

OTHER BUSINESSES

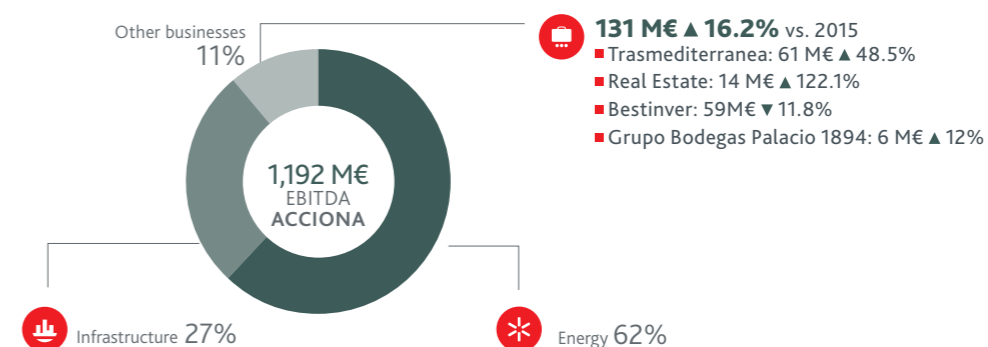
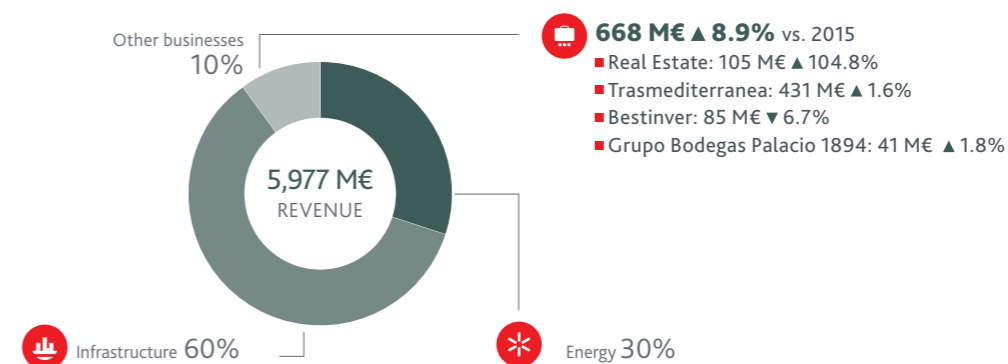
Contribution to the company value creation

ACCIONA engages in a number of businesses that are complementary to those of its core divisions and provide diversification and opportunities as well as growth potential or scope for corporate operations that might be of interest for the company.

They all currently contribute to generating value for ACCIONA and evidence future growth potential due to the good current situation of their respective industries and careful management of the teams, who know how to maximise value in each area by enhancing competitiveness and market visibility.

These businesses' lower investment needs in comparison with the core divisions and their good performance in 2016 had a positive impact on ACCIONA's bottom line and helped reduce leverage in terms of EBITDA.

In 2016



ACCIONA INMOBILIARIA

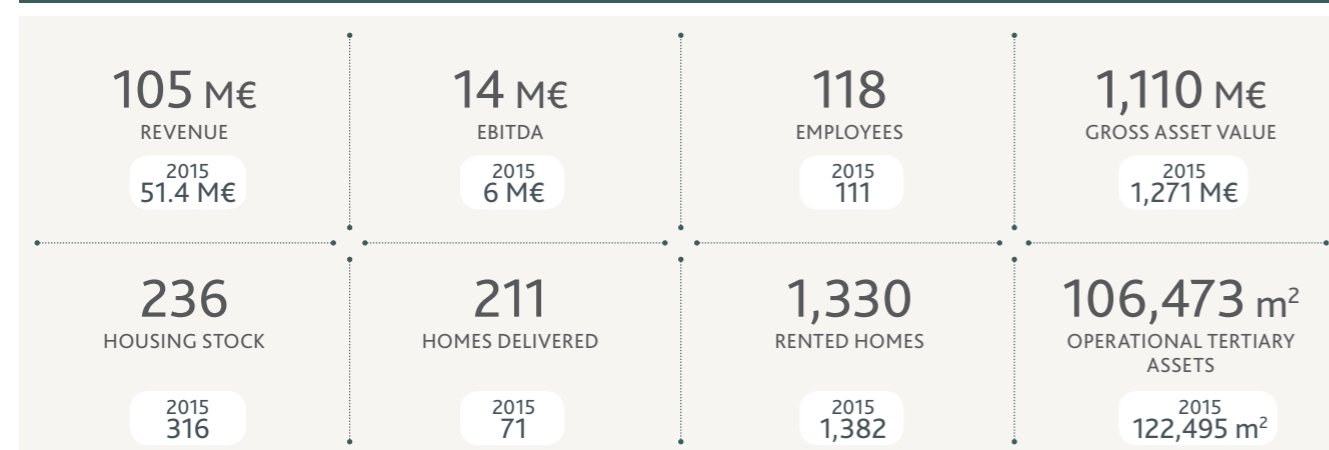
Over 9,000 homes developed in its 25-year history

