AENA, S.A. (SOCIEDAD UNIPERSONAL) AND SUBSIDIARIES

Interim condensed consolidated financial statements and interim consolidated management report for the nine months ended September 30, 2014

“A free translation from the original in Spanish”

Contents

(Amounts in thousands of euros unless otherwise stated)

Interim consolidated statement of financial position at September 30, 2014 and December 31, 2013

	Note	September 30, 2014	December 31, 2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	15,565,249	15,230,817
Intangible assets	7	97,293	108,738
Investment properties	8	140,214	150,646
Investments in associates	9	119,887	100,816
Other receivables	11	48,818	148,825
Deferred tax assets	16	109,772	76,213
Available-for-sale financial assets	10	4,908	4,908
Other financial assets	10	43,373	1,822
		16,129,514	**15,822,785**
Current assets			
Inventories		4,579	4,621
Trade and other receivables	11	555,614	605,555
Cash and cash equivalents	12	508,234	12,377
		1,068,427	**622,553**
Total assets		**17,197,941**	**16,445,338**
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	13	1,500,000	1,500,000
Share premium	13	1,100,868	1,100,868
Retained earnings		819,458	450,533
Accumulated exchange differences		539	(5,871)
Other reserves		(8,540)	(6,403)
Total equity		**3,412,325**	**3,039,127**
Liabilities			
Non-current liabilities			
Borrowings	15	9,814,004	10,374,038
Derivative financial instruments	23	2,987	4,323
Deferred tax liabilities	16	379	196
Employee benefits		6,820	6,618
Provisions for other liabilities and charges	17	1,171,717	252,167
Grants	18	603,934	621,411
Other non-current liabilities	14	214,282	236,156
		11,814,123	**11,494,909**
Current liabilities			
Trade and other payables	14	545,409	446,574
Borrowings	15	1,100,465	1,099,823
Derivative financial instruments	23	5,210	4,983
Grants		38,400	47,940
Provisions for other liabilities and charges	17	282,009	311,982
		1,971,493	**1,911,302**
Total liabilities		**13,785,616**	**13,406,211**
Total equity and liabilities		**17,197,941**	**16,445,338**

The accompanying notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

(Amounts in thousands of euros unless otherwise stated)

Interim consolidated income statement for the nine months ended September 30, 2014 and 2013

	Note	September 30, 2014	September 30, 2013
Continuing operations			
Ordinary revenues	5	2,328,522	2,214,629
Other operating income		5,916	4,987
Own work capitalized		3,016	4,567
Supplies		(135,624)	(144,007)
Personnel expenses		(247,733)	(252,255)
Other operating expenses	19	(548,249)	(595,295)
Depreciation and amortization	6,7,8	(607,555)	(613,341)
Recognition of grants related to non-financial and other assets	18	38,185	28,492
Provision surpluses		18,513	158
Impairment and gains/(losses) on disposal of assets		(4,189)	(1,616)
Other gains/(losses) – net		1,888	11,836
Operating profit		**852,690**	**658,155**
Finance income		3,279	415
Finance costs		(342,181)	(180,330)
Other finance income/(costs) – net		(2,900)	(11,570)
Finance costs - net	20	**(341,802)**	**(191,485)**
Share in profit of associates	9	2,874	4,071
Profit before tax		**513,762**	**470,741**
Income tax expense	21	(142,707)	(129,335)
Profit for the period attributable to owners of the parent company		**371,055**	**341,406**
Earnings per share (euros):	22		
Basic earnings per share for profit for the period		2.47	2.28
Diluted earnings per share for profit for the period		2.47	2.28

The accompanying notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

(Amounts in thousands of euros unless otherwise stated)

Interim consolidated statement of comprehensive income for the nine months ended September 30, 2014 and 2013

	Note	September 30, 2014	September 30, 2013
Profit for the period		371,055	341,406
Other comprehensive income:			
Items that will not be reclassified to profit or loss:		-	-
		-	-
Items that may be reclassified to profit or loss:			
- Cash flow hedges		(649)	8,781
- Share of other comprehensive income of associates		(1,488)	-
- Currency translation differences	9	6,410	(3,829)
		4,273	**4,952**
Other comprehensive income for the period, net of tax		**4,273**	**4,952**
Total comprehensive income for the period attributable to owners of the parent company		**375,328**	**346,358**

Items in the statement of comprehensive income are presented net of tax.

The accompanying notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

(Amounts in thousands of euros unless otherwise stated)

Interim consolidated statement of changes in equity for the nine months ended September 30, 2014 and 2013

		Attributable to owners of the parent company						
	Note	Share capital (Note 13)	Share premium (Note 13)	Retained earnings	Hedging reserves	Accumulated exchange differences	Share of other comprehensive income of associates	Total equity
Balance at January 1, 2013		**1,500,000**	**1,100,868**	**(146,101)**	**(16,414)**	**(1,014)**	**-**	**2,437,339**
Profit for the period		-	-	341,406	-	-	-	341,406
Other comprehensive income		-	-	-	8,781	(3,829)	-	4,952
Total comprehensive income		**-**	**-**	**341,406**	**8,781**	**(3,829)**	**-**	**346,358**
Other changes		-	-	(20)	-	-	-	(20)
Total contributions by and distributions to owners of the parent company, recognized directly in equity		**-**	**-**	**(20)**	**-**	**-**	**-**	**(20)**
Balance at September 30, 2013		**1,500,000**	**1,100,868**	**195,285**	**(7,633)**	**(4,843)**	**-**	**2,783,677**
Balance at January 1, 2014		**1,500,000**	**1,100,868**	**450,533**	**(5,735)**	**(5,871)**	**(668)**	**3,039,127**
Profit for the period		-	-	371,055	-	-	-	371,055
Share of other comprehensive income of associates		-	-	-	-	-	(1,488)	(1,488)
Other comprehensive income		-	-	-	(649)	6,410	-	5,761
Total comprehensive income		**-**	**-**	**371,055**	**(649)**	**6,410**	**(1,488)**	**375,328**
Other changes		-	-	(2,130)	-	-	-	(2,130)
Total contributions by and distributions to owners of the parent company, recognized directly in equity		**-**	**-**	**(2,130)**	**-**	**-**	**-**	**(2,130)**
Balance at September 30, 2014		**1,500,000**	**1,100,868**	**819,458**	**(6,384)**	**539**	**(2,156)**	**3,412,325**

The accompanying notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

(Amounts in thousands of euros unless otherwise stated)

Interim consolidated statement of cash flows for the nine months ended September 30, 2014 and 2013

	Note	September 30, 2014	September 30, 2013
Profit before tax		**513,762**	**470,741**
Adjustments for:		**925,785**	**796,193**
- Depreciation and amortization	6, 7, 8	607,555	613,341
- (Gains)/losses on disposal of assets		4,189	1,616
- Losses/(gains) on changes in fair value of derivative financial instruments	20	3,566	11,390
- Recognition of Grants		(38,185)	(28,492)
- Impairment losses on trade receivables	11	(8,827)	2,099
- Changes in provisions		20,155	19,881
- Finance income	20	(3,279)	(415)
- Finance costs	20	341,515	180,510
- Other income and expenses		1,970	334
- Share of loss/(profit) of associates	9	(2,874)	(4,071)
Changes in working capital		**(80,389)**	**(17,747)**
- Inventories		42	579
- Trade and other receivables		(63,716)	(99,035)
- Other current assets		(24,369)	(1,421)
- Trade and other payables		24,797	(223,269)
- Other current liabilities		(12,666)	39,125
- Other non-current assets and liabilities		(4,477)	266,274
Other cash flows from operating activities		**(182,208)**	**(194,701)**
Interest paid		(167,191)	(194,321)
Interest received		1,489	165
Income tax received (paid)		(16,419)	99
Other proceeds (payments)		(87)	(644)
Net cash flows from operating activities		**1,176,950**	**1,054,486**

(Amounts in thousands of euros unless otherwise stated)

Interim consolidated statement of cash flows for the nine months ended September 30, 2014 and 2013

	Note	September 30, 2014	September 30, 2013
Cash flows from investing activities			
Purchase of property, plant and equipment		(217,099)	(357,351)
Purchase of intangible assets		(12,536)	(13,126)
Purchase of investment properties		(53)	-
Group companies and associates		(2,036)	(247,063)
Payments received from group companies and associates		70,686	-
Payments received from other financial assets		29	-
Dividends received		9,015	5,034
Net cash flows used in investing activities		**(151,994)**	**(612,506)**
Cash flows from financing activities			
Proceeds from external financing (ERDF grants)	11	78,949	-
Funding from the Group		-	117,400
Debt payments of bank borrowings		(2,491)	(2,555)
Debt payments of funding from the Group		(604,485)	(558,302)
Other		(1,532)	(617)
Net cash flows used in financing activities		**(529,559)**	**(444,074)**
Net foreign exchange difference		**460**	**(27)**
Net (decrease)/increase in cash and cash equivalents		495,857	(2,121)
Cash and cash equivalents at January 1	12	**12,377**	**8,210**
Cash and cash equivalents at September 30	12	**508,234**	**6,089**

The accompanying notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements for the nine months ended September 30, 2014.

1. General information

Aena, S.A. (“the Company” or “Aena”) is the parent company of a group of companies (the “Group”) which at September 30, 2014 consisted of three subsidiaries and six associates (eight subsidiaries and five associates after the control obtained indicated in Note 25 “Events after the reporting period”). Aena, S.A. was incorporated as an independent legal entity by virtue of Article 7 of Royal Decree Law 13/2010 of December 3, authorizing the Council of Ministers to incorporate the Company. The authorization for the effective incorporation was granted on February 25, 2011 via a resolution adopted by the Council of Ministers on that date authorizing the incorporation of the State-owned company AenaAeropuertos, S.A. as provided for in Article 166 of Law 33/2003 of November 3 on Public Administration Assets (LPAP).

By virtue of Article 18 of Royal Decree-Law 8/2014, on July 5, 2014, AenaAeropuertos, S.A. changed its name to Aena, S.A. and the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” its name to ENAIRE (“the ultimate parent company” or "the parent"). That Royal Decree also stipulates the integrity of the airport network insofar as its survival ensures the mobility of citizens and economic, social and territorial cohesion in terms of accessibility, sufficiency, suitability, sustainability and continuity. It sets out the framework governing basic airport services and the characteristics and conditions that the network must have to guarantee the objectives of general interest. The total or partial closing or disposal of any airport facility or infrastructure necessary to maintain airport services is prohibited unless authorized by the Council of Ministers or the Ministry of Public Works. Such authorization may only be granted if it does not affect the objectives of general interest that the network must guarantee, and provided that it does not compromise the network's sustainability. Failure to obtain such authorization shall give rise to complete legal nullity in order to guarantee the full integrity of the state airport network. This legislation defines airport charges and essential items, basic airport services and the framework for determining minimum standards of quality, capacity and conditions for rendering the services and the investments required for compliance, as well as the conditions for the recovery of costs derived from the rendering of these basic airport services (see Note 24).

Prior to the incorporation of the Company, the management and operation of airport services and the subsidiaries and associates included in the scope of consolidation of Aena were integrated under the Public Business Entity “Aeropuertos Españoles y Navegación Aérea,” its sole shareholder and controlling entity. The Public Business Entity “Aeropuertos Españoles y Navegación Aérea” was created under Article 82 of Law 4/1990, of June 29, governing the General State Budget for 1990. This entity was effectively incorporated on June 19, 1991, when its articles of association approved by Royal Decree 905/1991, of June 14, became effective.

The Company was incorporated through the issue of 61 shares of €1,000 par value, fully subscribed and paid by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea." The Public Business Entity “Aeropuertos Españoles y Navegación Aérea” shall maintain, at all times, a majority ownership of the share capital of AenaAeropuertos, S.A. as provided for in Article 7.1.2 of Royal Decree Law 13/2010 of December 3. It may sell the remaining shares as provided for in the LPAP.

The deed of incorporation of the Company was placed on file at the Companies Register on May 31, 2011, pursuant to the resolution adopted by the Board of Directors on May 23, 2011, approving the contribution of the business to the company and its measurement. The non-monetary contribution and the measurement were determined taking the carrying amount of the business at May 31, 2011 as a reference, in accordance with prevailing accounting standards, specifically the Spanish General Accounting Plan (Plan General Contable) approved by Royal Decree 1514/2007 of November 16, and partially amended by Royal Decree 1159/2010 of September 17, as provided for in the Resolution dated February 25, 2011.

Subsequently, to support the Company's business, the Resolution adopted by the Council of Ministers on June 3, 2011, approved an increase in the Company's share capital in accordance with Article 9 of Royal Decree Law 13/2010 of December 3 whereby the sole shareholder made a non-monetary contribution of all of the assets, rights, debts and obligations related to the airport and commercial businesses, and to other State services related to airport management, including the air traffic services at the airport.

On June 6, 2011, the Company's Sole Shareholder, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea," adopted the following resolutions:

a) To reduce the par value of the Company's shares of ONE THOUSAND EUROS (€1,000) by splitting the SIXTY ONE outstanding shares into SIX THOUSAND ONE HUNDRED new shares in the proportion of ONE HUNDRED new shares for every existing share. This did not result in a change in the amount of the Company's share capital. As a result, the Company's share capital amounts to SIXTY ONE THOUSAND EUROS represented by SIX THOUSAND ONE HUNDRED shares with a par value of TEN EUROS each, of the same class and carrying the same voting and dividend rights.

b) To increase the Company's share capital from €61,000 to €1,500,000,000 (ONE BILLION FIVE HUNDRED THOUSAND EUROS), i.e. by €1,499,939,000.

c) To issue 149,993,900 ordinary registered shares of €10 par value each, carrying the same rights and obligations as existing shares. The new shares were issued with a total share premium of €1,100,868,000 (ONE BILLION EIGHT HUNDRED AND SIXTY-EIGHT THOUSAND EUROS), implying a total amount payable as share capital and share premium of €2,600,807,000 (TWO BILLION SIX HUNDRED MILLION EIGHT HUNDRED AND SEVEN THOUSAND EUROS).

d) To fully subscribe and pay for the shares and the share premium through the contribution of the aforementioned business In accordance with Article 9 of Royal Decree Law 13/2010 and the Resolutions dated February 25, and June 3, 2011.

e) To contribute to the Company all of its activities as an operating unit in their current state (e.g. ownership, usage rights, situation, and charges) under the terms of RDL 13/2010. In accordance with Section 66 of the Capital Enterprises Act (Ley de Sociedades de Capital) approved by Royal Legislative Decree 1/2010 of July 2, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" is only liable with respect to the contribution if the vice or encumbrance involved affects the whole or any component thereof essential for normal company operation. For these purposes, essential component is understood to be that part which affects 20% or more of the total value of the business contributed or when it affects an individual airport such that the airport activity cannot be carried out, without prejudice to jurisdictional control over the legal framework applicable.

In addition, any difference that could arise during the period from the date of contribution to the date of transfer to private investors of part of the Company's capital between the estimated value of the contributed assets and liabilities on which the Company's necessary share capital increase was based and the value of the assets and liabilities actually contributed shall be adjusted, by the same amount, as an increase or decrease in the loan granted by the Public Business Entity "AeropuertosEspañoles y NavegaciónAérea" to the Company. In no circumstances shall this adjustment affect the capital increase.

f) To transfer all personnel of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" necessary to render the services of the airport business to the Company under the same collective labor agreements in force, respecting length of service and any other right vested when the Company initiates its activities.

g) To approve, at a meeting of the Board of Directors of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" on May 23, 2011, the share split and measurement of the contributed business in accordance with the report prepared that valued the transferred business at €2,600,807,000. This measurement took the carrying amount of the contributed business as a reference in accordance with current accounting standards, specifically the Spanish General Accounting Plan, and complied with the requirements of Article 114 of the LPAP.

h) To draft a report by the Board of Directors, in accordance with Sections 70 and 300.1 of the Spanish Corporate Enterprises Act, that was reviewed by the Sole Shareholder.

i) The Company shall effectively commence its activity on the date determined via Order from the Ministry of Public Works as provided for in the Transitional Provision Two of RDL 13/2010.

j) The business contribution is subject to the special tax regime set out in Chapter VIII, Title VI of Legislative Royal Decree 4/2004, dated March 5, which approves the Consolidated Text of the Income Tax Law (TRLIS), in accordance with the Additional Provision Three of RDL 13/2010.

The property, plant and equipment contributed relate to rights of any kind held by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" over land, buildings and equipment at the airports managed or used in the business. Also included are rights of use held by the the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” over certain land located at airports, military airports and air bases. The rights contributed relate to the following airports, airfields and air bases:

a) Civil Airports: La Coruña, Alicante, Almería, Asturias, Barcelona, Bilbao, Burgos, Córdoba, El Hierro, Fuerteventura, Girona, Granada, Huesca Pirineos, Ibiza, Jerez de la Frontera, La Gomera, La Palma, Logroño, Adolfo Suarez Madrid-Barajas, Melilla, Menorca, Palma de Mallorca-Son Bonet, Pamplona, Reus, Sabadell, San Sebastián, Santander, Seville, Tenerife Sur, Valencia, Vigo and Vitoria.

b) Civil part of airports used jointly with the Ministry of Defense: Gran Canaria-Gando, Lanzarote, Tenerife Norte, Madrid-Cuatro Vientos, Málaga, Palma de Mallorca-Son Sant Joan, Santiago and Zaragoza.

c) Air bases and military airfields open to civil use: Talavera La Real (Badajoz), Matacán (Salamanca), San Javier (Murcia), Villanubla (Valladolid), Los Llanos (Albacete), and Aeródromo Militar de León.

d) Heliports: Ceuta and Algeciras heliports.

The Ministry of Public Works is responsible for the functional ownership of the Company, as well as the appointment of one third of the members of its Board of Directors. AenaAeropuertos, S.A. is beneficiary of the expropriations related to the infrastructures it manages.

Pursuant to its articles of association, the Company's corporate purpose is as follows:

- The organization, management, co-ordination, operation, maintenance and administration of general interest, state-owned airports, heliports and related services.

- The co-ordination, exploitation, maintenance, administration and management of the civil areas of air bases open to civil aviation traffic and joint-use airports.

- The design and development of projects, the execution, management and control of investments in the infrastructures and facilities indicated in the preceding sections and the assets earmarked for the provision of the air traffic services for airfields associated with those airport infrastructures.

- The assessment of the needs and, where appropriate, the proposal for planning new airport infrastructures and airport and noise easements associated with airports and airport services managed by Company.

- The performance of organizational and security services at airport facilities it manages, notwithstanding the authority assigned to the Ministry of the Interior in this respect.

- The provision of air traffic-related training, including the training of aeronautical professionals requiring licenses, certificates, authorizations or clearances and the promotion, dissemination or development of aeronautical or airport activities.

In addition, the Company may carry out any other commercial activities directly or indirectly related to its corporate purpose, including the management of airport facilities located outside Spanish territory and any other related and complementary activity that provides a return on investment.

The corporate purpose may be carried out by the Company directly or through the creation of companies; specifically, the individual management of airports may be carried out through subsidiaries or service concessions arrangements.

As explained in Note 2.1 to the Company's special purpose consolidated financial statements for the years ended December 31, 2013, 2012 and 2011, AenaAeropuertos was incorporated as an independent legal entity and as a Group in 2011 (on May 23, 2011 and May 31, 2011, respectively) pursuant to Royal Decree Law 13/2010 through the non-monetary contribution of all the assets and liabilities associated with the airport activity.

Accordingly, in the preparation of the consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 and in accordance with IFRS-EU, the Company, considering the framework for the reorganization of the airport activity provided for in the aforementioned Royal Decree Law 13/2010, recognized the non-monetary contribution as a business reorganization by its sole shareholder, Public Business Entity “Aeropuertos Españoles y Navegación Aérea.” This recognition was based on the analysis and consideration by the Company's management of several factors, taking into account that these types of transactions are not regulated within the scope of IFRSs, specifically IFRS 3 *Business Combinations*. Accordingly, the Company developed an accounting policy for this transaction that reflects its substance and underlying transactions. In this context, the Company considered that the combination of a newly formed entity (AenaAeropuertos, S.A., incorporated on May 23, 2011) and a pre-existing reporting unit does not constitute a business combination as the newly formed entity is neither the acquirer nor a business acquired by the pre-existing reporting unit.

The development of the accounting policy applied by the Company to this transaction took into account that the airport operations previously forming part of the the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" disclosed in its financial information as a separate business segment kept its accounting records separately and constituted an independent reporting unit subject to a specific applicable regulatory framework, but integrated into the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" and not a separate legal entity, thereby allowing the various assets and liabilities to be allocated reliably to the new entity. This conclusion is in line with the spirit of Royal Decree Law 13/2010, designed to provide the separate legal form that had been lacking until then for the group of duties and obligations previously fulfilled by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" regarding the historical management and operation of airport services, as explained previously, since that group is an autonomous economic unit capable of carrying out a business activity independently in the event of a business succession, configured as an operating unit and, therefore, a separate determinable reporting unit from the viewpoint of historical financial information, whose management before and after the non-monetary contribution was the same, providing continuity to key management personnel of AenaAeropuertos.

In this context, the Company also considered that taking into account the legal form of the transaction for the purpose of presentation of historical information would have substantially altered the presentation of the airport operations that were carried out in the same manner before and after the non-monetary contribution. Therefore, the presentation of 2011 from the transaction date would not have reflected the substantial economic reality of the business of AenaAeropuertos when the legal event described was carried out exclusively, as explained, for the purpose of providing a separate legal form to a pre-existing reporting unit.

Therefore, by considering that AenaAeropuertos was a single reporting unit before and after the non-monetary contribution, it was recognized as a business reorganization under the umbrella of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" and, consequently, the financial information for 2011 has been presented for the full 12 months, at historical carrying amount, and based on the existence of AenaAeropuertos as a separate reporting unit, irrespective of its legal creation during the course of 2011.

Aena, S.A.'s registered address is calle Arturo Soria, 109, Madrid (Spain).

2. Basis of presentation

The Group's 2013 consolidated financial statements were prepared by the Company's directors in accordance with the International Financial Reporting Standards as adopted by the European Union, applying the accounting policies set forth in Note 2 to those consolidated financial statements, to present fairly the Group's consolidated equity and financial position at December 31, 2013, as well as the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

These interim condensed consolidated financial statements for the nine months ended September 30, 2014 were reviewed by the auditors. The figures for the nine months ended September 30, 2013 (not audited or reviewed) and the year ended December 31, 2013 (audited) are presented for purposes of comparison only.

The accompanying interim condensed consolidated financial statements are presented in accordance with IAS 34 *Interim Financial Reporting* and were approved for use by the Group's directors on January 15, 2015.

In accordance with IAS 34, the interim financial report is intended to provide an update on the Group's latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances, and does not duplicate information previously reported. Therefore, for an appropriate understanding of the information provided in these interim condensed consolidated financial statements, they should be read in conjunction with the Group's 2013 annual consolidated financial statements, which were prepared on March 24, 2014 and approved at the Ordinary Universal General Meeting of Aena, S.A. held on June 27, 2014.

2.1 Accounting policies

Except where indicated otherwise below, the accounting policies used are the same as those applied in the Group's annual consolidated financial statements for the year ended December 31, 2013.

2.1.1 Standards, interpretations and amendments to standards adopted by the Group

IFRS 10 *Consolidated Financial Statements*. IFRS 10 introduced changes in the concept of control, which is still the main basis for determining whether an entity should or should not be consolidated in the consolidated financial statements.IFRS 10 replaces the guidelines for control and consolidation contained in IAS 27 *Separate Financial Statements* and supersedes SIC-12 *Consolidation - Special Purpose Entities*.

Two elements are required for control to exist: power over an entity and variable returns.Power is defined as the ability to direct the entity's relevant activities; i.e. the activities that significantly affect the investee's returns. This standard provides extensive guidance on circumstances in which it is difficult to determine whether control exists or not, for instance, when the investor holds less than half of the voting rights of the investee. The concept of unity of the parent and subsidiaries for purposes of the consolidated financial statements, as well as the consolidation process, have not changed with respect to the previous IAS 27. This standard did not have a significant effect on the interim condensed consolidated financial statements.

IFRS 11 *Joint Arrangements*. IFRS 11 prescribes the accounting for joint arrangements based on the rights and obligations of the arrangement and not its legal form. Joint arrangements are classified into two types: joint operations and joint ventures. In joint operations, the party has direct rights to the assets, and obligations for the liabilities, relating to the arrangement. The party recognizes its interest in relation to its share of the assets, liabilities, revenue and expenses of the joint operation.Joint ventures arise when the party has rights to the net assets of the arrangement. The venturer recognizes its interest in the joint venture using the equity method. Interests in joint ventures can no longer be accounted for using proportionate consolidation.This standard did not have a significant effect on the interim condensed consolidated financial statements.

IFRS 12 *Disclosures of Interests in Other Entities*. IFRS 12 sets out the required disclosures for entities reporting under the new IFRS 10 *Consolidated Financial Statements* and the new IFRS 11 *Joint Arrangements*. It replaces the disclosure requirements previously included in IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*". IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in subsidiaries, joint arrangements and unconsolidated structured entities, and the financial effects of those interests.Among other requirements, entities should disclose the following:

- the significant judgments and assumptions made in determining the existence of control, joint control or significant influence;
- the composition of the group, including the interest that non-controlling interests have in the group's activities and cash flows;
- the risks associated with consolidated structured entities; e.g. arrangements that could require the group to provide financial support to the entity;
- the accounting of transactions with non-controlling interests in which control of a subsidiary is retained and lost;
- the interests in associates and joint arrangements (similar to the requirements of IAS 28 above); and
- the nature, purpose, size, financing and activities, and interests in unconsolidated structured entities and financial information on the entity (revenue, assets), information on assets and liabilities recognized in the statement of financial position belonging to these structured entities, the entity's maximum exposure to loss from its interest and the financial support provided to the entity or whether there are any current intentions to provide financial support to the entity.

This standard did not have a significant effect on the interim condensed consolidated financial statements.

IAS 27 (Amendment) *Separate Financial Statements*. The previous requirements contained in IAS 27 regarding the preparation of consolidated financial statements have been included in the new IFRS 10. Therefore, its scope of application has been limited to the accounting of investments in subsidiaries, joint ventures and associates in the separate IFRS financial statements of the investor, which has not been amended (i.e. measurement at cost or fair value in accordance with the requirements of IFRS 9). This standard did not have a significant effect on the interim condensed consolidated financial statements.

IAS 28 (Amendment) *Investments in Associates and Joint Ventures*. IAS 28 has been amended to include references to joint ventures, which under IFRS 11 *Joint Arrangements* are accounted for using the equity method.It also added information on the following:

- accounting treatment for instruments containing potential voting rights;
- measurement of investments in associates and joint ventures held by a venture capital organization, or a mutual fund or similar entities;
- the accounting when the interest in the associate or joint venture is reduced, but the entity continues to apply the equity method; and
- the accounting for the contribution of a non-monetary asset to an associate or joint venture in exchange for an equity interest in the associate or joint venture

This standard did not have a significant effect on the interim condensed consolidated financial statements.

IAS 32 (Amendment) *Offsetting Financial Assets and Liabilities*. In December 2011, the IASB issued an amendment to IAS 32 *Offsetting Financial Assets and Financial Liabilities* and an amendment to IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities*.

The amendment to IAS 32 *Financial Instruments: Presentation* modified guidance to clarify certain requirements for offsetting financial assets with financial liabilities on the statement of financial position.The amendment did not entail changes to the model for offsetting included previously in IAS 32, which is still applicable when, and only when, it currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.The amendment clarifies that the right of set off must be currently available; i.e. not contingent on a future event.The right must also be legally enforceable in the normal course of business of the parties to the transaction, even in the event of default, insolvency or bankruptcy.Entities must apply the amendments to IAS 32 for annual periods beginning on or after January 1, 2014 and apply them retrospectively.

As the requirements to set off financial assets with financial liabilities is still different to those under US GAAP, the IASB published simultaneously an amendment to IFRS 7 *Financial Instruments: Disclosures*. The amended IFRS 7 requires quantitative disclosures about recognized financial instruments that are set off in the balance sheet, and financial instruments that are subject to enforceable master netting arrangements, irrespective of whether they have been set off or not in the balance sheet.The mandatory effective date for the amendments to IFRS 7 was for annual periods beginning on or after January 1, 2013, with retrospective application.

This standard did not have a significant effect on the interim condensed consolidated financial statements.

IAS 36 (Amendment) *Recoverable Amount Disclosures for Non-Financial Assets*. The IASB issued a narrow scope amendment to IAS 36 *Impairment of Assets* regarding recoverable amount disclosures of impaired assets, particularly if that amount is based on fair value less costs of disposal.The amendments to the disclosure requirements of IAS 36 were introduced by IFRS 13 *Fair Value Measurement*.One of these amendments resulted in the requirement being more broadly applicable than the IASB had intended.This situation was corrected with the latest amendment, which also requires additional disclosure on fair value measurements when an impairment loss has been recognized or reversed.Accordingly, the IASB amended IAS 36 as follows:

- It removed the requirement to disclose recoverable amount when a cash-generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment;
- It requires the disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and
- It requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

This standard did not have a significant effect on the interim condensed consolidated financial statements.

IAS 39 (Amendment) *Novation of Derivatives and Continuation of Hedging Accounting*. Under IAS 39, an entity is required to discontinue hedge accounting when a derivative has been designated as a hedging instrument that is novated to a central counterparty (CCP), as the original derivative no longer exists. The new derivative with the CCP is recognized at the time of the novation.
The IASB has amended IAS 39 to introduce a narrow scope exemption to the requirement for the discontinuation of hedge accounting when the novation of the hedging instrument to a CCP meets certain requirements.

Specifically, the amendments do not result in the expiration or termination of the hedging instrument if:

- As a result of a specific law or regulation, the parties to the hedging instrument agreed that a CCP, or an entity (or entities) acting as counterparty replaces the original counterparty to effect clearing by a CPP; and
- Other changes, as appropriate, to the hedging instrument are limited to those that are necessary to effect the replacement of the counterparty.

This standard did not have a significant effect on the interim condensed consolidated financial statements.

2.1.2 Standards, interpretations and amendments to standards issued but not yet effective and not adopted early by the Group

As of the date of these interim condensed consolidated financial statements, the European Union has adopted new standards, amendments and interpretations of existing standards whose effective date is expected for annual periods beginning on or after January 1, 2014 or later, that the Group has not early adopted:

Standard, interpretation or amendment	Main requirements	Effective date
IFRIC 21 *Levies*	IFRIC 21 *Levies* is an interpretation of IAS 37 *Provisions, Contingent liabilities and Contingent Assets* that addresses the accountability of levies imposed by governments other than income tax, and fines or penalties imposed for breaches of legislation. The main question relates to when to recognize a liability to pay a levy that is accounted for in accordance with IAS 37.IAS 37 sets out the requirements for recognizing a liability, one of which is when the entity has a present obligation that derives from a past event.The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by legislation. The mandatory effective date of this interpretation according to the IASB is for annual periods beginning on or after January 1, 2014. However, for the purposes of the European Union, the effective date is from the commencement date of the first financial year starting on or after June 17, 2014.For entities whose financial year coincides with the calendar year, IFRIC 21 must be applied from January 1, 2015.Early application is permitted. The Group is currently assessing the impact of IFRIC 21 on the interim consolidated financial statements.	The European Union amended the effective date of IFRIC 21 originally established by the IASB (January 1, 2014) for financial years starting on or after June 17, 2014.
Annual improvements cycle 2010-2012	This set of annual improvements address seven issues regarding the presentation of financial information covering the 2010-2012 cycle: • IFRS 2 *Share-based Payment*: Definition of 'vesting conditions.' • IFRS 3 *Business Combinations*: Accounting for contingent consideration in a business combination. • IFRS 8 *Operating Segments*: Aggregation of operating segments and reconciliation of the total of the reporable segments' assets to the entity's assets. • IFRS 13 *Fair Value Measurement*: Short-term receivables and payables. • IAS 16 *Property, Plant and Equipment*: Revaluation method – proportionate restatement of accumulated depreciation. • IAS 24 *Related Party Disclosures*: Key management personnel. • IAS 38 *Intangible Assets*: Revaluation method – proportionate restatement of accumulated amortization. The set of improvements is not expected to have a significant impact on the Group's consolidated financial statements.	The European Union amended the effective date of these improvements originally established by the IASB (July 1, 2014) for financial years starting on or after December 17, 2014.
Annual improvements cycle 2011-2013	These annual improvements address four issues regarding the presentation of financial information covering the 2011-2013 period: • IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Meaning of effective IFRSs. • IFRS 3 *Business Combinations*: Scope exceptions for joint ventures. • IFRS 13 *Fair Value Measurement*: Scope of paragraph 52 (portfolio exception). • IAS 40 *Investment Property*: Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The set of improvements is not expected to have a significant impact on the Group's consolidated financial statements.	The European Union amended the effective date of these improvements originally established by the IASB (July 1, 2014) for financial years starting on or after December 18, 2014.

