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

Financial Statements

31 December 2019

Directors' Report

2019

(With Independent Auditor's Report Thereon)

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

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

Auditor's Report on the 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 sole shareholder of Acciona Financiación Filiales, S.A. (Sociedad Unipersonal)

Opinion

We have audited the financial statements of Acciona Financiación Filiales, S.A. (the "Company"), which comprise the balance sheet at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying financial statements) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the financial statements pursuant to the legislation regulating the audit of accounts in Spain. 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.

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

Key Audit Matters

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

Non current and current loans to Group companies and associates See notes 4.1, 5.2 and 12 to the financial statements	
Key audit matter	*How the matter was addressed in our audit*
The Company has loans and credits granted to related parties that are recorded under "Long-term investments in Group companies and associates" and "Short-term investments in Group companies and associates" amounting to Euros 3,622 million and Euros 2,653 million, respectively. At each reporting date, management and the Directors assess whether there is objective evidence that these financial assets may be impaired. A financial asset is considered to be impaired when its carrying amount is higher than its recoverable amount, which requires an impairment loss to be recognised together with the corresponding valuation adjustment. Due to the significance for the Company of the loans and credits to Group companies and considering that in order to determine the recoverable amount it is necessary to estimate future cash flows using assumptions and estimates, which could give rise to significant differences with respect to the amounts recognised by the Company at the reporting date, we have considered this to be a key audit matter.	Our audit procedures included the following: • Evaluating the design and implementation of key controls related to the process of identifying indications of impairment and assessing the loans and credits granted to Group companies and associates. • Analysing the indications of impairment of the loans and credits to Group companies and associates identified by the Company. • We also assessed whether the information disclosed in the financial statements meet the requirements of the financial reporting framework applicable to the Company.

Emphasis of Matter

We draw attention to note 14 to the accompanying financial statements, in which the Directors mention the event after the reporting period in relation to the health emergency triggered by the spread of Coronavirus disease (COVID-19), and the main consequences identified at the date of authorisation for issue of these financial statements, considering the measures adopted by the Spanish Government in Royal Decrees 463/2020 of 14 March 2020 and 8/2020 of 17 March 2020 , in addition to the difficulties associated with estimating the potential impact of this situation. Our opinion is not modified in respect of this matter.

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

Other Information: Directors' Report

Other information solely comprises the 2019 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of financial statements.

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

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the financial statements for 2019 and the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

  Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors. Conclude on the appropriateness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

From the matters communicated to the Directors of Acciona Financiación Filiales, S.A. (Sociedad Unipersonal), we determine those that were of most significance in the audit of the 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.

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

31 March 2020

ACCIONA FINANCIACIÓN FILIALES S.A.
Sole-Shareholder Company

ANNUAL FINANCIAL STATEMENTS FOR
FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

ACCIONA FINANCIACIÓN FILIALES, S.A. (Sole-Shareholder Company)
BALANCE SHEET AT 31 December 2019 & 2018
(Thousand euros)

ASSETS	Notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS		**3,932,627**	**2,908,630**
Long-term investments in Group companies & associates		**3,921,070**	**2,902,804**
Shareholding in group companies & associates	**Notes 5.1 & 12.2**	298,920	258,433
Loans and credits to companies & associates	**Notes 5.2 & 12.2**	3,622,150	2,644,371
Long-term financial investments		**62**	**431**
Derivatives	**Note 7.1.5**	62	431
Deferred tax assets	**Note 9.3**	**11,495**	**5,395**
CURRENT ASSETS		**2,767,420**	**2,643,699**
Accounts receivable		**74**	**73**
Short-term investments in Group companies & associates		**2,653,249**	**2,350,299**
Loans and credits to companies & associates	**Notes 5.2 & 12.2**	2,653,249	2,350,299
Short-term financial investments	**Note 5.2**	**12,441**	**9,778**
Derivatives	**Note 7.1.5**	542	810
Other financial assets	**Note 5.3**	11,899	8,968
Cash and cash equivalents	**Note 5.4**	**101,656**	**283,549**
Cash & banks		101,656	283,549
TOTAL ASSETS		**6,700,047**	**5,552,329**

EQUITY AND LIABILITIES	Notes	31/12/2019	31/12/2018
EQUITY		**620,263**	**634,451**
EQUITY		**654,748**	**649,632**
Capital	**Note 6.1**	**82,413**	**82,413**
Issue premium	**Note 6.1**	**329,413**	**329,413**
Reserves		**237,807**	**122,281**
Legal and statutory	**Note 6.2**	16,483	11,932
Other reserves	**Note 6.3**	221,324	110,349
Year's profit / (loss)		**105,115**	**122,918**
Interim dividend	**Note 3**	**(100,000)**	**(7,393)**
VALUE ADJUSTMENTS	**Note 6.4**	**(34,485)**	**(15,181)**
NON-CURRENT LIABILITIES		**3,474,171**	**2,590,142**
Long-term payables		**3,474,109**	**2,580,838**
Other negotiable securities	**Note 7.1.2**	375,143	128,519
Bank borrowings	**Note 7.1.1**	3,057,284	2,440,509
Derivatives	**Note 7.1.5**	41,682	11,810
Payables to Group companies and associates	**Notes 7.1.4 & 12.2**	**62**	**8,969**
Deferred tax liabilities	**Note 9.3**	**--**	**335**
CURRENT LIABILITIES		**2,605,613**	**2,327,736**
Short-term payables		**1,545,005**	**1,373,754**
Debentures & other negotiable securities	**Note 7.2.2**	1,040,664	1,096,861
Bank borrowings	**Note 7.2.1**	396,948	269,401
Derivatives	**Note 7.1.5**	7,393	99
Interim dividend payable	**Notes 3 & 12.2**	100,000	7,393
Short-term payables to Group companies and associates	**Notes 7.2.3 & 12.2**	**1,060,255**	**953,577**
Trade and other accounts payable		**353**	**405**
Other payables		353	405
TOTAL EQUITY AND LIABILITIES		**6,700,047**	**5,552,329**

Notes 1 to 14 to the accompanying financial statements are an integral part of the balance sheet at 31 December 2019.

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

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
INCOME STATEMENT
FINANCIAL YEAR 2019 & 2018
(Thousand euros)

	Notes	FY 2019	FY 2018
Revenue	**Notes 11 & 12.1**	**241,570**	**244,368**
Provision of services			120
Financial income from interest on credits to Group companies and associates		241,570	244,248
Other operating expenses		**(709)**	**(566)**
External services		(709)	(566)
OPERATING PROFIT/(LOSS)		**240,861**	**243,802**
Financial income		**198**	**--**
From negotiable securities and other financial instruments		198	--
Third parties		198	--
Finance costs		**(114,027)**	**(119,904)**
For payables to Group Companies	**Note 12.1**	(21,784)	(8,577)
For payables to third parties		(92,243)	(111,327)
Change in fair value of financial instruments	**Note 5.3**	**2,930**	**(5)**
Translation differences		**9,987**	**30,085**
Impairment and profit/(loss) on disposal of financial instruments	**Notes 5.1 & 5.3**	**--**	**8,736**
FINANCIAL PROFIT/(LOSS)		**(100,912)**	**(81,088)**
PROFIT/(LOSS) BEFORE TAX		**139,949**	**162,714**
Tax on profit	**Note 9.1**	(34,834)	(39,796)
YEAR'S PROFIT / (LOSS)		**105,115**	**122,918**

Notes 1 to 14 to the accompanying financial statements are an integral part of the income statement for financial year 2019.

