

Public Corporate Entity "ENAIRE" and Subsidiaries

Financial Statements for the period ended on 31 December 2019

This document contains the Consolidated Financial Statements of ENAIRE and Subsidiaries for the fiscal year ended on 31 December 2019 and also the description of the activity of ENAIRE and Subsidiaries.

The Consolidated Financial Statements and the notes of the annual accounts of ENAIRE and Subsidiaries for the fiscal year ended on 31 December 2019 have been originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

PUBLIC CORPORATE ENTITY “ENAIRe” AND SUBSIDIARIES
FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2019

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019
(Stated in thousands of Euros)

ASSETS	Period 2019	Period 2018	EQUITY AND LIABILITIES	Period 2019	Period 2018
NON-CURRENT ASSETS			EQUITY		
Intangible assets	1,139,780	607,343	<i>Capital and reserves without valuation adjustments</i>	4,551,631	4,336,343
Investigation and Development	35,326	24,887	Capital	1,821,537	1,821,537
Concessions	906,660	415,872	Reserves of the Parent Public Corporate Entity	1,151,256	1,017,919
Goodwill	1,123	1,310	Statutory	517,542	517,542
Computer software	158,613	129,911	Other Reserves	633,714	500,377
Other intangible assets	38,058	35,363	Reserves in Consolidated companies	1,255,506	1,110,498
Property, plant and equipment	13,108,689	13,316,935	Reserves in companies based on the equity method	17,197	20,463
Land and buildings	10,655,196	10,806,516	Profit/ (loss) attributable to parent company	836,015	863,163
Technical installations and other items	1,875,055	1,994,513	Consolidated profit and loss	1,545,268	1,513,120
Property, plant and equipment underway and advances	578,438	515,906	Profit/ (loss) attributable to non controlling interest	709,253	649,957
Investment properties	140,928	138,183	Interim dividend (Payment on Account to the Public Treasury)	(529,880)	(497,237)
Land	36,644	36,678	<i>Valuation adjustments</i>	(55,961)	(45,161)
Buildings	104,153	101,337	Hedging transactions	(48,850)	(34,486)
Technical installations	131	168	Translation differences - associates	(6,151)	(9,734)
Non-current investments in associates	108,482	103,834	Translation differences - group	(960)	(941)
Equity-accounted investees	108,482	103,834			
Non-current financial investments	86,034	79,662	<i>Grants, donations and bequests received</i>	206,061	215,686
Long term Current tax assets	129,679	118,021	<i>Non-controlling interest</i>	3,300,906	3,143,293
Deferred tax assets	128,935	153,515	TOTAL EQUITY	8,002,637	7,650,161
Trade and other non-current receivables	3,929	6,494			
TOTAL NON-CURRENT ASSETS	14,846,456	14,523,987	NON-CURRENT LIABILITIES		
			Non-current provisions	265,375	262,384
			Long-term employee benefits	188,042	177,620
			Environmental actions	62,736	60,850
			Other provisions	14,597	23,914
			Non-current payables	5,727,053	6,667,486
			Debt with financial institutions	5,366,446	6,369,401
			Other non-current payables	54,518	51,854
			Payables public entities due to concessions	47,483	47,924
			Finance lease payables	16,305	17,959
			Derivatives	95,672	56,543
			Other financial liabilities	146,629	123,805
			Deferred tax liabilities	188,003	207,914
			Non-current accruals	9,378	43,157
			TOTAL NON-CURRENT LIABILITIES	6,189,809	7,180,941
			CURRENT LIABILITIES		
			Current provisions	105,845	79,607
			Current debt	1,538,754	982,229
			Obligations, bonds and other marketable securities	159,000	-
			Debt with financial institutions	1,043,266	710,761
			Other current payables	418	398
			Financial lease creditors	2,339	2,246
			Derivatives	31,662	32,740
			Other financial liabilities	302,069	236,084
			Group companies and associates, current	3,301	2,848
			Debt with companies based on the equity method	3,301	2,848
			Trade and other payables	445,177	446,480
			Suppliers	483	777
			Other payables	234,916	236,587
			Personnel	83,977	82,248
			Current tax liabilities	10,367	24,889
			Public entities, other	55,466	50,368
			Advances from customers	59,968	51,611
			Current accruals	69,290	71,194
			TOTAL CURRENT LIABILITIES	2,162,367	1,582,358
TOTAL ASSETS	16,354,813	16,413,460	TOTAL EQUITY AND LIABILITIES	16,354,813	16,413,460

