

D. Juan Gortázar Sánchez-Torres, en nombre y representación de la sociedad Sacyr, S.A. (“**Sacyr**”), domiciliada en Paseo de la Castellana 83-85, 28046 Madrid, con número de identificación fiscal A-28013811, en su condición de apoderado de Sacyr y debidamente facultado al efecto, a los efectos del procedimiento de aprobación y registro por la Comisión Nacional del Mercado de Valores del folleto informativo correspondiente a la emisión y admisión a cotización en el mercado AIAF de bonos de Sacyr bajo el nombre de EMISIÓN DE BONOS DE SACYR, S.A., MAYO 2015 (la “**Emisión**”),

CERTIFICA

Que la versión en soporte informático del folleto informativo de la Emisión que se adjunta a la presente coincide con el folleto informativo registrado en la Comisión Nacional del Mercado de Valores en esta fecha.

Asimismo, se autoriza a la Comisión Nacional del Mercado de Valores para que haga público el mencionado folleto informativo en soporte informático en su página web.

Para que así conste, expido la presente certificación en Madrid, a 11 de mayo de 2015.

D. Juan Gortázar Sánchez-Torres
Director General de Finanzas y apoderado de Sacyr, S.A.

Sacyr, S.A.
(incorporated with limited liability in the Kingdom of Spain)
€26,200,000 4.50% per cent. Notes due 2020

The issue price of the €26,200,000 4.50 per cent. Notes due 2020 (the “Notes”) of Sacyr, S.A. (“Sacyr” or the “Issuer”) is 98.91 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their redemption amount on May 7, 2020. The Notes are subject to redemption in whole at their redemption amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Kingdom of Spain. See Condition 6 (*Redemption for taxation and other reasons*) in Section 5 (*Terms and Conditions of the Notes*). Upon the occurrence of a Change of Control or a Tender Offer Triggering Event, each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes, in whole or in part, at their principal amount plus accrued and unpaid interest up to (but excluding) the date for such redemption or purchase. See Condition 6 (*Redemption at the Option of Noteholders*) in Section 5 (*Terms and Conditions of the Notes*).

The Notes bear interest from and including the Closing Date (as defined below) at the rate of 4.50 per cent. per annum payable annually in arrears on May 7 each year commencing on May 7, 2016. Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under Condition 8 (*Taxation*) in Section 5 (*Terms and Conditions of the Notes*). The offering of the Notes (the “Offering”) is further described under this prospectus (the “Prospectus”).

This Prospectus constitutes a listing prospectus for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of the European Union, as amended and implemented in each Member State (the “Prospectus Directive”) and has been prepared in accordance with, and including the information required by, Annexes IX and XIII of Regulation (EC) No. 809/2004. This Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “CNMV”) in its capacity as competent authority under Law 24/1988, of July 28, 1988 on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the “LMV”) and relevant implementing measures in Spain.

Application has been made for the Notes to be admitted to trading on the Spanish AIAF Fixed Income Securities Market (“AIAF”). The Notes may also be admitted to trading on any other secondary market as may be agreed by the Issuer. The Notes will be unrated.

In addition, in the United Kingdom, this Prospectus is being distributed to, and is directed at: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); (ii) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons together, *relevant persons*). Therefore this Prospectus must not be acted on or relied upon in the United Kingdom, by persons who are not *relevant persons*.

An investment in the Notes involves certain risks. For a discussion of these risks, see Section 1 (*Risk Factors*).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Sole Lead Manager
Morgan Stanley

The date of this Prospectus is May 11, 2015.

IMPORTANT NOTICES

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the affairs of the Issuer or its subsidiaries or that the information set forth herein is correct as of any date subsequent to the date hereof.

The Issuer and the Sole Lead Manager as previously listed (the “Sole Lead Manager”) reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes being offered in the proposed Offering. This Prospectus is personal to the offeree to whom it has been delivered by the Sole Lead Manager and does not constitute an offer to any person or to the public in general to purchase or otherwise acquire the Notes. Distribution of this Prospectus to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without the Issuer’s prior written consent, is prohibited.

The Issuer and the undersigned, Mr. Juan Gortázar Sánchez-Torres, in his capacity as attorney in fact of the Issuer and acting under a special authorization granted by the Board of Directors of the Issuer, accept responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import of such information.

The Issuer has confirmed to the Sole Lead Manager that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Sole Lead Manager nor any of its respective affiliates have authorized the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. The Sole Lead Manager does not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. In addition, the Sole Lead Manager does not accept responsibility for, or authorize the contents of, this Prospectus or its issue. The Sole Lead Manager accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

Each person receiving this Prospectus acknowledges that (i) such person has not relied on the Sole Lead Manager or any person affiliated with the Sole Lead Manager in connection with any investigation of the accuracy of such information or its investment decision and (ii) no person has been authorized to give any information or to make any representation concerning the Issuer or the Notes (other than as contained herein and information given by the Issuer’s duly authorized officers and employees in connection with investors’ examination of the Issuer and the terms of this Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer or the Sole Lead Manager.

The Sole Lead Manager does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

In making an investment decision, investors must rely on their own examination and analysis of the Issuer and the terms of the Offering, including the merits and risks involved.

The Sole Lead Manager is acting exclusively for the Issuer and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this document) as its clients in relation to the Offering and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The distribution of this Prospectus and the Offering of Notes is restricted by law in certain jurisdictions, and this Prospectus may not be used in connection with any offer or solicitation in any such jurisdiction, or to any person to whom it is unlawful to make such offer or solicitation. No action has been or will be taken in any jurisdiction by the Issuer or the Sole Lead Manager that would permit a public offering of the Notes or possession or distribution of a Prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, and does not constitute an offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus may come are required by the Issuer and the Sole Lead Manager to inform themselves about and to observe these restrictions. Neither the Issuer nor the Sole Lead Manager accepts any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Issuer's Notes, of any of these restrictions.

No person has been authorized to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer. Neither the publication of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax advisor for advice.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

In this Prospectus, unless otherwise specified or the context requires, references to "€" and "euro" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended from time to time.

In connection with this issue, the Sole Lead Manager and its affiliates acting as an investor for its own account may take up Notes and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with this issue. Accordingly, references in this Prospectus to the Notes being issued, offered or placed should be read as including any issue, offering or placement of securities to the Sole Lead Manager and any of its affiliates acting in such capacity. The Sole Lead Manager does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In connection with the issue of the Notes, Morgan Stanley & Co. International plc (the “Stabilizing Manager”) (or any person acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Prospectus has been prepared on the basis that all offers of Notes using this Prospectus will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA. Accordingly, any person making or intending to make an offer within the EEA of Notes which are the subject of the Offering contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Issuer or the Sole Lead Manager to produce a prospectus for such offer. None of the Issuer or the Sole Lead Manager has authorized, and the Issuer does not authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Sole Lead Manager that constitute the final placement of Notes contemplated in this Prospectus.

In this Prospectus, unless otherwise specified, references to a “Member State” are references to a Member State of the EEA and references to “€” or “euro” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of May 3, 1998 on the introduction of the euro, as amended.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Prospectus is being distributed in the United Kingdom only to, and is directed only at: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Order; (ii) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons together, “relevant persons”). Therefore this Prospectus must not be acted on or relied upon in the United Kingdom, by persons who are not relevant persons.

NOTICE TO POTENTIAL INVESTORS

The Notes may not be a suitable investment for all investors.

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor’s currency;

- understand thoroughly the terms of the Notes and be familiar with the behavior of financial markets in which it participates; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

LEGAL INVESTMENT CONSIDERATIONS MAY RESTRICT CERTAIN INVESTMENTS

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

TABLE OF CONTENTS

1. RISK FACTORS.....	1
2. DOCUMENTS INCORPORATED BY REFERENCE	28
3. DESCRIPTION OF THE ISSUER	29
4. RECENT DEVELOPMENTS AND FACTS WHICH MAY HAVE A MATERIAL EFFECT ON THE ISSUER'S PROSPECTS	71
5. TERMS AND CONDITIONS OF THE NOTES	72
6. USE OF PROCEEDS	89
7. TAXATION	90
8. SUBSCRIPTION AND SALE.....	97
9. SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK- ENTRY NOTES.....	99
10. ADDITIONAL INFORMATION	102
11. SIGNATURES	105

1. RISK FACTORS

Prospective investors should consider carefully the risks set out below and the other information contained in this Prospectus prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the business, results of operations, financial condition or prospects of the Issuer which, in turn, could have a material adverse effect on the nominal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below may not be the only risks that the Issuer faces. The Issuer has described only those risks that it currently considers to be material and there may be additional risks that it does not currently consider to be material or of which it is not currently aware. Prospective investors should read the entire Prospectus. Words and expressions defined in Section 5 (Terms and Conditions of the Notes) below or elsewhere in this Prospectus have the same meanings in this section.

Risks relating to Sacyr's business and the market in which it operates

Sacyr's business could be adversely affected by the continuation or further deterioration of the challenging economic conditions in the markets in which Sacyr operates.

The performance of Sacyr's business has in the past been closely linked to the economic cycle in the countries, regions and cities where Sacyr operates. Normally, robust economic growth in the geographic regions where Sacyr is located results in greater demand for Sacyr's services, while slow economic growth or economic contraction adversely affects demand for Sacyr's services.

The global economy significantly deteriorated commencing in late 2007 as a result of an acute financial and liquidity crisis. This crisis had a global impact, affecting both emerging and developed countries in which Sacyr conducts its operations. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, sovereign debt and the breakup of the euro have contributed to increased volatility and diminished growth expectations for the global economy going forward. According to the International Monetary Fund, the world's economy grew 3.9% in 2011, 3.1% in 2012, 3.0% in 2013 and 3.7% in 2014. The World Bank expects the world's economy to grow 3% in 2015.

In 2014, the euro zone turned the corner from recession to recovery, although the legacy of the crisis could continue to impact on economic growth. Domestic demand in the euro zone has shown signs of stabilizing, with net exports also contributing to end the recession. Nevertheless high unemployment and debt, low investment, persistent output gaps (the difference between the actual and potential gross domestic product), tight credit and financial fragmentation continue to impact on the recovery. In Europe, improvement among certain economically distressed countries, further adjustments of private and public sector balance sheets and high unemployment continue to pose a risk to macroeconomic recovery. High debt, both public and private, and financial fragmentation could hold back domestic demand, although exports may further contribute to growth. In Europe, the most immediate risks stem from incomplete or stalled delivery of reform commitments, at both the European and national levels. Deflation seems to have become a real risk. Other relevant risks include high private sector debt and persistently weak activity, as well as the larger or more persistent adverse effects of public and private deleveraging. The continuing of entrenched fragmentation and the delay of structural reforms could lead to stagnation in the euro area. According to the European Commission, the euro area is continuing its ongoing recovery and for the first time since 2007, all its economies are expected to grow again in 2015. While determined policy action and the fall in crude oil prices should support growth, the economic recovery is being restrained by longstanding weak growth trends, as well as by legacies of the recent economic and financial crisis, including ongoing external rebalancing, high public and private debt and related deleveraging pressures, high levels of unemployment and low confidence, together with a persistent weakness in investment (*Source: European Commission, report on the Euro Area, February 2015*).

In addition, 51% of Sacyr's 2014 revenues came from Spain, where the global economic crisis, together with a domestic real estate crisis, has caused a significant deterioration in the economy since 2009. However, the trend started to switch in 2013 and Spanish economy outlook is gradually upgrading. According to the Bank of Spain, during the first quarter of 2015, the economy saw a continuation of the expansionary path of the previous year. Spanish GDP is estimated to have grown at a quarter on quarter rate of 0.8% in the first quarter of 2015. This estimate marks a slight acceleration in activity on the final stretch of 2014, in a setting in which the external environment improved and in which some of the factors driving domestic expenditure in the recent period strengthened. Such is the case of the improvement in financing conditions following the announcement and subsequent launch of the ECB's extended asset purchase program, the depreciation of the euro and the fall in oil prices. Estimated GDP growth for 2015 has been revised upwards to 2.8%. (*Source: Bank of Spain, quarterly report on the Spanish economy, March 2015*).

If either or both the global and the Spanish economic conditions deteriorate, or the improvement in the recovery from the global recession does not consolidate, Sacyr's business, results of operations, financial condition and prospects may be materially adversely affected.

Sacyr operates in highly competitive industries.

Sacyr faces strong competition in the industries and geographies in where it operates. Sacyr competes against various groups and companies, including large groups that may possess greater financial resources, technical capabilities or local awareness than Sacyr does, or may require a lower return on their investments and be able to present better technical or economic bids. This competition could intensify because of new companies entering the market or because of the consolidation of the industries in which Sacyr operates.

Sacyr's ability to successfully compete in these markets depends on its ability to foresee and react to various factors that affect competition in the industry, including those resulting from economic conditions. These factors include the identification of competitors as well as their strategies and their ability to conduct business, prevailing market conditions at a given time, rules applicable to new market participants and Sacyr and the efficacy of Sacyr's efforts to prepare for and confront competition. If Sacyr is not able to react to changes in the factors that affect competition in Sacyr's industries and geographies, Sacyr may be unable to win tenders for concession projects or to obtain contracts or may be forced to accept projects or contracts under less favorable financial conditions than in the past, which could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

Sacyr's competitive position could be adversely affected by changes in technology and industry standards.

The markets in which Sacyr operates change rapidly because of technological innovations and changes in prices, industry standards, product instructions, customer requirements and the economic environment. New technology or changes in industry and customer requirements may render existing products or services obsolete, excessively costly or otherwise unmarketable. As a result, Sacyr shall continuously enhance the efficiency and reliability of its existing technologies and seek to develop new technologies in order to remain at the forefront of industry standards and customer requirements. If Sacyr is unable to introduce and integrate new technologies into its products and services in a timely and cost effective manner, Sacyr's competitive position will suffer and its business, results of operations, financial condition and prospects would be materially adversely affected.

Sacyr's business is subject to risks related to its international operations.

As a result of its process of diversification, a large part of Sacyr's operating revenue is generated outside of Spain, in countries such as Chile, Italia, Angola, Ireland, Portugal, Mexico, Brazil or Panama. As of December 31, 2014 49% of Sacyr's revenue was generated outside of Spain. The revenues of, market value of, and dividends payable by, subsidiaries within the Group are exposed to risks inherent to the countries where they operate. The operations in some of the countries where Sacyr is present are exposed to various risks related to investments and business, such as:

- fluctuations in local economic growth;
- changes in inflation rates;
- devaluation, depreciation or excessive valuation of local currencies;
- foreign exchange controls or restrictions on profit repatriation;
- foreign exchange market volatility;
- changing interest rate environment;
- changes in financial, economic and tax policies;
- regulations relevant to the power and infrastructure industry activities;
- changing social, political and economic conditions, including recessions;
- logistical challenges, including transportation delays;
- blackouts or temporary reductions in power or other public services;
- restrictions on currency conversion;
- import and export quotas;
- variations in codes of business conduct;
- changes in local employment conditions;
- the lack of a skilled labor force;
- social conflicts; and
- political and macroeconomic instability.

Sacyr cannot assure that it will not be subject to material adverse developments with respect to its international operations or that any insurance coverage it has will be adequate to compensate the Group for any losses arising from such risks. Sacyr is exposed to these risks in all of its foreign operations to some degree, and such exposure could be material to its business, results of operations, financial condition and prospects, particularly in emerging markets where the political and legal environment is less stable.

Sacyr intends to continue operating through strategic partnerships, including consortia and joint ventures, and are exposed to risks associated with such partnerships.

Sacyr's partners may be unable, or unwilling, to honor or fulfil their obligations under the relevant consortium, joint venture or partnership agreements or may experience financial or other difficulties that may adversely impact Sacyr's investment in a particular consortium, joint venture or business. Sacyr's partners may also have different strategies or priorities in executing projects than Sacyr does, and as a result their interests may not be aligned with your's or Sacyr's interests and it may be unable to pursue the actions envisaged in Sacyr's strategic plan or be restricted to carry out certain activities. Moreover, Sacyr's partners may operate under compliance, regulatory or ethical standards which are different from ours, and if they fail to comply with any relevant rules or recommendations, Sacyr's reputation, business, results of operations, financial condition and prospects may be materially adversely affected. Additionally, Sacyr's partners may fail to fulfil their obligations and/or terminate their agreements with Sacyr for cause or for convenience. If a partner does not fulfil its obligations, Sacyr may be subject to unexpected costs, project delays or other losses. In addition, in certain of Sacyr's consortium, joint ventures and partnerships, Sacyr may also be reliant on the particular expertise of its partners and, as a result, any failure to perform their obligations in a diligent manner could adversely impact the consortia, joint venture or partnership.

Moreover, liability in concessions contracts may be joint and several, and Sacyr could become liable in the event of a default by one of its partners.

As part of Sacyr's international growth strategy, it may execute joint venture agreements with local companies whose experience, knowledge and history in the given market where Sacyr wishes to develop is greater than its own. Despite its best efforts in selecting appropriate partners it is possible that the partners chosen for these joint venture agreements may not be the most appropriate or qualified for the market in question. In the event that any of these partners turn out to be inadequate, Sacyr's consortia and joint ventures may not be successful. In particular, in certain countries where Sacyr intends to develop its business, local regulations might require foreign companies entering into such market to do so through joint ventures with local partners. In these situations, the local partners might not meet the expected level of expertise or qualification, or even, the minimum expertise or qualification required to carry out the project in question. Underperformance by local partners might expose Sacyr to the risk of the project not attaining the expected success. Moreover, in markets with high level of government interventionism and local protectionism, Sacyr might face the risk that local regulation benefits the local partner's interests over Sacyr's interests.

Additionally, even if Sacyr conducts rigorous due diligence on potential partners, it may not be able to ascertain whether its potential partners or their affiliated companies have material hidden liabilities, especially with respect to tax, employment and environmental issues. Any of these risks could affect the success of current and future partnerships and consortia. If any of the foregoing were to occur, Sacyr's business, results of operations, financial condition and prospects may be materially adversely affected.

Sacyr's backlog reduction or deferral may not be a reliable indicator of its future revenue or earnings.

Sacyr defines backlog to include projects for which contracts have been signed. As of December 31, 2014 Sacyr's backlog was €26,260 million. As part of its backlog calculation policy, the Group assumes that each party will satisfy all of its respective obligations under the contract and that payments to it under the contract will be made on a timely basis consistent with historical experience. For contracts that are not for a fixed price or lump sum, Sacyr estimates and updates the related backlog based upon the estimated amount of work to be completed through periodic consultation with the client. For projects in which Sacyr acts as the lead contractor within a consortium, in calculating backlog Sacyr only includes its scope of work in connection with such projects. For projects related to unconsolidated joint ventures, Sacyr only includes its percentage ownership of the joint venture's backlog.

Sacyr cannot guarantee that the revenue projected in its backlog will be realized or profitable. Many of its contracts are subject to cancellation, termination or suspension at the discretion of the customer. From time to time, changes in project scope may occur with respect to contracts reflected in its backlog and could reduce the amount of its backlog and the timing of the revenue and profits that it actually earns. Projects may remain in Sacyr's backlog for an extended period of time because of the nature of the project and the timing of the particular services or equipment required by the project. Additionally, poor project performance could also impact its backlog and profits if it results in the termination of a contract. Sacyr cannot predict the impact that future economic conditions may have on its backlog which could include a diminished ability to replace backlog once projects are completed and/or could result in the termination, modification or suspension of projects currently in its backlog. Such developments could have a material adverse effect on Sacyr's financial condition, results of operations and cash flows.

Sacyr's business, results of operations, financial condition and prospects may be adversely affected if it does not effectively manage its exposure to interest rate and foreign exchange rate risks.

Sacyr is exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. Some of Sacyr's indebtedness bears interest at variable rates, mainly linked to Euribor. Any increase in interest rates would increase Sacyr's finance costs relating to its variable rate indebtedness and increase the costs of refinancing Sacyr's existing indebtedness and issuing new debt. Interest rate fluctuation

risk is particularly important in the financing of infrastructure projects and other projects, which are heavily leveraged in their early stages and whose performance depends on possible changes in the interest rate.

Although Sacyr enters into hedging arrangements to cover interest rate fluctuations on a portion of Sacyr's debt, there can be no assurance that any current or future hedging contracts that Sacyr enters into will adequately protect Sacyr's results of operations from the effects of interest rate fluctuations or will not result in losses.

Sacyr's ability to effectively manage its credit risk exposure may affect its business, results of operations and financial condition.

Sacyr is exposed to the credit risk implied by default on the part of a counterparty (customer, provider, partner or financial entity), which could impact its business, results of operations, financial condition and prospects.

In spite of early signs of recovery in the global economy, the risk of late payment in both the public and private sectors is currently increased due to the global financial crisis. The cost of government financing and financing of other public entities has also increased due to financial stress in Europe, and this may represent an increased risk for Sacyr's public sector clients. However, in the recent past, such risk was partially mitigated by the enactment of Royal Decree-Law 7/2012, also known as *Real Decreto-Ley de Creación del Fondo de Financiación de los Pagos a Proveedores*, of 9 March, that enabled distressed public entities to make certain payments which allowed them to reduce their commercial debts with suppliers. In addition, such risk could be mitigated by the recent European Central Bank measures aimed at improving liquidity in the European Union.

Although Sacyr actively manages this credit risk through credit scoring, an active management of the evolution of the debt levels, and eventually, in certain cases, the use of non-recourse factoring contracts and credit insurance, its risk management strategies may not be successful in limiting its exposure to credit risk, which could adversely affect its business, results of operations, financial condition and prospects.

In addition, legislation implemented in Spain in 2010 relating to late payments (Ley 15/2010, of July 5, 2010 known as *Ley de Morosidad*), requires that payment terms do not exceed certain limits. If clients of Sacyr (public or private) do not comply with this stricter legal framework, liquidity could be affected. Late payments could cause considerable penalties.

Sacyr's business, financial condition and results of operations may be adversely affected by its level of indebtedness, the increase of such debt and its ability to effectively manage its exposure to liquidity risk.

Sacyr must be able to secure significant levels of financing to be able to continue its operations.

Certain of the industries in which it operates, such as toll roads or water services, require a high level of financing. Sacyr's ability to secure financing depends on several factors, many of which are beyond its control, including general economic conditions, adverse effects in the debt or capital markets, the availability of funds from financial institutions and monetary policy in the markets in which it operates. If Sacyr is unable to secure additional financing on favorable terms, or at all, its growth opportunities would be limited and its business, results of operations, financial condition and prospects may be materially adversely affected.

Sacyr may incur significant additional debt in the future. Although Sacyr's financing agreements contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial or secured. Incurring such additional debt could further increase the related risks Sacyr now faces, as described above.

Additionally, Sacyr may have to provide additional collateral under its existing or future financing agreements. For example, the terms and conditions of the margin loan the Issuer entered into to finance the acquisition of its holding in Repsol, S.A. ("Repsol") provided that Sacyr will have to provide additional collateral in the event of a decrease in the price of the existing collateral (mainly, Repsol shares) below certain

established thresholds in order to restore the balance between the total outstanding amount under the margin loan and the value of the collateral. Although as of the date of this Prospectus the Issuer does not foresee that it will have to comply with such obligation in the near future, it cannot assure that such will be the case. Providing such additional collateral may adversely affect Sacyr's liquidity and financial condition.

In addition, Sacyr may seek to refinance its existing debt and can give no assurance as to the availability of financing on acceptable terms. Sacyr's future ability to refinance existing borrowings depends on its future business performance that is subject to economic, financial, competitive and other factors. Should market conditions deteriorate or fail to improve, and thus Sacyr's operating results decrease in the future, it may have difficulties to refinance the Issuer's existing financial arrangements. Additionally, should Sacyr be able to refinance its existing borrowings, it cannot guarantee that the terms on which they will be able to refinance are as favorable for the interests of the Issuer as the terms of the current financial arrangements. All these circumstances could negatively affect Sacyr's business results, financial condition and prospects.

Existing and potential future defaults by subsidiaries, joint ventures or associates pursuant to project debt could adversely affect Sacyr.

Sacyr attempts to finance certain of its projects and significant investments, including capital expenditures typically relating to concessions, primarily under loan agreements and related documents which, except as noted below, typically require the loans to be repaid solely from the revenue of the project being financed thereby, and provide that the repayment of the loans (and interest thereon) is typically secured solely by the shares, physical assets, contracts and cash flow of that project company. This type of financing is referred to herein as "project debt" or project financing. As of December 31, 2014, Sacyr had a total debt of €6,857 million of outstanding indebtedness on a consolidated basis.

While the lenders of Sacyr's project debt typically do not have direct recourse to it, defaults by subsidiaries, joint ventures and associates can still have important consequences for Sacyr, including, without limitation:

- reducing receipt of distributions, fees, interest payments and loans since the project company will typically be prohibited from distributing cash to Sacyr during the pendency of any default;
- causing Sacyr to record a loss in the event the lender forecloses on the assets; and
- the loss or impairment of investor confidence in the Group.

In addition, members of the Group provide, from time to time, guarantees of obligations under bank financing arrangements of certain project companies in order to finance projects on a temporary or definitive basis. These guarantees are provided where members of the Group act as sponsors for the period prior to such project companies securing long-term project financing for their projects.

In the ordinary course of business, as is common practice in companies engaged in construction activities, the Group furnished guarantees to third parties, such as advance bonds, performance bonds, tender bonds retention money bonds or sureties, totaling €2,164 million as of December 31, 2014 (€2,050 million as of December 31, 2013) for the proper performance of contracts.

If Sacyr's subsidiaries, joint ventures or associates were to fail to satisfy their debt service obligations or to breach any related financial or operating covenants, the applicable lender may be entitled to declare the full amount of the relevant indebtedness to be immediately due and payable and could foreclose on any assets pledged as collateral or enforce any of the parent company's guarantees. Certain agreements entered into by Sacyr's subsidiaries, joint ventures or associates contain cross-default provisions related to the financing arrangements of other project sponsors unrelated to the Group. Further, certain of the financing arrangements contain cross-default provisions such that enforcement of a guarantee by the Group could automatically trigger events of default under such arrangements. As a result of the above, any defaults by subsidiaries, joint ventures or associates could have a material adverse effect on Sacyr's business, financial condition, results of operations and cash flows.

The international expansion of Sacyr's operations may not be successful.

Sacyr has expanded in recent years its scope and international reach, and it plans to continue the functional and geographical expansion of its businesses into new countries and markets that it believes will contribute to Sacyr's future performance. Such expansion may not be successful, and Sacyr may not achieve results in these new business areas and countries similar to those achieved in the businesses in locations where Sacyr currently operates. Furthermore, Sacyr may have difficulty hiring experts or qualified executives or employees for the countries and business areas of expansion. Failure to successfully implement such international expansion plans may materially adversely affect Sacyr's business, results of operations, financial condition and prospects.

The loss of key members of Sacyr's management and technical team could have a material adverse effect on its business, results of operations, financial condition and prospects.

Sacyr relies on certain key personnel. If, in the future, Sacyr is unable to attract and retain sufficiently qualified management and technical staff, its business development could be limited or delayed. In addition, if Sacyr were to lose key members of its senior management or technical staff, and could not find a suitable replacement in a timely manner, its business, results of operations, financial condition and prospects could be adversely affected.

Sacyr operates in highly regulated environments which are subject to changes in regulations.

Sacyr must comply with specific toll road, waste management and treatment, and construction sector regulations, as well as general regulations in the various jurisdictions where it operates (such as those related to accounting, employment, data protection and taxation). As in all highly regulated sectors, any regulatory changes in these sectors could adversely affect the business, results of operations, financial condition and prospects of Sacyr. In the case of significant regulatory changes (including tax amendments) affecting the concessions which Sacyr holds, there may in certain circumstances be a right to adjust the terms of a concession or to negotiate changes with the competent administration in order to reestablish the economic and financial balance between the parties. Sacyr cannot guarantee that an adjustment, however, will be possible in all cases, that any such adjustment would be satisfactory for the concessionaires or that it would be carried out in a reasonable time period. If these adjustments are not possible, do not provide sufficiently greater income or are delayed, Sacyr's business, results of operations, financial condition and prospects may be materially adversely affected.

Sacyr's business, results of operations, financial condition and prospects may be adversely affected if it fails to obtain or renew, or if there are any material delays in obtaining, requisite government approvals for its projects.

Sacyr is established in jurisdictions where the industries in which it operates may be regulated. In order to bid, develop and complete a project, the developer may need to obtain permits, licenses, certificates and other approvals from the relevant administrative authorities before bidding for the project or at various stages of the project process. There is no assurance that Sacyr will be able to obtain or maintain such governmental approvals, fulfil the conditions required for obtaining the approvals, or adapt to new laws, regulations or policies that may come into effect from time to time, without undue delay or at all. If Sacyr is unable to obtain the relevant approvals or fulfil the conditions of such approvals for a significant number of its projects in a timely manner, this could lead to delays and its business, results of operations, financial condition and prospects may be adversely affected.

Sacyr participates in competitive tender processes and regulatory authorization procedures that can generate significant expense with no assurance of success.

Sacyr is granted many of its contracts on the basis of a competitive process. Competitive tender processes or negotiation procedures preceding the award of these contracts are often long, costly and complex,

and their outcomes are uncertain and difficult to foresee. Sacyr may invest significant resources in a project or tender bid without winning the contract thus losing growth opportunities.

In addition, Sacyr may also need to obtain or renew various regulatory permits or authorizations. Authorization procedures for activities with a large environmental footprint present similar difficulties. They are often preceded by in-depth studies and public inquiries. The complexity of these procedures has tended to increase. Sacyr may also have to abandon certain projects in which it is unable to generate compensation sufficient to cover the cost of its investment if it fails to obtain the permits it needs to perform the activity or if it cannot obtain any necessary authorizations from antitrust authorities.

These developments can increase the cost of Sacyr's activities and, in certain cases, where the risk of failure appears substantial, may lead Sacyr to abandon certain projects.

Environmental and health and safety laws could increase Sacyr's costs.