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

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2019 & 2018

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

	Notes	FY 2019	FY 2018
RESULTS OF INCOME STATEMENT (I)		**105,115**	**122,918**
Income and expense recognised directly in equity			
- For cash flow hedges	Note 7.1.5	(45,980)	(20,242)
- Tax effect	Note 9.2	11,495	5,060
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		**(34,485)**	**(15,182)**
Transfers to income statement			
- For cash flow hedges		20,242	580
- Tax effect		(5,060)	(146)
TOTAL TRANSFERS TO INCOME STATEMENT (III)		**15,182**	**434**
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)		**85,812**	**108,170**

Notes 1 to 14 to the financial statements are an integral part of the statement of recognised income and expenses for financial year 2019.

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

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2019 & 2018

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

	Notes	Capital	Issue premium	Reserves	Year's profit / (loss)	Value adjustments	Interim dividend	TOTAL
Balance at 01 January 2018		**82,413**	**329,413**	**45,467**	**76,814**	**(434)**	**--**	**533,673**
Total recognised income and expenses		**--**	**--**	**--**	**122,918**	**(14,748)**		**108,170**
Transactions with shareholders		**--**	**--**	**76,814**	**(76,814)**	**--**	**(7,393)**	**(7,393)**
- Application of results		--	--	76,814	(76,814)	--	(7,393)	(7,393)
Balance at 31 December 2018		**82,413**	**329,413**	**122,281**	**122,918**	**(15,182)**	**(7,393)**	**634,451**
Total recognised income and expenses		**--**	**--**	**--**	**105,115**	**(19,303)**		**85,812**
Transactions with shareholders		**--**	**--**	**115,526**	**(122,918)**	**--**	**(92,607)**	**(100,000)**
- Application of results	Note 3	--	--	115,526	(122,918)	--	(92,607)	(100,000)
Balance at 31 December 2019		**82,413**	**329,413**	**237,807**	**105,115**	**(34,485)**	**(100,000)**	**620,263**

Notes 1 to 14 to the financial statements are an integral part of the comprehensive statement of changes in equity for financial year 2019.

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

ACCIONA FINANCIACIÓN FILIALES S.A. (Sole-Shareholder Company)
STATEMENT OF CASH FLOWS FOR FINANCIAL YEARS 2019 & 2018
(Thousand euros)

	Notes	FY 2019	FY 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**(1,115,148)**	**226,055**
Profit/(loss) before tax		**139,949**	**162,714**
Adjustments for:		**(137,728)**	**(158,879)**
Other adjustments to profit (net)		(137,728)	(158,879)
Change in provisions		--	(4,330)
Financial income	Note 12.1	(241,768)	(244,368)
Finance costs		114,027	119,904
Translation differences		(9,987)	(30,085)
Changes in working capital & non-current capital		**(1,212,383)**	**113,658**
Other cash flows from operating activities:		**95,014**	**108,563**
Interest paid	Note 7	(104,834)	(94,825)
Interest received	Note 5.2	229,503	241,692
Income tax recovered/(paid)	Note 9	(29,655)	(38,304)
CASH FLOWS FROM INVESTMENT ACTIVITIES		**(40,487)**	**(187,560)**
Payments due to investment:	Note 5.1	**(40,487)**	**(187,560)**
Group companies, associates and business units		(40,487)	(187,560)
Proceeds from disposal:		**--**	**--**
Group companies, associates and business units			--
CASH FLOWS FROM FINANCE ACTIVITIES		**973,742**	**229,213**
Proceeds and (payments) relating to financial liability instruments:		**973,742**	**229,213**
- Issue of bonds and other negotiable securities	Notes 7.1.2 & 7.2.2	1,775,829	1,277,428
- Redemption of bonds and other negotiable securities	Notes 7.1.2 & 7.2.2	(1,585,402)	(1,082,572)
- Issue of bank borrowings	Notes 7.1.1 & 7.2.1	1,280,316	2,325,500
- Repayment and amortisation of bank borrowings	Notes 7.1.1 & 7.2.1	(545,036)	(2,674,322)
- Issue of loans with Group companies and associates	Notes 7.1.3 & 7.2.3	753,817	424,866
- Repayment and amortisation of loans with Group companies and associates	Notes 7.1.3 & 7.2.3	(705,782)	(41,686)
Dividend payments and remuneration of other equity instruments	Note 3	**(7,393)**	--
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(181,893)**	**267,709**
CASH & OTHER CASH EQUIVALENTS AT BEGINNING OF PERIOD		**283,549**	**15,840**
CASH & OTHER CASH EQUIVALENTS AT END OF PERIOD		**101,656**	**283,549**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		**--**	**--**
Cash on hand and at banks		**101,656**	**283,549**
Other financial assets		**--**	**--**
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD		**101,656**	**283,549**

Notes 1 to 14 to the accompanying financial statements are an integral part of the statement of cash flows for financial year 2019.

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

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

NOTES TO FINANCIAL STATEMENTS FOR FY 2019

1. Activity

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

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

- To manage, optimise and channel the monetary resources and take care of the cash needs of the Sole Shareholder ACCIONA. S.A. and of the companies of its group in accordance with the provisions of article 42 of the Code of Commerce.

- To manage and make collections and payments on account of all the companies referred to in the paragraph above.

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

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

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

The Company is part of the "Other Business" Division of the Acciona Group, whose Parent is Acciona, S.A., with registered office at Avenida de Europa 18, Alcobendas (Madrid). The Consolidated Annual Financial Statements of the Acciona Group for financial year 2019 were drawn up by the Directors of Acciona, S.A. at a meeting of the Board of Directors held on 27 February 2020.

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

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

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

2. Bases of presentation of financial statements

2.1. Financial reporting standards framework applicable to the Company

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

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

2.2. True and fair view

The annual financial statements for 2019 stated in thousand euros, the functional currency of the Company, were obtained from the accounting records of the Company and they are presented in accordance with the financial reporting standards framework applicable to the Company and specifically with the principles and criteria contained therein so as to show a true and fair view of the equity, financial position and results of the Company for financial year 2019. These financial statements, as prepared by the Directors of the Company, will be submitted to the Sole Shareholder, for approval; and it is believed that they will be approved as they stand. In addition, the 2018 financial statements were approved by the Sole Shareholder on 28 June 2019.

2.3. Comparison of information

The information contained in these Financial Statements referred to financial year 2019 is disclosed, for comparative purposes, along with the information on financial year 2018.

2.4. Main estimates included in the annual financial statements

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

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

Although these estimates were made on the basis of the best information available at the close of 2019, it may so happen that future events will make it necessary to change them (upwards or downwards) in the next few years. If so, it would be done prospectively.

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

In 2019 no significant changes took place in accounting criteria in respect of those applied in 2018.

When these annual financial statements for 2019 were prepared, no material error was found that led to restatement of the amounts included in the financial statements for financial year 2018.

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

3. Application of results

The proposed application of the results of financial year 2019 (compared to the proposal for 2018 which was approved by the Sole Shareholder on 28 June 2018) that the Board of Directors will submit to the Sole Shareholder for approval is the following (in euros):

DISTRIBUTION BASE	2019	2018
Gains and losses	105,114,891.91	122,917,960.81
Distribution		
To legal reserve	--	4,550,962.17
To voluntary reserve	5,114,891.91	110,974,054.97
To dividends	100,000,000.00	7,392,943.67
Total	**105,114,891.91**	**122,917,960.81**

According to the minutes of the Company's Joint Directors meeting from 31 December 2019, an interim dividend of 100 million euros was approved, payable as from 01 January 2020.