Amendments to IAS 19 *Defined Benefit Plan: Employee Contributions*.	The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. IAS 19 (amended in 2011) distinguishes between employee contributions that are linked to service and those that are not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those that are linked to service in more than one period.The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits; that means either in accordance with the formula in the pension plan, or, where the plan provides a materially higher level of benefit for service in later years, on a straight-line basis. This amendment is not expected to have a significant impact on the Group's consolidated financial statements.	The European Union amended the effective date of these improvements originally established by the IASB (July 1, 2014) for financial years starting on or after December 17, 2014.

As of the date of authorization for issue of these interim condensed consolidated financial statements, the Group had not early adopted any other standard, interpretation or amendment that had yet to become effective.

In addition, at the date of authorization for issue of these interim condensed consolidated financial statements, the IASB and IFRIC had issued certain standards, amendments and interpretations that are pending adoption by the European Union. The Group is currently assessing the potential impact of the standards and amendments on the consolidated financial statements if they are adopted by European Union.

2.2 Consolidation and changes in consolidation scope

The basis for consolidation in these interim condensed consolidated financial statements is the same as that used in the 2013 annual consolidated financial statements and the explanations provided in Note 2.1.

The main transactions carried out by the Group in the nine months ended September 30, 2014, none of which had a significant impact on the interim condensed consolidated financial statements, are described below:

- On May 29, 2014, subsidiary AenaDesarrolloInternacional, S.A. acquired 63 thousand ordinary shares of Aerocali, S.A., giving the Group a 50% stake in this company. The amount paid for the acquisition was €2,036 thousand.Based on the analysis carried out by management, this acquisition does not give the Group control over the investee because there is joint control. Therefore, at September 30, 2014 it was still accounted for using the equity method, recognizing the change in the percentage interest held from the acquisition of the new shares (see Note 9).

- On May 22, 2014, approval was given at the General Shareholders' Meeting of investee AeropuertosMexicanos del Pacifico, S.A.P.I. de C.V. to reduce the variable portion of capital by 75,000 thousand shares (2,378,350 thousand Mexican pesos). As a result of this capital reduction, the Group recognized a cash inflow of €1,410 thousand, reduced the value of its interest in the associate by €1,369 thousand and recognized the difference arising from the reduction in equity. The capital reduction did not give rise to changes in the percentage shareholding (see Note 9).

The situations explained above did not result in business combinations in relation to the interim condensed consolidated financial statements.

2.3 Changes in accounting policies or estimates

In the nine months ended September 30, 2014, there were no changes in the significant accounting policies or estimates from those applied in 2013 other than derived from the new standards that became effective (see Note 2.1.1).

2.4 Comparative information

In the nine months ended September 30, 2014, there were no significant changes in accounting policies relative to the policies applied in 2013.

2.5 Seasonality of Group transactions

The Group's main business segments by ordinary revenue are exposed to seasonal effects, as follows:

- Aeronautical revenue is affected by passenger traffic, which is greater during vacation months and holiday periods (Christmas, summer, Easter week and other holidays). Commercial revenue is also affected by the increase in passenger traffic and sales at stores located in terminals that generally occurs during the Christmas season.
- Revenue from off-terminal services specifically related to parking facilities is impacted by passenger traffic.

In addition, the airports segment expenses are affected by weather conditions and, especially, the winter season.

3. Financial risk management

3.1 Financial risk factors

The Aena Group's operations expose the Group to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board of Directors provides policies for overall risk management, as well as policies for covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk, the use of derivatives and investment of excess liquidity.

There is a debt acknowledgment agreement (the Debt Acknowledgment Agreement) between Aena, S.A. and its parent arising from the non-monetary contribution that led to the creation of Aena, S.A. (see Note 1) whereby Aena, S.A. originally assumed 94.9% of the parent's bank debt This agreement was novated on July 29, 2014 (see section c) of this note).

There were no significant changes in financial risk management at September 30, 2014 compared to the year ended December 31, 2013.

(a) *__Market risk__*

(i) Foreign exchange risk

The Group does not generally carry out significant commercial transactions in currencies other than the euro.

Foreign exchange risk arises as the Group holds a number of non-controlling interests in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's objective in managing interest rate risk is to optimize finance costs within the predefined risk limits. The risk variable is the 3-month Euribor rate, which is the main benchmark for non-current borrowings.

In addition, the value of the financial expense risk is calculated over a multi-year horizon. Interest rate scenarios are established for the period considered.

The financial expenses are due mainly to the borrowings recognized from the ultimate parent company. The ultimate parent company also arranges, for a small number of loans, interest-rate hedges that are transfered to the Company.

The cost of these derivatives is attributed to the Company, as they hedge the interest rate risk of some loans in that proportion.

At September 30, 2014, if the interest rate on variable rate borrowings had been 20 basis points higher/lower with all other variables held constant, profit before tax would have been €10,337 thousand lower or €10,337 thousand higher for the nine months ended September 30, 2014, respectively (€10,920 thousand lower or €10,920 thousand higher for the nine months ended September 30, 2013, respectively). However, the Regulatory Framework established by Law 1/2011, of March 4, establishing the State Operational Security Program for Civil Aviation and amending Law 21/2003, of July 7, on Air Security, provides a system for updating tariffs that protects Aena, for the regulated portion, from increases in financing costs, while enabling it to recover the costs of capital through remuneration of the regulated asset base, pursuant to prevailing legislation.

(b) *Credit risk*

The Group's credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to outstanding trade receivables and committed transactions.

Credit risk relating to trade receivables is limited, as the main customers are airlines and payments are generally received in cash or in advance. Credit risk related to commercial customers that lease premises at the various airports is managed by obtaining guarantees and security deposits.

On March 5, 2011, Law 1/2011, of March 4, amending Law 21/2003, of July 7, on Air Security was published in the Official State Gazette. This law approves the mechanism whereby the management, settlement and collection of all public service compensation (prestaciones patrimoniales de carácter público) by Aena, S.A. or its subsidiaries may include encumbrances to ensure effective collections. This mechanism is managed by the collection bodies of the State Tax Administration Agency.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties which it has not recognized a provision.

(c) *Liquidity risk*

The main risk variables are: restrictions in financial markets, increase in planned investment and reduction in cash flow generation.

The Company's credit risk policy and operations in its sector result in highly favorable average collection periods. The Company has also reduced costs and investment needs over coming years considerably. This has had a positive impact on its cash flow generation. The Group showed negative working capital of €903,066 thousand at September 30, 2014 (December 31, 2013: €1,288,749 thousand) and profit after tax for the nine months ended September 30, 2014 of €371,055 thousand (September 30, 2013: €341,406 thousand). However, it does not consider that there is a risk of meeting its short-term commitments given the positive operating cash flows, which the Company has used to reduce the negative working capital in recent years and expects to remain positive in the short term. To meet its short-term investment commitments and debts, the Company has €150 million of undrawn loans at September 30, 2014. In these circumstances, the parent's directors consider that there will not be any problems meeting payment obligations.

The following table provides an analysis of the financial liabilities associated with the Group and the financial liabilities related to the mirror loan, grouped by maturity date considering the remaining term to the contractual maturity from the reporting date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

At September 30, 2014	2014 (*)	2015	2016	2017	2018	2019	Subsequent years	Total
Loan from the ultimate parent company (Note 23)	395,029	1,055,128	1,140,488	816,393	737,995	689,755	5,934,279	**10,769,067**
Interest accrued on loans from the ultimate parent company (Note 23)	36,744	23,064	-	-	-		-	**59,808**
loans from credit institutions (Note 15)	625	333	333	333	-		-	**1,624**
Finance lease liabilities (Note 15)	490	2,013	2,079	1,544	1,582	1,622	10,618	**19,948**
Other financial liabilities (Note 15)	8,849	26,883	636	4,068	1,723	2,849	34,312	**79,320**
Trade and other payables (excluding customer prepayments) (Note 14)	524,417	-	-	-	-		-	**524,417**
Interest (**)	51,336	191,619	170,601	150,400	135,149	120,989	603,118	**1,423,212**

At December 31, 2013	2014	2015	2016	2017	2018	2019	Subsequent years	Total
Loan from the ultimate parent company (Note 23)	1,018,474	1,048,536	1,133,767	811,375	733,260	685,087	5,895,192	**11,325,691**
Other payables to the ultimate parent company (Note 23)	73,306	-	-	-	-	-	-	**73,306**
loans from credit institutions Note 15)	2,701	334	333	333	-		-	**3,701**
Finance lease liabilities (Note 15)	516	545	572	-	-		-	**1,633**
Other financial liabilities (Note 15)	71,431	-	-	-	-	484	2,773	**74,688**
Trade and other payables (excluding customer prepayments) (Note 14)	398,729	-	-	-	-		-	**398,729**
Interest (**)	231,334	191,606	170,580	150,371	135,116	120,954	602,958	**1,602,919**

(*) Includes the period from October 1 to December 31.
(**) Estimated calculation of interest on annual average debt with the ultimate parent company for each period calculated using the average interest rate for the period from January 1 to September 30, 2014.

The breakdown of loans from related parties by applicable interest rate and average interest rate at September 30, 2014 and December 31, 2013 is as follows (see Note 23):

Thousands of euros	September 30, 2014		December 31, 2013	
	Balance	**Average rate**	**Balance**	**Average rate**
Floating	5,168,612	1.36%	5,459,354	1.24%
Adjustable	4,285,444	2.12%	4,882,959	2.22%
Fixed	1,315,011	3.67%	983,378	3.81%
TOTAL	**10,769,067**		**11,325,691**	

The adjustable interest rate, which is applicable mainly to the loan from the European Investment Bank, is a fixed rate of interest that is maintained over a period (normally four years). At the end of this period, the Group reviews the rate and decides whether to continue with this system or change it for a fixed rate at maturity or a floating rate (see Note 22.)

For adjustable loans maturing in the first nine months of 2014, the system was changed to a fixed rate at maturity for an amount of €443,094 thousand, with an average fixed rate of 1.94%.

Meanwhile, on July 11, 2014, the Spanish Council of Ministers authorized the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” to initiate the sale process of the share capital of Aena, S.A. and dispose of up to 49% of its capital.

Under the scope of the process for allowing private investors to acquire shares of the Company, and to make the financing agreements (current and non-current borrowings) and hedging arrangements entered into with all the financial institutions compatible with that process, on July 29, 2014, the Public Business Entity “ENAIRE,” Aena S.A. and the respective financial institutions signed a non-extinctive novation of amendment to the financing agreements.

The consolidated text of the new financial agreements replaces the original agreements and novations fully and for all purposes so that, among other amendments, it eliminates any contractual restriction that could affect the privatization process and makes Aena S.A. jointly and severally liable, together with the Public Business Entity “ENAIRE” under the various financial agreements and makes all other adjustments to the aforementioned financial agreements required for these purposes.

The novations do not change the financial terms of the loans granted to the Public Business Entity “ENAIRE” or, accordingly, those reflected in the mirror loans signed with Aena, S.A. (e.g. repayment of principal, maturity dates, interest rate systems, repayment periods, etc.). The main clauses amended are summarized as follows:

- The joint and several relationship of the borrowers (the Public Business Entity “ENAIRE” and AenaAeropuertos, S.A.), which are jointly and severally liable to the bank with respect to the obligation to repay the amount of the loan drawn down by either and to pay interest, fees and commissions, costs, expenses and any other item payable by either of them directly to the bank by virtue of those agreements. The banks recognize expressly that payment of items effectively received from either borrower in accordance with the provisions of the agreements will have full releasing effects for that item and the amount concerned.

- The clauses imposing restrictions on the transfer of shares of Aena and the sale of shares representing a percentage exceeding 49% were eliminated.

- Mandatory compliance with certain financial ratios based on the Aena Group's consolidated financial statements, to be certified by providing a certificate showing compliance with these ratios on a half-yearly and annual basis.

Ratio	2013	2014	2015	2016	2017 and beyond
Net financial debt/EBITDA less than or equal to:	10.00x	9.00x	8.00x	8.00x	7.00x
EBITDA/finance costs equal to or greater than:	2.50x	2.75x	3.00x	3.00x	3.00x

- With respect to the possibility of establishing encumbrances and liens, a more favorable framework was established than provided for in the original financing agreements, as certain real guarantees or collateral may be issued for international assets in international financing transactions without recourse to Aena, S.A. or the Public Business Entity “ENAIRE,” whereas this was prohibited in many of the original agreements, often hindering the expansion of the business.

- The unification of the clauses restricting the sale or transfer of assets: Aena, S.A. shall, directly or indirectly, maintain primary ownership of all airport assets and shall not sell them, either in a single transaction or in a series of transactions, whether related or not, with some exceptions concerning airport assets located outside of Spain.

- Certain clauses have been unified to classify the events that could trigger the early repayment of financing agreements as a result of failure to make payments deriving from Aena, S.A.'s commercial relations.

As a result of novations of financing agreements, Aena, S.A. has had to pay novation fees to all of the financial institutions, in addition to expenses incurred for legal advisors amounting to €12,163 thousand, recognized with an adjustment to the carrying amount of the liability.

As a result of these novations and to include the amendments to the contractual relationship regarding the loan from the Public Business Entity “ENAIRE," on July 29, 2014, the Company signed a non-extinctive novation of amendment to the Debt Acknowledgment Agreement with the Public Business Entity “ENAIRE” amending the agreement signed on July 1, 2011, under which AenaAeropuertos, S.A. was provided all of the assets, rights, debts and obligations of the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” associated with the performance of airport and commercial activities, as well as other services associated with airport management, including those relating to the airport air traffic services, for €11,672,857 thousand.

By virtue of that novation, the parties agreed to amend certain aspects of the Debt Acknowledgment Agreement, merely for the purposes of modification and in no circumstances does the amendment extinguish any obligation, for the purposes of clarifying, *inter alia*: i) the updated amount of the recognized debt, ii) the regulation of payments by the Public Business Entity “ENAIRE” and AenaAeropuertos, S.A. of the amounts payable under the Financing Agreements, iii) the exercise of authority by the co-creditors under the Financing Agreements, iv) the obligation of AenaAeropuertos, S.A. to comply with the same financial ratios as stipulated in the novations of the financing agreements, and v) the commitment to create a future pledge on any credit rights (the amount relating to one year of debt service that accrues under the financing agreements) by the Company to the Public Business

Entity “ENAIRE” in the event of any failure to meet its obligations under the Debt Acknowledgment Agreement or the loss by the Public Business Entity “ENAIRE” of a majority stake in the capital of Aena.

During the debt novation process, the parties agreed expressly that, notwithstanding their status as co-borrowers and jointly and severally liable for compliance with the obligations established in the Financing Agreements, the payments for any items required in accordance with those Financing Agreements will be made by the Public Business Entity “ENAIRE.” Therefore, the contractual relationship between Aena, S.A. and the Public Business Entity “ENAIRE” is maintained through the Debt Acknowledgment Agreement.

Notwithstanding the joint and several, and primary, responsibility that Aena, S.A. and the Public Business Entity “ENAIRE” assume with respect to the financial institutions under the Financing Agreements, the payments made by Aena, S.A. will proportionally reduce its payment obligations deriving from the contribution to the Public Business Entity “ENAIRE.”

In any event, any failure by Aena, S.A. to meet the obligations deriving from the Debt Acknowledgment Agreement will not release the Public Business Entity “ENAIRE” from complying with its payment commitments by virtue of the provisions of the Financing Agreements.

Accordingly, the amendments to the financing agreements agreed with the financial institutions and the Public Business Entity “ENAIRE” do not alter the accounting treatment for the Company's borrowings from its ultimate parent company, the Public Business Entity “ENAIRE”.

The financing agreements contain the following causes for early maturity, with rates established in accordance with ordinary market terms:

a) Failure to meet any payment obligations derived from each financing agreement.
b) Failure to meet any payment obligations derived from other financing agreements.
c) Failure to meet any payment obligation derived from normal commercial relations in Aena's ordinary business, except where the Company has opposed, in or out of court, the claim for payment derived from this non-compliance and/or has initiated, or intends to initiate, legal actions backed by law provided a court order against it for payment has not been issued.
d) General embargoes on Aena's and/or ENAIRE's assets.
e) The creation by ENAIRE and/or ENAIRE companies, organizations or entities (with the exception of Aena and Aena Group companies, which are subject to the restriction indicated in the following point) of any security interest, charge, encumbrance or privilege on any present or future assets or rights.
f) The creation by Aena and/or Aena Group companies of any security interest, charge, encumbrance or privilege on any of the assets or rights existing on its balance sheet, except assets located outside of Spain (including in this exception the shares or equity interests in companies domiciled in Spain, provided all their operating assets were located outside of Spain) exclusively, in guarantee of financing or other obligations without recourse to Aena assumed by subsidiaries and/or other companies of the Aena Group.
g) A change in the risk weighting of ENAIRE or the loans or credits granted via financing agreements.

Only the occurrence of these early maturity causes would authorize the financial institutions, in accordance with the specific terms and conditions of their respective agreements, to declare the early maturity of their respective financing agreements. All this is without prejudice to the prerequisite of good faith and the essential nature of the cause given.

In the event Aena fails to meet its obligations under the Debt Acknowledgment Agreement:

- Aena undertakes to create a future first ranking pledge on certain credit rights (the amount equal to a year of debt service accrued in accordance with the terms of the financing agreements) in favor of ENAIRE (the obligation is also triggered in the event of loss of control of Aena by ENAIRE);

- Unpaid amounts by Aena shall accrue late payment interest.

- In the event ENAIRE has to pay any amounts to the financial institutions payable by Aena under the Debt Acknowledgment Agreement, ENAIRE shall assume Aena's creditor rights and guarantees and the debt recognized in the Debt Acknowledgment Agreement will automatically increase by the amount paid by ENAIRE.

- Moreover, in the event non-compliance of an obligation by Aena under the financing agreements triggered the early maturity of one or more financial agreements and claims of effective payment of any amounts, Aena must pay ENAIRE a penalty equal to 3% of the total principal due on the respective financing agreement breached. This clause is also applicable if ENAIRE fails to comply, in which case it must pay the aforementioned penalty to Aena.

The breakdown of total bank borrowings in which ENAIRE and Aena, S.A. are co-borrowers at September 30, 2014, which amounted to €11,227,027 thousand, is as follows (in thousands of euros):

Financial institution	Amount
EIB	**5,182,227**
ICO	**2,465,000**
DEPFA	**1,333,333**
FMS	**933,333**
BBVA	**312,867**
CAIXA	**184,200**
SABADELL	**140,000**
BANKINTER	**130,000**
DEXIA	**112,500**
BANKIA	**110,700**
KFW	**100,000**
POPULAR	**81,733**
SANTANDER	**54,000**
SOCIETE GENERAL	**51,300**
UNICAJA	**16,667**
CREDIT CARDS	**12,500**
TARGO BANK	**6,667**
TOTAL	**11,227,027**

Aena S.A owes the Public Business Entity “ENAIRE” the debt arising from the contribution of the airport business, which at September 30, 2014, amounted to €10,769,067 thousand (Notes 15 and 23).

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors cash flow generation to ensure that its meets its financial commitments.

3.3 Fair value estimation

The table below analyzes of financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2014.

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives	-	8,197	-	8,197
Total liabilities	**-**	**8,197**	**-**	**8,197**

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2013.

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives	-	9,306	-	9,306
Total liabilities	**-**	**9,306**	**-**	**9,306**

There were no transfers between Level 1 and Level 2 financial instruments during the period (see Note 15 for information on the fair value of borrowings). The fair value of other assets and liabilities does not differ from their carrying amount.

a) Tier 1 financial instruments:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. There were no financial instruments in Level 1 at either of the dates.

b) Tier 2 financial instruments:

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Financial instruments in level 2 include interest rate derivatives (swaps) used to hedge floating rate loans and exchange rates.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on estimated yield curves.
- The present value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in the valuation techniques used by the Group at September 30, 2014 compared to 2013.

4. Accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements under IFRS requires management to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the accompanying disclosures.The estimates and assumptions are based, among other things, on historical experience and other circumstances considered to be reasonable at the reporting date, the result of which forms the basis of judgment about the carrying amounts of assets and liabilities that cannot be readily determined in any other way. Actual results may different from these estimates.

To understand the interim condensed consolidated financial statements, it is important to understand the accounting policies for these items. Further information is provided below with respect to the estimates and assumptions used for these items in accordance with IFRSs, which should be read in conjunction with the notes to the annual consolidated financial statements.

4.1 Main accounting estimates and judgments

The most critical accounting policies reflecting significant assumptions and estimates used to determine amounts in the interim consolidated financial statements are as follows:

(a) Impairment of intangible assets, property, plant and equipment, and investment properties
(b) Useful lives of property, plant and equipment
(c) Provisions
(d) Derivative financial instruments

Some of these accounting policies require management to make judgments in choosing suitable assumptions to determine these estimates. These assumptions and estimates are based on our historical experience, expert consultant advice, forecasts, and other circumstances and expectations at the end of the reporting period. Management's assessment is made in relation to the overall economic situation of the Group's industry, bearing in mind the future performance of our business. These judgments are inherently subject to a degree of uncertainty. Therefore, actual results may different materially from the estimates and assumptions used. In this case, the values of the assets and liabilities would be adjusted accordingly.

At the date of preparation of these interim condensed consolidated financial statements, no significant changes in estimates were expected. Therefore, there are no significant prospects of a material adjustment to the values of the assets and liabilities recognized at September 30, 2014.

Although these estimates are made on the basis of the best information available at the end of each reporting period, future events may require these estimates to be modified prospectively (upwards or downwards), in accordance with IAS 8. The effects of any change would be recognized in the corresponding consolidated income statement.

At September 30, 2014, there were no changes in the critical accounting policies disclosed in the consolidated financial statements for the year ended December 31, 2013 other than those explained in Note 2.1.

The estimates and judgments that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the following period are as follows.

(a) Impairment of intangible assets, property, plant and equipment, and investment properties

The Group assesses annually whether its intangible assets, property, plant and equipment and investment properties may be impaired, applying the accounting policy explained in Note 2.8 to the consolidated financial statements for the year ended December 31, 2013, which describes how management identifies the cash-generating units (CGUs) and the approach used to test the assets allocated to the CGU for impairment. The identification and grouping of CGUs is based on the generation of income and identifiable cash flows, as well as certain other assumptions based on how management manages those assets within the applicable regulatory framework. The recoverable amounts of CGUs has been determined based on value-in-use calculations. These calculations use estimates based on judgments and assumptions regarding profit and loss projections, investment and working capital projections, discount rates and growth rates. Changes or variations in one or more of the assumptions can affect the identification of the CGU and the estimate of recoverable amount used to perform the impairment test.

At September 30, 2014, Group management reviewed the results of the first nine months of 2014 to assess whether there had been any significant changes that could indicate impairment of intangible assets, property, plant and equipment and investment properties. It concluded that there were no indications of impairment (see Notes 6, 7 and 8).

(b) Useful lives of property, plant and equipment

Accounting for investments in property, plant and equipment involves estimates to determine the useful life of the items for the purposes of depreciation. The determination of useful lives is sensitive to estimates regarding the level of usage of the assets and expected technological trends. Assumptions regarding level of usage, the technological framework and future developments imply a significant degree of judgment, as these issues are difficult to predict.

Changes in the level of usage of the assets or in their technological evolution could lead to revisions of the useful lives and, accordingly, the depreciation of the assets.

(c) Provisions

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company estimates the amounts to be settled in the future in relation to employment obligations, expropriations, ongoing litigation, taxes, environmental actions and other liabilities. These estimates are sensitive to interpretations of current and future events and circumstances, and the estimation of the financial impacts of those events and circumstances.

In addition, the calculation of the expense and liability related to employment obligations requires the use of a number of assumptions. At the end of each reporting period, the Company estimates the amount of provision necessary to meet its employment and similar obligations with the advice of independent actuaries. Changes affecting these assumptions could result in the recognition of different amounts than the expenses and liabilities recognized.

(d) Derivative financial instruments

In certain cases, the Group uses derivative financial instruments to mitigate risks arising mainly from changes in the interest rates linked to its financing. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The data used to calculate the fair value of derivative financial instruments are based on available observable market data, either quoted prices or the use of valuation techniques (Level 2). The valuation techniques used to calculate the fair value of the derivative financial instruments include the discount of the instrument's future cash flows using assumptions based on market conditions at the measurement date or the use of prices of similar instruments, among other techniques. These estimates are based on available market information and suitable valuation techniques. The use of different market assumptions and/or valuation techniques may have a significant effect on the fair values calculated.

4.2 Main judgments in applying the entity's accounting policies

(a) Recognition of revenue from the minimum guaranteed rents in the World Duty Free Global (WDFG) agreement

In 2013, Aena, S.A. awarded World Duty Free Group (WDFG) a multi-year contract to manage the duty free and duty paid stores in three airport blocks through 2020. The related fees are based the stores' sales volumes. The Company's management has assessed the main features of the agreement in accordance with the accounting policies. It has concluded that the income from the agreement should be recognized on an accrual basis, considering the fees received as contingent despite the contractually stipulated payment of certain fees irrespective of the stores' sales volume. Management made judgments in determining the variability of the contract fees based on the substance of the contract, and on the future factors of variability affecting the determination of the fees; e.g. spaces allocated to stores, the variability of airport passenger traffic, and the possibility of the parties achieving a minimum return on the contract. Future changes in the terms of the contract assessed by Group management could result in different criteria for revenue recognition from the contract than Aena SA. has followed until now. For new contracts with similar characteristics, the Group has followed this revenue recognition criteria.

(b) Recoverability of tax deductions for investment in the Canary Islands

Management of Aena, S.A. decided to offset the tax deductions for investment in the Canary Islands against its state tax payable. At December 31, 2013, it applied total deductions for all items amounting to €100,495 thousand and for the nine months ended September 30, 2014, it estimated deductions of €75,509 thousand. Of these, deductions for investment in the Canary Islands represented 95.9% and 95.3%, respectively, of the totals.

Management of Aena, S.A. capitalized tax deductions at September 30, 2014 amounting to €81,079 thousand, of which 99.3% related to deductions for investments in the Canary Islands (December 31, 2013: €145,778 thousand, of which 95.3% related to deductions for investments in the Canary Islands). These deductions are recognized as a receivable from the ultimate parent company and will be used in future periods based on taxable income (tax loss) (see Notes 11 and 16). The tax deductions for investment in the Canary Islands were capitalized after September 30, 2013, after consultation with the Taxation Authorities on the conditions for their recovery and verification that these conditions were met.

5. Segment reporting

The Group's operating segments are as follows: Airports, Off-terminal services, International and Other.

The Airports segment includes substantially the Group's operations as airport manager, as detailed in Note 1 and identified within the so-called Aeronautical business. This segment also includes management of commercial spaces in airport terminals, identified within the so-called Commercial business.

The Off-terminal services segment includes substantially the Group's operation of parking lots and garages outside the airport terminals, and of the industrial and real estate assets not included in those terminals.

The International segment relates to the Group's international development business. This coincides with the operations of subsidiary AenaDesarrolloInternacional, S.A., which consist of investments in other airport managers, mainly in Mexico, Colombia and the UK.

The Chairman and CEO is the chief operating decision-maker. The Group has determined the operating segments based on the information reviewed by the Chairman and CEO for the purposes of allocating resources and assessing performance.

The Chairman and CEO assesses the performance of the operating segments on a measure of EBITDA (defined as earnings before interest, tax, depreciation and amortization). At September 30, 2014, this measure of EBITDA was adjusted for the effects of the voluntary redundancy plan, and impairment losses and gains/(losses) on disposal of assets (September 30, 2013: adjusted for the effects of the voluntary redundancy plan, and impairment losses and gains/(losses) on disposal of assets).

Segment financial information provided by the chief operating decision-maker at September 30, 2014 and 2013 was obtained from the Group's management information systems. It is presented as currently analyzed by the chief operating decision-maker. The criteria for distributing inter-segment costs did not change during the periods presented. Segment financial information at September 30, 2014 and 2013 is as follows (in thousands of euros):

	Airports						
September 30, 2014	**Aeronautical**	**Commercial**	**Off-terminal services**	**Subtotal**	**International**	**Adjustments**	**Consolidated total**
Ordinary revenue-	1,725,626	477,341	120,691	2,323,658	5,892	(1,028)	2,328,522
External customers	*1,725,622*	*477,341*	*120,691*	*2,323,654*	*4,868*	-	*2,328,522*
Inter-segment revenue	*4*	-	-	*4*	*1,024*	*(1,028)*	-
Other operating income	46,795	10,380	8,237	65,412	218	-	65,630
Total revenue	**1,772,421**	**487,721**	**128,928**	**2,389,070**	**6,110**	**(1,028)**	**2,394,152**
Supplies	(136,658)	-	-	(136,658)	-	1,034	(135,624)
Personnel expenses	(216,395)	(20,460)	(9,523)	(246,378)	(1,355)		(247,733)
Other operating expenses	(441,555)	(63,884)	(41,011)	(546,450)	(1,793)	(6)	(548,249)
Depreciation and amortization expense	(520,830)	(49,332)	(36,949)	(607,111)	(444)	-	(607,555)
Impairment losses and gains/(losses) on disposal of assets	2,895	(371)	(6,713)	(4,189)	-	-	(4,189)
Other income/(expenses)	(140)	2,058	(30)	1,888	-	-	1,888
Total expenses	**(1,312,683)**	**(131,989)**	**(94,226)**	**(1,538,898)**	**(3,592)**	**1,028**	**(1,541,462)**
EBITDA	**980,568**	**405,064**	**71,651**	**1,457,283**	**2,962**	**-**	**1,460,245**
Voluntary redundancy plan	1,096	88	46	1,230	-	-	1,230
Impairment losses and gains/(losses) on disposal of assets	2,895	(371)	(6,713)	(4,189)	-	-	(4,189)
Adjusted EBITDA	**976,577**	**405,347**	**78,318**	**1,460,242**	**2,962**	**-**	**1,463,204**
Operating profit	**459,738**	**355,732**	**34,702**	**850,172**	**2,518**	**-**	**852,690**
Net finance income/(expense)	(311,983)	(9,778)	(20,581)	(342,342)	540	-	(341,802)
Share of profit of associates	-	-	-	-	2,874	-	2,874
Profit before tax	**147,755**	**345,954**	**14,121**	**507,830**	**5,932**	**-**	**513,762**
Total assets at September 30, 2014				17,167,835	168,175	(138,069)	17,197,941
Total liabilities at September 30, 2014				13,789,259	32,838	(36,481)	13,785,616

September 30, 2013	Airports: Aeronautical	Airports: Commercial	Off-terminal services	Subtotal	International	Adjustments	Consolidated total
Ordinary revenue-	1,680,384	420,680	108,625	2,209,689	6,105	(1,165)	2,214,629
External customers	*1,680,379*	*420,680*	*108,625*	*2,209,684*	*4,945*	-	*2,214,629*
Inter-segment revenue	*5*	-	-	*5*	*1,160*	*(1,165)*	-
Other operating income	32,354	3,499	2,231	38,084	120	-	38,204
Total revenue	**1,712,738**	**424,179**	**110,856**	**2,247,773**	**6,225**	**(1,165)**	**2,252,833**
Supplies	(145,172)	-	-	(145,172)	-	1,165	(144,007)
Personnel expenses	(220,807)	(20,419)	(9,597)	(250,823)	(1,432)	-	(252,255)
Other operating expenses	(472,646)	(75,683)	(44,747)	(593,076)	(2,219)	-	(595,295)
Depreciation and amortization expense	(524,577)	(49,404)	(38,893)	(612,874)	(467)	-	(613,341)
Impairment losses and gains/(losses) on disposal of assets	(1,345)	(112)	(159)	(1,616)	-	-	(1,616)
Other income/(expenses)	7150	3,614	1,072	11,836	-	-	11,836
Total expenses	**(1,357,397)**	**(142,004)**	**(92,324)**	**(1,591,725)**	**(4,118)**	**1,165**	**(1,594,678)**
EBITDA	**879,918**	**331,579**	**57,425**	**1,268,922**	**2,574**	-	**1,271,496**
Voluntary redundancy plan	4,206	823	312	5,341	-	-	5,341
Impairment losses and gains/(losses) on disposal of assets	(1,345)	(112)	(159)	(1,616)	-	-	(1,616)
Adjusted EBITDA	**877,057**	**330,868**	**57,272**	**1,265,197**	**2,574**	**-**	**1,267,771**
Operating profit	**355,341**	**282,175**	**18,532**	**656,048**	**2,107**	**-**	**658,155**
Net finance income/(expense)	(165,742)	(12,065)	(13,531)	(191,338)	(147)	-	(191,485)
Share of profit of associates	-	(536)	-	(536)	4,607	-	4,071
Profit before tax	**189,599**	**269,574**	**5,001**	**464,174**	**6,567**	**-**	**470,741**
Total assets at September 30, 2013				16,468,088	163,097	(271,357)	16,359,828
Total liabilities at September 30, 2013				13,701,352	43,756	(173,957)	13,576,151

The "Adjustments" column includes mainly consolidation adjustments. There were no changes in the first nine months of 2014 and 2013 in the allocations of assets and liabilities among segments compared to prior years.

