

REPORT BY THE FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ADMINISTRATION BOARD. ON 12 MAY 2015, IN ACCORDANCE WITH WHAT HAS BEEN ESTABLISHED IN THE ARTICLES 286, 297.1.b) AND 506 OF THE SPANISH CORPORATE LAW, REGARDING THE AUTHORISED CAPITAL AGREEMENT PROPOSAL TO WHICH REFERS THE ITEM NINTH OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS AGENDA, CALLED FOR 25 JUNE 2015, UPON FIRST CALL, AND FOR 26 JUNE 2015 ON SECOND CALL.

1. Purpose of the report

Current report by the Administration Board of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereafter, the "**Company**" or "**FCC**") in accordance with what has been established in the articles 286, 297.1.b and 506 of the Consolidated Text of the Spanish Corporate Law, approved by the Legislative Royal Decree 1/2010, of 2 July (the "**Spanish Corporate Law**"), to justify the proposal regarding the authorisation of the Administration Board, with substitution faculties, to agree, in one or many times, to increase the capital in accordance with article 297.1.b) of the Spanish Corporate Law, subject to the limits established in this article, and with the faculty, if required, of agreeing the exclusion of the pre-emptive subscription right up to 20% of the share capital in the moment of the delegation, that is subject to the Company Ordinary General Meeting of Shareholders approval called for its holding on 25 June 2015, upon first call and the following day, 26 June 2015, on second call, under the Item Ninth of the Agenda.

2. Justification of the faculty delegation proposal to agree share capital increases as well as to exclude the pre-emptive subscription right

The dynamic of any trading company, specially, of the companies which shares are admitted to official negotiation, requires that its governance and administration bodies dispose, at all moment, of the most suitable tools to respond appropriately to the requirements that in each case the Company demands or to the needs of the market. Among these needs can be the equipment of the Company with new economic resources to face these demands, which can be obtained with new contributions as capital.

Considering, also, the current global economic situation and the high volatility of the markets, the fast execution has a special importance and becomes a determinant factor to successfully achieve a potential capture of additional resources.

The Spanish Corporate Law allows, in its article 297.1.b that the General Meeting of Shareholders authorises the Administration Board to increase the share capital, in certain limits and observing a series of requirements, without consultation with the Board, in order to avoid difficulties such as not being able to predict the share capital needs and having to consult the General Meeting of Shareholders to increase it with the costs and delay that its holding would imply.

On the other side, the article 506 of the Spanish Corporate Law establishes that, in quoted companies, when the faculty of increasing the share capital is delegated to the General Meeting of shareholders, in accordance with what has been established in the article 297.1.b of this Law, the faculty of excluding the pre-emptive subscription can also be attributed to the

Administration Board, when the interest of the Company requires it. However, to these effects, this exclusion proposal should be specified in the General Meeting call and an administrators' report will be available for the shareholders, in which this proposal will be justified.

Additionally, the Recommendation 5 of the Good Governance Code of the Quoted Companies, published last 24 February 2015, establishes that, when a faculty delegation proposal is made to issue shares with the exclusion of the pre-emptive subscription, the Administration Board should establish a limit to this exclusion of 20% of the share capital at the moment of the delegation.

The Administration Board justifies the faculty delegation proposal of excluding the right of pre-emptive subscription, among other reasons, for the flexibility and agility with which, in some occasions, it is needed to act in the current financial markets in order to profit from the moments in which the market conditions are more favourable, as well as because the costs associated to the operation are cheaper (including, specially, the commissions of the financial entities participating in the issue) comparing with an issue with pre-emptive subscription right, having this way a lower distortion effect in the Company shares negotiation during the issue period, that is usually shorter than a rights issue.

This does not imply, necessarily, that each capital increase that happens under the protection of this delegation has to be carried out through the exclusion of the pre-emptive subscription right, as it is perfectly possible to increase the capital with subscription rights protected by it, without prejudice that in line with the good governance recommendations, the General Meeting agreement includes a limit of 20% for this exclusion.

