


**REN Finance B.V.**  
**Amsterdam**

**Annual accounts**  
**for the period from 10 May 2013**  
**until 31 December 2013**

For identification purpose only.  
Related to auditor's report  
dated 22 APR. 2014.....

REN Finance B.V.  
Amsterdam

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**Annual accounts 2013**

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#### Management Board's report

Management herewith presents to the shareholder the annual accounts of REN Finance Finance B.V. (hereinafter "the Company") for the period from 10 May until 31 December 2013.

#### General

REN Finance, B.V. (referred to in this document as "REN, B.V." or "the Company"), with head office in Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, was established by deed of incorporation executed on 10 May 2013 with legal seat in Amsterdam.

The objects of the Company are:

- to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises;
- to provide advice and other services;
- to acquire, use and /or assign industrial and intellectual property rights and real property;
- to provide guarantees and security, warrant performance or otherwise assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;
- to provide security for the debts of legal persons or of other companies with which the Company is affiliated or for the debts of third parties;
- to invest funds; and
- to undertake all actions that are deemed to be necessary to the foregoing, or in furtherance thereof.

The Company belongs to a corporate group controlled by REN - Redes Energeticas Nacionais, SGPS, S.A., ("REN SGPS") set up in Lisbon, Portugal, which holds 100% of the Company's shares.

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#### Overview of activities for the year

On 15 October 2013, the Company has issued its EUR 400,000,000 4.750% fixed rate Notes, due 16 October 2020, under the EUR 5,000,000,000 Euro Medium Term Programme (the "Programme") (the "Notes") at a price equal to 99.86% of the aggregate nominal amount of the Notes. Both the Company and REN SGPS act as issuer the programme. The issued Notes bears a fixed interest rate of 4.75% per annum. The interest is payable on 16 October, commencing 16 October 2014. The Issued Notes will mature on 16 October 2020. The Notes issued by the Company will not be guaranteed by REN SGPS the Company has the benefit of the Keep Well Agreement executed by REN SGPS. The proceeds of the issued Notes were used to subscribe Internal Notes issued by REN SGPS according to the EUR 400,000,000 Subscription Agreement between the Company (Sole Subscriber) and REN SGPS (Issuer). The internal subscribed Notes bears an interest rate of 5.2821% per annum. The interest is receivable on 16 October, commencing 16 October 2014. The subscribed Notes will mature on 16 October 2020.

More details about the EUR 5,000,000,000 Euro Medium Term Programme can be found in the prospectus which discloses information on the terms of the Notes, including, without limitation, redemption and repurchase prices, covenants and transfer restrictions.

Notes issued by the Company will be issued in bearer form (which may initially be in the form of a temporary global note, exchangeable for a permanent global note, which is exchangeable for definitive bearer Notes or a registered Note in definitive form in certain limited circumstances) or registered form (which may initially be in the form of registered global note, exchangeable for registered Notes in definitive form in certain limited circumstances) ("Non-Book-Entry Notes"). The provisions governing the exchange of interests in Global Notes are described in "Form of the Notes, Clearing Systems, Exercise of Rights and Listing".

The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "Prospectus Directive") will be EUR 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms document (the "Final Terms") which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange. Each of Moody's Investors Service Ltd ("Moody's"), Standard & Poor's Credit Market Services, SAS France ("Standard & Poor's") and Fitch Ratings Ltd. ("Fitch") has rated REN and the Programme.

The admission of the Notes to the regulated market of the London Stock Exchange is not an indication of the merits of the Company, the Guarantor or the Notes. The Notes have not been and will not be registered under the U.S. Securities Exchange Act of 1933, as amended (the "Securities Act"), and the Notes may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S of the Securities Act) unless so registered, or an exemption from the registration requirements of the Securities Act is available. The Company does not intend to register any portion of the offering of the Notes in the United States or to conduct a public offering of the Notes in the United States. The Notes are being offered and sold by the Company outside the United States to non-U.S. persons in reliance on Regulation S of the Securities Act, and within the United States in reliance on Section 4(2) of the Securities Act. Any resale of the Notes to any person within the United States or to a U.S. person may be made only in reliance on an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

The Company has appointed Deutsche Bank AG, London Branche as issue and paying agent.

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On 11 November 2013 the Company furthermore entered with REN SGPS into an EUR 160,000,000 facility agreement with Industrial and Commercial Bank of China (Europe) S.A. Sucursal Espana ("ICBC"). On 31 December 2013 the Company utilized EUR 10,000,000 under the facility. The loan received bears an interest rate of 6 months EURIBOR + Spread of 3.30%. The interest is payable on 31 March, 30 June, 30 September and 31 December, commencing 31 March 2014. Furthermore, also a commitment fee of 0.3% is charged quarterly over the outstanding amount. The loan received will mature on 1 November 2018. The proceeds of the loan received were used to subscribe Internal Notes issued by REN SGPS according to the EUR 160,000,000 Programme Agreement between the Company and REN SGPS. The subscribed Internal Notes bears an interest rate of 6 months EURIBOR + Spread of 3.7134%. The interest is receivable on 31 March, 30 June, 30 September and 31 December, commencing 31 March 2014. Furthermore, also a commitment fee of 0.3% is charged over the outstanding amount. The subscribed Internal Notes will mature on 1 November 2018.

