

Fomento de Construcciones y Contratas, S.A. and Subsidiaries

Financial statements for the year
ended 31 December 2016 and
Directors' Report together with
Independent Auditors' Report

*Translation of financial statements originally issued in
Spanish. In the event of a discrepancy, the Spanish-
language version prevails.*

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.:

Report on the financial statements

We have audited the accompanying consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the "Parent"), and subsidiaries (the "Group"), consisting of the consolidated balance sheet as of 31 December 2016, the consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' responsibility in relation to the financial statements

The Parent's directors are responsible for formulating the accompanying consolidated financial statements, so that they provide a true and fair view of the consolidated equity, consolidated financial position and consolidated results of Fomento de Construcciones y Contratas, S.A. and subsidiaries, in accordance with the International Financial Reporting Standard (IFRS) adopted by the European Union, and any other regulatory provisions in respect of financial reporting applicable to the Group in Spain, identified in Note 2 of the accompanying notes to the consolidated financial statements, as well as any internal controls considered necessary in order for the consolidated financial statements to be prepared free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the attached consolidated financial statements based on our audit work. We have performed our audit in accordance with the audit regulations in force in Spain. These standards require that we meet ethical standards, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error.

In making these risk assessments, the auditor take into account any relevant internal control for the preparation of the consolidated financial statements by the Parent's directors, in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of consolidated the financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements express, in all significant aspects, a true and fair view of the consolidated equity and consolidated financial position of Fomento de Construcciones y Contratas, S.A. and subsidiaries at 31 December 2016 and the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standard (IFRS) adopted by the European Union, and any other regulatory provisions in respect of financial reporting applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated Directors' report for 2016 contains the explanations which the Parent's Directors consider appropriate with regard to the position of Fomento de Construcciones y Contratas, S.A. and subsidiaries, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have verified that the accounting information contained in the Directors' report coincides with that of the consolidated financial statements for 2016. Our work as auditors was confined to checking the consolidated Directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Fomento de Construcciones y Contratas, S.A. and subsidiaries.

DELOITTE, S.L.

Official Spanish Account Auditing Registry (ROAC) Member No S0692

[Signature]

Javier Parada Pardo
10 March 2017