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

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

	Euros
Supporting financial statement as at 31 December 2019	
Results obtained from 01-01-2019 to 31-12-2019:	105,114,891.91
Mandatory allocations to reserves:	--
Negative results from previous years	
Distributable profit	105,114,891.91
Proposed interim dividend	100,000,000.00
Treasury forecast as at 31 December 2019	
Funds available for distribution	
Treasury:	101,656,575.59
Proposed interim dividend:	(100,000,000.00)
Difference:	1,656,575.59

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

4. Recognition and measurement standards

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

4.1.Financial instruments

Financial assets

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

a) Loans and receivables: Financial assets from the provision of services on business trade operations, or those that, although not originated in trade operations, are not equity instruments or derivatives, and in respect of which the amounts to receive are specific or can be quantified, and they are not traded on an active market. This category is comprised practically in its entirety of the assets recorded in "Loans and credits to Group companies and associates" under current and non-current assets.

b) Investments in the equity of group companies, jointly-controlled entities and associates: group companies are the companies related to the Company through a control relationship, and associates the companies where the Company holds significant influence. Additionally, the jointly-controlled entities category includes companies where, under an agreement, control is held jointly with one or more members.

c) Other financial assets at fair value with changes in the income statement: This category includes the financial assets so designated by the Company at the time of initial recognition, because such designation eliminates or reduces significantly accounting asymmetry, or such assets make up a group the performance of which is assessed, by the Company Management, on the basis of fair value and according to an established and documented strategy.

Initial measurement:

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

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

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

Subsequent measurement:

a) Loan and accounts receivable are measured at their amortised cost.

b) Financial assets at fair value with changes in the income statement are measured at their fair value, and the result of the changes in said fair value are recorded in the income statement.

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

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

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

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

Equity instruments

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

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

Derivative financial instruments

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

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

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

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

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

4.2. Tax on profit

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

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

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences which are identified as the amounts that are expected to be payable or recoverable and which arise from the differences between the carrying amounts of assets and liabilities and their fiscal value, and the negative tax bases pending carry-forward and credits for tax deductions that have not been fiscally applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled, to the temporary difference or credit in question.

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

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

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

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

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

4.3.Income and expenses

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

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

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

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

4.4. Cash and other cash equivalents

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

4.5. Related-party transactions

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

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

4.6. Equity elements of an environmental nature

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

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

4.7. Current and non-current items

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

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

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

4.8. Foreign currency transactions

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

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

5. Financial Assets

Breakdown of current and non-current financial assets in 2019 and 2018.

Non-current financial assets	Equity Instruments		Credits, derivatives and others	
	2019	2018	2019	2018
Loans and items receivable	--	--	3,622,150	2,644,371
Investments in Group companies	298,920	258,433	--	--
Long-term financial investments	--	--	62	431
Total	**298,920**	**258,433**	**3,622,212**	**2,644,802**

Current financial assets	Credits, derivatives and others	
	2019	2018
Assets at fair value with changes in the income statement	11,899	8,968
Loans and items receivable	2,653,249	2,350,299
Derivative financial instruments	542	810
Total	**2,665,690**	**2,360,077**

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

5.1. Equity Instruments

Movement in this item on the balance sheet in financial years 2019 and 2018 was as follows (in thousand euros):

	Balance at 01/01/2019	Additions	Removals	Balance at 31/12/2019
Investments in Group companies	258,433	44,643	--	**303,076**
Value impairment	--	--	--	--
Called payments outstanding	--	(26,936)	22,780	**(4,156)**
Total	**258,433**	**17,707**	**22,780**	**298,920**

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

At 2019 and 2018 year-end, the Company had ownership interests in Acciona Financiación de Filiales Chile Spa (hereinafter AFF Chile) and Acciona Financiación de Filiales Australia Pty. Ltd (hereinafter AFF Australia). Acciona Financiación de Filiales S.A. is the sole shareholder of both companies.

The movements recorded during 2019, both in the increase of ownership interests and in movements of called payments outstanding correspond entirely to capital increases carried out for AFF Chile.

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

There are no indications of impairment in the above-mentioned ownership interests.

Information on these subsidiaries is listed in Appendix I.

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

All loans are accounted for at amortised cost.

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

LONG-TERM:

Details for financial year 2019 compared to 2018 were as follows (in thousand euros):

	2019	**2018**
Loans and credits to companies	1,638,896	1,246,363
Credits to Group companies (Cash-pooling)	1,978,568	1,398,008
Derivatives	4,686	--
Total	**3,622,150**	**2,644,371**

At 31 December 2019 and 2018, the main long-term loans and credits with Group companies were the following:

	Balance at 31/12/2019	**Balance at 31/12/2018**
Acciona Energía Internacional S.A.	341,161	383,804
Acciona Financiación de Filiales Chile Spa	317,168	219,269
Acciona Construcción S.A.	280,077	294,539
Energía Renovable del Istmo II S.A. de C.V.	242,853	232,133
Acciona Financiacion de Filiales Australia Pty	144,860	9,417
Acciona, S.A.	99,019	--
Other	213,758	107,201
Total long-term loans	**1,638,896**	**1,246,363**

The loans detailed above mature between February 2021 and October 2024.

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

SHORT-TERM:

Details of this line item on the balance sheet in financial years 2019 and 2018 were as follows (in thousand euros):

	2019	2018
Credits to Group companies (Cash-pooling)	1,441,266	1,795,870
Loans and items receivable	1,206,606	554,429
Derivatives	5,377	--
Total	**2,653,249**	**2,350,299**

At 31 December 2019 and 2018, the main short-term loans and credits with Group companies were the following:

	Balance at 31/12/2019	Balance at 31/12/2018
Acciona, S.A.	713,498	--
Corporación Acciona Energías Renovables S.L.	257,360	257,357
Acciona Logística S.A.	149,248	149,232
Acciona Energía Internacional S.A.	51,113	7,130
ATLL Concessionària de la Generalitat de Catalunya S.A.	--	118,119
Other	35,387	22,591
Total short-term loans	**1,206,606**	**554,429**

With regards to the loan that the Company had granted to ATLL Concessionària de la Generalitat de Catalunya S.A. and in view of the uncertainties that may arise from the information provided in the 2018 financial statements, the loan with the aforementioned company was novated on maturity and finally cancelled early on 26 June 2019.

In the last quarter of 2019, a loan of 708 million euros was granted to Acciona S.A. to meet the obligations arising from the takeover bid for Nordex SE shares. This loan was repaid in January 2020, once the acceptance period for the takeover bid had expired.

CASH-POOLING

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

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

The main outstanding short and long-term debit balances at 31 December 2019 and 2018 for this type of financing are the following (in thousand euros):

	Balance at 31/12/2019	Balance at 31/12/2018
Acciona, S.A.	1,874,011	1,508,332
Corporación Acciona Energías Renovales	1,042,325	1,240,724
Acciona Construcción S.A.	329,853	291,919
Acciona Agua S.A.	89,708	41,977
Acciona Concesiones S.L.	41,538	42,691
Other	42,399	68,235
Total Cash-Pooling	**3,419,833**	**3,193,878**

At 31 December 2019, the Company has classified 1,978,568 thousand euros as non-current assets (1,398,008 thousand euros in 2018), on the grounds that the expected date of completion for such amounts will be more than twelve months.