The reconciliation of EBITDA and adjusted EBITDA to profit for the nine months ended September 30, 2014 and 2013 is as follows:

Item	**September 30, 2014**	**September 30, 2013**
Total adjusted EBITDA	**1,463,204**	**1,267,771**
Impairment losses and gains/(losses) on disposal of assets	(4,189)	(1,616)
Voluntary redundancy plan	1,230	5,341
Total segment EBITDA	**1,460,245**	**1,271,496**
Depreciation and amortization	(607,555)	(613,341)
Finance costs - net	(341,802)	(191,485)
Share in profit of associates	2,874	4,071
Income tax expense	(142,707)	(129,335)
Profit for the period	**371,055**	**341,406**

Company level information

The breakdown of ordinary revenue from the subtotal included in the segment financial information (excluding the International segment and Adjustments), by type of service rendered, is as follows:

	September 30, 2014	September 30, 2013
Airport services	**1,725,626**	**1,680,384**
Public service compensation	**1,672,397**	**1,622,910**
Landings	468,571	441,132
Stands	20,888	19,176
Passengers	744,702	737,748
Telescopic boarding gates	75,967	73,461
Cargo	4,570	8,349
Security	270,597	258,113
Handling	58,481	55,644
Fuel	21,608	20,581
Food & beverage	7,013	8,706
Other airport services (1)	**53,229**	**57,474**
Commercial services	**477,341**	**420,680**
Leases	20,235	23,248
Stores	51,206	56,420
Duty free shops	143,093	107,671
Food & beverage outlets	87,364	71,964
Car rental	78,120	76,261
Advertising	20,417	19,333
Other commercial revenue (2)	76,906	65,783
Off-terminal services	**120,691**	**108,625**
Parking	77,113	66,180
Land	9,849	9,916
Warehouses and hangars	14,661	13,471
Airport logistics centers	19,068	19,058

(1) Includes Airport Consumption, Use of 400Hz, Fire Services, Check-in desks and Other income.

(2) Includes Other Commercial Operations, Banking Services, Travel Agencies, Vending Machines, Commercial Supplies, Use of Conference Rooms, and Filming and Recording.

Except for the International segment, with investments mainly in Mexico, Colombia and the UK, the Group operates in Spain. Therefore, all revenue from external customers is obtained in Spain and all non-current assets are located in Spain.

A significant portion (38%) of Airport services revenue in the nine month ended September 30, 2014 was concentrated in three customers, contributing €229.8 million, €222.0 million and €220.2 million, respectively (September 30, 2013: €197.8 million, €228.1 million and €224.4 million, respectively).

6. Property, plant and equipment

	Land and buildings	Plant and machinery	Other installations, equipment and furniture	Other property, plant and equipment	Construction in progress	Total
At January 1, 2013						
Cost or valuation	16,230,315	1,256,096	4,361,257	140,495	595,190	22,583,353
Accumulated depreciation	(4,105,302)	(696,008)	(1,856,104)	(133,015)	-	(6,790,429)
Impairment	-	-	-	(582)	(10,875)	(11,457)
Net carrying amount at January 1, 2013	**12,125,013**	**560,088**	**2,505,153**	**6,898**	**584,315**	**15,781,467**
Additions	66,894	6,788	20,145	61	133,939	227,827
Disposals	(30,668)	(5,037)	(31,990)	(459)	(11,384)	(79,538)
Transfers (Notes 7 and 8)	70,316	16,674	16,221	119	(109,473)	(6,143)
Depreciation charge	(289,670)	(59,409)	(239,105)	(1,396)	-	(589,580)
Depreciation adjustment	54	29	61	-	-	144
Depreciation transfers (Notes 7 and 8)	78	73	432	(71)	-	512
Eliminations of accumulated depreciation	29,517	4,896	31,508	462	-	66,383
Net carrying amount at September 30, 2013	**11,971,534**	**524,102**	**2,302,425**	**5,614**	**597,397**	**15,401,072**
At September 30, 2013						-
Cost or valuation	16,336,857	1,274,521	4,365,633	140,216	608,272	22,725,499
Accumulated depreciation	(4,365,323)	(750,419)	(2,063,208)	(134,020)	-	(7,312,970)
Impairment	-	-	-	(582)	(10,875)	(11,457)
Net carrying amount at September 30, 2013	**11,971,534**	**524,102**	**2,302,425**	**5,614**	**597,397**	**15,401,072**
At January 1, 2014						-
Cost or valuation	16,441,913	1,271,909	4,396,809	140,212	350,177	22,601,020
Accumulated depreciation	(4,413,184)	(744,700)	(2,077,360)	(134,377)	-	(7,369,621)
Impairment	-	-	-	(582)	-	(582)
Net carrying amount at January 1, 2014	**12,028,729**	**527,209**	**2,319,449**	**5,253**	**350,177**	**15,230,817**
Additions	871,622	5,088	26,140	223	78,202	981,275
Disposals	(66,615)	(10,599)	(24,464)	(68)	(3,060)	(104,806)
Transfers (Notes 7 and 8)	48,835	9,353	32,220	328	(93,142)	(2,406)
Depreciation charge	(287,617)	(58,787)	(233,684)	(1,239)	-	(581,327)
Transfers (Notes 7 and 8)	4,209	155	146	(326)	-	4,184
Eliminations of accumulated depreciation	4,113	9,993	23,342	64	-	37,512
Net carrying amount at September 30, 2014	**12,603,276**	**482,412**	**2,143,149**	**4,235**	**332,177**	**15,565,249**
At September 30, 2014						-
Cost or valuation	17,295,755	1,275,751	4,430,705	140,695	332,177	23,475,083
Accumulated depreciation	(4,692,479)	(793,339)	(2,287,556)	(135,878)	-	(7,909,252)
Impairment	-	-	-	(582)	-	(582)
Net carrying amount at September 30, 2014	**12,603,276**	**482,412**	**2,143,149**	**4,235**	**332,177**	**15,565,249**

At September 30, 2014 and 2013, no items of property, plant and equipment were subject to guarantees.

Lease rentals amounting to €1,363 thousand (September 30, 2013: €304 thousand) and to €199 thousand (September 30, 2013: €361 thousand) relating to the lease of property and machinery, respectively, are included in the income statement.

The main movements recognized at September 30, 2014 and 2013 are as follows:

<u>Land and buildings</u>

At September 30, 2014, additions of land related mainly to increases in the estimate of the amount finally payable as fair value in the expropriations of the land acquired for the enlargement of the Adolfo Suárez Madrid- Barajas, Málaga and Vigo airports arising from various judicial proceedings involving Aena over expropriations, with a balancing entry in the increase in the provision for expropriations.

The main highlight in these proceedings relates to expropriations carried out for the enlargement of Adolfo Suárez Madrid-Barajas airports and the risk posed by the annulment of the existing delimitation of the Hydraulic Public Domain, which grants the former owners of the land included in the delimitation the right to claim reimbursement for the land acquired at the time at no cost. The combined impact of these rulings and risks resulted in additions to land in the period of €52,910 thousand. Further, specifically noteworthy was the ruling issued by the Madrid High Court (Tribunal Superior de Justicia) on October 1 and notified to Aena on October 29, 2014 over Ordinary Proceeding 1/2011 recognizing the right to a reappraisal of a number of properties acquired previously for the enlargement of Madrid-Barajas airport, which gave rise to additions to land of €758,605 thousand (see Notes 17 and 25).

Buildings include the enlargement of the terminal building and the commissioning of new commercial areas in the Gran Canaria airport, expansion work on the runway at the Gran Canaria airport, the enlargement of the north area of the Vigo terminal building, the fitting out of the departures floor of the Lanzarote airport and upgrades to the Girona passenger terminal building.

Additions of land at September 30, 2013 related mainly to increases in the estimate of the amount finally payable as fair value in the expropriations of the land acquired for the enlargements of the Vigo, Barcelona and Girona airports, with a balancing entry in the increase in the provision for expropriations (see Note 17). Buildings also included work on the T3 terminal of Alicante airport, expansion of runways at Málaga airport, and new docks at the T1 terminal and parking garage at Barcelona airport.

Disposals of land and buildings at September 30, 2014 related mainly to reversals of provisions recognized for litigation relating to works which, after favorable rulings for Aena S.A. were issued (see Note 17), were no longer required.

Plant and other property, plant and equipment

The main additions at September 30, 2014 related to work carried out in the period on:

- Rehabilitation of the ramp at Seville airport.
- The explosive detection system (EDS) renewal plan and actions on the baggage handling system at several airports.
- The installation of passenger boarding bridges at Vigo airport.
- Building access control to the P-1 parking garage at Seville airport.
- Development and improvement of commercial spaces of terminals T4 and T4S at Adolfo Suárez Madrid-Barajas airport.
- CCTV systems, accesses, HVAC, etc., of the commercial areas of Gran Canaria airport.

The main additions at September 30, 2013 were:

- The explosive detection system (EDS) renewal plan at several airports.
- Adaptation of power supply to the south cargo module of Adolfo Suárez Madrid-Barajas airport.
- New generator sets and new power lines to the terminal building of Bilbao airport.
- Aircraft rescue and fire fighting (ARFF) vehicles for Tenerife South and Fuerteventura airports.

Disposals in 2014 relate mainly to a variety of equipment (EDS, control and access systems, ACU systems, X-ray equipment, collection machines, automatic air traffic control system -SACTA-, etc.) due to upgrades in several airports in the network.

The majority of disposals in 2013 related to facilities and buildings at the Adolfo Suárez Madrid-Barajas, Barcelona, and Málaga airports as a result of their renovation.

Construction in progress

Construction in progress at September 30, 2014 related mainly to the enlargement of the terminal building and construction of the new P3 parking garage at Gran Canaria airport and the enlargement of the runway of A Coruña airport.

Construction in progress at September 30, 2013 related to the enlargement of the terminal building and parking facility of Gran Canaria airport, the enlargement of the runway of A Coruña airport, the construction of the new power plant of Málaga airport, the adaptation of runways and taxiways and the enlargement of the terminal building of Vigo airport and upgrades to the commercial spaces of the T4 and T4S terminals of Adolfo Suárez Madrid-Barajas airport.

Retirements of assets from construction in progress at September 30, 2013, amounting to €10,960 thousand, related to the streamlining plan carried out by Aena, as the assets were no longer included in the Group's investment plan.

Capitalized borrowing costs

In the nine month ended September 30, 2014, the Group capitalized borrowing costs amounting to €4,125 thousand (September 30, 2013: €7,654 thousand).

Impairment tests of property, plant and equipments

At December 31, 2013, the Group tested the network of airports and all the assets included in the Off-terminal services segment (parking facilities) for impairment. The carrying amounts according to the analytical information were €14,240,718 thousand and €827,628 thousand, respectively. The tests did not reveal any significant impact on the consolidated financial statements, even after conducting sensitivity analyses on the variables used. The recoverable amount of a CGU is based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, including the current period. Cash flows beyond the five-year period, including the current period, are extrapolated using the estimated growth rates. The key assumptions used for the airport network and set of assets included in the off-terminal services segment (parking facilities) were as follows:

	December 31, 2013
Growth rate	2.00%
After-tax discount rate	6.14%

The after-tax discount rate applied to cash flow projections is derived from the weighted average cost of capital (WACC). The WACC takes into account both equity and debt, according to the financial structure established for each CGU.

Data used to calculate WACC derived from independent external information sources applicable to the Group.

Cash flow projections after the fifth year are calculated using a constant rate of expected growth, taking into account consensus estimates by analysts and air traffic growth.

Sensitivity to changes in assumptions

The Group performed a sensitivity analysis of the calculation of impairment to reasonable changes in the key financial assumptions used in the calculation, assuming increases or decreases in percentage points (p.p.):

- Discount rate (-1 p.p./+1 p.p.)
- Long-term growth rate (+1 p.p./-1 p.p.)

The sensitivity analysis performed at the end of 2013 did not reveal any significant risks in relation to reasonably possible changes in the assumptions considered individually. In other words, management considered that within the specified ranges, there would be no changes in the impairment calculation.

The key assumptions affecting the Group's cash flows are passenger traffic, increases in fees and efficiency gains in operational costs.

The Group did not conduct an impairment test at September 30, 2014, but rather reviewed the results of the first nine months of the year and assessed whether there had been significant changes that could indicate impairment of its property, plant and equipment. In this respect, the period featured growth in passenger traffic (+4.6%) and improvement in operations (+2.7%). This, coupled with the start-up of new commercial spaces, drove increases in the Airports segment's commercial revenue (+15%) and EBITDA (+14.4%).Moreover, the Group continued its cost-containment policy, achieving additional savings with respect to 2013. All this had a positive impact on earnings in the first nine months of the year and offset the effects on changes in fees under the new regulatory framework and the new incentives given to airlines. The combined effect of the issues explained above led to the conclusion that there were no indications of impairment.

Finance leases

Property, plant and equipment includes the following amounts where the Group is lessee under a finance lease:

	September 30, 2014	December 31, 2013
Cost-capitalized finance leases	21,380	2,477
Accumulated depreciation	(3,389)	(880)
Net carrying amount	**17,991**	**1,597**

Restrictions

The land, buildings and constructions provided have lost their status as public domain assets following the effect of the release established under Article 9 of Royal Decree-Law 13/2011, of December 3, stipulating that all state public domain assets related to the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” not used in air traffic services shall no longer be considered public domain assets. This does result in any change to the purpose of the expropriation. Accordingly, no reversal of the process is required.

Joint operations

The Group has an agreement with the Spanish Ministry of Defense setting out the key sharing and compensation criteria for use of the Villanubla, León, Albacete, Matacán, Talavera and San Javier air bases open for civil traffic, and the joint-use of the Zaragoza airport for civil aircraft. This agreement is predicated on application of Royal Decree 1167/1995, of July 7, governing the joint-use of airfields by an air base and an airport, and air bases open to civil traffic. The following amounts represent the assets, liabilities, revenue and results of operations of the air bases open to civil traffic included in the balance sheet and income statement:

	September 30, 2014	December 31, 2013
- Non-current assets	281,123	294,155
- Non-current/current liabilities	-	-
Net assets	**281,123**	**294,155**

	September 30, 2014	September 30, 2013
- Revenue	19,879	19,904
- Expenses	(33,900)	(36,310)
Profit after tax	**(14,021)**	**(16,406)**

There are no contingent liabilities associated with the operation of air bases open to civil traffic.

7. Intangible assets

	Concessions	Development	Computer software	Other intangible assets	Other intangible assets in progress	Total
Cost						
At January 1, 2013	**17,590**	**987**	**163,495**	**136,453**	**47,198**	**365,723**
Additions	70	-	4,854	16	8,185	13,125
Disposals	(4)	-	(6,603)	(913)	(155)	(7,675)
Transfers (Notes 6 and 8)	4	-	11,415	42	(8,638)	2,823
At September 30, 2013	**17,660**	**987**	**173,161**	**135,598**	**46,590**	**373,996**
At January 1, 2014	**17,654**	**815**	**186,005**	**134,789**	**39,787**	**379,050**
Additions	101	-	8,474	10	3,951	12,536
Disposals	-	-	(231)	-	(209)	(440)
Transfers (Notes 6 and 8)	14	794	4,497	1,074	(7,276)	(897)
At September 30, 2014	**17,769**	**1,609**	**198,745**	**135,873**	**36,253**	**390,249**
Accumulated amortization and impairment losses						
At January 1, 2013	**(3,161)**	**(987)**	**(114,416)**	**(131,432)**	**-**	**(249,996)**
Amortization charge	(512)	-	(20,221)	(794)	-	(21,527)
Disposals	1	-	6,597	864	-	7,462
Transfers (Notes 6 and 8)	-	-	(525)	176	-	(349)
Adjustments	-	-	209	-	-	209
At September 30, 2013	**(3,672)**	**(987)**	**(128,356)**	**(131,186)**	**-**	**(264,201)**
At January 1, 2014	**(4,165)**	**(815)**	**(134,758)**	**(130,574)**	**-**	**(270,312)**
Amortization charge	(531)	(88)	(21,493)	(762)	-	(22,874)
Disposals	-	-	230	-	-	230
At September 30, 2014	**(4,696)**	**(903)**	**(156,021)**	**(131,336)**	**-**	**(292,956)**

	Concessions	Development	Computer software	Other intangible assets	Other intangible assets in progress	Total
Net carrying amount						
Cost	17,590	987	163,495	136,453	47,198	365,723
Accumulated amortization and impairment losses	(3,161)	(987)	(114,416)	(131,432)	-	(249,996)
At January 1, 2013	**14,429**	**-**	**49,079**	**5,021**	**47,198**	**115,727**
Cost	17,660	987	173,161	135,598	46,590	373,996
Accumulated amortization and impairment losses	(3,672)	(987)	(128,356)	(131,186)	-	(264,201)
At September 30, 2013	**13,988**	**-**	**44,805**	**4,412**	**46,590**	**109,795**
Cost	17,654	815	186,005	134,789	39,787	379,050
Accumulated amortization and impairment losses	(4,165)	(815)	(134,758)	(130,574)	-	(270,312)
At January 1, 2014	**13,489**	**-**	**51,247**	**4,215**	**39,787**	**108,738**
Cost	17,769	1,609	198,745	135,873	36,253	390,249
Accumulated amortization and impairment losses	(4,696)	(903)	(156,021)	(131,336)	-	(292,956)
At September 30, 2014	**13,073**	**706**	**42,724**	**4,537**	**36,253**	**97,293**

At September 30, 2014 and 2013, no intangible assets were subject to guarantees.

Of total capitalized costs relating to intangible assets at September 30, 2014 and 2013, assets in progress were as follows (in thousands of euros):

	September 30, 2014	September 30, 2013
Development	-	1,000
Computer software	4,567	19,858
Other intangible assets	31,686	25,732
Total	**36,253**	**46,590**

"Other intangible assets" includes mainly airport master plans.

Capitalized expenditure within intangible assets at September 30, 2014 amounted to €210 thousand (September 30, 2013: €89 thousand).

Concessions:

The Company operates the Ceuta and Algeciras heliports under a service concession arrangement. The main terms of the arrangement are as follows:

Ceuta heliport:

The Company operates the Ceuta heliport and all its services under a service concession arrangement with the Ceuta Port Authority. The arrangement started on March 28, 2003 and is for a period of 30 years. The Company pays an annual fee of €39 thousand for the private occupation of the port's public domain. Moreover, in accordance with Article 69 bis of Law 27/92, the Company pays the Ceuta Port Authority a fee based on passenger movement of €0.823386/passenger.

Algeciras heliport:

The Company has a service concession arrangement with the Port of Algeciras Bay Authority to occupy the facilities earmarked for the installation and operation of the publicly owned heliport at the Port of Algeciras. The arrangement started on February 3, 2009 and is for a period of 25 years. The arrangement establishes an annual fee for private use of the port's public domain of €82 thousand and a fee for special use of the public domain of €1/passenger embarking or disembarking at the facilities.

Impairment tests of unamortized intangible assets (in progress)

At December 31, 2013, the Group tested its unamortized intangible assets for impairment. The tests did not reveal any adjustments, even after conducting sensitivity analyses on the variables used.

The recoverable amount of a CGU is based on value-in-use calculations. The calculations use cash flow projections based on budgets approved by management covering a period of five years, including the current year. Cash flows beyond the five-year period, including the current period, are extrapolated using the estimated growth rates shown below. In 2014, management reviewed the projections and the results of the first nine months of the year. It concluded that there were no indications of impairment (see explanation in Note 6).

The key assumptions used for value-in-use calculations are as follows:

	December 31, 2013
Growth rate	2.00%
After-tax discount rate	6.14%

Sensitivity to changes in assumptions

At December 31, 2013, the Group performed a sensitivity analysis of the calculation of impairment to reasonable changes in the key financial assumptions used in the calculation, assuming increases or decreases in percentage points (p.p.):
- Discount rate (-1 p.p./+1 p.p.)
- Long-term growth rate (+1 p.p./-1 p.p.)

The sensitivity analysis performed at the end of 2013 did not reveal any significant risks in relation to reasonably possible changes in the assumptions considered individually. In other words, management considered that within the specified ranges, there would be no changes in the impairment calculation. The Group did not conduct an impairment test at September 30, 2014, but rather reviewed the results of the first nine months of the year and assessed whether there had been significant changes that could indicate impairment of the assets. No such indication existed.

8. Investment properties

	Land and buildings	Plant and other assets	Total
Cost			
At January 1, 2013	**163,525**	**6,079**	**169,604**
Additions	-	-	-
Disposals	-	-	-
Transfers (Notes 6 and 7)	3,080	240	3,320
At September 30, 2013	**166,605**	**6,319**	**172,924**
At January 1, 2014	**210,466**	**6,319**	**216,785**
Additions	46	-	46
Disposals	-	-	-
Transfers (Notes 6 and 7)	3,303	-	3,303
At September 30, 2014	**213,815**	**6,319**	**220,134**
Accumulated depreciation and impairment losses			
At January 1, 2013	**(35,713)**	**(4,635)**	**(40,348)**
Depreciation charge	(1,930)	(304)	(2,234)
Transfers (Notes 6 and 7)	(156)	(7)	(163)
At September 30, 2013	**(37,799)**	**(4,946)**	**(42,745)**
At January 1, 2014	**(61,089)**	**(5,050)**	**(66,139)**
Depreciation charge	(3,043)	(311)	(3,354)
Transfers (Notes 6 and 7)	(4,184)	-	(4,184)
Impairment	(6,243)	-	(6,243)
At September 30, 2014	**(74,559)**	**(5,361)**	**(79,920)**

Net carrying amount	**Land and buildings**	**Plant and other assets**	**Total**
Cost	163,525	6,079	169,604
Accumulated depreciation and impairment losses	(35,713)	(4,635)	(40,348)
At January 1, 2013	**127,812**	**1,444**	**129,256**
Cost	166,605	6,319	172,924
Accumulated depreciation and impairment losses	(37,799)	(4,946)	(42,745)
At September 30, 2013	**128,806**	**1,373**	**130,179**
Cost	210,466	6,319	216,785
Accumulated depreciation and impairment losses	(61,089)	(5,050)	(66,139)
At January 1, 2014	**149,377**	**1,269**	**150,646**
Cost	213,815	6,319	220,134
Accumulated depreciation and impairment losses	(74,559)	(5,361)	(79,920)
At September 30, 2014	**139,256**	**958**	**140,214**

At September 30, 2014 and 2013, no investment properties were subject to guarantees.

It is the Company's policy to arrange insure policies to cover the potential risks to which its investment properties are exposed. At September 30, 2014 and year-end 2013, the Company had reasonably covered these risks.

At September 2014, assets that were leased to third parties or for which there was a plan to lease them were transferred from property, plant and equipment to investment properties.

There were no fully depreciated investment properties at September 30, 2014 and 2013.

Rental income and direct operating expenses (including repairs and maintenance) from investment properties are as follows:

	September 30, 2014	September 30, 2013
Rental income	43,578	42,445
Direct operating expenses	(27,373)	(24,014)

The fair value of investment properties taking into account the present values at the dates shown is as follows:

	September 30, 2014	December 31, 2013
Land	365,128	453,433
Buildings	463,381	598,241
Total	**828,509**	**1,051,674**

The Company is reviewing the Group's property portfolio to determine the future fair value of its investment properties with greater market information. As a result of the first assessment, an impairment adjustment was determined for investment properties of €6,243 thousand. The fair values of the assets were adjusted accordingly. In this respect, Group management does not estimate any significant impairments other than those recognized at September 30, 2014.

Level 3 fair value was calculated using internal calculations of the discounted cash flows of each individual asset. The main assumptions used are as follows:

	September 30, 2014	December 31, 2013
Growth rate	2.00%	2.00%
After-tax discount rate	6.14%	6.14%

The after-tax discount rate reflects specific risks based on the characteristics of the real estate business. To determine the fair value of investment properties, management carried out a contract-by-contract analysis. For existing contracts, it used the rents stipulated in the contracts assuming that the contracts would be fulfilled within the predefined terms. Cash flows were forecast for 10 years, with a rent to perpetuity after the 11th year. For assets in tenders, all those for which there are no doubts regarding their future contracting and cash flow generation are included. The cash flows were calculated using minimum annual guaranteed rents (for tenders) or expected rents according to market conditions.

9. Investments in associates and joint ventures

The breakdown and movement in this heading in the nine months ended September 30, 2014 and 2013 are as follows (in thousands of euros):

							September 30, 2014
	Beginning value of the interest	Additions/(Reductions)	Contribution to period profit or loss	Dividends received	Translation differences	Other	Closing value of the interest
RAESA (*)	596	-	-	-	-	(596)	-
SACSA	3,422	-	1,404	(1,392)	64	-	3,498
AMP	49,667	(1,368)	4,951	(7,373)	3,737	21,303	70,917
AEROCALI(**)	2,602	2,036	1,844	-	(218)	-	6,264
LUTON (***)	44,529	-	(5,325)	-	2,827	(2,823)	39,208
Total	**100,816**	**668**	**2,874**	**(8,765)**	**6,410**	**17,884**	**119,887**

(*) In the process of being wound up. Liquidation is expected to be completed in the short term. Accordingly, the €596 thousand was reclassified to current.

(**) Jointly-controlled investment (see Note 2.2) arising from the acquisition of shares of this company representing a 50% shareholding. The Group assessed the related rights, concluding that there is joint control mainly as decisions require unanimous consent of the parties sharing control. This acquisition does not require amendments to the company's articles of association, which set out the rights of the partners. Moreover, no agreements were entered into between the partners during the period. There are no contingent liabilities related to the Group's interest in the joint venture. As disclosed in the 2013 financial statements, this company operates Barranquilla airport.

(***) Relates to the holding company (London Luton Airport Holdings III Limited), which holds the shares of the company operating Luton airport. Losses incurred during the period are due mainly to the depreciation of the concession asset and debt interest costs. In the nine months ended September 30, 2014, the management company of Luton airport obtained total revenue of 98,632 thousand pounds sterling and EBITDA of 32,497 thousand pounds sterling (audited by Deloitte).

At September 30, 2014, the value of the investment in AMP was adjusted by €21,303 thousand for purposes of uniformity, with €2,131 thousand recognized as part of the debt owed to the ultimate parent company and in retained earnings. Considering the deferred tax effect, the adjustments had a net impact on the value of the assets contributed in the non-monetary contribution described in Note 1 of €16,486 thousand. Applying the adjustment mechanism described in that note, this resulted in an increase of the same amount in the loan from the ultimate parent company (see Note 15).

September 30, 2013

	Beginning value of the interest	Contribution to period profit or loss	Dividends received	Translation differences	Closing value of the interest
RAESA	1,135	(536)	-	-	599
SACSA	3,126	1,708	(1,361)	(465)	3,008
AMP	51,754	1,644	(2,195)	(3,156)	48,047
ACSA	-	-	-	-	-
AEROCALI	2,428	1,255	(1,228)	(208)	2,247
Total	**58,443**	**4,071**	**(4,784)**	**(3,829)**	**53,901**

IFRS data of associates and joint ventures at September 30, 2014 and 2013 in euros at the exchange rates in force at the end of each period:

Name	Country of incorporation	Assets	Liabilities	Operating income	Profit/(loss)	% shareholding
September 30, 2014 (*)						
- RAESA	Spain	1,591	187	-	188	48.99%
- SACSA	Colombia	28,670	19,439	19,381	3,704	37.89%
- AMP	Mexico	223,182	16,785	8,219	14,854	33.33%
- ACSA (**)	Colombia	1,653	1,375	-	-	40.00%
- AEROCALI	Colombia	19,317	6,790	22,984	4,425	50.00%
- LUTON (***)	United Kingdom	706,260	608,237	121,088	(13,313)	40.00%
September 30, 2013 (*)						
- RAESA	Spain	2,026	802	20,843	(1,095)	48.99%
- SACSA	Colombia	21,162	13,226	19,257	4,507	37.89%
- AMP	Mexico	158,377	20,596	3,024	4,935	33.33%
- ACSA (**)	Colombia	1,645	1,368	-	-	40.00%
- AEROCALI	Colombia	16,976	10,232	21,833	3,766	33.34%

(*) The financial statements at September 30, 2014 and 2013 are unaudited.

(**) The term of the concession for the operation of Barranquilla airport held by Aeropuertosdel Caribe, S.A (ACSA) ended on February 28, 2012. The data presented refer to December 31, 2012.

(***) Relates to the holding company (London Luton Airport Holdings III Limited), which holds the shares of the company operating Luton airport. Losses incurred during the period are due mainly to the depreciation of the concession asset and debt interest costs. In the nine months ended September 30, 2014, the management company of Luton airport obtained total revenue of 98,632 thousand pounds sterling and EBITDA of 32,497 thousand pounds sterling (audited by Deloitte).

LONDON LUTON AIRPORT HOLDING III LIMITED:

Under the disposal carried out by TBI, on November 27, 2013, subsidiary AenaDesarrolloInternacional, S.A. (ADI) subscribed shares representing 40% of the share capital of London Luton Airport Holdings III Limited (LLAHL III) for an amount of 39.4 million pounds sterling (equal to €47.3 million). The subscription did not entail a cash outflow due to the receipt of dividends from ACDL. AerofiS.a.r.l. (Aerofi) owns the remaining 60% of the company. LLAHL III is a holding company set up to acquire the manager of Luton airport in the UK, London Luton Airport Group Limited, from TBI Airport Holdings Limited, through its wholly owned subsidiary London Luton Airport Holdings II Limited (LLAHL II), which in turns owns 100% of London Luton Airport Holdings I Limited (LLAHL I), for a total amount of 394.4 million pounds sterling (€473.4 million). At June 30, 2014, management of LLAHL III completed the measurement of the fair values of the acquisition. This gave rise to implicit goodwill in the value of the interest amounting to 1.08 million pounds sterling.

Under the scope of the transaction, ADI and Aerofi entered into an agreement giving ADI a call option on shares of Aerofi representing an 11% stake in LLAHL III valid for 11 months starting November 27, 2013, with a strike price equal to the subscription price of the shares adjusted for certain factors related to dividends received by Aerofi, interest costs of the 51% of debt subscribed by Aerofi of LLAHL II, a shareholder return and any issuance of new shares of LLAHL III during the exercise period. The value of the call option at September 30, 2014 had not changed significantly from the value at December 31, 2013.

On October 16, having obtained the pertinent authorizations, Aena Internacional executed the call option, raising its shareholding in LLAHL III to 51% (see Note 25).

10. Financial instruments by category

	September 30, 2014			
	Loans and receivables	**Hedging derivatives**	**Available-for-sale financial assets**	**Total**
On-balance sheet assets				
Available-for-sale financial assets	-	-	4,908	**4,908**
Other financial assets	43,373	-	-	**43,373**
Trade and other receivables (excluding prepayments and non-financial assets) (Note 11)	566,140	-	-	**566,140**
Cash and cash equivalents (Note 12)	508,234	-	-	**508,234**
Total	**1,117,747**	**-**	**4,908**	**1,122,655**

	September 30, 2014			
	Liabilities at fair value through profit or loss	**Hedging derivatives**	**Financial liabilities at amortized cost**	**Total**
On-balance sheet liabilities				
Borrowings (excluding finance lease liabilities) (Note 15)	-	-	10,894,521	**10,894,521**
Finance lease liabilities (Note 15)	-	-	19,948	**19,948**
Derivative financial instruments	-	8,197	-	**8,197**
Trade and other payables (excluding non-financial liabilities) (Note 14)	-	-	380,926	**380,926**
Total **-**	**-**	**8,197**	**11,295,395**	**11,303,592**

	December 31, 2013			
	Loans and receivables	**Hedging derivatives**	**Available-for-sale financial assets**	**Total**
On-balance sheet assets				
Available-for-sale financial assets	-	-	4,908	**4,908**
Other financial assets	1,822	-	-	**1,822**
Trade and other receivables (excluding prepayments and non-financial assets) (Note 11)	633,708	-	-	**633,708**
Cash and cash equivalents (Note 12)	12,377	-	-	**12,377**
Total	**647,907**	**-**	**4,908**	**652,815**

	December 31, 2013			
	Liabilities at fair value through profit or loss	**Hedging derivatives**	**Financial liabilities at amortized cost**	**Total**
On-balance sheet liabilities				
Borrowings (excluding finance lease liabilities) (Note 15)	-	-	11,472,228	**11,472,228**
Finance lease liabilities (Note 15)	-	-	1,633	**1,633**
Derivative financial instruments	-	9,306	-	**9,306**
Trade and other payables (excluding non-financial liabilities) (Note 14)	-	-	356,996	**356,996**
Total	**-**	**9,306**	**11,830,857**	**11,840,163**

11. Trade and other receivables

	September 30, 2014	**December 31, 2013**
Trade receivables	486,188	390,835
Less: provision for impairment of receivables	(119,926)	(129,352)
Trade receivables - net	366,262	261,483
Trade receivables from related parties	2,594	20,403
Other receivables from related parties	185,241	328,554
Other receivables and other assets	10,661	22,127
Prepaid expenses	16,053	5,316
Personnel expenses	1,382	1,141
Other receivables from public administrations	22,239	115,356
Total	**604,432**	**754,380**
Less non-current portion	**48,818**	**148,825**
Current portion	**555,614**	**605,555**

The fair value of trade and other receivables approximates carrying amount.

