

Sociedad Concesionaria Autovía A-4 Madrid, S.A.

Audit Report,
Annual Accounts and Directors' Report
at 31 December 2017

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Audit Report on the Annual Accounts, issued by an independent auditor

To the shareholders of Sociedad Concesionaria Autovía A-4 Madrid, S.A.

Opinion

We have audited the annual accounts of Sociedad Concesionaria Autovía A-4 Madrid, S.A. (the Company), consisting of the balance sheet at 31 December 2017, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the Company's equity and financial position as at 31 December 2017 and its financial performance and cash flows for the year then ended, in accordance with applicable financial reporting regulations (itemised in note 2.a to the annual accounts) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

Our audit has been carried out in accordance with prevailing Spanish auditing regulations. Our responsibilities under these regulations are described below under *Responsibilities of the auditor in relation to the audit of the annual accounts*.

We are independent of the Company in accordance with the ethical requirements, including independence, which are applicable to the audit of the annual accounts in Spain, as required by prevailing auditing regulations. In this respect, we have not provided any services other than audit services, nor have any situations or circumstances arisen that, in accordance with those regulations, might have undermined said independence.

We consider that the audit evidence obtained provides a sufficient and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were considered as the most significant risks of material misstatement in our audit of the annual accounts for the current period. These risks were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Key Audit Matters	How KAM were addressed in the audit
<i>Recoverability of receivables</i>	
<p>The Company recognises accounts receivable with the Ministry of Development (the grantor) amounting to €4,980 thousand under Trade receivables for sales and services at 31 December 2017.</p> <p>As detailed in Note 10 to the accompanying annual accounts, this heading mainly includes a series of amounts totalling €2,172 thousand and €2,034 thousand in respect of the progress billings which were issued in previous years within the framework of the concession agreement and were withheld by the grantor for several reasons and have been claimed in court. It also includes late-payment interest amounting to €742 thousand, similarly claimed through the courts.</p> <p>This heading is relevant to the audit because of its amount, age and the level of judgement required on the part of Management and the Directors to assess the recoverability of such amounts.</p> <p>The Company relies on its internal and external legal advisors to determine the probability of the judicial claims being successful.</p>	<p>Our audit procedures have included regular meetings with Company management in order to understand and monitor the development of the administrative appeals lodged against the Ministry of Development and the Secretariat of State for Infrastructure, Transport and Housing.</p> <p>On the basis of the breakdown of accounts receivable provided by the Company (including their nature, period in which they arose and reasons why they were withheld), we verified that such balances were effectively included in progress billings under the concession agreement.</p> <p>We have obtained the opinion of the external advisors responsible for the Company's legal defence during these proceedings. Their opinion, which agrees with that of Management and the Directors, is that all the Company's claims will probably be successful.</p> <p>Based on the work performed, we consider that the conclusions reached by Management and the Directors are reasonable and there is appropriate disclosure in the notes to the accounts.</p>

Other disclosures: Directors' Report

The directors of the Company are responsible for the other information which comprises solely the directors' report for 2017 and does not form an integral part of the annual accounts.

Our opinion on the annual accounts does not cover the directors' report. Our responsibility for the Directors' Report, in accordance with accounting regulations, consists of evaluating and reporting on the consistency of the Directors' Report with the annual accounts based on the understanding of the Company obtained in the performance of the audit of said accounts, without including any information other than that obtained as evidence during the audit. Our responsibility also consists of evaluating and reporting on whether the content and presentation of the directors' report comply with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report this fact.

Based on the work performed, as described above, the information contained in the directors' report agrees with the annual accounts for 2017 and its content and presentation comply with applicable legislation.

Directors' Responsibility for the Annual Accounts

The directors are responsible for the preparation of the accompanying annual accounts such that they present fairly the financial position of the Company and the results of its operations in accordance with the financial reporting framework applicable to the entity in Spain, and the internal control considered necessary to permit the preparation of annual accounts which are free from material misstatement, due to fraud or error.

In preparing the annual accounts, 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 responsibility for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement whether due to fraud or error and to issue an auditors' report that contains our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards prevailing in Spain will always detect 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 the economic decisions of users taken on the basis of the annual accounts.

As part of an audit in conformity with auditing regulations in Spain, we exercise our professional judgement and maintain professional scepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the annual accounts, 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 material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.
- We assess whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and related disclosures made by the directors.

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- We conclude whether the use of the going-concern presumption by the directors is appropriate, and, on the basis of the audit evidence obtained, whether there is a material uncertainty related to events or conditions which 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 annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our audit report. However, future events or conditions may be the reason why the Company ceases to continue as a going concern
- We evaluate the overall presentation, structure and presentation of the annual accounts, including the disclosures, and assess whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's directors 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 significant risks communicated to the entity's directors, we determine those risks that were of most significance in the audit of the annual accounts for the current period and which are therefore key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (So242)

[Illegible signature]

Goretty Álvarez (20208)

2 March 2018

[Seal of the Institute of Chartered Accountants with number 01/18/01965]

NATALIA CÓRDOBA BLAS
TRADUCTORA - INTÉRPRETE JURADA DE INGLÉS
Nº 10028

[There follow Annual Accounts and Directors' Report of Sociedad Concesionaria Autovía A-4 Madrid, S.A. at 31 December 2017, bearing illegible signatures on all pages.]

Dña. Natalia Córdoba Blas, Traductora-Intérprete Jurada de Inglés nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en castellano.

En Madrid, a 5 de marzo de 2018.

Ms Natalia Córdoba Blas, Sworn Translator and Interpreter of English appointed by the Ministry for Foreign Affairs and Cooperation, hereby certifies that the preceding translation is a true and complete translation into English of a document drafted in Spanish.

Signed in Madrid on March 5, 2018.

NATALIA CÓRDOBA BLAS
TRADUCTORA - INTÉRPRETE JURADA DE INGLÉS
Nº 10028