At 31 December 2019 interest accrued and pending collection for this concept amounted to 36,998 thousand euros (36,396 thousand euros in 2018). Interest is shown included in the balances of each of the debtors.

At 31 December 2019, the provision for loans to Group companies amounted to 11,832 thousand euros, with no material changes with respect to 2018 (11,832 thousand euros at 31 December 2018) and there are no additional impairments to those recorded at 31 December 2018.

5.3. Other short-term financial assets

At 31 December 2019, the balance included in this heading related to the investment in Bestinver Lux Latam., a Latin American floating rate investment fund, through the fund manager Bestinver Gestión SGIIC, S.A., a company belonging to the Acciona Group. The Company held 533,333 interests at the close of financial year 2019 and 2018.

At 31 December 2019, the fair value of the interests was 11,899 thousand euros (8,968 thousand euros at 31 December 2018). The movement in fair value was recognised on the income statement for 2019 in “Change in fair value in financial instruments” for the amount of 2,930 thousand euros (5 thousand euros at 31 December 2018).

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

5.4. Cash and other cash equivalents

Details for financial year 2019 compared to 2018 were as follows (in thousand euros):

	31/12/2019	31/12/2018
At banks	101,656	283,549
Other cash equivalents	--	--
Total	**101,656**	**283,549**

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

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

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

Liquidity risk

The Company manages the liquidity risk with prudence, keeping an adequate level of cash and negotiable securities and arranging for credit facilities for a sufficient amount to support projected needs (see Note 7). At 31 December 2019, the Company had available additional financing that had not been drawn down, for the amount of 1.780 billion euros.

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

Finally, in relation to this risk, it should be mentioned that the Company, seeking to diversify its financing sources, has a European Commercial Paper programme registered for the maximum amount of 1.000 billion euros, to issue notes with maturity under one year, as well as a Euro Medium Term Note programme for the maximum amount of 2.000 billion euros (see Notes 7.1.2 and 7.2.2).

Interest rate risk

Fluctuations in the interest rates to which the Group's financial assets and liabilities are referenced in its balance sheet affect both the Company's balance sheet and its statements of profit and loss and cash flows. The impact of these fluctuations is sometimes mitigated by arranging derivative hedging financial instruments (see Note 7.1.5). This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Company's accounts, a simulation was performed which assumed a 50-basis point increase and decrease in interest rates at 31 December 2019.

This sensitivity analysis to upward or downward changes of 0.50% in floating Euribor/Libor/Cdor/BBSW interest rates gave rise to a sensitivity in the Group's income statement arising from an increase or decrease in financial results due to interest payment, with the effect of derivatives being considered, of 8,222 thousand euros at 31 December 2019.

Credit risk

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

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

Foreign currency risk

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

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

In order to mitigate foreign currency risk, the Acciona Group uses currency derivatives to cover significant future transactions and cash flows, within acceptable risk limits (see Note 7.1.5.).

6. Equity and capital and reserves

6.1. Share capital and issue premium

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

At 31 December 2019 and 2018, Acciona, S.A. held 100% of the shareholding, it being therefore the Sole Shareholder of the Company. Following the mercantile regulations, the Company has its form of sole-shareholder company registered with the Companies Register. All the shares carry the same political and economic rights.

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

6.2. Legal Reserve

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

The legal reserve is currently fully paid up following the allocation of results from 2018.

6.3. Other reserves

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

6.4. Value adjustments

In addition to the fair values net of taxes of derivatives held by the company with financial institutions (see Note 7.1.5), this heading includes the net value of the derivative with Group companies amounting to (850) thousand euros ((6,405) thousand euros in 2018).

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

7. Financial liabilities

7.1. Non-current financial liabilities

The breakdown of non-current financial liabilities at the close of 2019 and 2018 was as follows (in thousand euros):

	Bank borrowings		Debentures & other negotiable securities		Payables to Group companies and associates		Derivatives	
	2019	2018	2019	2018	2019	2018	2019	2018
Debits and other accounts payable	3,057,284	2,440,509	375,143	128,519	62	8,969	41,682	11,810

The detail of "Bank Borrowings and Derivatives" is as follows:

	Bank borrowings and derivatives	
	2019	2018
Loan	3,073,290	2,458,730
Commitment fees	(16,006)	(18,221)
Derivatives	41,682	11,810
TOTAL	**3,098,966**	**2,452,319**

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

7.1.1. Long-term bank borrowings

At 31 December 2019 the Company holds non-current credit facilities with a limit totalling 1.677 billion euros (1.542 billion euros in 2018). At the close of 2019, non-current facilities were drawn down at 708 million euros (0 million in 2018) and 69 million Australian dollars in 2018.

Details of main facilities (nominal without Commitment fees) in thousands of euros at 31 December 2019:

	Currency	Limit	Amount drawn down	Due date
Syndicated Loan Tranche D	EUR	1,440,000	708,000	Jul-24
Policy	EUR	137,000	--	Jan.-21
Other		100,000	--	Mar-21 to Jun-21
Total		**1,677,000**	**708,000**	

Detail of main loans (nominal without Commitment fees) including amounts maturing in the short term (in thousand euros) at 31 December 2019:

Type	Currency	Nominal	Amount drawn down	Long-term	Short-term	Initial amount	Due date
Syndicated Loan	EUR	1,300,000	1,300,000	1,300,000	--	May.-18	May.-24
Syndicated Loan Tranche C	EUR	260,000	260,000	260,000	--	Jul.-17	Jul.-22
Syndicated Loan	EUR	675,000	220,000	220,000	--	Feb.-19	Feb.-24
Loan	EUR	330,000	160,000	160,000	--	Apr.-17	Mar.-22
Loan	EUR	100,000	100,000	100,000	--	Jan.-18	Feb.-24
Loan*	CAD	57,905	33,018	33,018	--	Aug.-17	Aug.-22
Other		292,272	292,272	292,272	--	Feb-15 to Jan-19	Feb-21 to Jul-23
Total		**3,015,177**	**2,365,290**	**2,365,290**	**--**		

* Equivalent amount in thousand euros at 2019 year-end

At 31 December 2018, the limit on long-term loans was 2,422,412 thousand euros.

The main non-current debt amounts at 31 December 2019 and 31 December 2018 were the following:

a) In March 2015 the Company subscribed a syndicated bank loan, with the guarantee of Acciona, S.A., for 1.800 billion euros with due date in 2020. On 20 July 2016, the Company increased the loan up to 2.200 billion euros and extended the due date to 2021. On 14 July 2017, the banking agent is changed and the due date is extended to 2022. The credit is divided into four tranches: tranche A, B and C for maximum amounts of 250, 250, and 260 million euros and due dates in July 2020, July 2021, and July 2022 respectively, and tranche D for the maximum amount of 1.440 billion euros in the form of a revolving credit, with due date on 14 July 2022. On 14 March 2018 the due date of tranche D was extended by twelve months, with a new due date of 14 July 2023. The four tranches will be used to refinance part of the Acciona Group debt (the Group to which the Company belongs) and to finance general corporate and investment needs and to strengthen the Group's liquidity.

   At 31 December 2019, tranche C has been completely drawn down, and 708 million has been drawn down from tranche D. In June 2019, the credit was novated by extending the return/availability period of tranche D up to July 2024 with the option of carrying out annual extensions until 2026.