ACCIONA Inmobiliaria is one of Spain's largest residential development and management companies, with a significant presence in other countries such as Mexico (through ACCIONA Parque Reforma), Poland (ACCIONA Nieruchomości) and Portugal.

Situation and business performance



ACCIONA Inmobiliaria in 2016



New opportunities for value creation

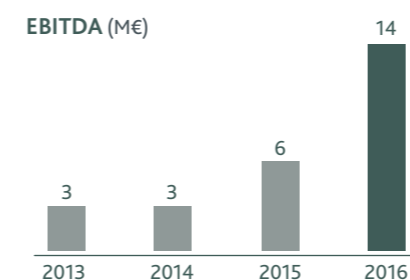
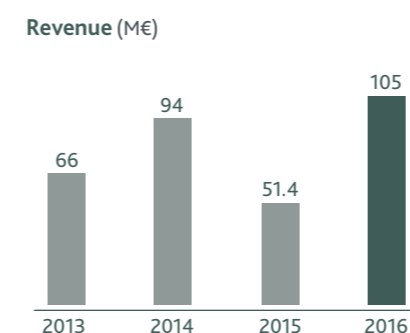
In recent years, ACCIONA's real estate business performed in line with the industry, penalised by the economic crisis and by the slowdown in the Spanish housing sector.

In that period, the company engaged in exhaustive risk control. It pursued a strategy of acquiring positions in ground range finalist rather than focus on the prospects for long-term growth in home prices. Risk management enabled it to partly offset the effects of the real estate cycle and be in a position to launch new developments when the cycle turned.

The upswing in residential and commercial property that commenced in 2015 offers positive growth prospects for the industry.

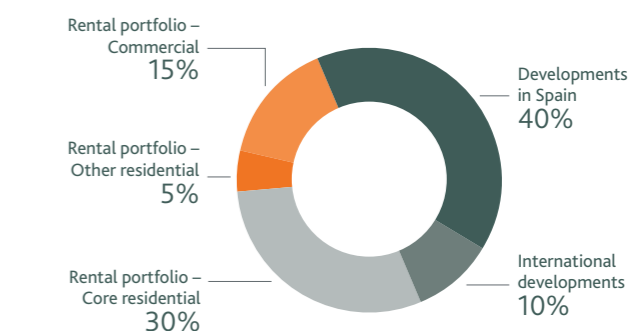
This was confirmed by the company's 2016 results, with EBITDA up 122.1% due to the delivery of a development in Mexico. The division's extraordinary performance was also driven by the sale of a hotel (Barcelona), and a shopping centre and adjacent office block (Madrid) for 67 million euros.

Revenue and EBITDA trend



Independent appraisal (GAV: Gross Asset Value)

GAV by asset type 2016 (%)



Breakdown of GAV 2016 (M€)



For more information, visit the ACCIONA Inmobiliaria website: www.accionainmobiliaria.es. For more information about ACCIONA Inmobiliaria's business in Mexico and Poland, visit the websites of ACCIONA Parque Reforma: accionaparquereforma.com/en/ and ACCIONA Nieruchomości: www.accionanieruchomosci.com/en/, respectively.