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED ON 31 DECEMBER 2019

(Stated in thousands of Euros)

	Period 2019	Period 2018
CONTINUING OPERATIONS		
Revenue	5,220,023	5,065,196
Work carried out by the company for assets	8,869	8,548
Supplies	(75,652)	(73,080)
Raw materials and other consumables used	(1,485)	(996)
Subcontracted work	(74,167)	(72,084)
Other operating income	17,244	18,371
Non-trading and other operating income	13,032	12,864
Operating grants taken to income	4,212	5,507
Personnel expenses	(1,029,579)	(958,838)
Salaries and wages	(811,874)	(773,522)
Employee benefits expense	(198,684)	(181,433)
Provisions	(19,021)	(3,883)
Other operating expenses	(1,197,935)	(1,106,368)
External services	(952,023)	(881,223)
Taxes	(161,941)	(157,614)
Losses, impairment and changes in trade provisions	(16,212)	467
Other operating expenses	(67,759)	(67,998)
Amortisation and depreciation	(874,495)	(893,608)
Non-financial and other capital grants	41,864	96,863
Provision surpluses	4,711	7,851
Impairment and gains/(losses) on disposal of fixed assets	(11,259)	(62,916)
Impairment	-	(46,249)
Disposal of fixed assets and others	(11,259)	(16,667)
Other results	(9,596)	2,648
RESULTS FROM OPERATING ACTIVITIES	2,094,195	2,104,667
Finance income	5,400	4,501
Dividends	551	721
Marketable securities and other financial instruments	4,363	3,174
Capitalisation finance expenses	486	606
Finance expenses	(90,605)	(112,874)
Other	(90,467)	(112,754)
Provision adjustments	(138)	(120)
Change in fair value of financial instruments	(33,699)	(37,333)
Exchange gains/(losses)	(486)	(513)
NET FINANCE INCOME/(EXPENSES)	(119,390)	(146,219)
Profit/loss by company based on the equity method	31,797	23,044
Amortization of consolidated goodwill from companies based on the equity method	(213)	(213)
PROFIT/(LOSS) BEFORE INCOME TAX	2,006,389	1,981,279
Income tax expense	(461,122)	(468,159)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	1,545,268	1,513,120
CONSOLIDATED PROFIT/(LOSS) OF REPORTING PERIOD	1,545,268	1,513,120
Profit/(loss) attributable to non-controlling interest	709,253	649,957
PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY	836,015	863,163

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31 DECEMBER 2019

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Stated in thousands of Euros)

	Period 2019	Period 2018
A) Consolidated profit/(loss) for the period	1,545,268	1,513,120
Income and expense recognised directly in equity		
Cash flow hedges	(72,074)	(41,758)
Grants, donations and bequests received	14,406	82,558
Actuarial gains and losses and other adjustments	(7,855)	(777)
Translation differences - group	(1,964)	411
Translation differences - associates	6,231	1,957
Tax effect	16,048	(9,474)
B) Total income and expense recognised directly in consolidated equity	(45,208)	32,917
Amounts transferred to the consolidated income statement		
Cash flow hedges	33,699	37,333
Grants, donations and bequests received	(43,641)	(98,500)
Translation differences - group	2,169	-
Translation differences - associates	794	-
Tax effect	2,041	14,883
C) Total amounts transferred to the consolidated income statement	(4,938)	(46,284)
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE (A + B + C)	1,495,122	1,499,753
Total income and expense attributed to non-controlling interest	681,230	641,842
Total income and expense attributed to the Parent State-Owned Entity	813,892	857,911

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31 DECEMBER 2019
B) CONSOLIDATED STATEMENT OF TOTAL CHANGES IN NET EQUITY