   At 31 December 2018, the syndicated bank loan had been drawn down in part - tranche C was completely drawn down and tranche D had not been drawn down. Tranches A and B were amortised in 2018.

b) In March 2018 the Company cancelled a loan amounting to 550 million US dollars, which was accompanied by an interest rate derivative which was charged as a positive result to the profit and loss account amounting to 10,338 thousand euros (see Note 7.1.5).

c) In April 2017, a loan was formally arranged for the amount of 330 million euros, which had a due date in March 2022 and accruing market interest rate. At 31 December 2019 and 31 December 2018 the outstanding amount is 160 million euros for the long term, maturing in March 2021 and March 2022.

d) In 2016, a syndicated financing agreement was signed for 140 million euros to finance the cancellation of the financial contracts held by the ATLL concessionaire. This syndicated loan matured in April 2019. It was repaid during 2018.

e) In April 2017, a loan was formally arranged for the amount of 100 million euros, with due date in 3 years (April 2020) and accruing a floating interest rate, to cover refinancing and support for sustainable projects. At 31 December 2019 and 2018 the loan was fully drawn down for an amount of 100 million euros. At 31 December 2019 this loan is classified as a short-term loan.

f) In May 2018, the Company arranged and entered into a syndicated financing agreement with five financial institutions amounting to 1.300 billion euros, with a personal guarantee from Acciona, S.A., maturing on 10 May 2023. The purpose has been to cancel certain bank debt instruments amounting to 1.207 billion euros, and to finance the Group's general corporate, investment and cash requirements. This loan was novated in June 2019, extending its maturity until May 2024.

g) In January 2018, a loan of 25 million euros maturing in 3 years was arranged with a national bank. The loan is included under the "other" caption in the table above.

h) In July 2018, a loan was formally arranged for the amount of 30 million euros, with due date in 5 years. The loan is included under the "other" caption in the table above.

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

i) A drawdown credit of 100 million euros, maturing in 3 years, was arranged in January 2018. At 31 December 2019 and 2018 the loan was fully drawn down.

j) In January 2019, a variable-rate loan of 67.3 million euros was formally arranged and made available to finance corporate requirements. This loan matures in January 2023.

k) In February 2019, a new variable-rate syndicate loan was signed for 675 million euros which matures in February 2024, with two possible extensions until February 2026. At the end of 2019, 220 million euros have been drawn down and the drawdown period ends on 15 January 2020.

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

Detail at 31 December 2019 by maturity of the items included in “Long-term bank borrowings” and “derivatives” was as follows (in thousand euros):

2021	2022	2023	2024	2025 & thereafter	Total
204,127	452,089	94,789	2,228,167	119,794	**3,098,966**

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

2020	2021	2022	2023	2024 & thereafter	Total
370,735	235,694	416,825	1,329,065	100,000	**2,452,319**

7.1.2. Debentures & other negotiable securities

On 30 April 2019 the fixed-interest securities issue programme - Euro Medium Term Note Programme (EMTN) was renewed under the same terms and conditions, for a maximum amount of up to 2.000 billion euros (2.000 billion euros in 2018). 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 0.558% to 4.25%. The securities issued under this programme may: accrue fixed or variable interest, be issued in euros or in another currency and at par, below par and premium and have different maturity dates for the principal and the interest.

At 31 December 2019 the balances registered against this EMNT programme in the non-current debentures and other negotiable securities accounts, net of transactions costs and considering interest accrued, amounted to 375 million euros (129 million euros in 2018). The fair value of the bonds (long and medium term) at the end of the financial year amounts to 551 million euros.

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

The changes in this heading in 2019 and 2018 were as follows:

	Balance at 31/12/2017	Additions	Removals	Transfers	Balance at 31/12/2018	Additions	Removals	Transfers	Balance at 31/12/2019
Non-current debentures and negotiable securities	**418,294**	21,025	--	(310,800)	**128,519**	284,624	--	(38,000)	**375,143**

The details of bonds at 31 December 2019 by maturity was as follows (in thousand euros):

2021	2022	2023	2024	2025 & thereafter	Total
182,600	5,000	--	35,500	152,043	**375,143**

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

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

7.1.3. Other disclosures

In relation to the syndicated facilities and loans described in Note 7.1.1 “Bank borrowings”, it should be noted that the Company must meet certain financial ratios calculated over the consolidated accounts of the Acciona Group (mainly the Net Financial Indebtedness Ratio over EBITDA) and maintain a certain percentage of the recourse debt over the total for the Acciona Group. In addition, there are other non-financial obligations that restrict significant divestment of the obligated entities, the performance of structural changes that affect the Group’s corporate or business structure, as well as its capacity for additional indebtedness or the granting of guarantees.

In relation to the syndicated loans and the rest of the financing subscribed by the Company for which it is stipulated that certain financial ratios must be met, it should be noted that at 31 December 2019 and 2018 the Company was not in default of its financial obligations or of any type of obligation that could lead to early termination of its financial commitments. Similarly, no default is expected for 2020. The Sole Shareholder, Acciona, S.A., is the guarantor of all the loans and financial obligations undertaken by the Company.

In addition, in financial year 2019, there were no defaults or any other non-payments of principal, interest or repayments in respect of bank borrowings.

7.1.4. Payables to Group companies, jointly-controlled entities and associates

“Long-term payables to Group companies and associates” amounting to 62 thousand euros (8,969 thousand euros in 2018) relate to hedges that mirror those made with Group companies.

The balance outstanding at 2018 year-end owed to Acciona Energía Internacional, S.A. arising from the assignment of the interest rate hedging derivative arranged in 2016 and cancelled with the financial institution in 2017 (see Note 7.1.5) was cancelled in 2019.

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

7.1.5. Hedging derivatives

The Company uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. Within the framework of such operations, the Company engaged certain interest rate and exchange rate hedging financial instruments. Details of the derivatives outstanding at 2019 year-end are presented below:

Interest rate hedges

Type	Notional amount (thousands)	Maturity	Inefficiency recorded in results (thousand euros)		Fair value (thousand euros)	
			2019	2018	2019	2018
Floating to fixed	EUR 1,300,000	17/05/2022	--	--	(16,380)	(11,779)
Floating to fixed	EUR 30,000	20/07/2022	--	--	(194)	(31)
Floating to fixed	EUR 504,000	15/01/2029	--	--	(19,795)	--
Floating to fixed	EUR 612,000	15/01/2024	--	--	(628)	--

In 2016, Acciona Financiación Filiales, S.A. subscribed a loan for 550 million US dollars (see Note 7.1.1) to replace the financing in that currency cancelled by certain Acciona Group companies. With regards to the interest rate swap associated with this loan, the Company transferred the engaged hedge derivative to its subsidiary Acciona Energía Internacional, S.A., to which the Company also transferred the abovementioned financing arranged in dollars, in order to reduce in such subsidiary, the effect of interest rate fluctuations. On 14 March 2018, Acciona Financiación Filiales S.A. fully repaid this loan and the interest rate hedge associated with it but did not cancel either the loan or the interest rate hedge contracted with its subsidiary (see Note 7.1.4).

On 10 May 2018, Acciona Financiación Filiales S.A. signed a syndicated loan of 1.300 billion euros (see Note 7.1.1) in order to refinance part of its corporate financing. With regards to this financing, Acciona Financiación Filiales S.A. arranged an interest rate hedge for 100% of the nominal amount of the loan.

In relation to the 30-million-euro loan policy taken out on 20 July 2018 by Acciona Financiación Filiales S.A. (see Note 7.1.1), the company arranged an interest rate hedge for 100% of the nominal amount.

