.	A	Madrid	Energy	100.00%	Subgroup Alabe	100
Acciona Eólica De Galicia, S.A.	A	Lugo	Energy	100.00%	Subgroup Corp. Acciona Energías	17,389

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
					Renovables	
Acciona Eólica Levante, S.L.	A	Valencia	Energy	100.00%	Subgroup Alabe	19,314
Acciona Eólica Portugal Unipersonal, Lda.	A	Portugal	Energy	66.67%	Subgroup Acciona Energía Internacional	24,457
Acciona Eólica Santa Cruz, S. De R.L. De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía México Global	2,248
Acciona EPC North América LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	13
Acciona Facility Services Automoción Catalunya, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	1,003
Acciona Facility Services Canadá Ltd	--	Canada	Urban Services	100.00%	Subgroup Acciona Facility Services	--
Acciona Facility Services Este, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3
Acciona Facility Services Germany Gmbh	--	Germany	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	5,044
Acciona Facility Services Italia, Srl	--	Italy	Urban Services	100.00%	Subgroup Acciona Facility Services	12
Acciona Facility Services Poland Spólka Z.O.O.	--	Poland	Facility Services	100.00%	Subgroup Acciona Facility Services	1
Acciona Facility Services Portugal	E	Portugal	Urban Services	100.00%	Subgroup Acciona Facility Services	1,048
Acciona Facility Services Sur, S.A.	--	Toledo	Urban Services	100.00%	Subgroup Multiservicios Acciona Facility Services	262
Acciona Facility Services, S.A.	A	Barcelona	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	101,518
Acciona Financiación De Filiales Chile Spa	A	Chile	Financial	100.00%	Acciona	82,724
Acciona Financiación Filiales	A	Madrid	Financial	100.00%	Acciona	411,826
Acciona Financiación Filiales Australia Pty Ltd	A	Australia	Financial	100.00%	Acciona	--
Acciona Forwarding Argentina, S.A.	--	Argentina	Logistics Services	100.00%	Subgroup Acciona Forwarding	673
Acciona Forwarding Brasil	A	Brazil	Logistics Services	98.71%	Subgroup Acciona Forwarding	3,305
Acciona Forwarding Canarias, S.L.	A	Canary Islands	Logistics Services	100.00%	Subgroup Acciona Forwarding	389
Acciona Forwarding, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	6,328
Acciona Geotech Group Services Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Geotech Holding	--
Acciona Geotech Holding Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Acciona Geotech	123,476
Acciona Global Renewables, S.A.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía	40
Acciona Green Energy Developments, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	26,000
Acciona Ground Services, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	2
Acciona Handling Services, S.L.	--	Valencia	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	500

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº 10003

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Acciona Health Care Services, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	1,803
Acciona Industrial Australia, Pty Ltd	--	Australia	Construction	100.00%	Subgroup Acciona Construcción	6
Acciona Windpower Brasil Ltda.	--	Brazil	Construction	100.00%	Subgroup Acciona Industrial	42
Acciona Industrial Australia, Pty Ltd	--	Kenya	Construction	100.00%	Subgroup Acciona Industrial	1
Acciona Industrial, S.A.	A	Sevilla	Construction	100.00%	Subgroup Acciona Construcción	36,476
Acciona Infraestructuras Colombia SAS	--	Colombia	Construction	100.00%	Subgroup Acciona Construcción	6
Acciona Infraestructuras Residenciales México S.A.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	2
Acciona Infraestructuras-Elecnor, Hospital David	E	Panama	Construction	75.00%	Subgroup Acciona Construcción	6
Acciona Infraestructure Asia Pacific Pty Limited	--	Australia	Construction	100.00%	Subgroup Acciona Construcción	305,957
Acciona Infrastructures Australia Pty. Ltd	A	Australia	Construction	100.00%	Subgroup Acciona Construcción	181,478
Acciona Agua Canada Inc.	B	Canada	Construction	100.00%	Subgroup Acciona Construcción	236,991
Acciona Infrastructure Maintenance, Inc.	--	Canada	Construction	100.00%	Subgroup Acciona Construcción	1
Acciona Infrastructure New Zealand, Ltd	A	New Zealand	Construction	100.00%	Subgroup Acciona Construcción	18
Acciona Ingeniería Colombia, S.A.S.	--	Colombia	Engineering	100.00%	Subgroup Acciona Ingeniería	6
Acciona Ingeniería Industrial S.A. De C.V.	A	Mexico	Engineering	100.00%	Subgroup Acciona Ingeniería	23,904
Acciona Inmobiliaria, S.L.	A	Madrid	Real estate	100.00%	Acciona	1,434,454
Acciona Instalaciones México, S.A De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Industrial	5,109
Acciona Inversiones Corea, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía Global	--
Acciona Logística, S.A.	--	Madrid	Holding Company	100.00%	Acciona	326,889
Acciona Mantenimiento De Infraestructuras, S.A.	A	Madrid	Construction	100.00%	Subgroup Acciona Construcción	278
Acciona Medioambiente, S.A.	A	Valencia	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	--
Acciona Multiservicios, S.A.	A	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	700
Acciona Nieruchomosci, Sp. Z.O.O.	--	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	7,705
Acciona Operación y Mantenimiento, S.R.L De C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services	659
Acciona Portugal II - Energía Global, Lda	--	Portugal	Energy	100.00%	Subgroup Acciona Energía Global	1
Acciona Producciones y Diseño, S.A.	A	Madrid	Audio-visual services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	7,805
Acciona Project Management Mexico, S.A. de C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services	1,133
Acciona Rail Services, S.A.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	256
Acciona Real Estate, S.A.U.	A	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria	139,254
Acciona Redes y Mantenimientos Especializados, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3
Acciona Renewable Energy Canadá Gp Holdings Inc	--	Canada	Energy	100.00%	Subgroup Nova Scotia	3,949

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Acciona Renewable Energy Canadá Holdings LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	450
Acciona Saltos De Agua, S.L.U.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	70,603
Acciona Saudi Arabia For Contracting Llc	E	Saudi Arabia	Engineering	100.00%	Subgroup Acciona Industrial	939
Acciona Serv. Hospitalarios, S.L.	--	Madrid	Holding Company	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	629
Acciona Service, S.L.	A	Madrid	Urban Services	100.00%	Subgroup Corporación Acciona Infraestructuras	143,538
Acciona Servicios Administrativos, S.A. de C.V.	A	Mexico	Real estate	100.00%	Subgroup Acciona Facility Services	616
Acciona Servicios Concesionales, S.L.	A	Madrid	Concession Operation	100.00%	Acciona	1,294
Acciona Servicios Ferroviarios, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Facility Services	21
Acciona Servicios Urbanos Medio Ambiente México, S.A. De C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services	1,790
Acciona Servicios Urbanos, S.L.	A	Madrid	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	30,809
Acciona Sistemas De Seguridad, S.A.	--	Madrid	Construction	100.00%	Subgroup Acciona Facility Services	411
Acciona Smart City Services, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	1,003
Acciona Solar Energy LLC	--	USA	Energy	66.67%	Subgroup Acciona Energía North América	28,976
Acciona Solar Holdings Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global	--
Acciona Solar Power Inc.	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	6,473
Acciona Solar Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global	--
Acciona Solar, S.A.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía	860
Acciona Suministradora México, S.R.L. de C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía	--
Acciona Water Supplies Technology Beijing Co. Ltd	E	China	Water Treatment	100.00%	Subgroup Acciona Agua	319
Acciona Wind Energy Pvt Ltd	A	India	Energy	66.67%	Subgroup Acciona Energía Internacional	6,725
Acciona Wind Energy USA, LLC	--	USA	Energy	66.67%	Subgroup Acciona Energía North América	311,558
Acciones Urbanas, Servicios y Medio Ambiente, S.L.	--	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos	200
Aepo Gabón, S.A.	--	Gabon	Engineering	100.00%	Subgroup Acciona Ingeniería	4
Aepo Polska S.P. Z O.O.	--	Poland	Engineering	100.00%	Subgroup Acciona Ingeniería	18
Aerosite Energy Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global	3,020
AFS Efficient Energy Uk Limited	--	United Kingdom	Urban Services	100.00%	Subgroup Acciona Facility Services	--
AFS Empleo Social Barcelona, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	505
AFS Empleo Social, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	153

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Aguas Pilar De La Horadada S.L.	--	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua Servicios	3
Alabe Sociedad De Cogeneración, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	301
Almeyda Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Amherst Wind Construction Gp Inc	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada	--
Anchor Wind, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	3,499
Andes Airport Services, S.A.	A	Chile	Logistics Services	100.00%	Subgroup Acciona Airport Services	32,781
Andratx Obres I Sanetjament, S.L.	--	Mallorca	Water Treatment	100.00%	Subgroup Acciona Agua	130
Antigua Bodega De Don Cosme Palacio, S.L.	--	Alava	Winery	100.00%	Subgroup Palacio	744
Apoderada Corporativa General, S.A.	--	Madrid	Instrumental	100.00%	Acciona	60
Arsogaz 2005, S.L.	--	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria	1,001
ATLL Concesionaria de la Generalitat de Catalunya, S.A.	A	Barcelona	Water Treatment	76.05%	Subgroup Acciona Agua	17,500
Aulac Wind Power Lp	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada	--
Autovia De Los Viñedos	A	Toledo	Concessions	100.00%	Acciona	--
Avenir El Romero Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Bear Creek	--	USA	Energy	100.00%	Subgroup GWH Acciona Energy	1,463
Bestinver Gestion S.C.I.I.C., S.A.	A	Madrid	Financial	100.00%	Subgroup Bestinver	331
Bestinver Pensiones G.F.P., S.A.	A	Madrid	Financial	100.00%	Subgroup Bestinver	1,203
Bestinver Sociedad De Valores, S.A.	A	Madrid	Financial	100.00%	Subgroup Bestinver	5,267
Bestinver, S.A.	A	Madrid	Financial	100.00%	Acciona	6,113
Biodiesel Caparroso, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía	54,707
Biodiesel Del Esla Campos	A	Navarra	Energy	100.00%	Subgroup Biocombustibles	5,611
Biodiesel Sagunt, S.L.	--	Navarra	Energy	100.00%	Subgroup Biocombustibles	2,186
Biomasa Alcazar, S.L.	--	Madrid	Energy	100.00%	Subgroup Biomasa Nacional	303
Biomasa Briviesca, S.L.	A	Burgos	Energy	85.00%	Subgroup Biomasa Nacional	4,191
Biomasa Miajadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Biomasa Nacional	20,003
Biomasa Sangüesa, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía	100
Bodegas Palacio, S.A.	A	Alava	Winery	100.00%	Subgroup Sileno	1,526
Capev Venezuela	E	Venezuela	Construction	100.00%	Subgroup Acciona Construcción	3,883
Ce Oaxaca Cuatro, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico	291
Ce Oaxaca Dos, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico	350
Ce Oaxaca Tres, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico	--
Ceatesalas. S.L.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	983,583

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Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Centro De Servicios Compartidos De Acciona S.L.	--	Madrid	Instrumental	100.00%	Acciona	3
Ceólica Hispania. S.L.	--	Madrid	Energy	100.00%	Subgroup Acciona Eólica Cesa	49,404
Cesa Eolo Sicilia Srl.	--	Italy	Energy	66.67%	Subgroup Cesa Italia	10,581
Cirtover, S.L.	--	Madrid	Instrumental	100.00%	Acciona	3
Civerzba ITG, S.L.	A	Egypt	Energy	100.00%	Subgroup Acciona Energía Global	4,307
Coefisa, S.A.	--	Switzerland	Financial	100.00%	Acciona	711
Coleman Rail Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	2,522
Compañía de agua Calten, S.A.P.I. de C.V. De C.V.	--	Mexico	Water Treatment	68.60%	Subgroup Acciona Agua	--
Compañia De Aguas Paguera, S.L.	--	Mallorca	Water Treatment	100.00%	Subgroup Gesba	1,803
Compañía Eólica Granadina. S.L.	A	Granada	Energy	50.00%	Subgroup Ceólica	2,930
Compañia Internacional De Construcciones	--	Panama	Financial	100.00%	Acciona	1,353
Consorcio Acciona Ossa, S.A.	--	Chile	Construction	65.00%	Subgroup Acciona Construcción	5
Consorcio Acciona_Ossa Andina S.A.	--	Chile	Construction	65.00%	Subgroup Acciona Construcción	4
Consorcio Constructor Araucaria Ltd.	--	Chile	Construction	60.00%	Subgroup Acciona Construcción	3
Consorcio Eólico Chiripa, S.A.	A	Costa Rica	Energy	65.00%	Subgroup Acciona Energía	--
Construcciones Residenciales Mexico, C.B.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	3,219
Constructora Acciona Chile, S.A.	A	Chile	Construction	100.00%	Subgroup Acciona Concesiones Chile	123,405
Constructora El Paso S.P.A.	--	Chile	Construction	100.00%	Subgroup Acciona Construcción	8
Constructora La Farfana, Spa	--	Chile	Construction	100.00%	Subgroup Acciona Construcción	8
Copane Valores, S.L.	--	Madrid	Instrumental	100.00%	Acciona	55,779
Corp. Acciona Infraestructuras (Australia), Pty Ltd	--	Australia	Construction	100.00%	Subgrupo CAI	--
Corporación Acciona Energías Renovables, S.L.	A	Madrid	Energy	100.00%	Acciona	2,917,224
Corporación Acciona Eólica, S.A.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	343,503
Corporación Acciona Hidráulica, S.A.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	65,003
Corporación Acciona Infraestructuras S.L.	--	Madrid	Holding Company	100.00%	Acciona	1,313,296
Corporación De Explotaciones y Servicios, S.A.	--	Madrid	Holding Company	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	4,529
Corporación Eólica Catalana. S.L.	--	Madrid	Energy	100.00%	Subgroup Ceólica	12
Corporación Eólica De Valdivia. S.L.	--	Madrid	Energy	100.00%	Subgroup Ceólica	12,405
Corporación Eólica La Cañada. S.L.	--	Madrid	Energy	100.00%	Subgroup Ceatesalas	1,368
Demsey Ridge Wind Farm, LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	131,445
Depurar 7B, S.A.	A	Aragón	Water Treatment	100.00%	Subgroup Acciona Agua	4,892
Depurar 8B, S.A.	A	Aragón	Water Treatment	100.00%	Subgroup Acciona Agua	5,939

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Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Desarrolladora De Infraestructura Hispano-Peninsular, S.A. De C.V.	A	Mexico	Construction	60.00%	Subgroup Acciona Construcción	1
Desarrolladora De Infraestructuras Hispano-Mexicanas, S.A. De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	4
Desarrollos Revolt Del Llobregat, S.L.	--	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria	32,461
Desarrollos y Construcciones, S.A. De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	4,960
Dren, S.A.	--	Madrid	Holding Company	100.00%	Acciona	1,335
Dymerka Solar Mmc	--	Poland	Energy	100.00%	Subgroup Acciona Energy Poland	2,372
Dymerka Solar Poland Sp. Z.O.O.	--	Poland	Energy	100.00%	Subgroup Acciona Energy Poland	8,292
Dymerska Photovoltaic Power Plant-2 Llc	--	Poland	Energy	100.00%	Subgroup Acciona Energy Poland	864
Dymerska Photovoltaic Power Plant-3 Llc	--	Poland	Energy	100.00%	Subgroup Acciona Energy Poland	829
Ecogrove	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	90,129
Ecovista Wind, LLC	--	USA	Energy	100.00%	Subgroup Ecoenergy	--
Efrato ITG, S.L.	A	Egypt	Energy	100.00%	Subgroup Acciona Energía Global	4,307
Emp.Diseño Constr.Cons.Jardines y Zonas Verdes, S.A.	--	Málaga	Construction	100.00%	Subgroup Acciona Construcción	546
Empordavent S.L.U.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía	14,206
Empreendimientos Eólicos Do Verde Horizonte, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	5,248
Empreendimientos Eólicos Ribadelide, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	3,662
Empresa Operadora ATLL, S.A.	A	Barcelona	Water Treatment	100.00%	Subgroup Acciona Agua	60
Enalia, Ltda.	E	Colombia	Winery	100.00%	Subgroup Hijos de Antonio Barceló	2,136
Energea Servicios y Mantenimiento. S.L.	A	Barcelona	Energy	100.00%	Subgroup Terranova Energy Corporation	3
Energía Renovable Del Istmo II SA de Cv	A	Mexico	Energy	100.00%	Subgroup Acciona Energía México Global	--
Energía Renovables De Barazar, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceatesalas	47,836
Energías Alternativas De Teruel, S.A.	--	Teruel	Energy	51.00%	Subgroup Acciona Energía	82
Energías Eólicas De Catalunya, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía	6,000
Energías Renovables De Ricobayo. S.A.	--	Madrid	Energy	50.00%	Subgroup Ceólica	294
Energías Renovables El Abra. S.L.	--	Vizcaya	Energy	100.00%	Subgroup Ceólica	5,798
Energías Renovables Operación y Mantenimiento, S.L.	A	Barcelona	Urban Services	100.00%	Subgroup Multiservicios Acciona Facility Services	3
Energías Renovables Peña Nebina. S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	2,625
Entidad Efinen, S.A.	--	Madrid	Instrumental	100.00%	Acciona	4,508
Entorno Urbano y Medio Ambiente, S.L.	--	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos	2
Entrecanales y Tavora Gibraltar, Ltd	--	Gibraltar	Construction	100.00%	Subgroup Acciona Construcción	37,645
Eólica De Rubió, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía	6,000
Eólica De Zorraquín, S.L.	A	Madrid	Energy	66.00%	Subgroup Acciona Energía	603

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Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Eólica Villanueva, S.L.	A	Navarra	Energy	66.66%	Subgroup Acciona Energía	867
Eólico Alijar, S.A.	D	Sevilla	Energy	100.00%	Subgroup Acciona Energía	5,491
Eólicos Breogan. S.L.	--	Pontevedra	Energy	100.00%	Subgroup Ceólica	5,028
ES Legarda, S.L.	--	Navarra	Energy	100.00%	Subgroup Biocombustibles	8,424
Estudios y Construcciones De Obras, S.A. De C.V.	--	Mexico	Construction	50.00%	Subgroup Acciona Construcción	--
Eurus S,A,P.I De C.V.	A	Mexico	Energy	62.67%	Subgroup Acciona Energía Mexico	2
Finanzas Dos, S.A.	--	Madrid	Instrumental	100.00%	Acciona	6,626
Finanzas Nec, S.A.	--	Madrid	Financial	100.00%	Subgroup Acciona Inmobiliaria	61
Finanzas y Cartera Dos, S.A.	--	Madrid	Holding Company	100.00%	Acciona	160
Finanzas y Cartera Uno, S.A.	--	Madrid	Instrumental	100.00%	Acciona	15
First Lusitanian Re Project 2018, Sgps, Lda	--	Portugal	Real estate	85.00%	Subgroup Acciona Inmobiliaria	3,625
Flughafendienst Av Gmbh	--	Germany	Logistics Services	100.00%	Subgroup Acciona Airport Services	28
Frigoriferi Di Tavazzano, S.P.A.	--	Italy	Logistics Services	100.00%	Subgroup Acciona Logística	8,826
Fujin Power Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global	3,020
Generación de Energía Renovable, S.A.	--	Alava	Energy	100.00%	Subgroup Ceólica	4,438
Generica De Construcc.Y Mto. Industrial, S.A.	--	Zaragoza	Construction	100.00%	Subgroup Acciona Construcción	107
Geog Services Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Geotech Holding	--
Geotech Holdco Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Geotech Holdco	106,869
Geotech Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Geotech Holding	5,080
Gestio Catalana D'Aigües, S.A.	--	Barcelona	Water Treatment	100.00%	Subgroup Acciona Agua	60
Gestion De Recursos Corporativos, S.L.	--	Navarra	Energy	100.00%	Acciona	3
Gestion De Servicios Urbanos Baleares, S.A.	--	Mallorca	Water Treatment	100.00%	Subgroup Acciona Agua Servicios	7,234
Gouda Wind Facility (Proprietary) Limited	A	South Africa	Energy	36.60%	Subgroup Acciona Energía Sudáfrica	5,736
Guadalaviar Consorcio Eólico Alabe Enerfin, S.A.	--	Madrid	Energy	100.00%	Subgroup Alabe	250
Gunning Wind Energy Developments Pty Ltd	A	Australia	Energy	66.67%	Subgroup Gunning Wind Energy	1,644
Gunning Wind Energy Holdings Pty Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Oceanía	1,644
Gwh-Acciona Energy LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	--
Heartland Windpower, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	--
Hidroeléctrica Del Serradó, S.L.	--	Barcelona	Energy	100.00%	Subgroup Acciona Saltos de Agua	1,844
Hijos de Antonio Barceló, S.A.	A	Madrid	Winery	100.00%	Acciona	31,710
Holding Acciona Airport Services, Spa	--	Chile	Holding Company	100.00%	Subgroup Acciona Airport Services	--
Hospital De Leon Bajio, S.A. De C.V.	A	Mexico	Concessions	100.00%	Acciona	2,960
Iberica Arabian Co Ltd	--	Saudi Arabia	Engineering	100.00%	Subgroup Acciona Ingeniería	120

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Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Iberinsa Do Brasil Engenharia Ltda.	--	Brazil	Engineering	100.00%	Subgroup Acciona Ingeniería	1,624
Inantic, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Acciona Construcción	560
Inetime, S.A.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	--
Ineuropa De Cogeneración, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	28,962
Infraestructuras Ayora, S.L.	--	Madrid	Energy	84.72%	Subgroup Guadalaviar	3
Ingenieria Especializada Obra Civil E Industrial, S.A.	A	Madrid	Engineering	100.00%	Subgroup Acciona Construcción	12,409
Inmobiliaria Parque Reforma, S.A. De CV	A	Mexico	Real estate	100.00%	Subgroup Acciona Inmobiliaria	51,384
INR Eólica, S.A.	--	Sevilla	Energy	100.00%	Subgroup Acciona Energía	613
Interlogística Del Frío, S.A.	A	Barcelona	Logistics Services	100.00%	Subgroup Acciona Logística	16,819
Interurbano De Prensa, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	2,714
John Beever Pty Ltd	A	Australia	Subsidiaries	82.40%	Subgroup Geotech Holding	12,520
Kw Tarifa, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	8,134
La Favorita Real Estate, Unipessoal Lda	--	Portugal	Real estate	85.00%	Subgroup Acciona Inmobiliaria	3,621
Lambarene Necso Gabon	A	Gabon	Construction	100.00%	Subgroup Acciona Construcción	152
Lameque Wind Power Lp	A	Canada	Energy	66.67%	Subgroup Acciona Wind Energy Canadá	9,610
Lusonecso	--	Portugal	Real estate	100.00%	Subgroup Acciona Inmobiliaria	4,573
Malgarida I Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Malgarida II Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
MDC Airport Consult Gmbh	--	Germany	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	1,685
Meltemi Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia	37,183
Metrologia y Comunicaciones, S.A.	--	Madrid	Construction	100.00%	Subgroup Acciona Construcción	150
Mortlake South Wind Farm Holdings Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global	--
Mortlake South Wind Farm Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global	--
Mostostal Warszawa, S.A.	A	Poland	Construction	50.09%	Subgroup Acciona Construcción	24,316
Moura Fabrica Solar, Lda.	A	Portugal	Energy	100.00%	Subgroup Acciona Energía Global	20,057
Mt Gellibrand Wind Farm Holding Pty Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global	--
Mt Gellibrand Wind Farm Pty, Ltd.	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia	9,305
Multiservicios Grupo Ramel, S.A.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	1,500
Necso Entrecanales Cubiertas Mexico, S.A. De CV	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	26,537
Necso Hong Kong, Ltd.	--	Hong Kong	Construction	100.00%	Subgroup Acciona Construcción	1,936
Necso Triunfo Construcoes Ltda	--	Brazil	Construction	50.00%	Subgroup Acciona Construcción	155

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Nevada Solar One, LLC	A	USA	Energy	66.67%	Subgroup NVS1 Investment Group	12,107
Northwinds Trading (Proprietary) Limited	--	South Africa	Engineering	100.00%	Subgroup Acciona Industrial	--
Notos Produçao De Energia Lda	A	Portugal	Energy	46.67%	Subgroup Sayago	200
Nvs1 Investment Group LLC	--	USA	Energy	66.67%	Subgroup Acciona Solar Energy	12,107
Operadora De Servicios Hospitalarios, S.A. De C.V.	A	Mexico	Concession Operation	100.00%	Subgroup Acciona Servicios Hospitalarios	3
P & S Logística Integral Peru	A	Peru	Logistics Services	89.54%	Subgroup Acciona Forwarding	757
Pacific Renewable Energy Generation LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	--
Packtivity, S.A.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	2,065
Palmas Wind, Llc	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	--
Parco Eólico Cocullo S.P.A.	A	Italy	Energy	66.67%	Subgroup Cesa Italia	10,906
Parque Eólico Da Costa Vicentina, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	5,403
Parque Eólico Da Raia, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	1,843
Parque Eólico De Manrique, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	1,314
Parque Eólico De Pracana, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	1,139
Parque Eólico Do Marao, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	2,551
Parque Eólico Do Outeiro, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	14,483
Parque Eólico Dos Fiéis, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	882
Parque Eólico El Chaparro	--	Navarra	Energy	100.00%	Subgroup Alabe	5
Parque Eólico Escepar, S.A.	A	Toledo	Energy	100.00%	Subgroup Ceólica	1,539
Parque Eólico La Esperanza. S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	2,644
Parque Eólico Peralejo, S.A.	A	Toledo	Energy	100.00%	Subgroup Ceólica	1,020
Parque Eolico San Gabriel Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	15,605
Parque Eólico Villamayor, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	6,127
Parques Eólicos Celadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	4,599
Parques Eólicos De Ciudad Real. S.L.	A	Ciudad Real	Energy	100.00%	Subgroup Ceólica	7,844
Parques Eólicos De San Lazaro, S.A. De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía México Global	12,123
Parques Eólicos Del Cerrato. S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	1,375
PAT Cargo, S.A.	--	Chile	Logistics Services	57.50%	Subgroup Acciona Forwarding	687
Pia.Cos S.R.L.	--	Italy	Water Treatment	100.00%	Subgroup Acciona Agua	10
Pichilingue Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Pililin Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Pitagora Srl.	A	Italy	Energy	66.67%	Subgroup Cesa Italia	5,854
Press Cargo Colombia, S.A.	A	Colombia	Logistics Services	99.34%	Subgroup Acciona Forwarding Perú	495