On 23 November 2013 the Company also entered with REN SGPS into an EUR 400,000,000 facility agreement with China Development Bank Corporation ("CDB"). On 6 December 2013 the Company utilized EUR 100,000,000 under the facility. The loan received bears an interest rate of 6 Months Euribor + Spread of 4.70%. The interest is payable on 20 June and 20 December, commencing 20 December 2013. The loan will mature on 6 December 2021. The proceeds of the loan received were used to subscribe Internal Notes issued by REN SGPS according to the EUR 400,000,000 Subscription Agreement between the Company and REN SGPS. The subscribed Internal Notes bears an interest rate of 6 Months Euribor + Spread of 5.1134%. The interest is receivable on 20 June and 20 December, commencing 20 December 2013. The subscribed Internal Notes will mature on 6 December 2021.

The Company has concluded an Advance Pricing Agreement (APA) with the Dutch Tax Authorities concerning the minimum margin required between the proceeds as received from the loans (Notes) and the loans granted to REN SGPS. The APA was signed on 10 July 2013. According to the APA 8% of the loans provided to Shareholder should be held as equity on the balance sheet of the Company. Therefore the Company received for a total amount of EUR 40,800,000 share premium from REN SGPS. EUR 35,850,000 of the proceeds were used to subscribe CP issued by REN SGPS according to the EUR 300,000,000 Commercial paper programme between the Company and REN SGPS. The CP for a total amount of EUR 27,500,000 ("1st CP") bears an interest rates of 11 Months Euribor + Spread of 3.00% and matures on 17 September 2014. The CP for a total amount of EUR 1,000,000 ("2nd CP") bears an interest rates of 1 Month Euribor + Spread of 3.00% and matured on 18 November 2013. The CP for a total amount of EUR 7,000,000 ("3rd CP") bears an interest rates of 12 Months Euribor + Spread of 3.00% and matures on 17 September 2014. The CP for a total amount of EUR 800,000 ("4th CP") bears an interest rates of 1 Months Euribor + Spread of 3.00% and matures on 6 January 2014. The CP for a total amount of EUR 550,000 ("5th CP") bears an interest rates of 2 Months Euribor + Spread of 3.00% and matures on 6 February 2014.

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**Risk management**

Reference is made to note 5 Financial Instruments on page 15 through page 16 of the annual accounts.

**Results**

The profit for the year 2013 amounts to EUR 118,428. The net income was caused by the margin between the interest income and interest expense.

**Audit committee**

The Company is a so-called Public Interest Entity ("Organisatie van Openbaar Belang") which requires the establishment of an audit committee. The Company however makes use of an exemption regulation whereby the Parent Company's audit committee fulfills the required tasks.

**Future outlook**

No investments are expected to be taken place in the near future.



Management is of the opinion that the present level of activities will be maintained in the near future and no changes in financing or number of employees are expected.

No circumstances are expected which will affect future turnover and profitability. Also no activities in the field of research and development are expected in the near future.

Amsterdam, 22 April 2014

Board of Managing Directors:

  
Mrs. M. Hut

  
Mr. N.M. da Silva Alves do Rosario  
  
Mr. G.J. Figueira Morais Soares

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**Financial statements**

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

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**Statement of comprehensive income for the period from 10 May 2013 until 31 December 2013**

	Note	10 May 2013 until 31 December 2013
		EUR
Continuing operations:		
Interest income gross		5.021.722
Interest income net	6	5.021.722
Interest expense	7	(4.404.761)
Gross margin		616.961
Foreign exchange result	8	(71)
Other income	9	763.941
Financial expenses	10	(234.445)
General and administrative expenses	11	(998.351)
Profit before taxation		148.035
Income tax	12	(29.607)
Net Profit for the year		118.428

The accompanying notes are an integral part of these financial statements.

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**Statement of financial position as at 31 December 2013**  
(Before appropriation of current year's result)

	<u>Note</u>	<u>31-dec-13</u> EUR
<b>Assets</b>		
<b>Non-current assets</b>		
Long-term loans to group companies	13	510.000.000
<b>Current assets</b>		
Current-term loans to group companies	14	35.850.000
Receivables on group companies	15	4.807.099
Other receivables and prepaid expenses	16	835.482
Cash and bank balances	17	<u>272.034</u>
Total current assets		41.764.615
<b>Total assets</b>		<u><b>551.764.615</b></u>
<b>Shareholder's equity and liabilities</b>		
<b>Capital and reserves</b>		
Share capital		20.000
Share premium		40.800.000
Other reserves		-
Profit for the year		<u>118.428</u>
Total equity		40.938.428
<b>Non-current liabilities</b>		
Long-term borrowings (Loans)	18	108.800.680
Long-term borrowings (Bond)	19	<u>397.322.066</u>
		506.122.746
<b>Current liabilities</b>		
Taxation	20	204.916
Accrued interest	21	4.126.929
Other liabilities and accrued expenses	22	<u>371.596</u>
Total current liabilities		4.703.441
<b>Total equity and liabilities</b>		<u><b>551.764.615</b></u>

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**Statement of changes in equity for the period from 10 May 2013 until 31 December 2013**

	Share Capital	Share premium	Other reserves	Profit for the year	Total
10-May-13	20.000	-	-	-	20.000
Received	-	40.800.000	-	-	40.800.000
Appropriation of profit	-	-	-	-	-
Profit for the year	-	-	-	118.428	118.428
31-Dec-13	20.000	40.800.000	-	118.428	40.938.428

The authorized share capital of the Company amounts to EUR 20,000 and is divided into 20,000 common shares of EUR 1 each. Issued and paid in are 20,000 shares. During 2013 the Company also received share premium for a total amount of EUR 40,800,000.