(Stated in thousands of Euros)

	Capital	Statutory Reserves	Voluntary reserves Parent Company	Consolidated reserves Parent Company	Prior periods' losses	Reserves in consolidated companies	Reserves in companies based on the equity method	Interim dividend	Profit/ (loss) attributable to parent company	Valuation adjustments	Grants, donations and bequests received	Non-controlling interest	Total equity
BALANCE AT 31 DECEMBER 2017	1,821,537	517,542	4,355	292,656	(66,052)	980,299	18,871	(292,003)	780,100	(44,234)	219,825	2,995,062	7,227,958
Adjustments for changes in criteria 2017 and prior periods	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2018	1,821,537	517,542	4,355	292,656	(66,052)	980,299	18,871	(292,003)	780,100	(44,234)	219,825	2,995,062	7,227,958
Total recognised income and expense	-	-	-	-	-	(185)	-	-	863,163	(927)	(4,140)	641,842	1,499,753
Distribution of dividends	-	-	-	-	-	-	-	(497,237)	(88,003)	-	-	(496,140)	(1,081,380)
Other transactions with equity holders or owners	-	-	14	499,282	-	(488,427)	(9,569)	-	-	-	1	2,529	3,830
Application of results from previous year	-	-	-	(295,930)	66,052	618,811	11,161	292,003	(692,097)	-	-	-	-
BALANCE AT 31 DECEMBER 2018	1,821,537	517,542	4,369	496,008	-	1,110,498	20,463	(497,237)	863,163	(45,161)	215,686	3,143,293	7,650,161
Adjustments for changes in criteria 2018 and prior periods	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2019	1,821,537	517,542	4,369	496,008	-	1,110,498	20,463	(497,237)	863,163	(45,161)	215,686	3,143,293	7,650,161
Total recognised income and expense	-	-	-	-	-	(1,697)	-	-	836,015	(10,802)	(9,624)	681,230	1,495,122
Distribution of dividends	-	-	-	-	-	-	-	(529,880)	(86,550)	-	-	(521,085)	(1,137,515)
Other transactions with equity holders or owners	-	-	-	533,577	-	(519,743)	(16,434)	-	-	2	(1)	(2,532)	(5,131)
Application of results from previous year	-	-	98,000	(498,240)	-	666,448	13,168	497,237	(776,613)	-	-	-	-
BALANCE AT 31 DECEMBER 2019	1,821,537	517,542	102,369	531,345	-	1,255,506	17,197	(529,880)	836,015	(55,961)	206,061	3,300,906	8,002,637

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED ON 31 DECEMBER 2019

(Stated in thousands of Euros)