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Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Pridagua Tratamiento De Aguas y Residuos, Lda.	--	Portugal	Water Treatment	100.00%	Subgroup Acciona Agua	--
Pridesa America Corporation	--	USA	Water Treatment	100.00%	Subgroup Acciona Agua	--
Punta Palmeras, S.A.	A	Chile	Energy	66.67%	Subgroup Acciona Energía Internacional	24,866
Pyrenees Wind Energy Developments Pty. Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Oceanía	7,641
Pyrenees Wind Energy Holdings Pty. Ltd	A	Australia	Energy	66.67%	Subgroup Pyrenees Wind Energy	5,107
Ramwork, S.A.	--	Barcelona	Urban Services	99.98%	Subgroup Acciona Facility Services	500
Ravi Urja Energy India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global	3,115
Red Hills Finance, LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	--
Red Hills Holding, LLC	A	USA	Energy	63.34%	Subgroup Red Hills Finance	4,546
Rendos, S.A.	--	Madrid	Financial	100.00%	Acciona	18,720
Renovables Del Penedés, S.A.U.	--	Badajoz	Energy	100.00%	Subgroup Acciona Energía	3,590
Riacho Novo Empreendimentos Inmobiliarios, Ltda	--	Brazil	Real estate	100.00%	Subgroup Acciona Inmobiliaria	12,608
Rio Paraiba Do Sul Serviços Ltda	--	Brazil	Concession Operation	100.00%	Subgroup Acciona do Brasil	426
Ripley Windfarm JV	A	Canada	Energy	66.67%	Subgroup Acciona Wind Energy Canadá	14,625
S.C. A2 Tramo 2, S.A.	A	Guadalajara	Concessions	100.00%	Acciona	14,876
S.C. DLP, S.A.	--	Madrid	Construction	60.00%	Subgroup Acciona Construcción	571
S.C. Hospital del Norte, S.A.	A	Madrid	Concessions	95.00%	Acciona	19,757
Saltos Del Nansa, S.A.U.	--	Santander	Energy	100.00%	Subgroup Acciona Saltos de Agua	73,038
Saltos y Centrales De Catalunya, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Saltos de Agua	38,238
San Roman Finance Llc	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	53,332
San Roman Holding Llc	--	USA	Energy	100.00%	Subgroup San Roman Holding Llc	52,473
San Roman Wind I, LLC	A	USA	Energy	100.00%	Subgroup San Roman Holding Llc	124,620
San Solar Energy Facility (Propietary) Limited	A	South Africa	Energy	100.00%	Subgroup Acciona Energía Global Sudáfrica	367
Sc Acciona Facility Services Automotive Srl	--	Romania	Urban Services	100.00%	Subgroup Acciona Facility Services	--
Sociedad .Empresarial De Financiación y Comercio, S.L.	--	Madrid	Financial	100.00%	Acciona	138
Servicios Hospitalarios Chut, S.L.	--	Madrid	Concessions	100.00%	Subgroup Acciona Servicios Hospitalarios	3
Sierra De Selva, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	17,126
Sileno, S.A.	--	Alava	Winery	100.00%	Subgroup Hijos de Antonio Barceló	7,615
Sishen Solar Facility (Proprietary) Limited	A	South Africa	Energy	36.60%	Subgroup Acciona Energía Sudáfrica	1,425
Sistemas Energéticos Sayago. S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	213
Sistemas Energéticos Valle De Sedano. S.A.	A	Madrid	Energy	100.00%	Subgroup Ceólica	20,837

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Sociedad Explotadora De Recursos Eólicos, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	4,818
Sociedad Istmeña Desarrollo Eólico, SRL De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía México Global	1,580
Sociedad Levantina De Obras y Servicios, S.A.	--	Valencia	Construction	100.00%	Subgroup Acciona Construcción	1,503
Sociedad San Rafael Hidráulica S.A. De C.V.	A	Mexico	Engineering	100.00%	Subgroup Acciona Ingeniería	11,469
Soconfil, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2	60
Solar Fields Energy Photo Voltaic India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global	2,298
Solomon Forks Wind Farm, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	--
Starke Wind Golice Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia	6,187
Sun Photo Voltaic Energy India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global	22,093
Surya Energy Photo Voltaic India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global	7,367
Table Mountain Wind LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	6
Tajro, Sp. Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	33,458
Tatanka Finance LLC	--	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	714
Tatanka Holding, LLC	--	USA	Energy	26,00% (100% class B shares)	Subgroup Tatanka	1,215
Tecniomnia Española, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	30
Termosolar Alvarado Dos, S.L.	--	Badajoz	Energy	100.00%	Subgroup Acciona Energía	193
Ternua Holdings. B.V.	--	Holland	Energy	100.00%	Subgroup Tecusa	907
Terranova Energy Corporation	--	USA	Energy	100.00%	Subgroup Acciona Eólica Cesa	52,289
Terranova Energy Corporation. S.A.	--	Barcelona	Energy	100.00%	Subgroup Ceólica	15,933
Tibest Cuatro, S.A.	--	Madrid	Instrumental	100.00%	Acciona	13,523
Tictres, S.A.	--	Madrid	Instrumental	100.00%	Acciona	18,249
Tlaui Aqua, S.A. de C.V.	--	Mexico	Water Treatment	70.00%	Subgroup Acciona Agua	7,634
Tolchén Transmisión Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	270
Tolpan Sur, Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	1,470
Torre Lugano S.L.	--	Valencia	Real estate	100.00%	Subgroup Acciona Real Estate	6,097
Towarowa Park Spolka Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	15,338
Transurme, S.A.	--	Barcelona	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	109
Ttanka Wind Power LLC	A	USA	Energy	26,00% (100% class B shares)	Subgroup Tatanka	130,137
Tucana, Sp. Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	23,300
Tuppadahalli Energy India Private Limited	A	India	Energy	66.67%	Subgroup Acciona Energía Internacional	10,891
Usya Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Valdivia Energía Eólica, S.A.	D	Sevilla	Energy	100.00%	Subgroup Acciona Energía	10,945
Velva Windfarm, LLC	--	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	7,037
Vientos Bajo Hondo I, S.A.	--	Argentina	Energy	100.00%	Subgroup Acciona Energía Global	--
Vientos Bajo Hondo, S.A.	--	Argentina	Energy	100.00%	Subgroup Acciona Energía Global	--
Viñedos Viña Mayor, S.L.	--	Madrid	Winery	100.00%	Subgroup Hijos de Antonio Barceló	4
Vjetroelektrana Čemernica D.O.O.	--	Croatia	Energy	100.00%	Subgroup Acciona Energía Global	415
Vjetroelektrana Jelinak Doo	A	Croatia	Energy	66.67%	Subgroup Acciona Energía Internacional	8,002
Vjetroelektrana Opor D.O.O.	--	Croatia	Energy	100.00%	Subgroup Acciona Energía Global	1,444
Voltser Serviços De Operaçao E Manutençao De Centr	--	Portugal	Energy	100.00%	Subgroup Acciona Energía Global Portugal II	79
White Shield Wind Proyect LLC	A	USA	Energy	63.34%	Subgroup Acciona Wind Energy Usa, Llc	38,784
Wind Farm 66, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	838
Zurich Wind Power Lp Inc	--	Canada	Energy	100.00%	Subgroup Acciona Renewable Canadá	825

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

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TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº 10003

APPENDIX II

JOINT OPERATIONS STRUCTURED THROUGH SEPARATE VEHICLES

The joint arrangements structured through separate vehicles proportionately consolidated in the year ended 31 December 2018, in accordance with IFRS, and the information related thereto are as follows (amounts in thousand euros):

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Aista-Trans JV (PTY) LTD	--	South Africa	Construction	66.67%	Subgroup Acciona Construcción	--
Bokpoort EPC Consortium (Pty) Ltd	C	South Africa	Engineering	30.00%	Subgroup Acciona Ingeniería	--
Chin Chute Windfarm JV	B	Canada	Energy	22.22%	Subgroup Acciona Wind Energy Canadá	3,637
Consorcio Acciona Brotec Icafal S.A.	--	Chile	Construction	60.00%	Subgroup Acciona Construcción	25,893
Consorcio Hospital Egc, S.A.	--	Chile	Construction	80.00%	Subgroup Acciona Construcción	5
Iniciativas Energéticas Renovables, S.L.	--	Pamplona	Energy	50.00%	Subgroup Acciona Energía	15
Liciastar (Propietary) Limited	B	South Africa	Engineering	50.00%	Subgroup Acciona Ingeniería	--
Magrath Windfarm Jv	B	Canada	Energy	22.22%	Subgroup Acciona Wind Energy Canadá	1,059
Ouarzazate Solar 1, Sarl	--	Morocco	Engineering	37.50%	Subgroup Acciona Ingeniería	4,258
Proyecto F8 Troy Aym, S.A. de C.V.	A	Mexico	Engineering	55.95%	Subgroup Acciona Industrial	37
Sistema Eléctrico De Evacuacion Eólica En Subestac	--	Madrid	Energy	31.90%	Subgroup Acciona Eólica Cesa	10

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

APPENDIX III

COMPANIES CONSOLIDATED BY APPLICATION OF THE EQUITY METHOD

The companies consolidated by application of the equity method in the year ended 31 December 2018, in accordance with IFRS, and the information related thereto are as follows (amounts in thousand euros):

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
A Raia Do Tejo Housing Manager, Lda	--	Portugal	Real Estate Development	15.00%	Subgroup Acciona Inmobiliaria	1
Acciona & Ghanim Bin Saad Alsaad And Sons Group Ho	--	Qatar	Urban Services	49.00%	Subgroup Acciona Facility Services	21
Acciona Agua & Sogex Llc	--	Oman	Water Treatment	50.00%	Subgroup Acciona Agua	--
Acciona Agua Sardinia Infraestructure S.R.L.	--	Italy	Water Treatment	10.00%	Subgroup Acciona Agua	--
Acciona Concesiones P2W investment limited	--	New Zealand	Infrastructure concession	10.00%	Subgroup Acciona Concesiones	--
Acciona Waste Water Treatment Plant Limited	--	Trinidad y Tobago	Water Treatment	70.00%	Subgroup Acciona Agua	14,059
Acciona Wastewater Solutions GP Inc.	--	Canada	Water Treatment	25.00%	Subgroup Acciona Agua	--
Acciona Wep Holdings Inc.	--	Canada	Concessions	33.33%	Subgroup Acciona Concesiones	1
Acciones Urbanas, Servicios y Medio Ambiente, S.L.	--	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos	200
Adelaideaqua Pty Ltd.	C	Australia	Water Treatment	50.00%	Subgroup Acciona Agua Adelaide	--
Aguas Tratadas Del Valle De Mexico S.A. De C.V.	C	Mexico	Water Treatment	24.26%	Subgroup Acciona Agua	28,570
Algerian Water Investment, S.L.	--	Madrid	Water Treatment	50.00%	Subgroup Acciona Agua	6,825
Alsubh Solar Power, S.A.E.	--	Egypt	Energy	50.00%	Subgroup Acciona Energía Global	0
Altrac Light Rail Holdings 1 Pty Limited	--	Australia	Concessions	5.00%	Subgroup Acciona Concesiones	8,831
Amper Central Solar Moura	A	Portugal	Energy	43.74%	Subgroup Acciona Energía Internacional	12,740
Ampliación Facultad Dret, S.A.	--	Barcelona	Construction	50.00%	Subgroup Acciona Construcción	1,038
Aprofitament D'Energies Renovables De L´Ebre S.L.	--	Barcelona	Energy	9.76%	Subgroup Acciona Energía	378
Asenda Ciudad Mayakoba Sa De Cv	--	Mexico	Real estate	50.00%	Subgroup Parque Reforma	44
At Solar I, Sapi De Cv	--	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	918
At Solar Ii, Sapi De Cv	--	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	556
At Solar Iii, Sapi De Cv	--	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	556
At Solar Iv, Sapi De Cv	--	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	556
At Solar V, Sapi De Cv	A	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	26,184
Baja California Power, S.A. De C.V.	A	Mexico	Engineering	65.00%	Subgroup Acciona Ingeniería	1
Bioetanol Energético	--	Madrid	Energy	50.00%	Subgroup Biocombustibles	804

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Bioetanol Energético La Mancha	--	Madrid	Energy	50.00%	Subgroup Biocombustibles	0
Camarate Golf, S.A.	--	Madrid	Real estate	22.00%	Subgroup Acciona Inmobiliaria	2,455
Carnotavento. S.A.	--	A Coruña	Energy	24.50%	Subgroup Eurovento	1
Cathedral Rocks Construcc. And Management, Pty Ltd	--	Australia	Energy	50.00%	Subgroup Acciona Energía Global Australia	--
Cathedral Rocks Holdings 2, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Cathedral Rocks Holdings	7,811
Cathedral Rocks Holdings, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Acciona Energía Oceanía	8,632
Cathedral Rocks Wind Farm, Pty. Ltd	B	Australia	Energy	33.34%	Subgroup Cathedral Rocks Holdings 2	7,811
Chinook Highway Operations Inc.	--	Canada	Concession Operation	50.00%	Subgroup Acciona Concesiones	1,024
Cogeneración Arrudas Ltda	--	Brazil	Water Treatment	50.00%	Subgroup Acciona Agua	55
Concesionaria De Desalacion De Ibiza, S.A.	E	Ibiza	Water Treatment	50.00%	Subgroup Acciona Agua	1,082
Concesionaria La Chira, S.A.	E	Peru	Water Treatment	50.00%	Subgroup Acciona Agua	6,364
Consorcio Operador De Atotonilco S.A. De C.V.	--	Mexico	Water Treatment	24.50%	Subgroup Acciona Agua	3,002
Consorcio Traza, S.A.	--	Zaragoza	Concessions	16.60%	Acciona	7,079
Constructor Atacama Csp Chile Spa	--	Chile	Construction	25.00%	Subgroup Acciona Industrial	5
Constructor Atacama Csp, S.L.	--	Chile	Construction	25.00%	Subgroup Acciona Industrial	2
Constructora De Obras Civiles y Electromecanicas	--	Mexico	Water Treatment	24.50%	Subgroup Aguas Hispano Mexicana	1
Constructora Necso Sacyr Chile	--	Chile	Construction	50.00%	Subgroup Acciona Concesiones Chile	6
Constructora Terminal Valle de México, S.A. de C.V.	--	Mexico	Construction	14.28%	Subgroup Acciona Construcción	--
Depurar P1, S.A.	--	Zaragoza	Water Treatment	50.00%	Subgroup Acciona Agua	1,035
Desarrollo De Energías Renovables De Navarra, S.A.	--	Pamplona	Energy	50.00%	Subgroup Acciona Energía	2,830
Divinopolis Saneamento, S.A.	--	Brazil	Water Treatment	15.00%	Subgroup Acciona Agua	165
EMSERVA, S.A.	--	Málaga	Water Treatment	49.00%	Subgroup Acciona Agua Servicios	50
Energías Renovables Mediterraneas, S.A.	C	Valencia	Energy	50.00%	Subgroup Acciona Energía	79,500
Energy Corp Hungary Kft	E	Hungary	Energy	50.00%	Subgroup Acciona Eólica Cesa	1,475
Eólicas Mare Nostrum S.L.	--	Valencia	Energy	50.00%	Subgroup Acciona Energía	4,818
Eurovento. S.L.	--	A Coruña	Energy	50.00%	Subgroup Tripower	1,966
Explotaciones Eólicas Sierra De Utrera. S.L.	--	Madrid	Energy	25.00%	Subgroup Ceólica	817
Firefly Investments 238 (Proprietary) Limited	C	South Africa	Energy	45.00%	Subgroup Acciona Energía Global Sudáfrica	--
Gran Hospital Can Misses, S.A.	--	Ibiza	Concessions	40.00%	Subgroup Acciona Concesiones	2,148
Helena Water Finance Pty Ltd	C	Australia	Water Treatment	25.05%	Subgroup Acciona Agua Internacional Australia	7,564
Infraestructuras Radiales, S.A.	--	Madrid	Concessions	25.00%	Acciona	28,773
Infraestructuras Villanueva, S.L.	--	Madrid	Energy	40.53%	Subgroup Guadalaviar	1
Interboya Press, S.A.	--	Madrid	Logistics Services	50.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	30
Líneas Eléctricas Asturianas. S.L.	--	Asturias	Energy	50.00%	Subgroup Eurovento	2

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
Líneas Eléctricas Gallegas II. S.L.	--	Galicia	Energy	50.00%	Subgroup Eurovento	2
Líneas Eléctricas Gallegas III. S.L.	--	Galicia	Energy	50.00%	Subgroup Eurovento	2
Líneas Eléctricas Gallegas. S.L.	--	Galicia	Energy	35.00%	Subgroup Eurovento	1
Locubsa	E	Andorra	Construction	48.89%	Subgroup Acciona Construcción	26
Logiberica de Prensa y Servicios, S.L.	--	Madrid	Logistics Services	50.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	30
Mov-R H1 Szeleromu Megujulo Energia Hasznosito Kft	E	Hungary	Energy	49.25%	Subgroup Energy Corp Hungary	1,121
Myah Typaza, Spa	D	Algeria	Water Treatment	25.50%	Subgroup Algerian Water Investment	6,858
Necsorgaz, S.L.	--	Madrid	Real estate	50.00%	Subgroup Acciona Inmobiliaria	14
Nexus Infrastructure Holdings Unit Trust	--	Australia	Concessions	20.00%	Subgroup Acciona Concesiones	5,830
NORDEX SE	B	Germany	Energy	29.90%	Acciona	753,942
Nova Darsena Deportiva De Bara, S.A.	--	Madrid	Concessions	50.00%	Acciona	--
Nuevo Hospital De Toledo, S.A.	--	Toledo	Concessions	33.33%	Subgroup Acciona Concesiones	7,934
Oakleaf Investment Holdings 86 (Proprietary) Limit	C	South Africa	Energy	50.00%	Subgroup Acciona Energía Global Sudáfrica	6,012
Operador Del Mercado Ibérico - Polo Español, S.A.	--	Madrid	Energy	5.00%	Subgroup Acciona Energía	1,583
Operadora Can Misses S.L.	--	Ibiza	Concession Operation	40.00%	Subgroup Acciona Servicios Hospitalarios	281
P2W Services Limited	--	New Zealand	Infrastructure concession	50.00%	Subgroup Acciona Concesiones	--
Páramo De Los Angostillos, S.L.	A	Palencia	Energy	50.00%	Subgroup Acciona Energía	1,920
Parque Eólico A Runa. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	7,068
Parque Eólico Adrano. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	7,429
Parque Eólico Ameixenda Filgueira. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	6,648
Parque Eólico Cinseiro. S.L.	D	Zamora	Energy	50.00%	Subgroup Ceólica	505
Parque Eólico Curras. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	1,885
Parque Eólico De Abara. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	1,663
Parque Eólico De Barbanza. S.L.	--	A Coruña	Energy	12.50%	Subgroup Eurovento	450
Parque Eólico De Bobia y San Isidro. S.L.	C	Asturias	Energy	50.00%	Subgroup Ceólica	548
Parque Eólico De Deva. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	3,505
Parque Eólico De Tea. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	6,393
Parque Eólico Vicedo. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	553
Parque Eólico Virxe Do Monte. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	5,147
Parques Eólicos De Buio. S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica	4,305
Polígono Romica, S.A.	--	Albacete	Real estate	50.00%	Subgroup Acciona Inmobiliaria	937
Port City Water Services Inc.	--	Canada	Water Treatment	50.00%	Subgroup Acciona Agua	--
Reghion Agua S.C.A.R.L.	--	Italy	Water Treatment	50.00%	Subgroup Acciona Agua Servicios	5
Residencial Maranta Dos S.A. de C.V.	C	Mexico	Real estate	10.00%	Subgroup Parque Reforma	1,094
Rising Sun Energy, S.A.E.	--	Egypt	Energy	38.00%	Subgroup Acciona Energía	4,135

Company	Audit	Location	Main activity	Effective Share %	Shareholder	Carrying amount
					Global	
S.C. Autovía De La Plata S.A.	--	Madrid	Concessions	25.00%	Subgroup Acciona Construcción	11,531
S.C. Autovia Gerediaga Elorrio S.A.	--	Bilbao	Concessions	22.80%	Subgroup Acciona Construcción	7,017
S.C. Del Canal De Navarra, S.A.	--	Pamplona	Concessions	50.00%	Acciona	--
Novo Hospital De Vigo S.A.	--	Pontevedra	Concessions	43.33%	Acciona	13,605
S.C. Puente Del Ebro, S.A.	--	Aragon	Concessions	50.00%	Acciona	6,693
Servicio De Tratamiento De Aguas Ptar Caracol, S.A.	--	Mexico	Water Treatment	48.98%	Subgroup Acciona Agua	328
Servicios Comunitarios De Molina De Segura, S.A.	E	Murcia	Water Treatment	48.27%	Subgroup Acciona Agua Servicios	10,267
Sistemes Electrics Espluga, S.A.	--	Barcelona	Energy	50.00%	Subgroup Acciona Energía	31
Sociedad De Aguas Hispano Mexicana S.A De C.V.	C	Mexico	Water Treatment	50.00%	Subgroup Acciona Agua	5,944
Sociedad Explotadora Autovia Gerediaga - Elorrio S.L.	--	Spain	Concession Operation	28.70%	Subgroup Acciona Concesiones	50
Sociedad Mixta Del Agua- Jaen, S.A.	C	Jaen	Water Treatment	60.00%	Subgroup Acciona Agua Servicios	1,368
Sociedad Operadora Novo Hospital De Vigo S.A.	--	Pontevedra	Concession Operation	43.33%	Subgroup Acciona Servicios Hospitalarios	26
Solena Group	--	USA	Urban Services	25.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	3,995
Sunrise Energy, S.A.E.	--	Egypt	Energy	38.00%	Subgroup Acciona Energía Global	4,135
Tranvias Urbanos De Zaragoza S.L.	--	Zaragoza	Concession Operation	15.00%	Subgroup Acciona Concesiones	9
Tuto Energy I, S.A.P.I. de C.V.	--	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	772
Tuto Energy Ii, S.A.P.I. de C.V.	A	Mexico	Energy	50.00%	Subgroup Acciona Energía México Global	13,737
Vento Mareiro. S.L.	--	A Coruña	Energy	24.50%	Subgroup Eurovento	1
Ventos e Terras Galegas II. S.L.	--	Galicia	Energy	50.00%	Subgroup Tripower	2
Ventos e Terras Galegas. S.L.	--	Galicia	Energy	50.00%	Subgroup Tripower	90
Vertex Residencial Cuajimalpa, S.A. De C.V.	C	Mexico	Real estate	10.00%	Subgroup Parque Reforma	313

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

APPENDIX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in the consolidation scope in 2018 were as follows:

Company	Location	Main activity	Change	Consolidation Method
Acciona Airport Services, Sau Argentina	Argentina	Services	Addition	Group
Acciona Industrial Kenia, Pty Limited	Republic of Kenya	Industrial	Addition	Group
Acciona Infrastructure Maintenance Inc.	Canada	Construction	Addition	Group
Andes Airport Services, S.A.	Chile	Services	Addition	Group
A Raia Do Tejo Housing Manager, Lda	Portugal	Real estate	Addition	Associates
Asenda Ciudad Mayakoba Sa De Cv	Mexico	Real estate	Addition	Associates
Constructor Atacama Csp, S.L.	Chile	Industrial	Addition	Associates
Constructor Atacama Csp Chile Spa	Chile	Industrial	Addition	Associates
Acciona Solar Pty Ltd	Australia	Energy	Addition	Group
Acciona Construction Holdings Pty Ltd	Australia	Energy	Addition	Group
Corporación Acciona Infraestructuras (Australia), Pty Ltd	Australia	Infrastructures	Addition	Group
Consorcio Operador De Atotonilco S.A. De C.V.	Mexico	Water	Addition	Associates
Dymerka Solar Poland Sp. Z.O.O.	Ukraine	Energy	Addition	Group
Dymerka Solar Mmc	Ukraine	Energy	Addition	Group
Dymerska Photovoltaic Power Plant-2 Llc	Ukraine	Energy	Addition	Group
Dymerska Photovoltaic Power Plant-3 Llc	Ukraine	Energy	Addition	Group
La Favorita Real Estate, Unipessoal Lda	Portugal	Real estate	Addition	Group
Acciona Industrial Brasil Ltda	Brazil	Engineering	Addition	Group
Holding Acciona Airport Services, Spa	Chile	Services	Addition	Group
Parques Eólicos De San Lazaro, S.A. De C.V.	Mexico	Energy	Addition	Group
First Lusitanian Re Project 2018, Sgps, Lda	Portugal	Real estate	Addition	Group
Mortlake South Wind Farm Pty Ltd	Australia	Energy	Addition	Group
Mt Gellibrand Wind Farm Holding Pty Ltd	Australia	Energy	Addition	Group
Servicios Hospitalarios Chut, S.L.	Madrid	Concessions	Addition	Group
Acciona Eólica Santa Cruz, S. De R.L. De C.V.	Mexico	Energy	Addition	Group
Maple Concessions Canada Inc.	Canada	Holding Company	Removals	Associates
Acciona Facility Services Holland B.V.	Holland	Urban Services	Removals	Group
AIE Trafalgar	Cadiz	Energy	Removal	Group
Autovia Del Almanzora S.A.	Seville	Concessions	Removals	Associates
Agencia Maritima Transhispanica, S.A.	Madrid	Logistics Services	Removals	Group
Termosolar Alvarado, S.L.	Badajoz	Energy	Removal	Group

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Company	Location	Main activity	Change	Consolidation Method
Biocarburants De Catalunya, S.A.	Barcelona	Energy	Removal	Group
Bana H2 Szeleromu Megujulo Energia Hasznosito Kft	Hungary	Energy	Removal	Associates
Cenargo España, S.L.	Madrid	Logistics Services	Removals	Group
Europa Ferrys, S.A.	Cadiz	Logistics Services	Removals	Group
EHN Slovenia	Slovenia	Energy	Removal	Group
Estibadora Puerto Bahía, S.A.	Cadiz	Logistics Services	Removals	Group
Asesores Turisticos Del Estrecho, S.A.	Malaga	Logistics Services	Removals	Group
Viajes Eurotras, S.A.	Cadiz	Logistics Services	Removals	Group
Evacuacion Villanueva Del Rey, S.L.	Sevilla	Energy	Removal	Associates
Ferrimaroc Agencias, S.L.	Almeria	Logistics Services	Removals	Associates
Ferrimaroc, S.A.	Morocco	Logistics Services	Removals	Associates
GSD Flughafen Gmbh	Germany	Logistics Services	Removals	Group
Hermes Logística, S.A.	Barcelona	Logistics Services	Removals	Group
Iber Rail France, S.L.	France	Logistics Services	Removals	Group
Maritime Global Operator, Ltd	Malta	Logistics Services	Removals	Group
Meltemi South Sp. Z.O.O.	Poland	Energy	Removal	Group
Alabe Mengibar, A.I.E.	Madrid	Energy	Removal	Group
Millatres 2003, S.L.	Tenerife	Logistics Services	Removals	Group
Termosolar Palma Saetilla, S.L.	Madrid	Energy	Removal	Group
Paris Aquitaine Transports, S.A.	France	Logistics Services	Removals	Group
Terminal De Carga Rodada, S.A.	Madrid	Logistics Services	Removals	Group
Rodovia do Aço, S.A.	Brazil	Concessions	Removals	Group
Parque Reforma Santa Fe, S.A. De C.V.	Mexico	Real estate	Removals	Group
Agencia Schembri, S.A.	Madrid	Logistics Services	Removals	Group
Trasmediterránea Cargo, S.A.	Madrid	Logistics Services	Removals	Group
Terminal Ferry Barcelona, S.R.L.			Removals	Group
Testa Residencial SOCIMI, S.A.	Madrid	Real estate	Removals	Associates
Trasmediterránea Shipping Maroc, S.A.R.L.	Tangier	Logistics Services	Removals	Group
Transportes Olloquiegui, S.A.	Navarra	Logistics Services	Removals	Group
Tours And Incentives, S.A.U.	Madrid	Logistics Services	Removals	Group