In the countries where Sacyr operates, there are local, regional, national and EU bodies which regulate its activities and establish applicable environmental and health and safety regulations. The technical requirements imposed by environmental and health and safety regulations are gradually becoming more costly, complex and stringent. These laws may impose strict liability in the event of damage to natural resources or threats to public safety and health. Strict liability may mean that Sacyr is held liable for environmental damage regardless of whether it has acted negligently, or that it owes fines whether or not effective damage exists or is proven, and Sacyr could be held jointly and severally liable with other parties. The relevant authorities may impose fines or sanctions or may revoke and refuse to grant authorizations and permits based on a breach of current regulations.

The entry into force of new laws, the discovery of previously unknown sources of pollution, the imposition of new or more stringent requirements or a stricter application of existing regulations may increase Sacyr's costs or impose new responsibilities, leading to lower earnings and liquidity available for its activities and the business, results of operations, financial condition and prospects of Sacyr may be materially adversely affected.

Sacyr is subject to anti-corruption and anti-bribery laws and regulations and economic sanctions programs in various jurisdictions where it operates, violations of which could include suspension or debarment of its ability to contract with state or local governments in such jurisdictions.

Doing business on a worldwide basis requires Sacyr to comply with the laws and regulations of various jurisdictions (including, without limitation, Spain, the United States, the United Kingdom, Chile and others where Sacyr conducts operations). In particular, Sacyr's international operations are subject to anti-corruption laws and regulations, such as, as applicable, the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and the United Kingdom Bribery Act of 2010 (the "Bribery Act"), and economic sanction programs, including, as applicable, those administered by the United Nations, European Union and United States, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of Sacyr's business, it or service providers hired by Sacyr may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. In addition, economic sanctions programs restrict Sacyr's business dealings with certain sanctioned countries, individuals and entities.

Sacyr operates in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, some of the international locations in which Sacyr operates lack a developed legal system and have high perceived levels of corruption. Sacyr's continued expansion and worldwide operations, including in developing countries, its development of joint venture relationships worldwide and the

employment by Sacyr of local service providers in the countries in which it operates increase the compliance risk with respect to anti-corruption laws, sanctions regulations, and similar laws. Although Sacyr has internal policies and procedures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, there can be no assurance that such policies and procedures will be sufficient or that Sacyr's employees, directors, officers, partners, agents and service providers as well as those companies to which Sacyr outsources certain of its business operations, will not take actions in violation of Sacyr's policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which Sacyr or they may be ultimately held responsible.

If Sacyr is found to be liable for violations of these laws (either due to its own acts or omissions, or due to the acts or omissions of others), it could suffer criminal or civil penalties or other sanctions which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Sacyr is subject to exchange and capital controls.

Sacyr faces exchange controls and transfer restrictions in some countries in which Sacyr does business, such as Brazil and India. The repatriation of funds from certain regions where Sacyr operates, including Brazil, is subject to tax.

Sacyr can provide no assurances regarding the effect exchange and capital controls or the tax regime applicable to the repatriation of funds, or any changes thereto, may have on them. Exchange and capital controls could adversely affect Sacyr's financial condition or results of operations and their ability to execute Sacyr's financing plans.

Sacyr is increasingly dependent on information technology systems that may fail, may not be adequate to the tasks at hand or may no longer be available.

Sacyr is increasingly dependent on highly sophisticated information technology, or IT, systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centers and computer viruses. IT systems need regular upgrading and Sacyr may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect its operations from cyber-attacks or inappropriate use of Sacyr's information technology systems, could result in the loss of customer or project data or other sensitive information. The threats are increasingly sophisticated and there can be no assurance that Sacyr will be able to protect against all threats. Sacyr may incur significant costs as a result of any failure of its IT systems. Sacyr cannot assure you that the back-up systems it maintains to provide high-level service availability and ensure business continuity will protect it. Should these systems fail or prove to be inadequate, or any resulting loss of confidential or proprietary data, could materially and adversely affect Sacyr's reputation, expose it to legal claims and materially adversely affect its business, results of operations, financial condition and prospects.

Sacyr could experience significant interruptions of its business and could lose or compromise important data.

Sacyr is subject to litigation risks.

Sacyr and/or its consolidated subsidiaries (the "Group") are, and may in the future be, a party to judicial, arbitration and regulatory proceedings which arise in the ordinary course of business, including claims relating to compulsory land purchases required for toll road construction, claims relating to defects in construction projects performed or services rendered, claims for third party liability in connection with the use of the Group's assets or the actions of Group employees, employment-related claims, environmental claims and tax claims. For a summary of certain legal proceedings relating to the Group, see "Description of the Issuer – Legal Proceedings". An unfavorable outcome (including an out-of-court settlement) in one or more of such proceedings could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

Sacyr is exposed to risks connected to the quantification and cashing of claims.

Sacyr has in the past and may occasionally in the future bring claims against its clients for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims can often occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional cost, both direct and indirect. From time to time, these claims can be the subject of lengthy and costly arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, Sacyr may incur financial charges pending the resolution of the relevant claims. Although any favorable court decision would also likely lead to the full or partial reimbursement of interest as financial charges, a failure to promptly recover on these types of claims or to recover the full amount expected could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

Sacyr is highly dependent on public sector customers and, accordingly, decreases in the funds allocated to public sector projects may harm Sacyr's business, results of operations, financial condition and prospects.

Sacyr's business, results of operations, financial conditions and prospects are highly dependent on public sector customers.

Sacyr relies on infrastructure development programs currently planned and being undertaken by public authorities in various markets to generate a significant amount of Sacyr's business. Sacyr may start work on a specific public sector project but, due to the lack or revocation of government funding, the project may subsequently not be completed within the original time frame or at all. Sacyr's government clients may be under no obligation to maintain funding at any specific level and funds for any program may even be eliminated. Global economic instability and difficult and recessionary economic conditions in certain countries in which Sacyr operates may result in the contraction of infrastructure spending and therefore in delay or suspension of projects already commenced or awarded.

Future changes and/or reductions by these supranational and government clients in their plans or policies of infrastructure development, delay in the awarding of major projects or postponement of previously awarded projects could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

Risk of potential liability claims against Sacyr during the course of carrying out ordinary business activities.

Sacyr engages in major construction projects which could cause major harm to employees or third parties if there is an error in the design or during construction or for any other reason. Therefore, Sacyr could be exposed to the risk of significant claims for damages from such employees or third parties.

Sacyr could also be exposed to claims for any actions or omissions by subcontractors that cause damage, or claims brought against Sacyr by clients, subcontractors or suppliers to recover any amounts paid (for example, claims for amounts for which they do not consider themselves contractually liable or which exceed the amounts expected to be incurred).

Sacyr relies to a large extent on external contractors and on third-party manufacturers and suppliers to provide much of the equipment and raw materials, respectively, used for Sacyr's projects.

If Sacyr is unable to find reliable suppliers, its ability to successfully complete its projects could be impaired. Furthermore, if a supplier fails to provide equipment or raw materials, in each case, as required under a contract for any reason, Sacyr may be required to source such services, equipment or raw materials at a higher price than anticipated, which could negatively impact its profitability, as there can also be no assurance that it will be able to pass on any or all of such increased costs to Sacyr's customers. In some cases, the equipment purchased for a project does not perform as expected, and these performance failures may result in delays in completion of the project, additional costs for Sacyr or the customer to complete the project and, in some cases, may require Sacyr to obtain alternate equipment at additional cost. Although contracts with suppliers generally provide for indemnification to cover their failure to perform their obligations satisfactorily,

such indemnification may not fully cover Sacyr's financial losses in attempting to mitigate their failures and fulfil the relevant contract with Sacyr's client. Furthermore, delivery by Sacyr's suppliers of faulty equipment or raw materials could also negatively impact Sacyr's overall project, resulting in claims against it for failure to meet required project specifications and it may be unable to successfully obtain compensation from its suppliers. In addition, in the case of government contracts, a failure by a supplier to comply with applicable laws, rules or regulations could result in Sacyr facing fines, penalties, suspension or even debarment by the relevant governmental authority. Any such failures by a supplier could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

Sacyr's insurance cover may not be adequate or sufficient.

Sacyr benefits from insurance cover to protect against key insurable risks, including fire, earthquakes, acts of terrorism and other natural and man-made disasters. The insurance policy may not be adequate to cover lost income, reinstatement costs, increased expenses or other liabilities. Moreover, there can be no assurance that if insurance cover is cancelled or not renewed, replacement cover will be available on commercially reasonable terms or at all.

Sacyr may not have, or may cease to have, insurance cover if the loss is not covered under, or is excluded from, an insurance policy including by virtue of exhaustion of applicable cover limits or a policy operating as an excess policy or if the relevant insurer successfully avails itself of defenses available to it, such as breach of disclosure duties, breach of policy condition or misrepresentation.

If insurance cover is not available or proves more expensive than in the past, Sacyr's business, results of operations and financial condition may be materially adversely affected.

Risks of accidents.

Accidents may occur at Sacyr's projects, which may severely disrupt the operations of Sacyr and lead to delays in the completion of projects and such delays could result in a loss of income, due to delayed receipt of proceeds from purchasers, as well as potential claims for compensation and termination of contracts by clients. In addition, there is a possibility that any such claims for compensation in relation to such accidents may not be covered by Sacyr's insurance policies. Any accidents and any consequential claims for damages could therefore have a material adverse effect on the business, results of operations, financial condition and prospects of Sacyr.

Risks relating to the Construction Business Division

If investment in the construction industry continues to decrease, Sacyr's results of operations may be affected.

Investment in the construction sector derives from both the public and private sectors and the level of investment is dependent on general economic conditions. In times of economic growth, investment levels generally increase, with levels decreasing during a recession. Sacyr cannot make any assurances that the level of investment will increase in the coming years. If conditions continue to limit investment by the public and private construction sectors, then the business, results of operations and financial condition of the Group may be adversely affected.

Sacyr's business may be affected by a decrease in the funds available for civil engineering projects.

As a result of the economic conditions during the recent global recession, there was a sharp decrease in tenders for civil engineering works, including for public sector projects. The allocation of funds for civil engineering projects within the annual budget for each of the countries where Sacyr is present or which it is targeting is mainly dependent on two factors: the budgetary policies of the relevant government and the economic conditions existing at the time. Tenders for public sector projects in Spain during 2014 amounted to €657.8 million in terms of real investments, a decrease of 3.29% as compared to real investments in 2013. This amount includes, amongst others, investments by: (i) ADIF for an amount of €3,372.5 million; (ii) Puertos del Estado for an amount of €776.5 million; (iii) Sociedades Estatales de Aguas for an amount of €60.5

million; (iv) SEITT for an amount of €63.9 million; and (v) ENAIRE (a newly-set up company that includes AENA) for an amount of €50.3 million. In relation to the investments by projects, €1,646.9 million were dedicated to roads and €806.9 million to facilities and the improvement of water quality (*Source: Seopan, Asociación de Empresas Constructoras de Ámbito Nacional de España*).

Difficulties in securing private sector projects may adversely affect Sacyr's results of operations.

As a result of the economic conditions during the recent global recession, there was a decrease in procurement by private sector companies. Such companies may be forced to halt the projects already underway due to a lack of funds, or may decide to delay or abandon studies of potential projects while they await more favorable investment conditions. Whilst standard practice in the private sector is for the construction company to be paid as the works are executed, Sacyr is exposed to loss of revenue if such works are delayed or cancelled. Reductions in project procurement by the private sector may adversely affect the business, results of operations, financial condition and prospects of Sacyr.

Sacyr's working capital needs are highly seasonal and requires Sacyr to maintain a high level of liquidity.

Sacyr's cash needs in connection with its constructions business are strongly seasonally correlated, reaching their highest level in the first quarter and their lowest level in the fourth quarter, since payment from many of the public sector customers is received in the fourth quarter. Sacyr finance these needs principally through syndicated and bilateral facilities at the corporate level and, more recently, in the capital markets. Some of these facilities must be periodically renewed. As of December 31, 2014, Sacyr had €54 million of financial debt, €302 million of which was corporate debt and €2 million of which was project debt. Sacyr may be unable to renew its credit facilities or finance in the capital markets on economically attractive terms or at all, and any failure to do so could have a materially adverse effect on Sacyr's business, results of operations, financial condition and prospects. Any increase in the seasonality of Sacyr's business that cannot be met by expanded use of syndicated and bilateral facilities or other sources of liquidity may also materially adversely affect Sacyr's business, results of operations, financial condition and prospects.

Any failure to meet construction project deadlines and budgets may have a material adverse effect on the business, results of operations, financial condition and prospects of Sacyr.

There are certain risks that are inherent to large-scale construction projects, such as shortages, and increased costs, of materials, machinery and labor. If any of Sacyr's contractors and sub-contractors fails to meet agreed deadlines and budgets, or if there are any interruptions arising from adverse weather conditions or unexpected technical or environmental difficulties, there may be resulting delays and excess construction costs. Contractor and sub-contractor liability clauses, included in most standard construction agreements entered into with contractors and sub-contractors, generally cover these situations, although they may not cover the total value of any resulting losses. In the event of construction delays, Sacyr may receive revenues later than expected and could face penalties and even contractual termination. These eventualities could increase Sacyr's expenses and reduce its income, particularly if it is unable to recover any such expenses from third parties under its concessions, in which case the business, results of operations, financial condition and prospects of Sacyr may be materially adversely affected.

Sacyr's Construction backlog is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of its future revenue or earnings.

As of December 31, 2014, Sacyr's Construction backlog was €4,987 million. Construction backlog serves to measure the total euro value of work to be performed on (i) contracts awarded in the case of public sector contracts and (ii) contracts signed in the case of private sector contracts. Sacyr's Construction backlog is expected to translate into revenue within 35 months. Commitments are typically in the form of written contracts for specific projects, purchase orders, or indications of the amount of time and materials Sacyr needs to make available for the anticipated projects. Sacyr's Construction backlog is revisited on a monthly basis and adjusted for additional work to be performed, costs incurred, changes in currency exchange rates or one-off payments relating to its Construction business. The amount of its Construction backlog that is subject to delay

or cancellation at any given time is largely a reflection of broad global economic trends and, as of any date, may not be indicative of actual results of operations in any succeeding period.

Overall, Construction backlog figures are based on a number of assumptions and estimates, including assumptions as to exchange rates between the euro and other currencies, estimates of the amount of additional work and cost overruns for which Sacyr is able to claim payment from the client under the relevant contracts and estimates of the percentage of completion of contracts. Contingencies that could affect the realization of Sacyr's Construction backlog as future revenue or cash flows include cancellations, renegotiations, scope of work adjustments, force majeure, legal impediments and default by Sacyr. Consequently, Construction backlog as of any particular date may not be indicative of actual results of operations for any succeeding period. Furthermore, Sacyr's Construction backlog presents certain concentration, as the fifteen largest projects accounted for 52% approximately of its Construction backlog as of December 31, 2014. As a result, any contingencies that could affect the realization of any of these projects could have a material adverse impact on Sacyr's business, financial condition, results of operations and prospects.

Sacyr's definition of Construction backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of its Construction backlog may not be comparable to the Construction backlog reported by such other companies. Moreover, there can be no assurance that the revenue projected in Sacyr's Construction backlog will be realized or, if realized, will result in profit. As a result of project terminations or suspensions and changes in project scope and schedule, Sacyr cannot predict with certainty when, or if, its Construction backlog will be realized. Sacyr may suffer from unexpected or unanticipated cancellations, and, even where a project proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to Sacyr. Delays, cancellations or payment defaults may materially adversely affect Sacyr's business, results of operations, financial condition and prospects.

Risks relating to the Concession Business Division

The concession agreements under which Sacyr conducts some of the operations are subject to revocation or termination.

Certain of Sacyr's operations are conducted pursuant to concessions granted by various governmental bodies. Generally, these concessions give Sacyr rights to provide services for a limited period of time, subject to various governmental regulations. The governmental bodies responsible for regulating these services often have broad powers to monitor Sacyr's compliance with the applicable concession contracts and can require Sacyr to supply them with technical, administrative and financial information. Among other obligations, Sacyr may be required to comply with investment commitments and efficiency and safety standards established in the concession. Such commitments and standards may be amended in certain cases by the governmental bodies. Sacyr's failure to comply with the concession agreements or other regulatory requirements may result in concessions not being granted, upheld or renewed in Sacyr's favor, or, if granted, upheld or renewed, may not be done on as favorable terms as currently applicable. This could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

During their initial years of operation, Sacyr's infrastructure concessions generate little or no cash for distribution to the Group.

The development and operation of infrastructure concession assets is a capital-intensive business. Newer assets are typically highly leveraged to optimize the capital structure with the objective of maximizing shareholder return. The financing structure for a concession is selected based on cash flow projections that Sacyr models for that concession. A new project is typically financed through a project finance structure, which involves the creation of a legally independent project company financed with debt on a non-recourse basis and with equity contributed by Sacyr and, in some cases, other investors. As a result of the high rate of leverage, during the initial years of a concession, the costs of financing consume most of a concession's available cash flows, leaving little or no cash flows available for distribution to the Group. In addition, since cash flows constitute the main security for the repayment of project borrowings,

credit agreements usually limit the use of funds by shareholders until certain conditions have been met, which is assessed each year. As a result, it is unlikely that cash generated from newer concessions will be available to meet the cash needs of other Group companies, including repayment of amounts due under the Notes. Furthermore, it is possible that Sacyr's cash flow projections for a concession will not be met, and that concession may take longer than expected to generate cash for its shareholders or may never do so, which could decrease the resources available to other Group companies to meet their financial obligations, including those under the Notes. Such a decrease may have a material adverse effect on the business, results of operations and financial condition of Sacyr.

Infrastructure concessions have a limited duration.

Upon termination of a concession, in many instances Sacyr must return the infrastructure to the competent governmental authority or owner, in an adequate state of repair, together with any assets and facilities required for operation, and receives no economic compensation whatsoever. If Sacyr's concession companies (the "Concession Companies") are unable to extend the duration of their concessions during their lifetime or are unable to secure new concessions to replace any concessions expired, terminated or recovered, this could have a material adverse effect on its business, results of operations, financial condition and prospects of the Group.

Any inability to negotiate adequate compensation for terminated and repurchased concessions or the breach by government entities of their obligations to compensate concession companies in those circumstances could reduce the future revenues of Sacyr.

The Concession Companies derive most of their revenues from operations conducted under their concession agreements. Under the relevant public laws, the governments of the countries in which their concessions are located may unilaterally terminate or repurchase concessions in the public interest, subject to judicial supervision. However, to date there have not been any such unilateral terminations or any repurchases of Sacyr's toll road concessions. If a governmental authority exercises its option to terminate or repurchase some of Sacyr's concessions, in general Sacyr would be entitled to receive the compensation provided by law or contract to cover its anticipated profits for the remaining duration of the concession agreements. Each contract may have different provisions regarding the compensation provided by the relevant authority in the event of early termination of the concession. Depending on each contract's terms and conditions, recovery of its investment might be limited to capped construction costs and land acquisition costs. If it is unable to negotiate adequate compensation for terminated or repurchased concessions, the revenues of the Concession Companies in the future may be reduced, and the business, results of operations, financial condition and prospects of the Group may be materially adversely affected. Additionally, Sacyr cannot make any assurances that the relevant governmental authorities will honor their compensation undertaking towards Sacyr. Moreover, Sacyr is subject to the risk that the law which sets forth the compensation to be paid in case of early termination of the concession is amended in such a way that it reduces the potential compensation Sacyr is entitled to receive in case of termination. Likewise, in certain other cases, governmental authorities may decide to terminate Sacyr's concession agreements due to a serious violation of its contractual obligations.

Difficulties in obtaining the necessary land rights could delay certain Sacyr concession projects or lead to increased development costs.

In order to build or extend the toll roads or develop the infrastructure assets for the concessions in which Sacyr has an interest, it must obtain the necessary land rights to carry out such development. Sacyr may seek to obtain such land rights through market transactions, though it often relies on governmental authority to expropriate the land on which the relevant infrastructure asset is to be constructed. In Spain, Sacyr generally manages the land acquisition and expropriation process itself, subject to the approval of the relevant government authorities. Laws regarding transfer of land rights and land expropriation, and therefore the costs and process associated with such transfer or expropriation, vary from jurisdiction to jurisdiction.

The Concession Companies may be adversely affected by changes in laws governing land transfer and land expropriation, or be exposed to the risk of compulsory purchase cost overruns. They may also incur delays in connection with the transfer of the necessary land rights or with the land expropriation process, which could delay the commencement of operations on their toll roads. In addition, the Concession Companies have in the past been, and may in the future be, subject to legal claims in connection with carrying out land expropriation orders, which have, in the past resulted, and could, in the future result, in additional costs in connection with defending against such claims and have, in the past delayed, and could, in the future delay, development of the relevant infrastructure assets. Delays or increases in costs for obtaining the necessary land rights could have a material adverse effect on its business, financial condition and results of operations.

The Concession Companies are subject to risks related to their contracts with government or public entities.

Sacyr's toll road concessions are granted by government or public authorities and are subject to special risks, including the risk that the sovereign government will take action contrary to the Group's rights under the concession agreement, for example by unilaterally terminating, amending or expropriating the concessions in the public interest. As stated above, Sacyr seeks to operate in developed nations where the risk that the sovereign government will take actions of such nature tends to be low, but Sacyr cannot give any assurance that the relevant governments will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially adversely affect its business. Any such action, which could include the expropriation of the assets of the Concession Companies, could be taken by a relevant government with or without compensation to Sacyr and this could have a material adverse effect on the business, results of operations and financial condition of Sacyr.

The Concession Companies depend to a significant extent on the continued availability of attractive levels of government subsidies and soft public financing.

The concession industry depends to a significant extent on the continued availability of attractive levels of government subsidies and incentives to attract private investments. Such subsidies can be granted for the construction and/or operation of toll roads or other concession's assets. There is a risk that political developments, such as a change in government or governmental policy, could result in subsidized sources of financing becoming unavailable and this could have a material adverse effect on the business, results of operations, financial condition and prospects of Sacyr.

Reduced vehicle use on the toll roads operated by Sacyr's toll road concession companies could adversely affect Sacyr's business, results of operations, financial condition and prospects.

If the Concession Companies are unable to maintain an adequate level of vehicle traffic on their toll roads, the Group's toll receipts and profitability will suffer. The tolls collected by the Concession Companies on their toll roads depend on the number of vehicles using such toll roads, the capacity of their portfolios to absorb traffic and their tariffs. In turn, traffic volumes and toll receipts depend on a number of factors, including the quality, convenience and travel time on toll-free roads or toll roads that are not part of the Group's portfolio, the quality and state of repair of the toll roads, the economic climate and fuel prices, the occurrence of natural disasters such as earthquakes and forest fires, meteorological conditions in the countries in which the Concession Companies operate (particularly in Canada), environmental legislation (including measures to restrict motor vehicle use), and the viability and existence of alternative means of transportation, such as air and rail transport, buses and urban mass transportation.

In addition, competition from alternative transport routes could affect the volume of traffic on the toll roads operated by the Concession Companies. In certain cases, the creation of new roads which create an alternative transport route to a toll road may give the concession company the right to require that the economic balance of their concessions be restored and request compensation. However, an increase in the number and convenience of alternative routes could reduce traffic on the toll roads they operate to a greater degree than that for which they receive compensation.

If the Concession Companies are unable to maintain an adequate level of traffic, the business, results of operations and financial condition of Sacyr may be adversely affected.

Tariff rate increases on the toll roads operated by the Concession Companies are limited to inflation under some of their concession agreements.

The revenue generated from Sacyr's toll road business is dependent in part on its tariff rates and the tariff structure is usually established under each individual concession agreement. In certain cases, the Concession Companies have limited or no ability to independently raise tariffs beyond the rate of inflation. During the life of a concession, the relevant government authority may also unilaterally impose additional restrictions on the tariff rates. Whilst the Concession Companies may be able to negotiate compensation from the government authority for changes to their tariff structures, or renegotiate their concession terms in general, the Concession Companies cannot guarantee the success of their negotiations with the relevant government authority.

Sacyr has substantial investments and indebtedness, many of which are related to costs incurred during the design and construction phase. Sacyr covers these investments and indebtedness principally from its toll road receipts. If the assumptions underlying Sacyr's financial models prove to be incorrect and the revenues generated are not sufficient to cover its costs, Sacyr may be unable to successfully adjust the operating parameters due to inflexible concession terms or reduce its costs to remain profitable, which would have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects of the Group.

The public may react negatively to toll collection and periodic tariff readjustments or public pressure may cause the relevant government to challenge the tariffs set by the Concession Companies.

Although the Concession Companies have not yet encountered any major problems with motorists reacting adversely to its tariffs, for example, by avoiding tolls or refusing to pay tolls, such problems might arise in the future, resulting in lower traffic volumes and reduced toll revenues. These problems could be further aggravated by a perception that the Concession Companies are unable or unwilling to effectively recover tolls and fees from motorists who fail or refuse to pay. In addition, adverse general public opinion may result in pressure to restrict their tariff increases. If public pressure or government action forces the Concession Companies to restrict their tariff increases or reduce their tariffs, and they are not able to secure adequate compensation to restore the economic balance of the relevant concession agreement, Sacyr's business, results of operations and financial condition could be materially adversely affected.

Any delays in toll road construction could have a material adverse effect on Sacyr's business, results of operations and financial condition.

Certain risks are inherent in the large-scale construction projects currently being undertaken by Sacyr, such as shortages or increases in the cost of materials and labor, general factors affecting economic activity and financing, malfeasance by its contractors and sub-contractors and disruptions, either resulting from adverse weather conditions or from technical or environmental problems. Construction delays will delay the time at which revenues from a toll road concession are received by Sacyr and will reduce the revenue-generating lifetime of the concession. These factors could increase Sacyr's costs and reduce its revenues and, particularly if Sacyr is unable to pass on some or all of these costs under the terms of its concession agreements, could materially adversely affect Sacyr's business, results of operations, financial condition and prospects.

Sacyr's growth may be limited by its inability to obtain new sites and expand existing ones.

Sacyr's ability to maintain its competitive position and meet its growth objectives for its operations in Sacyr's concession activity depends on Sacyr's ability to upgrade existing sites or acquire or lease additional sites in strategically located areas. Sacyr's ability to obtain new sites and expand existing sites is limited by

regulation and geographic considerations. Government restrictions, including environmental, public health and technical restrictions, limit where Sacyr's facilities and plants can be located.

Risks relating to the Services and Industrial Business Division

Sacyr could be held liable for environmental damage resulting from its operations and its insurance for environmental liability may not be sufficient to cover that damage.

Significant liability could be imposed on Sacyr for damages, clean-up costs or penalties in the event of certain discharges into the environment and/or environmental contamination and damage. This is of particular importance in the case of landfills, where costs of sealing are very high and are subject to heavy increases due to changes in environmental law. Sacyr's insurance for environmental liability may not be sufficient or may not apply to any exposure to which it may be subject resulting from the type of environmental damage in question.

Any substantial liability for environmental damage could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

The public may react negatively to industrial waste management facilities.

Although Sacyr has not yet encountered any major problems, it may face adverse public opinion in relation to its waste recycling activities near inhabited areas, the expansion of such existing facilities or the construction of new facilities in this business division. Governments responding to public pressure may restrict the current activities of Sacyr or its plans for future expansion, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Sacyr's results from operations are affected by the cyclical nature of the waste management business.

The waste management business is cyclical by nature. The demand for waste management services is connected to general economic conditions. Demand generally increases in times of economic growth and decreases during economic contraction periods. Due to the recent global financial crisis, the level of spending in waste decreased, and Sacyr cannot be sure of a favorable change in spending levels in the coming years. If conditions continue to limit spending in the waste management industry, then the business, results of operations, financial condition and prospects of Sacyr may be adversely affected.

Sacyr's Services and Industrial business division is dependent on the trend toward outsourcing.

Sacyr's business and growth depend in large part on the industry trend toward outsourced certain management services, including environmental services, water services or multi-services. Outsourcing means that an entity contracts with a third party, such as Sacyr, to provide customer contact services rather than perform such services in-house. There can be no assurance that this trend will continue, as organizations may elect to perform such services themselves. A significant change in this trend could have a material adverse effect on Sacyr's business, results of operations, financial condition and prospects.

Sacyr's business may be adversely affected by potential new laws and regulations prohibiting or limiting outsourcing of certain core business activities of Sacyr's clients in key jurisdictions in which Sacyr conducts its business. The introduction of such laws and regulations or the change in interpretation of existing laws and regulations could adversely affect Sacyr's business, results of operations, financial condition and prospects.

Risks relating to the Property Management Business Division

General considerations relating to Sacyr's property investment.

Several factors may affect the economic performance and value of Sacyr properties, including:

- cyclical fluctuations in the property market generally and changes in the national, regional and local economic and political climate;
- local conditions such as an oversupply of similar properties or a reduction in demand for the properties;

- the attractiveness of the property to tenants or residential purchasers;
- decreases in capital valuations of property;
- costs associated with potential investments that do not proceed to completion;
- due diligence may not identify all risks and liabilities in respect of acquisitions or investments;
- dependence on the performance of third party contractors when undertaking development, refurbishment or redevelopment of its assets;
- the ability to collect rent from tenants, on a timely basis or at all;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favorable than current leases;
- changes in availability and costs of financing, which may affect the sale or refinancing of properties;
- risks associated with construction activity at the properties, including delays, the imposition of liens and defects in workmanship;
- covenants, conditions, restrictions and easements relating to the properties;
- changes in governmental legislation and regulations, including but not limited to designated use, allocation, environmental usage, taxation and insurance;
- Sacyr's ability to pay for adequate maintenance, insurance and other operating costs, including taxes, which could increase over time; and
- terrorism and acts of nature, such as earthquakes and floods, that may damage the properties.

The realization of any of the above risks could adversely affect Sacyr business, results of operations, financial condition and prospects.

The rental income of the properties of Sacyr may decline.

Sacyr's performance is subject to, among other things, the conditions of the commercial property market, as affects the rental income those properties yield.

The Spanish commercial property market and prevailing rental rates may also be affected by factors such as an excess supply of properties, the availability of credit, the level of interest rates and changes in laws and governmental regulations (both domestic and international), including those governing real estate usage, zoning and taxes. In addition, rental rates may also be affected by a fall in the general demand for rental property and reductions in tenants' and potential tenants' space requirements. Spanish property values could decline further and those declines could be substantial, particularly if the economy were to suffer a further recession or the recent increase in demand for Spanish real estate were to fade. Further declines in the performance of the Spanish economy or the Spanish property market could have a negative impact on consumer spending, rental non-payment, levels of employment, rental revenues and vacancy rates and, as a result, have a material adverse effect on Sacyr's business, financial condition, results of operations and prospects. All of these factors are outside of the control of Sacyr.