There are no significant amounts of trade and other receivables in foreign currency. Changes in the provision for impairment of the Group's trade and other receivables are as follows:

	September 30, 2014	December 31, 2013
Balance at January 1	129,352	115,745
Provision for impairment of receivables	7,119	5,558
Reversal of unused amounts	(15,945)	(9,981)
Other changes	(600)	(106)
Encumbrance adjustment	-	18,136
Total	**119,926**	**129,352**

The creation and reversal of provisions for impairment of trade receivables have been included in "Other operating expenses" in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The balance of "Other receivables from public administrations" at September 30, 2014 includes €10,857 thousand related to a receivable for ERDF grants awarded to Aena (December 31, 2013: €81,010 thousand). The remainder at both September 30, 2014 and 2013 related to receivables in connection with indirect taxes.

On April 4, 2013, Aena, S.A. was notified by the Directorate-General of Regional and Urban Policy of the European Union that payments had been suspended until the corrective measures provided for in the ERDF program for Galicia (2007 – 2013) were implemented. On December 13, 2013, the General Intervention Board of the State Administration (through the National Audit Office) issued a favorable report and sent it to the European Commission. In the nine months ended September 30, 2014, Aena received €78,949 thousand.

"Other receivables from related parties" includes mainly the loan granted by Aena, S.A. and Aena Desarrollo Internacional, S.A. to their shareholder in respect of tax losses, prepaid taxes not refunded and other recognized deductions for tax consolidation arising on the settlement of income tax for the period. The receivable in this connection at September 30, 2014, amounted to €59,083 thousand for prepayments not refunded, €81,079 thousand for unused tax credits (see Note 16) and €48,818 thousand for tax loss carryforwards, as well as €2,046 thousand of receivables from the ultimate parent company for the effect of the tax consolidation of Aena Internacional and €-5,785 thousand from accounting consolidation (December 31, 2013: €61,536 thousand for prepayments not refunded, €143,608 thousand for unused tax credits and €52,615 thousand for tax loss carryforwards at Aena, as well as €2,411 thousand of tax receivables from the ultimate parent company for the effect of the tax consolidation of Aena Internacional, €67,766 thousand from a cash-pooling account with the ultimate parent company and €618 thousand of other receivables from accounting consolidation). The Group has classified these receivables as current and non-current based on expectations of when they will be applied to income tax in future periods.

12. Cash and cash equivalents

	September 30, 2014	December 31, 2013
Cash at banks and in hand	257,234	12,377
Short-term bank deposits	251,000	-
Cash and cash equivalents	**508,234**	**12,377**

The increase in cash and cash equivalents was the result of the improvement in the Group's operating performance and, accordingly, its cash generation. In 2014, the Company did not hold a cash-pooling account with the ultimate parent company. Cash management is undertaken by Aena, which invests cash surpluses independently from its. At December 31, 2013, the Group had a receivable from the cash-pooling account with the ultimate parent company amounting to €67,766 thousand recognized in “Trade and other receivables” (see Note 11).

Deposits at banks mature within three months from the date of arrangement and bear annual interest at rates ranging from 0.45% to 1.25%.

The Group did not have any bank overdrafts at September 30, 2014 or December 31, 2013. The breakdown of cash and cash equivalents in foreign currency is as follows:

	September 30, 2014	December 31, 2013
Cash at banks and in hand in US dollars (USD)	1,141	2,625
Cash at banks and in hand in pounds sterling (GBP)	5,137	4,908

13. Share capital and premium

The number of shares and amount of the Company's share capital and premium at September 30, 2014 and 2013 are as follows:

	No. of shares	Share capital (thousands of euros)	Share premium (thousands of euros)	Total (in thousands of euros)
At September 30, 2013	150,000,000	1,500,000	1,100,868	2,600,868
At September 30, 2014	150,000,000	1,500,000	1,100,868	2,600,868

The Company was incorporated on May 31, 2011, with initial share capital consisting of 61 shares with a par value of €1,000 each, fully subscribed by the sole shareholder, the Public Business Entity “ENAIRE.”

On June 6, 2011, the sole shareholder adopted the following resolutions:

- To reduce the par value of the Company's shares of by splitting the 61 outstanding shares into 6,100 shares in the proportion of 100 new shares for every existing share. This did not result in a change in the amount of the Company's share capital. As a result, the Company's share capital was then represented by 6,100 shares with a par value of €10 each.

- To increase share capital to €1,500,000 thousand through the issuance of 149,993,900 new shares of €10 par value each carrying the same voting and dividend rights as the existing shares. These shares were issued with a share premium of €1,100,868 thousand. Therefore, the amount to be paid in for share capital and premium totaled €2,600,807 thousand. The capital increase was subscribed and paid in full by the sole shareholder through the non-monetary contribution of the airport business (see Note 1).

There were no changes in the number of shares, share capital or the share premium, which is unrestricted. At September 30, 2014, there were no capital increases in progress and no authorization had been given to carry out transactions with treasury shares.

At September 30, 2014, the legal reserve stood at €58,008 thousand, included under "Retained earnings."The legal reserve was allocated in accordance with Section 274 of the Capital Enterprises Act (*Ley de Sociedades de Capital*). This section states that an amount equal to 10% of the profit for each year must be earmarked for the legal reserve until such reserve represents at least 20% of share capital. The legal reserve may not be used to offset losses unless it exceeds twenty per cent of the capital and no other sufficient reserves are available for such purpose.

14. Trade and other payables

	September 30, 2014	December 31, 2013
Suppliers	985	2,097
Other payables	165,161	166,255
Related parties	119,856	69,951
Asset suppliers	64,309	91,705
Asset suppliers - related parties	1,816	1,538
Personnel	28,799	25,450
Public administrations	87,925	41,733
Prepayments from customers	76,558	47,845
	545,409	**446,574**

All payables are denominated in euros. The nominal amount of trade and other payables approximates fair value as the effect of discounting is not material.

The balance at September 30, 2014, of “Related parties” (€119,856 thousand) related mostly (€90,434 thousand) to amounts owed to the parent for income tax accrued for the consolidated tax statement (2013: €0 thousand). At December 31, 2013, there was no payable for the tax effect with ENAIRE as the amount of installments paid during the year exceeded the amount in the tax return, giving rise to a receivable recognized under “Other receivables from related parties” (see Note 11).

On February 14, 2013, Aena, S.A. signed three agreements with World Duty Free Group España, S.A. to lease the commercial premises of the duty free and duty paid stores in the entire Spanish airport network. These agreements run until October 31, 2020 and include receipt of an upfront payment of €278,933 thousand on February 14, 2013 (corresponding to contract revenue for a nominal amount of €332,442 thousand), which is offset regularly against revenue. At September 30, 2014, the upfront payment included under "Other current liabilities" amounted to €33,149 thousand, while the non-current upfront payment included under "Other non-current liabilities" amounted to €206,617 thousand (2013: €27,026 thousand and €233,043 thousand, respectively). The amount of upfront payments from customers increased during the period.

15. Borrowings

	September 30, 2014	December 31, 2013
Non-current		
Loan from the ultimate parent company (Note 23)	9,764,632	10,373,458
Accounting impact of measurement at amortized cost (Note 23)	(13,377)	(4,794)
Bank borrowings	750	1,000
Finance lease liabilities	18,079	1,117
Other financial liabilities	43,920	3,257
	9,814,004	**10,374,038**
Current		
Loan from the ultimate parent company (Note 23)	1,004,435	952,233
Accounting impact of measurement at amortized cost (Note 23)	(1,921)	(364)
Interest accrued on loans from the ultimate parent company (Note 23)	59,808	73,306
Bank borrowings	874	2,701
Finance lease liabilities	1,869	516
Other financial liabilities	35,400	71,431
	1,100,465	**1,099,823**
Total current and non-current	**10,914,469**	**11,473,861**

Changes in the loan to the ultimate parent company relate to the repayment of principal of €571,462 thousand and an increase of €14,838 thousand in connection with new items recognized in the debt, mostly arising from the increase explained in Note 9 regarding the investment in AMP. The increase of €10,140 thousand in the accounting impact of measurement at amortized cost was due to the recognition of the novation fees payable in the novation (see Note 3.1) with an adjustment to the carrying amount of the liability. Changes in the balance of bank borrowings relate to payments made in the period and in finance lease liabilities to payments and the recognition of a new finance lease.

The carrying amounts and fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Borrowings from the Group	9,751,255	10,368,664	9,163,259	9,700,022
Bank borrowings	750	1,000	750	1,000
Finance lease liabilities	18,079	1,117	18,079	1,117
Other financial liabilities	43,920	3,257	43,920	3,257
Total	**9,814,004**	**10,374,038**	**9,226,008**	**9,705,396**

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not material. The fair values for borrowings falling due after one year are based on discounted cash flows using a discount rate based on the borrowing rate measured for the zero-coupon yield curve plus a spread of 1.66% (2013: zero-coupon yield curve plus a spread of 1.66%) and are within Level 2 of the fair value hierarchy.

(a) *Borrowings from the Group*

See Note 23.

(b) *Bank borrowings*

Bank borrowings relate to subsidiary Aena Desarrollo Internacional, S.A. and at September 30, 2014 amounted to €1,624 thousand (December 31, 2013: €3,701 thousand). The loans were granted with the support of the Group.

The bank borrowings fall due in 2017 and bear average annual interest ranging from 0.36% to 5.54% (2013: 0.36% to 5.54%).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	September 30, 2014	December 31, 2013
Euros	1,379	2,510
US dollars	245	1,191
Total	**1,624**	**3,701**

(c) *Finance lease liabilities*

At September 30, 2014 and December 31, 2013, subsidiary Aena Desarrollo Internacional, S.A. had a finance lease for an automated flight inspection system (console) recognized under "Property, plant and equipment" in the consolidated statement of financial position at those dates. At September 30, 2014, the Group recognized a new finance lease liability related to the acquisition of assets of a power plant with a carrying amount at that date of €16,715 thousand (December 31, 2013: €0 thousand).

The lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	September 30, 2014	December 31, 2013
Gross finance lease liabilities – minimum lease payments:		
- No later than 1 year	2,473	524
- Later than 1 year and no later than 5 years	10,356	1,123
- Later than 5 years	10,120	-
	22,949	1,647
Future finance charges on finance lease liabilities	(3,001)	(14)
Present value of finance lease liabilities	**19,948**	**1,633**

The present value of finance lease liabilities is as follows:

	September 30, 2014	December 31, 2013
- No later than 1 year	2,000	516
- Later than 1 year and no later than 5 years	8,577	1,117
- Later than 5 years	9,371	-
	19,948	**1,633**

The finance lease liabilities are denominated in euros.

(d) *Other financial liabilities*

The amounts recognized as other financial liabilities include security deposits provided by creditors as guarantee of compliance with their obligations and by lessees of commercial premises and facilities.

16. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	September 30, 2014	December 31, 2013
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	92,711	54,678
- Deferred tax assets to be recovered within 12 months	17,061	21,535
	109,772	**76,213**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	379	196
- Deferred tax liability to be recovered within 12 months	-	-
	379	**196**
Deferred tax assets (net)	**109,393**	**76,017**

The gross movement on the deferred income tax account is as follows:

	September 30, 2014	September 30, 2013
At January 1	76,017	62,051
Tax charged/(credited) to the income statement	28,051	(21,738)
Tax charge/(credit) relating to components of other comprehensive income	278	(3,763)
Other	5,047	23,318
	109,393	**59,868**

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Depreciation and amortization	Impairment losses	Derivatives	Other	Total
At January 1, 2013	**43,138**	**6,767**	**7,273**	**5,081**	**62,259**
(Charged)/credited to the income statement	(15,477)	2,780	-	(9,041)	(21,738)
(Charged)/credited directly to equity	-	-	(3,763)	-	(3,763)
Other	-	-	-	23,321	23,321
At September 30, 2013	**27,661**	**9,547**	**3,510**	**19,361**	**60,079**
At January 1, 2014	**48,627**	**6,623**	**2,696**	**18,267**	**76,213**
(Charged)/credited to the income statement	31,868	(3,981)	-	164	28,051
Charged directly to equity	-	-	278	-	278
Other	-	-	-	5,230	5,230
At September 30, 2014	**80,495**	**2,642**	**2,974**	**23,661**	**109,772**

Deferred tax liabilities	Other	Total
At January 1, 2013	**208**	**208**
Other	3	3
At September 30, 2013	**211**	**211**
At January 1, 2014	**196**	**196**
Other	183	183
At September 30, 2014	**379**	**379**

"Other" includes mainly prior year adjustments between the estimate of income tax at the end of the reporting period and the amount of income tax presented.

At September 30, 2014, the following deductions had been applied in the income tax return, with unused deductions recognized in the tax account held with the ultimate parent company:

			December 31, 2013			September 30, 2014			
	Year generated	**Last year of application**	**Amount recognized**	**Amount applied**	**Unused amount**	**Amount recognized in 2014**	**Amount recognized and generated in 2014**	**Amount applied**	**Unused amount**
Deductions for investment in property, plant and equipment in the Canary Islands	**2008**	**2013**	20,879	(20,879)	-	-		-	-
	2009	**2014**	38,523	(38,523)	-	5,448		(5,448)	-
	2010	**2015**	57,386	-	57,386	-		(57,386)	-
	2011	**2016**	42,744	-	42,744	-			42,744
	2012	**2017**	38,791	-	38,791	(1,012)		-	37,779
	2013	**2018**	37,011	(37,011)	-	-		-	-
	2014	**2019**	-	-	-	-	9,144	(9,144)	-
Deductions for contributions to pension plans in the Canary Islands	**2006**	**2021**	129	-	129	-		-	129
	2007	**2022**	126	-	126	-		-	126
	2008	**2023**	122	-	122	-		-	122
	2009	**2024**	113	-	113	-		-	113
	2010	**2025**	66	-	66	-		-	66
Deductions for environmental expenditure	**2006**	**2021**	730	-	730	(730)		-	0
	2007	**2022**	771	-	771	(771)		-	0
Internal double taxation	**2011**	**2018**	220	-	220	-		(220)	0
	2012	**2019**	28	-	28	-		(28)	0
Deduction for export activities	**2001**	**2016**	32	(32)	-	-		-	-
	2002	**2017**	187	(187)	-	-		-	-
	2006	**2021**	2,524	(2,524)	-	-		-	-
International double taxation	**2003**	**2014**	236	(236)	-	-		-	-
	2004	**2015**	232	(232)	-	-		-	-
	2006	**2017**	320	(320)	-	-		-	-
	2007	**2018**	536	(536)	-	-		-	-
	2008	**2019**	308	-	308	(308)		-	-
	2009	**2020**	268	-	268	-		(268)	-
	2010	**2021**	312	-	312	-		(312)	-
	2011	**2022**	350	-	350	-		(350)	-
	2012	**2023**	484	-	484	-		(484)	-
	2013	**2024**	450	-	450	(69)		(381)	-
Pension plans	**2006**	**2021**	252	-	252	(252)			-
	2007	**2022**	179	-	179	(179)			-
	2008	**2023**	148	-	148	-		(148)	-
	2009	**2024**	103	(1)	102	-		(102)	-
	2010	**2025**	59	(1)	58	-		(58)	-
Promotion of employment for the disabled	**2012**	**2027**	167	-	167	-		(167)	-
	2013	**2028**				43		(43)	
R&D + innovation	**2012**	**2030**	321	-	321	-		(321)	-
	2013	**2031**				80		(80)	
Book publishing	**2012**	**2027**	1	-	1	-		(1)	-
Professional training	**2001**	**2016**	7	(7)	-	-		-	-
	2006	**2021**	332	(2)	330	(330)		-	-
	2007	**2022**	278	(1)	277	(277)		-	-
	2008	**2023**	329	-	329	-		(329)	-
	2009	**2024**	138	(2)	136	-		(136)	-
	2010	**2025**	44	(1)	43	-		(43)	-
	2011	**2026**	4	-	4	-		(4)	-
	2012	**2027**	3	-	3	-		(3)	-
	2013	**2028**	-	-	-	2		(2)	-
Donations	**2011**	**2021**	7	-	7	-		(7)	-
	2012	**2022**	23	-	23	-		(23)	-
	2013	**2023**	-	-	-	21		(21)	-
Total			**246,273**	**(100,495)**	**145,778**	**1,666**	**9,144**	**(75,509)**	**81,079**

17 Provisions and contingencies

The movement in "Provisions and contingencies" at September 30, 2014 and 2013 is as follows (in thousands of euros):

	Environmental actions	Liabilities	Taxes	Expropriations and late-payment interest	Other operating provisions	Voluntary redundancy plan	Total
Balance at January 1, 2014	**159,310**	**120,986**	**39,158**	**210,552**	**8,640**	**25,503**	**564,149**
Additional provisions	1,348	6,056	2,042	1,019,034	33,846	-	1,062,326
Increase due to discounts	3,268	-	-	-	-	-	3,268
Amounts reversed/surplus	(17,428)	(48,492)	(921)	(8,605)	(1,188)	(1,229)	(77,863)
Provisions amounts used	(3,534)	(4,994)	(643)	(82,359)	(3,727)	(63)	(95,320)
Transfers	-	-	(1,367)	(1,467)	-	-	(2,834)
At September 30, 2014	**142,964**	**73,556**	**38,269**	**1,137,155**	**37,571**	**24,211**	**1,453,726**

	Environmental actions	Liabilities	Taxes	Expropriations and late-payment interest	Other operating provisions	Voluntary redundancy plan	Total
Balance at January 1, 2013	**169,801**	**37,002**	**53,030**	**314,990**	**1,323**	**134,468**	**710,614**
Additional provisions	-	68,664	1,022	11,584	7,136	-	88,406
Increase due to discounts	3,747	-	-	-	-	-	3,747
Amounts reversed/surplus	(82)	-	(108)	(2,784)	-	(5,342)	(8,316)
Provisions amounts used	(7,554)	(205)	(360)	(58,924)	(1,098)	(103,834)	(171,975)
Transfers	-	-	(5,655)	-	-	-	(5,655)
At September 30, 2013	**165,912**	**105,461**	**47,929**	**264,866**	**7,361**	**25,292**	**616,821**

Analysis of total provisions:

	September 30, 2014	December 31, 2013
Non-current	1,171,717	252,167
Current	282,009	311,982
Total	**1,453,726**	**564,149**

Provisions for environmental actions

"Provisions for environmental actions" at September 30, 2014, included €142,964 thousand (September 30, 2013: €165,912 thousand) related mainly to future obligations arising from noise abatement actions and sound-proofing of residential areas to comply with prevailing legislation on the environmental impact assessment of projects and noise caused by airport infrastructure.

Environment legislation (currently Law 21/2013) requires the environmental impact assessment of certain projects of Aena (in particular, enlargements of runways of more than 2,100m) and the issue by the Ministry of Agriculture, Food and the Environment of Environmental Impact Statements supporting the environmental impact of project execution, and requires the preparation and execution of a Noise Abatement Plan (NAP). In the environmental impact statements issued to date, the recognition of provisions has taken into account these noise abatement actions.

With respect to noise, Law 5/2010, of March 17, amending Law 48/1960, of July 21, on Air Navigation requires approval of action plans, which must include corrective measures, when noise easements are granted allowing noise quality targets to be exceeded with respect to the outside of buildings, overflight, frequencies and related environmental impacts for airports with over 50,000 flights a year.

As at the date of preparation of these interim condensed consolidated financial statements, approval had been given via Royal Decree of the noise easements and related action plans of Adolfo Suárez Madrid-Barajas (RD 1003/2011 of July 8, published in Official State Gazette -BOE- no. 174 of July 21, 2011), Barcelona-El Prat (RD 1002/2011, of July 8, published in BOE no. 174 of July 21, 2011) and Palma de Mallorca (RD 769/2012, of April 27, published in BOE no. 119 of May 18, 2012) airports.

At the airports for which noise easements have been granted (Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca), NAPs have been carried out for an estimated 100 homes (all corresponding to Palma de Mallorca airport). These actions are included in the accounting provisions recognized. No further homes are included for the Adolfo Suárez Madrid-Barajas and Barcelona El Prat airports as the scope delimited by the easements at present is smaller than that covered by the noise contour maps of the existing NAPs.

Moreover, at the date of preparation of these interim condensed consolidated financial statements, noise easements and NAPs for the Bilbao, Ibiza, Málaga-Costa del Sol, Seville and Valencia airports were undergoing the approval process. Processing and approval by Royal Decree for each is estimated to take one year (May-June 2015). This would lead to an estimated increase in the combined number of residences included in the NAP consensus of 2,742. These homes are not included in the provisions, as the noise easements have yet to be approved. For the other airports with over 50,000 flights of year, i.e. Gran Canaria, Tenerife North and Alicante-Elche, the noise easement renewal and approval process has yet to begun. It is estimated that all these airports will comply with Law 5/2010 between 2014 and 2020.

The Group will recognize the related provisions when the obligation to sound-proof the homes arises; i.e. either when the easement and NAPs are approved (via Royal Decree) pursuant to either the approval of a new Environmental Impact Statement or as a result of the environmental impact assessment of the project, as required.

Until 2013, the calculation of the unit cost for home sound-proofing was €15,042. This amount was used to calculate the outstanding amount to be executed in the existing NAPs. Since the beginning of 2014, sound-proofing costs have decreased. Moreover, framework agreements have been entered into regarding noise abatement actions with lower amounts. This has led to a decrease in the average noise abatement cost per home to €13,154 euros. In addition, the census of homes eligible for noise abatement actions has been amended. As a result of the savings achieved, at September 30, 2014, a re-estimate was made of the provision recognized for noise abatement and the reversal of the provision.

Provisions for liabilities

This heading includes mainly provisions based on the best estimates of the Group's management of the provision to cover litigation, claims and outstanding obligations known at the end of the reporting period for which it is highly probable that an outflow of resources will be required in the medium or long term to settle the obligation. Provisions recognized by the Group at September 30, 2014 and 2013 related mainly to claims made by contractors. In the January-September 2014 period, reversals of provisions, amounting to €48,492 thousand, related mainly to judgments that were favorable to the Group over lawsuits with construction companies for a total of €32,406 thousand, which are not expected to give rise to unfavorable financial consequences. Accordingly, the amount originally recognized as provisions was reversed, with a credit to the value of the asset. Other reversals (€16,086 thousand) were credited mainly to “Surplus provisions” in the interim consolidated income statement.

The Group's directors do not believe that additional liabilities may arise from these that could have a significant impact on these interim consolidated financial statements.

Provisions for taxes

Provisions for taxes mainly include provisions recognized in respect of appeals filed by the Group against the tax settlements received from the Taxation Authorities of certain local taxes related to airport assets for which no ruling has been issued and for which it is probable that an outflow of resources will be required, the amount of which and timing are uncertain as at the date of these income condensed consolidated financial statements. Transfers at September 30, 2014, amounting to €1,367 thousand (September 30, 2013: €5,655 thousand), were recognized under "Trade and other payables - Payable to public administrations) for payment.

Provisions for expropriations and late-payment interest

The provision for expropriations and late-payment interest includes the best estimate of the amount corresponding to the difference between the fair values paid in expropriations of land acquired for airport enlargements and the estimates of the prices that the Group would have to pay assuming certain ongoing lawsuits over the amounts paid resulted in favorable rulings for the claimants. In estimating the amount of such differences in fair values, the Company considered late-payment interest based on the calculation of the legal interest rate for money in force each year. At September 30, 2014, provisions recognized related primarily to legal proceedings related to expropriations of land for Adolfo Suárez Madrid-Barajas Airport. The main highlight in these proceedings relates to expropriations carried out for the enlargement of Adolfo Suárez Madrid-Barajas airports and the risk posed by the annulment of the existing delimitation of the Hydraulic Public Domain, which grants the former owners of the land included in the delimitation the right to claim reimbursement for the land acquired at the time at no cost. These rulings and risks led to a total provision for expropriations and late-payment interest during the period of €74,439 thousand, of which €52,910 thousand corresponded to fair value adjustments, with a balancing entry in the increase in the value of land, and €21,529 thousand to late-payment interest accrued as of September 30, 2014, with a balancing entry in expropriations and late-payment interest (see Notes 6 and 20). Specifically noteworthy was the ruling issued by the Madrid High Court on October 1 and notified to Aena on October 29, 2014 over Ordinary Proceeding 1/2011 recognizing the right to a reappraisal of a number of properties acquired previously for the enlargement of Madrid-Barajas airport. This ruling led to a total provision for expropriations and late-payment interest of €917,974 thousand, of which €758,605 thousand corresponds to fair value adjustments, with a balancing entry in the increase in the value of land, and €159,369 thousand to late-payment interest accrued as of September 30, 2014, with a balancing entry in expropriations and late-payment interest (see Notes 6 and 25). The interest expense on expropriations at September 30, 2014 amounted to €182,731 thousand (September 30, 2013: €11,715 thousand) (see Note 20).

Other operating provisions

Other operating provisions includes mainly the provision for credits applicable to public service compensationfor passenger landing and departure accrued by airlines operating during certain days of the week at airports in the Canary Islands. Moreover, Law 22/2013, of December 23, governing the General State Budget for 2014 establishes incentives in public service compensation for passenger growth in routes operated in the Aena network. At September 30, 2014, the amount estimated in this connection was €37,571 thousand (September 30, 2013: €7,361 thousand).

Provisions for the voluntary redundancy plan

Provisions for the voluntary redundancy plan include the provision for the voluntary redundancy of Aena employees pursuant to the approval in June 2012 by the Ministry of Public Works of the airport efficiency plan proposed by Aena to adapt the service offering of certain airports and heliports to real demand at all times.

To execute the plan, in October 2012, Aena signed an agreement with worker representatives regarding a number of work schedule, geographic and functional flexibility measures, and the terms and conditions of the voluntary redundancy for those employees who meet certain eligibility requirements and request the voluntary termination of their employment before December 31, 2012. Of the requests received, Aena verified compliance by applicants of the terms of the plans, and in January 2013 notified those workers of the approval of their requests and compliance with the plan. The departure of the workers took place in the period between January 2013 and June 30, 2013. The amount of the termination benefits was paid with a charge to the provision recognized in 2012.

The voluntary redundancy plan was considered a termination benefit. The amount of the provision recognized in 2012, of €134,468 thousand, was estimated on the basis of actuarial calculations.

At September 30, 2014, Aena recognized a provision for the potential cost to Aena of its voluntary redundancy plan in respect of the unemployment benefit contributions of employees affected by the plan, as well as social security contributions.

Contingent liabilities

Legal claims and disputes have been filed against the Group in the ordinary course of its business and as a natural consequence of its business. Management considers potential obligations that are unlikely to give rise to an outflow of resources or those whose amount cannot be estimated reliably and, therefore, have not been recognized as liabilities.

Environmental actions

As explained in the section on "Provisions," to comply with the environmental regulations regarding upgrade and enlargement works in the airport network, Aena is required to make certain investments in order to minimize the impact of noise on the homes affected by these works. At September 30, 2014, a series of complaints had been lodged again Aena which, in the event of an unfavorable ruling, could give rise to liabilities that, at the end of the period, could not be quantified.

Judicial rulings were also issued after September 30, 2014, but before the date of authorization for issue of these interim condensed consolidated financial statements. These rulings are disclosed in Note 25 Events after the reporting period.

Expropriations

Aena has also received lawsuits related to expropriations that at September 30, 2014, could not be quantified and were pending a legal resolution. These could give rise to additional cash outflows in respect of expropriations.

Claims against local governments

At September 30, 2014 and 2013, Aena was involved in legal disputes with local town councils over discrepancies regarding the settlements of commercial concession fees for the private use of public domain assets.

Reus airport

In February 2010, the Supreme Court handed down a ruling under which certain land at Reus airport reversed back to the owner. The amount that may arise as a result of the impossibility of obtaining this land has not been determined as the court decision quantifying the amount of the reversal has not yet been issued. In any event, the Company's management believes that the substitute indemnity will not be significant.

Airline claims relating to fees

After the increase in the public service compensation implemented by the General State Budget Act for 2012, the airlines appealed against the amounts charged before the Central Economic Administrative Court (TEAC.)

The airlines that operate in Spain extended their claim to the European Commission, alleging irregularities in the system established by Spanish Law to update the benefits to be received by Aena, S.A. in 2012. The aviation industry called for the intervention of the Community body due to the price increase in 2012 and after its rise in 2013, in addition urging the creation of an independent body supervising air transport. In 2013, an independent body, the National Markets and Competition Commission (ComisiónNacional de los Mercados y la Competencia or CNMC), was created. Until it began operating in October 2013, the supervision of the proposed 2014 rates was attributed temporarily to the Railway and Airport Regulation Committee (Comité de RegulaciónFerroviaria y Aeroportuaria or CRFA), which acted impartially and transparently. The consultation process for the proposed rates ended in 2014 with a multi-year agreement for rates for the 2014-2018 period. After the agreement reached with airline associations, these associations recommended their members withdraw their claims. Currently, 71.4% of the companies have withdrawn their claims. The Company's management does not expect any financial consequences to arise in this connection.

Construction company claims

In addition to the above, at September 30, 2014, claims had also been filed against Aena by a number of construction companies following the execution of several contracts for works in the airport network. The Company's management does not expect any financial consequences to arise from these claims.

Labor contingencies

There are several proceedings involving the dismissal of contractor employees that commenced in 2014 and prior years that are in various stages of resolution, but have not yet been completed as no judgment has been issued or the judgment that has been issued is not final.

In the event of judgments that are unfavorable for the Company, employees could receive payment for salary differences between the amount received by the concession operator and the amount that would have been received in accordance with the Company's Collective Labor Agreement (as the compensation established in this Agreement is higher), and/or the payment of termination benefits for unfair dismissal, if the dismissals were to be declared unfair, and if the employees choose not to be rehired.

In addition, other Company employees have been dismissed and if there is an unfavorable judgment against the Company the employees would have to be rehired or they would be entitled to the relevant indemnity for unfair dismissal and, in any event, they would be paid the relevant salary amounts accruing during the process.

There are several proceedings in which employees have filed claims against the termination of their contracts due to forced retirement. These proceedings are in various stages of completion but have not been completed as no judgments have been issued or the judgments that have been issued are not final. In the event of judgments that are unfavorable for the Company, the employees must be rehired and the salary amounts they did not receive must be paid up until the time they are rehired.

In addition, there are challenges against internal and external hiring procedures relating to the composition of candidate pools and the right to sign contracts that started in 2014 and prior years that could award positions to the claimants or entitle them to sign contracts. If the courts allow the claims the positions must be awarded to the claimants and the salaries or the salary differences that arise must be paid.

Aena is involved in several business liability administrative proceedings (which in some cases have reached the courts) that establish its liability for benefit surcharges relating to occupational accidents.

All of this employment litigation is not considered to be significant due to the amount claimed and to the low probability that Aena will finally have to assume any financial consequences. The individualized analysis of the probability of success of each item carried out in accordance with their content and legal arguments, based on experience in similar prior litigation and existing jurisprudence, indicates that it is possible.

Airline claims

Aena has claims and disputes over specific incidents causing damage to aircraft in the airport network. At September 30, 2014, Aena's management does not consider them to be significant.

<u>Contingent assets – Fee shortfall</u>

In September 2012 the Directorate General for Civil Aviation (DGAC) supervised the proposal to update and modify fees for 2013 presented by Aena, S.A.

The supervision of fees proposed by Aena,S.A. for 2013 applied, for the first time, the new regulatory framework deriving from Directive 2009/12/EC of March 11, 2009, on airport charges. This framework consists mainly, on the one hand, of Law 21/2003, of July 7, on Air Security (Law 21/2003), as worded by Law 1/2011, of March 4, establishing the State Operational Security Program for Civil Aviation and amends Law 21/2003, of July 7, on Air Security, and, on the other, Law 3/2013, of June 4, creating the National Markets and Competition Commission (CNMC).
As a result of this new regulatory framework, a significant portion of the income received by Aena, S.A. is considered to be public service compensation and, as a result, must be established, updated and modified through legislation with the rank of law. In addition, the update or modification of most of these benefits are first subject to a transparency and consultation procedure involving the airline, user and other associations or organizations and, secondly, to a supervisory procedure by the supervisory authority.

The estimated tariff deficit for 2013 was €179.33 million. The Company considers that this type of asset does not meet all the requirements for recognition on the balance sheet to the extent that it is contingent on future events.

18. Grants

There were no significant changes in the amounts recognized for grants compared to the amount recognized in the consolidated financial statements for the year ended December 31, 2013. Total grants of €38,185 thousand were recognized in profit and loss for the nine months ended September 30, 2014.