Company	Location	Main activity	Change	Consolidation Method
Compañía Trasmediterránea, S.A.	Madrid	Logistics Services	Removals	Group
Acciona Termosolar	Navarra	Energy	Removal	Group
Termosolar Majadas, S.L.	Madrid	Energy	Removal	Group
Rústicas Vegas Altas, S.L.	Badajoz	Energy	Removal	Group
Turismo y Aventuras, S.A.U.	Madrid	Logistics Services	Removals	Group
Eólico Alijar, S.A.	Cadiz	Energy	Change in Method	Group
Valdivia Energía Eólica, S.A.	Seville	Energy	Change in Method	Group

Changes in the consolidation scope in 2017 were as follows:

Company	Location	Main activity	Change	Consolidation Method
Acciona Facility Services Poland Spólka Z.O.O.	Poland	Urban Services	Addition	Group
Acciona Construction Holdings Pty Ltd	Australia	Construction	Addition	Group
Geotech Holdco PTY LTD	Australia	Construction	Addition	Group
Acciona Construction Holdings Pty Ltd	Australia	Construction	Addition	Group
Geotech Pty Ltd	Australia	Construction	Addition	Group
Coleman Rail Pty Ltd	Australia	Construction	Addition	Group
John Beever Pty Ltd	Australia	Construction	Addition	Group
Geog Services Pty Ltd	Australia	Construction	Addition	Group
Acciona Geotech Group Services Pty Ltd	Australia	Construction	Addition	Group
Acciona Concesiones P2W investment limited	New Zealand	Concession Operation	Addition	Associates
P2W Services Limited	New Zealand	Concession Operation	Addition	Associates
Acciona Construction USA Corp.	USA	Construction	Addition	Group
Alsubh Solar Power, S.A.E.	Egypt	Energy	Addition	Associates
Vientos Bajo Hondo, S.A.	Argentina	Energy	Addition	Group
Vientos Bajo Hondo I, S.A.	Argentina	Energy	Addition	Group
Aista-Trans JV (PTY) LTD	South Africa	Engineering	Addition	Joint operation
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	Construction	Addition	Associates
Acciona Construccion Australia, Pty Ltd.	Australia	Construction	Addition	Group
Acciona Financiación Filiales Australia Pty Ltd	Australia	Financial	Addition	Group
Acciona Wastewater Solutions GP Inc.	Canada	Water Treatment	Addition	Associates
Acciona Construction Maroc, SARL	Morocco	Construction	Addition	Group
Palmas Wind, Llc	USA	Energy	Addition	Group
Civerzba ITG, S.L.	Egypt	Energy	Addition	Group

Company	Location	Main activity	Change	Consolidation Method
Efrato ITG, S.L.	Egypt	Energy	Addition	Group
Testa Residencial Socimi SA.	Spain	Real estate	Addition	Group
Acciona Suministradora México, S.R.L. de C.V.	Mexico	Energy	Addition	Group
Acciona Industrial Australia, Pty Ltd	Australia	Engineering	Addition	Group
Rising Sun Energy, S.A.E.	Egypt	Energy	Addition	Associates
Sunrise Energy, S.A.E.	Egypt	Energy	Addition	Associates
Acciona Agua Sardinia Infraestructure S.R.L.	Italy	Water Treatment	Addition	Associates
Tlaui Aqua, S.A. de C.V.	Mexico	Water Treatment	Addition	Group
Compañía de agua Calten, S.A.P.I. de C.V.	Mexico	Water Treatment	Addition	Group
Acciona Construction Philippines Inc.	Philippines	Construction	Addition	Group
Combuslebor, S.L.	Murcia	Logistics Services	Removals	Group
Logística Del Transporte Slb, S.A.	Murcia	Logistics Services	Removals	Group
Murfitrans, S.L.	Murcia	Logistics Services	Removals	Group
Transportes Frigoríficos Murcianos, S.L.	Murcia	Logistics Services	Removals	Group
Grupo Transportes Frigoríficos Murcianos, S.L	Murcia	Logistics Services	Removals	Group
Frigoríficos Caravaca, S.L.	Murcia	Logistics Services	Removals	Group
Acciona Facility Services Belgique Sprl	Belgium	Urban Services	Removals	Group
Compañía Urbanizada Del Coto, S.L.	Madrid	Real estate	Removals	Group
Valgrand 6, S.A.	Madrid	Real estate	Removals	Group

APPENDIX V

BREAKDOWN OF THE MAIN CONCESSIONS

Water division:

Name	Description	Period	Country	ACCIONA	Status	Accounting method	Asset type
EDAR 8B	Construction, operation and maintenance of the wastewater treatment plant "08B Zone" of Aragon	2008 - 2031	Spain	100%	Operational	Global integration	Intangible asset
EDAR 7B	Construction, operation and maintenance of the wastewater treatment plant "07B Zone" of Aragon	2011 - 2031	Spain	100%	Operational	Global integration	Intangible asset
IDAM Javea	Construction, operation and maintenance of the sea water desalination plant in Javea	2001 - 2023	Spain	100%	Operational	Global integration	Financial asset
IDAM Cartagena	Construction, operation and maintenance of the sea water desalination plant in Cartagena	2001 - 2020	Spain	63%	Operational	Proportional integration	Financial asset
IDAM Fouka	Construction, operation and maintenance of the sea water desalination plant in Tipaza	2008 - 2036	Argelia	26%	Operational	Equity method	Financial asset
IDAM Ibiza - Portmany	Reconstruction, works operation and maintenance of the sea water desalination plant in San Antonio Portmany and Ibiza	2009 - 2024	Spain	50%	Operational	Equity method	Financial asset
PTAR Atotonilco	Construction, operation and maintenance of the wastewater treatment plant in Atotonilco	2010 - 2035	Mexico	24%	Operational	Equity method	Financial asset
WWTP Mundaring	Construction, operation and maintenance of the wastewater treatment plants in Mundaring	2011 - 2048	Australia	25%	Operational	Equity method	Financial asset
PTAR La Chira	Construction, operation and maintenance of the wastewater treatment plants in La Chira	2011 - 2037	Peru	50%	Operational	Equity method	Financial asset
IDAM Arucas Moya	Extension, operation and maintenance of the sea water desalination plant in Arucas / Moya	2008 - 2024	Spain	100%	Operational	Global integration	Intangible asset
Red de saneamiento en Andratx	Construction, operation and maintenance of the sewage network in Andratx	2009 - 2044	Spain	100%	Construction /Operational	Global integration	Intangible asset
Port City Water	Design, construction, financing, operation and maintenance of a water treatment plant and storage reservoirs in Saint John	2016 - 2048	Canada	40%	Construction	Equity method	Financial asset
ATLL (*)	Upstream water supply service in Ter-Llobregat	2013 - 2062	Spain	76%	Operational	Global integration	Intangible asset
Sercomosa	Public-private company whose principal activity is the water supply to Molina de Segura	1998 - 2040	Spain	48%	Operational	Equity method	Intangible asset
Somajasa	Public-private company to manage integrated water cycle of public services in some relevant Municipalities of Province of Jaen	2007 - 2032	Spain	60%	Operational	Equity method	Intangible asset
Gesba	Water supply service in Andratx and Deiá (Mallorca)	1994 - 2044	Spain	100%	Operational	Global integration	Intangible asset
Paguera	Water supply service in Calvià (Mallorca)	1969 - 2019	Spain	100%	Operational	Global integration	Intangible asset
Costa Tropical	Integrated water cycle service in Costa Tropical (Granada)	1995 - 2045	Spain	49%	Operational	Proportional integration	Intangible asset
Boca del Rio	Integrated water cycle of public services in Boca del Rio (Veracruz)	2018 - 2047	Mexico	70%	Operational	Global integration	Intangible asset

(*) See current status of the concession in note 17

Infrastructure division:

	Name	Description	Period	Country	ACCIONA	Status	Accounting method	Asset type
Roads	Autovia de los Viñedos	Construction, operation and maintenance of road CM-42 between Consuegra & Tomelloso (74.5km). Shadow toll	2003 - 2033	Spain	100%	Operational	Global integration	Intangible asset
Roads	A2 - Section 2	Remodelling, restoration, operation and maintenance of a 76.5km stretch of an existing road between km 62 (A-2) and km 139 (border of province of Soria-Guadalajara). Shadow toll	2007 - 2026	Spain	100%	Operational	Global integration	Intangible asset
Roads	Windsor Essex Parkway	Design, construction and operation of 11km highway connecting Windsor (Ontario - Canada) and U.S. Border (Detroit - Michigan)	2010 - 2044	Canada	33%	Operational	Equity method	Financial asset
Roads	Autovía Gerediaga - Elorrio	Construction, conservation and operation of N-636 road, Gerediaga-Elorrio stretch, and conservation and operation of Variante de Elorrio already built. Pay for availability	2012 - 2042	Spain	23%	Operational	Equity method	Financial asset
Roads	Autovía de la Plata	Construction, conservation and operation of Autovía de la Plata (A-66) road, between Benavente and Zamora. Stretches: A6 (Castrogonzalo) - Santovenia del Esla, Santovenia del Esla - Fontanillas de Castro, Fontanillas de Castro –Zamora. Pay for availability	2012 - 2042	Spain	25%	Operational	Equity method	Financial asset
Roads	Toowoomba Second Range Crossing (Nexus)	Design, construction and operation of 41km of the north ring road in Toowoomba (Queensland), from Helidon Spa to Athol, through Charlton. Availability payment (25 year operation from construction end)	2015 - 2043	Australia	20%	Construction	Equity method	Financial asset
Roads	Puhoi to Warkworth	Finance, design, construct and maintain the new Pūhoi to Warkworth motorway. The Pūhoi to Warkworth project will extend the four-lane Northern Motorway (SH1) 18.5km from the Johnstone's Hill tunnels to just north of Warkworth.	2016 - 2046	New Zealand	10%	Construction	Equity method	Financial asset
Rail	Consorcio Traza (Tranvía Zaragoza)	Construction & operation of the streetcar that crosses the city (12.8km)	2009 - 2044	Spain	17%	Operational	Equity method	Both methods
Rail	Sydney Light Rail	Design, construction and O&M of 12km rail line from Circular Quay via George Street to Central Station crossing Surry Hills to Moore Park, Kensington, Kingsford and Randwick. It includes operation of Inner West line	2014 - 2034	Australia	5%	Construction	Equity method	Financial asset
Canal	Canal de Navarra	Construction & operation of the 1st phase of the Canal de Navarra irrigation area	2006 - 2036	Spain	50%	Operational	Equity method	Both methods
Port	Nova Darsena Esportiva de Bara	Construction & operation of the Roda de Bara marina. Revenues from moorings, shops & parking (191,771m^2)	2005 - 2035	Spain	50%	Operational	Equity method	n.m
Hospital	Hospital de Leon Bajio	Design, construction, equipment and O&M of the hospital (184 beds)	2005 - 2030	Mexico	100%	Operational	Global integration	Financial asset
Hospital	Hospital del Norte (Madrid)	DBFOM of the hospital with an area of 90,000m^2 divided in 4 blocks (283 beds)	2005 - 2035	Spain	95%	Operational	Global integration	Financial asset
Hospital	Gran Hospital Can Misses (Ibiza)	DBFOM of the hospital with an area of 72,000m^2 & a health centre (241 beds)	2010 - 2045	Spain	40%	Operational	Equity method	Financial asset
Hospital	Novo Hospital de Vigo	DBFOM of 3 hospitals with an area of 300,000m^2 (175,000m^2 hospital y 125,000m^2 car park). (2007 beds)	2011 - 2035	Spain	43%	Operational	Equity method	Financial asset
Hospital	Centro Hospitalario Universitario de Toledo	Construction and operation of Hospital Universitario de Toledo, with 760 beds	2015 - 2045	Spain	33%	Construction	Equity method	Financial asset

ACCIONA reports in accordance with the International Financial Reporting Standards (IFRS) under a corporate structure that comprises three divisions:

- Energy includes the electric business encompassing the promotion of renewable generation plants, its construction, its O&M and the sale of the energy produced. All the electricity generated by Acciona Energía is renewable.

- Infrastructure:
  - Construction: including infrastructure construction and engineering activities.
  - Industrial: turn-key projects (EPC) of high technological content mainly for the construction of generation plants and transmission networks.
  - Concessions: including the exploitation of mainly transport and hospital concessions.
  - Water includes the construction of desalination, water and wastewater treatment plants, as well as integral water services management from bulk water abstraction all the way to discharging treated wastewater to the environment. ACCIONA Agua also operates water concessions across the entire water cycle.
  - Services include the activities of facility services, airport handling, waste collection and management and logistic services among others.
- Other activities include the businesses of Trasmediterránea, Real Estate, Bestinver (fund manager), wineries and other businesses.

The Alternative Performance Measures or APMs used constantly in this Directors' Report by Acciona Group are listed and defined below:

EBITDA: is defined as operating income before depreciation and amortisation, that is, the operating result of the Group. The Company presents the calculation of EBITDA in the consolidated Profit & Losses account (see Consolidated Income Statement in point 2 of the Directors' Report). It is calculated by taking the following items of the consolidated income statement: "net revenue", "other revenues", "change in inventories of finished goods and work in progress", "procurement", "personnel expenses" and "other operating expenses".

EBT excluding corporate transactions: is defined as earnings before tax excluding those accounting impacts related to exceptional decisions made by the Group's management, which go beyond the usual course of business operative decisions made by the different division's top management and are detailed in segment information Note.

Net debt: shows the Group's debt, in net terms, deducting cash and current financial assets. The detailed reconciliation is broken down in the Cash-flow and Net Financial Debt Variation section of the Directors' Report. It is calculated by taking the following items from the consolidated balance sheet: "non-current interest bearing borrowings", "current interest bearing borrowings", less "cash and cash equivalents" and "other current financial assets".

Non-recourse debt: as indicated in Note 18 to the consolidated financial statements, it corresponds to debt that does not have corporate guarantees, and therefore its recourse is limited to the debtor's assets and cash flows.

Recourse debt: debt with a corporate guarantee.

Financial gearing: it shows the relation between the Group's financial debt and its equity. It is calculated dividing "net debt" (calculated as explained above) by "equity".

Backlog: is defined as the pending production, that is to say, contractual amounts or customer orders after having deducted the amounts already accounted for as income on the income statement. It is calculated on the basis of orders and contracts awarded to the Group, deducting the realised portion that is accounted on "net revenue" and adding or subtracting "other variations", that corresponds to forex adjustments, modifications to the initial contracts and other changes to be made to the awarded backlog.

Net Capex: is defined as the net change in the balance of property, plant & equipment, intangible, financial and real estate assets during the period, corrected by:

- Depreciation, amortisation and impairment of assets during the period
- Results on disposal of non-current assets
- Forex fluctuations

When dealing with changes in the consolidation perimeter, net capex is defined as the net outflow/inflow of used/sourced resources in the purchase/sale of net assets.

Operating Cash Flow: represents the ability of assets to generate resources in terms of net debt. It is obtained as follows:

EBITDA plus/minus change in operating working capital minus net financial cost plus/minus cash inflow/outflow of capital gains plus income from associates plus/minus other cash inflow/outflow different from those included in the Net Investment Cash Flow and from those which constitute remuneration to shareholders.

Net Investment Cash Flow: It is calculated by adding net capex plus/minus the change in balances of real estate inventories plus/minus the change in payables to capex providers.

Management uses these APMs to take financial, operational or planning decisions. They are also used to evaluate the performance of the Group and its subsidiaries.

Management considers these APMs provide useful additional financial information to evaluate the performance of the Group and its subsidiaries as well as for decision-making by the users of the financial information.

Executive Summary

Key Highlights of the period:

- ACCIONA generated revenues of €7,510 million during 2018. This represents an increase of 3.5% compared to 2017.
- EBITDA reached €1,245 million, 2.4% lower than last year. On a like-for-like basis - excluding the contribution of the assets sold during 2017 and 2018 (Ruta 160, CSP in Spain, Trasmediterránea and Rodovia do Aço)- EBITDA grew by 9.2%.
- The Energy division increased by 2.4% in terms of EBITDA, despite the effect of the disposals. Infrastructures' EBITDA fell by 1.8% while Other Activities reduced its EBITDA contribution by 30.9%, mainly due to the deconsolidation of Trasmediterránea after its sale in the second quarter of 2018.
- Energy: on a like-for-like basis (excluding the contribution of the CSP business) EBITDA grew by 15%. The increase is explained by higher prices, the return to normalised production levels - after an atypical 2017 -, as well as the contribution from new capacity. In Spain, the Generation business EBITDA fell by 2.5% after the sale of CSP assets (+19.2% on like-for-like basis). In turn, the International Generation business grew by 8.5%.
- Infrastructure: EBITDA for the Infrastructure division decreased by 1.8%, despite the growth in Construction and Industrial (+10.1%), which maintained high production levels and margins. The rest of the division reduces its contribution mainly due to the sale of Ruta 160 and the end of the construction of the desalination plants in Qatar.
- Other Activities: Bestinver increased its EBITDA contribution by 3.6% as a result of an increase in average AUMs. The Real Estate business contributed an EBITDA of €9 million with the delivery of residential units in the last quarter of the year, partially compensating the deconsolidation of rental assets. The contribution of Trasmediterránea fell significantly due to its exit from the group.
- The Gross Capital Expenditure reached €643 million during 2018, plus €83 million of further investment outflow related with capex. Additionally, the Group allocated a total of €196 million to the Temporary Share Buy-back Programme, and €100 million net in residential development inventories.
- Divestments totalled €1,420 million (mainly as a result of the sale of the CSP business in Spain, Trasmediterránea, and the participation in Testa Residencial).
- Net debt reached €4,333 million vs. €5,224 million in FY2017. Financial results were reduced by 8.9% due to a lower average balance and costs. The working capital investment reached €200 million, significantly lower than in 2017 and improving the levels accumulated during the first nine months of 2018.
- Attributable net profit grew by 49.0% including the result of corporate transactions (€109 million) reaching €328 million.

Income Statement Data

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. %
Revenues	7,510	7,254	3.5%
EBITDA	1,245	1,275	-2.4%
EBITDA (like for like*)	1,203	1,102	9.2%
EBT excl. corp. transactions	377	382	-1.2%
EBT	509	356	42.8%
Attributable net profit	328	220	49.0%
Net profit excl. corp. transactions (like for like*)	219	233	-5.9%

**Refer to the details on the calculation of like for like figures in the "Consolidated Income Statement" section of this report.*

Balance Sheet Data and Capital Expenditure

(Millon Euros)	31-Dec-18	31-Dec-17	Chg. %
Equity	3,495	3,963	-11.8%
Net debt	4,333	5,224	-17.1%
Net debt/EBITDA	3.5x	4.1x	n.m.

(Million euros)	**Jan-Dec 18**	**Jan-Dec 17**	**Chg. %**
Gross Capex	643	920	-30.1%
Net Capex:	(777)	719	n.m.
Net Investment Cash Flow	(594)	642	n.m.

Operating Data

	31-Dec-18	**31-Dec-17**	**Chg. %**
Infrastructure backlog (Million euros)	10,846	18,831	-42.4%
Average workforce	38,544	37,403	3.0%
Total capacity (MW)	9,627	9,022	6.7%
Consolidated capacity (MW)	7,585	7,497	1.2%
Total production (GWh) (Jan-Dec)	22,087	20,431	8.1%
Bestinver's assets under management (Million euros)	5,476	6,058	-9.6%

Consolidated Income Statement

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**7,510**	**7,254**	**256**	**3.5%**
Other revenues	462	613	(151)	-24.7%
Changes in inventories of finished goods and work in progress	44	29	15	50.8%
Total Production Value	**8,015**	**7,896**	**119**	**1.5%**
Costs of goods sold	(2,170)	(1,976)	(195)	-9.9%
Personnel expenses	(1,486)	(1,497)	11	0.7%
Other expenses	(3,114)	(3,149)	35	1.1%
EBITDA	**1,245**	**1,275**	**(31)**	**-2.4%**
Depreciation and amortisation	(610)	(633)	24	3.7%
Provisions	(29)	(30)	1	1.8%
Impairment of assets value	(11)	(7)	(5)	-68.4%
Results of non-current assets	163	111	52	46.8%
Other gains or losses	--	4	(4)	-103.4%
EBIT	**757**	**720**	**37**	**5.1%**
Net financial result	(293)	(322)	29	8.9%
Exchange differences (net)	3	(10)	12	125.3%
Var. provisions financial investments	--	(2)	2	n.a.
Share in results of associates accounted for by the equity method	42	(70)	112	160.8%
Variation in fair value of financial instruments	--	39	(39)	(100.6%)
EBT	**509**	**356**	**152**	**42.8%**
Tax on profit	(136)	(105)	(31)	-29.4%
Profit / (loss) from Continuing Activities	**372**	**251**	**122**	**48.4%**
Non-controlling interests	(44)	(31)	(14)	-44.2%
Attributable Net Profit	**328**	**220**	**108**	**49.0%**

In order to facilitate the analysis, a simplified Profit & Loss account is provided below, separating the results of corporate transactions from the total:

(Million euros)	Jan-Dec 18			Jan-Dec 17			Chg. excluding corporate transac-tions (%)
	Results excluding corporate transactions	**Result of corporate transac-tions**	**Total**	**Results excluding corporate transac-tions**	**Result of corporate transac-tions**	**Total**	
Revenues	**7,510**	**--**	**7,510**	**7,254**	**--**	**7,254**	**3.5%**
Cost of goods sold, expenses and other income	(6,265)	--	(6,265)	(5,979)	--	(5,979)	-4.8%
EBITDA	**1,245**	**--**	**1,245**	**1,275**	**--**	**1,275**	**-2.4%**
Depreciation and amortisation	(610)	--	(610)	(633)	--	(633)	3.7%
Provisions, impairments and other	(9)	132	122	(37)	115	78	74.8%
EBIT	**626**	**132**	**757**	**605**	**115**	**720**	**3.4%**
Net financial result	(293)	--	(293)	(322)	--	(322)	8.9%
Income from associates booked by the equity method	42	--	42	75	(145)	(70)	-44.0%
Other financial results	2	--	2	23	4	27	-91.2%
EBT	**377**	**132**	**509**	**382**	**(26)**	**356**	**-1.2%**
Income tax	(113)	(23)	(136)	(108)	3	(105)	-4.9%
Profit / (loss) from continuing activities	**264**	**109**	**372**	**274**	**(23)**	**251**	**-3.6%**
Non-controlling interests	(44)	--	(44)	(41)	10	(31)	-9.5%
Attributable Net Profit	**219**	**109**	**328**	**233**	**(13)**	**220**	**-5.9%**

Additionally, information has been included in the table below on the impact of assets sold on the income statement that allows for the comparison on a like-for-like basis:

(Million euros)	**Revenues**			**EBTIDA**			**EBT excl. corp. transactions**		
	Jan-Dec 18	**Jan-Dec 17**	**Chg. (€)**	**Jan-Dec 18**	**Jan-Dec 17**	**Chg. (€)**	**Jan-Dec 18**	**Jan-Dec 17**	**Chg.(€)**
Total Reported	**7,510**	**7,254**	**256**	**1,245**	**1,275**	**(31)**	**377**	**382**	**(5)**
CSP	43	147	(105)	29	106	(78)	3	29	(27)
Rodovia	24	38	(14)	9	10	(1)	(2)	(6)	5
Trasmediterránea	160	426	(265)	4	45	(41)	(7)	10	(16)
Ruta 160	--	30	(30)	--	12	(12)	--	(2)	2
Total changes in the scope of consolidation	*227*	*641*	*(414)*	*42*	*174*	*(132)*	*(5)*	*31*	*(37)*
Total (like for like)	**7,282**	**6,613**	**669**	**1,203**	**1,102**	**101**	**383**	**350**	**32**

CLARA LOIS LOZANO

Revenues

(Million euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Energy	2,206	1,737	469	27.0%
Infrastructures	5,059	4,940	119	2.4%
Other activities	392	690	(298)	-43.2%
Consolidation adjustments	(147)	(113)	(34)	-30.5%
TOTAL Revenues	**7,510**	**7,254**	**256**	**3.5%**

Consolidated revenues increased by 3.5% to €7,510 million, mainly due to the combination of:

- The increase in Energy revenues (+27%) mainly as a result of higher revenues from turnkey projects (photovoltaic project Puerto Libertad), higher Generation prices and a growth in production after an atypical 2017.
- An increase in the Infrastructure business revenues (+2.4%), with Construction and Industrial standing out (+4.2%).
- The decrease in revenues from Other Activities (-43.2%), driven by the sale of Trasmediterránea and lower income from Real Estate due to the deconsolidation of rental assets

EBITDA

(Millon Euros)	Jan-Dec 18	% EBITDA	Jan-Dec 17	% EBITDA	Chg. €m	Chg. %
Energy	743	60%	726	57%	17	2.4%
Infrastructures	419	34%	426	33%	(8)	-1.8%
Other activities	86	7%	124	10%	(38)	-30.9%
Consolidation adjustments	(3)	n.m.	(1)	n.m.	(2)	n.m.
TOTAL EBITDA	**1,245**	**100%**	**1,275**	**100%**	**(31)**	**-2.4%**
Margin (%)	**16.6%**		**17.6%**			***-1.0pp***

Note: EBITDA contributions calculated before consolidation adjustments.

EBITDA declined by 2.4% to €1,245 million due to the combined effect of the growth in Energy (+2.4%) and the reduction in the contribution of Infrastructure (-1.8%) and Other Activities (-30.9%). On a like-for-like basis – excluding the contribution of disposals (Ruta 160, CSP business in Spain, Trasmediterránea and Rodovía) – EBITDA increased by 9.2%.

EBIT

EBIT amounted to €757 million, growing by +5.1% compared to 2017.