ACCIONA Inmobiliaria strategy

Strategy: seize opportunities and optimise asset value

ACCIONA Inmobiliaria has reviewed its strategy and is focused on seizing new opportunities in the market while maximising the value of its assets.

■ **Revival of housing development in Spain and other countries, particularly Mexico and Poland**

Favourable market conditions and attractive returns offer an opportunity for ACCIONA Inmobiliaria to crystallise the value of mature land assets without abandoning its long-standing property development business and the prospects of returns from greenfield projects.

Medium-term growth prospects in Mexico are focused on the premium housing sector, which is less exposed to market volatility, and are enhanced by the Mexican subsidiary's positioning and brand.

■ **Optimisation of the value of rental assets: c. 55% of GAV**

Selective divestment of tertiary assets is one source of funding for ACCIONA Inmobiliaria's property development business which also contributes to reducing its debt.

In this context, ACCIONA Inmobiliaria does not rule out alliances with other market players to enhance the value of its premium housing portfolio.

Competitive advantage: sound experience and a focus on sustainability

Because of its size, the company is managed very efficiently, diversifying the risk of defaults on rent payments. In addition, the business assets, particularly housing, are relatively liquid since there is market demand even at the lowest points of the real estate cycle.

Backed by sound technical and professional experience, the layout of ACCIONA Inmobiliaria homes is based on clients' current needs and demands, and buildings tend to have an extensive offer of common areas that contribute to a healthy lifestyle.

Another feature of ACCIONA's real estate business is that all developments are designed with sustainability criteria in mind. One of the main goals is that projects contribute to preserving the environment and helping owners keep costs down.

The company applies **innovative processes** to advance in energy savings, CO₂ emission reductions, rational water consumption and clean construction

Performance

- Application of innovative processes to save energy, reduce CO₂ emissions, consume water rationally and engage in clean construction.
- All new developments have the BREEAM sustainability certificate, applying rigorous measures (beyond current regulatory requirements) to enhance energy efficiency of the buildings, as well as respect for the environment and the surroundings.
- ISO 9001 and ISO 14001 certifications ensure the highest quality standards in the market.

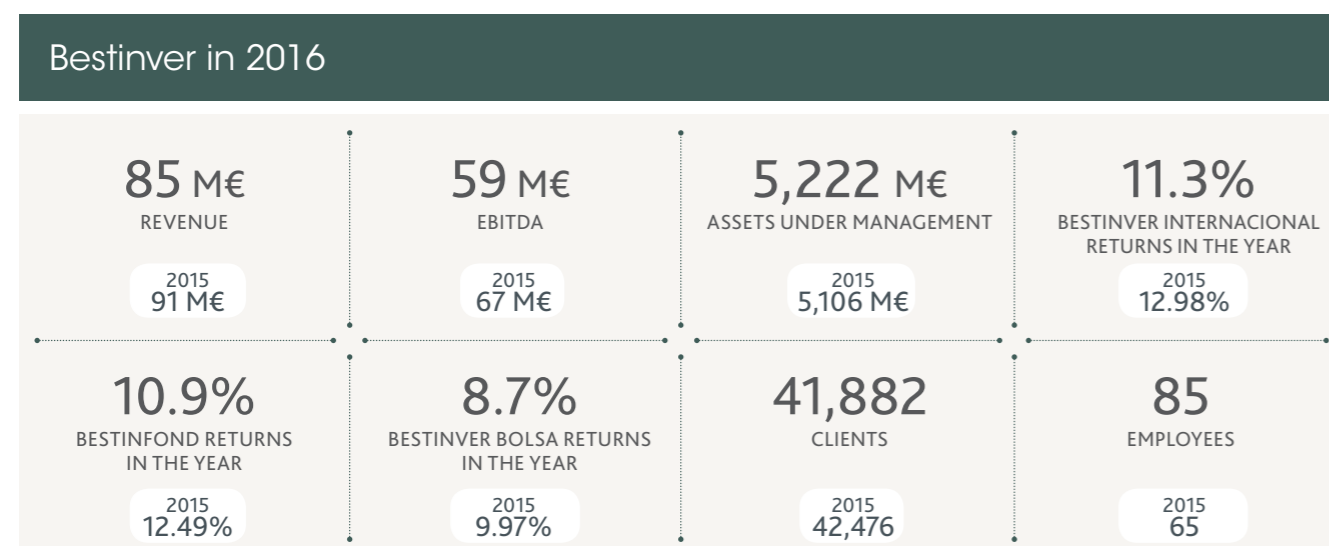


Objective To maximise the value of ACCIONA Inmobiliaria and take advantage of the real estate market's recovery.