19. Other operating expenses

The breakdown of "Other operating expenses" is as follows:

	September 30, 2014	September 30, 2013
Leases and fees	2,248	1,416
Repairs and maintenance	171,942	186,489
Independent professional services	17,724	18,377
Banking services	1,309	1,133
Public relations	1,549	617
Utilities	73,902	78,908
Other services	97,579	108,442
Security	78,846	80,449
Taxes	108,741	103,570
Losses, impairment, and changes in trade provisions	(8,826)	2,025
Other	3,235	13,869
Other operating expenses	**548,249**	**595,295**

"Repairs and maintenance" includes mainly maintenance of the automatic baggage handling system, SATE. "Utilities" relates mainly to electricity, water and telephone. "Other services" relates mainly to the costs of parking lot management services, services for persons with reduced mobility, insurance premiums, corporate services with Public Business Entity "ENAIRE" and public information services.

"Other operating expenses" fell 7.9% year-on-year in the nine months ended September 30, 2014 owing mainly to the efficiency and operational measures implemented over the past two years. Specifically, the main measures streamlined and rationalized costs in the following services: maintenance, security check points, private security, shuttle service at Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, public information, energy efficiency, technical assistance and other expenses (e.g. communication, office supplies, etc.)

Also driving the decrease were the impact of the reduction in provisions for doubtful trade receivables, and the reversal of part of these provisions as they were no longer considered necessary. At September 30, 2014, trade provisions reversed amounted to €15,945 thousand, while provisions for impairment of trade receivables recognized amounted to €7,119 thousand (September 30, 2013: €17,694 thousand and €19,719 thousand, respectively).

20. Finance income and costs

The breakdown of net finance costs in the nine months ended September 30, 2014 and 2013 is as follows:

	September 30, 2014	September 30, 2013
Finance costs:		
Interest expense on borrowings from third parties	(184,666)	(12,009)
Interest expenses on loan from the ultimate parent company	(158,555)	(172,292)
Provision adjustments	(3,295)	(3,772)
Less: amounts capitalized on qualifying assets	4,335	7,743
Total finance costs	**(342,181)**	**(180,330)**

	September 30, 2014	September 30, 2013
Finance income		
Interest income on investments in equity instruments	250	250
Interest income from the the ultimate parent company	466	-
Other finance income	2,563	165
Total finance income	**3,279**	**415**

	September 30, 2014	September 30, 2013
Other net finance income/(costs):		
Net foreign exchange difference	666	(180)
Impairment of available-for-sale financial assets	-	-
Impairment of financial instruments	-	-
Gains/(losses) on interest rate derivatives: cash flow hedges	(3,566)	(11,390)
Total other net finance income/(costs)	**(2,900)**	**(11,570)**
Total net finance costs	**(341,802)**	**(191,485)**

The interest expense on the loan from the ultimate parent company decreased mainly due to the repayments of principal main in the nine-month period. Meanwhile, interest expenses on borrowings from third parties increased due to the charge for late-payment interest on lawsuits over expropriations, which at September 30, 2014 amounted to €182,731 thousand (September 30, 2013: €11,715 thousand).

21. Income tax expense

	September 30, 2014	September 30, 2013
Current tax:		
Current tax on profits for the period	(172,581)	(114,621)
Other	1,903	748
Total current tax	**(170,678)**	**(113,873)**
Deferred tax	27,971	(15,462)
Total deferred tax	**27,971**	**(15,462)**
Income tax expense	**(142,707)**	**(129,335)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	September 30, 2014	September 30, 2013
Profit before tax	**513,762**	**470,741**
Tax calculated at domestic tax rates applicable to profits in the respective countries	(154,129)	(141,222)
Tax effects of:		
- Share of profits of associates net of tax	862	1,221
- Expenses not deductible for tax purposes	(460)	(477)
- Tax deductions recognized in the period	9,144	9,932
- Other	1,876	1,211
Tax expense	**(142,707)**	**(129,335)**

The resulting implicit tax rate before applying deductions and capitalizing deductions and tax loss carryforwards was 30% (September 30, 2013: 30%).

"Other" includes mainly prior year adjustments between the estimate of income tax at the end of the reporting period and the amount of income tax presented.

Other matters:

Law 16/2012, of December 27, adopting certain tax measures to consolidate public finances and promote economic activity establishes the possibility of voluntary revaluation of certain assets (property, plant and equipment and investment properties) in companies' balance sheets. The Group decided not to revalue it assets.

In accordance with prevailing legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At September 30, 2014, the Company was open to the inspection of all its taxes for the period between May 31, 2011 and December 31, 2013.

The Public Business Entity “ENAIRE,” the parent of the tax group, is open to inspection of the following taxes: income tax from 2002 to 2006 and from 2010 to 2013; personal income tax withholding from 2005 to 2006 and 2010 to 2013; value added tax from 2005 to 2013; Canary Island general indirect tax from 2010 to 2013 and the tax on production, services and imports from 2010 to 2013. It is also open to inspection of taxes for the first nine months of 2014.

Aena's directors consider that they have settled the taxes appropriately and, therefore, that even in the event of discrepancies in the interpretation of prevailing legislation regarding the tax treatment of operations, any liabilities that may arise would not significantly affect the accompanying interim consolidated financial statements.

On July 25, 2014, the verification and inspection of value added tax for 2013 begun on March 19, 2014 at Aena, S.A. was completed favorably for the Company. The estimate of the amount to be refunded by the government to Aena, S.A. at year-end 2013 was €31,648 thousand, which matches the amount pending refund recognized in the balance sheet at December 31, 2013. This amount was received in full on August 28, 2014.

22. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the sole shareholder of Aena by the weighted average number of ordinary shares outstanding during the period.

	September 30, 2014	September 30, 2013
Profit for the period (thousands of euros)	371,055	341,406
Weighted average number of ordinary shares outstanding	150,000,000	150,000,000
Basic earnings per share (euros):	**2.47**	**2.28**

Diluted earnings per share is calculated by dividing the profit for the period attributable to the sole shareholder of Aena by the weighted average number of ordinary shares outstanding during the period adjusted for the the dilutive effects inherent in converting potential ordinary shares outstanding during the period. At September 30, 2014 and 2013, there were no dilutive effects changing the amount of basic earnings per share. Therefore, basic earnings per share is the same as diluted earnings per share.

23. Related party transactions

The Group is controlled by the Public Business Entity “ENAIRE.”

Transactions carried out with related parties are as follows:

(a) *Sales of goods and services*

	September 30, 2014	September 30, 2013
Sales of services:		
- Public Business Entity “ENAIRE”	4,997	10,234
- Associates	4,124	8,385
- Related parties	225	21
Total	**9,346**	**18,640**

Purchases of goods and services

	September 30, 2014	September 30, 2013
Purchases of services:		
- Public Business Entity “ENAIRE”	119,592	151,333
- Associates	-	345
- Related parties	8,168	6,172
Total	**127,760**	**157,850**
Purchase of goods (assets)		
- Related parties	3,946	5,058
Total	**3,946**	**5,058**

Pursuant to Additional Provision Five of Law 9/2010, of April 14, air traffic services are managed by Aena and the costs invoiced to airlines.

In this respect, Law 1/2011 deems the income from airport air traffic services provided by the airport manager to be public service compensation.

At September 30, 2014, income from ATM and CNS services provided by the ultimate parent company amounted to €109,549 thousand (September 30, 2013: €130,675 thousand).

A service level agreement has been signed between the airport manager and the supplier of air traffic services setting out the corresponding consideration payable for these services.

Income from shareholdings in related parties

	September 30, 2014	September 30, 2013
- Related parties	250	250
Total	**250**	**250**

See dividends received in Note 9.

(b) *Compensation of key management personnel*

See Note 24 Other disclosures.

(c) *Period-end balances arising from sales and purchases of goods and services*

	September 30, 2014	December 31, 2013
Receivables from related parties:		
- Associates	1,790	1,793
- Public Business Entity "ENAIRE"	804	18,610
Total receivables from related parties	**2,594**	**20,403**

Payables to related parties:		
- Related parties	2,573	4,337
- Public Business Entity "ENAIRE"	28,665	67,152
Total payables to related parties	**31,238**	**71,489**

Receivables from related parties arise mainly from purchases and sales of services. Receivables from the ultimate parent company arise from corporate income tax filed under the tax consolidation regime and are recognized, in addition to balances for capitalized tax deductions, under "Other receivables from related parties" (see Note 11). The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

Payables to related parties arise mainly from purchases of assets and the ATM and CNS services explained in a) above. These balances, together with those presented in tax consolidation, are included under "Payables to related parties" (see Note 14). The payables bear no interest.

(d) *Loans and derivatives with related parties*

	September 30, 2014	December 31, 2013
Non-current		
Loan from the ultimate parent company	9,764,632	10,373,458
Accounting impact of measurement at amortized cost	(13,377)	(4,794)
Subtotal loans from related parties	**9,751,255**	**10,368,664**
Non-current hedging derivatives attributed by the ultimate parent company	2,987	4,323
Total non-current mirror debt with the ultimate parent company	**9,754,242**	**10,372,987**
Loan from the ultimate parent company	1,004,435	952,233
Interest accrued on loans from the ultimate parent company	59,808	73,306
Accounting impact of measurement at amortized cost	(1,921)	(364)
Subtotal loans from related parties	**1,062,322**	**1,025,175**
Current hedging derivatives attributed by the ultimate parent company	5,210	4,983
Total current mirror debt with the ultimate parent company	**1,067,532**	**1,030,158**
Total	**10,821,774**	**11,403,145**

Note 15 provides a breakdown of the fair values of the loans from the ultimate parent company (the Public Business Entity “ENAIRE”). Note 3.1 provides a breakdown by debt maturity and interest rate.

As a result of the non-monetary contribution described in Note 1, the parent company and its sole shareholder signed a financing agreement whereby the debts retailing to the business contribution in the capital increase described in Note 1 were transferred from the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” to the parent, Aena, S.A. The parties to the agreement agreed to recognize the original debt and the future cancellation terms and conditions of the debt, as well as the procedure for settling interest and repaying the principal. It also specified that the holder of the debt before the lender banks was the Public Business Entity “Aeropuertos Españoles y Navegación Aérea,” even though the parties recognized that Aena S.A had the obligation to pay the percentage of the outstanding balance of the debt of the Public Business Entity Aena attributable to the airport activity at the time of the contribution of any payments the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” owed to the financial institutions in accordance with the financial and other terms included in the financing agreements.

On July 29, 2014, the Public Business Entity “ENAIRE,” Aena, S.A. and the respective financial institutions signed a non-extinctive novation of amendment to the corresponding financing agreements.

The consolidated text of the new financial agreements replaces the original agreements and novations fully and for all purposes so that, among other amendments, its eliminates any contractual restriction that could affect the privatization process and makes Aena S.A. jointly and severally liable, together with the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” under the various financial agreements and makes all other adjustments to the aforementioned financial agreements required for these purposes (see Note 3.1).

ENAIRE, as the formal borrower under the financing agreements, does not come under any of the conditions for early maturity and, accordingly, there is no effect on the statement of financial position at September 30, 2014 or December 31, 2013**.**

"Non-current borrowings" includes €9,764,632 thousand (2013: €10,307,217 thousand) of loans payable to “ENAIRE” for the financing of airports in accordance with the defined repayment schedule. "Current borrowings" includes an amount of €1,004,435 thousand (2013: €952,233 thousand) related to loans payables to “ENAIRE” for the financing of airports under the established schedule, as well as €59,808 thousand (2013: €53,579 thousand) for interest accrued on loans from "ENAIRE."

Contracts in force between the Public Business Entity “ENAIRE” and Aena, S.A. in 2014 and 2013, which have been renewed annually, are as follows:

- Cash pooling service procedure.
- Airport planning and territorial integration services agreement.
- Service agreements: Administrative-financial, quality management, contracting management, infrastructure management, personal data protection measures, environmental area, administrative-finance processes, promotion and support of excellence, organization and human resources, general services and ICT (information and communication technology) services.
- Commitment to provide services related to strategic and structural processes/activities to the Public Business Entity "ENAIRE" and Aena, S.A.
- Airport facility use agreement.
- Air traffic service (ATS) agreement.
- Partnership agreement with Ingeniería y Economía del Transporte, S.A. for project drafting and review, project management and technical assistance in surveillance control, engineering certification, maintenance and operation of airport facilities and processes, planning, airport development and environment, airport business development and airport logistics studies and designs in terminals to raise operational efficiency and reduce costs furthers.

Transactions with related parties are carried out at market prices.

In line with the decision to finalize and execute the organizational segregation between the two companies and enable them to operate independently, the Group is reviewing, with a view to the forthcoming termination, these agreements as part of the privatization process. At the date of authorization for issue of these interim financial statements, the “Cash pooling service procedure” had been rendered without effect.

24. Other disclosures

Average number of employees

The average number of employees at September 30, 2014 and 2013 by professional category and gender of the fully consolidated companies composing the Group is as follows:

	September 30, 2014(*)			September 30, 2013(*)		
Professional category	Male	Female	Total	Male	Female	Total
Senior management	5	1	6	4	-	4
Executives and graduates	772	567	1,339	860	574	1,434
Coordinators	811	288	1,099	845	289	1,134
Technicians	2,887	1,412	4,299	3,081	1,466	4,547
Support personnel	261	284	545	298	323	621
	4,736	**2,552**	**7,288**	**5,088**	**2,652**	**7,740**

(*) Figures include temporary employees, which in the first nine months of 2014 amounted to 716 (unaudited 2013: 841).

Compensation of senior management and directors

Compensation paid to senior management and directors in the first nine months of 2014 and 2013 by was as follows (in thousands of euros):

	September 30, 2014			September 30, 2013		
Item	Senior management	Board of Directors	Total	Senior management	Board of Directors	Total
Salaries	471	-	**471**	407	-	**407**
Per diems	18	88	**106**	9	77	**86**
Pension plans	-	-	**-**	-	-	**-**
Insurance premiums	3	-	**3**	3	-	**3**
Total	**492**	**88**	**580**	**419**	**77**	**496**

Compensation for the January-September 2013 period is the sum of amounts paid to four senior managers that during the entire year were paid by AenaAeropuertos, S.A. (currently Aena, S.A), and the amounts paid in January and February to six directors which, for organizational purposes and to reinforce the Group's management, joined the Public Business Entity Aena (currently ENAIRE) on March 1, 2103, rendering services from there to both the Public Entity and the Business Entity.

The differences in compensation between 9M 2014 and 9M 2013 are not the result of any salary increase, but rather they relate exclusively to the addition of members to the Group's senior management. Four of the senior managers were always senior managers of Aena, S.A. (former AenaAeropuertos), while six changed during the period. Specifically, they belonged to ENAIRE between March 2013 and July 2014, rendering services to the entire Group. The compensation for these six senior managers, as well as that of the Group's Chairman, was paid directly by the parent during the period and charged proportionately to Aena, S. A. under the service agreement, for amounts of €331 thousand in 2013 and €291 thousand in 2014.

Once the framework for the procedures to sell the share capital of Aena S.A. was authorized, the complete segregation of duties and the organization between ENAIRE and Aena, S.A. was carried out. Therefore, from July 2014, the Chairman-CEO and five senior managers (of the aforementioned six managers), who provided services to the entire Group from ENAIRE, effectively became part of Aena S.A., providing services exclusively to it.

No advances or loans had been granted to senior management or directors at September 30, 2014 and 2013. In addition, there were no obligations with directors and senior management in respect of pensions or life insurance.

Stakes and positions held and businesses engaged in by directors in similar companies

At September 30, 2014 and December 31, 2013, the members of the Board of Directors did not hold any direct stakes in companies with the same, analogous or similar corporate purpose as that of Aena. In addition, the directors did not engage in a business, for their own account or the account of others, that is the same as or analogous or supplementary to the business constituting the corporate purpose of Aena.

At September 30, 2014, no members of the Board of Directors held directorships or executive positions in other Group companies other than the following:

Director / affiliate	Company with the same, analogous or similar corporate purpose	Position	Shareholding Number of shares and/or percentage shareholding
Pablo Vázquez Vega	Ingenieria y Economia Del Transporte, S.A. (INECO) (*)	Chairman	-
José Manuel Vargas	Ingenieria y Economia Del Transporte, S.A. (INECO)(*)	Director	-

(*) Related party of Aena.

On October 16, 2014, pursuant to a resolution adopted at the Annual General Meeting, Pablo Vázquez Vega stepped down as a director of Aena.
No affiliates of members of the Board of Directors hold stakes or perform duties in a company or companies with the same, analogous or similar corporate purpose to that of Aena.

Other information on personnel

Under the collective labor agreement, the Group must operate a defined contribution pension plan. However, Royal Decree-Law 22/2013, of December 23, and Royal Decree-Law 17/2012, of December 27, stipulate that public business entities may not make contributions to employee pension plans or group insurance policies that include coverage of retirement contingencies for 2014 and 2013.

Meanwhile, at meetings held on July 1 and 2, 2014, representatives of Aena, S.A., the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" and the trade unions belonging to the state trade union coordinator (CoordinadoraSindicalEstatal) agreed the following:

- To ratify the single collective labor agreement applicable to current employees of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" and Aena, S.A.
- To extend the period of the Aena Group's first collective labor agreement to December 31, 2021, subject to compliance with the requirements and formalities applicable to the public sector.

Commitments

At September 30, 2014, the Group had outstanding commitments to invest in property, plant and equipment and intangible assets amounting to €307,045 thousand (December 31, 2013: €425,480 thousand).

Guarantees

Bank guarantees issued to a number of organizations at September 30, 2014 amounted to €2.7 million (December 31, 2013: €9.0 million).

Airport regulation

Royal Decree-Law 8/2014, of July 4, on urgent measures for growth, competitiveness and efficiency was published in the Official State Gazette on July 5, 2014. This law was subsequently backed by Law 18/2014, of October 15, on the approval of urgent measures for growth, competitiveness and efficiency.This legislation includes:

- The framework of the general interest airport network as a service of general economic interest (SGEI) in order to guarantee citizen mobility and economic, social and territorial cohesion, and ensure accessibility, sufficiency and suitability of airport infrastructure capacity, the financial sustainability of the network, as well as the continuity and adequate rendering of basic airport services. Management of airports as a network guarantees the financial stability of the airports forming part of the network by allowing the transparent, objective and non-discriminatory support of loss-making infrastructures.

- The change in name of AenaAeropuertos, S.A. to Aena, S.A. and of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" to "ENAIRE."

- The full or partial closure or disposal of any airport facility or infrastructure necessary to continue providing airport services is prohibited without express authorization by the Spanish Council of Ministers or the Secretary of State for Infrastructure, Transport and Housing (depending on the amount).

- The procedure through which an airport facility or infrastructure could be closed or sold may be developed in enabling regulations. These regulations could also include transfers of gains obtained on such disposal or sale to the State.

- Basic airport services and the framework for determining minimum standards of quality, capacity and service conditions, as well as the required investments for compliance, are defined, together with the conditions for recovering the costs derived from rendering these basic airport services.

- Income obtained by the airport manager related to basic airport services is considered to be public service compensation. Revenue regulation respects the legal status afforded with the creation of Law 21/2003, on Air Safety, amended by Law 1/2011, and the determination of core elements.Non-essential airport services, as well as commercial management of the infrastructure or urban exploitation of the premises is subject to the free market.

- The Airport Regulation Document (ARD) is introduced, covering five-year periods. The five-year plans must cover issues such as charges, quality conditions, service, capacity and accessibility standards, and matters relating to investments.

- The airport manager's revenue from basic airport services shall be subject to compliance with maximum annual income per passenger, determined based on efficient cost recovery recognized by the regulator together with traffic forecasts, and may be adjusted upwards or downwards based on the degree of compliance with the quality standards established and the delay in executing the strategic investments.

- The maximum increase in charges for the 2015-2025 period will €0. Charges may only be increased above the maximum level if, during the second ARD and due to exceptional causes (e.g. regulatory investment that is unforeseen and cannot be delayed), average annual investment increased by more than €450 million, subject to approval by the Council of Ministers. For the first ARD, which should become effective within three years after the date of publication of Law 8/2014, the legislation stipulates that the cumulative tariff deficit at the end of its period of coverage, together with the deficit relating to prior years, cannot be rolled over to the next ARD.

Adoption of this system is necessary for financial efficiency and general interest airport network management effectiveness to be reinforced so as to strengthen air transportation activities and adopt the new legal framework prior to any decision regarding the sale of shares of Aena, S.A. to private investors.

25. Events after the reporting period

No significant events occurred between September 30, 2014 and the date of authorization for issue of these interim consolidated financial statements other than the following:

1) On November 27, 2014, the regulatory texts approving the corporate, personal and non-resident income and VAT tax reform.

   Law 7/2014 on corporate income tax (CIT) includes a number of changes, *inter alia,* the gradual reduction of the tax rate over two years from 30% to 25%, with a rate of 28% for 2015 and 25% for 2016 and thereafter.

   This will have a negative impact on accounting profit when applying unused tax credits: tax loss carryforwards and deductible temporary differences.

   These tax credits are recognized at the tax rates in force when they arise (30%), but they will be recovered at either 28% or 25%, depending on the year they are used or reversed.

Accordingly, this will give rise to an additional tax expense attributable to these items quantified at 2% (for tax credits whose recoverability is estimated for 2015) and 5% (for those to be applied in 2016 and beyond).The best estimate available at the date of authorization for issue of these interim consolidated financial statements indicates an expense in relation to tax assets arising from deductible temporary differences of €14.8 million and from the carryforward of unused tax losses of €3.2 million.

2) On September 18, 2014, the Board of Directors of Aena authorized the exercise of the call option on London Luton Airport Holding III limited (LLAH III) (see Note 9). This authorization was contingent on subsequent approval by the Council of Ministers.

Following authorization by the Council of Ministers, on October 16, 2014, Aena Internacional exercised the call option on 11% of the share capital of LLAH III. The transaction was funded with available cash of Aena and instrumented through a capital increase at Aena Internacional.

Exercise of the call option carried the assumption of 51% of the shareholder loan held by Aerofi, for a total amount of 94.7 million pounds sterling (of which 48.3 million pounds sterling corresponded to the Group).

The total amount paid by the Group in the transaction was 62 million pounds sterling (€77.8 million), broken down as follows:

-For the 11% call option: 13.7 million pounds sterling (€17.2 million)

-For 51% of the shareholder loan: 48.3 million pounds sterling (€60.6 million)

As a result of this transaction, Aena obtained control of LLAH III as it controlled the majority of the voting rights and complied with the requirements of IFRS 10 (see Note 2.1.1). Therefore, the Group has fully consolidated this company (and its subsidiaries) from the date control was obtained.

At the date of issue of these financial statements, the Group is in the process of measuring: (i) the fair value of the previously held 40% equity interest in LLAH III and (ii) the fair values of the assets and liabilities acquired. Therefore, it recognized provisional amounts for the identifiable assets acquired and liabilities assumed at the acquisition date, determined as follows:

- The value of identifiable assets acquired and liabilities assumed is based on appraisals by third parties under the scope of the acquisition of the 40% interest in LLAH III in November 2013 (adjusting the revaluations of property, plant and equipment and intangible assets for depreciation and amortization in accordance with their estimated useful lives).

- It considered that there had been no changes in the fair value of the previously held 40% interest given the limited amount of time that had elapsed and as the transaction did not result in material changes in the fundamentals of the business.

Aena's management expects definitive amounts to be available during the first half of 2015.

The following table summarizes the acquisition cost for the Group and the acquisition-date amounts of assets acquired and liabilities assumed according to LLAH III's consolidated balance (unaudited) at the acquisition date:

	Thousands of euros
Value of the previously held equity interest	49,486
Consideration paid in cash	17,198
Total acquisition cost	**66,684**
Intangible assets (1)	477,164
Property, plant and equipment	140,327
Deferred tax asset	7,602
Inventories	745
Current trade and other payables (2)	34,053
Cash and cash equivalents of the subsidiary acquired	21,798
Non-current borrowings (3)	(405,097)
Retirement benefit obligations	(38,010)
Other non-current liabilities	(612)
Deferred tax liabilities	(116,463)
Current borrowings	(5,034)
Current trade and other payables	(26,953)
Total net identifiable assets	**89,520**
Non-controlling interests (4)	**43,865**
Net assets acquired	**45,655**
Goodwill (5)	**21,029**

1. Intangible assets include the service concession arrangement for London Luton airport (owned by the Luton Borough Council) and agreements with airlines, measured using the “Excess Earnings Method.” This method is based on a calculation of the discounted cash flows of the future economic benefits attributable to the assets considering the income and costs, and the required return for other assets used. The remaining useful lives of both types of assets were estimated in accordance with the maturity of the underlying agreements at seven and eight years for the main customer contracts and 18 years for the service concession arrangement.

2. The fair value of trade and other receivables of €34,053 million is equal to the gross contractual amount.

3. Non-current borrowings includes bank borrowings of €286,325 thousand and a shareholder loan of €118,772 thousand. As indicated previously, €60,574 thousand of this loan was assumed by the Group and paid simultaneously with the acquisition. Therefore, this amount will be eliminated on consolidation. The payment is considered cash flow from the Group's financing activities.

4. Non-controlling interests relates to the 49% stake held by Aerofi, measured at the proportionate share in the fair value of the net identifiable assets.

5. The Group will allocate the goodwill acquired, which is estimated provisionally until the aforementioned measurements have been completed.

No contingent liabilities have been identified in this business combination that should be recognized. There are also no unsettled contingent consideration agreements. No significant costs were incurred in the acquisition.

The operations of the acquiree will be included in the Group's income statement from the acquisition date. Had the acquisition taken place on January 1, 2014, the Group's revenue through September 30, 2014 would have been €121,088 thousand higher, net profit €1,507 thousand lower, and EBITDA €39,895 thousand higher. These amounts were calculated applying the Group's accounting policies, with adjustments made for results of the subsidiary to reflect mainly the following:

- The transactions and profit and loss generated by the subsidiary from January 1 to September 30, 2014.
- The depreciation and amortization expense calculated on the value of the property, plant and equipment and intangible assets determined in the business combination.
- The tax effect of these adjustments.
- The impact of applying the acquisition method to the previously held 40% interest exclusively from January 1, 2014.

3) As a result of overflight of the Ciudad Santo Domingo subdivision (Algete, Madrid), some residents considered that their rights had been violated due to the excessive noise in their homes. These residents filed a claim, no. 109/2004, against Aena and the Ministry of Public Works seeking closure of one of the four runways at Adolfo Suárez Madrid-Barajas airport, runway no. 18R. So far, the Supreme Court has not agreed this measure.

   On January 31, 2006, the Madrid High Court *(Tribunal Superior de Justicia*) issued a ruling rejecting this administrative appeal. Five of the original plaintiffs filed appeals against this ruling. The Supreme Court partially upheld the appeal in a ruling dated October 13, 2008, considering the noise an invasion of privacy.

   Since then, there have been a number of rulings and challenges regarding enforcement that have been appealed by both sides.

   Regarding the third challenge, on December 2, 2014, the Madrid High Court issued an order dated December 2, 2014 ("Order of December 2, 2014") and notified ENAIRE and Aena on December 5, 2014 that (i) it considers the Supreme Court ruling of October 13, 2008 not enforced, since the infringement of fundamental rights caused by the overflights persists; and (ii) that, to enforce the ruling, it must reduce the number of flights over the Ciudad Santo Domingo subdivision by 30%, calculated based on the number of overflights in 2004, which entailed 20,730 approaches to runway 18R.

   Regarding this measure, the Court ruled the following:

   The 30% reduction in number of overflights must be initiated within a period of two months following notification of Order of December 2, 2014, and initiation of the reduction must be notified to the Court. This period expires on February 5, 2015.

   Once six months have elapsed since the start of the agreed reduction, ENAIRE, Aena and the Ministry of Public Works will have one month to inform the Court of the impact of the measure on noise levels in the subdivision. Within this same monthly period, the plaintiffs may submit related allegations and measurements.

   An appeal against the Order of December 2, 2014 was filed before the same Court. Along with this appeal, a request was submitted seeking a stay of execution of the Order of December 2, 2014. In a ruling dated December 18, 2014, the High Court accepted this request. As a result, for now Adolfo Suárez Madrid-Barajas airport may continue operating under the same conditions as it has until now; i.e. without being forced to reduce the number of overflights of the Ciudad Santo Domingo subdivision by 30% from 2004 levels.

   An unfavorable ruling in these complaints could give rise to liabilities that, at the end of the period, could not be quantified.

4) Expropriations

   Aena is involved a several judicial proceedings regarding expropriations. The main lawsuits relate to expropriations carried out for the enlargement of Adolfo Suárez Madrid-Barajas airport.

   Among these, specifically on October 29, 2014, the Madrid High Court notified Aena of a ruling issued on October 1, in ordinary proceeding 1/2011, recognizing the right to re-appraisal of 93 properties. These 93 properties were expropriated under Case file 17/Aena/92, and acquired in 1994 under the mutual agreement procedure for the enlargement of Adolfo Suárez Madrid-Barajas airport.

   The High Court ruling partially upholds the appeal filed by the plaintiffs, recognizing their right to re-appraisal of the expropriated properties. The ruling was based on "tacit administrative approval" and, accordingly, repeals the Order of the Ministry of Public Works dated November 12, 2010 rejecting the appeals submitted by the plaintiffs (for tacit administrative approval) regarding their requests for re-appraisal of the expropriated properties. The Madrid High Court ordered the requests to be handed over to the regional eminent domain jury (*Jurado Provincial de ExpropiaciónForzosa de Madrid*) for processing.

   The ruling does not address the substance of the matter, as by accepting what resulted in tacit administrative approval, the right to re-appraisal has already been recognized by the administration and, therefore, it is beyond dispute.

The amount sought by the plaintiffs is €998.5 million (after the deduction of the €16.7 million paid in the mutual agreement). Nevertheless, taking into account the area of property affected and the price per m2, as determined in recent rulings by the same authority in the latest expropriations carried out for development of this airport, the amount would be €479.6 million, including late-payment interest calculated up to September 30, 2014.

Another two similar proceedings are underway, Ordinary Proceeding 427/2011 and Proceeding 66/2011. In Ordinary Proceeding 427/2011, the Court issued notification on December 15, 2014 of a November 27, 2014 ruling, which was similar to the ruling in Procedure 1/2011. In this proceeding, the plaintiffs are seeking €27 million (after deducting the €0.4 million paid in the mutual agreement). However, applying the parameters described above, said amount should be €13 million, including late-payment interest calculated up to September 30, 2014.

In Proceeding 66/2011, yet to be ruled on, the owners of the expropriated properties are claiming €885.16 million (after deducting the €8.5 million paid in the mutual agreement), although according to the parameters, this should amount to €425.2 million, including late-payment interest calculated up to September 30, 2014.

In the two proceedings on which rulings have already been issued, both Aena and the Ministry of Public Works, through the State Attorney, have announced appeals against the decision with the Supreme Court. Regarding Proceeding 1/2011, the Court has acknowledged the ability to appeal, giving the parties until January 21, 2015 to file their administrative appeals.

According to the legal reports issued on the matter, the requirements set out in accounting standards for the recognition of provisions are considered to be met. The provisions are recognized based on the amounts determined in the rulings by the Madrid High Court in the latest expropriations carried out for development of the airport which, as indicated previously, are the most likely amount rather than the amount claimed by the owners. The total provision for the three proceedings amounts to €917.97 million, of which €159.37 million relates to late-payment interest and €758.61 million to the reappraisal of fair value. Provisions were recognized for these amounts at the end of nine months ended September 30, 2014 (see Notes 6 and 17).

5) CNMC Consultation

In December, the CNMC opened a public consultation proposing a different approach to calculating Aena's airport charges or public service compensation (*prestaciones públicas patrimoniales*) to the current methdology. If applied, the needs to recover costs through public service compensation would be lower. According to this approach, the regulated cost base would decrease by 3.7% calculated based on the data included in Aena S.A.'s proposal during the consultation to establish the charges for 2015.

Aena is drafting its remarks on the proposal, considering that the current formula for calculating charges or public service compensation is in line with the prevailing regulation set out in law and that the allocation of costs between regulated and deregulated activities has not been audited.

The Ministry of Public Works, through the Directorate General of Civil Aviation (DGAC), has submitted its comments on the CNMC proposal. Highlights of its conclusions:

"…The CNMC proposal is not compatible with the regulatory framework established by the legislator and presents significant weaknesses to consider it applicable…"

"In the DGAC's opinion, the CNMC, in the definition of its consultation procedures, must always uphold the rules of law established in the applicable regulatory framework by the legislator at the behest of the industry regulator. This is clearly not the CNMC."

"…the DGAC considers that the CNMC should withdraw its proposal: first, as it is not consistent with the legal framework; second, as it is not consistent with the objective for which it was made; third, because its lacks precedent and theoretical support as there are flaws in the estimation and relevant technical inaccuracies; and, finally, as it applies only partially and lacks sufficient transparency."