Earnings Before Tax (EBT)

(Million Euros)	**Jan-Dec 18**	**Jan-Dec 17**	**Chg. €m**	**Chg. %**
Energy	179	153	26	16.7%
Infrastructures	137	142	(4)	-2.9%
Other activities	63	86	(23)	-26.8%
Consolidation adjustments	(2)	1	(3)	n.m.
EBT excluding corporate transactions	**377**	**382**	**(5)**	**-1.2%**
Results from corporate transactions	132	(26)	157	n.m.
TOTAL EBT	**509**	**356**	**152**	**42.8%**
Margin (%)	**6.8%**	**4.9%**		**+1.9pp**

Note: In the 2018 financial year, the Corporate Unit in charge of the treasury centralising system has generated a financial margin that has been attributed among the various divisions in accordance with financing necessities, aiming to facilitate its year on year comparison; the information by segment of the 2017 financial year has been reformulated.

EBT grew by 42.8% including the result of corporate transactions which reached €132 million. Excluding said results, the EBT fell by 1.2%.

Attributable Net Profit

Attributable net profit reached €328 million vs. €220 million in 2017.

Consolidated Balance Sheet

(Millon Euros)	31-Dec-18	31-Dec-17	Chg. €m	Chg. %
Property, Plant & Equipment and Intangible assets	7,451	8,393	(942)	-11.2%
Financial assets	1,209	1,523	(314)	-20.6%
Goodwill	198	186	13	6.9%
Other non-current assets	1,143	1,083	61	5.6%
NON-CURRENT ASSETS	**10,002**	**11,185**	**(1,183)**	**-10.6%**
Inventories	914	821	93	11.4%
Accounts receivable	1,701	1,892	(191)	-10.1%
Other current assets	425	298	127	42.5%
Other current financial assets	178	247	(69)	-27.8%
Cash and cash equivalents	1,717	1,273	445	34.9%
Assets held for sale	--	1,432	(1,432)	n.m.
CURRENT ASSETS	**4,936**	**5,963**	**(1,027)**	**-17.2%**
TOTAL ASSETS	**14,938**	**17,147**	**(2,210)**	**-12.9%**
Capital	57	57	--	0.0%
Reserves	3,104	3,486	(382)	-11.0%
Profit attributable to equity holders of the Parent Company	328	220	108	49.0%
Treasury stock	(200)	(3)	(196)	n.m.
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3,289	3,760	(471)	-12.5%
NON-CONTROLLING INTERESTS	206	203	3	1.3%
EQUITY	**3,495**	**3,963**	**(468)**	**-11.8%**
Interest-bearing borrowings	4,080	5,272	(1,192)	-22.6%
Other non-current liabilities	1,789	2,805	(1,017)	-36.2%
NON-CURRENT LIABILITIES	**5,869**	**8,077**	**(2,209)**	**-27.3%**
Interest-bearing borrowings	2,149	1,472	676	45.9%
Trade payables	2,459	2,199	260	11.8%
Other current liabilities	966	962	4	0.5%
Liabilities associated to assets held for sale	--	474	(474)	n.m.
CURRENT LIABILITIES	**5,574**	**5,107**	**467**	**9.2%**
TOTAL LIABILITIES AND EQUITY	**14,938**	**17,147**	**(2,210)**	**-12.9%**

(Millon Euros)	**Jan-Dec 18**	**Jan-Dec 17**	**Chg.**	**Chg. (%)**
EBITDA	1,245	1,275	(31)	-2.4%
Financial results	(226)	(254)	28	11.1%
Working capital	(200)	(310)	109	35.3%
Other operating cashflow	(153)	(251)	98	39.1%
Operating cashflow	**665**	**460**	**205**	**44.6%**

Gross ordinary Capex	(643)	(920)	277	30.1%
Divestments	1,420	201	1,219	n.m.
Real Estate inventories	(100)	(33)	(67)	n.m.
Other investment cashflow	(83)	110	(193)	n.m.
Net Investment Cashflow	**594**	**(642)**	**1,236**	**n.m.**
Treasury stock	(196)	(6)	190	n.m.
Derivatives	13	25	(12)	-47.9%
Forex	12	105	(93)	-88.9%
Dividends	(172)	(165)	(7)	-4.4%
Changes in scope and others inc. convertible bonds	(25)	130	(154)	-118.9%
Financing/other cashflow	**(368)**	**89**	**(457)**	**n.m.**
Change in net debt decrease/(increase)	**892**	**(93)**	**985**	**n.m.**

Attributable Equity

ACCIONA's attributable equity as of 31st December 2018 stood at €3,289 million, 12.5% lower than that at year-end 2017. This variation is mainly due to the effect of the first application of IFRS 15 and IFRS 9, as notified in the Consolidated Annual Accounts of the Group for 2017, along with the increase in Treasury stock resulting from the Buy-back Programme announced on 27th March.

Net Financial Debt

	31-Dec-18		31-Dec-17		Chg. €m	Chg. %
	Amount	Total	Amount	Total		
Non-recourse financial debt	1,540	25%	1,889	28%	(349)	-18.5%
Recourse financial debt	4,689	75%	4,855	72%	(167)	-3.4%
Financial debt (*)	**6,229**	**100%**	**6,744**	**100%**	**(516)**	**-7.6%**
Cash + Current financial assets	**(1,896)**		**(1,520)**		**(376)**	**-24.7%**
Net financial debt:	**4,333**		**5,224**		**(892)**	**-17.1%**

** Financial debt includes debentures and bonds.*

Net debt as of 31st December 2018 totalled €4,333 million, a reduction of €892 million compared to December 2017. This variation results from the combination of the following factors:

- Operating Cashflow, grew by 44.6% to +€665 million. The cashflow improvement is primarily due to lower consumption of working capital.
- Positive Net Investment Cashflow, which represents a net inflow of cash for the group (+€594 million), given that divestments have far exceeded investment during the period.
- The Financial Cashflow and Others, amounted to -€368 million, mostly reflecting the share buy-back programme and the 2017 dividend.

Financial gearing has evolved as follows:

(Millon Euros)	31-Dec-18	31-Dec-17
Gearing (Net Debt/Equity) (%)	124%	132%

Capital Expenditure

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. (€m)	Chg. (%)
Energy	485	468	17	3.6%
Infrastructures	157	359	(202)	-56.3%
Construction and Industrial	22	278	(257)	-92.2%
Concessions	13	25	(11)	-45.9%
Water	59	38	21	54.0%
Services	63	18	45	n.m.
Other activities	1	93	(91)	-98.7%
Gross Capex	**643**	**920**	**(277)**	**-30.1%**
Divestments	(1,420)	(201)	(1,219)	n.m.
Net Capex:	**(777)**	**719**	**(1,496)**	**n.m.**

The gross capex across ACCIONA's various divisions in 2018 amounted to €643 million, 30.1% lower than the amount invested in 2017.

The largest share of investment is made by the Energy division, which invested €485 million (75.4% of the total amount) as a result of the construction of new assets, mainly wind power capacity in Chile, Mexico, Australia and USA. The Infrastructure division invested €157 million, including the payment of the acquisition of the Andes Airport Services business in the second quarter.

Gross capex in Other Activities does not include the net investment in Real Estate inventories which amounted to €100 million.

In terms of divestments, it mainly includes the proceeds from the Spanish CSP and Trasmediterránea disposals, the participation in Testa Residencial, and to a lesser extent the sale of a rented commercial property.

Results by Division

Energy

(Million Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Generation	1,442	1,324	118	8.9%
Spain	854	823	31	3.7%
International	588	501	87	17.4%
Non-generation	963	755	208	27.6%
Consolidation adjustments and other	(199)	(342)	143	41.9%
Revenues	**2,206**	**1,737**	**469**	**27.0%**
Generation	821	802	19	2.3%
Spain	441	452	(11)	-2.5%
International	380	350	30	8.5%
Non-generation	(31)	(32)	1	2.8%
Consolidation adjustments and other	(47)	(45)	(3)	-5.6%
EBITDA	**743**	**726**	**17**	**2.4%**
Margin (%)	*56.9%*	*60.6%*		
EBT	**179**	**153**	**26**	**16.7%**
Margin (%)	*18.2%*	*16.9%*		

ACCIONA Energy revenues increased by 27.0% to €2,206 million compared to 2017, thanks to the new capacity and despite the deconsolidation of the CSP business.

EBITDA also reached €743 million (+2.4%). Generation EBITDA improved by 2.3% to €821 million.

The Spanish Generation business EBITDA fell by 2.5% mainly due to the deconsolidation of the CSP business since May The average prices have also been higher than in 2017, in a context of higher wholesale prices (€57.3/MWh vs. €52.2/MWh in 2017), partially mitigated by forward sales.

International Generation EBITDA increased by 8.5% driven by the new operating capacity, higher production, and higher prices, which have been partially compensated by the negative evolution of the exchange rate.

Over the last 12 months, consolidated installed capacity increased by 88MW as a result of the increase in 255MW in the International portfolio (wind capacity of 99MW in Mexico and 132MW in Australia, and 24MW in the Ukraine) and 83MW in Spain (related to the repowering of a wind facility and the purchase of the remaining 50% of two wind facilities that were consolidated by the equity method), which was partially offset by the Spanish CSP transaction (250MW).

At an operational level, consolidated production amounted to 18,605GWh growing by 9.9% in 2018. Specifically, it increased by +6.7% in the Spanish market despite the CSP disposal, driven mainly by the higher hydro output. International assets showed a growth in production of +14.3%. This increase is explained by the entry of new operating capacity, as well as by the increase in the generation of the existing portfolio, particularly Mexico, Chile and United Sates.

Breakdown of Installed Capacity and Production by Technology

	Total		Consolidated		Net	
31-Dec-18	**Installed MW**	**Produced GWh**	**Installed MW**	**Produced GWh**	**Installed MW**	**Produced GWh**
Spain	**5,681**	**13,242**	**4,456**	**10,399**	**5,036**	**11,733**
Wind	4,740	10,149	3,516	7,306	4,098	8,658
Hydro	876	2,581	876	2,581	876	2,581
Solar Thermoelectric	--	80	--	80	--	80
Solar PV	3	4	3	4	3	3
Biomass	61	428	61	428	59	410
International	**3,946**	**8,846**	**3,129**	**8,207**	**2,582**	**5,819**
Wind	2,902	8,030	2,700	7,477	1,942	5,220
Mexico	740	2,282	740	2,282	544	1,587
USA	721	2,220	646	1,989	467	1,448
Australia	435	1,072	371	903	312	692
India	164	392	164	392	135	322
Italy	156	223	156	223	104	148
Canada	181	481	141	369	94	246
South Africa	138	345	138	345	51	126
Portugal	120	262	120	262	75	160
Poland	101	227	101	227	67	151
Costa Rica	50	285	50	285	32	185
Chile	45	122	45	122	30	81
Croatia	30	78	30	78	20	52
Hungary	24	42	--	--	12	21
Solar PV	980	701	365	616	596	523
Chile	246	411	246	411	246	411
South Africa	94	205	94	205	35	75
Portugal	46	85	--	--	20	37
Mexico	405	--	--	--	202	--
Egypt	165	--	--	--	69	--
Ukraine	24	--	24	--	24	--
Solar Thermoelectric (USA)	64	114	64	114	43	76
Total Wind	**7,643**	**18,179**	**6,216**	**14,783**	**6,041**	**13,878**
Total other technologies	**1,984**	**3,908**	**1,369**	**3,823**	**1,576**	**3,673**
Total Energy	**9,627**	**22,087**	**7,585**	**18,605**	**7,617**	**17,552**

Infrastructures

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Construction	3,137	3,131	6	0.2%
Industrial	411	274	137	50.2%
Concessions	108	140	(32)	-23.1%
Water	639	682	(42)	-6.2%
Services	800	753	47	6.3%
Consolidation adjustments	(36)	(39)	3	8.0%
Revenues	**5,059**	**4,940**	**119**	**2.4%**
Construction	205	197	8	3.9%
Industrial	23	10	13	136.8%
Concessions	49	56	(7)	-12.4%
Water	113	130	(17)	-13.1%
Services	30	34	(5)	-13.6%
EBITDA	**419**	**426**	**(8)**	**-1.8%**
Margin (%)	8.3%	8.6%		
EBT	**137**	**142**	**(4)**	**-2.9%**
Margin (%)	2.7%	2.9%		

ACCIONA Infrastructure revenues amounted to €5,059 million, a slight increase relative to 2017 (+2.4%). EBITDA decreased by 1.8% and stood at €419million.

Construction & Industrial Backlog

(Millon Euros)	**31-Dec-18**	**31-Dec-17**	**Chg. %**	**Weight (%)**
Construction	5,328	6,287	-15.3%	49%
Industrial	687	481	42.9%	6%
Water	3,779	11,165	-66.2%	35%
Services	1,052	898	17.2%	10%
TOTAL	**10,846**	**18,831**	**-42.4%**	**100%**

A. Construction

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**3,137**	**3,131**	**6**	**0.2%**
EBITDA	**205**	**197**	**8**	**3.9%**
Margin (%)	6.5%	6.3%		

Revenues remained stable at €3,137 million (+0.2%). EBITDA reached €205 million (+3.9%) supported by the contribution of large international projects, highlighting Quito Metro. EBITDA margin grew to 6.5%.

Construction backlog

As of 31st December 2018, Construction backlog stood at €5,328 million, 15.3% lower than at the end of 2017.

The reason for this decline was the high volume of work carried out, mainly in Australia, Ecuador and the Emirates. This effect has been partially mitigated by new awards in markets such as Norway (Highway E6 Ranheim-Vaernes), Australia (WTE Kwinana and Southern Program Alliance) and Canada (two road maintenance contracts).

(Millon Euros)	31-Dec-18	31-Dec-17	Chg. %	Weight (%)
Total Spain	**1,286**	**1,228**	**4.7%**	**24%**
Total International	**4,042**	**5,060**	**-20.1%**	**76%**
Latin America	1,017	2,013	-49.5%	19%
EMEA (not inc. Spain)	1,599	1,439	11.1%	30%
Australia & South East Asia	774	1,002	-22.8%	15%
North America[1]	653	606	7.6%	12%
TOTAL	**5,328**	**6,287**	**-15.3%**	**100%**

1 Mexico included in Latam

B. Industrial

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**411**	**274**	**137**	**50.2%**
EBITDA	**23**	**10**	**13**	**136.8%**
Margin (%)	5.6%	3.5%		

Industrial EBITDA grew as a result of higher production and a higher operating margin.

Industrial backlog

Industrial backlog has increased significantly, worth noting are the construction awards of a Waste-to-Energy facility in Australia in consortium with ACCIONA Construcción, and two biomass plants in Spain.

(Millon Euros)	31-Dec-18	31-Dec-17	Chg. %	Weight (%)
Spain	177	19	n.m.	26%
International	510	462	10.4%	74%
TOTAL	**687**	**481**	**42.9%**	**100%**

C. Concessions

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**108**	**140**	**(32)**	**-23.1%**
EBITDA	**49**	**56**	**(7)**	**-12.4%**
Margin (%)	45.1%	39.6%		

Concessions revenues and EBITDA fell to €108 million and to €49 million, respectively; mainly explained by the sale of Ruta 160 at 2017-year end.

Appendix V shows the detail of the concessions portfolio as of 31 December 2017.

D. Water

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**639**	**682**	**(42)**	**-6.2%**
EBITDA	**113**	**130**	**(17)**	**-13.1%**
Margin (%)	17.7%	19.1%		

The Water division revenues fell by 6.2% and its EBITDA decreased by 13.1% to €113 million, mainly due to the completion of the two desalination plants in Qatar.

Water Backlog

Water Backlog as of December 2017 stood at €7,858 million, mainly due to the pending execution backlog from ATLL contract; as a result from its liquidation in the short term it has not been consider in 2018. D&C Backlog doubled its size, highlighting the award of three new desalination plants: South Dhahran I and II in Saudi Arabia and Jabel Alí in United Arab Emirates.

(Million euros)	31-Dec-18	31-Dec-17	Chg. (%)	Weight (%)
D&C	1,111	537	106.8%	29%
O&M	2,668	2,769	-3.7%	71%
ATLL	--	7,858	-100.0%	0%
TOTAL	**3,779**	**11,165**	**-66.2%**	**100%**

(Million euros)	31-Dec-18	31-Dec-17	Chg. (%)	Weight (%)
Spain	1,312	9,194	-85.7%	35%
International	2,467	1,970	25.2%	65%
TOTAL	**3,779**	**11,165**	**-66.2%**	**100%**

Appendix V shows the detail of the portfolio of water concessions regulated by CINIIF12 as of 31 December 2018.

E. Services

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Revenues	**800**	**753**	**47**	**6.3%**
EBITDA	**30**	**34**	**(5)**	**-13.6%**
Margin (%)	3.7%	4.6%		

Services backlog

(Millon Euros)	31-Dec-18	31-Dec-17	Chg. %	Weight (%)
Spain	813	746	9.1%	77%
International	239	152	56.9%	23%
TOTAL	**1,052**	**898**	**17.2%**	**100%**

Other activities

(Millon Euros)	Jan-Dec 18	Jan-Dec 17	Chg. €m	Chg. %
Trasmediterránea	160	426	(265)	-62.3%
Real Estate	84	113	(29)	-25.9%
Bestinver	102	106	(3)	-3.2%
Corp. and other	45	45	--	-0.6%
Revenues	**392**	**690**	**(298)**	**-43.2%**
Trasmediterránea	4	45	(41)	-91.7%
Real Estate	9	12	(4)	-30.5%
Bestinver	72	70	3	3.6%
Corp. and other	1	-3	4	141.8%
EBITDA	**86**	**124**	**(38)**	**-30.9%**
Margin (%)	21.9%	18.0%		
EBT	**83**	**86**	**(23)**	**-26.8%**
Margin (%)	16.1%	12.5%		

Trasmediterránea

As a result of the closing of Trasmediterránea disposal, the business only contributed until 31 May, which explains the fall in revenues and EBITDA.

Real Estate

Real Estate business contributed an EBITDA of €9 million due to the delivery of residential units in the last quarter of the year, which partially offset the deconsolidation of the rental asset portfolio.

Bestinver

Bestinver improved its EBITDA, reaching €72 million (+3.6%). The average funds under management amounted to €6,151 million in 2018, higher than the same period 2017 (€5,768 million).

At year end, the AUMs under management stood at €5,476 million.

MATERIAL INFORMATION, DIVIDEND AND SHARE DATA

Significant communications to the stock market

- **26 January 2018: The Company communicates the internal reorganisation carried out by one of the reference shareholders and the subsistence of the "Pacto Parasocial de Estabilidad Accionarial"**
  - The family Group of Mr. José María Entrecanales de Azcarate, has implemented an internal reorganization resulting in La Verdosa, S.L. directly owning 5.31% of ACCIONA in order to rationalize the management of its participation, updating and simplifying its corporate governance.
  - The terms of the aforementioned Pacto Parasocial de Estabilidad Accionarial, to which La Verdosa, S.L. adheres, have not been modified, with each of its signatories retaining full freedom to vote. Therefore, there is no agreement on ACCIONA's management.
- **09 February 2018: ACCIONA reports on the news published in the newspaper "El Economista" regarding certain energy assets.**
  - In relation to the news published in the newspaper "El Economista", ACCIONA informs that it is holding negotiations with ContourGlobal to carry out a corporate operation related to energy assets, but neither the perimeter, nor the valuations, nor the other terms and conditions mentioned in the article reflect the reality of it.
- **22 February 2018: ACCIONA reports on the news published by the media regarding the Alta Ter-Llobregat (ATLL) water management contract.**
  - Regarding the news published in the media in relation to the Supreme Court ruling dismissing the "Generalitat de Catalunya" and "Sociedad General de Aguas de Barcelona, S.A." contentious-administrative appeal against the ruling of the High Court of Justice of Catalonia dated 22 June 2015, confirming the annulment of the award of the Alta Ter-Llobregat water management agreement already decreed by the High Court of Justice of Catalonia, ACCIONA informs that its appeal, based on grounds other than those portrayed on these appeals, has not yet been resolved. Therefore, no Sentence has been given regarding this matter
  - Once the Sentence is given, ACCIONA will analyse the grounds for its decision and will determine the appropriate legal and/or judicial actions.
  - In any case, it should be recalled that, in accordance with Art. 56 related to the public tender and decision of the Regional Departments of Economy & Knowledge and Territory and Sustainability of the "Generalitat de Catalunya" dated 5 July 2013, "ATLL Concesionaria de la Generalitat de Catalunya" is obliged to continue providing services until the compensation set on the terms of reference and on 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.

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- **27 February 2018: ACCIONA announces the disposal of five thermosolar plants in Spain**
  - ACCIONA ENERGÍA, S.A. has reached an agreement with Contourglobal Mirror 2, S.Á.R.L., a subsidiary of ContourGlobal plc, for the sale of its 100% stake in ACCIONA TERMOSOLAR S.L., owner of five thermosolar plants in Spain, including its evacuation assets, with a total installed capacity of 249.8MW.
  - The agreement implies an enterprise value for 100% of ACCIONA TERMOSOLAR, S.L. of €1,093m. Additionally, the parties have agreed an earn-out of up to €27m.
  - The transaction is subject to the fulfilment of two precedent conditions including (i) approval from the Spanish Competition Authorities (ii) and approval in AGM from ContourGlobal plc.
- **28 February 2018: ACCIONA reports on the sentence related to the Ter-Llobregat water supply service management agreement**
  - The Supreme Court's judgement has rejected the contentious-administrative appeals made by "ATLL Concesionaria de la Generalitat de Catalunya" and ACCIONA Agua against the Judgement rendered by the Superior Justice Court of Catalonia on 22nd June 2015, thus confirming the nullity of the assignment of the Ter-Llobregat water supply service management agreement ordered by the Superior Justice Court of Catalonia.
  - "ATLL Concesionaria de la Generalitat de Catalunya" and ACCIONA Agua are reviewing the Grounds of this Ruling to determine the legal and/or judicial actions to be adopted.
  - "ATLL Concesionaria de la Generalitat de Catalunya" shall continue rendering the service until the compensation amount provided by the "Pliego de Condiciones de la licitación" and the "Texto Refundido de la Ley de Contratos del Sector Público" is duly paid and the deed returning the rights and goods attached to the public service is signed.
- **01 March 2018: ACCIONA announces the temporary suspension of the Liquidity Contract**
  - ACCIONA reports on the temporary suspension of the Liquidity Contract, signed and dated 10th July 2017 with Bestinver Sociedad de Valores, S.A., for the management of its treasury stock, to enable the purchase in the market by ACCIONA, S.A. of up to 150,000 shares of ACCIONA, S.A., representing 0.262% of the share capital during a period of approximately 10 trading days. The acquired shares will be used to execute the Share Delivery Plan for managers and employees.
- **07 March 2018: ACCIONA announces the recommencement of the Liquidity Contract**
  - ACCIONA has acquired, through a discretionary transaction with own shares, a total of 150,000 company shares, representing a 0.262% of the share capital at an average unit price of €65.76 per share.

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- Likewise, once the reported operation has been completed, the Company reports the recommencement of operations under the Liquidity Contract signed and dated 10 July 2017 with Bestinver Sociedad de Valores, S.A., for the management of its treasury stock.

- **27 March 2018: ACCIONA reports on the implementation of a time-scheduled Buy-back programme, stabilisation and treasury stock; and the temporary suspension of the Liquidity Contract**
  - The Company's Board of Directors has agreed to implement a time-scheduled buy-back programme over its own shares.
  - The Buy-back Programme will cover a maximum of 2,862,978 shares, representing, approximately, 5% of the Company's share capital and its maximum monetary amount is €233,332,707.
  - ACCIONA confirms that the main purpose of the time-scheduled Buy-back Programme over its own shares is the reduction of capital through the amortisation of shares.

- **20 April 2018: ACCIONA officially announces and submits the proposal of the Annual General Meeting**
  - ACCIONA S.A.'s Board of Directors has convened the Annual General Shareholders Meeting for 29 May 2018 on first call and 30 May 2018 on second call (expecting it to be held on second call).

- **24 May 2018: ACCIONA officially reports the fulfilment of the suspensive clause for the sale of its participation in Compañía Transmediterránea, S.A.**
  - ACCIONA reports the fulfilment of the precedent condition regarding the clearance from the Spanish Antitrust Authorities for the sale of the totality of its participation (92.71% of the corporate capital) in Compañía Trasmediterránea, S.A to Grupo Naviera Armas.

- **30 May 2018: Annual General Meeting – Approval of Agreements**

  At the Ordinary General Shareholders' Meeting held, on second call, on the 30 May 2018, the following agreements, among others, were adopted:

  1) To approve the individualised annual accounts of ACCIONA, S.A. for 2017, as well as the consolidated annual accounts of the corporate for the same period.
  2) To approve the management of the Board of Directors, managers and attorneys of the Company during 2017, as well as the management reports for 2017 presented by the Board of Directors.
  3) To approve the allocation of the results of the 2017 financial year set out in the approved annual accounts. The payment of dividends for a gross amount of €3.00 per share will be paid on 2 July 2018.
  4) To re-elect Mr. José Manuel Entrecanales Domecq and Mr. Juan Ignacio Entrecanales Franco as Executive Directors; Mr. Javier Entrecanales Franco and Mr. Daniel Entrecanales Domecq as Proprietary External Directors; Ms. Ana Sainz de Vicuña Bemberg as Independent External Director. To appoint Mr. Javier Sendagorta Gómez del Campillo and Mr. José María Pacheco Guardiola as Independent External Directors. (All of them for the statutory mandate period).

5) To increase the maximum number of shares available under the 2014 Share and Performance Share Delivery Plan by 100,000 shares, notwithstanding subsequent increases if proposed by the Board of Directors and approved by the General Meeting of Shareholders.

6)

a) To reduce the share capital of ACCIONA, S.A. by the amount resulting from the sum of the aggregate nominal value, with the maximum of 2,862,978 euros (the "Maximum Limit"), of own shares, each with a face value of one euro, that are acquired for redemption via the Buy-back Programme of up to 2,862,978 own shares that will be in force until 27 March 2019 at the latest, approved by the Board of Directors on 26 February 2018 As a result, the maximum figure of the capital reduction will be 2,862,978 euros, by means of the redemption of a maximum of 2,862,978 own shares, each with a face value of one euro, representing a maximum of 5% of the share capital at the time the resolution is adopted. The definitive figure of the capital reduction will be set by the Company's Board of Directors depending on the final number of shares acquired under the Buy-back Programme, provided that it does not exceed the above-mentioned Maximum Limit and excluding the shares that are aimed at covering the delivery plans for executive directors, managers and employees of the Group. The capital reduction will not entail the refund of contributions to shareholders provided that it will be charged against unrestricted reserves and that the Company will be the owner of the redeemed shares at the moment of the execution.

b) To delegate to the Board of Directors, with the express power of sub-delegation or substitution, so that, within a term of no more than one month as of termination of the Buy-back Programme and, in any case, within the year following the date of adoption of this agreement it can execute this resolution, determining those aspects that have not been expressly established in this resolution or that are a result of the same, and adopt the resolutions, take the action and execute the public or private documents necessary or appropriate for the fullest execution of this resolution, in particular, but not limited to, delegating the following powers to the Board of Directors, with the express power of sub-delegation or substitution:

(i) Set the final figure of the Capital Reduction in accordance with the terms of this resolution and establish any circumstances necessary in this regard, all in accordance with the conditions indicated above.