These factors could also have a material effect on Sacyr's ability to maintain the occupancy levels of the properties it acquires through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to maintain or increase rents over the longer term. In addition, significant expenditures associated with a property, such as taxes, service charges and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, Sacyr's income and cash receipts could be materially adversely affected. Declines in rent and demand for space might render refurbishment and redevelopment investments unattractive.

Any deterioration in the Spanish commercial property market, for whatever reason, could result in declines in market rents received by Sacyr, in occupancy rates for Sacyr's properties, in the carrying values of Sacyr's property assets and the value at which it could dispose of such assets. Any of the above may have a material adverse effect on Sacyr's business, financial condition and results of operations.

Property valuation is inherently subjective and uncertain.

The success of the Property Management business division depends significantly on the ability of Sacyr to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of Sacyr's property assets also have a significant effect on Sacyr's financial standing on an on-going basis and on its ability to obtain financing. The valuation of property and property-related assets is inherently subjective, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate (particularly in periods of volatility or low transaction flow in the commercial real estate market), and in part because of the individual nature of each property.

In determining the value of properties, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, existence of deleterious materials, plant and machinery conditions, environmental matters, permits and licenses, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets Sacyr acquired or may acquire and thereby have a material adverse effect on the Issuer's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations have been or will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income proves to be attainable.

To the extent valuations of Sacyr's properties do not fully reflect the value of the underlying properties, whether due to the above factors or otherwise, this may have a material adverse effect on the Issuer's business, results of operations and financial condition and prospects.

Rental revenues obtained by Sacyr will depend upon the financial stability of Sacyr's tenants.

The financial stability of Sacyr's tenants may affect its financial performance. Tenant defaults could result in a significant reduction in rental revenues, which could require Sacyr to contribute additional capital or obtain alternative financing to meet obligations under any financing arrangements relating to such properties. In addition, the costs and time involved in enforcing rights under a lease with a defaulting tenant, including eviction and re-leasing costs, may be significant. The financial stability of tenants may change over time. Any downgrading of tenants' credit ratings or adverse change in their financial condition may negatively affect the value of property in which such tenants lease space and the amount of rental income from such property.

Sacyr may not be able to renew leases or re-let space on favorable terms, or at all, as leases expire.

The majority of Sacyr's current retail leases are for a term between four and a half and five years. If Sacyr's tenants decide not to renew their leases upon expiration, they may not be able to re-let their space on terms as favorable as those contained in the current leases or at all. If tenants do not renew their leases, Sacyr may need to expend significant time and money to attract replacement tenants. If Sacyr cannot promptly renew the leases or re-let the relevant space, or if the rental rates upon renewal or re-letting are significantly lower than the expected rates, then Sacyr's business, results of operations, financial condition and prospects, may be adversely affected. In addition, in connection with any renewal or re-letting, Sacyr may incur costs to renovate or remodel the space. Consequently, Sacyr's operating income could be reduced.

Real estate developments are relatively illiquid.

Investments in real estate are relatively illiquid and are generally more difficult to realize than other investments. Such illiquidity may affect Sacyr's ability to dispose of or liquidate all or parts of their projects in

a timely manner and at satisfactory prices in response to changes in the economic or political environment, the real estate market or other conditions. This could have an adverse effect on Sacyr's business, results of operations, financial condition and prospects.

The appraised value of Testa Inmuebles en Renta, S.A. ("Testa") real estate portfolio may not accurately reflect the current market value of its assets.

At least once a year Testa engages independent appraisers to prepare a valuation of all assets that form part of its property portfolio. While such independent appraisers carry out their valuation applying mainly objective market criteria to each of such assets, real estate valuation is inherently subjective and relies on a number of assumptions based on the features of each property. In the event that certain information, estimates or assumptions used by such independent appraisers turned out to be inaccurate or incorrect, this could cause their valuations of its real estate portfolio to be materially incorrect and may require such valuations to be revised. Moreover, a downward revision may require Testa to include a provision in its annual accounts if the resulting valuations are less than the net book value of such assets.

The assets comprising Testa's property portfolio were valued by CBRE and TH (each with respect to a portion of its assets, based on different valuation methods) at an aggregate amount of approximately €1,180 million at December 31, 2014 and €1,287 million at December 31, 2013 (these amounts assume latent gains of €1,055 million and €96 million at December 31, 2014 and December 31, 2013, respectively). However, the market value of real estate assets could decrease due to a number of factors, such as increases in the risk premium leading to lower than expected returns, Testa's inability to obtain or maintain necessary licenses, decline in demand, planning and zoning developments, regulatory changes, and other factors, some of which may be beyond its control.

The valuation of Testa's property portfolio may serve as an estimate or an indication of the price at which a property would sell, but the specific price at which the property may sell can only be determined by negotiation between a willing buyer and seller. Furthermore, such valuations should not be regarded as an estimate or indication of the price at which Sacyr's or Testa's shares will trade on the Spanish Stock Exchanges. Investors are cautioned not to place undue reliance on such statements. Any downward revision of Testa's real estate portfolio or a decrease in the market value of Testa's real estate assets could have an adverse effect on Sacyr's business, results of operations and financial condition and prospects.

Risks relating to the Notes

The Notes are not rated.

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's operating results, financial condition or prospects.

The Issuer may redeem the Notes for tax reasons.

The Issuer may redeem all of the Notes, but not some, only pursuant to Condition 6(b) in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or

deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax.

On any such redemption for tax reasons, Noteholders would receive the principal amount of the Notes that they held, together with interest accrued on those Notes up to (but excluding) the date fixed for redemption. As with the optional redemption feature of the Notes referred to above, it may not be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate. See “Terms and Conditions of the Notes - Redemption and Purchase - Redemption for Taxation and Other Reasons”.

Notes subject to optional redemption by the Noteholders.

Upon the occurrence of a Change of Control or a Tender Offer Triggering Event (as defined in the “Terms and Conditions of the Notes - Definitions”), if a Noteholder so requests, the Issuer will be required to redeem in whole (but not in part) the Notes subject to the notice on the Relevant Event Redemption Date, at their principal amount. If any such Change of Control or Tender Offer Triggering Event were to occur and if any such Noteholder so requests, there can be no assurance that the Issuer would have sufficient funds available at the time to pay the price of the outstanding Notes subject of the notice. See “Terms and Conditions of the Notes - Redemption and Purchase - Redemption at the option of Noteholders”.

As the Notes are registered with Iberclear investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes have been registered with Iberclear. Consequently, no physical notes have been or will be issued. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within Iberclear’s account-based system. The investors are therefore dependent on the functionality of Iberclear’s account-based system.

Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities in Iberclear (the “Iberclear Members”) as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligations under the Notes by making payments through Iberclear. Noteholders must rely on the procedures of Iberclear and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book entries and registries as described in the previous paragraph. In addition, the Issuer has no responsibility for the proper performance by Iberclear or their participants of their obligations under their respective rules and operating procedures.

A summary of clearance and settlement procedures applicable to book-entry notes in Spain is described in summary of clearance and settlement procedures applicable to book-entry notes.

Modification and waivers.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law.

The Conditions are based on English law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

Title to the Notes as described in Condition 2 (*Title and Transfer*), transfer of the Notes as described in Condition 2 (*Title and Transfer*), the status of the Notes as described in Condition 3 (*Status*), the provision of Condition 11 (*Syndicate of Noteholders and Modification*) in Section 5 (*Terms and Condition of the Notes*) are based on Spanish law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Spanish law or administrative practice after the date of this Prospectus.

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although the Notes have been registered with Iberclear as managing entity of the Spanish Central Registry and application has been made for admission to listing and trading on AIAF, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes and a failure to obtain such listing may have a negative impact on the market value of the Notes.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates.

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "Market Interest Rate"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

Risks relating to taxation

Risks relating to Spanish withholding tax.

Article 44 of Royal Decree 1065/2007, of July 27, 2007, as amended by Royal Decree 1145/2011, of July 29, 2011, sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014, dated June 26, 2014, on regulation, supervision and solvency of credit institutions ("Law 10/2014"). The procedures apply to interest deriving from preferred securities (*participaciones preferentes*)

and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than 12 months.

According to the plain wording of section 4 of article 44 of Royal Decree 1065/2007, of July 27, 2007, as amended by Royal Decree 1145/2011, of July 29, 2011, income derived from securities originally registered with Iberclear will be paid by the Issuer net of Spanish withholding tax (currently at a rate of 20% and 19% as from January 1, 2016 onwards) if the recipient of the payment is an individual resident in Spain for tax purposes and subject to Spanish Individual Income Tax. The Issuer will not pay any additional amounts in respect of any such withholding tax.

On the other hand, interest payments made by the Issuer in respect of the Notes for the benefit of non-Spanish tax resident investors, or for the benefit of Spanish Corporate Income Tax taxpayers, will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a "Payment Statement"), in accordance with section 4 of article 44 of Royal Decree 1065/2007, of July 27, 2007, as amended by Royal Decree 1145/2011, of July 29, 2011, with the following information:

1. Identification of the Notes.
2. Total amount of the income paid by the Issuer.
3. Amount of the income corresponding to individuals residents in Spain that are PIT taxpayers.
4. Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, currently at the rate of 20% and 19% as from January 1, 2016 onwards.

Should this occur, affected beneficial owners would receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the tenth calendar day of the month immediately following the relevant payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

EU Savings Directive.

EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain other types of entity established in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the

Savings Directive, as amended by the Amending Directive. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by January 1, 2016, which legislation must apply from January 1, 2017. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by the Fiscal Agent, the Issuer may be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive to the extent is operative or feasible.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians or intermediaries with care, and provide each custodian or intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive.

The proposed Financial Transactions Tax (“FTT”).

On 14 February 2013, the European Commission published a proposal (the “Commission’s proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary’ market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Risks arising in connection with the Spanish Insolvency Law

Law 22/2003 of 9 July, on Insolvency, as amended (the “Spanish Insolvency Law”) regulates court insolvency proceedings, as opposed to out-of-court liquidation, which is only available when the debtor has sufficient assets to meet its liabilities.

Declaration of insolvency.

In the event of insolvency of a debtor, insolvency proceedings can be initiated either by that debtor or by its creditors. In the event that such debtor files the insolvency petition, a “voluntary” insolvency (*concurso voluntario*), such debtor shall provide evidence of the situation of insolvency (whether actual or imminent insolvency). The directors of such debtor company shall request the insolvency within two months from the moment they knew, or ought to have known, of the insolvency situation.

A debtor may file for insolvency (or file with the insolvency court a communication under 5 Bis of the Spanish Insolvency Law informing that it has commenced negotiations with its creditors to agree a refinancing agreement or an advanced proposal of settlement agreement (*convenio*), to obtain an additional period of three months to negotiate with its creditors) as a protective measure in order to avoid (i) the attachment of its assets or (ii) certain enforcement actions that could be taken by its creditors.

An insolvency petition may be filed in relation to more than one company on a coordinated basis where, for instance, such companies belong to the same group of companies.

Upon receipt of an insolvency petition by a creditor, the insolvency court may issue provisional interim measures to protect the assets of a debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The insolvency court will issue a court order either rejecting the petition or declaring the insolvency. In the event of declaration of insolvency, the insolvency court order will appoint a court administrator or receiver (*administración concursal*) (“receiver”) and will order the publication of such declaration of the insolvency in the State Official Gazette (*Boletín Oficial del Estado*). The declaration of insolvency shall be also filed with the Commercial Registry (*Registro Mercantil*) and the Public Registry of Insolvency (*Registro Público Concursal*).

Certain effects of the insolvency declaration.

The general rule is that the declaration of insolvency shall not affect the continuity of the business activity of a debtor company other than in the terms expressly set out in the Spanish Insolvency Law.

In case of voluntary insolvency (*concurso voluntario*), a debtor company will usually maintain administrative control of its affairs, however, the management decisions will be subject to the receiver’s authorization. In case of necessary insolvency (*concurso necesario*), the receiver will usually assume the administration of the debtor company, unless the insolvency court decides otherwise.

Unless otherwise provided by certain specific rules applicable to a certain type of contracts (e.g. insurance or financial collateral agreements), creditors will not be able to accelerate the maturity of their credits based only on the declaration of the insolvency (*declaración de concurso*) of a debtor. Any provision to the contrary will be null and void.

The debt will cease to accrue interest from the declaration of insolvency, except for such debt secured with security rights in rem (such as the Notes), and up to, the amount obtained from the enforcement of the security.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of a debtor and its creditors, the law extends the jurisdiction

of the court dealing with insolvency proceedings, which is, then, legally authorized to handle any enforcement proceedings or interim measures affecting a debtor's assets (whether based upon civil, labor or administrative law).

Classification of the company's debts.

The court order declaring the insolvency of the debtor shall contain an express request for the creditors to communicate and declare to the receivers any debts owed to them, within a one-month period starting from the date after the publication of the insolvency in the State Official Gazette (*Boletín Oficial del Estado*), providing documentation to justify such credits. Based on the documentation provided by the creditors, the insolvency receivers draw up a list of acknowledged creditors and classify them according to the categories established under Spanish Insolvency Law as follows: (i) debts against the insolvency estate, (ii) debt benefiting from special privileges, (iii) debt benefiting from general privileges, (iv) ordinary debt and (v) subordinated debt:

- (i) Debts against the insolvency estate (*créditos contra la masa*): which are not subject to ranking and will be paid out of the insolvent company's assets (other than those attached to the specially privileged debts) with preference to any other debt. Debts against the insolvency estate may include, among others, (i) certain employees' claims, (ii) costs and expenses of the insolvency proceedings, (iii) certain amounts arising under reciprocal contracts, (iv) certain claims deriving from the exercise of a clawback action (except in cases of bad faith), (v) certain amounts arising from obligations created by law or from the non-contractual liability of an insolvent debtor after the declaration of insolvency and until its conclusion, (vi) 50 per cent. of the new funds granted within the context of certain refinancing agreement meeting the requirements set out under the Spanish Insolvency Law and (vii) certain debts incurred by a debtor following the declaration of insolvency.
- (ii) Debts benefiting from special privileges, representing attachments on certain assets (basically in rem security). These privileges may entail separate proceedings over the related assets, subject to certain restrictions (including a waiting period that may last up to one year unless the security qualifies as financial collateral subject to Royal Decree-Law 5/2005, of 11 of March, on urgent measures to improve the productivity and the public trade (*RDL 5/2005*), implementing the financial collateral directive (Directive 2002/47/EC of the European Parliament and of the council of June 6, 2002 on financial collateral arrangements) in Spain. However, the insolvency court may authorize the sale of the assets/business of the insolvent company before the settlement/liquidation phases subject to certain specific payment rules which do not necessary entail the full recovery of the secured debt.
- (iii) Debts benefiting from general privileges, including, among others, certain labor debts, certain taxes, debts arising from non-contractual liability, up to 50 per cent. of the debt owed to the creditor who applied for insolvency or new money granted pursuant to a refinancing agreement that comply with certain requirements set out under the Spanish Insolvency Law in the amount not admitted as a debt against the insolvency estate (*crédito contra la masa*).
- (iv) Ordinary debts (non-subordinated and non-privileged creditors) will be paid on a pro-rata basis.
- (v) Subordinated debts (thus classified by virtue of law) include, among others, (A) credits which have been contractually subordinated; and (B) those credits held by parties in special relationships with a debtor: in the case of an individual, his/her relatives; in the case of a legal entity, any shareholders holding more than 5 per cent. (for companies which have issued securities listed on an official secondary market) or 10 per cent. (for companies which have not issued securities listed on an official secondary market) of the share capital and companies pertaining to the same group as such debtor and their common shareholders, provided that such shareholders meet the minimum shareholding requirements set forth before and the insolvent company's directors, de facto directors, liquidators and general attorneys and those holding any of such capacities during the two years prior to the insolvency declaration. Subordinated creditors are second-level creditors; they cannot vote on a settlement agreement (but are bound by the contents of the

settlement agreement) and will be paid only if and after all privileged and ordinary debts have been fully satisfied.

The Spanish Insolvency Law has been recently amended by virtue of Royal Decree-Law 4/2014, of 7 March and Royal Decree-Law 11/2014, of 5 September (the “recent amendments”) whereby, inter alia, a new regime for certain pre-insolvency refinancing agreements and settlement agreements has been set forth. In particular, according to such recent amendments, certain judicially-sanctioned refinancing agreements and settlement agreements (*convenio*) reached by a debtor in an insolvency scenario are capable of binding dissenting (including absentee) unsecured and secured creditors of financial indebtedness (“dissenting creditors”) *vis-à-vis* such debtor. Whether dissenting creditors are bound by a judicially-sanctioned refinancing agreement or a settlement agreement depends on the level of support received from the various types of creditors.

Claw back regime.

The acts performed and agreements entered into by a debtor company within the two years immediately preceding the declaration of insolvency may be set aside by the court upon the petition of the receivers or the creditors if such acts are considered to be prejudicial to the company’s asset base. The burden of proof is on the receivers or the creditors, as the case may be, alleging that such acts were prejudicial. However:

- (i) certain acts and agreements are presumed to be prejudicial to the company’s assets base, without any possibility for the parties to file evidence against this presumption (this is applicable in the case of gifts and early payments of unmatured debts which are not secured with a right in rem);
- (ii) in respect of certain acts and agreements (such as, for instance, the creation of security in respect of pre-existing obligations other than certain real estate security, onerous contracts entered into with certain related persons, or early payments of unmatured debts secured with a right in rem) the burden of proof is reversed, and the burden of proof is on the creditor(s) to rebut, to the court’s satisfaction, the presumption that the company’s asset base was prejudiced through those acts and agreements; and
- (iii) transactions made within the company’s ordinary course of business cannot be rescinded on the basis of being prejudicial to the company’s asset base.

The main consequence of rescission is that the reciprocal obligations must be restored and the receivable of the creditor (if any) will be classified as a debt of the insolvency estate (please see paragraph (i) of “*Classification of the company’s debts*” above) unless the court finds that the creditor acted in bad faith, in which case its claim will be classified as a subordinated debt.

The above remedy is without prejudice to the possibility to rescind those acts and contracts entered into by the company (i) in fraud of creditors during the previous four years or (ii) as null and void (*acción de nulidad*) being this later action, as a declarative one, subject to no statute of limitation period.

The agreements in relation to the Notes could be challenged if, amongst others things, those transactions were deemed to have been prejudicial, as explained above.

2. DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published and have been filed with the CNMV, are incorporated in, and form part of, this Prospectus: the audited consolidated annual accounts, the notes to the audited consolidated annual accounts, the Auditor's reports as of and for the years ended December 31, 2013 and December 31, 2014 of the Issuer, together with the directors' report in respect of the latter, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU") (available on Sacyr's website: www.sacyr.com in section *Shareholders Channel/Financial Information* and on the CNMV website: www.cnmv.es) and the responses to the requests for information submitted by the CNMV in relation to the audited consolidated annual accounts for the year ended December 31, 2013 (available on the CNMV website: www.cnmv.es).

The documents referred to above are original Spanish versions. The English translations of such documents are available on Sacyr's website (www.sacyr.com in section *Shareholders Channel/Financial Information*), except the responses to the requests for information submitted by the CNMV in relation to the audited consolidated annual accounts for the year ended December 31, 2013, which are available only in Spanish and on the CNMV website. The Issuer confirms that such translations are accurate translations of the original Spanish text.

Copies of documents incorporated by reference in this Prospectus are available as long as the Notes are outstanding from the registered office of the Issuer.

3. DESCRIPTION OF THE ISSUER

General Information

Sacyr, S.A., (“Sacyr” or the “Issuer”) whose commercial name together with its Group is “Sacyr”, was incorporated in Madrid on July 5, 1921 as a corporation (*sociedad anónima*) for an indefinite period under the name of “Compañía Madrileña de Contratación y Transportes, S.A.” and on July 25, 2013 it changed its corporate name to “Sacyr, S.A.”. Its tax identification number (*CIF*) is A-28013811 and it is currently registered in the Mercantile Register of Madrid in volume 1884, sheet 61, page M-33841 and entry 677.

The Issuer’s current registered office is located at Paseo de la Castellana, 83-85, 28046 Madrid, Spain.

The information related to the Issuer included in this section has been extracted from the audited consolidated annual accounts of Sacyr as of and for the years ended December 31, 2013 and December 31, 2014.

The Issuer complies with most of the recent amendments to the Spanish Royal Legislative Decree 1/2010, of July 2, by virtue of which it is approved the consolidated text of the Spanish Companies Law (*Real Decreto Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the “Spanish Companies Act”) passed on December 2014. The Issuer will approve in the next General Shareholders’ Meeting the remaining changes which are required under the Spanish Companies Act, as amended in December 2014, and certain technical improvements and amendments to its bylaws.

Share capital and major shareholders

As of December 31, 2014, the Issuer’s issued and paid-up share capital was €502,212,433 made up of 502,212,433 ordinary shares with a nominal value of €1 each, represented by book entries and forming a single class.

On April 24, 2014 Sacyr carried out an accelerated share capital increase for a total amount of €166,243,195.78, in cash, of which €36,297,641 corresponded to nominal value and €129,945,554.78 to share premium. The subscription price of the ordinary shares was €4.58 per share. A total of 36,297,641 new shares were issued, of the same class and series than the existing outstanding shares. Sacyr’s number of shares was increased to 502,212,433. The newly issued shares represented 7.79% and 7.23% of Sacyr’s share capital before and after the share capital increase, respectively.

On April 24, 2014, Sacyr issued convertible bonds for a total amount of €250 million, maturing on May 8, 2019. The bonds were issued at par value, with nominal value of €100,000 each. The Bonds bear annual nominal interest of 4%, payable on a quarterly basis. The bonds are convertible into newly issued ordinary shares of the Company and/or exchangeable for already existing shares after 41 days from the date of disbursement and until the tenth day before the prepayment date. Sacyr may choose, upon each bond conversion request, whether to issue new shares or deliver existing shares. The initial convertible price of the bonds was €5.725. The bonds are traded at the secondary organized non-regulated market, of the Stock Exchange of Frankfurt (Freiverkehr).

The Issuer’s shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the “Spanish Stock Exchanges”) and quoted on the Automated Quotation System (“AQS”) of the Spanish Stock Exchanges since 1953. The shares of the Issuer are included in the following indexes: Ibex 35, IGBM, MSCI World Index USD, MSCI Euro Index, DJ Euro Stoxx Price Euro, DJ Stoxx 600 Price, Ethical Index Euro and FTSE Europe Ex UK.

As at the date hereof, and pursuant to the notices filed with the CNMV the significant shareholders of the Issuer are:

<u>Name</u>	<u>Stake (%)</u>
-------------	------------------

Name	Stake (%)
PRILOU, S.L. (1)	3.16
PRILOMI, S.L. (1)	4.66
CYMOFAG, S.L. (2)	5.27
DISA CORPORACIÓN PETROLÍFERA, S.A. (3)	12.07
Others	59.36
GRUPO CORPORATIVO FUERTES, S.L	5.79
BETA ASOCIADOS, S.L.	5.08
TAUBE HODSON STONEX PARTNERS LLP	4.61

(1) Prilou, S.L. also holds an indirect stake through Prilomi, S.L.

(2) Mr. Manuel Manrique Cecilia holds an indirect stake of 5.272% through Cymofag, S.A.

(3) Disa Corporación Petrolífera, S.A. is represented in the Board of Directors by Mr. Demetrio Carceller Arce.

To the extent known to Sacyr, no direct or indirect shareholder, acting individually or in concert with others, controls the Issuer.

Board of Directors

The Board of Directors of the Issuer, as at the date hereof, is composed of the following fourteen directors:

Name	Position
Manuel Manrique Cecilia	Chairman and CEO
Demetrio Carceller Arce	1 st Vice Chairman
Matías Cortés Domínguez	Director
Diogo Alves Diniz Vaz Guedes	Director
PRILOU, S.L. (represented by José Manuel Loureda Mantiñán)	Director
PRILOMI, S.L. (represented by José Manuel Loureda López)	Director
BETA ASOCIADOS, S.L. (represented by José del Pilar Moreno Carretero)	Director
GRUPO SATOCÁN DESARROLLO, S.L. (represented by Juan Miguel Sanjuán Jover)	Director
CYMOFAG, S.L. (represented by Gonzalo Manrique Sabatel)	Director
GRUPO CORPORATIVO FUERTES, S.L. (represented by Tomás Fuertes Fernández)	Director
Augusto Delkader Teig	Director
Juan María Aguirre Gonzalo	Coordinator-Director
Javier Adroher Biosca	Director

Name	Position
Raimundo Baroja Rieu	Director
Gerardo Manso Martínez de Bedoya	Vice Secretary (non-Director)
Elena Otero-Novas Miranda	Secretary (non-Director)

The business address of the members of the Board of Directors is Paseo de la Castellana, 83-85, 28046 Madrid, Spain.

The table below sets out the companies in which the members of the Board of Directors carry out other activities outside the Issuer, which are significant with respect to the Issuer:

Name	Entity	Position/Title
Manuel Manrique Cecilia	- Repsol, S.A.	- 2 nd Vice Chairman
	- Testa Inmuebles en Renta, S.A. (Group company)	- Director
	- Sacyr Construcción, S.A. (Group company)	- Director
	- Valoriza Gestión, S.A. (Group company)	- Director
	- Sacyr Concesiones, S.L. (Group company)	- Chairman
	- Inchisacyr, S.A. (Group company)	- Chairman
	- Sacyr Vallehermoso Participaciones Mobiliarias, S.L. (Group company)	- Representative of the sole director Sacyr, S.A.
	- Sacyr Gestión de Activos, S.L. (Group company)	- Representative of the sole director Sacyr, S.A.
	- Somague SGPS, S.A. (Group company)	- Vice Chairman
Demetrio Carceller Arce	- Sociedad Anónima Damm (Group Company)	- Chairman
	- Ebro Foods, S.A.	- Vice Chairman
	- Gas Natura SDG, S.A.	- Director
Diogo Alves Diniz Vaz Guedes	- Somague Engenharia, S.A.	- Director
Juan María Aguirre Gonzalo	- Quantop Investments, SICAV, S.A.	- Director
	- Mallorquina de Títulos, SICAV, S.A.	- Chairman
	- Gardama de Inversiones, SICAV, S.A.	- Director
Raimundo Borja Rieu	- Sociedad Anónima Damm	- Director

The Board of Director's regulations, which govern its organization and functioning provide for three committees to perform its functions:

The Executive Committee

The Executive Committee has all the Board's powers delegated other than those reserved exclusively for the Board by law or by company's bylaws or the Board's own regulations. The current composition of the Executive Committee is the following:

Name	Position
Manuel Manrique Cecilia	Chairman
Demetrio Carceller Arce	Director
PRILOU, S.L. (represented by José Manuel Loureda Mantiñán)	Director
Elena Otero-Novas Miranda	Secretary

The Audit Committee

The Audit Committee is in charge of dealing with matters (unless they correspond to the General Shareholders' Meeting or the Board of Directors) related to: (i) the appointment of the statutory auditor, in accordance with the relevant regulations; (ii) overseeing the drafting process and the integrity of the financial information of Sacyr and the Group; (iii) reviewing compliance with regulations; (iv) delimitation of the scope of consolidation and application of accounting criteria; (v) supervising the effectiveness of Sacyr's internal control, internal control, internal audit, where applicable, and reviewing risk management and internal controls systems to ensure that major risks are identified, managed and properly brought to light; (vi) discussing with the auditor any major weaknesses in the internal control system detected during the audit process; (vii) overseeing the drafting and presentation of the regulated financial statements; (viii) liaising with the auditor, receiving any information on certain issues that could jeopardize the independence of the auditor and any other issues relating to the audit process, and (ix) receiving information and maintaining communication with the auditor as required in the relevant audit legislation.

The current composition of the Audit Committee is the following:

Name	Position
Juan María Aguirre Gonzalo	Chairman
GRUPO SATOCÁN DESARROLLOS, S.L. (represented by Juan Miguel Sanjuán Jover)	Director
Diogo Alves Diniz Vaz Guedes	Director
Raimundo Baroja Rieu	Director
Elena Otero-Novas Miranda	Secretary

Appointments and Remuneration Committee

The Appointments and Remuneration Committee assesses the professional background and evaluates the suitability of candidates for membership of the Board of Directors and Board committees. The Committee ensures that Board candidates have the required solvency, skills and experience.

The current composition of the Appointments and Remuneration Committee is the following:

Name	Position
Augusto Delkader Teig	Chairman

Name	Position
Matías Cortés Domínguez	Director
Demetrio Carceller Arce	Director
PRILOU, S.L. (represented by José Manuel Loureda Mantiñán)	Director
GRUPO CORPORATIVO FUERTES, S.L. (represented by Tomás Fuertes Fernández)	Director
Elena Otero-Novas Miranda	Secretary

Sacyr believes that no conflicts of interest exist between the duties of the members of its Board of Directors and/or committees and their private interests or other duties, other than as disclosed in Sacyr's audited consolidated annual accounts and its annual corporate governance report. In the event that any such conflicts of interest arise, Sacyr manages them in accordance to its internal rules and policies.