BESTINVER

Bestinver is Spain's leading independent asset manager

Bestinver provides asset management (mutual funds, pension funds and institutional mandates) and stock brokerage services, which pursue the best long-term returns and are supported by a value-based investment philosophy and a broad, qualified investment team.



New opportunities arising

Bestinver overcame most of its challenges for 2016: it strengthened its investment team, improved its internal processes and is now closer to its clients.

Its robust investment process is reflected in its returns, which place Bestinver in a privileged position to benefit from the process of disintermediation that is taking place in Spain.

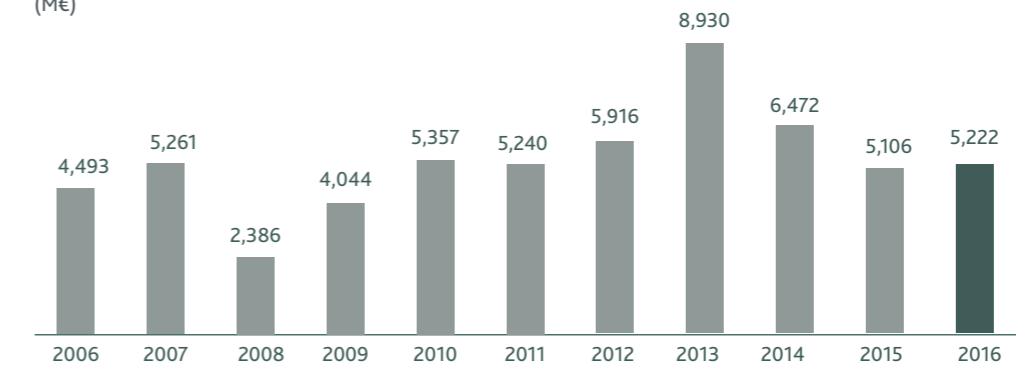
Continuous improvement of operating processes, with ACCIONA's support, gives Bestinver the necessary solidity to

guarantee proper performance and fulfilment of its fiduciary duties.

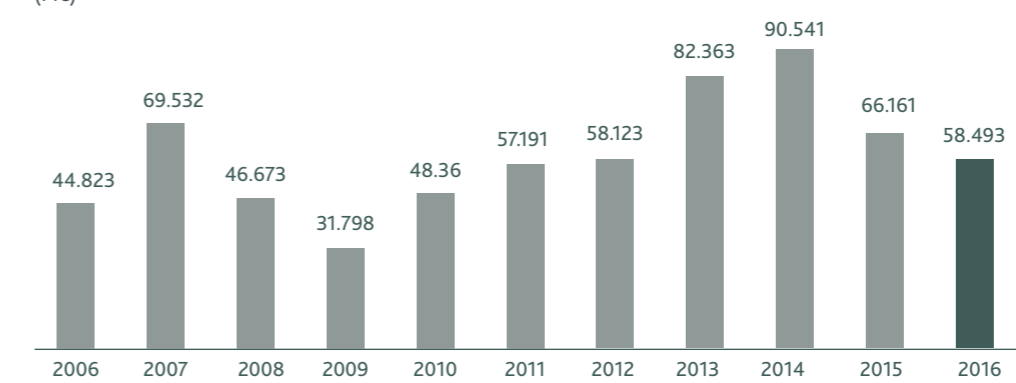
Proximity to its investors enables it to maintain and reinforce its leading position as an independent asset manager, in a business where the number of competitors is growing, as are client demands for product information and simple processes.

i For more information, visit the Bestinver website: <http://www.bestinver.es/>

Assets under management (M€)



EBITDA (M€)



Good returns, both in absolute terms (11.4% on the international portfolio) and in comparison with benchmark markets and competitors, set Bestinver back on the course of growth;

overall, it has achieved a 32.09% return since its new Head of Investment was appointed, compared with 13% in the European market (including dividends).