(ii) Declare the Capital Reduction closed and executed setting, in this regard, the final number of shares to be redeemed and, as such, the amount by which the share capital of the Company should be reduced according to the rules established in this resolution.

(iii) Draft a new wording for the article of the by-laws that sets the share capital so that it reflects the capital figure and number of shares in circulation due to the execution of the Capital Reduction.

(iv) Perform the formalities and actions necessary and present any documents required by the competent bodies so that, once the Company shares have been redeemed and the corresponding Capital Reduction deed has been executed and recorded at the Commercial Registry, the redeemed shares are delisted from the Spanish Securities markets, via the

Securities Market Interconnection System (Continuous Market) and the cancellation of the corresponding book entries by IBERCLEAR.

(v) Publish those announcements that are legally required and make any applications and communications as appropriate and take any steps necessary or appropriate to execute and formalise the Capital Reduction before any public or private entities and bodies, Spanish or foreign, including the declaration, supplementation or remedy of defects or omissions that could prevent or hinder the full effect of the above resolutions.

7) To approve the amendment of articles 21 (Venue and time for holding the General Meeting. Extension of meetings) and 18 (Location of the General Meeting) in the terms of the proposed resolution placed at the disposal of the shareholders.
8) To approve, on a consultative basis, the Annual Report on Remuneration of Directors for the 2017 financial year.
9) To approve the 2017 Sustainability Report.
10) To authorise the announcement of Extraordinary General Meetings of the Company with a minimum of fifteen (15) days' notice, pursuant to article 515 of the Spanish Companies Act.
11) To delegate to the Board of Directors the broadest powers of implementation, interpretation, remedy and execution of the resolutions adopted by this General Meeting, with the express authorisation for the powers to be exercised by the Directors or the Secretary designated by the Board of Directors.

Thus, among other actions, such persons are empowered so that any of them, acting jointly and severally, can:

- Restate the current texts of the By-laws and the Regulations of the General Meeting.
- Remedy any defects in the formalisation of the resolutions adopted by the General Meeting in the sense indicated by the verbal or written classification from the Commercial Registry.

- **30 May 2018: ACCIONA announces Dividend Payment**
  - ACCIONA reports on the distribution of a €3/share gross dividend to be paid on the 2nd July 2018. The pertinent tax withholding, in its case, shall be deducted form said amount.

- **30 May 2018: ACCIONA reports on the renewal of the Board of Directors and its various committees**
  - ACCIONA issues a report on the renewal of the composition of the Board of Directors and of its different Committees:
    - Chairman: Mr. José Manuel Entrecanales Domecq as executive director
    - Vice Chairman: Mr. Juan Ignacio Entrecanales Franco as executive director
    - Lead Independent Director: Mr. Juan Carlos Garay Ibargaray as independent external director
    - Director: Mr. Daniel Entrecanales Domecq as proprietary external director
    - Director: Mr. Javier Entrecanales Franco as proprietary external director

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- Director: Ms. Belén Villalonga Morenes as independent external director
- Director: Mr. Jerónimo Marcos Gerard Rivero as independent external director
- Director: Ms. Ms. Ana Sainz de Vicuña Bemberg as independent external director
- Director: Ms. Karen Christina Figueres Olsen as independent external director
- Director: Mr. Javier Sendagorta Gómez del Campillo as independent external director.
- Director: Mr. José María Pacheco Guardiola as independent external director

- Likewise, the Board of Directors has adopted the following resolutions:

1) To delegate to the re-elected directors, Mr. José Manuel Entrecanales Domecq, Chairman of the Board and Mr. Juan Ignacio Entrecanales Franco, Vice Chairman of the Board, all the legal and statutorily delegable powers, which will be exercised individually as Managing Directors, except those that cannot be delegated by law.
2) To set the number required for the members of the Board's Committees in three.
3) During the last five years, the annual agenda of the Board of Directors has permitted it to implement all of its functions, without having to convene and meet its Executive Committee, who has not met since July 2013 and, thus, considers it unnecessary to renew the Board´s Executive Committee.
4) To renew the remaining Board´s Committees, which composition is as follows:
   - Audit Committee:
   - Mr. Juan Carlos Garay Ibargaray: Chairman
   - Ms. Ana Sainz de Vicuña Bemberg: Member
   - Ms. Karen Christina Figueres Olsen: Member

   - Appointments and Remuneration Committee:
   - Mr. Juan Carlos Garay Ibargaray: Chairman
   - Mr. Javier Sendagorta Gómez del Campillo: Member
   - Mr. Jerónimo Marcos Gerard Rivero: Member

   - Sustainability Committee:
   - Mr. Daniel Entrecanales Domecq: Chairman
   - Mr. Javier Entrecanales Franco: Member
   - Mr. José María Pacheco Guardiola: Member

- **12 June 2018: ACCIONA reports on the composition of other management and control bodies**
  - ACCIONA informs about the composition of the Board's Executive Committee after the changes in the group's management.
  - The Board's Executive Committee is made up of:
    - the Executive Directors:
    - Mr. José Manuel Entrecanales Domecq: Chairman,
    - Mr. Juan Ignacio Entrecanales Franco: Vice Chairman.

    - and the following Directors:

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- Mr. Alfonso Callejo Martínez,
- Ms. Macarena Carrión López de la Garma,
- Mr. Luís Castilla Cámara,
- Ms. Arantza Ezpeleta Puras,
- Mr. Rafael Mateo Alcala,
- Mr. Joaquín Mollinedo Chocano,
- Mr. Juan Muro-Lara Girod,
- Mr. José Ángel Tejero Santos,
- Mr. Jorge Vega-Penichet López.

- **11 July 2018: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/04/2018 and 10/07/2018**
  - On March 27 2018, the Liquidity Contract was temporarily suspended to enable the initiation of the operational phase under the temporary Buy-Back Programme.
- **08 October 2018: ACCIONA reports that it has accepted the offer to sell the totality of its participation in Testa Residencial SOCIMI S.A.**
  - ACCIONA Real Estate, S.A. has accepted the offer made by Blackstone Group International Partners LLP, on behalf of Tropic Real Estate Holdings S.L., (the Buyer) for the sale of the entirety of its shares in Testa Residencial SOCIMI S.A., (Testa) for an approximate price of €14.3267/share, which equals a total price of €378,999,095.
  - The transaction, which is pending formalisation, will be subject to the precedent condition that the Buyer acquires at least a 50.01% of the share capital of Testa and that the take-over of control by the Buyer is approved by the antitrust authorities.
- **11 October 2018: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/07/2018 and 10/10/2018, inclusive**
  - On September 25th 2018 (Significant Communication 269902) the operational phase under the Liquidity Contract was reactivated after its temporary suspension under the Buy-Back Programme.
- **18 October 2018: ACCIONA reports on the water services contract in Alta Ter-Llobregat**
  - ACCIONA confirms that the expert reports obtained ad cautelam determine the liquidation of the "contrato de gestión del servicio de abastecimiento de agua en alta Ter-Llobregat" in approximately €305m according to Clause 9.12 and €769m the amount of damages.
  - The total compensation owed by the Generalitat would amount to approximately €1,074m, without considering the deduction of the provisions for the ordinary liquidation of the contract (approximately €38m).
  - ACCIONA holds a 76.05% shareholding in ATLL Concessionaria de la Generalitat de Catalunya, S.A. concessionaire of this contract.

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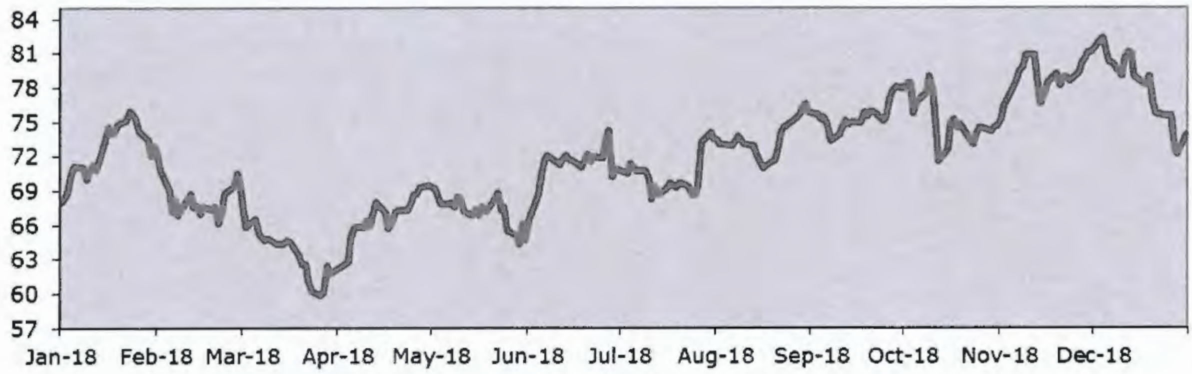
- **29 October 2018: ACCIONA reports on the reactivation of the Liquidity Contract**
  - ACCIONA reactivates the Liquidity Contract signed with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The operation through the Liquidity Contract will take effect as of today
- **15 November 2018: ACCIONA reports on the approval of the Audit Committee Regulation**
  - As of this date, the Board of Directors of the Company has approved the regulations of the Audit Committee, in order to favour the independence of the Committee and determine, separately, the principles of action and its internal operational.
  - The Regulation has been prepared considering the recommendations of good governance and the technical guidelines of the CNMV on Audit Committees of public interest entities.
  - In addition, and following the recommendations of the aforementioned technical guidelines, the Board of Directors has approved the modification of the Board of Director's Regulations in order to channel, through the Secretary of the Board and the Committees, any resources required so that the Committees can fulfil their mission, in addition to foreseeing the possibility that the Committees have their own regulation.
- **On several dates from 9 April to 29 October: ACCIONA reports on the operations carried out over its own shares under the Buy-Back Programme**
  - As a result of the Significant Communication Information published on 27 March 2018 in which ACCIONA informs of the establishment of a temporary share Buy-back Program, the Group reports on a weekly basis on the treasury share transactions carried out within the framework of the Buy-back Programme

Dividends

On the 26 February 2018, ACCIONA's Board of Directors proposed the distribution of a dividend of €171.8m (€3.00 per share) against results of 2017 fiscal year.

Share data and share price performance

ACCIONA Share Price Evolution (€/share)



Key Share Data

	31-Dec-18
Price at 31 December 2018 (€/share)	73.90
Price at 29 December 2017 (€/share)	68.04
Low in FY 2018 (26/03/2018)	59.82
High in FY 2018 (04/12/2018)	82.30
Average daily trading (shares)	159,078
Average daily trading (€)	11,267,034
Number of shares	57,259,550
Market capitalisation at 29 December 2018 (€ millions)	4,231

Share Capital

As of 31 December 2018, the share capital of ACCIONA amounted to €57,259,550 divided into 57,259,550 shares of €1 of nominal value each.

The group's treasury shares as of 31 December 2018, amounted to 2,902,115 shares, which represent 5.07% of the share capital.

The changes in treasury shares in financial year 2018 were as follows:

	2018		2017	
	Number of shares	Cost	Number of shares	Cost
Opening balance	**45,702**	**3,146**	**233,898**	**14,403**
Additions	971,942	70,675	3,395,430	253,160
Retirements	(954,831)	(68,967)	(3,392,916)	(253,024)
Liquidity contract	**17,111**	**1,708**	**2,514**	**136**
Additions 03/05/2017 (*)	--	--	221,357	16,569
Other additions	2,967,395	203,073	90,001	6,370
Retirements	(128,093)	(8,311)	(502,068)	(34,332)
Other movements	**2,839,302**	**194,762**	**(190,710)**	**(11,393)**
Closing balance	**2,902,115**	**199,616**	**45,702**	**3,146**

(*) Specific acquisition to meet the convertible bond conversion requirements

Events after the reporting period

As discussed in Note 17 to these consolidated financial statements, 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 Concessionária 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.

Main Risks associated with the ACCIONA Group's business activities

The risk scenarios considered in the Acciona Risk Management System have been classified into four groups: financial, strategic, operational and unpredictable, with the first two groups identified by the Group's executives as those presenting a higher risk profile.

1. Financial and Economic Risks:

Mainly fluctuations in exchange rates, interest rates and financial markets, liquidity, cash flow, late payment or loss of clients.

In order to mitigate the exchange rate risk, Acciona engages currency derivatives (mainly exchange-rate hedging instruments) to cover significant future transactions and cash flows in line with the tolerated risk thresholds. Note 19 to the financial statements for 2018 includes detail of current and non-current assets and liabilities and of net equity at 31 December 2018 in the main currencies in which the Group operates.

Interest rate risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the variation in interest rates may have a strong impact on their profitability. It is mitigated by hedging transactions through the engagement of derivatives. (Mainly Interest Rate Swaps, IRS).

As regards credit and liquidity risks, the Group negotiates operations exclusively with solvent third parties and requires sufficient assurances to mitigate the risk of financial losses in the event of any default.

Together with a suitable level of reserves, it also constantly monitors the forecasts and the current levels of cash flows to match these against the maturity profiles for financial assets and liabilities.

2. Strategic Risks:

They are risks that have the consequences of reducing the growth of the company and failing to meet the objectives due to inability to respond to a dynamic and competitive environment. These risks include organisational changes, investments and divestments, threats from competitors, economic, political and legal changes, and the impact of new technologies or research and development.

Acciona minimises this type of risk through its own strategy and business model by applying adequate sectoral and geographic diversification of its businesses; the performance of exhaustive market research, surveys of competitors and the countries in which its activities are carried out; as well as through the encouragement of Research and Development.

Risks derived from conduct that is contrary to ethics and integrity. The markets in which Acciona operates could be exposed to risks of an ethical nature that go against the principles of integrity and respect in existing legislation. Acciona has put in place a Code of Conduct which establishes the basic principles and commitments that all directors and employees of the divisions as well as suppliers and third parties in contact with these companies must fulfil and respect when carrying out their activities. There is a whistle blowing channel, communicated at all levels of the Organisation, to enable information to be passed on, with guarantees of confidentiality, regarding any irregular conduct relating to accounting, supervision and auditing as well as any other non-compliance or breach of the behaviour promulgated in the Code.

3. **Operational Risks:**

They are risks concerning processes, people and products. They are related to regulatory, legal and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and the loss of key personnel.

In each business area, specific systems are established to cover all the business requirements, to systematise and document processes, and to manage quality, operations, planning and financial control.

In order to mitigate the risks in the procurement process, controls have been established to favour free competition and transparency in the processes and to avoid violating Acciona's commitment to ethical behaviour in these processes. Acciona mitigates the main risks in its supply chain related to economic, environmental and labour matters by carrying out a thorough analysis of its critical suppliers.

4. **Unforeseeable Risks:**

They are risks related to damage caused to company assets and civil liability risks that could negatively impact the company's performance, including criminal acts of a cyber nature.

Acciona has a Corporate Management System for Environmental Crises. This system includes measures to be followed and the allocation of responsibilities and resources necessary for the adequate management of a crisis situation following any incident occurring at facilities owned or operated by the Company and leading to consequences for the environment.

In addition, social, environmental and governance risks are identified and assessed so that Acciona can improve its sustainability performance, improve its response to multiple scenarios and changing environments, and improve confidence among its stakeholders.

By using a risk assessment methodology, Acciona evaluates the risks related to climate change, the environment, social and labour aspects, governance and corruption, for each of the businesses where the company operates, based on the probability, economic-financial consequences and impact on the company's reputation.

As regards the tax risks faced by the Group, these are basically procedures, communication with business areas that may lead to an inadequate technical analysis, changes in tax regulations or administrative and jurisprudential criteria, as well as the reputational risk arising from tax decisions that may damage the Group's image and reputation. Acciona has defined a tax risk management policy for such issues which is based on a suitable control environment, a risk identification system, and a continuous monitoring and improvement process on the effectiveness of the established controls.

Acciona established a Crime Prevention and Anti-Corruption Model following the reform of the Spanish Penal Code.
A Criminal Risk Map was developed during 2018 with the aim of fully integrating the regulatory control system and so that the controls introduced are perfectly aligned and audited.

NON-FINANCIAL INFORMATION STATEMENT

1. Business model

ACCIONA is a global company with a business model based on sustainability. Its aim is to respond to society's main needs through the provision of renewable energy, infrastructure, water and services.

ACCIONA carries out its business activities in over 40 countries around the world, and is firmly committed to contributing to the United Nations Sustainable Development Goals in all the regions in which it operates.

The sustainability strategies adopted by ACCIONA are outlined on its Sustainability Master Plan, a roadmap that integrates all the company's initiatives in this field. ACCIONA's goal is to lead the transition towards a low-carbon economy. In order to accomplish this goal, all its projects follow quality guidelines and innovative processes designed to optimise the use of resources and to preserve the environment. The company has been a carbon neutral company since 2016, and offsets all the CO_2 emissions that it has been unable to reduce.

ACCIONA is listed on several selective sustainability indexes and rankings, such as FTSE4Good, CDP Water Security A List 2018, and the 2019 Global 100 Most Sustainable Corporations in the World, among others.

Since 2009, sustainability-related actions and undertakings as well as the objectives in the field of sustainability are promoted by the Board of Directors' Sustainability Committee[2]. In addition, a member of the Management Committee is in charge of sustainability matters.

ACCIONA carries out a materiality analysis every year[3] in order to maintain a continuous monitoring approach for new trends and challenges in sustainability matters. This analysis examines more deeply the social, environmental, and corporate governance aspects that are relevant to the business, which allows accountability to be brought into focus. In order to accomplish this, the issues relevant to each of ACCIONA's main lines of business (Energy, Infrastructure, Bestinver, ACCIONA

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[2] *The functions, powers and members of the Sustainability Committee are available on the web: https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/committees/*

[3] *The latest edition of the materiality analysis is available in the Sustainability Report which is produced every year and published alongside the Integrated Report for the Company's General Shareholders' Meeting.*

Inmobiliaria and Grupo Bodegas Palacio 1894) were identified and prioritised, together with their impact along the entire value chain.

As part of its risk management evaluation strategies, ACCIONA monitors the potential impact of climate change, environmental, social and labour issues, ethics, and governance on its different business lines, for all the markets where it operates.

The Company's Policy Book[4] reflects the commitments and guiding principles in economic, social, environmental, and governance matters. This document was approved by the Sustainability Committee of the Board of Directors in 2013, and it was updated in 2018. These policies apply to all the Group's companies.

ACCIONA deploys its sustainability strategy through the Sustainability Master Plan (SMP). With a time frame up to 2020, the SMP[5] is structured in strategic and operational objectives, applicable to the whole organisation, with specifications for the different business lines, within the following areas:

- Society: social impact management, dialogue and leadership, social action and volunteering.
- Climate Change: carbon neutrality, climate risks and training.
- Environment: eco-efficiency in operations, sustainable water management, biodiversity.
- Corporate Governance: ethics, human rights, corporate governance, risk management and transparency.
- People: health and safety, development and incentives, diversity and inclusion, and training.
- Value Chain: sustainable management of the supply chain, partners, and clients.
- Innovation: being at the forefront in the field of collaborative innovation and operational innovation.

The Sustainability Corporate Division coordinates and promotes the SMP 2020 initiatives and goals. These are then converted into specific objectives for each one of ACCIONA's business lines. Each division has designated managers who are held responsible for promoting and following up on the initiatives set out in the SMP.

The degree of implementation of the company's sustainability strategies and compliance with the related commitments is tied to a percentage of the variable remuneration amounts awarded to directors, managers, and a portion of the technical and support staff. Sustainability objectives such as carbon neutrality, social impact management, workplace accident frequency rate reduction, and gender equality objectives are measured during yearly evaluations.

[4] *The Policy Book is available on the website: https://www.acciona.com/shareholders-investors/corporate-governance/corporate-policies-book/*

[5] *SMP 2020 Objectives are available on the website: http://smp2020.acciona.com/*

As required by Law 11/2018[6], of 28 December on non-financial information and diversity[7], this report includes all significant information, both individually and on a consolidated basis, for all Group companies.

This report was designed following the standards set by the Global Reporting Initiative (GRI), an international reference framework for sustainability reports. Standard reporting practices have been followed for any indicators that are not listed as part of this document.

Detailed information

Each year, ACCIONA provides comprehensive statements of its sustainability commitments, practices, and performance, both as part of its *Sustainability Report* and its *Integrated Report*. These are then made publicly available on the corporate website for each Annual General Shareholders' Meeting (http://www.acciona.com).

2. Information regarding environmental issues

The company bases its business model on the development of sustainable solutions. Among the challenges presented by this goal, recent activities have been centred on lowering the energy sector's carbon reliance in order to mitigate climate change, the design, construction, and operation of resilient infrastructures, and to lower the water stress affecting large portions of the planet. The Group's operations follow the prevention principle as the main strategy to lower the impact caused by any industrial operation, especially when it concerns integrated environmental, water, and climate risk management, the reduction of greenhouse gas emissions, the promotion of a circular economy, and the preservation of biodiversity.

Environmental protection practices are included in the Code of Conduct and developed through four main acting policies, which cover the main operational risks: Environmental Policy, Climate Change Policy, Water Policy and Biodiversity Policy.

These four policies are integrated in the SMP 2020, which develops specific annual commitments regarding the main issued affecting the environment today: reducing and compensating greenhouse gas emissions, drafting risk management plans to face the effects of climate change, implementing these plans as part of business strategies, designing maps and risk management strategies to safeguard the environment and water sources, improving the management of water resources, and objectives to support a circular economy and to preserve biodiversity.

During the 2016 Paris Climate Summit, ACCIONA made the commitment to become a carbon neutral company. Since then, it has taken the necessary steps to include this goal as part of its SMP 2020. It has developed an Emission Offset Model that voluntarily offsets 100% of the emissions that it has not been able to reduce.

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6 *The subsidiaries and companies that meet the requirements provided in article 49.5 of the Code of Commerce are: ACCIONA Facility Services, S.A., ACCIONA Energía, S.A., ACCIONA Construcción, S.A., ACCIONA Agua S.A., ACCIONA Medioambiente, S.A., ACCIONA Servicios Urbanos S.L.*

7 *Issues relating to the diversity of the Board of Directors are included in ACCIONA's 2018 Annual Corporate Governance Report.* https://www.acciona.com/shareholders-investors/corporate-governance/corporate-governance-report/

In order to enact this plan, the Group's calculation of its carbon emissions are externally verified. The cost of the compensation is then incorporated as a direct expenditure on each one of the company's businesses. In this way, the consideration of an internal carbon price, in addition to being included as a probable risk in the valuation of future investments, constitutes for ACCIONA a real cost to be taken into account in the operation.

ACCIONA's environmental management model is based on the principles of improving environmental performance, and it establishes a common action framework for all company divisions. This model involves considering environmental aspects from the perspective of an entire life cycle, identifying the risks and opportunities in all processes to ensure improvement and the planned results. This improvement philosophy is firmly rooted in all business divisions, all of which establish environmental objectives on a yearly basis, taking as a reference the objectives included in the SMP and management systems.

The company's environmental management systems are certified under various international standards. For example, during 2018, 90% of ACCIONA's business was certified by ISO 14001. This included 100% of the marketing and sale of renewable energy with guarantees of origin accredited by the National Commission on Markets and Competition (CNMC in Spanish), and 100% of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Colombia, Canada, etc.).

During 2018, ACCIONA's environmental risk prevention and mitigation activities have been valued at 3.242 billion euros, out of which 83 million euros came directly from managing (prevention, reduction, or correction) the environmental impacts generated by the Company. Furthermore, during 2018, the Company had employed a total of 239 professionals with responsibility on the environmental issues.

Environmental risk management is regulated by the Corporate Standard for Environmental Risk Management and associated Procedures (Environmental Responsibility, Climate Change and Water Resources). This standard details the process used to identify, value, prioritise, and disseminate the information regarding the potential environmental events that could impact the company, as well as the company's potential effects on the environment. This is the bases for developing response procedures and tolerance thresholds. During 2018, 101 significant risks were identified, and specific mitigation strategies were designed for each one of them. In addition, the company has procedural mechanisms to manage risks, with the aim of addressing risks that have turned into environmental crises. These have been incorporated into the Corporate Crisis Management Standard.

In addition, in order to support risk management practices at the business level, a top-down analysis of global scenarios, risks, and opportunities related to climate change and water resources has been developed.

- ACCIONA has identified 110 environmental risks and 22 opportunities related to climate change. Approximately 10% of the Group's economic activities are exposed to high risks due to climate change. The business line with the largest amount of opportunities is ACCIONA Energy, although practically all the business lines have available opportunities related from the increasing need to mitigate and adapt to climate change.

- For water resources, 91 vulnerabilities for ACCIONA have been identified. The main risks lie in competition for water resources, variations in precipitation patterns, flooding, and severe storms. Opportunities are centred on ACCIONA Agua's activities in countries in Central America, South America, Africa, the Middle East and South Asia.

Provisions for probable or certain liability, litigation in process and outstanding environmental indemnity payments or obligations of an unspecified amount, not covered by the insurance policies taken out, are recorded when the liability or obligation giving rise to the indemnity or payment arises. Further information is provided in section 4.2.R (incidental environmental activities) and section 17 of the *Consolidated Financial Statements.*

Emissions

The Company's environmental management systems identify, evaluate, and minimise the possible negative impact of carbon emissions and other atmospheric emissions, as well as noise and light pollution.

As a result of ACCIONA's electricity generation activities based on renewable resources, the company has prevented the emission of 12,534 tonnes of NO_x, 51,022 tons of SO_x and 357 tonnes of PM_{10} particles during 2018. These emissions all impact people's health. Therefore, by avoiding them, savings in healthcare have been achieved.

ACCIONA Energy, as part of its environmental management and control practices, includes the impact of noise pollution for its operations, both during the design phase and during normal operations for all technology types. During the design phase, the focus is to prevent any risks caused by noise. During the operational phase, the focus shifts to implementing the relevant applicable standards and to implementing technological improvements that can reduce noise levels, especially in sensitive areas.

In ACCIONA Infrastructure, the shared motorbike service ACCIONA Mobility has reduced noise pollution levels in urban settings. The decibel levels created are calculated to be 16% lower than those caused by standard motorbikes.