Sacyr's History

Sacyr (previously, Sacyr Vallehermoso, S.A.) is a multinational and diversified infrastructures and services company listed on the Ibex 35 index, among the fifteen largest companies in the world in management and operation of infrastructure in 2013 (*Source: Report ENR "The Top 250 International Contractors" dated September 2013 and "Public Works Financing" dated October 2013*) and among the seven largest companies in the world in terms of capital invested in projects (excluding debt) in 2013 (Infrastructure Companies) (*Source: "Public Works Financing" October 2013*). Sacyr resulted from several mergers overtime, as described below:

- **Sacyr Vallehermoso, S.A.** was incorporated in 1921 under the name "Compañía Madrileña de Contratación y Transportes, S.A." and on 1953 started its activity as real estate developer. It changed its original name to Vallehermoso, S.A. and began to acquire and build urban properties for lease or sale. In 1989 it merged with Corporación Inmobiliaria Hispamer, S.A. and Inmobanif, S.A., forming a company with greater geographical diversification, while extending its traditional business in the fields of housing, offices and commercial premises to include developing shopping centers, hotels and car parks. It became the leading Spanish real estate company in the nineties. The group reorganized in 2000 and converted into a holding company with three dependent companies: Vallehermoso División Promoción, S.A.U., Vallehermoso Renta, S.A. and Valoriza S.A., which engaged in residential development, property-owning and services, respectively.
- **Prima Inmobiliaria, S.A.** was incorporated in 1974 under the name "Coslada Edificios Comerciales, S.A.". It changed its name to Prima Inmobiliaria, S.A. in 1987. In 2001 it merged with Vallehermoso's property-owning division (Vallehermoso Renta, S.A.) becoming Testa Inmuebles en Renta, S.A., one of Spain's top property-owning real estate firms.
- **Sociedad Anónima Caminos y Regadíos, S.A.** was incorporated in 1986, with a business model based on construction, mainly civil works. It changed its name to Sacyr, S.A. in 1991. In 1996 it moved into the contracting business and since then it has increased its presence in the sector, while also diversifying its construction business moving into new areas such as building, real estate and services. In 2002 it became the holding company of the group, while Sacyr Concesiones, S.A. focused in concession business and Sacyr, S.A.U. focused on construction.

On May 28, 2002 Sacyr, S.A. acquired 24.5% of Vallehermoso, S.A., and subsequently, thereafter, on January 29, 2003 the Boards of Directors of Sacyr, S.A. and Vallehermoso, S.A. approved a merger project that was submitted for approval and approved by both companies' General Shareholders Meetings on April 3, 2003. The merger process was effected on June 2, 2003 and Sacyr Vallehermoso, S.A. shares started trading on the same date. The aim of the merger was to create a diversified construction group with complementary business lines, some activities generating cash flow (construction and residential development) while others generating revenues and high margins (property-owning and infrastructure concessions), all of them coupled with a diversified services division.

Sacyr's Business and Group Structure

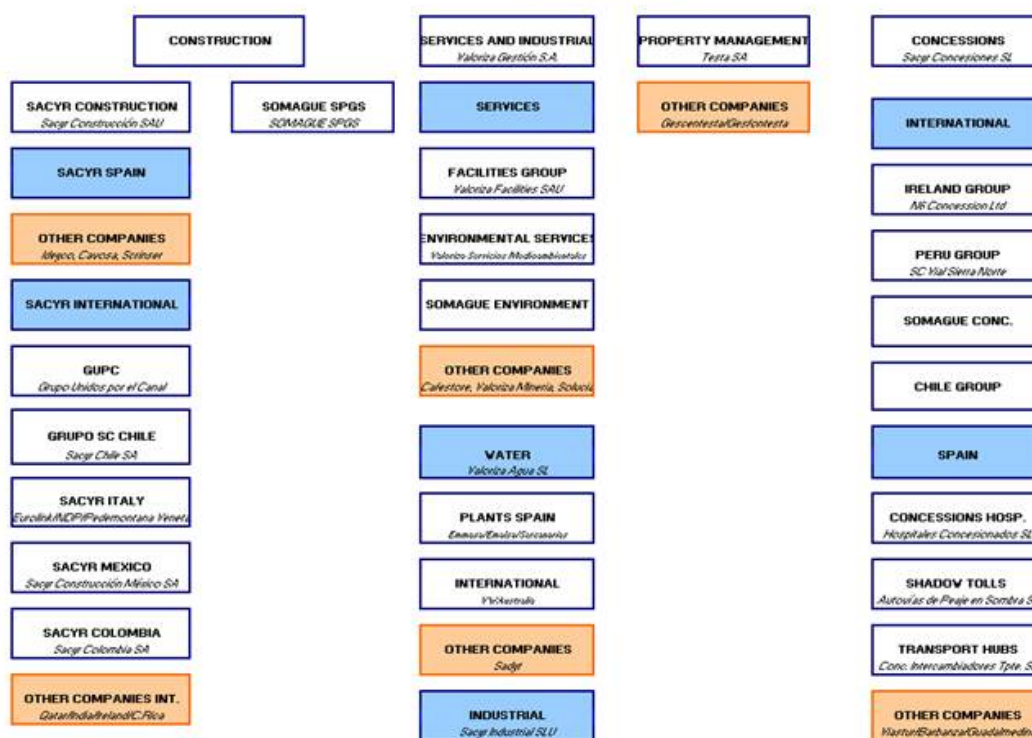
Sacyr is a diversified group, focused on innovation and international expansion in all its areas. Sacyr has developed overtime a global business focused on internationalization as the engine for growth coupled with a local perspective when required. Such vision has allowed it to become one of the world leaders in the building and management of infrastructures and industrial projects, property rental and services. In 2013 it became one of the 50 largest companies in export figures in that year (*Source: "Report ENR 2013"*). Sacyr has activities and operations in over 20 countries across the five continents, working through subsidiaries in Ireland, United Kingdom, Portugal, Italy, Chile, Peru, Panama, Brazil, Colombia, Bolivia, Mexico, Australia, India, Israel, Qatar, Mozambique, Cape Verde, Angola, Togo, Algiers and Libya, among others.

Sacyr undertakes its activities through four large business divisions: (i) Construction; (ii) Concessions; (iii) Services and Industrial; and (iv) Property Management. Business divisions are divided in additional areas of activity as follows:

CONSTRUCTION	CONCESSIONS	SERVICES AND INDUSTRIAL	PROPERTY MANAGEMENT
Sacyr Construcción	Sacyr Concesiones	Valoriza	Testa
CONSTRUCTION Roads/Highways Railways Hydraulic Airports Building (non residential) Hospitals	CONCESSION Motorways Hospitals Transport Hubs Metro Lines Airports Service Stations	SERVICES AND INDUSTRIAL Industrial Construction Energy Environment Facility Management Water Conservation Public Services	PROPERTY MANAGEMENT Offices Hotels Commercial Housing rental Industrial Homes for the elderly Parking Facilities

Sacyr is structured as a holding company, with sub-holdings for each of the business divisions. At December 31, 2014, the Group comprised the Issuer as holding company and two hundred and eleven companies, one hundred and thirty one of which were subsidiary companies and the remaining eighty were associate companies.

The corporate structure chart below shows the Group's sub-holdings ("Sub-Holdings") for each of the business divisions.



The table below sets out the entities that head up each business division and each business division's revenue, EBITDA and backlog on a consolidated basis as of and for the years ended December 31, 2014 and 2013:

As of and for the year ended December 31

Segments	Holding Company	Revenues				EBITDA ⁽¹⁾				Backlog ⁽²⁾			
		2014 ⁽³⁾	%	2013 ⁽⁴⁾	%	2014 ⁽³⁾	%	2013 ⁽⁴⁾	%	2014 ⁽³⁾	%	2013 ⁽⁴⁾	%
		<i>(millions of euros)</i>				<i>(millions of euros)</i>				<i>(millions of euros)</i>			
Construction	Sacyr Construcción, S.A.	1,697	58%	1,613	60%	104	27%	98	33%	4,987	19%	4,396	16%
Concessions	Sacyr Concesiones, S.L.	419	14%	307	11%	78	20%	73	25%	11,403	43%	12,244	45%
Services and Industrial	Valoriza Gestión, S.A.	926	32%	992	37%	72	19%	96	33%	8,677	33%	9,292	34%
Property Management	Testa Inmuebles en Renta, S.A.	188	6%	217	8%	146	38%	215	73%	1,193	5%	1,415	5%
Holding and adjustment		(329)	-11%	(457)	-17%	(18)	-5%	(188)	-64%	-	-	-	-
Total		2,901	100%	2,672	100%	382	100%	294	100%	26,260	100%	27,347	100%

Notes:

- (1) "EBITDA" is earnings before interest, taxes, depreciation and amortization, impairment losses and asset disposals. The tables below show the EBITDA reconciliation for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31, 2014					
	Construction	Concessions	Services and Industrial	Property Management	Holding and consolidation adjustments	Total
EBITDA reconciliation	<i>(millions of euros)</i>					
Operating results	69	105	41	121	(21)	315
Depreciation and amortization	24	16	37	30	7	114
Impairment of goodwill	0	0	0	0	0	0
Changes in traffic provisions	11	(42)	3	0	(4)	(32)
Changes in provisions for intangible and tangible assets and order book	0	(4)	(11)	(13)	0	(28)
Provisions associated with other operating expenses	0	3	2	8	0	13
EBITDA	104	78	72	146	(18)	382

	Year ended December 31, 2013					Total
	Construction	Concessions	Services and Industrial	Property Management	Holding and consolidation adjustments	
EBITDA reconciliation	<i>(millions of euros)</i>					
Operating results	75	39	40	160	(246)	68
Depreciation and amortization	25	17	44	37	8	131
Impairment of goodwill	0	0	0	0	0	0
Changes in operating provisions	(4)	3	(1)	0	50	48
Changes in provisions for intangible and tangible assets and order book	2	14	13	18	0	47
Provisions associated with other operating expenses	0	0	0	0	0	0
EBITDA	98	73	96	215	(188)	294

(2) Backlog is defined as the part of the contracts signed pending execution.

(3) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.

(4) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

Sacyr's internationalization strategy started at the end of 1996 channeled through the contracting business. Internationalization was initially undertaken on the back of the construction business. Sacyr later expanded the concessions business internationally starting with the operation of motorways in Chile. In 2000 this was further complemented by Sacyr becoming the largest shareholder of Somague Engenharia, S.A. ("Somague"), a leading Portuguese construction firm, with operations in both Portugal and Brazil. Overtime, Sacyr has, selectively, been moving into new markets in search of growth, both in terms of revenues and profitability to gain a competitive advantage. As a result of its geographical expansion and business diversification, Sacyr currently has a broad and diversified client base and no significant dependence on any individual client.

Sacyr's international presence has significantly grown over the last decade, becoming a multinational with operations on every continent. As a result of that strategy, 42% of Sacyr's revenue was generated outside of Spain in 2013 and increased by 26% in 2014. International revenue amounted to €1,427 million as of December 31, 2014 while domestic revenue amounted to €1,473 million. International revenue as of December 31, 2013 amounted €1,132 million and domestic revenue amounted to €1,540 million. Therefore domestic revenue decreased in a 4.3% from 2013 to 2014 while international revenue increased in a 26%. In relative terms, the change of consolidation method arising from IFRS-EU 11 resulted in a decrease in the weight of international activity on revenue since the revenue of Grupos Unidos por el Canal (*i.e.* the consortium led by Sacyr, which is in charge of the design and construction of the third set of locks of the Panama Channel) ("GUPC") and a number of concessions in Ireland, Portugal and Italy are no longer consolidated. In particular, in May 2011, the International Accounting Standards Board issued new accounting standard IFRS-EU 11 "Joint Arrangements" which replaces IAS 31 "Interests in Joint Ventures". Adoption of IFRS-EU 11 is mandatory for accounting periods beginning on or after January 1, 2014 under IFRS-EU. The main impact on the preparation of our financial results from the application of IFRS-EU 11 is that GUPC is being accounted for under the equity method from January 1, 2014 onwards, and, therefore, a substantial part of our total assets,

financial debt, revenue and EBITDA is accounted for by the equity method commencing on January 1, 2014 instead of the proportional consolidation method which was applied before this change. The figures as of December 31, 2013 included hereto are those that have been restated and included as comparative prior period figures in the 2014 consolidated accounts, as required by IFRS-EU.

As of December 31, 2014, 44% of the backlog is comprised by the total value of work to be performed outside Spain. Sacyr's backlog is defined as the part of the contracts signed with either public and private sector customers pending execution. Sacyr's backlog is revisited on a quarterly basis and adjusted for the work already performed or additional work to be performed, costs incurred or changes in currency exchanges rates. In the case of Sacyr's Concession business division, backlog reflects the estimated euro value associated with operating the concessions over the concessional period, as estimated in Sacyr's internal financial models for each concession, revisited annually and adjusted for inflation estimates.

The table below sets out Sacyr's gross assets and revenues' distribution by geographical area as of and for the years ended December 31, 2014 and December 31, 2013:

As of and for the year ended

	Gross assets		Revenues	
	2014 ⁽¹⁾	2013 ⁽²⁾	2014 ⁽¹⁾	2013 ⁽²⁾
Holding	0	39,619	32,510	27,766
Spain.....	0	39,619	32,510	27,766
Construction				
Spain.....	214,205	223,555	466,580	702,966
Chile	22,141	23,784	447,484	257,942
Mexico.....	23,099	11	19,954	1,110
Costa Rica	0	0	131	293
Italy	0	0	118,056	123,831
Panama	0	0	30,920	23,554
Portugal	148,986	142,612	57,219	128,524
Others	26,639	24,032	111,934	12,255
Togo	451	437	42,433	12,009
Brazil.....	1,867	1,718	59,342	43,680
Cape Verde.....	14,141	13,943	21,265	29,864
Angola.....	24,209	15,694	319,690	274,288
Ireland	37	37	2,036	2,919
Total.....	475,775	445,823	1,697,044	1,613,235
Concessions				
Spain.....	951,715	954,594	37,046	69,107
Chile	10,987	4,967	328,654	202,265
Portugal	190	186	23,937	35,407
Ireland	3,915	3,920	1,256	0
Costa Rica	0	0	0	20
Peru	42	0	28,283	0
Mexico.....	9	8	0	0
Colombia.....	5	2	0	0
Total.....	966,863	963,677	419,176	306,799
Services and Industrial				
Spain.....	567,801	583,108	835,778	786,992
Portugal	190,232	195,732	33,646	38,042
Brazil.....	0	285	2,390	6,221
Algeria.....	3,715	3,705	10,085	12,704
Israel.....	0	0	20,882	0
Colombia.....	3,372	0	0	0
Australia	131	77	12,268	37,437
Chile	143	98	52	15,483
Others	152	42	10,753	94,933
Total.....	765,546	783,047	925,854	991,812
Property Management				
Spain.....	0	0	187,977	196,742
France.....	0	0	0	16,629
USA.....	0	0	0	3,238
Total.....	0	0	187,977	216,609
Consolidation Adjustments.....	(130,076)	(121,537)	(361,836)	(483,910)
TOTAL	2,078,108	2,110,629	2,900,725	2,672,311

Notes:

- (1) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.
- (2) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

Construction Business Division

Summary

The Group carries out all types of civil and building works for public and private sector customers. Building works comprise the erection of buildings both residential and non-residential including in the latter category offices, hotels, as office buildings, hotels, hospitals, or other institutional buildings. These activities are mainly carried out through Sacyr Construcción, S.A.U. (“Sacyr Construcción”) in Spain and Chile, Somague in Portugal and SISS.C.P.A. (“SIS”) in Italy. We offer services related to all stages of the construction process. The Construction business division is a strategic business for the Group, as it generates cash flow, has growth potential and allows the creation of synergies with other strategic activities, such as property management or infrastructure concessions.

Sacyr’s construction activities are primarily composed of civil works, with special focus on high technological and added-value works. Civil works accounted for 71% of the revenues of Sacyr Construcción in 2014 and 66% in 2013. Remaining activities that comprise non-residential construction, services and others accounted for 29% (28% and 1%, respectively) in 2014 and 34% (33% and 1%, respectively) in 2013. In the past Sacyr Construcción carried out major activities in the development space including both residential and non-residential. Such activities have been negligible for the years 2013 and 2014. On a selective basis though, Sacyr undertakes the construction and management of singular buildings, most of which are non-residential constructions, such as Airbus’ parking located in Getafe, Hotel Sol S’ Argamassa, Construcción Sede BLOKIT, and Centro Integral Servicios IBERMUTUAMUR.

Civil works

- **Road infrastructure works:** Sacyr engages in road infrastructure works (i.e. roads, dual carriageways and motorways), including the construction, design and maintenance of highways, toll roads and conventional dual-carriageway roads. Key completed projects include Las Pedrizas Motorway in Spain, Salerno-Reggio Calabria motorway in Italy and the N6 and M50 Motorways in Ireland.
- **Railways, metro and transit rails infrastructure:** Sacyr also designs and builds railways, metro and transit rails infrastructure and related civil infrastructure, including platforms, bridges, tracks, underground and at grade stations depots and maintenance centers. To date, we have executed two projects. Sacyr strengthened its presence in Brazil through its subsidiary Somague, as a result of been awarded a new contract for São Paulo Metro (Brazil) for a total sum of €502 million. The project will involve the constructing Lot 1 of the section of Green Line 2 between Vila Prudente and Dutra for the São Paulo Metropolitan company together with other consortium members. The project envisages the construction of a double-track tunnel of 7.8 km in length and 11.65 m in diameter using a TBM (Tunnel Boring Machine); a series of tunnels of 1.8 km in length for parking convoys; the Vila Formosa station; five ventilation shafts of between 12 and 15 meters in diameter, and a permanent platform superstructure. Sacyr is currently completing the construction works of the second phase of line 3 of the light railway of the city of Guadalajara (Mexico) for an amount of €51.78 million.
- **Airport infrastructure:** Sacyr provides a full range of airport infrastructure and associated civil infrastructure, including runways, taxiways, platforms, aprons, terminal buildings and auxiliary buildings construction. Examples of airport construction works include the construction of two towers with twenty five floors each in Luanda and the second extension of the outdoors cleaning service “Lado Tierra” and “Lado Aire” of the Adolfo Suarez – Barajas airport.

- **Hydraulic works:** Sacyr undertakes the full range of hydraulic works, including dams, canals, conduits, pipes, *etc.* subterranean works such as tunnels and sewers and the full range of harbor infrastructure and related civil and maritime works, including breakwater construction, dredging works, pontoon construction and foundation works. Sacyr has participated in some projects in Spain such as the construction of seawalls at Valencia's port.
- **Port infrastructure:** Sacyr provides a full range of port infrastructure and related civil works, including construction, expansion and maintenance. Sacyr has completed the North expansion of Valencia port, which consisted on the execution of a new 3,385 meters long breakwater; the expansion of the Panama channel, and the expansion of the Barcelona port.

In 2014 civil works accounted for 84.8% of the total construction business conducted by Sacyr in terms of backlog and in 2013 89.7%. In 2014, revenues amounted to €1,697 million, a 5% increase with respect to 2013. Sacyr's strategy is to be awarded technically complex projects where the range of potential competitors is smaller, thus enabling the boost of its operating margins. Examples of such projects undertaken during 2013 and in 2014 are the following:

Main projects awarded in 2014:

- In Brazil, the construction of a batch 1 of the underground in Sao Paulo (*i.e.* a section of line 2 between Vila Prudente and Dutra) for an amount of €502.14 million. This project was awarded to a consortium which includes Somague.
- In Chile, (i) the construction and operation of the urban highway "Américo Vespucio Oriente" for an amount of €305.1 million; and (ii) the construction of the second phase of the "Santiago Centro Oriente Plan" (Costanera Norte) for a total amount of €175.52 million.
- In Mexico, the construction of the second phase of line 3 of the light railway of the city of Guadalajara for an amount of €151.78 million.
- In Angola, the construction of 2 towers of 25 floors each, as well as a shopping center in the business and leisure center of "Kinaxixi MXD" in Luanda for an amount of €151.02 million.

Main projects awarded in 2013:

- In Mozambique, refurbishment and improvement works of three railways sections of the Nacala corridor, for the multinational mining Brazilian company Vale. The project involves an estimated investment of €177 million.
- In Brazil, the integration project of the San Francisco River, for an amount of €88.55 million. This included the execution of civil works, installation, assembly and operation of the systems, as well as the construction works required for finalizing the existing tranches.
- In Qatar, (i) the construction of a batch of roads and infrastructures in the municipality of Rayyan for an amount of €70 million; and (ii) urbanization and construction works of roads and infrastructure in the North and East regions of Khessa, located in the municipality of Al Dayeen for an amount of €65 million.
- In Angola, the construction of a combustible supply center for an amount of €4.46 million and other activities in the airport of Soyo, located in the Zaire province for an amount of €6.45 million.
- In Peru, (i) the construction of two hydroelectric plants, for an amount of €59 million, which covers the project, construction, provision of technical equipment, electromechanical assembly and the operation of the hydroelectric plants; and (ii) the construction, improvement and operation of the new "Longitudinal" road in la Sierra, between the localities Cajamarca and La Libertad in Peru, for an amount of €400 million.

- In Ireland, the operation and maintenance of 161 kilometers of non-toll roads in the metropolitan area of Dublin for an amount of €5 million.

Customers and type of contracts

Sacyr's Construction business division customers are composed both by public sector customers and private customers. Also Sacyr's group entities are one of the major clients of this division. As of December 31, 2014, public sector customers accounted for 76% of the total outstanding receivables of the Construction business division excluding intercompany receivables; and as of December 31, 2013 public sector customers accounted for 76% of total outstanding receivables excluding intercompany receivables.

Division results of operations and backlog

Revenues for the Construction business division for the year ended December 31, 2014 were €1.7 billion, which represents 58% of Sacyr's total revenue. The backlog at December 31, 2014 totaled €4.9 billion. Revenues for the Construction business division for the year ended December 31, 2013 were €1.6 billion, which represents 60% of Sacyr's total revenue. The backlog at December 31, 2013 totaled €4.4 billion.

The table below sets out the revenues, EBITDA and backlog for the Construction business division as of and for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31					
	Revenues		EBITDA ⁽¹⁾		Backlog ⁽²⁾	
	2014 ⁽³⁾	2013 ⁽⁴⁾	2014 ⁽³⁾	2013 ⁽⁴⁾	2014 ⁽³⁾	2013 ⁽⁴⁾
	<i>(millions of euros)</i>		<i>(millions of euros)</i>		<i>(millions of euros)</i>	
Sacyr Construcción	1,697	1,613	104	98	4,987	4,396

Notes:

- (1) "EBITDA" is earnings before interest, taxes, depreciation and amortization, impairment losses and asset disposals.
- (2) Backlog is defined as the part of the contracts signed pending execution.
- (3) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.
- (4) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

The table below sets out the revenues and EBITDA for the key selected construction companies of the Group (i.e. the holding companies of the Construction Business division) as of and for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31			
	Revenues		EBITDA⁽¹⁾	
	2014⁽²⁾	2013⁽³⁾	2014⁽²⁾	2013⁽³⁾
	<i>(millions of euros)</i>		<i>(millions of euros)</i>	
Sacyr Construcción	1,143	1,096	62	56
Grupo Somague SGPS	554	517	42	42
Total.....	1,697	1,613	104	98

Notes:

- (1) "EBITDA" is earnings before interest, taxes, depreciation and amortization, impairment losses and asset disposals. The tables below show the EBITDA reconciliation for the years ended December 31, 2014 and December 31, 2013:

EBITDA reconciliation	Year ended December 31, 2014	
	Sacyr Construcción	Grupo Somague SGPS
	<i>(millions of euros)</i>	
Operating results	45	24
Depreciation and amortization	13	11
Changes in traffic provisions	4	7
Provisions associated with other operating expenses	-	-
EBITDA	62	42

EBITDA reconciliation	Year ended December 31, 2013	
	Sacyr Construcción	Grupo Somague SGPS
	<i>(millions of euros)</i>	
Operating results	39	36
Depreciation and amortization	15	10
Impairment of goodwill	-	-
Changes in operating provisions	-	(4)
Changes in provisions for intangible and tangible assets and order book	2	-
Provisions associated with other operating expenses	-	-

Year ended December 31, 2013

EBITDA reconciliation	Sacyr Construcción	Grupo Somague SGPS
EBITDA	56	42

(2) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.

(3) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

Sacyr's Construction business division international strategy continued in 2014, with international business growing 35% in terms of revenue as compared to 2013. In 2014, international activities on the construction on business accounted for 73% of sales and 83% of backlog, while in 2013 they accounted for 56% of sales and 80% of backlog.

Sacyr total construction backlog as of December 31, 2014 amounted to €4.9 billion, which represented a 13.44% increase compared to €4.4 billion as of December 31, 2013. Geographical distribution of backlog is as follows: (i) domestic construction activities amounted €835.2 million as of December 31, 2014 and €892 million as of December 31, 2013, representing a 6.4% decrease; and (ii) international construction activities, amounted €4.2 billion as of December 31, 2014, and €3.5 billion as of December 31, 2013, representing a 18.48% increase.

In terms of activities as of December 31, 2014, civil works and building works backlog represented 85.64% and 14.36%, respectively, of the international construction backlog; and 80.68% and 19.32%, respectively, of the domestic construction backlog. Of the international building works backlog, only 5.96% came from residential building and the remaining 94.04% came from non-residential building; and of the domestic building works backlog, 15.54% came from residential building and the remaining 84.46% came from non-residential building. As of December 31, 2013, civil works and building works backlog represented 92.07% and 7.93%, respectively, of the international construction backlog; and 80.76% and 19.24%, respectively, of the domestic construction backlog. Of the international building works backlog, 22.10% came from residential building and the remaining 77.90% came from non-residential building; and of the domestic building works backlog, 20.16% came from residential building and the remaining 79.84% came from non-residential building.

The table below sets out the backlog (defined as the part of the contracts signed pending execution) by project type for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31	
	<i>(millions of euros)</i>	
	2014	2013
Domestic Construction	835.2	892.0
Civil works	673.8	720.4
Building works	161.5	171.6
Residential building	25.1	34.6
Non-residential building	136.4	137.0
International Construction	4,152.2	3,504.5
Civil works	3,556.0	3,226.7
Building works	596.2	277.8
Residential building	35.6	61.4

	Year ended December 31	
	<i>(millions of euros)</i>	
	2014	2013
Non-residential building	560.6	216.4
Total Construction	4,987.5	4,396.5

Strategy

Sacyr's Construction business division strategy is focused on:

- Boosting profitability and consolidating Sacyr's extensive experience on hi-tech projects, including tunnels, desalination and water treatment plants, cutting-edge engineering, and a solid presence abroad;
- Maintaining steady growth and increasing Sacyr's share of markets worldwide, working alongside local partners;
- Increase penetration levels, with customization and excellence as the drivers to success.
- Analyzing potential areas of expansion in new markets; and
- Maintaining steady margins and giving priority to profitability rather than volume.

Concessions Business Division

Summary

The Group's concessions business started in 1996 when the Group was awarded its first concession in Chile, the Los Vilos – La Serena section of Route 5. The concession portfolio continued to expand subsequently through awards and acquisitions in Spain and abroad, and also on privatization processes.

The sale of a number of investees making up Itinere Infraestructuras, S.A. ("Itinere") was completed in 2009, resulting in Sacyr keeping stakes in twenty five concessions under construction and in the ramp-up stage, in addition to non-motorway concessions (service stations, transport hubs, airports and hospitals). Sacyr sold Itinere in 2008 to Citi Infrastructure Partners, but remained as a major player in the concession space keeping at that time over twenty concessions that were contributed in 2008 to a newly created company, Sacyr Concesiones, S.L. ("Sacyr Concesiones"). Sacyr Concesiones is currently the Group's vehicle for its infrastructure concession business. Sacyr Concesiones promotes, develops and manages various types of concessions including all types of transport infrastructure in EU and South America, focusing primarily on "greenfield" projects and provides operation and maintenance services within a single package.

The Concession business division, mainly comprises toll roads, motorways and road concessions and operation of hospitals, though Sacyr Concesiones also holds interest in some other concessions. As of December 31, 2014 Sacyr had, through Sacyr Concesiones, a portfolio of thirty-two concessions spread across six countries (Spain, Portugal, Italy, Chile, Ireland and Peru), of which twenty-six were operational and eight were under construction. These include:

- Twenty-one toll roads, motorways and road concessions, located in the EU and South America, as follows: Spain (eleven concessions), Chile (six concessions), Portugal (one concession), Ireland (one concession), Italy (one concession), and Peru (one concession).
- Seven hospital concessions, located in the EU and South America, as follows: Madrid (three concessions), Portugal (three concessions) and Chile (one concession);
- Two transport hub concessions located in Madrid;
- One subway concession located in Tenerife; and

- One concession of roads maintenance located in Ireland.