	Period 2019	Period 2018
CASH FLOWS FROM OPERATING ACTIVITIES (I)	2,302,745	2,192,367
Profit/(loss) for the period before tax	2,006,389	1,981,279
Adjustments for:	1,024,475	1,029,038
Amortisation and depreciation (+)	874,495	893,608
Valuation allowances for impairment losses (+/-)	16,212	45,782
Change in provisions (+/-)	75,178	44,496
Grants recognised in the income statement (-)	(41,864)	(96,863)
Proceeds from disposals of fixed assets (+/-)	11,259	16,667
Finance income (-)	(4,849)	(3,780)
Finance expenses (+)	90,605	112,874
Exchange gains/losses (+/-)	486	513
Change in fair value of financial instruments (+/-)	33,699	37,333
Income from dividends	(551)	(721)
Other income and expenses (-/+)	1,602	2,173
Profit/loss by company based on the equity method	(31,797)	(23,044)
Changes in operating assets and liabilities	(143,153)	(154,130)
Inventories (+/-)	471	(70)
Trade and other receivables (+/-)	(55,639)	(82,299)
Other current assets (+/-)	6,212	2
Trade and other payables (+/-)	(29,757)	(2,368)
Other current liabilities (+/-)	(63,100)	(66,728)
Other non-current assets and liabilities (+/-)	(1,340)	(2,667)
Other cash flows from operating activities	(584,966)	(663,820)
Interest paid (-)	(102,243)	(135,280)
Dividends received (+)	26,780	22,394
Interest received (+)	1,643	2,598
Income tax received (paid) (+/-)	(511,945)	(553,020)
Other amounts paid (received) (-/+)	799	(512)
CASH FLOWS FROM INVESTING ACTIVITIES (II)	(1,058,203)	(561,579)
Payments for investments (-)	(1,266,357)	(1,025,028)
Intangible assets	(593,203)	(65,470)
Property, plant and equipment	(531,933)	(542,243)
Investment property	(7,660)	(4,410)
Other financial assets	(133,561)	(412,905)
Proceeds from sale of investments (+)	208,154	463,449
Group companies and associates	5,658	3,344
Property, plant and equipment	347	34
Other assets	202,149	460,071
CASH FLOWS FROM FINANCING ACTIVITIES (III)	(1,638,717)	(1,805,898)
Proceeds from and payments for equity instruments	10,155	94,147
Grants, donations and bequests received (+)	10,155	94,147
Proceeds from and payments for financial liability instruments	(511,357)	(818,665)
Obligations, bonds and other marketable securities	159,000	-
Issue debt with financial institutions	642,139	43,728
Others (+)	61,529	31,871
Redemption and repayment of debt with financial institutions	(1,330,499)	(880,807)
Others (-)	(43,526)	(13,457)
Dividends and interest on other equity instruments paid	(1,137,515)	(1,081,380)
Dividends (-)	(1,137,515)	(1,081,380)
EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)	(928)	(40)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)	(395,103)	(175,150)
Cash and cash equivalents at beginning of period	1,011,650	1,186,800
Cash and cash equivalents at end of period	616,547	1,011,650

Line of Business

Parent Company

The Public Corporate Entity ENAIRE, hereafter referred to as ENAIRE or the Company, was constituted under article 82 of Act 4/1990, of 29 June, on General State Budgets for 1990. It was effectively incorporated on 19 June 1991, once its Articles of Association came into force, approved by Royal Decree 905/1991 of 14 June.

Until the publication of Act 18/2014, of 15 October, its name was Entidad Pública Empresarial Aeropuertos Españoles y Navegación Aérea (Aena).

This Public Corporate Entity is organised as a body governed by public law attached to the Spanish Ministry of Transport, Mobility and Urban Agenda, with its own legal status and separate from that of the State, and carries out its business within the scope of the Government's general transport policy.

In accordance with the European System of Accounts (ESA), this company is classified under the heading "S.11001 Public non-financial corporations: Public Administration", being wholly owned by the Spanish Government. The activities carried out by ENAIRE are classified as "522 Support activities for transportation" according to the CNAE (National Economic Activities Classification Code).

Its Articles of Association, approved by Royal Decree 905/1991, of 14 June, were subsequently amended by Royal Decree 1993/1996, of 6 September, Royal Decree 1711 /1997, of 14 November, and Royal Decree 2825/1998, of 23 December.

The activities carried out by ENAIRE are regulated by Act 18/2014, of 15 October. In accordance with this Act, ENAIRE owns the competences in terms of air navigation and airspace, and also the national and international operational coordination of the national network for managing air traffic and other networks related to the use for the efficient management of airspace taking the needs of its users into consideration.

ENAIRE is the main Air Navigation Service Provider (ANSP) in Spain, and one of the four main providers of air navigation services in Europe. Its main purpose is to offer maximum safety, quality and efficiency in the development and operation of the Spanish air navigation system, in addition, it also has a prominent and active involvement in all EU projects related to the implementation of the Single European Sky.

In accordance with the provisions of Act 18/2014, ENAIRE is a resource owned by the Public Administration and its contracting authorities; however, it does not comply with the necessary requirements according to article 32 of the Public Sector Contracts Act 9/2017 since it does not carry out and will not carry out any commissioned activities. As a matter of fact, the Ministry of Transport, Mobility and Urban Agenda is promoting the corresponding change in legislation.

