

Fomento de Construcciones y Contratas, S.A.

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 FINANCIAL STATEMENTS

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

Report on the financial statements

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

Directors' responsibility in relation to the financial statements

The Directors are responsible for formulating the accompanying financial statements, so that they provide a true and fair view of the equity, financial position and results of Fomento de Construcciones y Contratas, S.A., in accordance with the regulatory framework for financial reporting applicable to the company in Spain, which is identified in Note 2 of the accompanying report, and the internal control deemed necessary to permit the preparation of financial statements free of material misstatement due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the attached 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 financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control relevant to the Company's preparation of the financial statements 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 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 financial statements express, in all significant aspects, a true and fair view of the equity and financial position of Fomento de Construcciones y Contratas, S.A. at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the regulatory framework for financial reporting that is applicable and, in particular, with the accounting principles and criteria contained therein.

Report on other legal and regulatory requirements

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

DELOITTE, S.L.

Official Spanish Account Auditing Registry (ROAC) Member No S0692

[Signature]

Javier Parada Pardo
10 March 2017