The table below shows the activity of the Concessions Business division as of December 31, 2014:

Concessionaires	% of ownership ⁽¹⁾	Owner	Description
Somague Concessoos, S.A.	100.00%	Sacyr Concesiones, S.L.	Operation of Braga, Azores and Vila Franca hospital concessions; and of Brisal direct-toll motorway
Autovía del Noroeste Concesionaria de la CARM, S.A. (AUNOR)	100.00%	Autovías de Peaje en Sombra, S.L.	Concession of Noroeste shadow-toll motorway
Alazor Inversiones, S.A. (ALAZOR)	25.16%	Sacyr, S.A.	Concession of R-3 and R-5 direct-toll motorways
Sociedad Concesionaria de Palma-Manacor, S.A.	40.00%	Sacyr Concesiones, S.L.	Concession of C-715 Palma Mallorca-Manacor shadow-toll motorway
Inversora de Autopistas del Sur, S.L.	35.00%	Sacyr Concesiones, S.L.	Concession of R-4 direct-toll motorway
Autovía del Turia, Conc. de la Generalitat Valenciana, S.A.	89.00%	Autovías de Peaje en Sombra, S.L.	Concession of CV-35 shadow-toll motorway together with the North intersection of CV-50
Viastru Concesionaria del Principado de Asturias, S.A.	70.00%	Sacyr Concesiones, S.L.	Concession of AS-18 motorway and duplication of AS-17 road
Intercambiador de Transportes de Moncloa, S.A.	100.00%	Conc. Intercambiadores de Transporte, S.L.	Moncloa transport hub
Autovía del Eresma Conc. de la Junta de Castilla y León, S.A.	80.00%	Sacyr Concesiones, S.L.	Construction and operation of Valladolid-Segovia motorway
Autovía del Barbanza Conc. de la Xunta de Galicia, S.A.	90.00%	Sacyr Concesiones, S.L.	Construction and operation of Barbanza shadow-toll motorway
Autopista del Guadalmedina Concesionaria Española, S.A.	70.00%	Sacyr Concesiones, S.L.	Construction and operation of Málaga-Las Pedrizas direct-toll motorway
Hospital de Majadahonda, S.A.	20.00%	Sacyr Concesiones, S.L.	Concession of the Majadahonda hospital
Hospital de Parla, S.A.	100.00%	Hospitales Concesionados, S.L.	Construction and concession
Hospital del Noreste, S.A.	100.00%	Hospitales Concesionados, S.L.	Construction and concession of the Noroeste hospital
Interc. de Transporte de Plaza Elíptica, S.A.	100.00%	Conc. Intercambiadores de Transporte, S.L.	Plaza Elíptica transport hub
Autovía del Arlanzón, S.A.	50.00%	Sacyr, S.A.	Motorway concession
	5.00%	Valoria Conserv. E Infraestr. S.A.	Santo Tomé de Puerto-Burgos
Inversora Autopista de	40.00%	Sacyr Concesiones, S.L.	Concession of the Ocaña-La

Levante, S.L.			Roda direct-toll motorways
Hospital Majadahonda Explotaciones, S.L.	25.00%	Sacyr Concesiones, S.L.	Construction and concession of the Majadahonda hospital
N6 Concession Ltd	100.00%	No Concession Holding Ltd	Construction and concession of tranche N6 Galway-Ballinasloe direct-toll
N6 Operations Ltd	50.00%	Sacyr Concesiones Limited	Maintenance and operation of tranche N6 Galway-Ballinasloe direct-toll
Tenemetro, S.L.	30.00%	Sacyr Concesiones, S.L.	Maintenance and operation of Tenerife subway
S.C. Valles del Desierto, S.A.	60.00%	S.C. Viales Andinas, S.A.	Construction and operation of concessions in Chile
Sacyr Operación y Servicios, S.A.	97.17%	Sacyr Concesiones Chile, S.A.	Construction and operation of concessions in Chile
	2.83%	Sacyr Concesiones, S.A.	
Sociedad Concesionaria Aeropuerto de la Región de Murcia, S.A.	67.33%	Sacyr Concesiones, S.L.	Construction in Spain
Sociedad Concesionaria Valles del Bio Bio, S.A.	51.00%	S.C. Viales Andinas, S.A.	Construction and maintenance of the Concepción-Cabrero motorway
Sociedad Concesionaria Rutas del Desierto, S.A.	51.00%	S.C. Viales Andinas, S.A.	Construction and maintenance of Iquique public works
Sociedad Concesionaria Ruta del Algarrobo, S.A.	99.00%	S.C. Viales Andinas, S.A.	Construction and maintenance of Ruta Norte works
	0.003%	Sacyr Concesiones Chile, S.A.	
	0.003%	Sacyr Chile, S.A.	
S.C. Salud Siglo XXI, S.A.	99.00%	Sacyr Concesiones Chile, S.A.	Construction and operation of the Antofagasta hospital public works
S.C. Ruta del Limari, S.A.	99.99%	S.C. Viales Andinas, S.A.	Construction and operation of Ruta 43 public works
	0.01%	Sacyr Concesiones Chile, S.A.	
S.C. Viales Andinas, S.A.	95.39%	Sacyr Concesiones de Chile, S.A.	Construction and operation of concessions in Chile
	4.61%	Sacyr Chile, S.A.	
S.C. Vespucio Oriente, S.A.	50.00%	Sacyr Concesiones Chile, S.A.	Construction and operation of concessions in Chile
GSJ Maintenance Limited	45.00%	Sacyr Concesiones Limited	Development of engineering, construction and assembly works
Sacyr Concesiones Colombia, S.A.S.	100.00%	Sacyr Concesiones, S.L.	Construction and operation of concessions in Colombia
Sacyr Conc. Participaciones I, S.L.	100.00%	Sacyr Concesiones, S.L.	Construction and operation of infrastructure
S.C. Vial Sierra Norte, S.A.	35.00%	Sacyr Concesiones, S.L.	Construction and operation

	32.00%	Sacyr Concesiones Perú, S.L.	of concessions in Peru
Sacyr Operación y Servicios Perú, S.A.C.	0.004%	Sacyr Concesiones, S.L.	Construction and operation of concessions in Peru
	99.996%	Sacyr Concesiones Perú, S.L.	

Notes:

(1) % of control.

Operational Concessions and Concessions under Development

Operational concessions are concessions which have already been constructed and are in operation. The concessionaire obtains income from the use of such concessions. Concessions under development are concessions currently in the process of being built, which are not operational and therefore, no income is received by the concessionaire.

As of December 31, 2014 Sacyr Concesiones had the following concession projects in operation and under development:

TPOLOGY	TOTAL KM	N° BEDS
Total Sacyr Concesiones projects in operation	1,522	2,356.0
Total Sacyr Concesiones projects under development	1,177	671.0
TOTAL SACYR CONCESIONES	2,799	3,027.0

As of December 31, 2014 Sacyr Concesiones had 8 concessions under development, 1 in Spain, 1 in Italy, 5 in Chile and 1 in Peru.

As of December 31, 2014 Sacyr Concesiones had 25 operational concessions – 15 of these are motorways or roads with a total of 1,507 kilometers. Including one metro line, the total number of operational kilometers is 1,522; 7 hospitals with a total of 2,356 beds; 2 transport hubs; 1 service station manager, and 1 maintenance concession.

As of December 31, 2014 the average remaining weighted life of all our concessions was approximately 26 years.

Activities

A major part of Sacyr's concession portfolio is composed by toll roads, motorways and road concessions that obtain their revenue from the collection of tolls from vehicles circulating on toll motorways, either directly from the users or from the body that awards the concession (in the case of a shadow toll system). Such payments are adjusted annually according to an inflation index. Traffic in all our concessions is tracked by an automated system.

As of December 31, 2014 our portfolio of toll roads, motorways and road concessions was comprised by the following concessions:

CONCESSION	TYPE	MOTOR WAY	LOCATION	COUNTRY	OWNERSHIP INTEREST⁽¹⁾	TOTAL KM
Inversora Autopista de Levante, S.L.	Direct-toll motorways	AP-36	Ocaña-La Roda	Spain	40.00%	177.00
Alazor Inversiones,	Direct-toll motorways	R-3	M-40 -Arganda	Spain	25.16%	31.80

S.A. (ALAZOR)			del Rey			
	Direct-toll motorways	R-5	M-40 Navacarnero	Spain	25.16%	28.90
	Direct-toll motorways	M -50	A-6 -M-409	Spain	25.16%	29.60
Inversora de Autopistas del Sur, S.L.	Direct-toll motorways	R-4, M-50	R-4 (M-50 - Ocaña) M-50 (A-2 A-4)	Spain	35.00%	93.50
N6 Operations Ltd	Direct-toll motorways	N-6	Galway-Ballinasloe	Ireland	50.00%	53.00
SMNL Concessoos Rodoviaras de Portugal S.A. (Somague Concessoos, S.A.)	Direct-toll motorways	Portugal	Autoestrada Litoral Central	Portugal	25.00%	92.00
S.C. Valles del Desierto, S.A.	Direct-toll motorways	Ruta 5	Vallenar-Caldera	Chile	60.00%	221.00
Autopista del Guadalmedina Concesionaria Española, S.A.	Direct-toll motorways	AP-46	Málaga -Alto Las Pedrizas	Spain	70.00%	28.00
Autovía del Noroeste Concesionaria de la CARM, S.A. (AUNOR)	Shadow-toll motorways	C-415	Alcantarilla -Caravaca de la Cruz	Spain	100.00%	62.20
Sociedad Concesionaria de Palma-Manacor, S.A.	Shadow-toll motorways	MA-15	Palma Mallorca -Manacor	Spain	40.00%	43.70
Viastr Concesionaria del Principado de Asturias, S.A.	Shadow-toll motorways	AS-18 / AS-17	Oviedo -Gijón	Spain	70.00%	26.80
Autovía del Eresma Conc. de la Junta de Castilla y León, S.A.	Shadow-toll motorways	CL-601	Cuellar-Segovia	Spain	80.00%	51.98
Autovía del Turia, Conc. de la Generalitat Valenciana, S.A.	Shadow-toll motorways	CV-35	Valencia -Losa del Obispo	Spain	89.00%	52.90
Autovía del Barbanza Conc. de la Xunta de Galicia, S.A.	Shadow-toll motorways	AG-11	Padrón -Ribeira	Spain	90.00%	40.00
Autovía del Arlanzón, S.A.	Shadow-toll motorways	N-I	Santo Tomé del Puerto -Burgos	Spain	50.00%	150.00
GSI Maintenance Limited	Operation and maintenance		Dublín	Ireland	45.00%	270.00

Notes:

(1) % of control.

The average daily traffic measures the average number of vehicles passing a specific point in a 24-hour period. The accumulated average daily traffic of Sacyr's toll road concessions in Spain amounted to 114,961 as of December 31, 2014 and 111,962 as of December 31, 2013, which represented a 2.7% increase in traffic in Spain from 2013 to 2014. The accumulated average daily traffic of Sacyr's toll road concessions in Chile amounted to 10,683 as of December 31, 2014 and 5,013 as of December 31, 2013.

Also a significant part of Sacyr's concession portfolio is composed by hospitals' concessions. This division undertakes the development of the project, construction, funding, maintenance and the management of non-health related services. Sacyr offers the end-to-end management of hospital infrastructure projects. Also, Sacyr engages in hospital facility expansion, and modernization of equipment and enhancement of the healthcare infrastructure.

Sacyr's hospital concession portfolio is composed by 7 hospitals located mainly in Spain and Portugal. The geographical breakdown, including ownership interest and total beds is as follows:

CONCESSION	LOCATION	COUNTRY	OWNERSHIP INTEREST	TOTAL BEDS
Hospital de Parla, S.A.	Parla (Madrid)	Spain	100.00%	180
Hospital del Noreste, S.A.	Coslada (Madrid)	Spain	100.00%	182
Hospital de Majadahonda, S.A.	Majadahonda (Madrid)	Spain	20.00%	764
Escala Braga-Sociedade Gestora do Edifício S.A. (Somague Concessoos, S.A.)	Braga	Portugal	51.00%	704
Haçor-Concessionaria do Edifício do Hospital da Ilha Terceira S.A. (Somague Concessoos, S.A.)	Azores Ilha Terceira	Portugal	39.00%	241
Escala Vila Franca-Sociedade Gestora do Edifício S.A. (Somague Concessoos, S.A.)	Vila Franca de Xira	Portugal	50.99%	280
S.C. Salud Siglo XXI, S.A. (Antofagasta hospital)	Antofagasta	Chile	99.00%	671

Sacyr also operates other concessions, including transport hubs, trams and other concessions as shown in the chart below:

CONCESSION	TYPE	LOCATION	COUNTRY	OWNERSHIP INTEREST	TOTAL KM
Interc. de Transporte de Plaza Elíptica, S.A.	Transport Hub	Plaza Elíptica (Madrid)	Spain	100.00%	NA
Intercambiador de Transportes de Moncloa, S.A.	Transport Hub	Moncloa (Madrid)	Spain	100.00%	NA
Tenemetro, S.L.	Tram	Tenerife	Spain	30.00%	12,50

In 2014 Sacyr's Concession business division accounted for 14% of the total revenues of the Group and 11% in 2013. Such increase was due mainly to the awarding of several projects, an increase in traffic and the contribution of income from construction under concessions awarded in Chile.

Some of the main projects awarded or that entered into operation in 2014 are the following:

- In Chile, the construction and operation of the second phase of the highway "Costanera Norte" for an amount of €75 million, which involves the construction of 9.3 kilometers.
- On November 4, 2014, Sacyr Concesiones started operating the first section of the highway "Rutas del Desierto", located in the region of Tarapacá, Chile. This section, which has a 30 kilometers length, connects the airport with the city entrance of Iquique. The highway will have a total length of 78.4 kilometers and will imply a \$165 million investment. It will be operated for a 32-year term.

Some of the main projects awarded or that entered into operation in 2013 are the following:

- In Peru, the construction, improvement and operation of the new "Longitudinal" road in la Sierra, between the localities Cajamarca and La Libertad in Peru, for an amount of €36.88 million. The project involves, amongst others, the construction of 90 kilometers, the rehabilitation of 460 kilometers, and the operation and maintenance of 875 kilometers, for a term of 25 years.
- In Ireland, the operation and maintenance of 161 kilometers of non-toll roads in the metropolitan area of Dublin. The project involves amongst others, the maintenance of the roads and the assistance in case of incidents.

The concessions under development include, amongst others:

- The construction and operation of the urban highway "Américo Vespucio Oriente" in Santiago de Chile for an amount of €305 million, awarded to Sacyr Concesiones on January 28, 2014. This project amounts to €710 million and it involves the construction of a 9.3 kilometers urban highway with three-lane roads in each direction which runs along the districts of "La Reina", "Las Condes", "Vitacura", "Recoleta" y "Huechuraba".

Other major transactions of Sacyr Concesiones in 2014 are the following

- On November 6, 2014 Sacyr Concesiones entered into a \$290 million facilities agreement with Corpbanca and Banco Santander Chile for the financing of the Antofagasta Hospital, the biggest hospital in Chile. The project involves the design, construction and operation of non-medical services (e.g. power supply, infrastructure maintenance and replacement of medical equipment) for a 15-year term. The hospital is expected to become operational by the end of 2016.
- On March 10, 2014, the Group sold its stake in Metro de Sevilla, the concessionaire of Junta de Andalucía, S.A., to Globalvía Inversiones, S.A.U. The transaction entailed the sale of 415,443 shares, which represented 32.77% of the share capital of Metro de Sevilla.
- On March 14, 2014, Sacyr Concesiones sold 49% of its stake in the concessionaires of the Hospitals of Parla and Coslada (Madrid) to a European infrastructure investment fund of Lloyds Bank, for an amount of €24.6 million. Sacyr Concesiones continues holding 51% of the share capital of the said companies.

Customers and type of contracts

Sacyr Concesiones' customers are mainly toll road users, as well as public entities that assume shadow tolls or the costs derived from the concession in the case of toll roads, motorways and road concessions. In the

case of hospitals, transport hubs, and other facilities, the counterparties are primarily local, regional or governmental entities.

Sacyr operates its concession business through concession agreements. Concession agreements are contracts under which a public sector entity agrees with a private company to construct and operate certain infrastructure for a period of time in consideration for the right to collect tolls (or to be paid shadow tolls by the grantor of the concession). The company is under the obligation of returning such infrastructure works at the end of the concession life.

Toll road concession projects are long-term, capital-intensive projects that can typically be divided into two distinct phases: the construction phase and the operation phase. The construction phase, involving the design and construction of the toll road, typically ranges from two to five years and is characterized by large capital expenditures, during which usually no revenues are received, except for projects that include transferred sections already in operation.

Once the construction phase is complete, the operation phase begins, which involves operating and maintaining the toll road and tolling equipment related to the concession. In a few cases, the operation phase may commence while certain parts of the toll road are still under construction, allowing tolls to be collected on the operational sections of the motorway. The operation phase is characterized by a generally increasing level of revenues as tolls are collected, a lower level of capital expenditures and the incurrence of operating expenses and generally increasing cash flows. Revenues from toll road concessions depend on the tariffs charged, which the relevant governmental authority typically sets in the concession agreement. The tariffs usually increase annually in line with inflation.

Expenses during the operation phase consist principally of financing expenses, which depend primarily on interest rates and operating expenses, which depend primarily on the length and age of the toll road, as well as factors such as traffic volumes and weather conditions. The industry is principally debt-financed, as long-term concession agreements generally provide a basis for non-recourse long-term debt ("project finance"), which results in high financing expenses. However, as the concession matures once the construction phase is over, and a traffic growth pattern is established and its risk profile improves, there are opportunities to refinance.

Sacyr has a young portfolio of toll roads with a weighted average remaining life of more than 28 years. In addition, as its toll roads mature there is potential for increased returns on equity through refinancing and deleveraging.

Division results of operations

In the year ended December 31, 2014, the Group's revenues from the Concession business division were €19 million, representing 14.4% of the Group's total revenues while in the year ended December 31, 2013 the Group's revenues from the Concession business division were €307 million, representing 11.5% of the Group's total revenues.

The backlog from the Concession business division totaled €1.4 billion and €2.2 billion as of December 31, 2014 and December 31, 2013, respectively.

The tables below set out the revenues and EBITDA for each of the concessions as of and for the years ended December 31, 2014 and December 31, 2013:

	As of and for the year ended December 31	
	Revenues	
	2014⁽¹⁾	2013⁽²⁾
	<i>(thousands of euros)</i>	
Holding and operating companies:		
Sacyr Concesiones	1,680	1,801
Sacyr Concessions – Ireland	1,256	1,226
SYV Concesiones Costa Rica	0	20
Somague Concessoos, S.A. – Portugal	92	79
Escala Parque	1,721	1,645
Parque do Novo Hospital – PNH	732	507
Sacyr Concesiones Chile	162	0
Sacyr Operación y Servicios, S.A.	2,975	1,634
Subtotal Holding and operating companies	8,618	6,912
Concessionaires:		
Autovía del Eresma Conc. de la Junta de Castilla y León, S.A.	5,992	5,719
Autopista del Guadalmedina Concesionaria Española, S.A.	10,045	8,060
Autovía del Barbanza Conc. de la Xunta de Galicia, S.A.	6,695	15,678
Viastur Concesionaria del Principado de Asturias, S.A.	6,614	6,541
Neopistas, S.A.U.	1,400	1,550
Hospital de Parla, S.A.	2,218	13,464
Hospital del Noreste, S.A.	2,402	15,068
Hospital Braga (Somague Concessoos, S.A.)	8,983	9,239
Hospital de Vila Franca (Somague Concessoos, S.A.)	12,410	23,937
Sociedad Concesionaria Rutas del Desierto, S.A.	51,017	55,342
Sociedad Concesionaria Valles del Bio Bio, S.A.	91,293	49,471
S.C. Valles del Desierto, S.A.	20,529	27,618
S.C. Salud Siglo XXI, S.A. (Antofagasta hospital)	26,849	2,597
S.C. Ruta del Limari, S.A.	14,781	8,786

Sociedad Concesionaria Ruta del Algarrobo, S.A.	121,048	56,818
S.C. Vial Sierra Norte, S.A.	28,283	-
Subtotal Concessionaires	410,558	299,887
Total	419,176	306,799

Notes:

- (1) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.
- (2) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

As of and for the year ended December 31

	EBITDA⁽¹⁾	
	2014⁽²⁾	2013⁽³⁾
	<i>(thousands of euros)</i>	
Holding and operating companies:		
Sacyr Concesiones	(5,502.83)	(4,044.48)
Sociedades Participadas	(5.20)	(11.25)
Hospitales Concesionados	-	(0.06)
Sacyr Concessions – Ireland	229.38	(493.99)
SYV Concesiones Costa Rica	(5.26)	(89.69)
Sacyr Concesiones Colombia, S.A.S.	(1,008.37)	(527.23)
Somague Concessoos, S.A. – Portugal	1,425.06	1,970.97
Tunel do Marao	0.00	(8.53)
Escala Parque	1,045.73	988.18
Haçor Domur	-	(1.13)
Parque do Novo Hospital – PNH	163.35	237.21
Sacyr Concesiones Peru	(558.63)	(337.62)
Sacyr Concesiones Chile	(1,607.95)	(1,058.51)
Sacyr Operación y Servicios, S.A.	767.72	(385.06)
S.C. Viales Andinas, S.A.	(22.33)	-
Sacyr Concesiones Mexico	(1,150.10)	(558.11)
Sacyr Mexico Servicios	12.30	5.12
Subtotal Holding and operating companies	(6,217.14)	(4,314.17)
Concessionaires:		
Autovía del Eresma Conc. de la Junta de Castilla y León, S.A.	5,933.23	6,148.16
Autopista del Guadalmedina Concesionaria Española, S.A.	7,171.51	4,975.21

Autovía del Barbanza Conc. de la Xunta de Galicia, S.A.	5,495.63	5,432.54
Viastur Concesionaria del Principado de Asturias, S.A.	5,055.35	5,441.30
Neopistas, S.A.U.	60.63	(164.83)
Hospital de Parla, S.A.	1,040.55	6,189.67
Hospital del Noreste, S.A	943.59	5,838.63
Sociedad Concesionaria Aeropuerto de la Región de Murcia, S.A.	(920.03)	(4,589.70)
S.C. Vial Sierra Norte, S.A.	1,159.87	-
Hospital Braga (Somague Concessoos, S.A.)	6,326.53	6,943.59
Hospital de Vila Franca (Somague Concessoos, S.A.)	8,360.62	9,846.49
Sociedad Concesionaria Rutas del Desierto, S.A.	7,247.32	3,561.06
Sociedad Concesionaria Valles del Bio Bio, S.A.	9,777.35	6,212.76
S.C. Valles del Desierto, S.A.	13,063.47	17,988.55
Sociedad Concesionaria Ruta del Algarrobo, S.A.	11,230.34	3,981.74
S.C. Ruta del Limari, S.A.	868.54	65.14
S.C. Salud Siglo XXI, S.A. (Antofagasta hospital)	970.79	79.25
Subtotal Concessionaires	83,785.30	77,959.56
Total	77,568.16	73,645.39

Notes:

- (1) "EBITDA" is earnings before interest, taxes, depreciation and amortization, impairment losses and asset disposals.
- (2) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.
- (3) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

Sacyr's Concession business division strategy was also in line with the internationalization plan on the group. Concession's international backlog represented 45% as of December 31, 2014 (42% as of December 31, 2013).

Sacyr total concession backlog as of December 31, 2014 amounted to €1.4 billion, which represented a 6.87% decrease compared to 2013 that represented an amount of €2.2 billion. Geographical distribution of backlog is as follows: (i) domestic concession activities amounted to €6,307 million as of December 31, 2014 and €7,129 as of December 31, 2013, representing a 11.53% decrease; and (ii) international concession activities, amounted €5,096 million as of December 31, 2014, and €5,116 million as of December 31, 2013, representing a 0.4% decrease.

The table below sets out the geographic distribution of the backlog for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31	
	<i>(millions of euros)</i>	
	2014	2013
Domestic Concessions	6,307	7,129
International Concessions	5,096	5,116
Total Concessions	11,403	12,244

Strategy

The Concession business division strategy is focused on:

- Optimizing Sacyr's current concession handling capacity, moving forward as an expanding business platform for other areas (construction and services).
- Selective additions of top-ranking investors and partners for mature assets and financial partners on projects with major investment undertakings, as soon as projects are awarded.
- Continuing its expansion in markets and geographic regions with the right opportunities and local partners.
- Boosting the deployment of new operating systems geared towards more induced traffic, and improving customer loyalty systems (payment strategies, marketing, *etc*).

Services and Industrial Business Division

Summary

The activities of Sacyr's Services and Industrial business division comprises infrastructure and facility maintenance and management, motorway and road maintenance and service areas, water full cycle management, waste management, urban and services and industrial and utilities, providing an integral services for its clients.

The Group conducts its services and industrial activities primarily through Valoriza Gestión, S.A. ("Valoriza") which serves as holding company of the services companies of the Group. Valoriza has experienced a strong dynamic growth in recent years, underpinned by corporate restructuring. Valoriza focuses in the following four business areas:

- **Environmental Services:** carried out through Valoriza Servicios Medioambientales, S.A. ("Valoriza Medioambiental") focusing on municipal services, waste management, gardening, landscaping restoration work and environmental projects.
- **Water Services:** carried out through Valoriza Agua, S.L.U. ("Valoriza Agua") focusing on providing integrated water cycle management services, production of drinking water, desalination, purification and reuse and reutilization of water.
- **Multi-Services:** comprising a wide range of services such as end to end facilities management, industrial maintenance, servicing and maintenance of motorways, highways and other road systems, maintenance of dams and canals, service stations on motorways and roads, healthcare services and comprehensive hospital management.
- **Industrial Services:** carried out through Sacyr Industrial, S.A. and focusing on engineering activities, EPC activities (engineering, procurement and construction) of energy and industry plants (including construction and operation of thermosolar plants, biomass and cogeneration facilities), and a diverse range of oil & gas, environment and mining and electrical infrastructures.

Environmental Services

The business areas of Valoriza Medioambiental are the following:

- Municipal Services: comprising road cleaning services and concessions, waste collection, gardening and maintenance of green areas and plantations, urban mobility (management of parking meters, car-clamping, priority residential areas, processing of claims, *etc.*), and maintenance of urban infrastructures (underground containers, road conservation, public lighting, maintenance of fountains and sports facilities).
- Waste Treatment and Management Services: Sacyr's experience extends to management of each component of the integral water cycle, including capture, treatment, purification, distribution and collection of waste water and its subsequent treatment to be returned to the environment in optimal condition. Sacyr operates plants processing solid urban waste and containers, transfer plants, plants processing used tyres, construction and demolition waste, organic composting plants, degasification and post-closure maintenance of disposal facilities, biomethanisation plants, incinerators, cogeneration facilities, selected waste fuel plants and energy upgrading facilities, and facilities for treatment, composting and thermal drying of wastewater plant sludge.
- Environmental Regeneration Services: comprising quality control of water, silvicultural treatment and forestry work, landscape restoration, river restoration and bioengineering.

Valoriza Medioambiental services around fifty cities and over 4,800,000 habitants within them. It provides landscape restoration services in over twelve cities. Sacyr also has more than thirty four waste treatment plants in its portfolio.

Despite the decrease in recent years in urban services caused by local authorities' need to adjust their expenditure to a large reduction in income, results have been offset by contracts awarded in 2014, with a revenue of €297.6 million, and EBITDA of €33.7 million as of December 31, 2014. Valoriza Medioambiental's revenue and EBITDA as of December 31, 2013 amounted to €274.9 million and €38.4 million, respectively.

Some of the most significant contracts awarded to Valoriza Medioambiental include:

- Integral public cleaning services contract for roads and green areas with Madrid Town Hall, Lots 2 and 3, an 8-year contract worth €606.35 million.
- Integral mobility contracts with Madrid Town Hall, Lots 3 and 4, a 10-year contract worth €31.71 million.
- Operation of LIPOR's organic waste upgrading plant (Oporto), with an estimated €23.8 million on a 10-year contract.

Water Services

This business line encompasses two main fields of activities: engineering, development, construction, maintenance and operation of all types of water plants (drinking water and water purification plants, desalination plants, tertiary treatment and recycling, industrial wastewater treatment, agricultural treatment, *etc.*) and integrated management of the water cycle under public sector concessions or in the private sector. Revenue stood at €146.1 million, with EBITDA of €7.8 million in 2014 and €236.7 million revenue and €16.6 million EBITDA in 2013.

These activities are carried out by Valoriza Agua in Spain, and serve a total over of three million people, through the twenty five water concessions under management, and through its water plants treats over 1,700 m³/day.

Valoriza Agua's revenue has been negatively affected by recession, although this effect has been partially offset by its activities carried out outside Spain, mainly in Algeria, Australia and Israel.

Major activities of this division include integrated water cycle management in Santa Cruz de Tenerife through the subsidiary Emmasa, and management of Emalsa, a company providing integrated drinking water

distribution in Las Palmas de Gran Canaria. Valoriza Agua also has a contract for integrated water cycle management in Alcalá de Henares (Madrid) and the water supply concession for the city of Guadalajara.

In terms of project development and execution, Valoriza Agua operates through its wholly-owned subsidiary Sadyt, a leading player in desalination and water treatment.

Some of the most significant contracts awarded to Valoriza Agua include:

- Operation and Maintenance of the Viveros Wastewater Purification Plant -North Madrid for canal Gestión, S.A., on a contract over four (4) years' worth €13.9 million.
- Operation and Maintenance of the La Gavia Wastewater Purification Plant - South Madrid for Canal Gestión, S.A., on a contract over four (4) years' worth €9.1 million.
- Operation and Maintenance of the Torrejón Wastewater Purification Plant - Madrid Peripheral Region for Canal Gestión, S.A., on a contract over four (4) years' worth €4.9 million.

Multi-services

Valoriza Multiservicios provides comprehensive facilities management, industrial maintenance, roadway network maintenance as well as healthcare and hospital management. Valoriza Multiservicios handles its business through three companies: (i) Valoriza Facilities, S.A. ("Valoriza Facilities") (ii) Valoriza Conservación de Infraestructuras, S.A. ("Valoriza Conservación e Infraestructuras") and (iii) Cafestore, S.A. ("Cafestore").

Valoriza Facilities

Valoriza Facilities carries out facility management activities, as well as cleaning, ancillary services, energy services and socio-sanitary services of public buildings (e.g. Ministries, universities, airports). In 2014, revenues of Valoriza Facilities reached €284.6 million, an increase of 5.4% as compared to 2013; and EBITDA totaled €18.1 million as of December 31, 2014, a decrease of 11.2% as compared to 2013.

Some of the most significant contracts awarded to Valoriza Facilities include:

- A service contract to provide non-health services at the Puerta de Hierro Majadahonda University Hospital in Madrid, a 5-year contract worth €32 million.
- A four-year service contract to provide cleaning stations on lines 3, 6 and 11 of the Madrid metro, worth €1.8 million.
- A two-year service contract to provide services to the University of Málaga, worth €17.6 million.

Valoriza Conservación de Infraestructuras

Valoriza Conservación de Infraestructuras is Sacyr's specialist in maintaining and operating infrastructures.

Valoriza Conservación de Infraestructuras' backlog amounted to €9 million and €32 million on 2013 and 2014. Valoriza Conservación de Infraestructuras invoiced revenue of €40 million and EBITDA of €8 million as of December 31, 2014.

In 2014 Valoriza Conservación de Infraestructuras carried out maintenance works of a dam, two networks with more than 140 km of irrigation canal systems and Bilbao port.

Cafestore

Cafestore's business consists of catering and multi-shop services in four areas: motorway catering (tourism, professional and special promotion), hospitals and homes for the elderly (cafeterias, shops and catering), urban transport hub market (cafeterias and franchises) and the catering market for official bodies.

At year-end 2014 Cafestore was handling catering and multi-shop services in 28 service stations in Spain, 3 hospitals in the Madrid area and 2 homes for the elderly, and 2 official bodies, the Madrid tax authority and the “FEGA” (*Fondo de Garantía Agraria*) Agriculture Fund. Cafestore’s service stations are located on the main traffic corridors of 11 autonomous communities.