Return in 2016



BESTINVER strategy

Strategy: a value investing philosophy

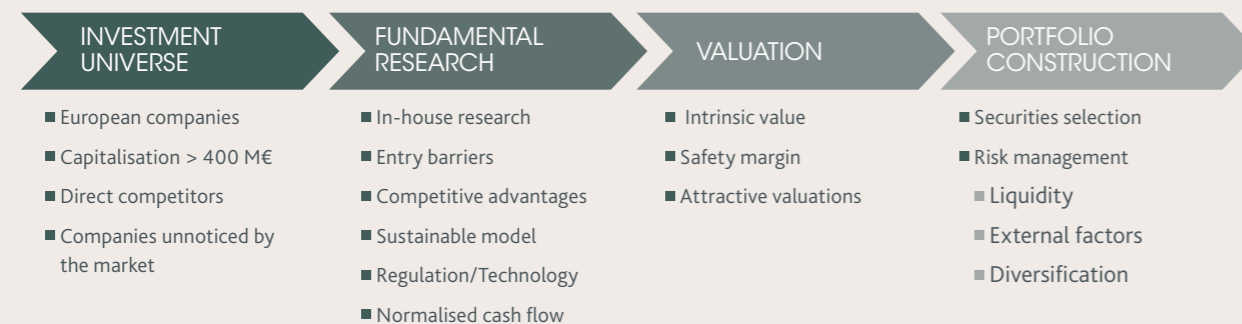
Bestinver offers its clients a clearly defined value proposition that differs from the rest of the industry.

- Investment in transparent businesses with strong competitive advantages.
- Excellent long-term management at an attractive price that provides a sufficient margin between the market price and the company's intrinsic value, so as to ensure that portfolios have strong growth potential.
- Identification of target values on the basis of key business characteristics (cyclical, stable, capital intensive, etc.) and the skill and honesty of its management.

Competitive advantage: optimisation of long-term returns

Bestinver operates a strict investment selection process supported by a team of highly qualified and experienced professionals who devote considerable resources to analysing companies in order to identify the best investment opportunities.

Investment process



Over
100 awards
for performance
in the last 20 years

Performance

- More than 2,000 new clients in 2016 and a gross revenue exceeding 400 million euros.
- Around 50% portfolio rotation in 2016.
- Over 30,000 hours devoted annually to analysing companies.
- Return on Bestinver Internacional: 11.3%.
- Return on Bestinver: 10.9%, exceeding the benchmark MSCI Europe (2.6% in the same period).
- Annual returns of 15.61%, compared with 9.03% by the benchmark, since inception in 1993.
- Over 100 awards for management performance in the last 20 years.



Objective

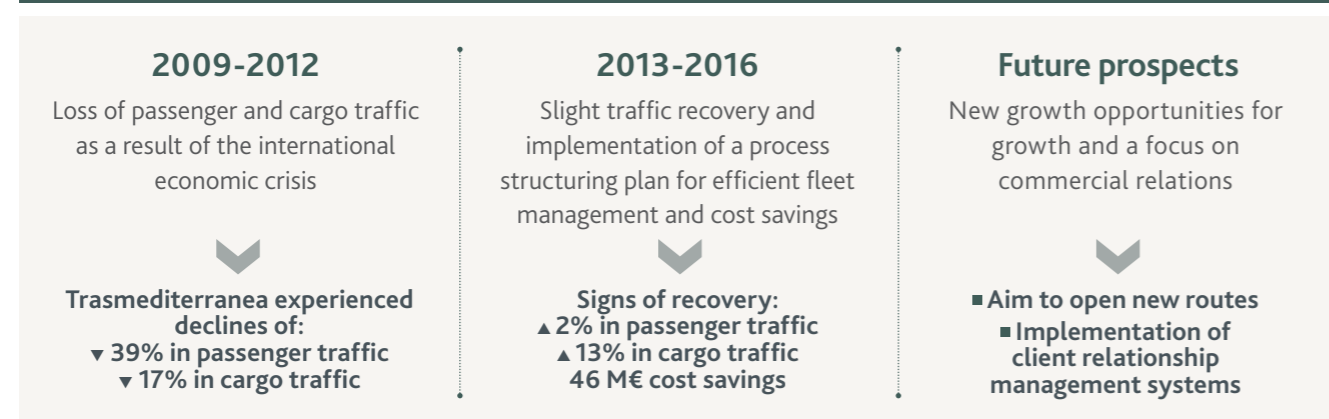
To obtain attractive long-term returns, avoiding short-term speculative deals and focusing on equities as the key instrument for achieving this goal.