The Governing Bodies of the Company are its Board of Directors and its Chairman, a position held by the Secretary of State for Transport, Mobility and Urban Agenda, while the Management Bodies are the Managing Director, as well as others given this status following the Board of Directors' approval of the Company's management structure, in accordance with the provisions of section b), article 18 of the Articles of Association still in force.

ENAIRe provides services in Spanish airspace, covering an area of over 2.2 million km², divided into two sectors (Peninsula and Canary Islands). It provides air navigation services from five control centres located in Madrid, Barcelona, Seville, Palma de Mallorca and the Canary Islands, and from control towers in 21 airports, including the 4 busiest in terms of air traffic in Spain.

The registered and legal address of the Public Corporate Entity is in Madrid, avenida de Aragón s/n, Bloque 330, portal 2, Parque Empresarial Las Mercedes.

The Company is the parent company of a group composed of several companies that manage airport infrastructures and aeronautical consultancy works as their main line of business. At the end of reporting period 2019, it was composed of 10 subsidiaries and 5 associates (9 subsidiaries and 5 associates in 2018).

For the purposes of drafting the consolidated financial statements, a group will be understood to exist when the Parent Company has one or more subsidiaries, which are companies over which the Parent Company has direct or indirect control. The principles applied to prepare the consolidated financial statements of the Group, as well as the scope of consolidation.

The main subsidiary of the Entity is Aena S.M.E., S.A., of which it owns 51% of the share capital at 31 December 2019 and 2018.

Aena S.M.E., S.A. began operations on 8 June 2011 (pursuant to Ministerial Order FOM/1525/2011, of 7 June) under the name Aena Aeropuertos, S.A., which was subsequently changed to Aena, S.A. after approval of Act 18/2014, of 15 October.

Aena S.M.E., S.A. was created through the non-monetary contribution of assets, interests, debts and obligations of ENAIRe used for carrying out airport and commercial activities, as well as to other state services related to airport management, including air traffic services in airfields; i.e. since 8 June 2011, Aena S.M.E., S.A. has taken control of the activities included in the Company's Articles of Association in this regard.

ENAIRe was the sole shareholder of Aena S.M.E., S.A. until 11 February 2015. After the IPO for 49% of Aena's shares, the Company is the majority shareholder with 51% of the share capital.

Subsidiaries

Details of the Group's subsidiaries, integrated in the consolidated annual accounts by means of the method of global integration, are the following as of 31 December 2019 and 2018:

Subsidiary Registered office	Activity		Share percentage			Share value (thousands of euros)	
			Holder	2019	2018	2019	2018
Aena S.M.E., S.A. (1) <i>Peonías, 2 Madrid</i>	Operating, conservation, management and administration of airport infrastructures, as well as complementary services.	Direct	Enaire	51	51	1,326,443	1,326,443
Centro de Referencia Investigación, Desarrollo e Innovación ATM. A.I.E. (CRIDA) (2) <i>Avenida de Aragón, 402 Edif. Allende Madrid</i>	R+D+i activities in ATM aimed at improving security services, capacity and economic and environmental efficiency of the air navigation system.	Direct	Enaire	66.66	66.66	480	480
		Indirect	INECO	7.64	7.64	120	120
Aena Desarrollo Internacional S.M.E., S.A. (1) <i>Peonías, 2 Madrid</i>	Operating, conservation, management and administration of airport infrastructures, as well as complementary services.	Indirect	Aena	100	100	165,032	165,032
London Luton Airport Holdings III Limited (LLAH III) (3) <i>Londres</i>	Shares in the company that holds the concession to operate Luton Airport	Indirect	Aena Desarrollo Internacional	51	51	63,016	63,016
London Luton Airport Holdings II Limited (LLAH II) (3) <i>Londres</i>	Shares in the company that holds the concession to operate Luton Airport	Indirect	London Luton Airport Holdings III	51	51		
London Luton Airport Holdings I Limited (LLAH I) (3) <i>Londres</i>	Shares in the company that holds the concession to operate Luton Airport	Indirect	London Luton Airport Holdings II	51	51		
London Luton Airport Operations Limited ("LLAOL") (3) <i>Londres</i>	Concession holder to operate Luton Airport	Indirect	London Luton Airport Group	51	51		
London Luton Airport Group Limited ("LLAGL") (3) <i>Londres</i>	Guarantor company of the concession acquisition to operate Luton Airport.	Indirect	London Luton Airport Holdings I	51	51		
Aena Concesionaria del Aeropuerto del Aeropuerto Internacional Región de Murcia (AIRM) (1) <i>Aeropuerto Internacional Región de Murcia</i>	Management, operation, maintenance and conservation of the Región de Murcia International Airport through a concession.	Indirect	Aena	100	100	8,500	8,500
Aena Concesionaria de los Aeropuertos del Nordeste de Brasil (1) <i>Sao Paulo (Brasil)</i>	Management, operation, maintenance and conservation of the Northeast Brazil Airport.	Indirect	Aena Desarrollo Internacional	100	-	531,453	-