Cafestore’s backlog amounted to €647 million and €626 million on 2013 and 2014.

Revenues for Environmental, Water and Multi-Services activities amounted €782 million in 2013 and €728 million in 2014, that is 79% of the Services and Industrial business division in 2013 and 79% in 2014.

Services contracts awarded in 2014 include the following:

- In Madrid, (i) cleaning services of the buildings, business premises and functional spaces of the central state administration in the areas of Nuevos Ministerios and Arturo Soria for an amount of €18.7 million; (ii) street cleaning services and solid urban waste collection in the municipality of Leganés for an amount of €18.26 million; (iii) cleaning services of the mobile material of the Madrid subway for an amount of €1.9 million; and (iv) the second extension of the outdoors cleaning service “Lado Tierra” and “Lado Aire” of the Adolfo Suarez – Barajas airport.
- In Asturias, the operation, maintenance and conservation services of the sanitation system of Alto Nalón and the drinking water treatment station in Sobrescobio for an amount of €1.4 million.
- In Murcia, cleaning services of the University Hospital Virgen de la Arrixaca for an amount of €8.79 million.

Services contracts awarded to the Environmental, Water and Multi-Services units in 2013 include the following:

- In Madrid, (i) the provision of services for integral mobility (batches III and IV) for a total amount of €31.71 million; (ii) the provision of integral cleaning services of public and green spaces (batch 2) for an amount of €06.4 million; (iii) the provision of integral cleaning services of public and green spaces (batch 3) for an amount of €99.95 million; and (iv) the provision of cleaning, collection, transport and treatment services of the domestic wastes in the municipality of Pinto for an amount of €9.03 million.
- In Soria, the management of the water cycle, for a total amount of €45 million.

Industrial Services

Sacyr Industrial is the result of integration of Sacyr’s engineering and industrial construction specialists working in development and design, engineering, construction and operation of the following areas of business:

- Engineering and Energy: Sacyr Industrial is one of Spain’s main energy players and an international benchmark in terms of conventional and renewable power plants, cogeneration plants, biomass plants, solar energy and geothermal plants, engineering, procurement and construction operations (“EPC”) for industrial processes, and operation and maintenance of power plants and industrial facilities with an installed power capacity of more than 900 MW.
- Environment and Mining: Sacyr Industrial is one of the world’s leading entities in the design, construction and operation of waste treatment and upgrade plants, having designed and built 43 waste management plants and installed 114 MWe of electrical power. It also has experience in mining and processing plant projects.
- Oil and Gas: Sacyr Industrial has drawn up agreements with a number of technologists to furnish EPC solutions for refineries, the chemical and petrochemical industry, processing and treatment of gas and LNG, in addition to the transport and storage of liquid and gas fuels.

- Electrical infrastructures: Sacyr Industrial offers engineering and construction of high-voltage power lines, electrical substations and low, medium and high-voltage facilities.

Revenues for Industrial Services activities amounted €210.2 million in 2013 and €193.6 million in 2014, that is 21.1% of the Services and Industrial business division in 2013 and 20.9% in 2014.

In 2013, Sacyr Industrial was awarded the following major contracts:

- In Scotland, the construction of 40 electrical substations for an amount of €23.26 million.
- In Australia, the construction of the new organic waste plant in Melbourne for an estimated amount of €81.9 million.
- In Peru, the extension and modernization of the Repsol refinery “La Pampilla” for an estimated amount of €16.32 million.

In 2014, Sacyr Industrial was awarded the following major contracts:

- In Bolivia, Sacyr Industrial was awarded the design, construction, assemblage and operation of the cement facility in the department of Oruro for an amount of €80 million. The installation will be carried out by the Public Bolivian Manufacturing Cement Company (ECEBOL) and will have a minimum capacity of 3,000 tons of clinker per day for the manufacturing of Portland Cement type IP-30, processed in accordance with Bolivian regulation.
- In Colombia, Sacyr Industrial was awarded the design, construction and operation of a Liquefied Natural Gas (LNG) import terminal being built in Cartagena de Indias, as well as the construction of a 10 kilometers length gas pipeline, which will enable the transport of gas from Cartagena de Indias’s Bay to the National Transport System (NTS), which is located in the northern Colombian coast. The project, which will have a total capacity of transporting 400 million cubic feet of liquefied gas per day, will have a budget of €5.05 million and shall reach its full operating capability by the second semester of 2016.
- In Mexico, Sacyr Industrial was awarded the construction and installation of two electrical transmission lines of 115 KV and a length of 3.7 Km; and three electrical substations with a voltage of 115 KV and 13.8 KV in Monterrey, Nueva León State. The total sum amounted to €1.5 million.

Other major events in 2014 were the following:

- Cogeneration: Sacyr Industrial maintains operational five cogenerational plants aimed at the drying of Alperujos. Based on this technology, Valoriza Energía (through its subsidiaries) already has available more than 106 Mw of installed power and is generating 900.000 MWh/year.
- Biomass: Sacyr Industrial maintains operational two plants, achieving an output of 25 MW and generating 251.000 MWh/year.
- Solid urban waste treatment plants: Sacyr Industrial is operation the Biological Mechanized Treatment Plant of Bilbao which will allow the treatment of up to 180,000 tons of waste per year and; the Biomethanisation Plant of Cogersa (Asturias), which will enable the processing of up to 60,000 tons per year.

Customers and type of contracts

Sacyr typically operates its business in the Services and Industrial business division through multi-year contracts entered into with public sector entities or local councils (such as the Madrid and Barcelona local councils in Spain), industrial clients, hospitals, and other public and private corporations.

Division results of operations and backlog

The table below sets out the revenues, EBITDA and backlog for each of the business areas within the Services and Industrial business division as of and for the years ended December 31, 2014 and December 31, 2013:

	As of and for the year ended December 31					
	Revenues		EBITDA ⁽¹⁾		Backlog ⁽²⁾	
	2014 ⁽³⁾	2013 ⁽⁴⁾	2014 ⁽³⁾	2013 ⁽⁴⁾	2014 ⁽³⁾	2013 ⁽⁴⁾
	<i>(millions of euros)</i>		<i>(millions of euros)</i>		<i>(millions of euros)</i>	
Holding (Valoriza Gestión)	3.9	-	2.8	3.4	-	-
Environmental	297.6	274.9	33.7	38.4	2.26	2.51
Water	146.1	236.7	7.8	16.6	3.13	4.42
Multi-Services	284.6	270.0	18.1	20.4	0.87	0.94
Industrial	193.6	210.2	9.6	17.9	2.42	1.42
Total	925.8	991.8	72.0	96.7	8.68	9.29

Notes:

- (1) "EBITDA" is earnings before interest, taxes, depreciation and amortization, impairment losses and asset disposals.
- (2) Backlog is defined as the part of the contracts signed pending execution.
- (3) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.
- (4) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

Valoriza's activities are a good fit with Sacyr's other activities, that is construction, property management and concessions, due to the synergies and a counter-cyclical stabilizing effect. In addition it generates high EBITDA margins and recurring revenue.

In the year ended December 31, 2014, the Group's revenues from the Services and Industrial business division were €26 billion representing 32% of the Group's total revenues. In the year ended December 31, 2013, the Group's revenues from the Services and Industrial business division were €92 billion representing 37% of the Group's total revenues. The Group's EBITDA from the Services and Industrial business division amounted to €72 million as of December 31, 2014, as compared to €6 million as of December 31, 2013, representing a 25.7% decrease.

The table below sets out the revenues for the Services and Industrial business division geographically, for the years ended December 31, 2014 and December 31, 2013:

As of and for the year ended December 31

	Revenues	
	2014	2013
	<i>(millions of euros)</i>	
Spain.....	836	787
International	90	205
Total.....	926	992

The backlog for the Services and Industrial business division amounted to €8.7 billion as of December 31, 2014, which represents a decrease of 6% when compared with December 31, 2013 (€9.3 billion).

Strategy

The Services and Industrial division strategy is focused on:

- Organic growth of current business, maintaining margins steady as a priority on the back of the solid experience of Sacyr's structure.
- Optimizing investment, which shows potential for improvement in terms of returns.
- High industrial growth potential through Iberese, a joint backup and work effort in the construction division.
- Management of working capital through careful selection of tenders and customers, and adapting Sacyr's service level to customers' payment capacities.

Property Management Business Division

Summary

Sacyr carries out the property management business through its subsidiary Testa Inmuebles en Renta, S.A. ("Testa") a listed company in the Madrid and Barcelona Stock Exchanges in which the Group holds as of March 31, 2015 a 99.5% stake. Testa is a leading operator of prime real estate assets in Spain with a long-standing track record across asset classes. Testa's core business is the rental management and development of prime real estate assets, both those owned by them and those owned by third parties, including the purchase, rental, sale and operation of such assets.

Testa has extensive experience with roots tracing back over 60 years. Testa believes to have a portfolio of top-level, well-located properties and a reputable and financially strong tenant base. Testa's property portfolio includes offices, shopping centers, hotels, logistics centers, residential properties, senior residences, parking facilities and land development plots.

Offices

The majority of Testa's rental properties are offices, including landmark buildings located in the prime central business districts of Madrid and Barcelona. As of December 31, 2014, Testa owned and rented 355,695 square meters in Madrid and 94,597 square meters in Barcelona, together representing 94.7% of its office portfolio. Testa's office buildings have market-leading occupancy rates as a result of its focus on quality buildings, strategic locations and reliable tenants. As of December 31, 2014, Testa owned 36 office assets, and the economic occupancy rate of its office portfolio was 97.7%. Economic occupancy rate is calculated as total possible revenue less vacancy loss as a percentage of total possible revenue. Total possible revenue is determined by valuing occupied units or square footage at contract rates and vacant units or square footage at market rates.

Shopping Centers

Testa's business of developing, operating and renting shopping centers is based on its core competence in developing and operating real estate assets generally, and its strategy is consistent with its strategy for office buildings. Testa rents quality shopping centers to reputable and financially-strong tenants in the best commercial locations within established and growing areas. Testa seeks to rent shopping centers that offer a strategic commercial mix, deliver a wide range of first-rate retail offerings and include principal tenants with local, national and international reputations. As of December 31, 2014, the economic occupancy rate of its shopping center portfolio stood at 98.8%. Testa's portfolio of shopping centers consists of five shopping centers (considering CC Porti Pi and Terrazas Porto Pi as separate centers) that are located in the city centers in regional capitals and growing cities in Spain such as Madrid, Majadahonda, Malaga and Palma de Mallorca.

Hotels

Testa's hotel rental business has provided it stability and bolstered its resilience throughout the recent difficulties in the Spanish real estate market. The economic occupancy rate of Testa's hotel portfolio was 100% as of December 31, 2014. Its buildings are strategically located, principally in Madrid and Barcelona, with a total rental area of 110,843 square meters as of December 31, 2014. Testa rents its hotels to a tenant base comprising some of the leading hotel chains in Spain. As of December 31, 2014 Testa owns 9 hotels with a total of 1,895 rooms. Testa's hotels are 4-star and 5-star establishments, and are leased to some of the top hotel chains. The hotels owned by Testa are landmark buildings, at prime locations with excellent communications.

Residential Properties

Testa develops, markets and sells residential real estate assets that are primary residences, including some government-subsidized residences. All of its assets in this sector are in residential complexes, mainly located in Madrid (77.7% of Testa's residential portfolio based on square meters), San Sebastian (14.0% of Testa's residential portfolio based on square meters), a city on the north coast of Spain, and Toledo (8.3% of Testa's residential portfolio based on square meters), a city approximately 70 kilometers southwest of Madrid. As of December 31, 2014, Testa's housing portfolio rental area amounted to 124,330 square meters. These assets include some residential properties that it operates under concession agreements entered into with local governments at Usera, Campo de Tiro de Leganés and Benta Berri.

Logistics centers

Testa's logistics centers are large warehouses designed to fulfill the specifications and meet the needs of its tenants. These assets have maintained relatively high occupancy rates throughout the economic crisis, and Testa's economic occupancy rate was 97.5% as of December 31, 2014. Testa has focused on the Madrid to Barcelona corridor and its surrounding areas, in particular the Henares corridor, in developing this area of its business, and it continues to grow. Testa believes the size of its logistics centers gives it a competitive advantage as large assets have been in higher demand in this sector in recent years. As of December 31, 2014 Testa's logistics centers comprise a total area of 209,616 square meters in Barcelona, Zaragoza, Guadalajara and Coslada (Madrid).

Others

In addition to the assets described above, Testa also rents senior residences and parking facilities and occasionally acquires land plots for development. In analyzing the economic occupancy rate of Testa's portfolio, it groups senior residences and parking facilities with other mixed assets. This segment had an economic occupancy rate of 100% as of December 31, 2014.

Land and Projects under Development

Historically, Testa has invested in land for the purpose of developing profitable assets for its rental business. Testa's in-house expertise and resources allow it to increase the value of land development plots throughout the real estate value chain (from development to operation and even sales). As with its rental assets,

Testa seeks to maintain and develop its land, while remaining open to selling it if attractive offers arise at the right time of the cycle.

Testa has land and projects under development with an aggregate land of 1,043,901 million square meters, with an approximate area suitable for building of 573,749 square meters. This bank mainly comprises land suitable for residential developments but also includes land which Testa believes is appropriate for office, senior residence and parking developments, primarily in Madrid and its surrounding areas. Of the land that is currently suitable for building, 15% is land ready for construction, and the remaining plots in its land bank are in the final stage of development.

Surface Area by Product Types

The chart below contains Testa's surface area by asset class as of December 31, 2013 and December 31, 2014.

	Year ended December 31	
	Surface in Square Meters	
	2014	2013
	<i>(millions of m²)</i>	
Offices	475,131	474,666
Shopping Centers	72,104	71,958
Hotels	110,843	124,611
Residential properties	124,330	114,505
Logistics centers	209,616	210,430
Others	51,877	69,803
Total.....	1,043,901	1,065,973

The chart below contains Testa's net rental income by asset class as of December 31, 2013 and December 31, 2014.

	Year ended December 31	
	Net rental income by asset class	
	2014	2013
	<i>(euros)</i>	
Offices	88,732,740	110,719,965
Shopping Centers	21,001,058	21,008,778
Hotels	19,253,395	23,410,867
Residential properties	8,130,304	7,975,108
Logistics centers	7,452,716	7,180,127
Others	911,963	871,800

	Year ended December 31	
	Net rental income by asset class	
	2014	2013
	<i>(euros)</i>	
Total.....	145,482,176	171,166,645

The chart below contains Testa's GRI, NRI, GRM, operating EBITDA, operating EBITDA margin, total EBITDA, EBITDA margin, number of assets, GLA, GAV, loan-to-value ratio and economic occupancy rate as of December 31, 2013 and December 31, 2014.

	Year ended December 31	
	2014	2013 ⁽¹⁾
	<i>(millions of euros)</i>	
GRI (2)	159.0	183.8
NRI (3)	146.7	171.5
GRM (%) (4)	92.3	93.3
Operating EBITDA	141.4	169.8
Operating EBITDA Margin (%)	75.2	78.4
Total EBITDA	145.9	214.9
EBITDA Margin (%)	75.0	80.7
Number of assets	87	90
GLA (sqm)(5) (6)	997.853	1,019,925
GAV (millions of €) (7)	3,180	3,287
Loan-to-value (%) (8)(9)	53.9	56.98
Economic Occupancy Rate (%) (6) (10)(11)	98.1	96.8

(1) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

(2) GRI refers to gross rental income, calculated as all income derived from Testa's rental properties minus expenses and costs that it invoices to tenants.

(3) NRI refers to net rental income, calculated as all income derived from Testa's rental properties (i.e., GRI plus expenses invoiced to tenants) minus total expenses.

(4) GRM refers to gross rental margin, calculated as NRI divided by GRI.

(5) GLA refers to the gross leasable area of Testa's assets, calculated as the aggregate above-ground surface or land area of Testa's assets in square meters. In those cases where Testa owns an asset together with a third party, Testa includes an adjustment to the surface or land area presented to reflect its proportionate ownership in such asset.

(6) As a result of the application of IFRS-EU 11, 2014 does not include Hotel AC Forum, Hotel Costa Ballena, Parking Palau, S.A. or Testa's concession with respect to Palacio de Congresos de Vigo given that they are now accounted for under the equity method.

(7) GAV refers to the gross asset value of real estate properties as determined by a third-party appraiser. The aggregate GAV of Testa's entire portfolio as valued by CBRE and TH.

(8) Amount as of December 31, 2013 is restated.

(9) Loan-to-value is the ratio between (i) Testa's total net debt and (ii) the GAV of Testa's portfolio, excluding current financial assets (which are primarily related to Testa's loan to Sacyr).

(10) The 2014 rate does not include Partenón 12, which is currently vacant and under refurbishment following the exit of a long-term tenant in September 2014.

- (11) Economic Occupancy Rate refers to Testa's occupancy rate calculated, following EPRA recommendations, by multiplying occupied surface areas by market rental prices and dividing the result by surfaces in operation at market rental prices. In calculating our Economic Occupancy Rate for 2014, Testa does not take into account the Campo de las Naciones office building located at Avenida del Partenón 12 (which has a surface area of 19.289 square meters), which is currently vacant and under refurbishment following the exit of a long-term tenant in September 2014.

Customers and type of contracts

Testa boast a portfolio of prestigious clients, including Endesa, HOTUSA, Madrid City Council, Indra Sistemas, S.A., Melia Hotels International, S.A. and L'Oreal España, S.A.

Division results of operations

The table below sets out the revenues and EBITDA for the Property's and Management Business division operations for the years ended December 31, 2014 and December 31, 2013:

	Year ended December 31			
	Revenues		EBITDA⁽¹⁾	
	2014⁽²⁾	2013⁽³⁾	2014⁽²⁾	2013⁽³⁾
	<i>(millions of euros)</i>			
Testa	188	217	146	215

Notes:

- (1) "EBITDA" is earnings before interest, taxes, depreciation and amortization, impairment losses and asset disposals.
- (2) Figures as of and for the year ended December 31, 2014 were extracted from the 2014 consolidated annual accounts.
- (3) Figures as of and for the year ended December 31, 2013 were extracted from the 2014 consolidated annual accounts, where 2013 information was restated for comparison purposes.

Strategy

The Property and Management business division strategy is focused on four key pillars: prime locations, prime buildings, creditworthy tenants and strong leases. With these pillars in place, Sacyr, through Testa, seeks to actively manage its portfolio by utilizing its knowledge of each local market in which Testa operates, focusing on tenant relationships, proactively maximizing its assets through capital expenditures, selectively developing its assets, making timely investments and divestments and maintaining optimal capital allocation across its balance sheet. The four key pillars can be summarized as follows:

- Prime locations: national reach, disciplined city focus
- Prime buildings: acquire, develop, lease and maintain assets with intrinsic real estate quality
- Creditworthy tenants: develop and maintain long-term relationships with blue-chip tenants
- Strong leases: negotiate and renew optimal leases

Investments: Repsol

Summary

In line with its diversification strategy and in view of the high potential and strategic importance of the energy sector, in 2006 Sacyr acquired a significant interest in Repsol, S.A. The investment of €6,525.5 million made Sacyr the largest shareholder at that time, holding a 20.01% stake.

Sacyr's stake as of March 31, 2015 amounted to 8.89%, being therefore Repsol's second largest shareholder. In December 2011, Sacyr sold a 10% stake in Repsol and used the proceeds to release €2,446.6

million debt. The debt outstanding amounting to €2,264 million has been refinanced with effects as of May 7, 2015. The refinancing agreement implies the deferral in the maturity date of the debt until January 31, 2018.

Repsol is one of the leading oil companies in Spain, and one of the Spain's leading sellers of liquefied petroleum gas. In chemical products, Repsol is market leader in Spain and Portugal, and world leader in agricultural plastics. As of March 31, 2015 Repsol has a 30% stake in the gas utility Gas Natural SDG, S.A. and also owns 10% of energy company Compañía Logística de Hidrocarburos CLH, S.A.

On February 5, 2014, Repsol announced the signature of the "Amicable Solution and Expropriation Agreement" with the Republic of Argentina. Said agreement resulted in a five billion dollars compensation to Repsol derived from the Argentinian government's expropriation in April 2012 of 51% of YPF shares. The parties also agreed to a guarantee by the Argentinian government and a reciprocal waiver of the legal and arbitral proceedings initiated and a further waiver of future claims. The agreement, which was ratified by Repsol's General Meeting of Shareholders on March 28, 2014, entered into force subject to a number of conditions precedent, among which the subsequent approval of a special law by the Argentinian parliament.

Repsol turned in €1.615 and €195 million in net profit during 2014 and 2013, respectively. At year-end 2014 and 2013 Repsol, S.A. distributed a total gross dividend of €1.95 and €0.9580 per share, respectively. €34 and €17.08 million were paid out to Sacyr in dividends corresponding to years 2014 and 2013, respectively. In particular, in 2014 Sacyr, through Sacyr Vallehermoso Participaciones Mobiliarias, S.L., received dividends from Repsol, S.A. for an amount of €39.16 million (€7.68 million in January; €9.27 million in July; and €22.21 million in June).

Repsol, S.A. is listed on Spain's IBEX-35 stock market index, and also on the leading US index. At year-end 2014 and 2013 the share price stood at €15.525 and €18.32 and its market capitalization was €20,962.98 and €23,861.29 million in 2014 and 2013, respectively. Repsol's growth strategy is based on its 2012-2016 Strategic Plan, which has developed new profitable areas of business, diversified its assets portfolio and added key projects to generate value.

Research Development and Innovation

The Innovation Department at Sacyr carries out its research, development and innovation activities ("R&D+I"). A large number of the Group's companies have their own R&D+I departments or at least an R&D+I manager responsible for implementing specific projects. These projects are always coordinated and supervised by the R&D+I Department and the Group's Innovation Department. All these units report relevant information to the Committee of R&D+I Units. Sacyr's Innovation Management system is certified by AENOR to ISO 16602:2006. This tool rationalizes and systematizes all Sacyr's R&D+I activities and enables Sacyr to:

- Foster R&D+I activities across all Group companies and define the primary objectives in this field.
- Design common guidelines for organizing and managing R&D+I effectively.
- Improve technological monitoring based on an analysis of the internal and external situation
- Identify and assess the threats and opportunities posed by technological progress.
- Ensure that the activities of company departments likely to generate new technologies and patents are identified.
- Select and manage a suitable portfolio of strategic projects for Group companies.
- Promote R&D+I to gain competitive advantages.
- Encourage cooperation with universities and public research institutions, eliminating the traditional dichotomy between the public and private sectors.

- Gear SMEs towards R&D+I activity, thereby helping to meet the government's R&D+I investment targets.

As of December 31, 2014, 29 of Sacyr's companies were certified in quality ISO 9001; 22 of Sacyr's companies were certified in environment ISO 14001; and three of Sacyr's companies comply with EMAS' standards.

Legal Proceedings

Sacyr is involved from time to time in various claims and lawsuits, most of which arise in the ordinary course of its business. The main judicial, arbitration and regulatory proceedings of Sacyr as of the date of this Prospectus are set forth below.

Panama Channel

On January 2, 2014, GUPC announced the risk of suspension of the construction works due to serious breaches by the Panama Channel Authority ("PCA"). The Group held 41.6% of the share capital of GUPC as of December 31, 2014.

GUPC incurred overrun costs due to unexpected and unpredictable circumstances, and it requested the PCA to bear such costs. This claim was ignored by the PCA and so GUPC filed several claims with several national authorities and the International Court of Arbitration of the International Chamber of Commerce for an overall amount of \$2,698 million.

GUPC held in-depth meetings with the PCA in order to reach a satisfactory agreement and GUPC suggested co-financing the overrun costs in order to continue the construction works (almost 70% of the project had been completed at that state).

In early February 2014, the construction works were suspended and on February 27, 2014 GUPC and the PCA reached an agreement, after which GUPC resumed the construction of the third set of locks.

On March 14, 2014, the parties signed a memorandum of understanding, whereby the PCA and GUPC undertook to pay \$100 million each. The insurance company Zurich American Insurance Company was also involved in order to ensure the availability of funds for both parties to finance the construction works by December 2015, whilst the outcome of the results of the arbitrations were pending. Additionally, such agreement also set forth the staggered delivery of gates (which at the time were still under construction in Italy), as well as a moratorium extension of certain payments in order to facilitate the investment in the construction works.

Since such agreement, the construction works have been carried out as agreed. This was evidenced with the maritime transportation of the last four storm doors for the completion of the Canal from the Italian port of Trieste in mid-October. The storm doors arrived on November 12, 2014 in Panama, nearly three months prior to what had been agreed with the PCA.

As of December 31, 2014 GUPC collected payments from the working certificates for an amount of \$2,752 million. The amount collected from such claims which was recorded in GUPC's consolidated financial statements for the financial year 2014 was \$910 million, which represents 34% of the claims filed.

On January 1, 2015, the Dispute Adjudication Board, an independent technical body, ruled in favor of GUPC. The ruling regarded two claims related to: (i) the quality of basalt (source material of concrete used for the works); and (ii) PCA's delay in approving the concrete mixture used for the project. The resolution ruled that the PCA shall pay to GUPC a total amount of \$234 million, and the contract shall be extended for a term of six months.

This ruling confirms GUPC's claims filed since February 2011, arguing that basalt did not comply with the quality required by the PCA in the tender documentation. In addition, it stated that the concrete mix used

by GUPC in 2010 and rejected by the PCA, fully complied with, and exceed, the technical specifications set out in the agreement.

On January 19, 2015 the independent expert DLF Associate, Ltd. issued a report analyzing each of the claims filed. The report deems reasonable to expect recovery of \$1,398 million in total.

Environmental Matters

Sacyr's activities are subject to environmental regulation. This requires, among other requirements, that the Group commissions environmental impact studies for future projects, and that it obtains the licenses, permits and other authorizations required to construct and operate relevant projects. In recent years there has been a significant increase in environmental regulation in Spain, the European Union and other jurisdictions in which Sacyr operates. These include regulations in relation to carbon dioxide emissions and limitations on polluting emissions from large plants and facilities.

Sacyr has established an "Integrated Quality, Environment and Energy Management System Policy" in accordance with ISO 9001, ISO 14001 and EMAS' standards. This has been implemented worldwide and across all business divisions. Each Group company and each business division has adapted this policy according to the risks and regulatory environment of its business activity. Application of this policy and commitment has led to the implementation of a number of sustainable practices aimed at minimizing the impact on the natural environment, efficient use of resources, application of the hierarchy in waste management practices, energy savings, *etc.* For example:

- Using natural products that are easy to recycle.
- Using materials with little environmental impact throughout their lifespan.
- Eliminating environmentally hazardous materials.
- Purchasing local materials to reduce transport emissions.
- Protecting natural habitats.
- Encouraging energy savings and adopting energy efficiency measures for lighting, air conditioning, cooling equipment, transportation, *etc.*
- Fitting solar panels and accumulators.
- Purchasing local materials to reduce transport emissions.
- Protecting natural habitats.
- Encouraging energy savings and adopting energy efficiency measures for lighting, air conditioning, cooling equipment, transportation, *etc.*
- Fitting solar panels and accumulators to buildings.
- Proper management of the construction and demolition waste generated.
- Using wood produced by sustainable forestry procedures, if possible with Forest Stewardship Council Certification (FSC) or Pan European Forest Certification (PEFC), *etc.*
- Continuous improvement of environmental protection systems and quality calls for a versatile, committed team with an international profile.

The Department of Quality, Environment and Energy works in all areas of the Group's business, and this has a direct effect on its organizational structure. In 2014 the Department was composed of 145 employees. Sacyr's Quality, Environmental Management and Energy Management System is tailored to the needs of each work center according to the activity carried out on the basis of a Quality, Environmental Management and Energy Management Plan covering the following:

- Identification and assessment of environmental aspects.
- Resources and checks required for exhaustive operational monitoring.
- Establishment of improvement targets.
- Identification and assessment of legal requirements and other acquired environmental requirements.
- Identification and assessment of energy usage and consumption (energy balance and energy review matrix), and identification and prioritization of opportunities to save energy.

On 2013 EMAS regulation audits were successfully undergone and on 2014 further work was undertaken to obtain a certification of energy management systems pursuant to the requirements of ISO 50001, primarily in the Services and Industrial business division.

Intellectual Property

Sacyr implements intellectual property (“IP”) protection policies and procedures. The measures taken by the Group to protect its IP include the entering into confidentiality, non-disclosure and/or non-compete agreements by employees, service providers and counterparties, as appropriate, and the dissemination throughout the Group of an internal code of conduct.

In order to prevent third parties from being able to use and benefit from their names or internet domains, Sacyr’s policy is for all affiliates and subsidiaries to: (i) register and protect their names in accordance with local legislation, (ii) register their names as commercial brands in the relevant product areas, and (iii) register their internet domains.

Insurance

Under its risk management policy, Sacyr maintains insurance, which provides cover against various risks, such as third party damage (environmental and civil liability, in general), construction defects, management’s and employees’ liability and risks to which its property, plant and equipment are subject.

Risk Management

Due to its considerable international presence, Sacyr carries out its activity in a number of sectors, social and economic environments and regulatory frameworks. This entails a number of different risks that are consubstantial to the areas of business and sectors in which the Group operates. Sacyr believes that significant risks are those that may compromise the viability of its businesses, their profitability and their corporate reputation, particularly any factor that may compromise the safety of its employees or third parties affected by its business activities, or that might impact on the environment in which those activities are performed.

Sacyr has established a sound policy to efficiently identify, evaluate and manage risks in order to reasonably guarantee the efficiency and effectiveness of operations, reliability of information and compliance with legislation.

As established in Sacyr Risk Control and Management Policy, the process begins with identification and a preliminary evaluation of risks. Due to the changing nature of the environments in which the organization operates, this identification and evaluation process is regularly updated. The risk management and control policy is formally presented to and approved by the Board of Directors of Sacyr on an annual basis.

Employees

In the year ended December 31, 2014, the Group had 21,748 employees and 21,504 in the year ended December 31, 2013.