In accordance with Law 18/2014, the DGAC must draft the Airport Regulation Document (DORA) and submit it to the competent bodies of the Ministry of Public Works for subsequent approval by the Council of Ministers.

Interim consolidated management report
for the nine months ended September 30, 2014

AENA, S.A. (SOCIEDAD UNIPERSONAL) AND SUBSIDIARIES

“A free translation from the original in Spanish”

CONTENTS

Aena, S.A. (Sociedad Unipersonal) and Subsidiaries

Interim management report for the nine months ended September 30, 2014

The interim management report contains the most significant data on Aena, S.A. and subsidiaries ("Aena" or "the Company") and its performance in the first nine months of 2014. It provides key information on all business areas, their main figures and the actions guiding the Company's management.

Aena is the world's number one airport operator by passenger volume. It also owns two of the 10 main airports in the European Union by passengers: Madrid (5th according to Airports Council International -ACI-) and Barcelona (9th). Given the scale of Aena's airport network (46 airports and two heliports in Spain) and the diversity of the airports, Aena has vast experience in managing different types and sizes of airports.

The Company's performance over the past few years ensures its economic viability. There have been three main growth drivers: Improvement of management efficiency and cost rationalization; increased aeronautical and commercial revenues; and streamlined investments. The implementation of a major cost-cutting plan and measures to raise operational efficiency and productivity have already begun to yield results. Measures include the roll out of the Airport Efficiency Plan, which entailed implementing service, operational and labor-related efficiency measures at all airports, above all those with the lowest traffic levels.

On the revenue front, commercial revenue rose sharply (+13.0% in 9M 2014). In this respect, implementation of a Commercial Action Plan affected all business lines in the airport area, resulting in considerable growth in commercial revenue. This plan includes: calls for new tenders, the enlargement and remodeling of commercial space, the contracting of leading Spanish and international retail and food & beverage brands, the creation and upgrade of VIP lounges, and the promotion and design of a new integrated parking lot management business model for the parking lots of the network's 32 airports.

Tourist arrivals to Spain rose 7.4% year-on-year in the January-September 2014 period to over 52.4 million. The increase in incoming tourists enabled Aena to post 4.6% growth in passenger traffic in 9M 2014 and maintain its international passenger record (70.6% of the network's total commercial passengers). This, coupled with favorable macroeconomic trends, the creation of 253new routes and a better domestic traffic performance underpinned traffic growth in Aena's network in the first nine months of 2014.

Aena has invested heavily over the past decade to make its airports among the most modern and competitive in the world, with top-flight infrastructure and strong growth potential. Investment needs have decreased sharply now that the network has the necessary capacity to absorb future growth in traffic in the coming years. With the period of major investment in new infrastructure over, the Company is facing a new scenario of streamlining, focusing on improvements in maintenance and investments in security, without compromising service quality.

On the international front, on October 16, 2014, Aena, through Aena Internacional, exercised its call option on shares representing 11% of the share capital of London Luton Holding III, increasing its interest in this company to 51%.

The combination of cost and revenue measures has led to a major restructuring of the Company and boosted its profitability. EBITDA for the nine months ended September 30, 2014 amounted to €1,460 million, up 14.8% year-on-year, while net profit totaled €371.1 million, an increase of 8.7% year-on-year. Net profit for the nine months ended September 30, 2014 was undermined by a provision for late-payment interest on expropriations of €159.4 million (see section 10. Events after the reporting period).

The improvement in earnings is reflected in the Company's cash flow generation (€1,066 million through September 30, 2014 calculated as EBITDA-CAPEX-interest paid) and the reduction in net financial debt (€10,379 million at September 30, 2014, taking into account the covenants agreed in the financing agreements novated on July 29, 2014, compared to €11,332 million at December 31, 2013).

1. MACROECONOMIC ENVIRONMENT

1.1 Macroeconomic situation

The Spanish economy continues to recover gradually, with both labor conditions and confidence over the economy improving in the first nine months of the year. According to data from the National Statistics Institute, GDP advanced 0.5% quarter-on-quarter in 3Q 2014 (+1.6% year-on-year), marking the fifth straight quarter of growth. The Bank of Spain estimates GDP growth for 2014 of 1.3%.

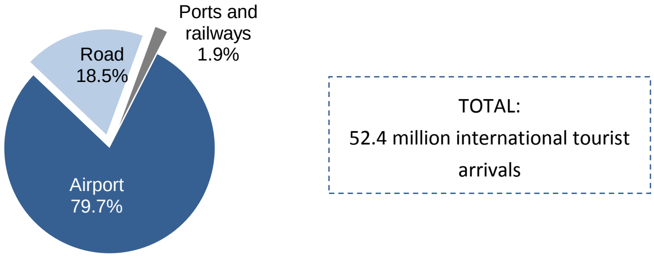
1.2 The air transport sector and tourism performance

Air transport is a strategic sector for Spain given its economic and social impact. Moreover, it contributes to connectivity, accessibility, cohesion and territorial connection.

Tourism indicators in the January-September 2014 period extended the positive trend seen in 2013, when international tourist arrivals set a new record of 60.6 million (+5.6% from 2012). This is particularly important as tourism contributes 11% of Spanish GDP.

Data by the Institute of Tourist Studies show 52.4 million international tourist arrivals to Spain in the first nine months of 2014, 7.4% more than in the same period the year before. All the main countries of origin (except Russia) contributed to this growth, with sharp year-on-year increases from Belgium (+15.9%), Italy (+14.5%) and France (+11.5%). By absolute number of tourists, the UK, Germany and France were the main countries of origin, accounting for 56% of total tourist arrivals to Spain during the period. All Spanish regions registered cumulative year-on-year increases through September, led by Madrid and Catalonia.

By access, of total tourists visiting Spain in 9M 2014, 79.7% (41.7 million) came by plane, 18.5% by road and 1.9% by other modes of transports (ports and rail). Moreover, Spain is a major port of entry to and exit from Latin America by air.



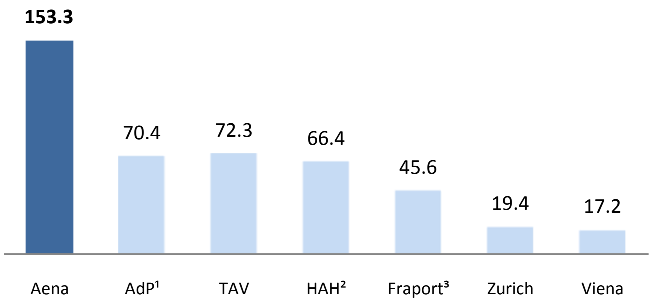
Source: Data from Turespaña. Tourist border crossings (Frontur) - September 2014

2. BUSINESS INDICATORS

2.1 World leader in airport management

From the beginning, Aena has worked relentlessly to become what it is today: the world's leading airport operator by passenger volume.

Passenger traffic handled by the main airport operators in January-September 2014



[1] AdP includes only Paris airports
[2] Heathrow Airport Holdings Ltd.
[3] Fraport includes only Frankfurt airport
Source: Company data

At September 30, 2014, Aena's network of airports and heliports included two of the European Union's top 10 airports by passenger numbers: Madrid-Barajas and Barcelona-El Prat, ranking fifth and ninth, respectively.

Ranking of European airports by passengers, January-September 2014

Rank	Airport	Million passengers
1	London-Heathrow	55.7
2	Paris-Charles de Gaulle	48.5
3	Frankfurt	45.6
4	Amsterdam	42.0
5	Adolfo Suarez Madrid-Barajas	31.5
6	Munich	30.1
7	Rome-Fiumicino	29.6
8	London-Gatwick	29.7
9	Barcelona-El Prat	29.3
10	Paris-Orly	21.9

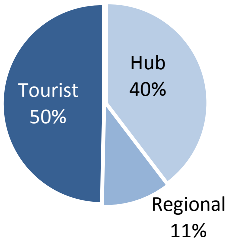
Source: Data published by ACI Europe

2.2 Key figures for the Aena network

Aena's 46 airports and two heliports give it a broad and diverse network, enabling it to gain experience in managing different types and sizes of airports.

Amid a recovering economy, airports in the Aena network in the first nine months of 2014 (preliminary data) managed 153.3 million passengers (+4.6% year-on-year), operated more than 1.4 million flights (+2.7%) and transported nearly 502,000 tons of merchandise (+8.8%). September marked the 11th consecutive month of growth, confirming the reversal in traffic growth trends begun in November 2013.

In 9M 2014, Aena's 14 tourist airports accounted for 50% of passengers, the two hubs 40% and the regional airports 11%.



Typology of airports in the Aena network

Typology	Number	Passengers 9M 2014 (million)
TOURIST Palma de Mallorca, Málaga, Alicante, Gran Canaria, Tenerife Sur, Ibiza, Lanzarote, Valencia, Fuerteventura, Girona, Menorca, Reus, La Palma and Almería	14	76.0
HUB Adolfo Suárez Madrid-Barajas and Barcelona-El Prat	2	60.8
REGIONAL Seville, Bilbao, Tenerife Norte, Santiago, Asturias, Santander, Jerez, A Coruña, Vigo, FGL Granada-Jaén, Zaragoza, Melilla, San Sebastián, Pamplona, El Hierro, Burgos, La Gomera, Vitoria, Logroño, Murcia-San Javier, Valladolid, León, Badajoz, Salamanca and Albacete	25	16.5
HELIPORT (Ceuta and Algeciras) GENERAL AVIATION (Córdoba, Huesca-Pirineos, Madrid-Cuatro Vientos, Son Bonet and	7	0.01
TOTAL	**46 airports + 2 heliports**	**153.3**

International footprint

Aena has a significant presence outside Spain, with direct interests in 15 international airports with combined passenger traffic in the first nine months of 2014 of 32.9 million, 7.9% more than the year-earlier figure.

Total passenger traffic in investee airports, January-September 2014

(Million passengers)	9M 2013	9M 2014	% Chg 2014/2013
Grupo Aeroportuario del Pacífico (GAP)	17.1	18.6	9.0%
Luton	7.5	8.1	7.9%
AeroCali (Cali)	3.4	3.6	6.5%
Soc. Aerop. Costa (Cartagena de Indias)	2.5	2.5	0.5%
TOTAL	**30.5**	**32.9**	**7.9%**

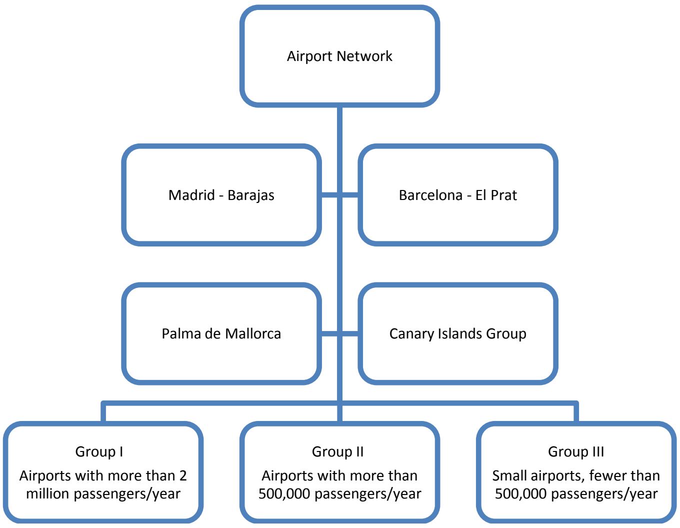
Source: Company data

NB: Unless indicated otherwise, references herein to "Aena's airports," "the Aena airport network," or similar should be understood as referring exclusively to the airports and heliports located in Spain and, therefore, do not include indicators for the investee airports shown in the preceding table.

2.3 The Aena airport network

With a broad and diverse network, Aena is the world's largest airport manager by passenger volume. Its management model allows Aena to optimize costs through the synergies and economies of scale achieved with its larger business volume, and to offer superior and consistent quality. The network structure also enables each airport to operate with autonomy and tailor services to customer needs and demands.

To better coordinate its airports, Aena's network is organized as shown below, differentiating airports by the number of passengers handled during the year so as to better coordinate their services:



The network's three main airports are Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca. The other airports fall into one of the following groups:

Canary Islands Group: eight airports in the Canary Islands region. Given their distance from the Spanish mainland and the importance of inter-island traffic, these airports have special features that make them stand out from the rest of the network.

Group I: large airports with more than 2 million passengers/year. This group is composed of eight airports: Málaga-Costa del Sol, Alicante-Elche, Ibiza, Valencia, Bilbao, Seville, Girona-Costa Brava and Menorca.

Group II: airports with 0.5 to 2 million passengers/year. This group is composed of 11 airports: Almería, Asturias, FGL Granada-Jaén, Jerez, A Coruña, Reus, Santander, Santiago, Vigo and the Murcia-San Javier and Zaragoza airbases.

Group III: airports with fewer than 0.5 million passengers/year. This is a heterogeneous group consisting of:

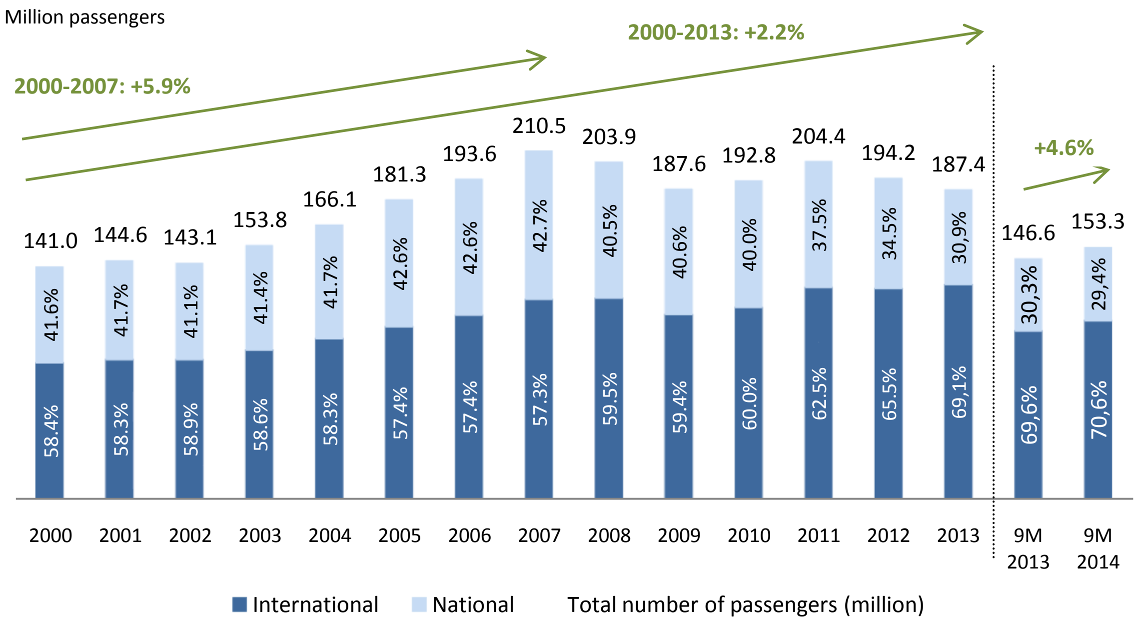
- Airbases open to civil traffic: Valladolid, León, Badajoz, Salamanca and Albacete.
- Civil airports with commercial traffic: Melilla, San Sebastián, Pamplona, Burgos and Logroño-Agoncillo.
- Cargo airport: Vitoria.
- Heliports: Ceuta and Algeciras.
- General aviationairports: Córdoba, Sabadell, Son Bonet, Madrid-Cuatro Vientos and Huesca-Pirineos.

As opposed to an individual management scheme, the network management model structure affords significant advantages for Aena in terms of operation optimization (e.g. in interconnecting traffic generation), security and commercial revenue management, not to mention important cost synergies.

2.4 Typology of traffic

The relationship between traffic and world economic growth has shaped domestic and international traffic growth at Aena's airports, with international traffic outperforming domestic traffic during the financial crisis.

Total passenger traffic by traffic type
(domestic/international share)



In the first nine months of 2014, Aena's airport network had 153.3 million passengers, 4.6% more than in the same period the year before. September marked the 11th consecutive month of growth, confirming the reversal in traffic growth trends begun in November 2013.

International traffic extended the growth registered in 2013 (+2.1%) with an increase of 6.0% in 9M 2014. Growth was driven by the incipient economy recovery in the main countries of origin for tourists and by political instability in certain destinations, which steered more tourists to Spain, thereby driving the growth of air traffic in Aena's network.

Domestic traffic decreased in both 2012 and 2013, due mainly to the adverse economic environment and competition from high-speed rail. While it may be premature to signal a trend reversal in domestic traffic, there are indications of recovery; domestic traffic in the first nine months of 2014 rose 1.5% to 44.9 million passengers.

The combination of the two factors led to a slight change in the traffic mix (29% domestic/71% international).

The distribution of traffic by geographic market features:

- a 5.9% increase in the share of traffic with Europe, from 62.6% in the first nine months of 2013 to 63.4% in the same period of 2014 (equivalent to an increase of 5.4 million passengers); and, conversely,
- a decline in national traffic share. Domestic traffic in the January-September 2014 period improved by 1.4% (+646,000 passengers), but this lagged overall growth (+4.6%), reducing its share by one percentage point from the same period in 2013 to 29.5%.

Distribution of traffic by geographic market (number of passengers)

Region	Passengers 9M 2013	Passengers 9M 2014	Change		Share (%)	
			%	Passengers	9M 2013	9M 2014
Europe[1]	91,685,330	97,102,793	5.9%	5,417,463	62.6%	63.4%
Spain	44,563,048	45,209,035	1.4%	645,987	30.4%	29.5%
Latin America and the Caribbean	4,101,000	4,190,217	2.2%	89,217	2.8%	2.7%
North America[2]	2,829,224	3,028,391	7.0%	199,167	1.9%	2.0%
Africa	1,801,810	1,960,828	8.8%	159,018	1.2%	1.3%
Middle East	1,299,107	1,485,478	14.3%	186,371	0.9%	1.0%
Asia-Pacific	271,325	292,366	7.8%	21,041	0.2%	0.2%
TOTAL	**146,550,844**	**153,269,108**	**4.6%**	**6,718,264**	**100%**	**100%**

[1] Excludes Spain

[2] Includes the US and Canada

2.5 Detail of traffic at the main airports in the network

Traffic is heavily concentrated in the network's main airports.

Main traffic figures by airport and groups of airports in Aena's network (9M 2014)

Airports and groups of airports	Passengers			Aircraft movements			Cargo		
	Million	Change 9M 14/9M 13	Share of total	Thousand	Change 9M 14/9M 13	Share of total	Tons	Change 9M 14/9M 13	Share of total
Adolfo Suarez Madrid-Barajas	31.5	4.1%	20.5%	257	2.1%	18.0%	265,174	7.1%	53.1%
Barcelona-El Prat	29.3	6.9%	19.1%	220	3.2%	15.5%	74,980	3.8%	15.0%
Palma de Mallorca	19.6	1.5%	12.7%	143	1.4%	10.1%	8,821	-6.9%	1.8%
Total Canary Islands Group	25.8	8.9%	16.8%	241	11.3%	17.0%	30,208	3.9%	6.0%
Total Group I	38.3	3.5%	25.0%	341	2.0%	24.0%	21,541	1.9%	4.3%
Total Group II	8.1	-1.5%	5.3%	124	-2.5%	8.7%	65,873	21.4%	13.2%
Total Group III	0.8	-2.2%	0.5%	95	-4.8%	6.7%	33,059	20.2%	6.0%
TOTAL	**153.3**	**4.6%**	**100%**	**1,422**	**2.7%**	**100%**	**499,656**	**8.3%**	**100%**

Adolfo Suárez Madrid-Barajas airport is the network's largest by passenger traffic, operations and cargo. This airport began showing positive traffic data in February 2014, after 25 consecutive months of decline. Cumulative passengers through September 2014 rose 4.1% year-on-year (+5.4% in international traffic and +1.1% in domestic traffic). By market, the largest increases in passengers came from Europe (Germany), Latin America (Brazil), Africa and the Middle East.

Noteworthy in 9M 2014 were the rebound in national traffic and the importance of Easter Week for Adolfo Suárez Madrid-Barajas airport, with increases of 7.5% year-on-year. Traditionally, this part of the year has not been notable, as the drop in flights, mainly business, was offset by vacation flights.

Turning to operations, this airport handled 256,603 movements in 9M 2014, 2.1% more than in the same period last year. Cargo, which represents more than half of the network's total volume, also registered growth, of 7.1% to 265,174 tons transported. There were improvements in both the number of movements and the volume of cargo.

At Barcelona-El Prat airport, cumulative passengers in 9M 2014 rose 6.9% year-on-year (+9.3% in international traffic and +0.9% in domestic traffic) to 29.3 million. There were 220,381 aircraft operations, signaling a 3.2% year-on-year increase. Cargo extended its growth trend, with a 3.8% increase in volume to 74,980 tons.

Palma de Mallorca reached 19.5 million passengers by the end of September (+1.5%), making up for the seasonal decline in traffic sustained in the year's first quarter. International passengers totaled 15.6 million (+1.3%) and national passengers 3.9 million (+2.3%).

The Canary Islands group had 25.8 million passengers in the period (+8.9% year-on-year), of which 8.5 million were passengers on national flights (+3.4%) and 16.9 million were passengers on international flights (+12.4%.)

The eight Group I airports posted combined growth in passengers of 3.5% in 9M 2014 to 38.3 million, led by growth at Ibiza (+8.3%), Málaga-Costa del Sol (+6.6%) and Alicante-Elche (+4.9%) airports.

The network's smallest airports were affected by the drop in domestic traffic and the development of crisis in national demand. The 11 airports of Group II registered a 1.5% year-on-year decline in the period to 8.1 million passengers, with mixed performances across the airports. In this group, Zaragoza airport was the network's third largest cargo operator, with 63,962 tons in the first nine months of 2014 (+22.1% year-on-year). This helped drive an overall 8.3% increase in cargo handled in the period by this group.

Group III airports, the smallest by traffic volume, reported 814,000 passengers in the nine-month period, 2.2% fewer than in the same period last year. A total of 33,059 tons of cargo were handled by this group, up 20.2% year-on-year, driven by the increase at Vitoria airport, which specializes in cargo and handled 32,905 tons (+20.4%).

3. GROWTH DRIVERS

Aena has undergone a thorough transformation, laying the foundations for its future growth. This transformation is based mainly on the following pillars: (i) Improvement of management efficiency and cost rationalization; (ii) increase in aeronautical and commercial revenues; (iii) streamlined investment; and, finally, (iv) the new international strategy approach.

3.1 Improvement of management efficiency and cost rationalization

For nearly three years now, Aena has been implementing a major cost-cutting plan and adopting measures to raise operational efficiency and productivity, which have begun to yield results.

Cost-cutting efforts led to a 6.4% decrease, or a saving of nearly €64 million, in current expenses in the first nine months of 2014 compared to the same period of 2013.

Current expenses

(Millions of euros)	9M 2013	9M 2014	Change	% Chg
Supplies	144.0	135.6	-8.4	-5.8%
Personnel expenses [1]	257.6	249.0	-8.6	-3.3%
Other operating expenses	595.3	548.2	-47.0	-7.9%
Total current expenses	**996.9**	**932.8**	**-64.0**	**-6.4%**

[1] Excludes surplus provision for the voluntary redundancy plan (€-5.3 million in 9M 2013 and €-1.2 million in 9M 2014).

The completion of the liberalization of the traffic control service at 12 airports explains the bulk of savings in "Supplies," with a total saving of €8.4 million (-5.8%) compared to expenditure in the first nine months of 2013.

"Personnel expenses" net of surplus provisions for the voluntary redundancy plan decreased in by 3.3% year-on-year (or €8.6 million) in 9M 2014 due to the outflow of employees taking advantage of the voluntary redundancy plan.

"Other operating expenses" were 7.9% (€47.0 million) lower, thanks to: i) efficiency and operational measures implemented in 2012 and 2013 (€25.2 million), and ii) lower provisions for liabilities and the reversal of provisions for doubtful receivable (€21.4 million.)

Efficiency Plan for Group III Airports

Among the main measures adopted to cut operating expenses in Group III airports is the Airport Efficiency Plan. This plan entailed service, operational and labor-related efficiency measures and was designed to reduce recurring losses at airports with lower traffic volumes, thereby ensuring their viability. The three main axes of the plan were as follows:

- Adaptation of operating hours to airport demand, adjusting new schedules to the busiest times for airlines and their users.
- Adaptation of airport personnel to the needs of the new operational schedules established.
- Reduction of other operating expenses by reducing consumption, adjusting the scope of other work, etc.

After implementing this plan, results in 2013 improved and the improvement continued in the early months of 2014.

3.2 New revenue streams

3.2.1 Growth in commercial and off-terminal service revenue

Ordinary commercial revenues (i.e. services inside and outside terminals) rose 13.0% year-on-year in 9M 2014 to €598.0 million. Revenue from "retail" (i.e. duty free shops, stores and food & beverage outlets) and parking lots continues to improve thanks to renegotiation of the long-term agreements for these activities.

Aena is continuing efforts to boost commercial revenue, carrying out actions designed to generate higher returns on its commercial activities. Highlights include:

- Further growth in business at duty free shops in the January-September 2014 period (+32.9% year-on-year) driven by the creation of new walk-through shops in commercial areas and their addition to the Canary Island airports.
- The enlargement and renovation of spaces earmarked for retail. The number of commercial premises (stores and premises for food & beverage outlets) in Aena's airport network increased by more than 10% to 800.
- The addition of leading Spanish and international restaurant and retail chains. Specifically: (i) in restaurants, brands adapted to user profiles covering a range of concepts; e.g. ethnic cuisine, fast food and Michelin rated restaurants, (ii) the new strategy for shops focused on thorough remodeling, including tenders for new anchors and the creation of a new luxury business line designed to spur sales in the high-end fashion and accessories segments. The newly added luxury stores offer Aena passengers more than 40 Spanish and international brands.
- Promotion of Aena's VIP lounges, adopting an integrated management approach, including remodeling of the lounges.
- New integrated parking management business model for the parking lots at the network's 32 airports.

In addition to these actions, future traffic growth should help drive commercial revenue, thereby raising the Company's profitability.

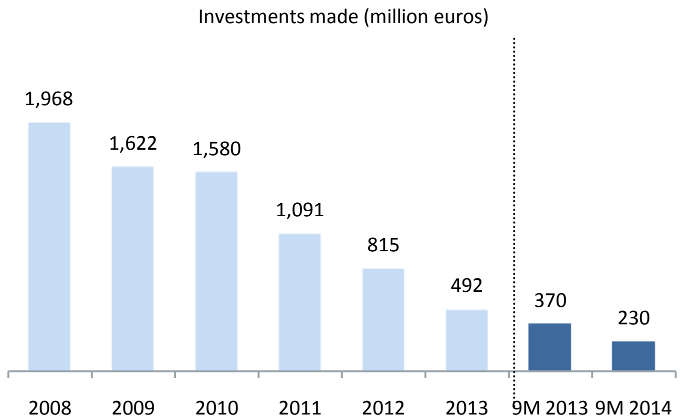
3.2.2 Legal framework for airport charges

Pursuant to Law 22/2013, of December 23, establishing the General State Budget for 2014, airport charges have been increased an average of 0.9% since March 2014.

3.3 Streamlining of investment

Aena has invested heavily over the past decade to make its airports among the most modern and competitive in the world, with top-flight infrastructure and strong growth potential. Investment needs have decreased sharply now that the network has the necessary capacity to absorb future growth in traffic in the coming years, as borne out by the trends in investment over the past few years.

In the first nine months of 2014, investment totaled €229.7 million (excluding, *inter alia,* investment recognized arising from the provison for expropriations indicated in section 10, for €758.6 million).



Between January and September 2014, the main investment involved the commissioning of the “Enlargement of the Terminal Building at Vigo Airport”. Other noteworthy investments in highly advanced stages of execution included the "Enlargement of the Terminal Building at Gran Canaria airport”, the second stage (i.e. the North Building) of which entered into service in July, the “Enlargement of the North Ramp at Gran Canaria” and the "Rehabilitation of the Seville Ramp." Other works executed in the period included the "Enlargement of the Runway at A Coruña Airport," which is scheduled to be completed in 2015.

3.3.1 Analysis of investments by area of action

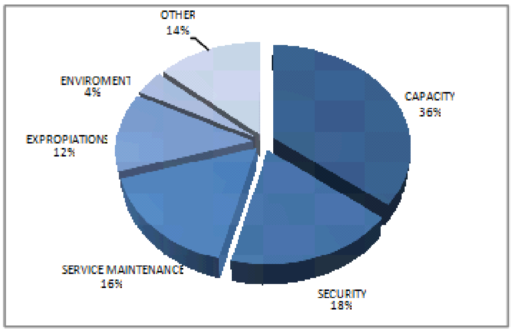
Current infrastructure is big enough to handle future increases in activity. Accordingly, investments in the period focused on existing capacity projects, with new investments going mainly upgrades of facilities, operational security and support of the strategy to boost commercial revenues, all while remaining committed to the environment and without comprising service quality.

Total investment through September 30, 2014 amounted to €230 million, a decrease of 38% from the same period last year. This reduction illustrates the efforts made in recent years to scale back investment, undertaking those that are strictly necessary to maintain the current infrastructure with jeopardizing security or the environment.

Specifically, major infrastructure works were completed in the first nine months of 2014. These included the enlargement of the terminal building at Vigo Airport project and the North building of the enlargement of Gran Canaria Airport project. Meanwhile, no new projects of significant amounts were undertaken, resulting in a reduction in investment execution.

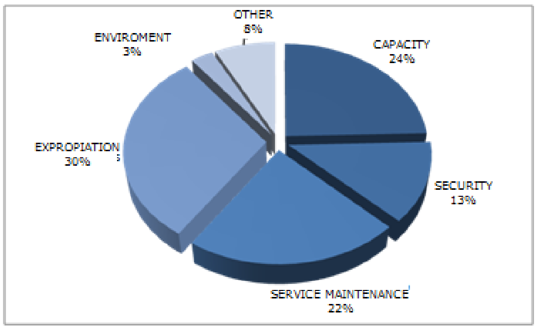
By item:

9M 2013



€370 million (cash)

9M 2014



€230 million (cash)

- Capacity investments in 9M 2014 totaled €56.4 million, representing 25% of Aena's total investment (compared to 36% in 9M 2013). Within capacity investments, the most significant investment projects included the enlargement of the terminal building at Gran Canaria airport, the terminal building at Vigo airport and the runway at A Coruña airport, begun in 2009, 2010 and 2011, respectively.
- The percentage of investment earmarked for upgrades of facilities (service maintenance) increased sharply, from 16% in January-September 2013 to 22% this year (€51.2 million in 9M 2014.) Highlights included the rehabilitation of the ramp at Seville airport and the supply and installation of boarding bridges and aircraft service equipment at several airports.
- Investment in security accounted to 13% of the total and included the replacement of automatic and liquid explosive detection equipment, and adaptation of drain pipes and RESAs for the runways at Barcelona airports.
- Payment for expropriations (including late-payment interest) through September 2014 totaled €69.2 million (30% of Aena's total investment). These related mainly to court rulings on expropriations of land to carry out the Steering Plan for Adolfo Suárez-Madrid Barajas airport.
- "Other" included commercial investments in the period, such as the remodeling of food & beverage outlets and duty free shops of T4 at Adolfo Suárez Madrid-Barajas airport and the commercial areas of Gran Canaria airport.
- Environmental investment amounted to €6.4 million (3% of the total), and entailed mainly actions related to the environmental impact statements (noise abatement) at several airports.

3.4 International growth

Aena, through its AenaInternacional subsidiary, boasts a solid track record in investing in airport assets in international markets dating back to 1997. Since then, AenaInternacional has carried out numerous investments and disinvestments abroad, shaping its current portfolio of international assets. Looking ahead, Aena's international expansion strategy includes case-by-case analyses applying strict investment criteria, subject to deleveraging and the dividend policy.