(1) Companies audited by KPMG Auditores, S.L.

(2) Company audited by CET Auditores.

(3) Companies audited by KPMG

The closing date of the last annual accounts prepared for all subsidiaries is 31 December 2019. Its reporting period coincides with the calendar year.

Aena S.M.E., S.A. is the Parent Company of a group of companies that was composed of 8 subsidiaries and 4 associates (7 subsidiaries and 4 associates in 2019) at the closing of reporting period 2019. Aena Aeropuertos S.A. was created as an independent legal entity by virtue of article 7 of Royal Decree-Law 13/2010 of 3 December, whereby the Council of Ministers was granted the necessary powers to constitute the company. Authorisation for the effective incorporation was given on 25 February 2011 in accordance with the Council of Ministers, according to the provisions of article 166 of Act 33/2003 of 3 November of Public Entity Assets (LPAP) [Ley de Patrimonio de las Administraciones Públicas].

On 15 October 2014, the name Aena Aeropuertos, S.A. was changed to Aena S.M.E., S.A. by virtue of article 18 of Act 18/2014.

Aena S.M.E., S.A. has defined a framework for action pursuant to Act 18/2014, which establishes the integrity of the airport network insofar as their continuity guarantees the movement of citizens and the economic, social and territorial cohesion in terms of accessibility, sufficiency, suitability, sustainability and continuity. The framework governing basic airport services and the

characteristics and conditions that said network must have in order to guarantee the general interest objectives is established. Consequently, the total or partial closure or disposal of any airport installation or infrastructure required to maintain the provision of airport services is forbidden unless authorised by the Council of Ministers or the Ministry for Public Works and Transport. Such authorisation may only be granted as long as it does not affect the general interest objectives that must be guaranteed by said network and it does not compromise its sustainability. The absence of such authorisation is linked to nullity by operation of law as a guarantee of the full maintenance of the state airport network; airport charges and their main components, basic airport services and the framework are defined in order to establish the minimum standards of quality, capability and conditions for the provision of services and the investments required for compliance, as well as the conditions necessary to recover the costs resulting from the provision of such basic airport services.

After the public stock offer mentioned, Aena was listed on the Madrid stock exchange with an initial price of 58 euros per share. In June 2015, Aena entered the Ibex 35, an index that includes the 35 main Spanish companies listed on the stock exchange.

On 31 December 2019, Aena S.M.E., S.A.'s securities quotation was 170.5 euros per share (135.75 euros per share in 2018), and the average share price for the last quarter of 2019 amounted to 167.87 euros (139.37 euros in 2018).

The remaining subsidiaries are not listed on a regulated market.

In 2019, Aena S.M.E., S.A. distributed among its shareholders dividends amounting to 1,039,500 thousand euros from the profit and loss in 2018, of which ENAIRe received 530,145 thousand euros, and 509,355 thousand euros were distributed to minority shareholders.

In 2018, Aena S.M.E., S.A. distributed among its shareholders dividends amounting to 975,000 thousand euros from the profit and loss in 2017, of which ENAIRe received 497,250 thousand euros, and 477,750 thousand euros were distributed to minority shareholders.

By virtue of article 155 of the Capital Company Act, the Group has notified all these companies that hold more than 10% of the capital by itself or by means of another subsidiary.