4. RECENT DEVELOPMENTS AND FACTS WHICH MAY HAVE A MATERIAL EFFECT ON THE ISSUER'S PROSPECTS

- On January 13, 2015, Sacyr receive through Sacyr Vallehermoso Participaciones Mobiliarias, S.L. a gross amount of €0.472 euros per share from Repsol, that is, a total amount of €7.68 million.
- In February 2015 the Group entered into a refinancing agreement of the debt associated with the shareholding in Repsol, with 98% of the financial entities. This agreement sets forth an additional three-year extension of the total debt (i.e. €2,265 million).
- On February 3, 2015 Testa Inmuebles en Renta's general shareholders meeting approved the resolutions adopted by its board of directors, amongst others:
 - A Share capital reduction in the amount of €669,759,570.40 in order to partly refund the contributions made by the shareholders, by reducing the nominal value of each share BY €5.80 euros. After the share capital decrease, THE current share capital amounts to €3,095,157.60. The new nominal value of the shares is currently €0.20. The maximum term for the execution of this agreement is February 2, 2016.
 - An extraordinary distribution of dividends in the amount of €27,724,351.16 against freely distributable reserves (i.e. €4.57 per share).

The execution of the share capital decrease and the extraordinary distribution of dividends is subject to the success in collecting equity for at least €300 million. Both transactions shall be carried out simultaneously or within the shortest term possible once one of them has taken place. Should the collection of funds not be carried out, the agreement resolving on the extraordinary distribution of dividends would become ineffective.

There has not been any significant change in the financial or trading position of the Group since December 31, 2014.

5. TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes was authorized by a resolution of the General Shareholders' Meeting of the Issuer passed on June 12, 2014 and of the Board of Directors of the Issuer passed on April 23, 2015. An agency agreement dated May 5, 2015 (the "Agency Agreement") has been entered into in relation to the Notes between the Issuer, Banco Santander, S.A. as principal paying agent (the "Principal Paying Agent"), and the agents named in it. "Paying Agents" means the Principal Paying Agent and any other agent or agents appointed from time to time with respect to the Notes. Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Principal Paying Agent. The Noteholders (as defined below) are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

All capitalized terms that are not defined in these terms and conditions (the "Conditions") will have the meanings given to them in the Agency Agreement.

1 Form, Denomination and Registration

The Notes have been issued in uncertificated, dematerialized book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €26,200,000 and denominations of €100,000.

The Notes have been registered with Iberclear as managing entity of the central registry of the Spanish clearance and settlement system (the "Spanish Central Registry"). Holders who not have, directly or indirectly through their custodians, a participating account with Iberclear may hold the Notes through bridge accounts maintained by each of Euroclear and Clearstream with Iberclear.

Iberclear, registered at Plaza de la Lealtad 1, 28014 Madrid, manages the settlement and clearing of the Notes, notwithstanding the Issuer's commitment to assist, when appropriate, on the clearing and settlement of the Notes, through Euroclear and Clearstream.

2 Title and Transfer

- (a) **Title:** Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the "Iberclear Members") as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the "Noteholder" and "holder" means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and Noteholder shall be construed accordingly.

One or more certificates (each a "Certificate") attesting to the relevant Noteholder's holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder is itself an Iberclear Member, by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant Iberclear Member's or, as the case may be, Iberclear's procedures) to such Noteholder upon such Noteholder's request.

- (b) **Transfer:** The Notes are issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Noteholder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Noteholder.

3 Status

The Notes constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 Negative Pledge

So long as any Note remains outstanding, the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity is created as security for the obligations of the Issuer under the Notes or such other security is approved by the Syndicate of Noteholders.

Notwithstanding the above, any Material Subsidiary acquired after the date on which the Notes have been issued may have outstanding Security Interests with respect to Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) of such Material Subsidiary so long as:

- (i) Such security interest was outstanding on the date on which such Material Subsidiary became a Material Subsidiary and was not created in contemplation of such Material Subsidiary becoming a Material Subsidiary or such security interest was created in substitution for or to replace either such outstanding security interest or any such substituted or replacement security interest; and

The nominal amount of the Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) is not increased after the date that such Material Subsidiary became a Material Subsidiary.

5 Interest

- (a) **Interest Rate:** The Notes bear interest on their outstanding principal amount from and including May 7, 2015 at the rate of 4.50 per cent. per annum, payable annually in arrears on May 7 in each year, commencing on May 7, 2016 (each an “Interest Payment Date”). The issue price of the Notes is 98.91 per cent. of their principal amount, resulting in an internal rate of return for the Issuer of 4.75 per cent.

In these Conditions, the period beginning on and including May 7, 2015 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “Interest Period”.

Interest in respect of any Note shall be calculated per €100,000 in principal amount of the Notes (the “Calculation Amount”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

- (b) **Accrual of Interest:** Each Note will cease to bear interest from the due date for redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day

(except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Taxation and other Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Paying Agent a certificate signed by a duly authorized representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (c) **Redemption at the Option of Noteholders:** Upon the occurrence of a Change of Control or a Tender Offer Triggering Event, each Noteholder may, during the Relevant Event Period, notify the Issuer, as further provided below, that it requires the early redemption of some or all of its Notes. The Issuer will redeem in whole (but not in part) the Notes subject of the notice on the Relevant Event Redemption Date at their principal amount, (together with interest accrued to the Relevant Event Redemption Date).

A Change of Control or Tender Offer Triggering Event shall be notified to the Noteholders in accordance with Condition 13 by the Issuer within 14 calendar days of its occurrence (a "Change of Control Notice" or "Tender Offer Triggering Event Notice", as applicable). Any such notification will indicate the Relevant Event Period and the Relevant Event Redemption Date. In order to exercise the option contained in this Condition 6(c), the holder of a Note must, on any Business Day during the Relevant Event Period, give notice to any Paying Agent (a "Put Option Notice") of such exercise in accordance with the standard procedures of Iberclear (which may include notice being given on his instruction by Iberclear, or any Iberclear Member, to the Paying Agents by electronic means) in a form acceptable to Iberclear from time to time. A Put Option Notice once given shall be irrevocable.

- (d) **Purchase:** the Issuer and its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Syndicate of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Syndicate of Noteholders or for the purposes of Condition 11.

- (e) **Cancellation:** All Notes which are redeemed will be cancelled and may not be reissued or resold. Notes purchased by the Issuer any of its respective Subsidiaries may, at the option of the relevant purchaser, be cancelled.

7 Payments

- (a) **Method of Payment:** Payments of principal and interest in respect of the Notes will be made by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the date on which the payment of principal or interest, as the case may be, falls due (the “Record Date”). Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer or the Paying Agents will have any responsibility or liability for the records relating to payments made in respect of the Notes.
- (b) **Payments subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Appointment of Paying Agents:** The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) a Paying Agent having its specified office in at least two major European cities and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders in accordance with Condition 13.
- (d) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day.
- (e) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place of the specified office of the Paying Agents and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial center of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Spain or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) **Other connection:** held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Spain other than the mere holding of the Note;
- (b) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) **Information requested by Spanish tax authorities:** the Issuer (either directly or through an agent acting on behalf of the Issuer) does not receive the information as may be necessary to allow payments on such Note to be made free and clear of Spanish withholding tax or deduction on account of Spanish taxes, including a duly executed and completed payment statement from the relevant Iberclear Member, pursuant to Law 10/2014, as amended, and Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, and any implementing legislation or regulation, or pursuant to any other law or regulation substituting or amending such law or regulation.

9 Events of Default

If any of the following events (each an “Event of Default”) shall have occurred:

- (a) default is made in the payment on the due date of principal or interest or any other amount in respect of any of the Notes and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest or any other amount; or
- (b) the Issuer does not perform or comply with any one or more of its other obligations in respect of the Notes, which default is incapable of remedy or, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Commissioner (failing whom, any Noteholder); or
- (c)
 - (i) any other present or future indebtedness for or in respect of moneys borrowed or raised of the Issuer or any Material Subsidiary becomes, or is declared, due and payable prior to its stated maturity by reason of an event of default (howsoever defined); or
 - (ii) any such indebtedness for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any applicable grace period; or
 - (iii) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for or in respect of moneys borrowed or raised,

provided that the aggregate amount of the indebtedness, guarantees or indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €25,000,000 or its equivalent and provided further that the relevant event is not remedied within 20 days after written notice of such default shall have been given to the Principal Paying Agent at its specified office by any Noteholder; or

- (d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any Material Subsidiary and is not discharged or stayed within 30 days provided that the aggregate amount of property, assets and/or revenues involved in any such distress, attachment, execution or legal process equals or exceeds €25,000,000 or its equivalent; or

- (e) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary in respect of any obligation(s) the principal amount of which equals or exceeds €25,000,000 or its equivalent is enforced (including by the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or
- (f)
 - (i) the Issuer or any Material Subsidiary is insolvent or bankrupt (*concurso*) or unable to pay its debts, or is declared or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy; or
 - (ii) the Issuer stops, suspends or threatens publicly to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any substantial part of the debts of the Issuer; or
- (g) (A) an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of any Material Subsidiary, or (B) the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms approved by a resolution of the Syndicate of Noteholders; or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary; or
- (h) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes admissible in evidence is not taken, fulfilled or done; or
- (i) any event occurs which under the laws of any relevant jurisdiction has a similar effect to any of the events referred to in any of the foregoing paragraphs; or
- (j) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

then, the Commissioner, upon notice in writing given to the Principal Paying Agent, may:

- (i) acting upon a resolution of the Syndicate of Noteholders, in respect of all Notes; or
- (ii) unless there has been a resolution to the contrary by the Syndicate of Noteholders, acting under the instruction of any Noteholder in respect of such Notes,

give written notice to the Issuer that such Notes are immediately repayable, whereupon they shall become immediately due and payable, to the extent permitted by applicable law, at their principal amount together with accrued interest.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Syndicate of Noteholders and Modifications

- (a) **Syndicate of Noteholders:** The Noteholders shall meet in accordance with the regulations governing the Syndicate of Noteholders (the “Regulations”). The Regulations, which contain the rules governing the Syndicate of Noteholders and the rules governing its relationship with the Issuer, are included in this section of the Prospectus and in the Agency Agreement.

Mr Joaquín Camacho Calderón will be appointed as a temporary Commissioner for the Noteholders. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the temporary Commissioner; and (ii) become a member of the Syndicate of Noteholders. Upon the subscription of the Notes, the temporary Commissioner will call a general meeting of the Syndicate of Noteholders to ratify or oppose the acts of the temporary Commissioner, confirm its appointment or appoint a substitute Commissioner for it and ratify the Regulations. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have granted to the Principal Paying Agent full power and authority to take any action and/or to execute and deliver any document or notices for the purposes of attending on behalf of the Noteholders the first meeting of the relevant Syndicate of Noteholders called to confirm the appointment of the relevant temporary Commissioner, approve its actions and ratify the Regulations contained in the Agency Agreement, and vote in favor of each of those resolutions.

The Issuer may, with the consent of the Commissioner, but without the consent of the Noteholders, amend these Conditions insofar as they may apply to the Notes to correct a manifest error or which amendments are of a formal, minor or technical nature or to comply with mandatory provisions of law.

In addition to the above, the Issuer and the Noteholders, the latter with the sanction of a resolution of the Syndicate of Noteholders, may agree any modification, whether material or not, to these Conditions and any waiver of any breach or proposed breach of these Conditions.

In accordance with Spanish law, a general meeting of the Syndicate of Noteholders shall be quorate upon first being convened provided that Noteholders holding or representing two-thirds of the Notes outstanding attend. If the necessary quorum is not achieved at the first meeting, a second general meeting may be convened to meet one month after the first general meeting and shall be quorate regardless of the number of Noteholders who attend. A resolution shall be passed by holders holding an absolute majority in principal amount of the Notes held by Noteholders present or duly represented at any properly constituted meeting and shall be binding on all holders whether or not present or represented at such meeting.

- (b) **Modification of the Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.
- (c) **Notification to the Noteholders:** Any modification, waiver or authorization in accordance with this Condition 11 shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

12 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

13 Notices

The Issuer shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Agent may approve.

So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*). Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries in Iberclear, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

Copies of any notice given to any Noteholders will also be given to the Commissioner of the Syndicate of Noteholders.

14 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

15 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that the terms regarding the form, registration, title, transfer and status of the Notes, and the provisions of Condition 11 relating to the appointment of the Commissioner and the Syndicate of Noteholders shall be governed by, and shall be construed in accordance with, Spanish law. The Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, Spanish law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for Service of Process:** The Issuer irrevocably appoints IMISON & Co at its registered office for the time being, currently at Salisbury House, London Wall, London as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16 Regulations of the Syndicate of Noteholders

The following are the Regulations of the Syndicate of Noteholders referred to in the Terms and Conditions of the Notes. The Spanish version of the Regulations of the Syndicate of Noteholders is the legally binding version. The English translation provided below is an accurate translation of the Spanish text given for information purposes only.

REGLAMENTO

A continuación se recoge el Reglamento del Sindicato de Bonistas de la Emisión de bonos de SACYR, S.A., denominada “EMISIÓN DE BONOS DE SACYR, S.A., MAYO 2015 (la “Emisión”).

En caso de discrepancia la versión española prevalecerá.

TÍTULO I

CONSTITUCIÓN, DENOMINACIÓN, OBJETO, DOMICILIO Y DURACIÓN DEL SINDICATO DE BONISTAS.

ARTÍCULO 1º. – CONSTITUCIÓN

Con sujeción a lo dispuesto en el Capítulo IV del Título XI del Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital (la “Ley de Sociedades de Capital”), una vez se suscriban y desembolsen los Bonos, quedará constituido un sindicato de los titulares de los Bonos (los “Bonistas”) que integran la “EMISIÓN DE BONOS DE SACYR, S.A., MAYO 2015”.

Este Sindicato se registrará por el presente Reglamento, por la Ley de Sociedades de Capital, por las disposiciones de los estatutos sociales de Sacyr, S.A. (la “Sociedad Emisora”) y demás disposiciones legales vigentes.

ARTÍCULO 2º. – DENOMINACIÓN

El Sindicato se denominará “SINDICATO DE BONISTAS DE LA EMISIÓN DE BONOS DE SACYR, S.A., MAYO 2015”.

ARTÍCULO 3º. – OBJETO

El Sindicato tendrá por objeto la representación y defensa de los legítimos intereses de los Bonistas frente a Sacyr, S.A., mediante el ejercicio de los derechos que le reconocen las Leyes por las que se rigen y el presente Reglamento, para ejercerlos y conservarlos de forma colectiva, y bajo la representación que se determina en las presentes normas.

ARTÍCULO 4º. – DOMICILIO

REGULATIONS

The Regulations that follow correspond to the Syndicate of Noteholders of the Notes which compose the “ISSUE OF NOTES OF SACYR, S.A., MAY 2015” (the “Issue”).

In the case of discrepancy, the Spanish version shall prevail.

TITLE I

INCORPORATION, NAME, PURPOSE, ADDRESS AND DURATION FOR THE SYNDICATE OF NOTEHOLDERS.

ARTICLE 1º. – INCORPORATION

In accordance with the provisions of Chapter IV of Title XI of the Spanish Royal Legislative Decree 1/2010, of July 2, 2010, approving the Spanish Capital Companies Act (“*Real Decreto Legislativo 1/2010, de 2 de julio, que aprueba el texto refundido de la Ley de Sociedades de Capital*”) (the “Spanish Capital Companies Act”), once the Notes have been fully subscribed and paid, there shall be incorporated a Syndicate of the owners of the Notes (hereinafter, the “Noteholders”) which compose the “ISSUE OF NOTES OF SACYR, S.A., MAY 2015”.

This Syndicate shall be governed by these Regulations, by the Spanish Capital Companies Act, by the applicable provisions of the articles of association of Sacyr, S.A. (the “Issuer”) and other applicable legislation.

ARTICLE 2º. – NAME

The Syndicate shall be named “SYNDICATE OF NOTEHOLDERS OF THE ISSUE OF NOTES OF SACYR, S.A., MAY 2015”.

ARTICLE 3º. – PURPOSE

This Syndicate is formed for the purpose of representing and protecting the lawful interest of the Noteholders before Sacyr, S.A., by means of the exercise of the rights granted by the applicable laws and the present Regulations, to exercise and preserve them in a collective way and under the representation determined by these Regulations.

ARTICLE 4º. – ADDRESS

El domicilio del Sindicato se fija en Paseo de la Castellana, 83-85, Madrid.

La Asamblea General de Bonistas podrá, sin embargo, reunirse, cuando se considere oportuno, en otro lugar de la ciudad de Madrid, expresándose así en la convocatoria.

ARTÍCULO 5º. – DURACIÓN

El Sindicato estará en vigor hasta que los Bonistas se hayan reintegrado de cuantos derechos derivados de los Bonos por principal, intereses o cualquier otro concepto les correspondan.

TÍTULO II

RÉGIMEN DEL SINDICATO

ARTÍCULO 6º. – ÓRGANOS DEL SINDICATO

El gobierno del Sindicato corresponderá:

- (a) A la Asamblea General de Bonistas (la “Asamblea General”).
- (b) Al Comisario de la Asamblea General de Bonistas (el “Comisario”).

ARTÍCULO 7º. – NATURALEZA JURÍDICA

La Asamblea General, debidamente convocada y constituida, es el órgano de expresión de la voluntad de los Bonistas, con sujeción al presente Reglamento, y sus acuerdos vinculan a todos los Bonistas en la forma establecida por las Leyes.

ARTÍCULO 8º. – LEGITIMACIÓN PARA CONVOCATORIA

La Asamblea General será convocada por el Consejo de Administración de la Sociedad Emisora o por el Comisario, siempre que cualquiera de ellos lo estime conveniente.

Sin perjuicio de lo anterior, el Comisario deberá convocarla cuando lo soliciten por escrito, y expresando el objeto de la convocatoria, los Bonistas que representen, por lo menos, la vigésima parte del importe total de la Emisión que no esté amortizado. En este caso, la Asamblea General deberá convocarse para ser celebrada dentro de los cuarenta y cinco (45) días siguientes a aquél

The address of the Syndicate shall be located at Paseo de la Castellana, 83-85, Madrid.

However, the Noteholders General Meeting is also authorized to hold a meeting, when considered convenient, in any other place in Madrid that is specified in the notice convening the meeting.

ARTICLE 5º. – DURATION

This Syndicate shall be in force until the Noteholders have been reimbursed for any rights deriving from the Notes they may hold for the principal, interest or any other concept.

TITLE II

SYNDICATE’S REGIME

ARTICLE 6º. – SYNDICATE MANAGEMENT BODIES

The Management bodies of the Syndicate are:

- (a) The General Meeting of Noteholders (the “General Meeting”).
- (b) The Commissioner of the General Meeting of Noteholders (the “Commissioner”).

ARTICLE 7º. – LEGAL NATURE

The General Meeting, duly called and constituted, is the body of expression of the Noteholders’ will, subject to the provisions of these Regulations, and its resolutions are binding for all the Noteholders in the way established by the Law.

ARTICLE 8º. – CONVENING MEETINGS

The General Meeting shall be convened by the Board of Directors of the Issuer or by the Commissioner, whenever they may deem it convenient.

Notwithstanding the above, the Commissioner shall convene a General Meeting when Noteholders holding at least the twentieth of the non-amortised entire amount of the Issue, request it in writing. In such case, the General Meeting shall be held within forty five (45) days following the receipt by the Commissioner of a valid written notice for this purpose.

en que el Comisario hubiere recibido solicitud válida al efecto.

ARTÍCULO 9º. – FORMA DE CONVOCATORIA

La convocatoria de la Asamblea General se hará, por lo menos quince (15) días antes de la fecha fijada para su celebración, mediante (i) anuncio que se publicará en el “Boletín Oficial del Registro Mercantil” y, si se estima conveniente, en uno o más periódicos de mayor difusión nacional o internacional o (ii) notificación a los Bonistas de conformidad con los términos y condiciones de los Bonos.

Cuando la Asamblea General sea convocada para tratar o resolver asuntos relativos a la modificación de los términos y condiciones de Emisión de los Bonos y otros de trascendencia análoga, a juicio del Comisario, deberá ser convocada en la forma establecida en la Ley de Sociedades de Capital para la junta general de accionistas. En todo caso, se expresará en el anuncio el nombre de la sociedad y la denominación del Sindicato, el lugar y la fecha de reunión, los asuntos que hayan de tratarse y la forma de acreditar la titularidad de los Bonos para tener derecho de asistencia a la Asamblea General.

ARTÍCULO 10º. – DERECHO DE ASISTENCIA

Tendrán derecho de asistencia a la Asamblea General los Bonistas que lo sean, con cinco (5) días de antelación, por lo menos, a aquél en que haya de celebrarse la reunión.

Los Administradores de la Sociedad Emisora y el Agente de Pagos (Paying Agent) de la Emisión tendrán derecho de asistencia a la Asamblea General aunque no hubieren sido convocados.

ARTÍCULO 11º. – DERECHO DE REPRESENTACIÓN

Todo Bonista que tenga derecho de asistencia a la Asamblea General podrá hacerse representar por medio de otra persona. La representación deberá conferirse por escrito y con carácter especial para cada Asamblea General.

ARTÍCULO 12º. – QUÓRUM DE

ARTICLE 9º. – PROCEDURE FOR CONVENING MEETINGS

The General Meeting shall be convened at least fifteen (15) days before the date set for the meeting, by (i) notice published in the Official Gazette of the Mercantile Registry and, if considered convenient, in one or more newspapers of significant national or international circulation or (ii) notice to the Noteholders in accordance with the terms and conditions of the Notes.

When the General Meeting is convened to consider or resolve matters relating to the amendment of the terms and conditions of the Issue of the Notes or any other matters considered to be of similar relevance by the Commissioner, it should be convened in the manner set out in the Spanish Capital Companies Act for the general meeting of shareholders. In any case, the notice shall state the name of the company and the naming of the Syndicate, the place and the date for the meeting, the agenda for the meeting and the way in which the ownership of the Notes shall be proved in order to have the right to attend the meeting.

ARTICLE 10º. – RIGHT TO ATTEND MEETINGS

Noteholders who have been so at least five (5) days prior to the date on which the meeting is scheduled, shall have the right to attend the meeting.

The members of the Governing Body of the Issuer and the Paying Agent under the Issue shall have the right to attend the meeting even if they have not been requested to attend.

ARTICLE 11º. – RIGHT TO BE REPRESENTED

All Noteholders having the right to attend the meetings also have the right to be represented by another person. Appointment of a proxy must be in writing and only for each particular meeting.

ARTICLE 12º. – QUORUM FOR

ASISTENCIA Y ADOPCIÓN DE ACUERDOS

La Asamblea General podrá adoptar acuerdos siempre que los Bonistas asistentes a la misma o debidamente representados en la misma representen al menos las dos terceras partes del saldo vivo de los Bonos, debiendo adoptarse estos acuerdos por mayoría absoluta del saldo vivo de los Bonos asistentes o debidamente representados.

En el caso de que no se lograre la concurrencia de las dos terceras partes del saldo vivo de los Bonos, podrá convocarse una nueva Asamblea General para su celebración un mes después de su convocatoria, pudiendo entonces tomarse los acuerdos con independencia del saldo vivo de los Bonos que asistan o estén debidamente representados en la misma y adoptándose los acuerdos por mayoría absoluta del saldo vivo de los Bonos asistentes o debidamente representados.

No obstante, la Asamblea General se entenderá convocada y quedará válidamente constituida para tratar de cualquier asunto de la competencia del Sindicato, siempre que estén presentes o debidamente representados los Bonistas titulares de todos los Bonos y los asistentes acepten por unanimidad la celebración de la Asamblea General.

ARTÍCULO 13°. – DERECHO DE VOTO

En las reuniones de la Asamblea General se conferirá derecho a un voto por cada Bono, presente o representado.

ARTÍCULO 14°. – PRESIDENCIA DE LA ASAMBLEA GENERAL

La Asamblea General estará presidida por el Comisario, quien dirigirá los debates, dará por terminadas las discusiones cuando lo estime conveniente y dispondrá que los asuntos sean sometidos a votación.

ARTÍCULO 15°. – LISTA DE ASISTENCIA

El Comisario formará, antes de entrar a discutir el orden del día, la lista de los asistentes, expresando el carácter y representación de cada uno y el número de

MEETINGS AND TO PASS RESOLUTIONS

The General Meeting shall be entitled to pass resolutions if Noteholders representing at least two thirds of the outstanding Notes are present or duly represented at the meeting, and these resolutions shall be approved by an absolute majority of the outstanding Notes present or duly represented at the meeting.

In the case that two thirds of the outstanding Notes are not present or duly represented at the first meeting of the General Meeting, a new General Meeting may be convened to be held one month after the call, and will be validly constituted regardless of the number of outstanding Notes present or duly represented and the resolutions may be passed by absolute majority of the outstanding Notes present or duly represented at the meeting.

Nevertheless, the General Meeting shall be deemed validly constituted to transact any business within the remit of the Syndicate if Noteholders representing all the outstanding Notes are present or duly represented, and provided that they unanimously approve the holding of such meeting.

ARTICLE 13°. – VOTING RIGHTS

In the meetings of the General Meeting, the right to one vote shall be granted for each Note, present or represented.

ARTICLE 14°. – PRESIDENT OF THE GENERAL MEETING

The Commissioner shall be the president of the General Meeting, shall chair the discussions, shall have the right to bring the discussions to an end when he considers it convenient and shall arrange for matters to be put to the vote.

ARTICLE 15°. – ATTENDANCE LIST

Before discussing the agenda for the meeting, the Commissioner shall form the attendance list, stating the nature and representation of each of the Noteholders present and the number of Notes

Bonos propios o ajenos con que concurren.

ARTÍCULO 16°. – FACULTADES DE LA ASAMBLEA GENERAL

La Asamblea General podrá acordar lo necesario para la mejor defensa de los legítimos intereses de los mismos frente a la Sociedad Emisora; modificar, de acuerdo con la misma, los términos y condiciones de los Bonos; destituir o nombrar Comisario; ejercer, cuando proceda, las acciones judiciales correspondientes y aprobar los gastos ocasionados por la defensa de los intereses de los Bonistas.

ARTÍCULO 17°. – IMPUGNACIÓN DE LOS ACUERDOS

Los acuerdos de la Asamblea General podrán ser impugnados por los Bonistas conforme a lo dispuesto en el Capítulo IX del Título V de la Ley de Sociedades de Capital.

ARTÍCULO 18°. – ACTAS

El acta de la sesión podrá ser aprobada por la propia Asamblea General, acto seguido de haberse celebrado ésta, o, en su defecto, dentro del plazo de quince (15) días, por el Comisario y al menos un Bonista designado al efecto por la Asamblea General.

ARTÍCULO 19°. – CERTIFICACIONES

Las certificaciones de las actas de los acuerdos de la Asamblea General serán expedidas por el Comisario.

ARTÍCULO 20°. – EJERCICIO INDIVIDUAL DE ACCIONES

Los Bonistas sólo podrán ejercitar individualmente las acciones judiciales o extrajudiciales que corresponda cuando no contradigan los acuerdos adoptados previamente por el Sindicato, dentro de su competencia, y sean compatibles con las facultades que al mismo se hubiesen conferido.

ARTÍCULO 21°. – GASTOS DEL SINDICATO

Los gastos normales que ocasione el sostenimiento del Sindicato correrán a cargo de la Sociedad Emisora, no pudiendo exceder

at the meeting, both directly owned and/or represented.

ARTICLE 16°. – POWER OF THE GENERAL MEETING

The General Meeting may pass resolutions necessary for the best protection of Noteholders' lawful interests before the Issuer; to modify, in accordance with the Issuer, the terms and conditions of the Notes; to dismiss or appoint the Commissioner; to exercise, when appropriate, the corresponding legal claims and to approve the expenses caused by the defence of the Noteholders' interest.

ARTICLE 17°. – CHALLENGE OF RESOLUTIONS

The resolutions of the General Meeting may be challenged by the Noteholders in accordance with Chapter IX of Title V of the Spanish Capital Companies Act.

ARTICLE 18°. – MINUTES

The minutes of the meeting may be approved by the General Meeting, after the meeting has been held or, if not, within a term of fifteen (15) days by the Commissioner and at least one Noteholder appointed for such purpose by the General Meeting.

ARTICLE 19°. – CERTIFICATES

The certificates of the minutes of the resolutions of the General Meeting shall be issued by the Commissioner.

ARTICLE 20°. – INDIVIDUAL EXERCISE OF ACTIONS

The Noteholders will only be entitled to individually exercise judicial or extra judicial claims if such claims do not contradict the resolutions previously adopted by the Syndicate, within its powers, and are compatible with the faculties conferred upon the Syndicate.

ARTICLE 21°. – EXPENSES OF THE SYNDICATE

The ordinary expenses resulting from the maintenance of the Syndicate shall be for the account of the Issuer, but they will not exceed, in

en ningún caso del dos por ciento (2%) de los intereses anuales devengados por los Bonos.

TITULO III

DEL COMISARIO

ARTÍCULO 22°. – NATURALEZA JURÍDICA DEL COMISARIO

Incumbe al Comisario ostentar la representación legal del Sindicato y actuar de órgano de relación entre éste y la Sociedad Emisora.

ARTÍCULO 23°. – NOMBRAMIENTO Y DURACIÓN DEL CARGO

Sin perjuicio del nombramiento inicial del Comisario provisional, que deberá ser ratificado por la Asamblea General, esta última tendrá facultad para nombrar al Comisario y ejercerá su cargo en tanto no sea destituido por la Asamblea General.

ARTÍCULO 24°. – FACULTADES

Serán facultades del Comisario:

- 1° Tutelar los intereses comunes de los Bonistas.
- 2° Convocar y presidir las Asambleas Generales.
- 3° Informar a la Sociedad Emisora de los acuerdos del Sindicato.
- 4° Vigilar el pago de los intereses y del principal.
- 5° Llevar a cabo todas las actuaciones que estén previstas realice o pueda llevar a cabo el Comisario de acuerdo con los términos y condiciones de los Bonos.
- 6° Ejecutar los acuerdos de la Asamblea General.
- 7° Ejercitar las acciones que correspondan al Sindicato.
- 8° En general, las que le confiere la Ley y el presente Reglamento.

TITULO IV

DISPOSICIONES ESPECIALES

any year, an amount of two per cent. (2%) of the annual interests accrued by the Notes.