TRASMEDITERRANEA

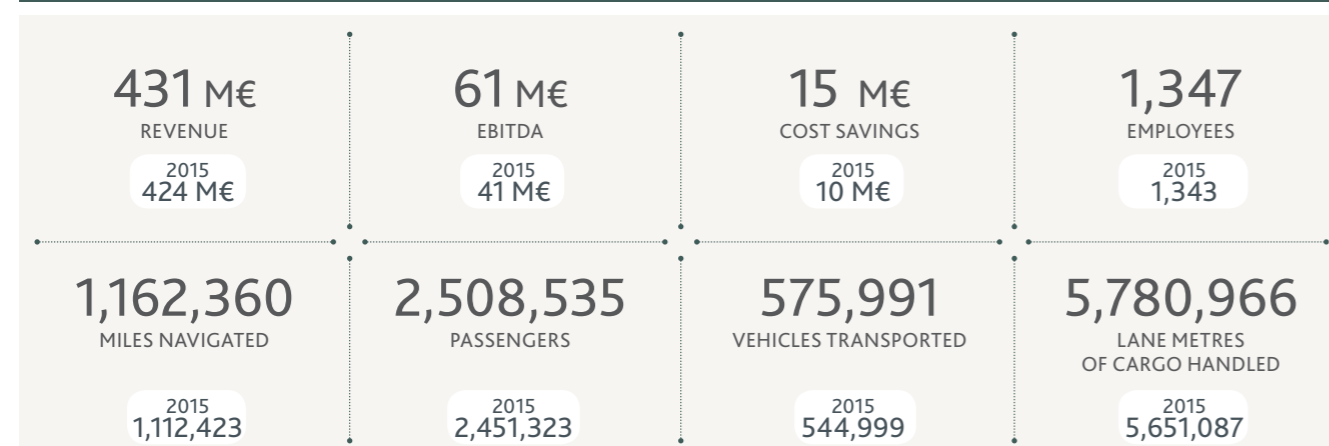
Trasmediterranea celebrates its 100th anniversary in 2017

Trasmediterranea is Spain's leading provider of regular passenger, vehicle and cargo shipping services, and one of the largest in Europe, with both domestic (between the Peninsula and the Balearic Islands, the Canary Islands, Ceuta and Melilla) and international (between Spain and North Africa: Tangier, Ghazaouet, Nador and Oran) routes. It also provides handling services for cruise ships at Spain's main Mediterranean ports.

Situation and business performance



Trasmediterranea in 2016



i For more information, visit the Trasmediterranea website: www.trasmediterranea.es/en/

Trasmediterranea continues to improve results satisfactorily

The high level of volatility in passengers and cargo is one of the factors behind the instability of the Spanish shipping industry.

Since it was acquired from the Spanish State in 2002, Trasmediterranea has concentrated on profitability, addressing the complexities of a very competitive market with very tight margins.

In recent years, Trasmediterranea has undergone major restructuring to enhance efficiency and pursue operational excellence, the goal being to optimise fleet management and constantly save on costs.

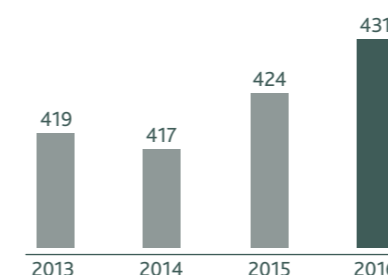
Modernisation and process optimisation has resulted in a steady improvement in Trasmediterranea's results; in 2016 it achieved 61 million euros in EBITDA, four times the 2013 figure. Higher volumes of cargo, passengers and vehicles, as well as lower fuel costs, contributed to that performance.