There are no significant restrictions on the subsidiaries' capacity to transfer funds to the parent company as dividends in cash or to repay loans.

In reporting period 2019, LLAH III distributed among its shareholders dividends amounting to 20,800 thousand GBP (23,938 thousand euros at the transaction Exchange rate), of which Aena Desarrollo Internacional S.M.E., S.A. received 12,208 thousand euros, and the remaining 11,730 thousand euros were received by minority shareholders.

In reporting period 2018, LLAH III distributed among its shareholders dividends amounting to 33,200 thousand GBP (37,531 thousand euros at the transaction Exchange rate), of which Aena Desarrollo Internacional S.M.E., S.A. received 19,141 thousand euros, and the remaining 18,390 thousand euros were received by minority shareholders.

On 15 March 2019 Aena Desarrollo Internacional S.M.E. S.A. was declared the winner by the Brazilian National Civil Aviation Agency (ANAC) on the Sao Paulo stock exchange, in the auction

held in connection with the concession for the operation and maintenance of the airports of Recife, Maceió, Aracajú, Campina Grande, João Pessoa and Juazeiro do Norte in Brazil, grouped under the so-called Airport Group of Northeast Brazil, for a period of 30 years that could be extended by 5 additional years.

On 12 April 2019 the Council of Ministers, in accordance with Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, agreed to authorise Aena Desarrollo Internacional, S.M.E., S.A. to create the state trading Company Aeroportos do Nordeste do Brasil S.A. (hereinafter, "ANB" or "Aena Brasil") as the concession holder for airport management of the aforementioned airports. On 30 May 2019, the new Brazilian company was incorporated, wholly owned by Aena Desarrollo Internacional S.M.E., S.A., with a share capital of 10,000 Brazilian reais and whose specific and exclusive corporate purpose is the provision of public services for the expansion, maintenance and operation of the airport infrastructure of the airport complexes comprising the Northeast block of Brazil. At its meeting held on 1 July 2019, the Board of Directors of the Brazilian company approved a share capital increase of 2,388,990,000 Brazilian reais (approximately 537.8 million euros at the insured exchange rate of 4.4425 EUR/BRL), which was fully subscribed by its sole shareholder.

Given the characteristics of the tender specifications, this contract can be classified as a public service management contract under the concession modality for a 30-year period extendable for an additional 5 years, and the successful bidder must provide all the services that an airport operator is entitled to, although it does not include ATC (Air Traffic Control) services.

On 25 January 2018, Aena created the company "Aena Sociedad Concesionaria del Aeropuerto Internacional de la Región de Murcia S.M.E., S.A." as the holder of the management, operation, maintenance and conservation of the Región de Murcia International Airport (AIRM), under a concession for a term of 25 years, thus complying with the requirements of the Memorandum of Special Administrative Provisions of the contract awarded to Aena by the Region of Murcia on 20 December 2017.

Aena's authorisation to create said company was approved by the Council of Ministers of 29 December 2017 upon a proposal from the Ministry for Public Works and Transport and the Ministry for the Treasury and Public Administration.

The initial share capital of this company was established at 8,500,000 euros, divided into 8,500 cumulative and indivisible shares with a nominal value of 1,000 euros each. The share capital was 100% subscribed and fully paid up by Aena, S.M.E., S.A. when constituting the company.

The Región de Murcia International Airport (AIRM) was inaugurated and began operations on 15 January 2019, as stipulated in the "Protocol for the establishment of the basis for development of civil aviation in the Region of Murcia" and in the bid submitted by Aena in the public tender regarding the management and operation of AIRM. From now on, the Murcia-San Javier Airport is for military use only.

Both the concession agreement for airports in Northeast Brazil and the International Airport of the Region of Murcia are within the scope of the Order EHA/3362/2010, of 23 December, which approves the adaption rules of the Spanish General Chart of Accounts for concessionary

companies of public infrastructures, and are reflected in the Group's consolidated financial statements, in the case of the first company since 2019, and since 2018 for the second company, in accordance with the intangible asset model.