TITLE III

THE COMMISSIONER

ARTICLE 22°. – NATURE OF THE COMMISSIONER

The Commissioner shall bear the legal representation of the Syndicate and shall be the body for liaison between the Syndicate and the Issuer.

ARTICLE 23°. – APPOINTMENT AND DURATION OF THE OFFICE

Notwithstanding the initial appointment of the provisional Commissioner, which will require the ratification of the General Meeting, this latter shall have the power to appoint the Commissioner and he shall exercise his office as long as he is not dismissed by the General Meeting.

ARTICLE 24°. – FACULTIES

The Commissioner shall have the following faculties:

- 1° To protect the common interest of the Noteholders.
- 2° To call and act as president of the General Meeting.
- 3° To inform the Issuer of the resolutions passed by the Syndicate.
- 4° To control the payment of the principal and the interest.
- 5° To carry out all those actions provided for in the terms and conditions of the Notes to be carried out or that may be carried out by the Commissioner.
- 6° To execute the resolutions of the General Meeting.
- 7° To exercise the actions corresponding to the Syndicate.
- 8° In general, the ones granted to him by Law and the present Regulations.

TITLE IV

SPECIAL DISPOSITIONS

ARTÍCULO 25°. – SUMISIÓN A FUERO

Para cuantas cuestiones se deriven de este Reglamento, los Bonistas, por el solo hecho de serlo, se someten, de forma exclusiva, con renuncia expresa a cualquier otro fuero que pudiera corresponderles, a la jurisdicción de los Juzgados y Tribunales de la ciudad de Madrid.

ARTICLE 25°. – JURISDICTION

For any dispute arising from these Regulations, the Noteholders, by the sole fact of being so, shall submit to the exclusive jurisdiction of the courts and tribunals of the city of Madrid.

17 Definitions

In these Conditions, unless otherwise provided:

“Board of Directors” means either the board of directors, or the equivalent body, of the Issuer, as the case may be, or any duly authorized committee of that board or body;

“Business Day” means a day (other than a Saturday or Sunday) which is a TARGET Business Day on which commercial banks and foreign exchange markets are open in the relevant city;

“Calculation Amount” has the meaning given to it in Condition 5;

“Certificate” has the meaning given to it in Condition 2;

a “Change of Control” shall occur if a person or persons acting together acquire Control of the Issuer;

“Change of Control Notice” has the meaning given to it in Condition 6(c);

“Change of Control Period” means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change or Control, or if later, 60 calendar days following the date on which a Change of Control Notice is given to Noteholders;

“Clearstream, Luxembourg” means Clearstream Banking, *société anonyme*;

“Closing Date” means May 7, 2015;

“Commissioner” means the commissioner (*comisario*) as this term is defined under the Spanish Mercantile Companies Law (*Ley de Sociedades de Capital*) of the Syndicate of Noteholders;

“Control” means:

- a) the acquisition or control of more than 50 per cent. of the Voting Rights; or
- b) the right to appoint and/or remove all or the majority of the members of the Issuer’s Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise and “controlled” shall be construed accordingly;

“CNMV” means the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*);

“€” or “euro” means the currency of the economic and monetary union established pursuant to the Treaty on the Functioning of the European Union, as amended;

“Euroclear” means Euroclear Bank S.A./N.V.

“Event of Default” has the meaning given to it in Condition 9;

“General Shareholders’ Meeting” means the general shareholders’ meeting of Sacyr, S.A.;

“Iberclear” means the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*;

“Iberclear Member” has the meaning given to it in Condition 2;

“Interest Payment Date” has the meaning given to it in Condition 5;

“Interest Period” has the meaning given to it in Condition 5;

“Limited Recourse Financing” means any indebtedness which is, or is expected to be, recorded as “concession project finance” (or such other or additional term used or to be used as a line item in, or line item in the notes to, the Issuer’s consolidated financial statements as is certified by a director of the Issuer as the term which designates limited recourse project financing) in the Issuer’s annual consolidated financial statements.

“Limited Recourse Subsidiary” means any present or future Subsidiary of the Issuer, the principal business of which involves the ownership, acquisition, construction, creation, development, maintenance and/or operation of an asset (whether or not an asset of the Issuer or any of its Subsidiaries), or any associated rehabilitation works, which has been or is intended to be primarily financed with Limited Recourse Financing.

“Maturity Date” means May 7, 2020;

“Material Subsidiary” means, at any relevant time, a Subsidiary of the Issuer (but excluding (i) any Limited Recourse Subsidiary, and (ii) for the purposes of Condition 9(h)(B) only, Vallehermoso División Promoción, S.A.U.):

- a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues) at any relevant time represent no less than 7.5 per cent. of the total consolidated assets or gross consolidated revenues, respectively, of the Issuer and its Subsidiaries, as calculated by reference to the then latest consolidated audited accounts or consolidated six-monthly reports of the Issuer and the latest accounts or six-monthly reports of each relevant Subsidiary (consolidated or, as the case may be, unconsolidated) prepared in accordance with International Financial Reporting Standards, provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated audited accounts or consolidated six-monthly reports of the Issuer relate, then for the purpose of applying each of the foregoing tests, the reference to the Issuer’s latest consolidated audited accounts or consolidated six-monthly reports shall be deemed to be a reference to such accounts or reports as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer for the time being after consultation with the Issuer; or
- b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary;

“Noteholder” or “holder” has the meaning given to it in Condition 2;

“Principal Paying Agent” means Banco Santander, S.A. or any such entity which is appointed as principal paying agent by the Issuer from time to time;

“Proceedings” has the meaning given to it in Condition 15(b);

“Put Option Notice” has the meaning given to it in Condition 6(c);

“Record Date” has the meaning given to in Condition 7(a);

“Regulations” has the meaning given to it in Condition 11(a);

“Relevant Date” means in respect of any Note the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender;

“Relevant Event Redemption Date” means the date specified by the Issuer in the Change of Control Notice or the Tender Offer Triggering Event Notice, as applicable, being a date not earlier than five nor later than 10 Business Days after expiry of the Relevant Event Period;

“Relevant Event Period” means in relation to a Change of Control, the Change of Control Period and, in relation to a Tender Offer Triggering Event, the Tender Offer Triggering Event Period;

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, Notes, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, but shall not in any event include any Limited Recourse Financing;

“Spanish Central Registry” has the meaning given to it in Condition 1;

“Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer;

“Syndicate of Noteholders” means the *sindicato* of Noteholders, as this term is described under the Spanish Companies Act (*Ley de Sociedades de Capital*);

“TARGET Business Day” means a day on which the TARGET System is open for the settlement of payments in euro;

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system or any successor thereto;

“Tender Offer” means a tender offer (including a competing tender offer) made in accordance with applicable Spanish laws and regulations following approval of the CNMV;

“Tender Offer Triggering Event” means the approval by the CNMV of a Tender Offer which could result, immediately following completion of the Tender Offer, in the offeror and/or any person acting together with the offeror having Control of the Issuer;

“Tender Offer Triggering Event Notice” has the meaning given to it in Condition 6(c);

“Tender Offer Triggering Event Period” shall mean the period commencing on and including the date the Tender Offer Triggering Event occurs and ending on and including the last date on which the Tender Offer is open for acceptance; and

“Voting Rights” means, in respect of any person, the right generally to vote at a general meeting of shareholders of such person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

6. USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for general corporate purposes of the Group.

7. TAXATION

Introduction

The following summary describes the main Spanish tax implications arising in connection with the acquisition and holding of the Notes by individuals or entities who are the beneficial owners of the Notes (the “Noteholders” and each a “Noteholder”). The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Iberclear.

Prospective purchasers of the Notes should consult their own tax advisers as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes.

The summary set out below is based upon Spanish law as in effect on the date of this Prospectus and is subject to any change in such law that may take effect after such date, including changes with retroactive effect. In particular prospective investors or beneficial owners of the Notes are advised to monitor the development of the tax reform recently implemented in Spain which affects the taxation of the Notes as well as the developments of the Law 10/2014, recently approved.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Prospectus:

- (i) of general application, Law 10/2014 of June 26, 2014, along with Royal Decree 1065/2007, of July 27, 2007, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011, of July 29, 2011 (Royal Decree 1065/2007);
- (ii) for individuals with tax residency in Spain who are subject to Personal Income Tax (PIT) tax payers, Law 35/2006, of November 28, 2006, on PIT and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law, as well as Royal Decree 439/2007, of March 30, 2007, promulgating the PIT Regulations, along with Law 19/1991, of June 6, 1991, on the Net Wealth Tax and Law 29/1987, of December 18, 1987, on the Inheritance and Gift Tax (IGT);
- (iii) for legal entities resident for tax purposes in Spain which are subject to the Spanish Corporate Income Tax (CIT), Law 27/2014, of November 27, 2014, on CIT, and Royal Decree 1777/2004 of July 30, promulgating the CIT Regulations; and
- (iv) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Spanish Non-Resident Income Tax (NRIT), Royal Legislative Decree 5/2004, of March 5, 2004, promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004, of July 30, 2004, promulgating the NRIT Regulations, along with Law 19/1991, of June 6, 1991, on the Net Wealth Tax and Law 29/1987, of December 18, 1987, on IGT.

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, dated September 24, 1993 and exempt from Value Added Tax, in accordance with Law 37/1992, dated December 28, 1992 regulating such tax.

The Issuer understands that the Notes should be deemed as financial assets with an explicit yield for Spanish tax purposes, according to article 91 of the PIT Regulations and article 61 of the CIT Regulations.

Individuals with Tax Residency in Spain

Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the investor's PIT savings taxable base, which is taxed during the tax period 2015, at a flat rate of 20% on the first €6,000; 22% for taxable income between €6,000.01 to €50,000 and 24% for taxable income in excess of €50,000. As of January 1, 2016, each investor's savings income tax base will be taxed at 19% for taxable income up to €6,000; 21% for taxable income between €6,000.01 to €50,000 and 23% for taxable income in excess of €50,001.

A (current) 20% withholding on account of PIT (19% as from January 1, 2016 onwards) will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to PIT.

However, income derived from the transfer of the Notes should not be subject to withholding on account of PIT provided that the Notes are:

- (v) registered in book-entry form (*anotaciones en cuenta*); and
- (vi) traded in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Notwithstanding the above, 20% withholding tax (19% as from January 1, 2016 onwards) shall apply on the part of the transfer price that corresponds to the accrued interest when the transfer of the Notes takes place within the 30-day period prior to the moment in which such interest is due when the following requirements are fulfilled:

- (vii) the acquirer would be a non-resident or a CIT taxpayer;
- (viii) the explicit yield derived from the transfer of the notes is exempt from withholding tax.

In any event, the individual holder may credit the withholding tax applied by the Issuer against his or her final PIT liability for the relevant tax year.

Reporting Obligations

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are individuals resident in Spain for tax purposes.

Net Wealth Tax (*Impuesto sobre el Patrimonio*)

For tax year 2015, individuals resident in Spain are subject to Net Wealth Tax (Law 19/1991), which imposes a tax on property and rights in excess of €700,000 held on the last day of any year (subject to the provisions set forth in the relevant legislation in an autonomous region). Individuals resident in Spain whose net worth is above €700,000 and who hold Notes on December 31 of any year would therefore be subject to Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year; final tax varies depending on the autonomous region of residency of the relevant Noteholder.

From 2016 onwards, a general 100% tax relief applies (set forth by article 61 of Law 36/2014 approving the General State Budget for 2015). However, the application of such tax relief was also anticipated and ultimately rejected by Spanish tax authorities with respect to fiscal years 2014 and 2015. Therefore, rejection of such tax relief could similarly occur with respect to fiscal year 2016.

Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish IGT in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6% for 2015, depending on relevant factors.

Legal Entities with Tax Residency in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes are subject to CIT (at the current basic tax rate of 28% for 2015 and 25% from year 2016 onwards) in accordance with the rules for such tax.

No withholding on account of CIT will be imposed on interest payments or on income derived from the redemption or repayment of the Notes, by Spanish CIT taxpayers provided that certain requirements are met (including that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below). See “—Compliance with Certain Requirements in Connection with Income Payments”.

With regard to income derived from the transfer of the Notes, in accordance with article 59.q of the CIT regulations, there is no obligation to withhold on income obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

- (ix) registered by way of book entries (*anotaciones en cuenta*); and
- (x) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Reporting Obligations

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes are not subject to Spanish Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the IGT but generally must include the market value of the Notes in their taxable income for CIT purposes.

Individuals and Legal Entities that Are Not Tax Resident in Spain

- (1) *Investors that Are Not Resident in Spain for Tax Purposes, Acting in Respect of the Notes Through a Permanent Establishment in Spain*

Non-resident Income Tax (Impuesto sobre la Renta de no Residentes)

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those set forth above for Spanish CIT taxpayers. See “—Legal Entities with Tax Residency in Spain – Corporate Income Tax (*Impuesto sobre Sociedades*)”.

Ownership of the Notes by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

Reporting Obligations

The Issuer will comply with the reporting obligations set forth under Spanish tax laws with respect to beneficial owners of the Notes that are individuals or legal entities not resident in Spain for tax purposes and that act with respect to the Notes through a permanent establishment in Spain.

(2) *Investors that Are Not Resident in Spain for Tax Purposes, Not Acting in Respect of the Notes Through a Permanent Establishment in Spain*

(A) *Non-resident Income Tax (Impuesto sobre la Renta de no Residentes)*

Both interest payments periodically received under the Notes and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met.

In order to be eligible for the exemption from NRIT, certain requirements must be met (including that, in respect of interest payments from the Notes carried out by the Issuer, the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below), as set forth in article 44 of Royal Decree 1065/2007. See “—Compliance with Certain Requirements in Connection with Income Payments”.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of interest under the Notes, the Issuer will withhold Spanish withholding tax at the applicable rate (currently 20%, and 19% as from January 1, 2016 onwards) on such payment of income on the Notes and the Issuer will not pay additional amounts with respect to any such withholding tax.

A beneficial owner who is not resident in Spain for tax purposes and entitled to exemption from NRIT, but to whom payment was not exempt from Spanish withholding tax due to a failure on the delivery of a duly executed and completed Payment Statement to the Issuer, will receive a refund of the amount withheld, with no need for action on the beneficial owner’s part, if the Issuer receives a duly executed and completed Payment Statement no later than the tenth calendar day of the month immediately following the relevant payment date.

In addition, beneficial owners of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law and its regulations.

(B) *Net Wealth Tax (Impuesto sobre el Patrimonio)*

For tax year 2015 Spanish non-resident tax individuals are subject to Spanish Net Wealth Tax (Law 19/1991), which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year.

However, to the extent that income derived from the Notes is exempt from the NRIT, individual Noteholders not resident in Spain for tax purposes that hold Notes on the last day of any year will be exempt from Net Wealth Tax. Furthermore, Noteholders who benefit from a convention for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the Noteholder’s country of residence will not be subject to Net Wealth Tax.

If the provisions of the foregoing paragraph do not apply, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, although some reductions may apply.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value are situated. As such, prospective investors should consult their tax advisers.

From 2016 onwards, a general 100% tax relief applies (set forth by article 61 of Law 36/2014 approving the General State Budget for 2015). However, the application of such tax relief was also anticipated and ultimately rejected by Spanish tax authorities with respect to fiscal years 2014 and 2015. Therefore, rejection of such tax relief could similarly occur with respect to fiscal year 2016.

Non-resident legal entities are not subject to Net Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy will be subject to IGT in accordance with the applicable Spanish state rules, unless they reside in a country for tax purposes with which Spain has entered into a treaty for the avoidance of double taxation in relation to IGT. In such case, the provisions of the relevant treaty for the avoidance of double taxation will apply.

If no treaty for the avoidance of double taxation in relation to IGT applies, applicable IGT rates would range between 7.65% and 81.6% for 2015, depending on relevant factors.

Generally, non-Spanish tax resident individuals are subject to the Spanish IGT according to the rules set forth in the Spanish state level law. However, if the deceased or the donee are resident in an EU or European Economic Area Member State, the applicable rules will be those corresponding to the relevant Spanish autonomous regions. As such, prospective investors should consult their tax advisers.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to IGT. Such acquisitions may be subject to NRIT (as described above), unless otherwise applicable under the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain. In general, treaties for the avoidance of double taxation provide for the taxation of this type of income in the country of tax residence of the beneficiary owner.

Compliance with Certain Requirements in Connection with Income Payments

As described under “—Individuals and Legal Entities that Are Not Tax Resident in Spain”, “—Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)”, provided the conditions set forth in Law 10/2014 are met, interest payments made by the Issuer in respect of the Notes for the benefit of non-Spanish tax resident investors, or for the benefit of Spanish CIT taxpayers, will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a “Payment Statement”), in accordance with section 4 of article 44 of Royal Decree 1065/2007, containing the following information:

1. Identification of the Notes.
2. Total amount of the income paid by the Issuer.
3. Amount of the income corresponding to individual residents in Spain that are PIT taxpayers.
4. Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, currently at the rate of 20% (19% as from January 1, 2016 onwards).

If this were to occur, affected beneficial owners will receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the tenth calendar day of the month immediately following the relevant

payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

Prospective investors should note that the Issuer does not accept any responsibility relating to the lack of delivery of a duly executed and completed Payment Statement by the Iberclear Members in connection with each payment of income under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Payment Statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.

Savings Directive

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended by the Amending Directive. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by January 1, 2016, which legislation must apply from January 1, 2017. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by the Fiscal Agent, the Issuer may be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive to the extent is operative or feasible.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians or intermediaries with care, and provide each custodian or intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive.

The proposed European financial transactions tax

On February 14, 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

8. SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc (the “Sole Lead Manager”) has, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated May 5, 2015, agreed with the Issuer to subscribe or procure subscribers for the Notes at the issue price of 98.91 per cent of the nominal amount of the Notes, less certain commissions as agreed with the Issuer. The Issuer will also reimburse the Sole Lead Manager in respect of certain of its expenses, and has agreed to indemnify the Sole Lead Manager against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

General

This Prospectus does not constitute an offer by, or an invitation by or on behalf of, the Issuer or the Sole Lead Manager or any other person to subscribe for any of the Notes, or the solicitation of an offer to subscribe for any of the Notes. No action has been taken by the Issuer or the Sole Lead Manager that would, or is intended to, permit a public offer of the Notes or possession or distribution of the Prospectus or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Sole Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Spain

The Notes may not be offered, sold or distributed, nor may any subsequent resale of the Notes be carried out in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of Article 30-bis of the LMV, Royal Decree 1310/2005 of November 4, 2005 (*Real Decreto 1310/2005 de 4 de noviembre*), and supplemental rules enacted thereunder.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Sole Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the distribution compliance period), within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Sole Lead Manager has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to the Issuer.

9. SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK-ENTRY NOTES

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry notes such as the Notes.

Notwithstanding that, it should be noted that Law 32/2011, of October 4, 2011 which amends Law 24/1988, of July 28, 2011 on the Securities Market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*), provides for certain changes that are yet to be implemented in the Spanish clearing, settlement and registry procedures of securities transactions. These will modify the system and allow for the integration of the post trading Spanish systems into the TARGET System (TARGET2), which is scheduled to be fully implemented in February 2017.

The project to reform Spain's clearing, settlement and registry system and its connection to the TARGET System (the "Reform") introduces significant new features that affect all classes of securities and all post-trade activities.

The Reform will be implemented in two phases:

- The first phase will take place at the beginning of 2015 and will involve setting up a new system for equities to include all the changes envisaged in the Reform, including the creation of a central clearing counterparty ("CCP") in post-trade whose design must be compatible with the TARGET System (messages, account structure, definition of operations, etc). Accordingly, the SCLV (*Servicio de Compensación y Liquidación de Valores*) platform will be discontinued.

That system will continue to settle by the current deadline of T+3, although that should be reduced to T+2 within a period of two to three months since T+2 is the settlement period in the proposed regulation on improving securities settlement in the European Union and on central securities depositories ("CSDs").

The CADE (*Central de Anotaciones de Deuda Pública*) platform will continue to operate unchanged and cash settlements in the new system will be made in the TARGET2-Bank of Spain cash accounts, as at present.

- The second phase will be implemented to coincide with Iberclear's connection to the TARGET System, scheduled for February 2017. At that time, fixed-income securities will be transferred to the new system, and CADE will be discontinued.

Equities will also be settled in accordance with the procedures and time periods of the TARGET System, so that the interim settlement procedure used in the first phase will be discontinued.

The second phase will entail unifying the registry and settlement approach for both equities and fixed-income.

Iberclear

Iberclear is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the clearing and settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), The Book-Entry Public Debt Market and AIAF. To achieve this, Iberclear uses two technical platforms, SCLV (for the Spanish Stock Exchanges and Latibex) and CADE (for The Book-Entry Public Debt Market and AIAF).

Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a holding company, which holds a 100% interest in each of the Spanish official secondary markets and settlement systems.

Iberclear Securities Registration System

Iberclear and the Iberclear Members have the function of keeping the book-entry register of securities traded on the AIAF.

The book-entry register structure is divided into: (i) the Spanish Central Registry managed by Iberclear, that reflects the aggregate balance of the securities held by each of the Iberclear Members (segregated into the Iberclear Members' own account and accounts held on behalf of third parties), and (ii) an itemised individual register managed by each of the Iberclear Members, in which securities are listed under the security owner's name.

Spanish law considers the legal owner of the securities to be:

- the Iberclear Member appearing in the records of Iberclear as holding the relevant securities in its own name; or
- the investor appearing in the records of the Iberclear Member as holding the securities.

Iberclear Settlement of securities traded in AIAF

Securities traded in AIAF are private fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds), represented either in a dematerialized form or by certificates.

In the AIAF settlement system, transactions may be settled spot, forward (settlement date more than five days after the relevant trade date), with a repurchase agreement on a fixed date and double or simultaneous transactions (two trades in opposite directions with different settlement dates).

The settlement system used for securities admitted for trading in AIAF is the Model 1 delivery versus payment system, as per the classification of the Bank for International Settlements: that is, it is a "transaction-to-transaction" cash and securities settlement system with simultaneity in its finality.

Transactions are settled on the business day agreed by participants at the moment of the trade.

Settlement Cycles: The CADE Platform

The process of settling all reported trades with a value date on a specific day, is carried out in three phases:

- first settlement cycle;
- real-time settlement; and
- session close

The first cycle includes all transactions reported to CADE up to 6:00 pm of D-1, and these are settled if sufficient funds and an adequate securities balance are available in the pertinent accounts.

The real-time settlement process is carried out between 7:00 am and 4:00 pm of the settlement day, and the system first checks if a sufficient securities balance is available. If it is available, but the buyer of the securities does not have available funds, the order is rejected and returned to CADE, and placed in a queue. The process is periodically activated until enough balance is available in the relevant accounts to settle outstanding orders with finality. If the balance in the seller's securities account is insufficient, the transaction is placed in a queue. When a credit is lodged in a securities account, the system checks whether queued orders can be processed.

At the end of the day, the system tries one last time to settle all transactions not settled in the first cycle or during the process in real time. The settlement cycle at the end of the day takes place at 5:00 pm.

If the seller's securities account has sufficient balance, the system checks (by means of a comparison with the payment side) if there is also sufficient balance in the buyer's cash account. That is, securities and

cash are not immediately blocked. Once the transfers of securities and cash have been executed, each of the transactions is considered final.

10. ADDITIONAL INFORMATION

Below are the disclosure requirements of Annex IX and Annex XIII of Regulation EC 809/2004 which have not been covered in the preceding sections of this Prospectus, including the documents incorporated by reference in accordance with Section 2 (*Documents incorporated by Reference*):

Key information. Interest of natural and legal persons involved in the issue

The Sole Lead Manager and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of its business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or their affiliates. The Sole Lead Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer, as the case may be, consistent with their customary risk management policies. Typically, the Sole Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Sole Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Admission to trading and dealing arrangements

The issue of the Notes was duly authorized by a resolution of the Board of Directors of the Issuer passed on April 23, 2015 on the basis of the authorization granted by a resolution of the General Shareholders' Meeting of the Issuer passed on June 12, 2014.

Statement of the capacity in which the advisers have acted

In addition to the Sole Lead Manager, the following entities have provided advisory services in relation with the Offering of the Notes:

- Linklaters, S.L.P. has acted as legal adviser to the Sole Lead Manager on Spanish and English law; and
- White & Case, LLP has acted as legal adviser to the Issuer on Spanish and English law.

Expenses related to the Offering and admission to trading

For informative purposes only, an approximate estimate of the expenses payable by the Issuer in relation to the Offering and admission to trading is as follows:

Type of expense	Euro (estimated amount)
Charges and fees of AIAF and Iberclear.....	15,500
CNMV fees (listing)	18,000
Other (including among other, auditor's fees, legal counsels and sole Lead Manager's fees)	645,500
TOTAL.....	679,000

Listing

This Prospectus has been approved by the CNMV in its capacity as competent authority under the LMV and relevant implementing measures in Spain. Application will be made for the Notes to be admitted to trading

on AIAF. The Notes may also be admitted to trading on any other secondary market as may be agreed by the Issuer.

Clearing

The Notes have been accepted for clearance through Iberclear. The International Securities Identification Number (ISIN) for this issue is ES0382870006 and the Common Code is 122815692.

Governmental, legal or arbitration proceedings

Save as disclosed under “Description of the Issuer – Legal Proceedings” on page 68 above, there are no, and there have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of any of the Issuer or, the Group.

There are no, and there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

Financial and trading position

There has been no significant change in the financial or trading position of the Issuer since December 31, 2014, and no material adverse change in the financial position or prospects, of the Issuer since December 31, 2014.

Financial information

Ernst & Young, S.L. independent auditors on the *Registro Oficial de Auditores de Cuentas* whose address is Torre Picasso, Plaza de Pablo Ruiz Picasso, 1, 28020 Madrid, Spain, audited the consolidated annual accounts of the Issuer for the year ended December 31, 2013 and December 31, 2014. The reports in respect of such annual accounts were unqualified. The auditor’s report as of and for the year ended December 31, 2013 includes the following matter of emphasis: “*Sacyr is the sole shareholder of Sacyr Vallerhermoso Participaciones Mobiliarias, S.L, the main asset of which is its stake in Repsol, S.A and the usage value of the stake in Repsol, S.A is based on, among other estimated flows, the recoverable value of the expropriated stake that this company had in YPF, S.A which has been calculated on the basis of the best estimates of the directors, considering the existing uncertainties in relation to the outcome of the “Amicable Solution and Expropriation Agreement Convention” (“Convenio de Solución Amigable y Avenimiento de Expropiación”).*”

In order to facilitate the comparison of the information for year 2014 with that of 2013, the financial information for 2013 included hereto and in the consolidated financial statements for the financial year 2014 was unified. Such unification was made under IFRS-EU 10 “Consolidated Financial Statements” and under IFRS-EU 11 “Joint Arrangements”. The Group reassessed the applicable accounting policies to determine its level of control over the concessionaires in which it has an interest under the new accounting framework applicable to determine control over an investee (IFRS-EU 10). In previous reporting periods, under the applicable accounting standard (IAS 27), considering that the companies involved were in the initial stages of operation and that the arrangements entered into with other venturers required joint approval of any amendments to the engineering and construction contract and the contract for the operation and maintenance of the concessions, the Group considered that for the Chilean companies (S.C. Rutas del Desierto, S.A, S.C. Valles del Bio Bio, S.A. and S.C. Valles del Desierto, S.A.) consent of shareholders was necessary for decisions regarding the operating and financial policies of the concessions. Accordingly, it was presumed that joint control existed. Under the scope of the new standard applicable from 1 January 2014 (IFRS-EU 10) and with the new definition of control, which considers the power to direct the relevant activities of the companies, the Group reassessed its relevant activities at the foregoing companies, concluding that these entailed budgetary approvals and financing decisions. Therefore, the other shareholders only hold protective rights.

Accordingly, the Group has control and fully consolidates the three Chilean concessionaires. Additionally, the voting rights held by the Group in Autopista del Guadalmedina Concesionaria, S.A. were recalculated. The percentage of control erroneously counted was corrected, since the voting rights held by other shareholders and controlled by the Group had not been considered. As a result of both effects, the Group fully consolidated the four concessions indicated, which had been accounted for using the equity method in 2013.

Documents on display

For the period of 12 months following the date of this Prospectus, copies of the following documents will be available:

- (a) the by-laws of the Issuer, on its website (www.sacyr.com in section Shareholders Channel/Corporate governance);
- (b) the constitutional documents of the Issuer, from the Commercial Registry (*Registro Mercantil*) of Madrid;
- (c) the audited consolidated annual accounts, the notes to the audited consolidated annual accounts and the Auditor's reports as of and for the years ended December 31, 2013 and December 31, 2014 of the Issuer, together with the directors' report in respect of the latter, prepared in accordance with IFRS-EU (available on Sacyr's website: www.sacyr.com in section Shareholders Channel/Financial Information) and on the CNMV website (www.cnmv.es).

11. SIGNATURES

In witness to their knowledge and approval of the contents of this Prospectus drawn up according to Annexes IX and XIII of Commission Regulation (EC) No. 809/2004 of April 29, 2004, it is hereby signed by Mr. Juan Gortázar Sánchez-Torres, in his capacity as authorized signatory, acting under an authorization granted by the Board of Directors of the Issuer, in Madrid, on April 23, 2015.

THE SOLE LEAD MANAGER

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

THE ISSUER

Sacyr, S.A.

Paseo de la Castellana, 83-85
28046 Madrid
Spain

PAYING AGENT

Banco Santander, S.A.

Gran Vía de Hortaleza, 3
Edificio Pedreña, Planta -1
28033 Madrid
Spain

LEGAL ADVISERS

To the Issuer as to English and Spanish law

White & Case, L.L.P.
Paseo de la Castellana, 7
28046 Madrid
Spain

To the Sole Lead Manager as to English and Spanish law

Linklaters, S.L.P.
Calle Almagro, 40
28010 Madrid
Spain

AUDITORS OF THE ISSUER

Ernst & Young, S.L.

Torre Picasso, Plaza de Pablo Ruiz Picasso, 1
28020 Madrid
Spain

COMMISSIONER

Joaquín Camacho Calderón

Paseo de la Castellana, 83-85
28046 Madrid
Spain