On 22 February 2019, Acciona Financiación Filiales arranged a syndicated loan of 675 million euros (see Note 7.1.1). At the same time, various interest rate derivatives were entered into with most of the syndicate members, covering 91% of the nominal amount of the syndicate, with coverage beginning on 15 January 2020, the date on which the loan availability period ends.

In addition, during the first quarter of 2019, the Company arranged an interest rate hedge for the period from January 2024 to January 2029 to cover certain highly probable debts that the Company will have drawn down during that period.

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

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

Exchange rate hedges

The contracting of exchange rate derivatives is normally centralised in Acciona Financiación Filiales S.A. as the Group's financial company. Therefore, the financial company arranges the derivatives that the subsidiaries need and transmits the risk to them through mirror contracts to the company that bears the risk. This transfer of risk results in a neutral position for Acciona Financiación Filiales S.A., which does not assume any impact on equity arising from these derivatives. The amounts reflected in the balance sheet in this connection at 31 December 2019 amounted to 62 thousand euros in the long term and 542 thousand euros in the short term (431 thousand euros in the long term and 810 thousand euros in the short term at 31 December 2018).

7.2.Current financial liabilities

	Bank borrowings		**Debentures & other negotiable securities**		**Payables to Group companies and Creditors**		**Derivatives**		**Interim dividend payable**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Debits and other accounts payable	396,948	269,401	1,040,664	1,096,861	1,060,255	953,577	7,393	99	100,000	7,393

The detail of "Bank Borrowings" is as follows:

	Bank borrowings	
	2019	**2018**
Loans	306,001	270,847
Policies	90,175	235
Interest	9,761	10,833
Availability fees	1,762	83
Commitment fees	(10,751)	(12,597)
TOTAL	**396,948**	**269,401**

7.2.1.Current bank borrowings

The Company holds current credit policies with a limit totalling 372 million euros at 31 December 2019 (367 million euros in 2018), 68 million US dollars (58 million US dollars in 2018), and 15 million Australian dollars (10 Australian dollars in 2018). In addition, there is a multi-currency policy (US and Australian dollars) for an equivalent amount of 80 million euros. At the end of 2019 and 2018, current policies in euros had not been drawn down, 0.8 million euros of US dollar policies had been drawn down (none drawn down at the end of 2018) and 89 million euros of Australian dollar policies had been drawn down (0.4 million euros in 2018), of which 80 million euros correspond to the aforementioned multi-currency policy.

Breakdown of the main amounts (without commitment fees or interests) of short-term loans (in thousand euros):

Type	Currency	Limit	Amount drawn down
Loan	EUR	100,000	100,000
Loan	USD	48,958	48,958
Loan	USD	44,508	44,508
Loan	AUD	46,889	46,889
Loan	AUD	34,386	34,386
Loan	AUD	31,260	31,260
	Total	**306,001**	**306,001**

At 31 December 2018, the amount drawn down on long-term loans was 270,847 thousand euros.

Breakdown of the main amounts (without commitment fees or interests) of short-term credit policies (in thousand euros):

Type	Currency	Limit	Amount drawn down
Policy	EUR	150,000	--
Policy	EUR	50,000	--
Policy	USD	51,629	834
Policy	USD	8,902	--
Policy	AUD	9,378	9,284
Policy	Multi-currency	80,057	80,057
Other		91,942	--
	Total	**441,908**	**90,175**

At 31 December 2018, the limit on short-term policies was 423,821 thousand euros, of which 235 thousand euros had been drawn down.

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

The balances of loans with credit entities correspond to short-term loans and include the debts indicated in note 7.1.1 that mature in the short term.

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

7.2.2. ***Debentures & other negotiable securities***

The Euro Commercial Paper (ECP) Programme formalised on 17 January 2013 by Acciona, S.A. and renewed as from 2015 with the guarantee of Acciona, S.A. Through this programme, which is listed on the Dublin Stock Exchange (Euronext Dublin), promissory notes are issued on the euro market with maturities between 15 and 364 days.

The programme has been renewed annually since 2015. The 2018 renewal is for 750 million, and later, on 18 October 2018, a modification was made to the programme, increasing the limit to 1 billion euros.

In April 2019, the annual renewal is carried out while maintaining the limit set in October 2018 at 1 billion euros. In 2019, promissory notes were issued and amortised for 1.477 and 1.260 billion euros, respectively, and the outstanding balance stood at 897 million euros at 31 December 2019 (677 million euros in 2018).

These amounts, together with balances of the EMTN programme due in 2020 are explained in Note 7.1.2, which amount to 142 million (420 million in 2018). The changes in these products in 2019 and 2018 were as follows:

	Balance at 31/12/2017	Additions	Removals	Transfers	Balance at 31/12/2018	Additions	Removals	Transfers	Balance at 31/12/2019
Current debentures and negotiable securities	**611,704**	1,267,829	(1,093,472)	310,800	**1,096,861**	1,491,205	(1,585,402)	38,000	**1,040,664**

The finance cost associated with financing this kind of products was 15,378 thousand euros (16,001 thousand euros in 2018), and the interest payable on the bonds at the close of 2019 amounted to 2,151 thousand euros (2,045 thousand euros in 2018).

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

The details of "payables to Group companies and associates" at 31 December 2019 and 2018 were as follows (in thousand euros):

	Balance at 31/12/2019	Balance at 31/12/2018
Deposits	698,645	647,902
Cash-Pooling	355,792	299,126
Other payables	5,818	6,549
Total	**1,060,255**	**953,577**

There are no significant differences between the carrying amount and fair value.

Deposits by Group companies

The balances of the main short-term deposits made by Group companies at 2019 and 2018 year-end are as follows:

	Balance at 31/12/2019	Balance at 31/12/2018
Acciona Agua S.A.	36,305	51,641
Acciona Construcción S.A.	599,917	464,561
Acciona Energía Internacional S.A.	56,186	53,452
Acciona Energía Servicios México	--	71,416
Other	6,237	6,832
Total	**698,645**	**647,902**

These deposits accrue a fixed market interest rate of 1% per annum in favour of the depositing company, with the sole exception of 430 million euros relating to Acciona Construcción S.A., which accrues 4% interest. The interest accrued but unpaid in this heading amounted to 1,674 thousand euros (517 thousand euros in 2018) and is included in the balances shown.

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

Short-term debts with Group companies Cash-pooling

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

At the close of 2019 and 2018, the main balances per company were as follows:

	Balance at 31/12/2019	Balance at 31/12/2018
Acciona Inmobiliaria S.A.	157,480	249,054
Acciona Mmto. de Infraestructuras S.A.	--	12,873
Grupo Bodegas Palacio 1984 S.A.	--	8,280
Acciona Industrial S.A.	16,750	23,765
Acciona Service S.L.	51,792	--
ATLL Concessionària de la Generalitat de Catalunya S.A.	129,749	--
Other	21	5,154
Total	**355,792**	**299,126**

The interest accrued but unpaid in this heading amounted to 595 thousand euros (152 thousand euros in 2018) and is included in the amounts shown.

8. Information on deferred payments to suppliers

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

	2019	2018
	Days	*Days*
Average period of payment to suppliers	14.78	37.79
Paid operations ratio	14.78	37.79
Unpaid operations ratio	--	--
	Amount (thousand euros)	
Total payments made	1,183	535
Total payments outstanding	--	2

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

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

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

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

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 financial statements) and whose denominator is the total amount of payments outstanding.