The evolution of NO_x, SO_x, PM_{10}, S_6 emissions generated has been as follows:

Concept	2015	2016	2017	2018
NO_x* (tonnes)	9,590	12,298	14,683	1,767
SO_x** (tonnes)	2,237	2,888	3,351	248
PM_{10}*** (tonnes)	641	795	958	76
SF_6 (tonnes)	0.443	0.179	0.094	0.050

Historical data includes Trasmediterránea activities, which was separated from the ACCIONA Group in 2018, and those of 2 centres, the representative consumption of which are no longer under ACCIONA's management, as per the existing agreements for energy management responsibilities and the criteria used to attribute emissions of publicly-owned facilities, consolidated under financial control schemes according to the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

** If emissions by Trasmediterránea and the 2 aforementioned centres are subtracted, the figures would be 870 (2015); 1,299 (2016) and 1,802 (2017)*

*** If emissions by Trasmediterránea and the 2 aforementioned centres are subtracted, the figures would be 53 (2015); 140 (2016) and 186 (2017)*
**** If emissions by Trasmediterránea and the 2 aforementioned centres are subtracted, the figures would be 52 (2015); 37 (2016) and 80 (2017)*

- *Carbon neutrality*

Due to ACCIONA's electricity generation activities being 100% from renewable sources, ACCIONA has prevented the emission of over 14.7 million tonnes of CO_2 to the atmosphere in 2018.

At the Paris Climate Summit, ACCIONA made a firm commitment to become a carbon neutral company as part of its efforts to mitigate climate change. Because of this, starting in 2016 all greenhouse gas emissions that the company has not been able to reduce are offset by purchasing certified carbon credits.

As outlined on the SMP 2020, ACCIONA has set specific targets for science-based emission reduction, validated by the Science Based Targets initiative (SBTi). The goal is to reduce greenhouse gas emissions by 16% by 2030 based on 2017 levels, both for the company itself and throughout the supply chain. During 2018, greenhouse gas emissions were reduced by 7% compared to those of the previous year. The annual objective was to reduce them by 1.23%.

Evolution of CO_2e emissions[8]:

GHG Emissions* (tonnes CO_2e)	**2015**	**2016**	**2017**	**2018**
Scope 1	80,073	118,463	152,666	131,685
Scope 2 (Market-based)	176,615	227,422	317,590	305,929
Total	**256,688**	**345,885**	**470,256**	**437,614**

** Historical CO_2e data were recalculated (according to the GHG Protocol) as Trasmediterránea was separated from the ACCIONA Group in 2018, and the activities of 2 centres are removed, the representative consumption of which are no longer under ACCIONA's management, as per the existing agreements for energy management responsibilities and the criteria used to attribute emissions of publicly-owned facilities, consolidated under financial control schemes according to the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.*

- *Climate change adaptation*

With regards to climate adaptation, each business line developed its own *Specific Climate Change Adaptation and Risk Management Plan* during 2018. In order to support the development of these plans, the *2018 Dossier of Global Measures for Adaptation to Climate Change* was drafted. This document puts forward 71 adaptation solutions, of which at least 25 are already being incorporated in the business lines. The *dossier* encompasses measures for water management, the adoption of new materials, design modifications, and the use of climate monitoring systems.

Circular economy, waste management and prevention

One of ACCIONA's objectives is to advance its circular economy programme. As part of the *Waste Management Plan 2016-2020 for the promotion of the Circular Economy*, the company set a goal of to recover 50% of all waste generated by 2020 and to reduce

[8] *At the date this report was prepared, a renewable energy certification acquisition operation is being carried out to offset greenhouse gas emissions. These certificates will ensure that ACCIONA will meet its carbon neutral targets.*

10% of its total waste created when compared to 2015 levels. During 2018, the company has recovered approximately 58% of the waste generated.

Evolution of waste management and production[9]:

Concept	2015	2016	2017	2018
Non-hazardous waste (tonnes)	8,909,870	12,590,645	12,118,376	9,602,772
Hazardous waste (tonnes)	9,889	13,279	21,104	8,633
Recovery of the total waste (%)	35%	37%	43%	58%
Landfill (%)	65%	63%	57%	42%

ACCIONA believes that life cycle analysis (LCA) is a useful tool when aiming to move towards a circular economy. The Company has a portfolio of 56 LCA and 6 environmental product declarations (EPD) in the energy and infrastructure sector, 3 of which were launched in 2018. They outline the standardised environmental impact of the company's products and services.

Sustainable use of resources

ACCIONA has implemented new ways to optimise the use of materials and sustainable materials, prioritising those that are re-used such as recycled aggregate; the use of renewable materials such as FSC certified wood and biomass; the efficient use of resources with the best available technologies; and the use of advanced materials such as composites, which minimise the amount of raw materials used.

Evolution of resource consumption:

Concept	2015	2016	2017	2018
Total resources (tonnes)	7,954,691	12,318,290	8,940,928	17,403,599
Recycled or renewable resources* (tonnes)	1,392,542	1,614,318	1,763,063	5,065,995
Recycled or renewable resources * (%)	18%	13%	20%	29%

**Recycled or renewable resources: biomass, certified wood (FSC or similar), land, aggregates and recycled steel.*

With regards to water management, the Company aims to improve consumption efficiency by 2020. By 2018, the result was a 39% reduction in water consumption, mainly due to the deconsolidation of some of the company's thermal solar generating centres. The adoption of closed circuits for cooling water inside tunnels and the installation of air-based refrigeration equipment at a biomass factory have also contributed.

During 2018, the amount of water treated by ACCIONA increased up to 790 hm^3, 295 hm^3 of which are in countries currently experiencing water stress. In addition, 17% of all water used is either recycled, or comes from tertiary sources or rainwater collection. It should be noted that ACCIONA's wastewater and drinking water treatment activities provide improved water quality without significantly affecting the availability of water reserves.

[9] *Due to the nature of ACCIONA's business and based on the materiality study carried out in 2018, the required information on "food waste" is not considered relevant to report.*

The evolution of water consumption and water supply according to local limitations is as follows:

ACCIONA's water consumption and supply	2015	2016	2017	2018
Water treatment for clients (hm3)	634	772	775	790
Water for internal consumption (hm3)	6.5	6	7	4.3

ACCIONA's water consumption and supply in countries with water stress	2015	2016	2017	2018
Water treatment for clients (hm3)	59	76	160	295
Water for internal consumption (hm3)	0.12	0.15	0.19	0.16

- *Energy efficiency*

The group designs energy reduction plans and programmes, which are focused on energy efficiency and the use of renewable energies.

For this year, some measures ought to be highlighted, such as the use of B20 biodiesel for all static equipment used in the Dubai Metro Red Line works, the reduction of energy consumption that followed the adoption of ISO 50001 standards in water treatment centres, and the reduction of emissions related to waste transportation that resulted from waste reduction. At the date this report was prepared, a renewable energy certification acquisition operation is being carried out to ensure that ACCIONA will meet its emission reduction targets.

On the other hand, and aiming to extend its environmental commitment to its suppliers, ACCIONA has calculated the greenhouse gas emissions of 100% of its supply chain for the fifth consecutive year, and the water consumption of 100% of the suppliers for the fourth consecutive year, allowing an analysis by country, procurement sector and division to be carried out.

Evolution of energy consumption:

Energy consumption (TJ)	2015	2016	2017	2018
Renewable*	6,013	6,510	5,740	5,698
Non-renewable**	7,204	9,488	13,331	4,488
Total	**13,217**	**15,998**	**19,071**	**10,186**

Historical data includes Trasmediterránea activities, which was separated from the ACCIONA Group in 2018, and those of 2 centres, the representative consumption of which are no longer under ACCIONA's management, as per the existing agreements for energy management responsibilities and the criteria used to attribute emissions of publicly-owned facilities, consolidated under financial control schemes according to the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

** If emissions by Trasmediterránea and the 2 aforementioned centres are subtracted, the figures would be 5,989 (2015); 6,485 (2016) and 5,710 (2017)*

*** If emissions by Trasmediterránea and the 2 aforementioned centres are subtracted, the figures would be 2,659 (2015); 3,489 (2016) and 4,846 (2017)*

**** If emissions by Trasmediterránea and the 2 aforementioned centres are subtracted, the figures would be 8.648 (2015); 9,974 (2016) and 10,556 (2017)*

Protecting biodiversity

ACCIONA carries out control and monitoring activities across any facilities that are adjacent to or inside any protected areas or non-protected areas of great value for biodiversity. During 2018, the company has carried out activities in 153 facilities located completely or partially inside protected areas or non-protected areas of great biodiversity, covering a surface area of 1,163 hectares. ACCIONA has identified and assessed the most significant impacts at these locations, taking into account the affected species, the surface area of the facility, the duration of the impacts and their reversibility or irreversibility.

During 2018, the main impact has been seen on water resources (49%, 6% more than during 2017), fauna (21%, 2% less than in 2017), and vegetation (14%, 1% less than the previous year). On a lesser scale, soils, landscapes, habitats and the atmosphere have also been impacted. The prevention and restoration of any areas that may be affected by the development of ACCIONA's activities are considered for its projects. Therefore, these projects carry associated protection and habitat restoration works, such as reforestation, woodland restoration, beaconing of exclusion areas, modifications to electrical installations and bird census and monitoring. During 2018, ACCIONA has protected and restored 14.56 hectares surrounding its facilities. In addition, the company has a *Biodiversity Offsetting and Improvement Programme* which consists in designing and implementing voluntary initiatives that go beyond the administrative environmental requirements.

During 2018, the Company has completed its development of measurement and valuation methods that can quantify its biodiversity footprint. This method integrates two internationally-renowned tools. Applying this method has had a positive impact on ACCIONA's biodiversity footprint around the globe, especially after accounting for the hundreds of hm^3 of treated water that have been returned to the water systems and millions of tonnes of CO_2 emissions that were prevented by the Company's actions. This impact is equal to the restoration of 300 km^2 of deteriorated surfaces.

3. Information regarding social and human resource issues

Human capital, safety, health and wellness, equality and diversity among its employees are held high in the company's priority list. Talent is one of ACCIONA's main assets, which is why the company actively follows management practices designed to identify, retain, and develop the people within the company[10].

ACCIONA's Code of Conduct sets conduct standards aimed to foster respect and prevent discrimination between people, as well as equality, health and safety in the workplace, among others. Likewise, the company has a specific Human Resource and Occupational Health and Safety Policy that adopts principles such as promoting competitive work conditions, supporting effective equality, favouring reconciliation, the continuous improvement of safety and health, and the freedom of negotiation and association. With regards to the Board of Directors, the company has a Director Selection Policy and Remuneration Policy.

In addition, the Company has a Protocol on Response to Harassment, which shows ACCIONA's intention to adopt any necessary measures to promote a work environment that is completely free of harassment (sexual or moral), with a zero-tolerance policy for

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[10] *Strategies and programmes in this section are described in more detail in the Annual Sustainability Report and the Integrated Report.*

any such behaviour. Through its Ethical Channel, the Code of Conduct Committee values all received complaints and establishes any courses of action required.

Likewise, as part of the SMP 2020, specific objectives have been set out regarding development, incentives, health and safety, diversity, inclusion, and training.

Human Capital

Human capital management at ACCIONA is designed based on the definition of the human resources strategy and it is readjusted each year to the new business requirements. For the 2018-2020 period, the company has established that its main priority is to place its employees at the centre of its strategy, with file basic management pillars: attracting talent, focusing on employee experience, collaborative leadership, adapting the workplace to current needs, and accelerating technological management.

The great challenge is to contribute to the development of highly specialised professionals in a very disruptive environment, where technologies, processes, and culture are in constant change. This means that the company's professionals and management techniques must be in a constant state of adaptation.

In 2018, ACCIONA employed 38,544 people around the globe.

Evolution of the number of employees, total and by business line (% out of total):

	2017	2018
ACCIONA Energy	4.36%	4.12%
ACCIONA Infrastructure: Construction	29.73%	27.99%
ACCIONA Infrastructure: Concessions	2.68%	1.79%
ACCIONA Infrastructure: Water	9.69%	9.72%
ACCIONA Infrastructure: Services	47.46%	52.16%
ACCIONA Infrastructure: Industrial	0.56%	0.69%
Other businesses*	5.51%	3.53%
Average number of employees at the end of the year	**37,403**	**38,544**

**Other businesses include: Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria; Corporate division and Trasmediterránea (deconsolidated as of May 2018).*

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Total number of employees during 2018 by business line, broken down by gender:

	Total employees	Men	Women
ACCIONA Energy	1,587	1,166	421
ACCIONA Infrastructure: Construction	10,787	9,077	1,710
ACCIONA Infrastructure: Concessions	690	330	360
ACCIONA Infrastructure: Water	3,747	3,103	644
ACCIONA Infrastructure: Services	20,106	11,781	8,325
ACCIONA Infrastructure: Industrial	266	210	56
Other businesses*	1,361	728	633
Average number of employees at the end of the year	**38,544**	**26,396**	**12,148**
		68%	**32%**

**Other businesses include: Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria; Corporate Division and Trasmediterránea (deconsolidated as of May 2018).*

Evolution of the number of employees by business line, broken down by gender and type of contract:

	2017						2018					
	Temporary			Permanent			Temporary			Permanent		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
ACCIONA Energy	41	7	48	1,176	408	1,583	50	17	67	1,117	403	1,520
ACCIONA Infrastructure: Construction	3,134	323	3,458	6,470	1,192	7,662	3,258	432	3,690	5,819	1,278	7,097
ACCIONA Infrastructure: Concessions	84	44	128	514	362	876	30	38	68	300	322	622
ACCIONA Infrastructure: Water	1,496	138	1,633	1,645	346	1,991	1,353	210	1,564	1,750	434	2,183
ACCIONA Infrastructure: Services	3,099	2,103	5,202	6,971	5,577	12,549	3,963	2,574	6,537	7,819	5,750	13,569
ACCIONA Infrastructure: Industrial	53	19	73	102	36	138	60	14	74	149	42	192
Other businesses*	272	115	388	1,105	569	1,674	84	68	152	644	565	1,209
Average number of employees at the end of the year	**8,179**	**2,751**	**10,930**	**17,983**	**8,490**	**26,473**	**8,798**	**3,354**	**12,152**	**17,598**	**8,794**	**26,392**

**Other businesses include: Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria; Corporate division and Trasmediterranea (deconsolidated as of May 2018).*

Evolution of the number of employees, by contract type and age bracket (years):

	2017		2018	
Age bracket	Temporary	Permanent	Temporary	Permanent
< 31 years	52%	48%	54%	46%
Between 31 and 50 years	28%	72%	31%	69%
+ 50 years	19%	81%	24%	76%

Evolution of the number of employees, by contract type and professional category:

	2017		2018	
	Temporary	Permanent	Temporary	Permanent
Executives and Managers	0%	100%	0%	100%
Technicians	18%	82%	22%	78%
Support	17%	83%	18%	82%
Workers/Operators	34%	66%	37%	63%
Others	26%	74%	29%	71%

Evolution of the number of employees by country and gender:

	2017	2018		
	Total	Men	Women	Total
Spain	20,875	13,534	8,206	21,740
Germany	1,098	316	63	380
Australia	1,135	984	216	1,200
Brazil	2,239	1,037	71	1,108
Canada	476	272	218	490
Chile	2,044	1,877	332	2,209
USA	170	146	25	172
Italy	390	338	41	379
Mexico	2,005	1,282	955	2,237
Norway	656	628	38	665
Poland	1,538	939	609	1,548
Portugal	1,210	979	775	1,753
Qatar	162	123	12	135
Ecuador	1,103	1,864	178	2,042
UAE	269	455	74	529
Peru	898	706	92	798
Rest of the World	1,137	915	243	1,159
Total employees	**37,403**	**26,396**	**12,148**	**38,544**

Number of employees and full/part time distribution by business line and by gender:

	2018					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
ACCIONA Energy	1,149	340	1,490	17	80	97
ACCIONA Infrastructure	22,256	6,769	29,026	2,245	4,325	6,570
- Construction	8,950	1,524	10,474	127	186	313
- Concessions	309	292	601	21	68	89
- Water	2,940	480	3,421	163	164	326
- Services	9,851	4,420	14,270	1,931	3,905	5,836
- Industrial	207	54	261	3	2	5
Other businesses*	720	529	1,249	9	103	112
Average number of employees at the end of the year	**24,125**	**7,639**	**31,765**	**2,271**	**4,509**	**6,779**

**Other businesses include: Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria; Corporate division and Trasmediterránea (deconsolidated as of May 2018).*

Evolution of the number of employees, by professional category and gender:

	2017	2018		
Category	**Total**	**Men**	**Women**	**Total**
Executives and Managers	2,207	1,756	426	2,182
Technicians	5,739	4,424	2,239	6,663
Support	1,290	452	910	1,362
Workers/Operators	27,107	19,449	8,335	27,783
Others	1,059	315	238	554
Total employees	**37,403**	**26,396**	**12,148**	**38,544**

Evolution of the number of employees by professional category, broken down by age bracket (years):

	2017				2018			
	< 31 years	Between 31 and 50 years	> 50 years	Total	< 31 years	Between 31 and 50 years	> 50 years	Total
Executives and Managers	10	1,575	622	2,207	9	1,578	595	2,182
Technicians	1,065	3,938	736	5,739	1,248	4,566	848	6,663
Support	242	780	268	1,290	223	864	275	1,362
Workers/Operators	3,821	15,027	8,259	27,107	3,652	15,264	8,867	27,783
Others	125	580	355	1,059	69	256	228	554
Total employees	**5,263**	**21,900**	**10,240**	**37,403**	**5,201**	**22,529**	**10,814**	**38,544**

Evolution of the number of dismissals by professional category and gender:

	Category	2017	2018
Men	Executives and Managers	64	68
	Technicians	91	141
	Support	14	6
	Workers/Operators	430	693
Total Men		599	908
Women	Executives and Managers	9	13
	Technicians	40	45
	Support	15	26
	Workers/Operators	317	281
Total Women		381	365
Total		**980**	**1,273**

Note: data as of 31/12/2018 refers to active personnel. In Spain, dismissals fall within three categories (dismissals for objective causes, disciplinary dismissals, and dismissals due to job redundancy). For the rest of the world, involuntary dismissals caused by expired contracts, repatriations, and transfers have been excluded.

Evolution of the number of dismissals by professional category and age bracket:

Category	Years	< 31 years	Between 31 to 50 years	>50 years
Executives and Managers	2017	1	41	31
	2018	0	38	43
Technicians	2017	10	88	33
	2018	33	119	34
Support	2017	5	13	11
	2018	2	18	12
Workers/Operators	2017	189	367	191
	2018	204	516	254

Human capital development

During 2018, the new Performance Management Model was consolidated. This model is based on the following principles: identifying, developing, and recognising ACCIONA's professional talent, as well as integrating internal mobility within talent management practices. In addition, a survey was performed to evaluate hiring methods and to propose improvements to it.

Continuous training of ACCIONA's personnel is considered a fundamental part of the Company's professional development model. This effort has been organised under ACCIONA University. In 2018, a strong emphasis was placed on leadership and diversity programmes. By 2020, the Company intends to provide all its employees with knowledge and competencies on sustainable management. With this goal in mind, a second campaign from ACCIONA's Sustainability Course was launched during 2018.

Number of training hours and students, arranged by professional category and gender:

		2018				
		Executives and Managers	Technicians	Support	Workers/ Operators	Total
Total N° of hours received	Men	78,201	156,483	9,946	295,180	539,810
	Women	26,333	90,324	18,810	36,561	172,028
	Total	104,534	246,807	28,756	331,741	711,838
Students	Men	2,000	4,200	396	10,502	17,098
	Women	455	2,062	838	2,719	6,074
	Total	2,455	6,262	1,234	13,221	23,172
Annual training hours per employee	Men	44.53	35.37	22.00	14.94	20.45
	Women	61.81	40.34	20.67	4.26	14.16
	Total	47.91	37.04	21.11	11.71	18.47

Training investment by professional category:

	Executives and Managers	Technicians	Support	Workers/ Operators	Total
Total investment (euros)	3,165,835	3,662,304	269,498	2,444,909	9,542,546
Annual investment / employee (euros)	1,450.89	549.65	197.87	86.28	247.58

Compensation

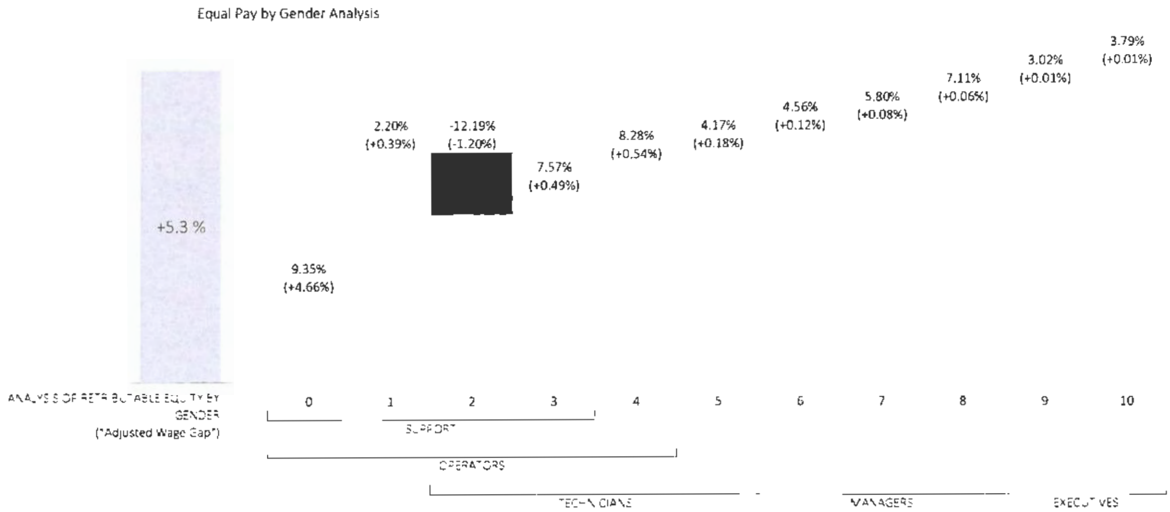
ACCIONA's compensation policies are designed and implemented around the principles of impartiality, external competitiveness, and internal equality.

ACCIONA compensates its employees according to the following criteria: the competitiveness of its sector and region, internal equality, and personal merits. ACCIONA operates across a wide variety of industries (construction, water, industrial plants, concessions, services, real estate, retail, asset management, event planning, etc.) and in over 38 countries. According to current legislation, employee compensation policies are held to all applicable collective agreements (during 2018, this encompassed 299 agreements of varying scope in Spain alone).

In keeping with the European Commission Recommendation of March 2014 on strengthening the principle of equal pay between men and women, and the current legislative tendencies in Spain and other European countries, ACCIONA is committed to ensure that any gender-based wage gaps are eliminated across all its economic activities and divisions. In order to achieve effective equal pay between men and women, ACCIONA has developed a salary analysis method that aims to identify any possible cases of salary discrimination among men and women performing equal work. The methods used are based on international best practices and audited externally and independently.

This analysis allows the effective and accurate identification of any possible salary gaps, divided by country, business division, and professional category. During 2018 specifically, ACCIONA has identified a possible global salary gap between men and women of 5.3%.

The graph shown below shows the distribution of available data, arranged by professional category:



This information is used to analyse all data on a yearly basis, and identify specific salary gaps in each country, business lines, and category. This will identify if differences exist among positions of equal value or if these differences are attributable to any other factor (seniority, differences in hierarchy, performance, results, etc.). A specific objective was set for 2019: to eliminate the salary gaps detected across every business division. The action plan is regularly monitored by company management, who evaluate progress on each one of their organisation's countries and levels.

Total average salaries for ACCIONA's employees are provided below[11], broken down by gender, age bracket, and professional category[12]:

Business development and production – Total Salary averages for 2018 (euros)				
	Professional category	<31 years	Between 31 to 50 years	>50 years
Men	Executives and Managers	60,031	90,714	129,546
	Technicians and qualified line personnel	35,815	45,001	49,745
	Other employees	18,919	25,284	26,356
Women	Executives and Managers	N/A	70,260	85,385
	Technicians and qualified line personnel	26,420	36,115	37,972
	Other employees	12,930	16,279	16,530

[11] *Professionals receiving less than 1,000 euros per year that have not been able to be analysed have been excluded from the statistical analysis.*

[12] *Bestinver employees are not included in this table.*

Support roles – Total Salary averages for 2018 (euros)				
	Professional category	**< 31 years**	**Between 31 to 50**	**> 50 years**
Men	**Executives and Managers**	56,979	90,968	151,770
	Technicians and qualified line personnel	28,723	37,615	44,378
	Administrative and support staff	12,643	16,895	26,167
Women	**Executives and Managers**	57,054	80,605	118,639
	Technicians and qualified line personnel	27,374	36,014	41,063
	Administrative and support staff	18,015	24,198	28,919

Remunerations for ACCIONA's Board of Directors are included individually in Note 34 of the Consolidated Financial Statement.

Labour relations and management of work/life balance

At ACCIONA, nearly all employees are covered by collective bargaining agreements in different countries (in certain countries, and due to commissioning reasons or legal framework reasons, there may be a minimum number of workers who are not covered, in any case this is less than 1% of the total workforce). Collective bargaining and/or union negotiations are signed at all worksites and projects, with the exception of those countries where union affiliations are not normalised or where unions are illegal. In these cases, other control mechanisms have been implemented to monitor working conditions, both inside the company and for its suppliers.

In order to prevent any potential source of conflict, and to minimise the amount of workplace incidents, ACCIONA meets regularly with representatives and worker delegates from all unions.

In Spain, ACCIONA has recognised 766 legal worker representatives for companies that represent up to 82% of the Spanish workforce, without diminishing the importance of treating health and safety issues on a global scale. In accordance to European Directive 89/391 and its Spanish equivalent, the Law for the Prevention of Workplace Risks, all ACCIONA companies and subsidiaries that fall within the scope of the European Standards include the topics of health and safety as part of collective bargaining agreements.

In order to address time management issues in the workplace, and to implement policies that permit an adequate work/life balance, ACCIONA pays close attention to its systems and procedures. These are in the process of being adapted to meet both EU regulations and Spanish Law.

The Company promotes an adequate work/life balance by offering flexible schedules, as well as scaled down options for its employees. In this way, the work day can end in accordance to the terms that were agreed upon with the legal worker's representatives. In addition, employees have at their disposal several "personal days". These may be requested through the company's Intranet. Finally, and depending on the exceptional circumstances of the situation, the Company is open to approve telecommuting schemes as needed.

These measures are complemented by the presence of canteens on all main work sites, which reduce the time spent on lunch breaks or commuting, childcare vouchers, wide coverage for medical services, and remote medical teleconsultations.

Evolution of employees with the right to request maternity or paternity leave:

	2017			2018		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
N.º of employees entitled to request maternity/paternity leave	378	236	614	541	323	864
N.º of employees who took maternity/paternity leave	378	236	614	541	323	864
N.º of employees who returned to work after completing maternity or paternity leave	375	234	609	541	318	859
N.º of employees who returned to work after completing maternity or paternity leave, and who continued working during the 12 months following it	354	226	580	516	315	831
Retention ratio*	0.94	0.97	0.95	0.95	0.99	0.97

**GRI does not establish a specific formula to calculate this ratio. In order to calculate it, the number of people who remain at their posts as of the 31st of December 2018, after having taken maternity/paternity leave during 2018, will be divided by the number of maternity or paternity leaves taken during that same year.*

Diversity and equality

As part of the Sustainability Master Plan 2020, ACCIONA has set the goal to implement diversity plans in any countries where it has more than 300 employees. This includes the creation of leadership programmes for women who show potential, increasing the number of women in management and director positions, and promoting socially responsible hiring practices, among others.