In this situation and given the positive outlook, Trasmediterranea is embarking on a new stage of growth, having purchased two new vessels in 2016 for 50 million euros, in line with its plans to steadily increase the number of company-owned ships in response to the worldwide scarcity of ferry class vessels for charter or sale.

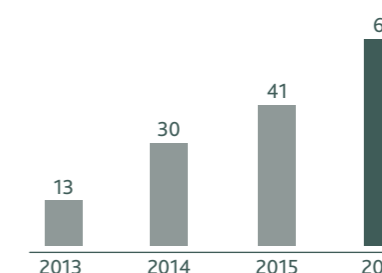
Trasmediterranea currently operates 32 shipping routes and 23 ships, of which 16 are company-owned and 6 under charter. It also has five company-owned port terminals for passengers and cargo, forwarding agencies, and an onshore logistics and distribution service that covers the entire logistics value chain.

Revenue and EBITDA trend

Revenue (M€)



EBITDA (M€)



Trasmediterranea strategy



Strategy: efficiency and client-centricity

The company's growth strategy for the medium and long term pursues sustained profitable growth, by defining new processes to advance in costs reduction and asset optimisation, as well as in its commitment to innovation and the focusing of services on client satisfaction.

On that basis, the company is investing in the modernisation of its ships and making operational changes to improve the range of services it provides.



Competitive advantage: a fleet committed to the environment

Trasmediterranea is fully committed to environmental sustainability and to society.

Quality in service delivery, respect for the environment, and workplace health and safety conditions are essential for its day-to-day business and for the future of the organisation.

Trasmediterranea is strongly committed to the environment and is constantly seeking to modernise, innovate and enhance its services



Performance

- Ship modernisation: comprehensive upgrade of passenger areas on the Juan J. Sister, Sorolla and Fortuny ferries, and installation of open-air leisure areas, children's playgrounds and specific areas for pets.
- Technological innovation:
 - Enhance sales channels (new website, new mobile app and faster, more efficient ticket office sales).
 - Technological innovation on board (fast WiFi, digital information panels, entertainment portal, etc.).
- Operational changes to services:
 - Focus on Mainland-Canary Islands routes at Cádiz port, establishing Trasmediterranea as the leading shipping company in that port.
 - New line between Mallorca (Alcudia) and Menorca (Ciudadela) in response to the needs of our local clients.
 - Expanded routes to the Balearic Islands to satisfy the cargo demand from Barcelona to Ibiza and Menorca, with daily frequency for both islands.
- Implementation of an Integrated Quality, Environment and Occupational Health and Safety management system based on continuous improvement.
- Actions to minimise negative impacts on the environment: installation of aerators on taps to reduce water consumption, installation of low-energy light bulbs, and painting of ships with fluoropolymer paints that can reduce energy consumption by around 6%, CO₂ emissions and fuel costs by around 6%.



Objective

To establish itself as a leading maritime transport company, in passenger and cargo, along all operated markets, anticipating changes in social trends that drive demand for shipping and offer the possibility for exploring new routes and business opportunities in the future.

GRUPO BODEGAS PALACIO 1894

Over 120 years making and ageing high quality wines

Grupo Bodegas Palacio 1894 is one of the leading Spanish names in high-quality wines. It has a track record of over a century making and ageing wines in Spain's most famous denominations of origin: Rioja, Ribera del Duero, Rueda and Toro.