With all this, the Administration Board might be authorised to agree the increase, in one or many times, the Company share capital in a maximum amount of up to 50% of the subscribed capital and disbursed on the date of the authorisation, that is to say, for the amount of HUNDRED THIRTY MILLIONS TWO-HUNDRED EIGHTY-SIX THOUSAND HUNDRED EIGHTY-NINE EUROS AND FIFY CENTS OF EURO (130,286,189.50 - Euros), and with the faculty, if required, of agreeing the exclusion of the pre-emptive subscription right up to a limit of 20% of the share capital in the moment of the current delegation.

The total text of the agreement proposal submitted to approval of the General Meeting under Item Ninth of the Agenda is mentioned below:

"Authorisation to the Administration Board, with substitution faculties, to agree, in one or many times, to increase the capital in accordance with article 297.1.b of the Spanish Corporate Law, subject to the limits established in this articles, and with the faculty, if required, to agree on the exclusion of the pre-emptive subscription right up to a limit of 20% of the share capital at the moment of the current delegation."

It is proposed: "Authorise the Administration Board to agree and increase, in one or many times, the Company share capital in a maximum amount of up to 50% of the subscribed capital and disbursed on the date of the authorisation, that is to say, for the amount of HUNDRED THIRTY MILLIONS TWO-HUNDRED EIGHTY-SIX THOUSAND HUNDRED EIGHTY-NINE EUROS AND FIFY CENTS OF EURO (130,286,189.50 - Euros).

The capital enlargement or enlargements that, if required, will be agreed, will have to be done during the five next years from today.

This enlargement or enlargements of share capital will be done, with or without issue premium, through the increase of the nominal value of the existing shares with the requirements established in the Spanish Corporate Law, or through the issue of new shares, ordinary or privileged, with or without voting, or rescue shares, or any others admitted in Law or many modalities at the same time, the value of the new shares or the increase of the nominal value of the existing ones being money contributions, included the transformation of unrestricted reserves, being even able to use simultaneously both modalities, as long as it is admitted by the legislation in force.

The Administration Board will have the faculty, through this delegation, to establish that in case of incomplete subscription, the capital will only be increased with the amount of realised subscriptions, and to redraft the article By-laws related to the share capital, once the increase agreed and executed.

The amount of the capital will be considered included in the limit available at each moment of the maximum amount previously referred, and with the aim to attend the conversion of bonds, that will be agreed by the Administration Board by virtue of the empowerment that they want to delegate under Item Eleventh of the Agenda.

In accordance with the current authorisation, the Administration Board is this way empowered to require the quote admission of the new securities that could be in issued in any Stock Exchange or regulated market, national or foreign, in terms of the legislation that would be applied.

The empowerment to exclude, all or part of the pre-emptive subscription right, is expressly attributed to the Administration Board, in accordance with what has been stipulated in the article 506 of the Spanish Corporate Law up to a total maximum nominal amount, equal to 20% of the share capital at the moment of this current authorisation, in relation with all or any of the issues that will be agreed based on the current authorisation, including also the exclusions of pre-emptive subscription right carried out in the framework of value issues under the Item Eleventh of the Agenda.

In any case, if the Board decides to remove the pre-emptive subscription right, it will have to draft at the same time as the capital increase agreement, a detailed report of the specific reasons of social interest that justify this measure, that will be the object of the consequent report of an account auditor different from the Company's one to which the article 506 of the Spanish Corporate Law refers. These reports will be available for the shareholders and communicated in the first General Meeting that will be hold after the issue agreement.

In accordance with the articles 286.b and 506 of the Spanish Corporate Law, the Administration Board has put at the disposal of the shareholders a justification report of the current agreement proposal.

The Administration Board is also authorised to delegate in favour of the Executive Commission the empowerments conferred by virtue of this agreement, in accordance with what has been established in the article 249.a.I of the Spanish Corporate Law."