Depending on the country and the activity performed, the occupational and social risks associated with the projects carried out by the company are different: the most labour-intensive businesses increase the risk associated with personnel management. Also, the protection of minorities stands out in certain countries (BBEEE requirements in South Africa, First Nations in Canada, Indigenous Peoples in Australia), as well as the promotion of equality (Europe, Canada, etc.), and the protection of immigrant groups (Middle East and Asia). The management of these risks at ACCIONA involves aligning the overall processes and objectives of diversity and socially responsible recruitment with the development of specific plans and procedures where required.

The company's diversity management system requires monthly reports on equality and socially responsible hiring milestones. These results are analysed by each business division and country in order to determine the action and/or correction plans required to ensure the objectives are met.

In the specific case of Spain, all activity sectors are covered by Equality Plans in accordance with Organic Law 3/2007 for effective gender equality between women and men, signed with the most representative labour unions, in which the results are

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reported and assessed jointly every six months. Similar mechanisms are implemented in countries such as Australia, Mexico and Canada.

During 2018, women occupied 14% of all executive positions (versus 12.8% during 2017) and 20.4% of all management positions (19.8% in 2017). For 2020, the objective is to increase the percentage of women occupying executive- and management-level positions to 23%.

As part of the measures implemented during 2018 to promote equality of treatment and of opportunity between men and woman, efforts were made to promote hiring more women during both internal and external hiring processes. In addition, the Programme for the Development of Women of High Potential has been expanded.

As part of the company's efforts to create employment opportunities for people with disabilities, at 31 December 2018, the average number of employees with a disability level of 33% or over employed by the consolidated companies amounted to 1,001 (direct and indirect employment), and 897 at 31 December 2017. In accordance to the provisions of the General Law for Disabilities, as of 2018 over 3.86% of all the company's positions in Spain were occupied by people with disabilities (out of this figure, 3.33% are directly employed, and 0.54% are indirectly employed). The equivalent figure for 2017 was 3.6%. ACCIONA holds a Bequal certificate, and several of its divisions hold a Bequal Plus certificate.

Health and Safety

ACCIONA has action plans and specific objectives for promoting the health of its employees and collaborators and preventing occupational risks. As part of the SMP 2020, the Company has stated the goal of reducing its accidents frequency rate by 15% compared to 2015.

The company makes a continuous effort to assess the specific risks associated with each activity (e.g., risks associated with occupational diseases, construction works, machinery, work at height, electrical contacts, etc.).

Most of ACCIONA's businesses are certified by OHSAS 18001 standards (this includes 99% of ACCIONA Energy, 91.3% of ACCIONA Infrastructure, 100% of Corporate, 100% of ACCIONA Inmobiliaria and 100% of Bestinver). In addition, ACCIONA Infrastructure has other local voluntary certifications, such as the COR in Canada and the OFSC Federal Safety in Australia.

Twice a year, the Prevention Committee made up of the OHS Managers from ACCIONA's different divisions and business lines and the human resources department, follows up on the projects that are ongoing and their level of development, as well as the occupational accidents in the period. The data on accidents occurred was analysed and the investigations into the causes and corrective measures of fatal accidents both of employees and subcontracted employees were reviewed in the last committee.

The company has carried out a series of preventive actions as part of its goal to implement behavioural change and "zero accident" programmes, both internally and for its contractors. In the Infrastructure division, the LIDER Project seeks to promote leadership practices for the prevention of workplace accidents. The Behaviour-Based Safety for You (BBS4U) Project is meant to control and prevent any risks that may result from the workers actions. Finally, a Voluntary Protection Programme has been created to cover contractors or external collaborators. ACCIONA Energy has taken its own steps in the matter, through the implementation of the Think Safe and Act Safe Programmes, which are aimed to promote a prevention-based mind set among all its employees as well as its suppliers, through participation in an awareness session. Over 2018, 339,330 training hours have been conducted dealing specifically with workplace hazard prevention (8.8 hours a year per employee).

As of this year, systems employed to collect accident data have not collected any information broken down by gender, especially in countries where such information does not follow the model developed in Spain. Any reports that use such criteria would only provide estimates. Because of this, it would be important to implement a data-gathering system in 2019 that records gender and country from the very start. This will allow the Company to provide accurate and reliable figures.

According to the European Directive 89/391 CEE and its Spanish equivalent, the Law for the Prevention of Workplace Risks, any preventative measures meant to eliminate or minimise workplace hazards must be adopted according to the activity that generates the risk, regardless of the worker's gender. ACCIONA, as part of its policy to protect maternity and breastfeeding, has elaborated its own prevention guidelines to address any risk that may be aggravated in said situation.

Evolution of fatal accidents for both ACCIONA and contractor employees

	2017		2018	
	Spain	Rest of the World	Spain	Rest of the World
ACCIONA employees	4	1	0	0
Contractors	0	1	2	1

Note: all fatalities have involved men

Evolution of workplace accident frequency rate, broken down by division:

	2017	2018
ACCIONA Energy	0.36	0.45
ACCIONA Infrastructure	4.94	4.98
- Construction	1.68	1.06
- Concessions	2.69	3.06
- Water	4.41	4.43
- Services	6.77	6.68
- Industrial	3.45	--
Other businesses*	2.73	1.47
Corporate	0.00	0.00
ACCIONA Total	4.55	4.65

Frequency Rate: (nº of accidents that involved loss of work/hours worked) x 200,000
**Other businesses include: ACCIONA Inmobiliaria, Bestinver, and Grupo Bodegas Palacio 1894. 2017 data includes Trasmediterránea.*

Evolution of employee severity rate, broken down by division:

	2017	2018
ACCIONA Energy	7.9	17.7
ACCIONA Infrastructure	142.4	165.5
- Construction	53.9	49.2
- Concessions	112	139.5
- Water	119.1	172.7
- Services	194.4	212.0
- Industrial	5	0.00
Other businesses*	113.2	34.6
Corporate	0.00	0.00
ACCIONA Total	**132.6**	**154.6**

Severity rate: (nº of lost working days due to a workplace accident/worked hours) x 200,000.
**Other businesses include: ACCIONA Inmobiliaria, Bestinver, and Grupo Bodegas Palacio 1894. 2017 data includes Trasmediterránea.*

Evolution of the total number of occupational diseases, by region:

	2017	2018
Spain	16	21
Rest of the World	2	0

Evolution of lost hours by region*:

	2017	2018
Spain	3,298,943	3,598,213
Rest of the World	222,508	277,415

**This figure is requested in hours, although data collection is done in working days. Conversion is not automatic, and because of the number of active collective agreements entered by the company, any calculation of hours can only provide estimates using an average workday for everyone, such as 8 hours/day.*

Evolution of workplace accidents (with leave of absence) by region:

	2017	2018
Spain	1,198.00	1,345.66
Rest of the World	150.00	172.00

4. Information regarding human rights issues

Respect for human rights is one of the principles that guides the Company's ethical commitments. The most frequently-analysed risks are related to internal labour practices, as well as those of outsourced contractors and suppliers, and the respect for the rights of local communities.

Both ACCIONA's Code of Conduct and its Human Resource and Occupational Health and Safety Policy establish the company's firm commitment to respect human rights and the public freedoms recognised in the United Nation's Universal Declaration of Human Rights. The ILO Declaration on Fundamental Principles and Rights at Work, the

OECD Guidelines for Multinational Enterprises, and the United Nations Global Compact are also taken as guiding principles.

In order to fulfil these commitments, ACCIONA has a Human Rights Policy, which was updated in 2018 in order to include the United Nations Guiding Principles on Business and Human Rights.

In line with the goals established in the SMP 2020 and the Guiding Principles on Business and Human Rights, ACCIONA is currently implementing a risk analysis and due diligence process which includes:

- Identifying and evaluating real and potential impact.
- Establishing specific processes and procedures to prevent any identified potential impact.
- Developing mechanisms to alleviate any impact that has already occurred or that the company has contributed to.

The company has developed a human rights risk analysis survey, based on the Guiding Principles analysing, among others, freedom of opinion or expressions, minority rights, rights of indigenous peoples, rights of women and girls, workplace discrimination, right to access basic services, freedom of association, rights of migrant workers, fair remuneration, working hours regulations, forced labour, and child labour.

During 2018, the human rights risk categories have been reviewed and they have been analysed in the countries in which the company carries out its activities. It was concluded that 13% of the countries where ACCIONA Energy operates, and 41% of the countries where ACCIONA Infrastructure operates present a serious or very serious risk of human rights violations.

A series of risk control and mitigation practices had already been analysed as part of the ongoing improvements to due diligence procedures. These practices were designed using the standards provided by the Danish Institute for Human Rights and the United Nations Global Compact. This analysis found that 43% of the measures listed have global coverage, 52% have partial coverage (depending on the business division or region), 3% have insufficient coverage and 2% of them are not applicable.

Based on the analysis performed in high-risk countries, and with the aim of covering insufficient and partial coverage, during 2018 the Company drafted a prevention and mitigation procedure to deal with potential labour human rights violations, a guideline for cases in which the company is involved in involuntary resettlement cases, and a separate guide listing complaint procedures or remediation for any human rights that may have been violated. All of these documents are expected to be implemented during 2019. In addition, during the same year, specific human rights monitoring tools and safeguards were integrated within the company's existing control tools.

Furthermore, ACCIONA Infrastructure also approved the Standard for Migrant Workers' Welfare, which established minimum requirements for the recruitment, employment, and housing standards for any workers and subcontractors working on any projects located in any Gulf Cooperation Council countries. For 2019, this Standard is expected to be implemented in ACCIONA Energy's operations.

Human rights and social impact management

On the other hand, in relation to the rights of local communities and labour rights that may be affected by ACCIONA's activities, the Social Impact Management (SIM) methodology[13] has been used to study possible infringements of human rights that a particular project or service could inflict on communities and other stakeholders, among other factors. In addition, it evaluates the social impacts in terms of severity if significant changes are incurred in the social, economic or cultural structure of a certain population or group of employees, or if human rights are affected. In this case, the SIM methodology requires prevention and mitigation measures for these impacts to be established.

During 2018, the SIM procedures identified 10 projects (versus 12 during 2017) where there was risk of Human Rights violations. In all of these cases, measures have been taken to prevent such violations from occurring.

It should be highlighted that any alleged breach or violation of the conducts contained in the Code of Conduct, including human rights issues, can be communicated through the company's Ethical Channel. The company did not receive any Human Rights-related complaints through this channel during 2018.

Human Rights in the supply chain

ACCIONA has created different mechanisms to prevent Human Rights violation across its supply chain. These are available through the Supplier's portal and the group's tender tool, and include: Self-Declaration of Responsibility for Company Suppliers, the Ethical Principles for Suppliers, Contractors and Collaborators, the Supply Chain Risk Map, and the Supplier Qualification and Evaluation Procedure, supplier audits, and No Go Policies. During 2018, the PROCUR-e procurement system has not identified any suppliers or contractors who may be violating or endangering Human Rights[14].

Human Rights Training

During 2018, a series of training programmes were carried out, which included information on the company's Human Rights commitments and goals.

For employees:

- Sustainability Course: this programme includes training regarding the company's responsibility to respect labour, civil, and human rights.
- Code of Conduct Course: this programme specifically addresses human rights within its 17 conduct guidelines.

For 2019, the Company expects to launch a course dealing specifically with human rights issues, designed jointly with the Spanish Network of the United Nations Global Compact.

For suppliers:

[13] *For such scenarios, the SIM procedures demand preventative and mitigating measures to be put in place.*

[14] *Further information on supplier human rights controls can be found in the "Subcontractor and supplier" section.*

- Sustainability for your company course: this programme includes a module devoted to human rights and social action.

5. Information relating to the fight against corruption and bribery

Issues related to ethics and anticorruption, and especially to promote legal compliance and integrity, are a priority in all divisions at ACCIONA.

Specifically, the main policies established by the ACCIONA group to fight against corruption and bribery, as well as money laundering, are the following:

- Code of Conduct: establishes the values that should guide the behaviour of all managers, directors, employees and suppliers of ACCIONA group companies. The Code of Conduct, adopted in 2007, was revised in 2011 and again in 2016 by the Board of Directors.
- Anti-Corruption Policy: approved in 2013, establishes the ACCIONA Group's clear position against any corrupt or criminal act, as well as the extrapolation of this commitment to all the people that make up the group.
- Crime Prevention and Anti-Bribery Policy: approved in April 2018 by the Board of Directors to reinforce the Group's commitment towards a "zero tolerance" policy towards illicit activities, constant monitoring, establishing measures aimed to prevent and detect illicit activities, maintaining effective communication channels, raising awareness among all employees, and developing a corporate culture based on ethics and compliance.

The Group has also designed a roadmap to continue adapting the Code of Conduct to the highest and most advanced practices. By 2020, the goal is to have a Crime Prevention and Anti-Corruption Model in place at international level across 100% of the group's activities.

Measures adopted to prevent corruption, bribery, and money laundering

- *Standards*

The aforementioned Policies were developed based on international standards. They have been implemented across the organisation through standards and corporate instructions that regulate, among others, non-commercial donations and sponsorships, the hiring of commercial consultants, interactions with public officials, rules on gifts and hospitalities, and employee selection practices.

The standards that stem from these policies are applicable to all of ACCIONA's subsidiaries, all their employees, and any third parties that have relations with the group.

In this sense, the Anti-Corruption Guidelines were approved by the Board of Directors in 2016. These provide specific regulations to prevent inappropriate conduct and their compliance is considered mandatory for all employees or parties associated with ACCIONA (including, agents, intermediaries, advisors, consultants, and suppliers).

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- *Organisation and management model*

The ACCIONA Group maintains relations with Public Administrations and participates in tender processes for infrastructure in different countries when carrying out its activities, and therefore the risks of public corruption are analysed in each project, evaluating the country and importance of the project. This has not prevented the enactment of policies and watchdog measures meant to further avoid or prevent acts of corruption.

The Compliance department, created in 2015 and reporting directly to the Chairman and CEO and to the Board of Directors' Audit Committee, designs and supervises the suitability and the effectiveness of the procedures, controls and internal commitments established to ensure compliance with voluntary and regulatory obligations regarding ethical, organisational, environmental and social matters, and the identification, prevention and mitigation of associated risks.

ACCIONA has adopted and implemented a Crime Prevention and Anti-Corruption Model which has the following features:

- The model is arranged according to ACCIONA group's organisational structure, and it specifies the criminal risks and their corresponding controls for each department of the group.
- Internal controls are associated to each identified risk which mitigate or, at any rate, decrease the chances of each criminal risk occurring.
- The model documents these internal controls, with a series of attributes that characterise them which include the area or administration responsible for implementing the control, and a specific description of the control activity.
- In addition, the model includes controls from ACCIONA group's Internal Control over Financial Reporting (ICoFR) systems which are suitable for preventing certain offences from being committed.

According to the objective set, the Crime Prevention Model established for Spain is progressively being implanted to the other countries in which the group's activities are carried out, adapted to local legislative requirements as applicable. This task is expected to be completed in 2020.

In 2018, ACCIONA S.A. has obtained ISO 37001 certification for its anti-bribery management practices, and UNE 19601 certification for its legal compliance management systems by AENOR. These accredit that the company's management systems fulfil the regulations set by those standards.

- *Supervision and continuous improvement of the model*

The most relevant controls are reviewed periodically. The group has implemented an Ethical Channel since 2007 which allows employees to communicate any irregular behaviour related to accounting, monitoring, auditing or any breach or violation of the conducts contained in the Code of Conduct and internal standards.

The internal standards impose an obligation on employees to report any potential irregularities or violations to the Code of Conduct that employees might become aware of, as well as to report any fact, act, conduct or behaviour that is contrary to the Anti-corruption Guidelines.

The Code of Conduct Committee supervises that complaints are analysed thoroughly, confidentiality is guaranteed, and ensures that there is no retaliation of any kind against those who make the complaints in good faith and respecting, in any case, the people allegedly involved.

	2017	2018
Communications received through the Ethical Channel	45	83
- Communications where specific instructions were carried out (in many cases, under external instruction)	51%	54%
- Communications archived under no instructions, as they did not fall within the purview of the Code of Conduct (non-financial anonymous complaints that were merely about labour, organisational or functional issues, without prejudice to the fact that a preliminary investigation was conducted for the majority of the archived files without a specific instructor being assigned)	49%	46%

The Code of Conduct, the Corporate Policies, and the Anti-corruption Guidelines have been communicated to the employees and published on the company's intranet and web page. In addition, employees must mandatorily read and accept the Code of Conduct and the Anti-corruption Guidelines. The corporate regulations regarding policy development and those meant to prevent corruption and bribery are available to all employees, in both Spanish and English, through the company's intranet.

In 2018, a survey was performed to assess the knowledge and perception that all employees have of the Code of Conduct, the Anti-Corruption Guidelines, and the Ethical Channel. Over 2,000 answers and nearly 500 comments were recorded for this survey. The survey showed that 86% of employees are aware of the existence of the Code of Conduct. In addition, 78% of them know where to go when they experience any issue related to the Code. The degree of knowledge regarding the Ethical Channel was of over 80% in all countries where ACCIONA operates. With regards to the Anti-Corruption Guidelines, 76% of all people who answered the survey were aware of their existence, while 73% of all employees consider that their co-workers comply with the Code of Conduct and the Anti-Corruption Guidelines.

This information is being updated constantly. In 2018, the Compliance Department published 23 documents in the company's intranet with relevant information on topics related to compliance, and the different spheres affected by it – such as the approval of new rules, frequently asked questions regarding the corporate compliance rules, the importance of the Ethical Channel to communicate irregularities, and summaries of its activities or those of the United Nations Global Compact and the United Nations Office on Drugs and Crime meant to combat corruption.

Likewise, two training activities were held in 2018. On the one hand, 436 executives and managers were trained in an Anti-Corruption Course. On the other, 2,965 employees took part in the Code of Conduct course, which was available in 7 different languages. In June, an in-person seminar was held on "International business development and corruption", with the aid of a prestigious law firm.

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- *Money laundering*

ACCIONA Inmobiliaria and Bestinver fall directly within the purview of article 2 of Law 10/2018 regarding money laundering. Because of this, they have internal control structures and procedures that follow the requirements set out by current legislation. In addition, ACCIONA Group's entire workforce has the obligation to pay special attention to any potential suspicion of lack of integrity by people or corporations with which any kind of commercial relation is kept. No cash payments are allowed, with the exception of rare circumstances that have been expressly authorised and where there is a paper trail documenting the origin of the money.

In 2018, in addition to mandatory training courses for personnel in the ACCIONA Inmobiliaria and Bestinver subsidiaries, an online training module was prepared to prevent money laundering. This course will be available throughout 2019 and the possibility of in-person training events will not be ruled out.

- *Due diligence from third parties*

The group has implemented a tool that permits an initial analysis to be carried out for any third parties that could potentially start a commercial relationship or a partnership with ACCIONA. This is part of the improvements done to project risk management initiatives. This tool enables a third party's partners or beneficiaries to be suitably identified, collects evidence on their acceptance of the Code of Conduct and the Anti-Corruption Guidelines, performs an initial background check using public sources regarding their integrity, and checks whether they have been included on any international sanction lists. At the end of 2018, over 320 third parties were evaluated (177 in 2017).

- *Contributions to foundations and non-profit organisations*

As part of the UNE 19601 and ISO 37001 certification processes, a Corporate Standard on Donations and non-commercial Sponsorships was developed and adopted. Its goal is to establish an action framework that allows ACCIONA to ensure any donations and non-commercial sponsorships to charitable or non-profit organisations are not used to disguise illegal payments to public officials, or to any other people, that may violate the Anti-Corruption Guidelines. Any donations or sponsorship activities made by ACCIONA must be completely free of any doubt regarding their adequacy or suitability, and naturally must not violate or disregard any applicable law or regulation.

Any contributions to foundations and non-profit organisations are carried out by thoroughly analysing the recipient organisation, their reputation, and their financial transparency practices.

Finally, all contributions fall within the purview of the Company's Social Action Plan, which aims to align 100% of all of ACCIONA's social contributions to the company's objectives through sustainable, medium to long term projects in the countries in which ACCIONA operates[15].

[15] *Further information is provided in the "ACCIONA's commitment to sustainable development" section.*

6. Information about the society

6.1. Company's commitment to sustainable development

The company considers that managing the impact, whether positive or negative, that it has on the communities where it operates, as well as keeping dialogue channels with these communities, are important topics.

The Code of Conduct includes the shared value commitment between ACCIONA and the local communities where it operates.

The Sustainability Policy, which was updated in 2018, has developed this commitment under the understanding that engaging and cooperating with local communities allows the company to increase the positive impact its operations have on society as a whole.

In order to better organise these positive contributions, a Social Action Policy has been established, which has been complemented during the past year by the approval of a new Stakeholder Relations Policy. This document establishes the foundations to carry out communications and continuous dialogue with local communities, among other stakeholders.

As part of its Sustainability Master Plan, the company has established ambitious goals for 2020 aiming to strengthen the potential social risk management and analysis practices, enhance relationships with stakeholders, and measure the socio-economic and environmental impact of its activities.

Social Impact Management

The Company has developed its own Social Impact Management (SIM) methodology. This aims to analyse, from the very initial stages of project development, any risks posed on local communities and to address any possible social consequences, either positive or negative, during the construction, operation, or servicing phases. This methodology, which used to be guided by corporate procedures, is now being implemented under a Corporate Standard for Social Impact Management. This was approved in 2018 and establishes minimum management requirements. It also widens the scope of operation for the company's methodology, and is being implemented on all main projects by ACCIONA Infrastructure and ACCIONA Energy.

The SIM methodology covers the following stages:

- Social risk characterisation: the project's degree of social risk is analysed, starting from the design and tender stage.
- Social evaluation of the project, which includes the proposal of social measures.
- Communication and dialogue with local communities and other stakeholders on the project, its main impacts, and social measures to be carried out.
- Implementation and follow up of any identifies measures.

Evolution of the implementation of Social Impact Management methodology:

	2017	2018
No. of projects	**100**	**98**
- Energy	13	17
- Infrastructure (Construction, Water, Industrial, and Services)	87	81
No. of countries	**33**	**25**

During this same year, the implementation of the SIM methodology has been consolidated across 100% of the Group's projects. Starting in 2017, external audits are performed to assess the degree of its application.

Evolution of Social Impact Management audits:

	2017	2018
Total No. of SIM audits	**9**	**8**
- Energy	2	2
- Infrastructure (Construction, Water, Industrial, and Services)	7	6

Every year, the types of projects covered is as diverse as the company's activities, including the construction of linear infrastructures and buildings, the construction and operation of water treatment plants, and the construction and operation of wind farms and photovoltaic plants, as well as providing maintenance services for other facilities, etc.

The possible negative impact that the SIM methodology focuses on includes, among others, the potential impact on vulnerable groups, impact on supplies of basic services for these communities, temporary shutdown of transport routes, road safety issues in urban settings, and changes to basic rights such as education or health. The positive social impact generated by project development includes hiring local personnel, acquisition of goods and services in the project's area of influence, and the improvement of road conditions.

- *Main measures adopted*

During 2018, the main social measures implemented to mitigate negative impacts and increase positive ones have included the creation of information offices within the affected communities, information campaigns regarding each project, professional training opportunities for the project's workers, improved remunerations for workers according to their professional categories, minimising negative impacts cause by construction works in a project's surroundings, as well as environmental and social awareness campaigns, health and education initiatives in schools, and collaboration agreements to boost local economies.

Dialogue

As part of the Stakeholder Relations Policy, specific corporate guidelines regarding communication with local communities and other stakeholders have been developed during 2018. These guidelines provide employees with the necessary tools to promote and manage relationships with third parties.

Furthermore, the company has a wide array of communication channels that stakeholders affected by a specific project may use to send their questions or suggestions (web forms, e-mail, phone numbers, message boxes, community service offices, etc.)

Socio-economic and environmental impact

Since 2015, ACCIONA measures the socio-economic and environmental impact of all its projects across a variety of countries. This enables the company to know and stimulate any benefits generated by its projects across their entire life cycle. Using an econometric model developed from input-output tables (analysing relations between different industries) the company obtains quantitative measurements for its direct, indirect, and induced impact for all its activities. These are measured in terms of job creation, contribution to the country's GDP, and positive impact on the environment and surrounding communities.

Both ACCIONA Energy and ACCIONA Infrastructure have systems to measure social and environmental impact indicators, as well as the socio-economic effects for all its activities.

Regarding the latter, ACCIONA Energy measures the socio-economic impact of all assets on the local GDP, as well as jobs created, on a yearly basis. In addition, the socio-economic and environmental impacts are also measured during an entire project's lifespan. In this sense, during 2018, additional studies were performed to measure the life-cycle impact of 20 different projects[16]. The aggregated impact for them was 2.373 billion euros contributed to the GDP and 75,014 job-years[17] in the countries in which these projects take place.

Because of the nature of the projects handled by ACCIONA Infrastructure, during 2018 the socio-economic impact of two different projects was calculated, using the total contract time as the reference time-frame. The construction business unit has performed a study on the rehabilitation and expansion of the Pan-American Highway in Panama, which has resulted in an impact of 146 million euros contributed to the GDP, and the creation of 3,887 job-years during two years of construction and three years of maintenance. The water business unit performed a study for the RAF-A3 desalination plant in Qatar, which has provided a positive impact of 87 million euros in the GDP, and the creation of 4,345 job-years (including direct, indirect, and induced employment), during one year of construction and ten years of operation and maintenance.

Social Action Plans

As part of the SMP 2020, ACCIONA aims to align 100% of its social contribution to its Social Action Plan. This plan is structured around the following lines of action: basic

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[16] *Jelinak Wind farm (WF) in Croatia; Bannur WF in India; Cathedral Rocks, Waubra, Gunning, Mt Gellibrand, Mortlake South WF and Kerang and Aldoga photovoltaic plants (PV) in Australia; Almeyda and Usya PV in Chile; Oaxaca II, III and IV, El Cortijo, Eurus WF and Puerto Libertad PV in Mexico; San Román WF in the United States. Dymerka PV in Ukraine and Celada III WF in Spain.*

[17] *The "job-years" unit is used to standardise the creation of jobs. This unit corresponds to a full time equivalent (FTE) job with the duration of a year.*

services (through the projects handled by the acciona.org Foundation); social investment associated to projects, sustainability promotion, sponsorships and patronage, and volunteering.