9. Tax matters

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

With regards to the other amounts reflected in Receivables and payables with Public Administrations, the balances at 31 December 2019 and 2018 are as follows:

	2019	**2018**
Payable to tax authorities: VAT	11	5
Payable to tax authorities: withholdings	306	398

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

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

	2019	**2018**
Accounting result before tax	139,949	162,714
Permanent adjustment to tax base	**(573)**	**(4,931)**
Taxable base	139,376	157,783
Tax Rate (25%)	**34,844**	**39,446**
Adjustments from previous years	(10)	350
Tax expense	**34,834**	**39,796**

The corporate tax payable to Acciona, S.A, the company heading the tax group, amounted to 4,127 thousand euros at 31 December 2019 (6,128 thousand euros at 2018 year-end), included in “other payables” in Note 7.2.

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

In 2019 and 2018 the permanent differences are associated with the portfolio provision and the exemption from interest on participating loans (article 21 of Corporate Tax Act).

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

9.2. Taxes recognised in Equity

Detail of taxes recognised directly in Equity at 31 December 2019 and 2018 was as follows (in thousand euros):

FY 2019	**Balance at 01/01/2019**	**Increases**	**Decreases**	**Balance at 31/12/2019**
For deferred tax: *Hedge financial instruments*	5,060	6,435		11,495

FY 2018	**Balance at 01/01/2018**	**Increases**	**Decreases**	**Balance at 31/12/2018**
For deferred tax: *Hedge financial instruments*	145	5,060	(145)	5,060

9.3. Recognised deferred tax assets and liabilities

Detail of the balance in this account at the close of 2019 and 2018 was the following (in thousand euros):

	2019	2018
Hedge derivative instruments	11,495	5,395
Total deferred tax assets	**11,495**	**5,395**
Hedge derivative instruments	--	335
Total deferred tax liabilities	**--**	**335**

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

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

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

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

10. Foreign currency

The details of the balances and transactions in foreign currency in financial years 2019 and 2018, measured at the closing exchange rate and average exchange rate, respectively, were the following (in thousand euros):

	2019				2018		
	USD	CAD	AUD	MXN	USD	CAD	AUD
Loans receivable Group	1,105,552	80,112	394,703	--	833,471	18,496	153,394
Cash & banks	308	2,735	5	1,845	29,930	2,128	6
Loans payable Group	287,746	3,102	--	--	198,225	--	--
Debts financial entities	838	--	89,342	--	43,668	8,779	190,518
Finance expenses Group	1,948	44	262	--	1,191	--	--
Finance expenses financial entities	10,339	1,447	10,053	--	9,059	605	7,063
Financial income Group	56,456	2,951	11,997	--	49,093	1,226	9,117
Financial income financial entities	606	--	--	--	4	--	--

11. Income and expenses

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

Net revenue

In financial year 2019 the Company basically developed activities having to do with the centralisation of financing sources within the Acciona Group and activities typical of a holding company. As such, it did not engage in any significant commercial activity, and, therefore, it does not have activity segments, so the figure for revenue on the income statement related mainly to the financial income from the financing provided to the companies of the Acciona Group, to which the Company belongs (see Note 12.1).

12. Related-party operations and balances

12.1. Related-party operations

Details for financial year 2019 compared to 2018 were as follows (in thousand euros):

	Acciona, S.A.	Other Group Companies	Total 2019
Income from interest	68,403	173,167	241,570
Expenses for interest	--	(21,784)	(21,784)
	Acciona, S.A.	**Other Group Companies**	**Total 2018**
Income from interest	45,665	187,933	233,598
Expenses for interest	--	(8,577)	(8,577)

The incomes and expenses above both with the Sole Shareholder and with the remaining Acciona Group companies originated in the financing granted by the Company, including the cash-pooling "sweeping" as explained in Notes 5.2 and 7.2.3. Specifically, the income from the cash-pooling contract with Acciona S.A., a long-term debt contract amounting to 99 million euros and a short-term debt contract amounting to 708 million euros, as indicated in Note 5.2.

The financial income was recorded in "Net revenue", as the Company is treated as a holding company.

12.2. Related-party balances

The detail of the balances at the close of 2019 and 2018 were as follows (in thousand euros):

FY 2019	Notes	Acciona, SA.	Other Group Companies	Total 2019
Assets				
Investments in Group companies	Note 5.1	--	298,920	298,920
Non-current loans and credits to Group companies	Note 5.2	99,019	1,539,877	1,638,896
Current loans and credits to Group companies	Note 5.2	713,498	493,108	1,206,606
Cash-pooling debit	Note 5.2	1,874,011	1,545,822	3,419,833
Liabilities				
Long-term debts with Group companies	Note 7.1.4	--	62	62
Short-term debts with Group companies	Note 7.2.3	100,000	700,335	800,335
Cash-pooling credit	Note 7.2.3	--	355,792	355,792
Other short-term debts (inc. debt for corp. tax)	Note 9.1	4,127	--	4,127

FY 2018	Notes	Acciona, SA.	Other Group Companies	Total 2018
Assets				
Investments in Group companies	Note 5.1	--	258,433	258,433
Non-current loans and credits to Group companies	Note 5.2	--	1,246,363	1,246,363
Current loans and credits to Group companies	Note 5.2	--	554,429	554,429
Cash-pooling debit	Note 5.2	1,508,332	1,685,546	3,193,878
Liabilities				
Long-term debts with Group companies	Note 7.1.4	--	8,969	8,969
Short-term debts with Group companies	Note 7.2.3	7,393	648,195	655,588
Cash-pooling credit	Note 7.2.3	--	299,127	299,127
Other short-term debts (inc. debt for corp. tax)	Note 9.1	6,128	--	6,128

The main balances detailed here relate to the financing provided and/or received by the Company in accordance with its corporate purpose as detailed in Notes 5.2, 7.1.4 and 7.2.3.

12.3. Remuneration for Joint Directors and Senior Management

No expenses were accrued for salaries, allowances, civil liability insurance premiums or any other type of remuneration for the Joint Directors in 2019.

The Company had no advances or credits granted or obligations undertaken in pension matters or regarding life insurance Premium payment, nor has it assumed any obligation as a guarantee on behalf of or in relation to former or current Directors.

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

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

Pursuant to Article 229 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act was approved, at 31 December 2019 and 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.

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

13. Other disclosures

13.1. Auditor's fees

For financial years 2018 and 2019, the fees for financial audit and other services provided by the auditor of Acciona, S.A.'s financial statements, KPMG Auditores, S.L., or by firms in the KPMG organisation, were as follows:

	Services provided by the main auditor		Services provided by other audit firms	
	2019	**2018**	**2019**	**2018**
Auditing services	3	3	--	--
Other assurance services	--	--	--	--
Total Professional Services	**3**	**3**	**--**	**--**
Tax advisory services	--	--	8	--
Other services	14	16	--	--
Total for Other Professional Services	**14**	**16**	**8**	**--**

The fees for services provided by the auditing firm KPMG Auditores, S.L. have been 3 thousand euros in 2019 (3 thousand euros in 2018) for the financial statements.

"Other services" basically includes services for reports on agreed procedures related to compliance with covenants.

13.2. Environmental matters

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

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

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

At the close of financial years 2019 and 2018, the Company had no bonds granted by financial entities or any other obligations or contingent liabilities that should be disclosed in these notes.