In 2016, the shift to premium resulted in an **increase** of 2% in revenue and 12% in EBITDA compared to the previous year

Situation and business performance



Grupo Bodegas Palacio 1894 in 2016



A new era focused on quality wines as Grupo Bodegas Palacio 1894

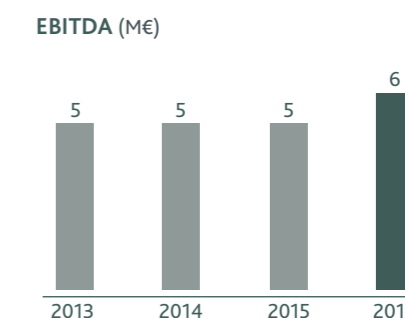
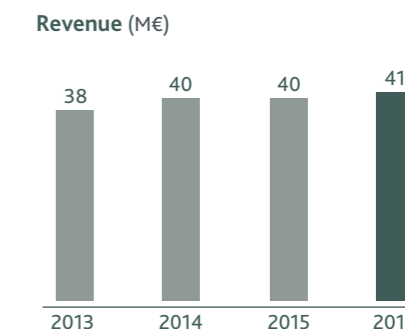
Grupo Bodegas Palacio 1894 has entered a new era with the goal of being recognised as a benchmark in the quality wines market.

This new cycle is accompanied by a new strategy and a renovation of the company's image, while also strengthening the image of its strategic brands: Viña Mayor, Glorioso and Cosme Palacio.

Grupo Bodegas Palacio 1894 has long been a sustainable business. In 2016, the shift in the business mix to premium, with double-digit growth in Denomination of Origin (DO) wines, resulted in an increase of 2% in revenue and 12% in EBITDA compared to the previous year.

The change in trend that commenced in the wine industry in 2014, with growth in D.O. wines and sales to the hospitality channel, gained strength in 2016. Grupo Bodegas Palacio 1894 capitalised on these trends to develop its main brands: Glorioso, which has doubled its market share in the last two years; Viña Mayor, which has redesigned its value proposition and achieved over 20% growth in the hospitality channel; and Cosme Palacio, for which brand recognition improved by 40%.

Revenue and EBITDA trend



Grupo Bodegas Palacio 1894 strategy

Strategy: strengthen positioning

The company is entering a new era of strengthening its position and enhancing differentiation, developing premium brands and expanding in international markets through:

- A commercial strategy focused on selectively expanding distribution.
- Investing in communication and enhancing the brand positioning.
- Digital transformation, sales strengthening and online promotion.
- Efficiency improvements and process optimisation.
- Greater vertical integration through tighter control over the vineyards.

As for international expansion, the Group intends to accelerate growth in such countries as Mexico, China and Japan, as well as in South-east Asia.

Competitive advantage: recognition by experts and commitment to sustainability

- The company has wineries in Spain's most prestigious wine areas: in 2016, it acquired a vineyard to meet the demand for Cosme Palacio, one of the Group's most prominent brands.
- Quality and innovation as signs of identity: exemplified by the technological advances introduced into the wineries in recent years.
- Commitment to environmental protection from the vineyard to the winery and logistics, in three areas of action: vineyard management, rational use of energy and water and initiatives in accordance with the ISO 14001 Standard.

Performance

- New brand: Grupo Bodegas Palacio 1894.
- Double-digit growth in Denomination of Origin wines.
- International presence:
 - Operations in over 40 markets worldwide.
 - Notable presence in the United States, Germany, Switzerland, Canada and Latin America.
 - International revenue accounted for 40% of the total in 2016.
- Certified to ISO 9001, ISO 14001 and FSSC 22000 (Food Safety System Certification).
- *Wineries for Climate Protection*: Viña Mayor is the first winery in the Ribera de Duero Denomination of Origin to obtain this certification. It is the first (and only) certification specific to the wine industry in the context of environmental sustainability and the fight against climate change.
- Numerous awards:
 - Caserío de Dueñas Fermentado en Barrica 'Best Rueda wine' from Guía Vino ABC (2016);
 - 95 points in the Peñín guide for Cosme Palacio (2016);
 - 16th position in the Top 100 Wineries of the World (2015);
 - Cosme Palacio 'Best Spanish Red Wine' according to the International Food Wine & Travel Writers Association (2014);
 - Bodegas Palacio, No.1 in Spain and No.16 worldwide according to the International Food Wine & Travel Writers Association (2014).
- Participation in the *Wine in Moderation* initiative, which encourages responsible drinking.



Objective To increase revenue by 20% and EBITDA by 40% in the next four years.