During 2018, the company's social contribution has surpassed 13.7 million euros (approximately 19% of which were done through contributions to foundations and NGOs). Social initiatives carried out by ACCIONA's subsidiaries have benefited, directly or indirectly, nearly 5 million people.

The goal of sponsorship activities is to serve the initiatives that bring the highest possible positive impact on society, and which are considered as priorities within the fields of health, education, and culture. Among them, some of the most relevant sponsorship activities performed during 2018 include the Pro CNIC Foundation (Spain), the Water Aid Foundation (Australia), the BEST Foundation (Mexico), the Princesa de Girona Foundation (Spain), and the Princesa de Asturias Foundation (Spain), among many others.

6.2. Subcontractors and suppliers

Applying environmental, social, and ethical criteria when managing the supply chain important for the company. In order to achieve this, policies have been established, risks are assessed and corrective measures in cases of non-compliance are implemented

ACCIONA shares its commitment to sustainable development models with the entirety of its supply chain, and extends the values acknowledged in its Code of Conduct with its suppliers and contractors. In addition, this Code sets specific guidelines on relations with suppliers.

Similarly, the Ethical Principles for Suppliers, Contractors and Collaborators which were approved in 2011 cover aspects regarding transparency and ethics, human and social rights, health and safety, and quality and the environment. These principles, alongside the commitments related to the promotion of labour integration and environmental protection, have been incorporated as mandatory requirements in the clauses that ACCIONA includes in its orders, contracts, and tender proposals.

In addition, the company has established minimum standards in the field of ethics and integrity, human rights and corporate responsibility, environment, safety and health, among others, contained in the No Go Policies.

As part of its Sustainability Master Plan, the company has set clear objectives to increase the level of oversight on environmental, social, and governance risks throughout its supply chain, and the company's ability to create sustainable solutions alongside suppliers and contractors.

Responsible Management of the Supply Chain

At ACCIONA, the directives and strategies to be followed as part of the purchase process are established by the Procurement Coordination Committee. This Committee is formed by the directors of all main divisions.

Throughout 2018, the company has placed purchase orders to 18,501 suppliers, for a total amount of over 3.4 billion euros. This represents a supply volume approximately 5% smaller than that of 2017.

The main tool used for supply chain management in ACCIONA is PROCUR-e, the supplier portal and Group bidding tool, which includes ever more thorough controls according to the supplier's criticality. These controls are:

1. The Self-Declaration of Responsibility for Company Suppliers: this is accepted by all suppliers registered in the PROCUR-e portal and shares ACCIONA's commitment to keep with international standards, the Code of Conduct, the Ethical Principles for Suppliers, Contractors and Collaborators, as well as the minimum integrity, environment, and quality standards. As of the end of 2018, it has been accepted by 32,149 suppliers (23,548 in 2017).

2. The Supply Chain Risk map: any provider who submits a bid via PROCUR-e must self-evaluate its corporate responsibility and sustainability practices. From this very moment, this assessment is integrated within the Supply Chain Risk map, which monitors and updates daily the level of risk presented by each supplier, based on variables such as integrity, Country-risk, corporate responsibility and sustainability (with a focus on human rights), health and safety, environment, evaluations, etc.

In 2018, a new "Supply Chain" variable has been implemented. This measures the knowledge and control that ACCIONA's suppliers have over their own suppliers. The use of this variable will be extended during 2019.

Evolution of suppliers with Risk Map and risk distribution:

	2017	2018
No. of suppliers with Risk Map	16,712	22,998*
- % of suppliers classified as "low risk"	67%	57%
- % of suppliers classified as "medium risk"	26%	38%
- % of suppliers classified as "high risk"	7%	5%

** Out of all the 32,149 suppliers registered in the PROCUR-e platform, 22,998 already have their own Risk Map. The rest are new suppliers who have not yet completed their registration, and therefore their Risk Map has not yet been calculated. These are known as "Basic Registration" suppliers.*

During 2018, the application of the No Go Policies has been controlled and followed up on, and the goal of placing no orders from No Go suppliers has been met by 100% (a supplier listed as "No Go" cannot be awarded any contract by ACCIONA).

3. Supplier qualification: control of supplier qualification was established for critical providers (those holding contracts with ACCIONA that total over 100 thousand euros during the last 12 months), according to the Supplier Qualification and Evaluation Procedure. Through this control tool, criticality is assessed according to integrity, Country Risk, corporate responsibility and sustainability, health and safety, environment, legal documentation and

evaluation. By the end of 2018, ACCIONA has 4,442 qualified suppliers (3,850 in 2017).

4. Supply chain audits: as part of the aforementioned process, two types of audits have been established: qualification audits for critical suppliers in high risk countries, and monitoring audits for high-interest suppliers. As of 2018, ACCIONA has audited a total of 319 suppliers. When examining the list of suppliers in the "critical, own-work, high risk country" category, 95% of these suppliers have been audited (88.46% in 2017).

Evolution of supply chain audits:

	2017	2018
No. of audits to suppliers in high risk countries	47	34
No. of audits to suppliers in non-high risk countries	249	248
No. of supply chain audits among "non tier 1" suppliers	0	37
Total No.	**296**	**319**

During 2018, ACCIONA Energy has started a "Tier 2 Audits" project (37 audits carried out), with the goal of improving visibility further down the supply chain.

Out of the total amount of suppliers audited over the past year, 53% of them have had zero "major non conformities". The other 47% of them have adhered to an action plan to solve their deficiencies or have been moved to the "No Go supplier" list. ACCIONA is actively working to support its suppliers solve any potential "major non conformities" that may have been detected during the audit. If these cases are not solved within the expected time frame, the supplier is moved to the "No Go" list for the entire ACCIONA group. This condition is reversible should the supplier fix the detected deficiencies and shows evidence to that fact.

Further advances included the incorporation of site visits and verifications which were held by ACCIONA's different subsidiaries (413 throughout the year). In 2018, a "Guide on Minimum Sustainability Requirements to be verified during a site visit" was drafted. During 2018, 20 visits were paid (four of them in high-risk countries) where these minimum requirements were met. Throughout 2019, the complete implementation of this initiative will be measured.

As of the end of 2018, 2,660 suppliers (volume accumulated over 3 years) registered in the PROCUR-e platform, as well as 3,997 of their employees, have expressed an interest in the available training courses. A major highlight in this field is the new "Sustainability for your Company" course, which was initially launched towards the end of 2017. This course has now been completed by 94 suppliers. The course on the Code of Conduct has been completed by 313 suppliers.

During 2018, revisions made to the "Sustainable Procurement Guide" have represented a clear boost to the clarification of the criteria used to identify and register all purchases that may be classified as sustainable. This has been aligned to the Sustainable Development Goals and the Supply Chain objectives listed in the SMP 2020.

6.3. Consumers

The Group encompasses different business that provide services to a varied collection of clients and final users/beneficiaries. From a billing perspective, the largest group corresponds to the large institutional clients of the public sector and companies of the private sector (business to business or B2B). Although to a lesser extent, several of the companies or subsidiaries within ACCIONA, as well as some of the services/products – such as Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria, and ACCIONA Agua Services – do provide services for end clients (business to consumer or B2C), or to financial investors (for Bestinver).

Service quality and customer satisfaction are key elements for all company divisions.

The Quality Policy is the backbone of ACCIONA's activities. In order to keep high quality standards and ensure the safety of its clients and users, continuous assessments are performed to measure the level of client satisfaction. Over the last year, the company's Personal Data Protection Policy has been updated and strengthened, in order to adapt it to the new European regulations.

The Company has established dialogue sessions and consultations with clients regarding ACCIONA's performance in sustainability.

ACCIONA plans and develops its activities around excellence, in accordance to the rules set by the ISO 9001 Standard, which identifies any risks for quality management and establishes specific actions to mitigate them.

<u>Certifications</u>

During 2018, just like during the previous year, 91% of the Group's sales were ISO 9001-certified. When measured by activity, 100% of the MW installed that can be certified were certified by ISO 9001. Furthermore, 100% of all renewable energy sales, 100% of all construction activities in Spain, Chile, Brazil, Mexico, Colombia, Canada, Poland, Australia, Abu Dhabi, Ecuador, Peru and Panama, as well as 100% of all water treatment activities in Spain, Italy, Australia, and Chile, and 100% of the integral water management services in Spain, were also certified by ISO 9001.

100% of all products and significant activities carried out by ACCIONA are evaluated to measure their impact on the health and safety of clients and users alike. Whenever applicable, improvements are identified and implemented. ACCIONA carries out several actions to guarantee that its products and services are safe:

- Information for clients regarding the safe use of products and services.
- Quality controls for products and critical point analysis.
- Continuous monitoring of all facilities.
- Mandatory inspections and compliance with all applicable legislation.
- Safety management systems that guarantee all activities are developed in accordance with international reference standards for each sector.

9% of ACCIONA's revenue fall within the umbrella of one of these certified systems, such as ISO 22000 certification for food safety management within ACCIONA Facility

Services and Grupo Bodegas Palacio 1894, FSCC 22000 for the management of food safety risks in the supply chain of Grupo Bodegas Palacio 1894, ISO 39001 for road safety in two of the Spanish highways, and ISAGO (Safety Audit of Ground Operations) certificates for airport safety provided by ACCIONA Airport Services, in keeping with regulations provided by the International Air Transport Association.

The only products supplied by ACCIONA that requires specific labelling information, according to current applicable legislation, are the wines produced by Grupo Bodegas Palacios 1894. In that sense, 100% of all bottles contain all required information on the origin of ingredients, safe use, safe disposal, and recycling.

Complaints and claims

All divisions within ACCIONA have specific internal procedures to manage complaints, claims, and suggestions sent by clients and users alike. These are received through a wide variety of accessible channels set up by the company, and once received, are assigned to specific people for their resolution. They evaluate their underlying causes and archive them once the conformity of whoever placed the complaint has been obtained.

Evolution of complaints received and resolved:

	2017	2018
No. of B2B complaints received	**1,043**	**861**
- Average number of B2B complaints that were resolved	95%	85%
No. of B2C complaints received, per 1000 clients	**13.7**	**17.4**

All divisions perform client satisfaction assessments on an annual basis, and set goals to continuously improve client satisfaction. In 2018, the global satisfaction index was 97% (in 2017, it was 99.8%).

6.4. Tax information

All topics related to tax transparency and responsibility are regarded as high priority issues for ACCIONA's economic performance.

ACCIONA's tax strategy, as approved in 2015 by the Board of Directors defined the company's approach to tax issues and their consistency, as aligned with ACCIONA's business strategies. This strategy is applicable to all the group's companies and subsidiaries, and is based on 3 key values: social responsibility, financial stability, return and results, and honesty when complying with tax regulations in all jurisdictions where the group operates.

Within the Sustainability Master Plan, ACCIONA has set the enhancement of tax transparency practices as one of its goals for 2020.

In keeping with these commitments, ACCIONA has presented its Annual Tax Transparency Report to the Spanish Tax Agencyin order to meet the requirements set by its adherence to the Spanish Tax Agency's Code of Good Tax Practices in 2011. Furthermore, the ACCIONA Group includes a detailed account of its social cash flow in its Integrated Report, which lists the impact and real value provided by ACCIONA back to society, through the cash influxes generated by its activities. This Integrated Report also details the total tax contribution, classified by country. A further development which started in 2018 was the inclusion of the Tax Transparency Report for the Australian Taxation Office.

- Profits per country: as of 31 December 2018, the profits before taxes, from all the countries where ACCIONA has major operations were as follows (in thousands euros)

EBT	EBT Segments	Corporate transactions	Total
Spain	369,284	149,972	519,256
Chile	21,097	--	21,097
Mexico	15,831	--	15,831
Italy	12,135	--	12,135
Portugal	11,934	--	11,934
Poland	(8,753)	--	(8,753)
Germany (1)	(32,146)	--	(32,146)
USA	(46,189)	--	(46,189)
Other	33,943	(18,326)	15,616
Total	**377,135**	**131,646**	**508,780**

(1) Includes -30,426 thousand euros from the inclusion of Nordex SE profit and loss.

- Income tax paid: as of 31 December 2018, the total income tax paid by ACCIONA amounted to 38,504 thousand euros.
- Public subsidies received: as of 31 December 2018, the total amount of capital grants and operating subsidies received by ACCIONA amounted to 147 and 8,170 thousand euros.

7. Annex. Issues contemplated by Law 11/2018 regarding non-financial information and diversity: material aspects for ACCIONA and reporting criteria.

Material aspects for ACCIONA[18]	Definition of aspects	Non-Financial Statement Section	Reporting criteria
Climate change (all businesses except Bestinver)	Measures adopted by the Company to contribute to the mitigation of climate change (such as establishing a corporate policy on it, promoting energy efficiency, reducing greenhouse gas emissions, compensating emissions, or purchasing renewable energy); on the adaptation to climate change (adapting projects or assets to external climate phenomena); and management of associated risks and opportunities.	Information regarding environmental issues	GRI Standards: 201-2; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-5; 305-6; 305-7
Environmental management and biodiversity (All except Bestinver)	In order to guarantee adequate environmental management, it is necessary to develop an environmental policy that evaluates the vulnerabilities to regulations, establishes the objectives that must be met, and manages the possible certifications for environmental management systems. In addition, the potential impact on the state of any affected ecosystems and the development of protection measures must be managed.	Information regarding environmental issues	GRI: 102-11; 304-3; 304-2

[18] More relevant topics are included as part of the materiality analysis performed by ACCIONA. These are included in the Sustainability Report published by the Company every year, alongside further details that were not included in this Statement of Non-Financial Information.

Water use (All except Bestinver)	An appropriate use of water resources encompasses its collection, consumption, and associated waste. Water consumption must be measured and clear goals to reduce it defined.	Information regarding environmental issues	GRI: 303-1; 303-2; 303-3; 306-1
Waste and circular economy. (All except Bestinver)	Appropriate waste management includes updating policies, researching new possible uses for waste, and developing innovative recycling methods. A circular economy promotes switching to a more efficient use of resources, and accounts for the complete life cycle of all products and services.	Information regarding environmental issues	GRI: 301-1; 301-2; 302-1; 302-2; 302-4; 302-5; 306-3
Materials (Specific for Construction, Industrial, and Concessions)	Managing the use of materials encompasses saving materials, promoting the use of recycled materials, the management of hazardous materials, and the certification of construction materials.	Information regarding environmental issues	
Equality and diversity among employees (all)	Measures implemented to guarantee diversity and equal opportunities, including the incorporation of people at risk of social exclusion and providing training to aspects relating to multiculturalism, as well as to promote a work-life balance and reduce the salary gap.	Information regarding social and human resource issues	GRI: 401-3; 405-1; 405-2; 406-1
Human capital (all)	Strategy and plans implemented in the company to attract and retain talent: processes to assess the performance, employee satisfaction surveys, investment in training and other instruments that encourage commitment, such as grants or incentives for key employees linked to the companies sustainability objectives, all of which contributes to reducing employee turnover.	Information regarding social and human resource issues	GRI: 102-38; 102-43; 102-8; 401-1; 402-1; 404-1; 404-2
Occupational health and safety (all)	Workers' health and safety management demands a process of awareness raising and training, accompanied by identifying risks and mitigation measures. As well as reducing the number of accidents in the workplace, it is important to identify suppliers that are certified in occupational health and safety.	Information regarding social and human resource issues	GRI: 403-1; 403-2; 403-3; 403-4
Human rights (All except Bestinver)	Measures introduced to respect the human rights of stakeholders and mechanisms available to provide a solution to possible rights violations. Policies must be established to do so, due diligence must be carried out on human rights, and training and awareness on the matter should be provided.	Information regarding human rights issues	GRI: 102-16; 102-17; 406-1; 407-1; 408-1; 409-1; 411-1; 412-1; 412-2; 419-1
Ethics and anti-corruption (all)	As part of corporate governance, an anti-corruption policy and a code of ethics and conduct must be established, in addition to promoting legal compliance, integrity in bids and tenders, and transparency in tax contributions.	Information relating to the fight against corruption and bribery	GRI: 102-16; 102-17; 205-1; 205-2; 205-3
Local communities (All ACCIONA divisions except Bestinver)	The negative impact of the company's activities on local communities must be managed, starting with an appropriate dialogue with them. This impact incorporates aspects such as population displacement, noise or dust generated, visual impact and citizen safety. Furthermore, the company's activities also have positive repercussions on local communities, such as the generation of wealth and local job creation or contracting local suppliers.	Company's commitment with sustainable development	GRI: 102-43; 413-1; 413-2
Supply Chain (all)	Environmental, social and ethics criteria must also be applied when managing suppliers. This includes establishing policies, correctives measures in the event of breaches, assessing risks and identifying suppliers' water and carbon footprint. Local hiring and "green" contracting practices are also relevant for this sector.	Subcontractors and suppliers	GRI: 308-1; 308-2; 414-1; 414-2
Quality of water supplied to customers (specific for Water)	Customer satisfaction goes hand in hand with the quality of the water supplied. This aspect covers risk management for health and the environment, the policies to minimise those risks, guaranteeing access to water and treating the water itself.	Consumers	GRI: 102-43; 416-1; 416-2; 418-1
Quality of service and customer satisfaction (all except for Water and Energy)	Establishing mechanisms to gather customer opinions, with the ability to measure their satisfaction and manage the existing relationship.	Consumers	

Product Safety and Quality (specifically for Grupo Bodegas Palacio 1894)	Customer satisfaction also goes hand in hand with the safety and quality of the product. This aspect encapsulates the company's commitment to the customer, innovation in new production technologies, responsible marketing, and initiatives adopted with regards to manufacturing environmentally friendly products.	Consumers	
Safety and quality of electricity supply (specifically for Energy)	Customer satisfaction goes hand in hand with safety and quality of electricity supply. This aspect encompasses access to energy, supply capacity commitment, the state of infrastructure, the diversification of the mix from renewable energies and innovation in production technologies.	Consumers	
Economic performance (all)	Economic sustainability encompasses factors such as the economic value generated or distributed and the growth of the company, ensuring solvency, profitability and cost effectiveness.	Tax information	GRI: 201-1; 201-4
Non-financial risks (all)	Effective risk management is vital for long-term financial planning and organisational flexibility. To do this, companies need to implement mechanisms to detect, monitor and quantify risks. In the area of sustainability, the analysis of environmental, social and good governance risks is considered relevant, also including the country risk (inherent in transnational operations and thereby contributing to an appropriate international expansion).	All sections	GRI: 102-15; 102-30; 103-2; 103-3; 201-2;

Foreseeable Evolution

Worldwide economic growth rates for 2019 and 2020 are estimated to be 3.5% and 3.6% each, which is lower than the initial estimates provided by the last WEO report[19], which had originally predicted 3.7% growth for both years.

These lower rates are mostly due to the increased import tariffs introduced by the United States and China during 2018, as well as due to a trend towards more moderate investments during the second half of 2018 due to weaker financial markets, the implementation of new regulations in Germany's combustion vehicle industry, the increasing risk attached to sovereign debt in Italy, and the noticeable contraction of Argentinian and Turkish economies. Taking into account all this information, it is clear that cooperation between all countries is of the utmost importance, in order to solve commercial disagreements and mitigate the reigning uncertainty in a context where political risks are omnipresent, such as in the United Kingdom (which is facing a possible "no deal" exit from the European Union). Growth expectations for the UK are of approximately 1.5%. Base projections are based on the assumption of a Brexit agreement during 2019, and that the country gradually adapts to its new regime. The positive impact of the fiscal stimulus package included in the 2019 budget compensates some of the uncertainty related to its potential separation from the EU.

Although most of the tariff increases between the US and China have been suspended for 90 days, counting from 1 December, the possible resurgence of tensions during the last quarter has damped on global economic perspectives. The American economy is expected to continue growing at a rate of 2.5% during 2019 and 1.8% during 2020, as fiscal stimulus packages will be rolled back and the federal fund rate will temporarily surpass neutral interest rates. On the other hand, Japan will grow by 1.1% in 2019 (0.2 percentage points more than was predicted last October), mainly thanks to the fiscal

[19] International Monetary Fund *Global Perspectives on World Economy, update on the last WEO report* (Davos: 2019), available at: https://www.imf.org/es/Publications/WEO/Issues/2019/01/11/weo-update-january-2019

support the economy will receive in order to mitigate the effects of consumer tax hikes, which are expected to be implemented in October 2019. In addition, the Japanese economy is expected to grow by 0.5% during 2020.

Growth predictions for developed economies are diminishing, from an initial estimate of 2.3% during 2018 to 2.0% for 2019 and 1.7% during 2020, due mainly to the adjusted predictions made for the Eurozone, as the European Central Bank has been very clear that it will not increase rates for monetary policies at least until mid-2019. Estimated growth in Europe for 2019 is 1.6% (1.7% for 2020). Some of the highlights for the region include Germany, which is not facing diminished external demands and weak private consumption rates; Italy, where internal demand levels are also low; and France, who is facing a high degree of social unrest, which is having a negative impact on the national economy.

With regards to emerging economies, growth rates are predicted to fall slightly to 4.5% during 2019, and then to increase back to 4.9% during 2020. Emerging economies in Asia will see slowed growth during 2019, where they are expected to reach a rate of 6.3% (6.4% during 2020). In particular, the Chinese economy is rapidly decelerating due to trade conflicts with the US and tougher financial conditions. On the other hand, India is expected to grow throughout 2019 thanks to competitive oil prices and a monetary tightening process that is slower than originally predicted. As for emerging economies in Europe, they are expected to weaken more than originally expected, dropping by 0.7% during 2019 (3.8% during 2018), despite general dynamic growth throughout Central and Eastern Europe. They are expected to bounce back to 2.4% during 2020.

In Latin America, growth rates are expected to increase during the coming two years, from 1.1% in 2018 to 2.0% in 2019 and 2.5% in 2020. The main reasons for this are the predictions for slower growth in Mexico due to diminished private investments, and a more severe contraction than expected in Venezuela. The Argentinian economy will contract during 2019, due to the effect of austerity policies, while the Brazilian economy will partially compensate for the expected cuts due to a continuation of the gradual recovery it is experiencing, following the recession of 2015-2016.

As for the regions of Middle East, North Africa, Afghanistan and Pakistan, predictions lean towards moderate growth: 2.9% in 2019, followed by a hike of 3% during 2020. The region is being weighed down by poor growth in oil production in Saudi Arabia, tighter financing conditions in Pakistan, US sanctions on Iran, and geopolitical tensions in general. In Sub-Saharan Africa, growth rates are expected to improve: from 2.9% during 2018 to 3.5% in 2019 and 3.6% in 2020. Despite the aforementioned conditions, it is expected that one third of the economies in Sub-Saharan Africa will grow more than 5% during 2019-2020.

Average period of payment to suppliers and Corporate Social Responsibility

To the effects of the provisions in article 262.1 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act is approved, the information on the average period for payment to suppliers is contained in Note 36 to the financial statements. In addition, and in conformity with recommendation 55 of the

Code of Good Governance of Listed Companies, it is hereby indicated that the aspects related to Corporate Social Responsibility are discussed in the Sustainability Report.

Annual Corporate Governance Report

The Annual Corporate Governance Report is available in its entirety on the National Securities Market Commission website (www.cnmv.es) and on the Company's website (www.acciona.es).

In addition, the Annual Corporate Governance Report will be notified to the National Securities Market Commission as a Material Event.

For the purposes of Royal Decree 1362/2007 of 19 October (article 8.1 b), the Directors of Acciona, S.A., now subscribe the following **declaration under their own responsibility:**

To the best of their knowledge, the Consolidated Financial Statements drawn up in accordance with the applicable accounting principles offer a true and fair view of the equity, financial situation and results of the issuer and the companies included in the scope of consolidation taken as a whole, and the Directors' report includes a faithful analysis of the business trend and results and of the position of the issues and the companies included in the scope of consolidation taken as a whole, together with the description of the main risks and uncertainties faced.

Formal note added to state for the record that the Directors of ACCIONA, S.A. are aware of the entire contents of the Financial Statements and the Directors' Report corresponding to the 2018 financial year of Acciona, S.A. and its subsidiaries (Consolidated Group), as submitted to the Board of Directors and duly prepared by the Board at the meeting held on 28 February 2019, printed on 267 sheets, all of them signed by the Secretary and with the corporate Seal affixed and numbered as follows:

Therefore, in witness of the agreement herewith, this note is signed by all the members of the Board of Directors:

Mr. José Manuel Entrecanales Domecq
Chairman

Mr. Juan Ignacio Entrecanales Franco
Vice-Chairman

Mr. Javier Entrecanales Franco
Member

Mr. Juan Carlos Garay Ibargaray
Member

Mr. Daniel Entrecanales Domecq
Member

Ms. Karen Christiana Figueres Olsen
Member

Mr. Javier Sendagorta Gómez del Campillo
Member

Ms. Belén Villalonga Morenés
Member

Mr. José María Pacheco Guardiola
Member

Ms. Ana Sainz de Vicuña Bemberg
Member

Mr. Jerónimo Marcos Gerard Rivero
Member

CLARA LOIS LOZ NO
TRADUCTORA-INTÉRPRETE JUR DE INGLÉ
Nº. 10009

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 9 de abril de 2019

Firmado.

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº. 10009

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 9th day of April 2019

Signed.

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

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Acciona, S.A. and subsidiaries for 2018

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

To the Shareholders of Acciona, S.A.

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2018 of Acciona, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group), which forms part of the Group's 2018 consolidated Directors' Report, attached hereto.

The consolidated Directors' Report includes additional information to that required by current commercial legislation concerning non-financial information, which has not been the subject of our assurance work. In this regard, our assurance work was limited only to providing assurance on the information contained in the Appendix "Matters addressed in Law 11/2018 on non-financial and diversity information: material issues for ACCIONA and reporting criterion", included in the consolidated Directors' Report attached hereto.

Directors' Responsibility

The Directors of the Parent are responsible for the preparation of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with current commercial legislation and the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) selected pursuant to that mentioned for each subject area in the Appendix "Matters addressed in Law 11/2018 on non-financial and diversity information: material issues for ACCIONA and reporting criterion" attached to the aforementioned consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report, referring solely to 2018, based on the work performed. The data for previous years were not subject to assurance according to the commercial legislation in force.

We conducted our review engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement, issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management and of the different units and areas in charge of the Group that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS, and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with Group personnel to gain an understanding of the business model, policies and management approaches applied, and the principal risks related to these matters, and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2018 based on the materiality analysis performed by the Group and described in the Appendix "Matters addressed in Law 11/2018 on non-financial and diversity information: material issues for ACCIONA and reporting criterion", considering the content required by current commercial legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2018.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2018 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Acciona, S.A. and subsidiaries for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with current commercial legislation and the content of the GRI Standards selected pursuant to that mentioned for each subject area in the Appendix "Matters addressed in Law 11/2018 on non-financial and diversity information: material issues for ACCIONA and reporting criterion" attached to the aforementioned consolidated Directors' Report.

Purpose of Our Report

This report has been prepared in response to the requirement established in current commercial legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

28 February 2019