4. EARNINGS ANALYSIS

4.1 Income statement

(Thousands of euros)	**9M 2013**	**9M 2014**	**Change**	**% Change**
Ordinary revenues	2,214,629	2,328,522	113,893	5.1%
Other operating income	38,204	65,630	27,426	71.8%
Total revenue	**2,252,833**	**2,394,152**	**141,319**	**6.3%**
Supplies	-144,007	-135,624	-8,383	-5.8%
Personnel expenses	-252,255	-247,733	-4,522	-1.8%
Other operating expenses	-595,295	-548,249	-47,046	-7.9%
Depreciation and amortization expense	-613,341	-607,555	-5,786	-0.9%
Impairment losses and gains/(losses) on disposal of assets	-1,616	-4,189	2,573	159.2%
Other income/(expenses)	11,836	1,888	-9,948	-84.0%
Total expenses	**-1,594,678**	**-1,541,462**	**-53,216**	-3.3%
EBITDA	**1,271,496**	**1,460,245**	**188,749**	**14.8%**
Voluntary redundancy plan	5,341	1,230	-4,111	-77.0%
Impairment losses and gains/(losses) on disposal of assets	-1,616	-4,189	2,573	159.2%
Adjusted EBITDA [1]	**1,267,771**	**1,463,204**	**195,433**	**15.4%**
Operating profit	**658,155**	**852,690**	**194,535**	**29.6%**
Other finance costs and income	-179,770	-159,071	20,699	-11.5%
Interest expenses on expropriations	-11,715	-182,731	-171,016	N/A
Net finance income/(costs)	**-191,485**	**-341,802**	**150,317**	**78.5%**
Share of profit of associates	4,071	2,874	-1,197	-29.4%
Profit before tax	**470,741**	**513,762**	**43,021**	**9.1%**
Income tax expense	-129,335	-142,707	13,372	10.3%
Net profit for the period	**341,406**	**371,055**	**29,649**	**8.7%**

[1] *Excludes impairments of assets and surplus provisions for the voluntary redundancy plan*
(N/A > 1,000%)

Ordinary revenue for Aena in the first nine months of 2014 rose 5.1% year-on-year to €2,328.5 million. The increase of €113.9 million was mainly the result of:

- The positive impact of higher traffic on aeronautical revenue (€45 million, +2.7%), with a 2.7% increase in operations and 4.6% in passengers and, to a lesser extent, the 0.9% increase in fees and the new weather fee applied since March 2014. Revenue growth was undermined by the cost of measures approved to boost traffic (fee credits to provide incentives for passenger growth in terms of both routes and airports) incurred in the period. However, these measures are expected to provide a positive impact in the medium term.

- The impact on commercial revenues (+13.0%) of new long-term agreements (e.g. the agreement with World Duty Free Group), the enlargement and remodeling of space earmarked for the commercial business line (stores and duty free shops), the addition of leading Spanish and international retail and restaurant brands, and the design of a new integrated parking management model. All these factors contributed to the growth of commercial revenues from services provided inside and outside the terminals (€68.6 million).

Other operating income in 9M 2014 increased by €27.4 million or 71.8% year-on-year thanks mainly to higher income from: the reversal of the provision recognized in 2014 relating to outstanding litigation that delivered favorable rulings and taxes for the first nine months of 2013 (€18.3 million), and grants related to assets (€9.7 million).

Operating expenses fell sharply as the cost-cutting measures adopted in previous years led to across-the-board declines. By expense item, the biggest changes were in:

- Cost of sales, with a 5.8% decrease (saving of €8.4 million). Following completion of the deregulation process affecting service at 12 control towers, the cost of traffic control decreased by €21.8 million from the same period last year. However, the saving was offset partially by the outsourcing of the service (the higher cost led to an increase of 7.2 million). The cost-offset agreement with the Ministry of Defense for use of the civil airbases and joint use of Zaragoza airport led to a €1.2 million decrease in operating expenses. These savings made up for the expense of the new weather service from March 2014, which amounted to €7 million in the period.

- Personnel expenses, net of the impact of the provision for the voluntary redundancy plan, decreased by 3.3% year-on-year (€8.6 million) in the first nine months of 2014. This decrease was the result of the progressive departure of employees covered by the plan (in the first half of 2014.)

- Other operating expenses showed by largest drop, of 7.9% (€47.0 million) to €548.2 million on the back of efficiency and operational measures implemented in 2012 and 2013 and provisions for risks and doubtful trade receivables recognized in the first half of 2013. Provisions for doubtful trade receivables at 30 September 2014 were €10.9 million lower than the year earlier, while the provision for litigation risk was €10.5 million lower.

The main cost streamlining and rationalisation measures were implemented in the following services: maintenance, security check points, private security, shuttle service at Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, energy efficiency, technical assistance and other expenses (e.g. communication, office supplies, etc.)

- Depreciation and amortization expense (€607.6 million in 9M 2014) was €6 million or 0.9% lower than the year before. The lower expense was due to the end of the useful lives of certain assets and the fall in capital expenditure, resulting in no year-on-year increase.
- Impairments and gains/(losses) on disposal of assets. Impairments and gains/(losses) on disposal of assets in the first nine months of 2014 amounted to €4.2 million, consisting mainly of the impairment of land unlikely to be used in the coming years at the Barcelona and Valencia airports, which was offset partly by the disposal of renovated assets.
- Other income/(expenses). Other income totaled €1.9 million in 9M 2014, compared to €11.8 million in 9M 2013. The decrease was due to the extraordinary income recognized in 2013, mainly related to the refund of input VAT.

EBITDA increased from €1,271.5 million in the first nine months of 2013 to €1,460.2 million in the first nine months of 2014, a 14.8% year-on-year increase.

Operating profit rose 29.6%, to €852.7 million from €658.2 million.

Net finance expense amounted to €341.8 million, up 78.5% year-on-year due to the accrual and provision for late-payment interest on expropriations in the first nine months of 2014 (€182.7 million compared to €11.7 million in 2013) (see section 10. Events after the reporting period). Borrowing costs were €20.7 million lower thanks to the reduction in average debt (average interest rates in the period was broadly unchanged).

Income tax expense amounted to €142.7 million in 9M 2014, including €9.2 million of recognized tax deductions in the period.

Net profit in the nine months ended 30 September 2014 totaled €371.1 million, an 8.7% year-on-year increase from €341.4 million in the same period of 2013, underscoring the consolidation of the Company's profitability.

4.2. Consolidated balance sheet, capital structure and statement of cash flows

Net assets and capital structure

Summarized consolidated statement of financial position

Thousands of euros	**2013**	**9M 2014**	**Change**	**% Change**
ASSETS				
Non-current assets	15,822,785	16,129,514	306,729	1.9%
Current assets	622,553	1,068,427	445,874	71.6%
Total assets	**16,445,338**	**17,197,941**	**752,603**	**4.6%**
EQUITY AND LIABILITIES				
Total equity	3,039,127	3,412,325	373,198	12.3%
Non-current liabilities	11,494,909	11,814,123	319,214	2.8%
Current liabilities	1,911,302	1,971,493	60,191	3.1%
Total equity and liabilities	**16,445,338**	**17,197,941**	**752,603**	**4.6%**

Total assets in the first nine months of 2014 increased compared to December 31, 2013 as a result of the increased carrying amount of non-financial assets and the increase in current assets.

The increase in property, plant and equipment was the result of additions of assets amounting to €993.9 million relating mainly to additions of land arising from the increase in the estimate of the amount finally payable as fair value in the expropriations of land acquired for the enlargement of the Adolfo Suárez Madrid-Barajas, Málaga and Vigo airports, arising from various judicial proceedings involving Aena over expropriations, which a balancing entry in the increase in the provision for expropriations. The main highlight in these proceedings relates to expropriations carried out for the enlargement of Adolfo Suárez Madrid-Barajas airports and the risk posed by the annulment of the existing delimitation of the Hydraulic Public Domain, which grants the former owners of the land included in the delimitation the right to claim reimbursement for the land acquired at the time at no cost. The combined impact of these rulings and risks resulted in additions to land in the period of €52,910 thousand. Further, specifically noteworthy was the ruling issued by the Madrid High Court (Tribunal Superior de Justicia) on October 1 and notified to Aena on October 29, 2014 over Ordinary Proceeding 1/2011 recognizing the right to a reappraisal of a number of properties acquired previously for the enlargement of Madrid-Barajas airport, which gave rise to additions to land of €758,605 thousand (see section 10. Events after the reporting period).

The increase in current assets was the result of higher cash flow generation by the Company and lower investment, leading to an increase of €495.9 million in the balance of "Cash and cash equivalents."

Higher operating cash flows, coupled with cost savings, drove an improvement in
working capital -the Company normally shows negative working capital- from €-1,288.7 million at September 30, 2013 to €-903.1 million at September 30, 2014.

Equity increased considerably on the back of the profit obtained in the nine months ended September 30, 2014 (€371.1 million).

Net financial debt (for the purposes of the covenants agreed in the financing agreements novated on July 29) decreased thanks to the combined effect of an improvement EBITDA and the repayment of debt (€10,379 million at September 30, 2014 compared to €11,332 million at December 31, 2013):

Thousands of euros	**2013**	**9M 2014**
Gross financial debt - covenants	11,411,736	10,887,263
Cash and cash equivalents	80,143[1]	508,234
Net financial debt - covenants	**11,331,593**	**10,379,029**

[1]*Includes cash-pooling account*

Explanations regarding the consolidated statement of cash flows

Summary of the consolidated statement of cash flows

Thousands of euros	**9M 2013**	**9M 2014**	**Change**	**% Change**
Net cash flows from operating activities	1,054,486	1,176,950	122,464	11.6%
Net cash flows used in investing activities	-612,506	-151,994	-460,512	-75.2%
Net cash flows used in financing activities	-444,074	-529,559	85,485	19.3%
Cash and cash equivalents at January 1	8,210	12,377	4,167	50.8%
Cash and cash equivalents at end of year	**6,089**	**508,234**	**502,145**	**N/A**

(N/A > 1,000%)

NB: Cash was held in a cash-pooling account in 2013.

Net cash flows from financing activities

The main cash inflows from operating activities related to payments from customers, by airlines and lessees of commercial space, and the main outflows to payments for sundry services received, personnel and local and state taxes.

Cash generated from operating activities before changes in working capital soared 17.3% year-on-year in the first nine months of 2014 to €1,257.3 million from €1,072.2 million in the same period of 2013, driven mainly by operational improvements at the Company, as shown by EBITDA for the period of €1.460.2 million.

Changes in working capital had a negative impact on year-on-year comparisons of cash generated from operating activities of €62.6 million. This was due to the receipt of an upfront payment of €278.9 million from World Duty Free Group on the tender it won to manage the duty free shops. This impact was partially offset by payments in 9M 2013 of €103.8 thousand related to the voluntary redundancy plan and increased payments arising from the improvement in the average payment period.

Interest paid related mainly to the payment of interest on borrowings from the ultimate parent company (€150.7 million in 9M 2014 and €167.4 million in 9M 2013) and late-interest payments on expropriations (€12.7 million and €15.3 million, respectively).

Income tax expense in the first half of 2014 amounted to €16.4 million, in compliance with legislation regarding the payment of income tax in installments. The expense in this connection for the first nine months of 2013 was €99 thousand.

In all, net cash generated by operating activities rose sharply in the first nine months of 2014, to €1,176.9 million from €1,054.5 million in the same period of 2013.

Net cash flows from investing activities

The main outflows from investing activities arose from purchases and replacements of non-financial assets related to airport infrastructure.

Net cash used in investing activities in the nine months ended September 30, 2014 amounted to €152.0 million, compared to the year-earlier figure of €612.5 million. The decrease was mainly the result of the strategy to streamline investment. Investments this year relate mainly to upgrades of facilities, operational security and support of the strategy to boost commercial revenues, as no significant capital expenditures were required for capacity increases except for investment projects begun previously.

Moreover, the balance at September 30, 2014 reflects the collection of the receivable from the cash-pooling account held between the Company and ENAIRE at December 31, 2013, of €67.8 million.

Cash flows from financing activities

The main cash inflows from financing activities in the first nine months of 2014 related to the receipt of ERDF grants, of €78.9 million, whereas in the same period last year they related to proceeds from new borrowings from the parent in accordance with the existing financing agreement, of €117.4 million.

The main outflows corresponded to the payment of principal on the mirror loan with ENAIRE. Repayments of borrowings increased from €558.3 million 9M 2013 to €604.5 million in 9M 2014 in line with the contractual repayment schedules.

4.3. Description of the main financial risks

The Aena Group's operations expose the Group to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board of Directors provides policies for overall risk management, as well as policies for covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk, the use of derivatives and investment of excess liquidity.

There is a debt acknowledgment agreement (the Debt Acknowledgment Agreement) between Aena and its parent arising from the non-monetary contribution that led to the creation of Aena, S.A. whereby Aena, S.A. originally assumed 94.9% of the parent's bank debt. This agreement was novated on July 29, 2014.

There were no significant changes in financial risk management at September 30, 2014 compared to the year ended December 31, 2013.

4.3.1 Market risk factors

Foreign currency risk

The Group does not generally carry out significant commercial transactions in currencies other than the euro.

Foreign exchange risk arises as the Group holds a number of non-controlling interests in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's objective in managing interest rate risk is to optimize finance costs within the predefined risk limits. The risk variable is the 3-month Euribor rate, which is the main benchmark for non-current borrowings.

In addition, the value of the financial expense risk is calculated over a multi-year horizon. Interest rate scenarios are established for the period considered.

The financial expenses are due mainly to the borrowings recognized from the ultimate parent company. The ultimate parent company also arranges, for a small number of loans, interest-rate hedges that are transfered to the Company. The cost of these derivatives is attributed to the Company, as they hedge the interest rate risk of some loans in that proportion.

At September 30, 2014, if the interest rate on variable rate borrowings had been 20 basis points higher/lower with all other variables held constant, profit before tax for the period would have been €10,337 thousand lower or €10,337 thousand higher, respectively (September 30, 2013: €10,920 thousand lower or €10,920 thousand higher, respectively). However, the Regulatory Framework established by Law 1/2011, of March 4, establishing the State Operational Security Program for Civil Aviation and amending Law 21/2003, of July 7, on Air Security, provides a system for updating tariffs that protects Aena, for the regulated portion, from increases in financing costs, while enabling it to recover the costs of capital through remuneration of the regulated asset base, pursuant to prevailing legislation.

4.3.2 Credit risk

The Group's credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to outstanding trade receivables and committed transactions.

Credit risk relating to trade receivables is limited, as the main customers are airlines and payments are generally received in cash or in advance. Credit risk related to commercial customers that lease premises at the various airports is managed by obtaining guarantees and security deposits.

On March 5, 2011, Law 1/2011, of March 4, amending Law 21/2003, of July 7, on Air Security was published in the Official State Gazette. This law approves the mechanism whereby the management, settlement and collection of all public service compensation (prestaciones patrimoniales de character público) by Aena, S.A. or its subsidiaries may include encumbrances to ensure effective collections. This mechanism is managed by the collection bodies of the State Tax Administration Agency.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties which it has not recognized a provision.

4.3.3 Liquidity risk

The main risk variables are: restrictions in financial markets, increase in planned investment and reduction in cash flow generation.

The Company's credit risk policy and operations in its sector result in highly favorable average collection periods. The Company has also reduced costs and investment needs over coming years considerably. This has had a positive impact on its cash flow generation. The Group showed negative working capital of €903,066 thousand at September 30, 2014 (December 31, 2013: €1,288,749 thousand) and profit after tax for the nine months ended September 30, 2014 of €371,055 thousand (September 30, 2013: €341,406 thousand). However, it does not consider that there is a risk of meeting its short-term commitments given the positive operating cash flows, which the Company has used to reduce the negative working capital in recent years and expects to remain positive in the short term. To meet its short-term investment commitments and debts, the Company has €150 million of undrawn loans at September 30, 2014. In these circumstances, the parent's directors consider that there will not be any problems meeting payment obligations.

The following table provides an analysis of the financial liabilities associated with the Group and the financial liabilities related to the mirror loan, grouped by maturity date considering the remaining term to the contractual maturity from the reporting date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

At September 30, 2014 (unaudited) (thousands of euros)	**2014 (*)**	**2015**	**2016**	**2017**	**2018**	**2019**	**Subsequent years**	**Total**
Loan from the ultimate parent company	395,029	1,055,128	1,140,488	816,393	737,995	689,755	5,934,279	**10,769,067**
Interest accrued on loans from the ultimate parent company	36,744	23,064	-	-	-		-	**59,808**
Bank borrowings	625	333	333	333	-		-	**1,624**
Finance lease liabilities	490	2,013	2,079	1,544	1,582	1,622	10,618	**19,948**
Other financial liabilities	8,849	26,883	636	4,068	1,723	2,849	34,312	**79,320**
Trade and other payables (excluding customer prepayments)	524,417	-	-	-	-		-	**524,417**
Interest (**)	51,336	191,619	170,601	150,400	135,149	120,989	603,118	**1,423,212**

At December 31, 2013 (thousands of euros)	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Subsequent years**	**Total**
Loan from the ultimate parent company	1,018,474	1,048,536	1,133,767	811,375	733,260	685,087	5,895,192	**11,325,691**
Interest accrued on loans from the ultimate parent company	73,306	-	-	-	-	-	-	**73,306**
Bank borrowings	2,701	334	333	333	-		-	**3,701**
Finance lease liabilities	516	545	572	-	-		-	**1,633**
Other financial liabilities	71,431	-	-	-	-	484	2,773	**74,688**
Trade and other payables (excluding customer prepayments)	398,729	-	-	-	-		-	**398,729**
Interest (**)	231,334	191,606	170,580	150,371	135,116	120,954	602,958	**1,602,919**

(*) Includes the period from October 1 to December 31.

(**) Estimated calculation of interest on annual average debt with the ultimate parent company for each period calculated using the average interest rate for the period from January 1 to September 30, 2014.

The breakdown of loans from related parties by applicable interest rate and average interest rate at September 30, 2014 and December 31, 2013 is as follows:

Thousands of euros	September 30, 2014 (unaudited)		December 31, 2013	
	Balance	Average rate	Balance	Average rate
Floating	5,168,612	1.36%	5,459,354	1.24%
Adjustable	4,285,444	2.12%	4,882,959	2.22%
Fixed	1,315,011	3.67%	983,378	3.81%
TOTAL	**10,769,067**		**11,325,691**	

The adjustable interest rate, which is applicable mainly to the loan from the European Investment Bank, is a fixed rate of interest that is maintained over a period (normally four years). At the end of this period, the Group reviews the rate and decides whether to continue with this system or change it for a fixed rate at maturity or a floating rate.

For adjustable loans maturing in the first nine months of 2014, the system was changed to a fixed rate at maturity for an amount of €443,094 thousand, with an average fixed rate of 1.94%.

Meanwhile, on July 11, 2014, the Spanish Council of Ministers authorized the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” to initiate the sale process of the share capital of Aena, S.A. and dispose of up to 49% of its capital.

Under the scope of the process for allowing private investors to acquire shares of the Company, and to make the financing agreements (current and non-current borrowings) and hedging arrangements entered into with all the financial institutions compatible with that process, on July 29, 2014, the Public Business Entity “ENAIRE,” Aena S.A. and the respective financial institutions signed a non-extinctive novation of amendment to the financing agreements.

The consolidated text of the new financial agreements replaces the original agreements and novations fully and for all purposes so that, among other amendments, it eliminates any contractual restriction that could affect the privatization process and makes Aena S.A. jointly and severally liable, together with the Public Business Entity “ENAIRE” under the various financial agreements and makes all other adjustments to the aforementioned financial agreements required for these purposes.

The novations do not change the financial terms of the loans granted to the Public Business Entity “ENAIRE” or, accordingly, those reflected in the mirror loans signed with Aena, S.A. (e.g. repayment of principal, maturity dates, interest rate systems, repayment periods, etc.). The main clauses amended are summarized as follows:

- The joint and several relationship of the borrowers (the Public Business Entity “ENAIRE” and Aena Aeropuertos, S.A.), which are jointly and severally liable to the bank with respect to the obligation to repay the amount of the loan drawn down by either and to pay interest, fees and commissions, costs, expenses and any other item payable by either of them directly to the bank by virtue of those agreements. The banks recognize expressly that payment of items effectively received from either borrower in accordance with the provisions of the agreements will have full releasing effects for that item and the amount concerned.
- The clauses imposing restrictions on the transfer of shares of Aena and the sale of shares representing a percentage exceeding 49% were eliminated.
- Mandatory compliance with certain financial ratios based on the Aena Group's consolidated financial statements, to be certified by providing a certificate showing compliance with these ratios on a half-yearly and annual basis.

Ratio	2013	2014	2015	2016	2017 and beyond
Net financial debt/EBITDA less than or equal to:	10.00x	9.00x	8.00x	8.00x	7.00x
EBITDA/finance costs equal to or greater than:	2.50x	2.75x	3.00x	3.00x	3.00x

- With respect to the possibility of establishing encumbrances and liens, a more favorable framework was established than provided for in the original financing agreements, as certain real guarantees or collateral may be issued for international assets in international financing transactions without recourse to Aena, S.A. or the Public Business Entity “ENAIRE,” whereas this was prohibited in many of the original agreements, often hindering the expansion of the business.
- The unification of the clauses restricting the sale or transfer of assets: Aena, S.A. shall, directly or indirectly, maintain primary ownership of all airport assets and shall not sell them, either in a single transaction or in a

series of transactions, whether related or not, with some exceptions concerning airport assets located outside of Spain.

- Certain clauses have been unified to classify the events that could trigger the early repayment of financing agreements as a result of failure to make payments deriving from Aena, S.A.'s commercial relations.

As a result of novations of financing agreements, Aena, S.A. has had to pay novation fees to all of the financial institutions, in addition to expenses incurred for legal advisors amounting to €12,163 thousand, recognized with an adjustment to the carrying amount of the liability.

As a result of these novations and to include the amendments to the contractual relationship regarding the loan from the Public Business Entity "ENAIRE," on July 29, 2014, the Company signed a non-extinctive novation of amendment to the Debt Acknowledgment Agreement with the Public Business Entity "ENAIRE" amending the agreement signed on July 1, 2011, under which Aena, S.A. was provided all of the assets, rights, debts and obligations of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" associated with the performance of airport and commercial activities, as well as other services associated with airport management, including those relating to the airport air traffic services, for €11,672,857 thousand.

By virtue of that novation, the parties agreed to amend certain aspects of the Debt Acknowledgment Agreement, merely for the purposes of modification and in no circumstances does the amendment extinguish any obligation, for the purposes of clarifying, *inter alia*: i) the updated amount of the recognized debt, ii) the regulation of payments by the Public Business Entity "ENAIRE" and Aena, S.A. of the amounts payable under the Financing Agreements, iii) the exercise of authority by the co-creditors under the Financing Agreements, iv) the obligation of Aena, S.A. to comply with the same financial ratios as stipulated in the novations of the financing agreements, and v) the commitment to create a future pledge on any credit rights (the amount relating to one year of debt service that accrues under the financing agreements) by the Company to the Public Business Entity "ENAIRE" in the event of any failure to meet its obligations under the Debt Acknowledgment Agreement or the loss by the Public Business Entity "ENAIRE" of a majority stake in the capital of Aena.

During the debt novation process, the parties agreed expressly that, notwithstanding their status as co-borrowers and jointly and severally liable for compliance with the obligations established in the Financing Agreements, the payments for any items required in accordance with those Financing Agreements will be made by the Public Business Entity "ENAIRE." Therefore, the contractual relationship between Aena, S.A. and the Public Business Entity "ENAIRE" is maintained through the Debt Acknowledgment Agreement.

Notwithstanding the joint and several, and primary, responsibility that Aena, S.A. and the Public Business Entity "ENAIRE" assume with respect to the financial institutions under the Financing Agreements, the payments made by Aena, S.A. will proportionally reduce its payment obligations deriving from the contribution to the Public Business Entity "ENAIRE."

In any event, any failure by Aena, S.A. to meet the obligations deriving from the Debt Acknowledgment Agreement will not release the Public Business Entity "ENAIRE" from complying with its payment commitments by virtue of the provisions of the Financing Agreements.

Accordingly, the amendments to the financing agreements agreed with the financial institutions and the Public Business Entity "ENAIRE" do not alter the accounting treatment for the Company's borrowings from its ultimate parent company, the Public Business Entity "ENAIRE".

The financing agreements contain the following causes for early maturity, with rates established in accordance with ordinary market terms:

a) Failure to meet any payment obligations derived from each financing agreement.

b) Failure to meet any payment obligations derived from other financing agreements.

c) Failure to meet any payment obligation derived from normal commercial relations in Aena's ordinary business, except where the Company has opposed, in or out of court, the claim for payment derived from this non-compliance and/or has initiated, or intends to initiate, legal actions backed by law provided a court order against it for payment has not been issued.

d) General embargoes on Aena's and/or ENAIRE's assets.

e) The creation by ENAIRE and/or ENAIRE companies, organizations or entities (with the exception of Aena and Aena Group companies, which are subject to the restriction indicated in the following point) of any security interest, charge, encumbrance or privilege on any present or future assets or rights.

f) The creation by Aena and/or Aena Group companies of any security interest, charge, encumbrance or privilege on any of the assets or rights existing on its balance sheet, except assets located outside of Spain (including in this exception the shares or equity interests in companies domiciled in Spain, provided all their operating assets were located outside of Spain) exclusively, in guarantee of financing or other obligations without recourse to Aena assumed by subsidiaries and/or other companies of the Aena Group.

g) A change in the risk weighting of ENAIRE or the loans or credits granted via financing agreements.

Only the occurrence of these early maturity causes would authorize the financial institutions, in accordance with the specific terms and conditions of their respective agreements, to declare the early maturity of their respective financing agreements. All this is without prejudice to the prerequisite of good faith and the essential nature of the cause given.

In the event Aena fails to meet its obligations under the Debt Acknowledgment Agreement:

- Aena undertakes to create a future first ranking pledge on certain credit rights (the amount equal to a year of debt service accrued in accordance with the terms of the financing agreements) in favor of ENAIRE (the obligation is also triggered in the event of loss of control of Aena by ENAIRE);
- Unpaid amounts by Aena shall accrue late payment interest.
- In the event ENAIRE has to pay any amounts to the financial institutions payable by Aena under the Debt Acknowledgment Agreement, ENAIRE shall assume Aena's creditor rights and guarantees and the debt recognized in the Debt Acknowledgment Agreement will automatically increase by the amount paid by ENAIRE.
- Moreover, in the event non-compliance of an obligation by Aena under the financing agreements triggered the early maturity of one or more financial agreements and claims of effective payment of any amounts, Aena must pay ENAIRE a penalty equal to 3% of the total principal due on the respective financing agreement breached. This clause is also applicable if ENAIRE fails to comply, in which case it must pay the aforementioned penalty to Aena.

The breakdown of total bank borrowings in which ENAIRE and Aena, S.A. are co-borrowers at September 30, 2014, which amounted to €11,227,027 thousand, is as follows (in thousands of euros):

Financial institution	Amount
EIB	5,182,227
ICO	2,465,000
DEPFA	1,333,333
FMS	933,333
BBVA	312,867
CAIXA	184,200
SABADELL	140,000
BANKINTER	130,000
DEXIA	112,500
BANKIA	110,700
KFW	100,000
POPULAR	81,733
SANTANDER	54,000
SOCIETE GENERAL	51,300
UNICAJA	16,667
CREDIT CARDS	12,500
TARGO BANK	6,667
TOTAL	11,227,027

Aena S.A owes the Public Business Entity “ENAIRE” the debt arising from the contribution of the airport business, which at September 30, 2014, amounted to €10,769,067 thousand.

5 BUSINESS AREAS

Aena's segment income statement by business line for the nine months ended September 30, 2014 is as follows.

(Thousands of euros)	**Airports** **Aeronautical**	**Commercial**	**Off-terminal services**	**International**	**Consolidation adjustments**	**TOTAL 9M 2014**
Ordinary revenues	1,725,626	477,341	120,691	5,892	-1,028	2,328,522
Other operating income	46,795	10,380	8,237	218	-	65,630
Total revenue	1,772,421	**487,721**	**128,928**	6,110	-1,028	**2,394,152**
Supplies	-136,658	0	0	-	1,034	-135,624
Personnel expenses	-216,395	-20,460	-9,523	-1,355	-	-247,733
Other operating expenses	-441,555	-63,884	-41,011	-1,793	-6	-548,249
Depreciation and amortization expense	-520,830	-49,332	-36,949	-444	-	-607,555
Impairment losses and gains/(losses) on disposal of assets	2,895	-371	-6,713	-	-	-4,189
Other income/(expenses)	-140	2,058	-30	-	-	1,888
Total expenses	-1,312,683	**-131,989**	**-94,226**	-3,592	1,028	**-1,541,462**
EBITDA	980,568	**405,064**	**71,651**	2,962	-	**1,460,245**
Voluntary redundancy plan	1,096	88	46	-	-	1,230
Impairment losses and gains/(losses) on disposal of assets	2,895	-371	-6,713	-	-	-4,189
Adjusted EBITDA [1]	976,577	**405,347**	**78,318**	2,962	-	**1,463,204**
Operating profit	459,738	**355,732**	**34,702**	2,518	-	**852,690**
Net finance income/(expense)	-311,983	-9,778	-20,581	540		-341,802
Share of profit of associates	-	-	-	2,874	-	2,874
Profit before tax	147,755	345,954	14,121	5,932	0	513,762

[1] Excludes impairments of assets and surplus provisions for the voluntary redundancy plan

The aeronautical business is the main contributor to Airports segment adjusted EBITDA, representing 67% of Aena's total EBITDA in 9M 2014. The commercial business line accounted for 28%, and off-terminal services the remaining 5%.

5.1 Airports segment

5.1.1 Aeronautical business line

The main income statement items for the aeronautical business are as follows.

(Thousands of euros)	**9M 2013**	**9M 2014**	**Change**	**% Change**
Ordinary revenues	1,680,384	1,725,626	45,242	2.7%
Other operating income	32,354	46,795	14,441	44.6%
Total revenue	**1,712,738**	**1,772,421**	**59,683**	**3.5%**
Total expenses (including depreciation and amortization)	**-1,357,397**	**-1,312,683**	**44,714**	**-3.3%**
EBITDA	**879,918**	**980,568**	**100,650**	**11.4%**
Adjusted EBITDA [1]	**877,057**	**976,577**	**99,520**	**11.3%**
Operating profit	**355,341**	**459,738**	**104,397**	**29.4%**
Net finance income/(expense)	-165,742	-311,983	146,241	88.2%
Profit before tax	**189,599**	**147,755**	**-41,844**	**-22.1%**

[1] Excludes impairments of assets and surplus provisions for the voluntary redundancy plan

Ordinary revenue in the aeronautical business rose 2.7% year-on-year in the first nine months of 2014 to €1,725.6 million.

The main revenue items of this business were as follows:

Breakdown of aeronautical revenue *(thousands of euros)*	9M 2013	9M 2014	Change	% Change
Public service compensation	**1,622,910**	**1,672,397**	**49,487**	**3.0%**
Landings	441,132	468,571	27,439	6.2%
Stands	19,176	20,888	1,712	8.9%
Passengers	737,748	744,702	6,954	0.9%
Telescopic boarding gates	73,461	75,967	2,506	3.4%
Cargo	8,349	4,570	-3,779	-45.3%
Security	258,113	270,597	12,484	4.8%
Handling	55,644	58,481	2,838	5.1%
Fuel	20,581	21,608	1,027	5.0%
Food & beverage	8,706	7,013	-1,693	-19.4%
Other airport services [1]	**57,474**	**53,229**	**-4,245**	**-7.4%**
Total aeronautical revenues	**1,680,384**	**1,725,626**	**45,242**	**2.7%**

[1] Includes reimbursements, use of 400 Hz, check-in desks and other revenue

Expenses in the aeronautical business amounted to €1,312.7 million, 3.3% lower than in the same period of 2013. The decrease was achieved thanks to the cost-cutting measures implemented in recent years and lower investment which, coupled with the end of the useful lives of certain assets, led to a lower depreciation and amortization charge.

The combined effects resulted in an 11.3% improvement in adjusted EBITDA and an operating profit of €459.7 million euros (+29.4%).

Meanwhile, profit before tax for the nine months ended September 30, 2014 amounted to €147.8 million, a decrease of 22.1% year-on-year due mainly to the higher net finance expense, reflecting mainly the accrual and provision of late-payment interest on expropriations.

5.1.2 Commercial business line

One of Aena's overriding objectives is to increase commercial revenue from its various business lines in airports, while meeting the needs and demands of its users.

The main income statement items for the commercial business line are as follows.

(Thousands of euros)	9M 2013	9M 2014	Change	% Change
Ordinary revenues	420,680	477,341	56,661	13.5%
Other operating income	3,499	10,380	6,881	196.7%
Total revenue	**424,179**	**487,721**	**63,542**	15.0%
Total expenses (including depreciation and amortization)	**-142,004**	**-131,989**	**-10,015**	-7.1%
EBITDA	**331,579**	**405,064**	**73,485**	22.2%
Adjusted EBITDA [1]	**330,868**	**405,347**	**74,479**	22.5%
Operating profit	**282,175**	**355,732**	**73,557**	26.1%
Net finance income/(expense)	-12,065	-9,778	-2,287	-19.0%
Share of profit of associates	-536	0	-536	-100.0%
Profit before tax	**269,574**	**345,954**	**76,380**	28.3%

[1] Excludes impairments of assets and surplus provisions for the voluntary redundancy plan

Ordinary revenue from the commercial business line in 9M 2014 amounted to €477.3 million, representing 20.5% of total ordinary revenue. This marked an increase of 13.5% from 9M 2013 (€56.7 million).