The Company, together with other companies in the Acciona Group, is a joint and several guarantor with the European Investment Bank for a total of 49 million euros, corresponding to loans granted by the bank to Acciona, S.A. to finance a project comprising a number of selected actions under the R&D+I programme, called the "Acciona RDI Project".

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

14. Events after the reporting date

On 9 January 2020, Acciona S.A. cancelled its 708 million euro loan with the Company (see Note 5.2).

On 11 March 2020, the World Health Organisation declared the health crisis caused by COVID-19 to be an international pandemic. In this regard, in Royal Decree 463/2020 dated 14 March 2020, the Spanish Government declared a state of alarm for at least fifteen calendar days across the whole of Spain in order to deal with this health crisis, which was extended by the Spanish Congress for an additional fifteen days on 25 March 2020. The measures implemented by the aforementioned Royal Decree include limiting the freedom of movement of people or temporarily suspending certain business activities. This situation is significantly affecting the global economy.

On the other hand, in order to mitigate the economic impact of this crisis, Royal Decree Law 8/2020 of 17 March 2020 was published on 18 March containing extraordinary urgent measures to face the economic and social impact of COVID-19. The impacts of the aforementioned health crisis on the Company's activities in 2020 will be marked by the duration of the crisis and the effect of the measures adopted for this purpose, which may affect the Company's indebtedness to third parties to the extent that Acciona Group companies could require increased financing or could be unable to meet their obligations to the Company.

At the date these financial statements were prepared there had been no significant financial or equity impact on the Company, and it was not possible to make a reliable estimate of the effects that this crisis might have in the future.

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

APPENDIX I. GROUP COMPANIES

The subsidiaries of Acciona Financiación Filiales, S.A. considered as Group companies at 2019 and 2018 year-end are the following (amounts in thousand euros):

				2019			Share %				Subsidiary Information					
Name	Location	Division	Audited (*)	Investment	Provision	NCA	Direct	Indirect	Total	Dividends received	Capital	Reserves	Trans. Diff.	Operating profit/(loss)	Year's profit / (loss)	Dividend	Non-Controlling
Acciona Financiación de Filiales Chile S.p.a.	Chile	Other Business	A	127,367	--	127,367	100.00%	0.00%	100.00%	--	123,183	6,416	(2,532)	25,739	4,820	--	--
Acciona Financiación de Filiales Australia PTY Ltd.	Australia	Other Business	A	175,709	--	175,709	100.00%	0.00%	100.00%	--	175,709	(569)	2,525	24,261	7,850		

				2018			Share %				Subsidiary Information						
Name	Location	Division	Audited (*)	Investment	Provision	NCA	Direct	Indirect	Total	Dividends received	Capital	Reserves	Trans. Diff.	Operating profit/(loss)	Year's profit / (loss)	Dividend	Non-Controlling
Acciona Financiación de Filiales Chile S.p.a.	Chile	Other Business	A	82,724	--	82,724	100.00%	0.00%	100.00%	--	82,724	4,183	(4,023)	16,382	2,233	--	--
Acciona Financiación de Filiales Australia PTY Ltd.	Australia	Other Business	A	175,709	--	175,709	100.00%	0.00%	100.00%	--	175,709	(86)	10	6,418	(67)	--	--

(*) Companies whose financial statements are audited by: (A) KPMG

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

ACCIONA FINANCIACIÓN DE FILIALES S.A. (Sole-Shareholder Company)
DIRECTORS' REPORT – FINANCIAL YEAR 2019

1. Business trend and situation of the Company:

The Company's revenue in 2019 closed at a similar levels to that recorded at the end of 2018.

The amount lent through cash-pooling closed at the same levels as in the previous year, with a slight year-on-year increase of 7.07%.

There was a significant increase in loans granted in the last few months of the year (mainly the loan to Acciona, S.A.), which was reflected in the Company's indebtedness to third parties.

	2019	2018	Change
Loans and credits to companies	2,845,502	1,800,792	58.01%
Cash-pooling	3,419,834	3,193,878	7.07%

2. Events after the reporting date:

On 9 January 2020, Acciona S.A. cancelled its 708 million euro loan with the Company (see Note 5.2).

On 11 March 2020, the World Health Organisation declared the health crisis caused by COVID-19 to be an international pandemic. In this regard, in Royal Decree 463/2020 dated 14 March 2020, the Spanish Government declared a state of alarm for at least fifteen calendar days across the whole of Spain in order to deal with this health crisis, which was extended by the Spanish Congress for an additional fifteen days on 25 March 2020. The measures implemented by the aforementioned Royal Decree include limiting the freedom of movement of people or temporarily suspending certain business activities. This situation is significantly affecting the global economy.

On the other hand, in order to mitigate the economic impact of this crisis, Royal Decree Law 8/2020 of 17 March 2020 was published on 18 March containing extraordinary urgent measures to face the economic and social impact of COVID-19. The impacts of the aforementioned health crisis on the Company's activities in 2020 will be marked by the duration of the crisis and the effect of the measures adopted for this purpose, which may affect the Company's indebtedness to third parties to the extent that Acciona Group companies could require increased financing or could be unable to meet their obligations to the Company.

At the date these financial statements were prepared there had been no significant financial or equity impact on the Company, and it was not possible to make a reliable estimate of the effects that this crisis might have in the future.

3. Foreseeable trend of the Company:

The foreseeable trend for 2021 is for a stable scenario, in which levels similar to the main variables handled by the Company this year are expected to be maintained.

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

4. Treasury stock:

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

5. R&D expenses:

The Company did not incur any R&D expenses.

6. Risk management policies

Liquidity risk

The Company manages the liquidity risk with prudence, keeping an adequate level of cash and negotiable securities and arranging for credit facilities for a sufficient amount to support projected needs (see Note 7). At 31 December 2019 the Company had available additional financing that had not been drawn down, for the amount of 1.780 billion euros.

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

Finally, in relation to this risk, it should be mentioned that the Company, seeking to diversify its financing sources, has a European Commercial Paper programme registered for the maximum amount of 1.000 billion euros, to issue notes with maturity under one year, as well as a Euro Medium Term Note programme for the maximum amount of 2.000 billion euros.

Interest rate risk

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

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

This sensitivity analysis to upward or downward changes of 0.50% in floating Euribor/Libor/Cdor/BBSW interest rates gave rise to a sensitivity in the Group's income statement arising from an increase or decrease in financial results due to interest payment, with the effect of derivatives being considered, of 8,222 thousand euros at 31 December 2019.

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

Credit risk

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

Foreign currency risk

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

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

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

7. Information on deferred payments to suppliers

Most payments to suppliers were made within the legally established deadline. In financial year 2019, the average payment period (APP) estimated by the Company did not exceed the maximum period provided for by law; the Company continues to regularly monitor this period to ensure that it is not exceeded.

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

FORMAL NOTE added to state for the record that the Directors of ACCIONA FINANCIACIÓN FILIALES, S.A. (Sole-Shareholder Company) are aware of the entire contents of ACCIONA FINANCIACIÓN FILIALES, S.A.'s (Sole-Shareholder Company) Financial Statements and the Directors' Report corresponding to the 2019 financial year, as submitted to the Directors and duly prepared by them on 27 March 2020, set forth on 40 sheets (including this one).

The Joint Directors

ACCIONA CORPORACION, S.A. Represented by José Julio Figueroa Gómez de Salazar	ACCIONA DESARROLLO CORPORATIVO,S.A. Represented by José Ángel Tejero Santos

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
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 18 de abril de 2020

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 18th day of April 2020

Signed.

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