This increase was the result of better contractual terms in new duty free tenders, the enlargement and remodeling of space earmarked for commercial activity (shops and duty free) and the addition of leading Spanish and international restaurant and retail brands, among other actions.

The following table provides a breakdown of commercial revenue (inside the terminal):

(Thousands of euros)

Commercial business line	9M 2013	9M 2014	Change Thousands of euros	Change %
Leases	23,248	20,235	-3,013	-13.0%
Stores	56,420	51,206	-5,214	-9.2%
Duty free shops	107,671	143,093	35,422	32.9%
Food & beverage outlets	71,964	87,364	15,400	21.4%
Car rental	76,261	78,120	1,859	2.4%
Advertising	19,333	20,417	1,084	5.6%
Other commercial revenue[1]	65,783	76,906	11,123	16.9%
Ordinary commercial revenue	**420,680**	**477,341**	**56,661**	**13.5%**

[1] Includes Other Commercial Operations, Banking Services, Travel Agencies, Vending Machines, Commercial Supplies, Use of Conference Rooms, and Filming and Recording

As in the aeronautical business, the impact of the cost-cutting policy was felt on this business, with a saving in costs of €10.0 million or 7.1% year-on-year in 9M 2014.

Higher revenue and lower costs drove a 22.5% year-on-year increase in adjusted EBITDA in the period to €405.4 million.

With a lower net finance expense, profit before tax for this business soared 28.3% year-on-year in 9M 2014 to €346.0 million.

This performance was possible thanks to the impact of the various strategies adopted in 2013 designed to increase and refocus the commercial business, the two most important of which were:

- Optimization of commercial space (i.e. redesign of walk-through duty free shops) with a view to taking maximum advantage of passenger traffic.
- Optimization of commercial tenders (i.e. improvement in the commercial mix, adding renowned Spanish and international brands) and the development of promotional and marketing activities.

Duty free shops

Revenue from duty free shops increased by 32.9% year-on-year in the first nine months of 2014 and accounted for 30% of Aena's total commercial revenue in the period.

Aena has more than 75 duty free shops in 26 airports. Virtually half of the retail outlets are at the Adolfo Suárez Madrid-Barajas and Barcelona El-Prat airports. Duty free shops, of which more than 20 are walk-through shops, offer products in key duty free product categories: alcoholic beverages, tobacco, perfume, cologne, food and other.

In December 2012, the largest airport duty free tender held in recent years was awarded to World Duty Free Group. The contract involved three groups of airports.

Following this award, in early 2013 work began on remodeling the commercial areas of the various airports with the objective of transforming 20 of the main shops into "walk-through shops" in a bid to increase passenger purchases and enhance passengers' shopping experience.

Stores

This business line generated 10.7% of commercial revenue in 9M 2014. Store revenue fell by 9.2% year-on-year in the period due mostly to the accounting reclassification of revenue of the Gran Canaria, Lanzarote and Tenerife-Sur airports after some of their stores were included in the duty free shop business line. Accordingly, revenue from these stores was no longer included in this line. All three of these airports were operating in the duty free shop system in the period.

Food & beverage

Revenue from food & beverage services increased by 21.4% year-on-year in 9M 2014 and represented 18.3% of total commercial revenue.

Aena has more than 300 food and beverage establishments (mainly bars, cafeterias and restaurants), with total surface area of approximately 124,000m². As with the rest of the commercial area, efforts are underway to remodel the food & beverage areas and improve them by adding new renowned brands. The main actions carried out by airport were as follows:

- Adolfo Suárez Madrid-Barajas airport: upgrade of the commercial offering, with the gradual addition of more than 40 new establishments awarded to Áreas, S.A. in 2013, featuring leading brands such as McDonald's, Kirei Kabuki (the first restaurant in our network), Subway, Rodilla, Burger King, Paul, Mas Q Menos and Starbucks, among others.

- Lanzarote airport: improvement in the variable income component (from 22.6% under the previous lease to 33%).
- Also noteworthy were the renegotiations and improvement in food and beverage offerings at Palma de Mallorca airport, which generated higher variable income, and new developments outside the terminals at Ibiza, Barcelona-El Prat and Alicante-Elche airports.

Car rental

The car rental service posted a 2.4% year-on-year increase in revenue in the first nine months of 2014 and represented 16.4% of ordinary commercial revenue. The increase was due mainly to higher international passenger arrivals and the addition of secondary brands by the main tenants (Avis, Hertz, Europcar, Atesa and Gold Car). The total number of car rental leases in the period surpassed 2.8 million.

Advertising

The advertising activity accounted for 4.3% commercial revenue in 9M 2014 after delivering a 5.6% year-on-year increase. Despite the adverse industry backdrop, advertising revenue was broadly stable thanks to the monthly distribution of minimum guaranteed annual rents. In January 2013, a tender was held for advertising at airports covering four lots of airports. This activity has since begun.

In line with the latest trends in advertising, actions carried out in the period focused on completing the installation of new digital media (slightly over 200 units) to allow for greater interaction with passengers. A portfolio of marketable products was also put together for network airports. Aena's network now has some 1,300 conventional media units.

Other commercial revenue

Other commercial revenue comes from VIP lounges, business centers, banking services, travel agencies, vending machines, commercial supplies, and filming & recording. Revenue from these activities in the first nine months of 2014 was 16.9% higher than in the same period the year before.

Revenue from VIP lounges has performed well, thanks mainly to the new pricing strategy, not to mention commercial actions including new distribution channels and marketing actions, which have led to an increase in the number of users and higher penetration. VIP lounges posted a 9.1% year-on-year increase in revenue in 9M 2014.

Also noteworthy was the 47% increase in banking services revenue in the period, underpinned by the better financial terms in new contracts and the recognition this year of minimum rents.

Other commercial operations (which in addition to banking services include plastic-wrapping machines, other vending machines, telecommunications services, regulated services and other operations) contributed 9M 2014 revenue of €25.3 million, an increase of 16.2% year-on-year. The main drivers were better contract terms in luggage wrapping, financial services and plastic-wrapping machines agreements.

5.2 Off-terminal services

Key data for commercial services outside the terminal are provided in the following table.

(Thousands of euros)	9M 2013	9M 2014	Change	% Change
Ordinary revenues	108,625	120,691	12,066	11.1%
Other operating income	2,231	8,237	6,006	269.2%
Total revenue	**110,856**	**128,928**	**18,072**	16.3%
Total expenses (including depreciation and amortization)	**-92,324**	**-94,226**	**1,902**	2.1%
EBITDA	**57,425**	**71,651**	**14,226**	24.8%
Adjusted EBITDA [1]	**57,272**	**78,318**	**21,046**	36.7%
Operating profit	**18,532**	**34,702**	**16,170**	87.3%
Net finance income/(expense)	-13,531	-20,581	7,050	52.1%
Profit before tax	**5,001**	**14,121**	**9,120**	**182.4%**

[1] Excludes impairments of assets and surplus provisions for the voluntary redundancy plan

Commercial services provided outside the terminal include parking facilities and miscellaneous industrial and real estate assets (e.g. land, warehouses, hangars and air cargo). Ordinary revenue from off-terminal services in the first nine months of 2014 totaled €120.7 million, up 11.1% from the same period last year.

Off-terminal services *(Thousands of euros)*	**9M 2013**	**9M 2014**	**Change**	**% Change**
Parking	66,180	77,113	10,933	16.5%
Land	9,916	9,849	-67	-0.7%
Warehouses and hangars	13,471	14,661	1,190	8.8%
Airport logistics centers	19,058	19,068	10	0.1%
Total off-terminal services	**108,625**	**120,691**	**12,066**	**11.1%**

Parking

Parking revenue amounted to €77.1 million in the first nine months of 2014 (representing 63.9% of total off-terminal services revenue), an increase of 16.5% year-on-year.

In addition to improved traffic levels, growth was the result of the new integrated parking management strategy implemented for the parking facilities at the 32 airports in Aena's network, which included a broader product offering and improved customer services. The main actions involved dynamic and pro-active marketing, with major efforts to expand the product portfolio, incorporate pricing and marketing strategies (communication and promotion), implement the reservation system and enter into agreements with various channels (e.g. aggregators, travel agencies), all of which contributed to the positive performance.

In this respect, the reservation system has emerged as a key business tool. Over 250,000 reservations were made in the period, with the peak reached in August 2014. This system has also become a major tool for fending off competitors outside the terminal, providing Aena with a competitive and attractive product. In addition, the system was set up in the call center for centralized reservation reception and management.

Implementation of the new business model helped reverse the extremely negative trend seen in recent years, overcoming competition from other modes of transport and the proliferation of new parking facilities in the proximity of airports.

Real estate assets (land, warehouses and hangars)

This business line generated revenue of €24.5 million (excluding revenue from logistics centers) in the first nine months of 2014, representing 20.3% of total revenue from off-terminal services and an increase of 4.8% year-on-year.

Several actions were taken to drive this activity, such as the publication of new land prices, the launch of the hangar price catalog and the review of hangar prices, and the business of fixed base operations (FBO) for executive and business aviation at the Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports. Moreover, pre-marking campaigns were carried out for new plots of land earmarked for the development of service stations, as were viability studies and pre-marketing for the “Ramp 7” project at Adolfo Suárez Madrid-Barajas airport. This project includes the assets for the management of air cargo, hangars and the industrial area on behalf of airlines.

6. HUMAN RESOURCES

6.1 Employee information

The Aena Group, including Aena Internacional, had a total of 7,300 employees at September 30, 2014, 0.3% fewer than at December 31, 2013 and 1% fewer than at September 30, 2013. Of total staff, 65% are men and 35% are women. Gender distribution varies if only management and structural positions within the organization are considered, where the split is 56% men/44% women.

6.2 Effective segregation between Aena, S.A. and ENAIRE

Pursuant to Royal Decree-Law 13/2010, of December Aena has effectively conducted business as an airport services manager and operator since June 8, 2011.

The new airport services management and operation model has been implemented gradually in various phases and under a number of organizational frameworks, based on cost and efficiency criteria. In this respect, until July 2014, there was a small group of 73 employees (including some key management personnel) who belonged to ENAIRE's corporate units but provided support to the entire Group, although their duties mostly entailed providing service to Aena.

Following the announcement by the Council of Ministers on June 13 of the sale of up to 49% of Aena's share capital to private investors, in July the organizational segregation between Aena and ENAIRE, including human resources, was completed. The corporate units of ENAIR that provided support to both companies were eliminated, with 58 employees joining Aena and 15 remaining at ENAIRE.

6.3 Reduction in personnel expenses

In 2014, Aena has continued to apply a rigorous austerity policy. This included strict control over personnel expenses, leading to a 5% reduction in overtime and a 12% decrease in travel expenses in 9M 2014 compared to 9M 2013.

6.4 Recruitment and training

Regarding personnel recruitment, on May 5, 2014, two internal hiring - restricted hiring processes began. These were carried out and managed simultaneously and concluded in December 2014. The processes targeted two groups:

Level A and B qualified personnel, with 29 openings. A total of 396 applications were submitted.
Level C and F personnel, with 146 openings. A total of 500 applications were submitted.

Regarding qualified, structural and management personnel in the first nine months of 2014:
There were 41 internal promotions to cover structural positions.
A mentoring program, "Leaders developing leaders," was launched in January, with 44 participants in the program through September 30.

The talent identification and management program continued in the period in conjunction with all Aena units.
The “Youth Emancipation Plan" under the auspices of the Ministry of Public Works also continued, with 28 university students carrying out internships as of September 30.

As for training, the beginning of 2014 coincided with the implementation of the Integrated Training Management System (ITMS). The ITMS is a new application integrated in SAP-HR which allows greater control over training of Aena personnel, as well as the automation and optimization of certain processes related to training management procedures.

In the first nine months of 2014, Aena personnel received a total of 91,332 hours of training (66,963 hours for employees covered by collective labor agreements). For structural staff, 995 of the total 1,043 employees (95%) received training. Of the total 6,245 employees (average number of employees) covered by collective labor agreements, 4,122 employees or 66% received training in the period.

7. PROCUREMENT

7.1 General procurement

In the January-September 2014 period, Aena awarded contracts worth €188.6 million (excluding taxes).

Centralized procurement contracts accounted for 84.2% of the total (€158.8 million) and decentralized procurement contracts 15.8% (€29.8 million).

The breakdown of contracts awarded by nature is as follows (in millions of euros):

Centralized investment	
Works	29.1
Supplies	17.9
Assistance, consulting and services	7.7
Centralized expenses	
Works	0.19
Supplies	72.0
Assistance and services	31.9
Decentralized investment:	
Works	11.5
Supplies	5.1
Assistance, consulting and services	0.55
Decentralized expenses:	
Works	2.0
Supplies	4.1
Assistance and services	6.4

7.2 Commercial procurement

Through September 2014, contracts related commercial leases worth €19.3 million (excluding taxes) for the first annual lease amount were awarded.

The distribution of the amount of commercial leases awarded on a centralized basis, by business line, is as follows:

Business line	No. of leases	Amount awarded (1st year) *Thousands of euros*	% of total amount awarded
Travel agencies	3	96.3	0.5%
Aircraft hangars and maintenance	1	198.0	1.0%
Car rental	2	611.6	3.2%
Vehicle parking	2	-	-
Lease of offices, commercial premises and counters	1	-	-
Land leases	1	-	-
Bars and restaurants	5	1,468.1	7.6%
Passenger service center	1	363.9	1.9%
Telecommunications concessions	1	-	-
Machinery	4	22.3	0.1%
Other real estate operations	1	530.1	2.7%
Other passenger services	5	343.5	1.8%
Advertising	1	-	-
Financial services	9	1,234.3	6.4%
Stores under the normal tax regime	52	13,304.3	69.1%
Luxury stores	2	1,092.6	5.7%
TOTAL	**91**	**19,265.9**	**100%**

8. CORPORATE RESPONSIBILITY

Aena's Corporate Responsibility (CR) policy brings together and reinforces its identity, culture and standards of conduct, and provides a company-wide tool for orienting and guiding its actions regarding economic, social, environmental and ethical issues. Through September 30, 2014, efforts continued in this area that built upon the results obtained in previous years, notably:

- Reporting on the CR performance of Aena: publication of the 2013 Corporate Responsibility Annual Report for Aena, with external assurance by Aenor and the Global Reporting Initiative (GRI), at the B+ level.
- Helping to enhance Aena's corporate standing and reputation by promoting and developing actions to make its corporate values known internally through a monthly CR newsletter, the *Aena* magazine, etc.
- Participating actively in external benchmarking activities with leading CR institutions.
- Presenting Aena's sustainability best practices for awards.

8.1 Economic performance

Aena has continued to work toward the goal of implementing the new airport management model, seeking to position Aena as a leader in the provision of quality services, an efficient company and a company with the resources to expand its international footprint.

Aena also remains committed to integrating responsibility criteria in its business dealings with third parties, promoting transparency and competition in the market. A core management principle of Aena is to have a varied and quality commercial offering that takes into account the needs and expectations of its stakeholders, while adding value to airport facilities.

8.2 Environmental performance

As a leader in air transport services, a key factor for Aena is to strive for sustainability in areas such as the compatibility of aviation operations and the development of airport facilities with local surroundings, minimization of noise impact, and anything related to promoting actions that increase energy efficiency and the use of renewable energies. All this is aligned with the Company's strategic goals and its Environmental and Energy Policy.

Highlights of Aena's environmental performance include the following actions:

- Noise abatement plans. As of September 30, 2014, a total of 420 homes and buildings had been sound-proofed.
- Environmental impact assessment of projects and planning instruments.
- Noise and atmospheric assessments. Preparation of noise easement action plans at airports and renewal of "Airport Carbon Accreditation" certifications.
- Management of soil and underground water characterization for the airports in the Aena network.
- Energy efficiency and renewable energy actions in accordance with the Energy Saving and Efficiency Plan.
- Design and implementation of Integrated Quality Management System (ISO 9001) and the Integrated Environmental Management System (ISO 14001), allowing all processes to be controlled and monitored in an integrated manner and providing a single certification.

8.3 Social performance

Best practices undertaken in recent years through partnership agreements with social service agencies have enabled the Company, along with stakeholders, to engage in outreach programs that benefit groups at risk of social exclusion. We would highlight the following actions carried out as of September 30, 2014:

Within the scope of the internal social dimension:

- Development of the work-life balance policy: 1,242 cases handled under the Employee Services Program (ESP).
- Consolidation of the Comprehensive Services Program (orientation, counseling, referrals to social services and "vital protocols" or services related to births, deaths, disability, elderly parents and geographic mobility).
- Addiction treatment and prevention program, and emotional and educational welfare support.
- Social aid program: more than 11,200 aid actions processed and validated for workers and children, summer camps, disability, health, etc.

Within the scope of the external social dimension:

Aena remains committed to integrating its sustainability values into its corporate management and its relations with stakeholders, adapting its business strategies to promote improvements both in the communities with which it interacts and society at large, and especially for the most disadvantaged groups.

- Service for Persons with Reduced Mobility (PMR). As of September 30, 2014, the PRM service had been used by nearly 837,845 people, upholding the highest standards of quality.
- Hosting of charity seminars and cultural conferences, with the participation of more than 10 social services agencies, e.g. special employment centers, placement agencies and entities supporting fair trade sales.
- Promotion of the "Outreach Area" program and its extension to 13 airports in the network, and the development of awareness-raising campaigns for major organizations, such as Unicef, Intermon-Oxfam and Aldeas Infantiles. In the first nine months of 2014, the total number of uses/days was 897, with average occupancy of 49.76%.
- Framework for cooperation between Aena and the Despegando Capacidades platform, which promotes cultural, employment, leisure and life project integration of people with disabilities. This platform comprises seven social services agencies: GruposAmás, Danza Down, Apsuria, Afanias, FundaciónCapacis, Atenpace and Apmib.

8.4 Partnerships

In the area of CR, Aena is working to be at the level of other companies, if not at the forefront. In a bid to share and promote best practices in sustainability, while increasing the awareness of its products and services, in 2014 the Company worked closely with some of the leading CR associations and agencies, such as Forética, the Club de Excelencia en Sostenibilidad or Fundación Corresponsables, whose members include some of Spain's largest public and private corporations.

Aena also cooperates with industry representatives to promote education, science, employee training, culture, sports, charity, etc.

9. 2014 TRAFFIC OUTLOOK

According to the latest data published by the Institute of Tourist Studies as of October 2014, international tourist arrivals to Spain were up 7.5% year-on-year at 58.3 million. This underscores the trend seen in 2013, which set a record for international tourist arrivals to Spain of 60.7 million.

The same source indicated that 79.8% of international tourist arrivals to Spain through October 2014 were through airports, a 6.7% increase from the same period in 2013.

These figures confirm the trend in traffic growth begun in the first few months of 2013. To illustrate, overall traffic in Aena's airport network has shown increases for 14 consecutive months (from November 2013 to December 2014) after 22 straight months of declines, with cumulative growth to December 2014 of 4.5% year-on-year in passenger volume.

Noteworthy at December 31, 2014 were the performances at the Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, with cumulative increases of 5.3% and 6.7%, respectively. Aena's tourist airports in the network are also registering significant growth (Málaga-Costa del Sol +6.4%, Alicante +4.4%, Canary Islands Group +6.9%).

In sum, both international tourist arrivals and passenger traffic data in Aena's network, both of which are closely correlated to the global economic cycle, bear out the change in traffic trend of the network, boding well for a recovery in air traffic going forward.

10. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred between September 30, 2014 and the date of preparation of this management report other than the following:

1) On November 27, 2014, the regulatory texts approving the corporate, personal and non-resident income and VAT tax reform.

   Law 7/2014 on corporate income tax (CIT) includes a number of changes, *inter alia,* the gradual reduction of the tax rate over two years from 30% to 25%, with a rate of 28% for 2015 and 25% for 2016 and thereafter.

   This will have a negative impact on accounting profit when applying unused tax credits: tax loss carryforwards and deductible temporary differences.

   These tax credits are recognized at the tax rates in force when they arise (30%), but they will be recovered at either 28% or 25%, depending on the year they are used or reversed.

   Accordingly, this will give rise to an additional tax expense attributable to these items quantified at 2% (for tax credits whose recoverability is estimated for 2015) and 5% (for those to be applied in 2016 and beyond). The best estimate available at the date of authorization for issue of these interim consolidated financial statements indicates an expense in relation to tax assets arising from deductible temporary differences of €14.8 million and from the carryforward of unused tax losses of €3.2 million.

2) El On September 18, 2014, the Board of Directors of Aena authorized the exercise of the call option on London Luton Airport Holding III limited (LLAH III). This authorization is contingent on subsequent approval by the Council of Ministers.

   Following authorization by the Council of Ministers, on October 16, 2014, Aena Internacional exercised the call option on 11% of the share capital of LLAH III. The transaction was funded with available cash of Aena and instrumented through a capital increase at Aena Internacional.

   Exercise of the call option carried the assumption of 51% of the shareholder loan held by Aerofi, for a total amount of 94.7 million pounds sterling (of which 48.3 million pounds sterling corresponded to the Group).

   The total amount paid by the Group in the transaction was 62 million pounds sterling (€77.8 million), broken down as follows:

   -For the 11% call option: 13.7 million pounds sterling (€17.2 million)

   -For 51% of the shareholder loan: 48.3 million pounds sterling (€60.6 million)

   As a result of this transaction, Aena obtained control of LLAH III as it controlled the majority of the voting rights and complied with the requirements of IFRS. Therefore, the Group has fully consolidated this company (and its subsidiaries) from the date control was obtained.

   At the date of issue of these financial statements, the Group is in the process of measuring: (i) the fair value of the previously held 40% equity interest in LLAH III and (ii) the fair values of the assets and liabilities acquired. Therefore, it recognized provisional amounts for the identifiable assets acquired and liabilities assumed at the acquisition date, determined as follows:

   - The value of identifiable assets acquired and liabilities assumed is based on appraisals by third parties under the scope of the acquisition of the 40% interest in LLAH III in November 2013 (adjusting the revaluations of property, plant and equipment and intangible assets for depreciation and amortization in accordance with their estimated useful lives).

   - It considered that there had been no changes in the fair value of the previously held 40% interest given the limited amount of time that had elapsed and as the transaction did not result in material changes in the fundamentals of the business.

Aena's management expects definitive amounts to be available during the first half of 2015.

The following table summarizes the acquisition cost for the Group and the acquisition-date amounts of assets acquired and liabilities assumed according to LLAH III's consolidated balance (unaudited) at the acquisition date:

	Thousands of euros **(Unaudited)**
Value of the previously held equity interest (1)	49,486
Consideration paid in cash	17,198
Total acquisition cost	**66,684**
Intangible assets (2)	477,164
Property, plant and equipment	140,327
Deferred tax asset	7,602
Inventories	745
Current trade and other payables (3)	34,053
Cash and cash equivalents of the subsidiary acquired	21,798
Non-current borrowings (4)	(405,097)
Retirement benefit obligations	(38,010)
Other non-current liabilities	(612)
Deferred tax liabilities	(116,463)
Current borrowings	(5,034)
Current trade and other payables	(26,953)
Total net identifiable assets	**89,520**
Non-controlling interests (5)	**43,865**
Net assets acquired	**45,655**
Goodwill (6)	**21,029**

1. Intangible assets include the service concession arrangement for London Luton airport (owned by the Luton Borough Council) and agreements with airlines, measured using the “Excess Earnings Method.” This method is based on a calculation of the discounted cash flows of the future economic benefits attributable to the assets considering the income and costs, and the required return for other assets used. The remaining useful lives of both types of assets were estimated in accordance with the maturity of the underlying agreements at seven and eight years for the main customer contracts and 18 years for the service concession arrangement.

2. The fair value of trade and other receivables of €34,053 million is equal to the gross contractual amount.

3. Non-current borrowings includes bank borrowings of €286,325 thousand and a shareholder loan of €118,772 thousand. As indicated previously, €60,574 thousand of this loan was assumed by the Group and paid simultaneously with the acquisition. Therefore, this amount will be eliminated on consolidation. The payment is considered cash flow from the Group's financing activities.

4. Non-controlling interests relates to the 49% stake held by Aerofi, measured at the proportionate share in the fair value of the net identifiable assets.

5. The Group will allocate the goodwill acquired, which is estimated provisionally until the aforementioned measurements have been completed.

No contingent liabilities have been identified in this business combination that should be recognized. There are also no unsettled contingent consideration agreements. No significant costs were incurred in the acquisition.

The operations of the acquiree will be included in the Group's income statement from the acquisition date. Had the acquisition taken place on January 1, 2014, the Group's revenue through September 30, 2014 would have been €121,088 thousand higher, net profit €1,507 thousand lower, and EBITDA €39,895 thousand higher. These amounts were calculated applying the Group's accounting policies, with adjustments made for results of the subsidiary to reflect mainly the following:

- The transactions and profit and loss generated by the subsidiary from January 1 to September 30, 2014.
- The depreciation and amortization expense calculated on the value of the property, plant and equipment and intangible assets determined in the business combination.
- The tax effect of these adjustments.
- The impact of applying the acquisition method to the previously held 40% interest exclusively from January 1, 2014.

3) As a result of overflight of the Ciudad Santo Domingo subdivision (Algete, Madrid), some residents considered that their rights had been violated due to the excessive noise in their homes. These residents filed a claim, no. 109/2004, against Aena and the Ministry of Public Works seeking closure of one of the four runways at Adolfo Suárez Madrid-Barajas airport, runway no. 18R. So far, the Supreme Court has not agreed this measure.

   On January 31, 2006, the Madrid High Court *(Tribunal Superior de Justicia*) issued a ruling rejecting this administrative appeal. Five of the original plaintiffs filed appeals against this ruling. The Supreme Court partially upheld the appeal in a ruling dated October 13, 2008, considering the noise an invasion of privacy.

   Since then, there have been a number of rulings and challenges regarding enforcement that have been appealed by both sides.

   Regarding the third challenge, on December 2, 2014, the Madrid High Court issued an order dated December 2, 2014 ("Order of December 2, 2014") and notified ENAIRE and Aena on December 5, 2014 that (i) it considers the Supreme Court ruling of October 13, 2008 not enforced, since the infringement of fundamental rights caused by the overflights persists; and (ii) that, to enforce the ruling, it must reduce the number of flights over the Ciudad Santo Domingo subdivision by 30%, calculated based on the number of overflights in 2004, which entailed 20,730 approaches to runway 18R.

   Regarding this measure, the Court ruled the following:

   The 30% reduction in number of overflights must be initiated within a period of two months following notification of Order of December 2, 2014, and initiation of the reduction must be notified to the Court. This period expires on February 5, 2015.

   Once six months have elapsed since the start of the agreed reduction, ENAIRE, Aena and the Ministry of Public Works will have one month to inform the Court of the impact of the measure on noise levels in the subdivision. Within this same monthly period, the plaintiffs may submit related allegations and measurements.

   An appeal against the Order of December 2, 2014 was filed before the same Court. Along with this appeal, a request was submitted seeking a stay of execution of the Order of December 2, 2014. In a ruling dated December 18, 2014, the High Court accepted this request. As a result, for now Adolfo Suárez Madrid-Barajas airport may continue operating under the same conditions as it has until now; i.e. without being forced to reduce the number of overflights of the Ciudad Santo Domingo subdivision by 30% from 2004 levels.

   An unfavorable ruling in these complaints could give rise to liabilities that, at the end of the period, could not be quantified.

4) Expropriations

   Aena is involved a several judicial proceedings regarding expropriations. The main lawsuits relate to expropriations carried out for the enlargement of Adolfo Suárez Madrid-Barajas airport.

   Among these, specifically on October 29, 2014, the Madrid High Court notified Aena of a ruling issued on October 1, in ordinary proceeding 1/2011, recognizing the right to re-appraisal of 93 properties. These 93 properties were expropriated under Case file 17/Aena/92, and acquired in 1994 under the mutual agreement procedure for the enlargement of Adolfo Suárez Madrid-Barajas airport.

   The High Court ruling partially upholds the appeal filed by the plaintiffs, recognizing their right to re-appraisal of the expropriated properties. The ruling was based on "tacit administrative approval" and, accordingly, repeals the Order of the Ministry of Public Works dated November 12, 2010 rejecting the appeals submitted by the plaintiffs (for tacit administrative approval) regarding their requests for re-appraisal of the expropriated properties. The Madrid High

Court ordered the requests to be handed over to the regional eminent domain jury (*Jurado Provincial de Expropiación Forzosa de Madrid*) for processing.

The ruling does not address the substance of the matter, as by accepting what resulted in tacit administrative approval, the right to re-appraisal has already been recognized by the Administration and, therefore, it is beyond dispute.

The amount sought by the plaintiffs is €998.5 million (after the deduction of the €16.7 million paid in the mutual agreement). Nevertheless, taking into account the area of property affected and the price per m2, as determined in recent rulings by the same authority in the latest expropriations carried out for development of this airport, the amount would be €479.6 million, including late-payment interest calculated up to September 30, 2014.

Another two similar proceedings are underway, Ordinary Proceeding 427/2011 and Proceeding 66/2011. In Ordinary Proceeding 427/2011, the Court issued notification on December 15, 2014 of a November 27, 2014 ruling, which was similar to the ruling in Procedure 1/2011. In this proceeding, the plaintiffs are seeking €27 million (after deducting the €0.4 million paid in the mutual agreement). However, applying the parameters described above, said amount should be €13 million, including late-payment interest calculated up to September 30, 2014.

In Proceeding 66/2011, yet to be ruled on, the owners of the expropriated properties are claiming €885.16 million (after deducting the €8.5 million paid in the mutual agreement), although according to the parameters, this should amount to €425.2 million, including late-payment interest calculated up to September 30, 2014.

In the two proceedings on which rulings have already been issued, both Aena and the Ministry of Public Works, through the State Attorney, have announced appeals against the decision with the Supreme Court. Regarding Proceeding 1/2011, the Court has acknowledged the ability to appeal, giving the parties until January 21, 2015 to file their administrative appeals.

According to the legal reports issued on the matter, the requirements set out in accounting standards for the recognition of provisions are considered to be met. The provisions are recognized based on the amounts determined in the rulings by the Madrid High Court in the latest expropriations carried out for development of the airport which, as indicated previously, are the most likely amount rather than the amount claimed by the owners. The total provision for the three proceedings amounts to €917.97 million, of which €159.37 million relates to late-payment interest and €758.61 million to the reappraisal of fair value. Provisions were recognized for these amounts at the end of nine months ended September 30, 2014.

5) CNMC Consultation

In December, the CNMC opened a public consultation proposing a different approach to calculating Aena's airport charges or public service compensation (*prestaciones públicas patrimoniales*) to the current methdology. If applied, the needs to recover costs through public service compensation would be lower. According to this approach, the regulated cost base would decrease by 3.7% calculated based on the data included in Aena S.A.'s proposal during the consultation to establish the charges for 2015.

Aena is drafting its remarks on the proposal, considering that the current formula for calculating charges or public service compensation is in line with the prevailing regulation set out in law and that the allocation of costs between regulated and deregulated activities has not been audited.

The Ministry of Public Works, through the Directorate General of Civil Aviation (DGAC), has submitted its comments on the CNMC proposal. Highlights of its conclusions:

"…The CNMC proposal is not compatible with the regulatory framework established by the legislator and presents significant weaknesses to consider it applicable…"

"In the DGAC's opinion, the CNMC, in the definition of its consultation procedures, must always uphold the rules of law established in the applicable regulatory framework by the legislator at the behest of the industry regulator. This is clearly not the CNMC."

"…the DGAC considers that the CNMC should withdraw its proposal: first, as it is not consistent with the legal framework; second, as it is not consistent with the objective for which it was made; third, because it lacks precedent and theoretical support as there are flaws in the estimation and relevant technical inaccuracies; and, finally, as it applies only partially and lacks sufficient transparency."

In accordance with Law 18/2014, the DGAC must draft the Airport Regulation Document (DORA) and submit it to the competent bodies of the Ministry of Public Works for subsequent approval by the Council of Ministers.

AUTHORIZATION FOR ISSUE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AT SEPTEMBER 30, 2014

On January 15, 2015, the Board of Directors of Aena, S.A. (formerly AenaAeropuertos, S.A.) authorized the issue of the interim condensed consolidated financial statements and the interim consolidated management report for the nine months ended September 30, 2014, consisting of the foregoing documents.

Position	Name	Signature
Chairman:	José Manuel Vargas Gómez	
Director:	Juan Ignacio Acha-Orbea Echeverría	
Director:	JesúsFernández Rodríguez	
Director:	José MaríaAraúzo González	
Director:	Pilar ArranzNotario	
Director:	Mª Victoria Marcos Cabero	
Director:	Juan Miguel Báscones Ramos	
Director:	Rodrigo Madrazo García de Lomana	
Director:	Tatiana Martínez Ramos e Iruela	
Director:	Fernando Abril-Martorell Hernández	
Director:	Simón Pedro Barceló Vadell	
Director:	Eduardo Fernández-Cuesta Luca deTena	
Secretary non-director:	Almudena Salvadores García	