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**Statement of cash flows for the period from 10 May 2013 until 31 December 2013**

	<u>10 May 2013 until 31 December 2013</u> EUR
<b>Cash flows from operating activities:</b>	
Interest received	214.623
Interest paid	(195.767)
Income tax refund	-
General and administrative expenses	(54.683)
Payment for debt issue costs	(702.138)
Proceeds from issue of notes and long-term borrowings	506.040.000
Repayment of long-term borrowings	-
Long-term loans provided to group companies	(510.000.000)
Short-term loans provided to group companies	(35.850.000)
Repayments long-term borrowings from group companies	-
Income from other fees received	-
<b>Net cash used in operating activities</b>	<u>(40.547.965)</u>
<b>Cash flows from financing activities:</b>	
Capital increases	40.820.000
<b>Net cash generated by financing activities</b>	<u>40.820.000</u>
<b>Net change in cash and cash equivalents</b>	<u>272.035</u>
Foreign exchange fluctuations	-
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<u><u>272.035</u></u>

The accompanying notes are an integral part of these financial statements.

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## Notes to the financial statements

### 1. General

REN Finance, B.V. (referred to in this document as "the Company"), with head office in Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, were established by deed of incorporation executed on 10 May 2013 with legal seat in Amsterdam.

The objects of the Company are:

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- to provide guarantees and security, warrant performance or otherwise assume liability, whether jointly and severally or otherwise, for or in respect of obligations of group companies;
- to provide security for the debts of legal persons or of other companies with which the Company is affiliated or for the debts of third parties;
- to invest funds; and
- to undertake all actions that are deemed to be necessary to the foregoing, or in furtherance thereof.

The Company belongs to a corporate group controlled by REN - Redes Energeticas Nacionais, SGPS, S.A., set up in Lisbon, Portugal, which holds 100% of the Company's shares.

### 2.1 Functional currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The functional currency and the presentation currency of the Company is euro.

### 2.2 Comparability

The Company was incorporated on 10 May 2013 and therefore there are no comparative figures from the preceding year.

### 3. Summary of significant accounting policies

#### Basis of preparation

These financial statements have been prepared in accordance with IFRS as adopted by the EU and also in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in euro.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments <sup>2</sup>
IFRS 10	Consolidated Financial Statements <sup>1</sup>
IFRS 11	Joint Arrangements <sup>2</sup>
IFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
IFRS 13	Fair Value Measurement <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

Management anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

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**Notes to the financial statements - Continued**

**3.1 Transactions in foreign currencies**

During the preparation of the financial information transactions in currencies other than the functional currency ("foreign currencies") are recognized at the exchange rates effective as at the transaction date. Monetary items denominated in foreign currencies are converted into the functional currency at the exchange rate prevailing at the reporting date.

**Financial assets**

The Company has the following financial assets: subscribed Notes, subscribed CP, receivables and cash and bank balances. The Company's subscribed Notes to REN SGPS are classified as long-term Notes. These subscribed Notes are non-derivative financial assets with fixed payments that are not quoted in an active market, whose recoverability is based solely on the credit risk of the related company and where the Company has no intention of trading the subscribed Notes. Loans are measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate. The discount and commission costs are amortized on a straight line basis over the term of the bond instead of at amortised cost, using the effective interest rate method. The difference is however not significant

**Financial instruments**

The Company recognizes financial assets and liabilities on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are recognized using settlement date accounting.

Financial assets and liabilities are initially recognized at cost, which is the fair value of the consideration given or received, respectively, including any transaction costs incurred. Any gain or loss at initial recognition is recognized in the current period's statement of comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Interest bearing loans and borrowings are subsequently measured at cost.

Finally, costs related to the note issuance are amortised over the term of the note in accordance with the effective interest rate method.

**Other receivables**

Other receivables are recognized and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection on the full amount is no longer probable. Bad debts are written-off when the period for allowed claims has expired.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits, short-term and highly liquid investments with original maturity of not more than three months readily convertible to known amount of cash and subject to insignificant risk of change in value.

**Statement of cash flows**

The statement of cash flows is presented using the direct method.

**Loans and borrowings**

Loans and borrowings are initially recognized at cost, being the fair value of the consideration received, net of transaction costs incurred.

After initial recognition, loans and borrowings are measured at amortized cost using the amortization based on the effective interest rate method. Amortized cost is calculated by taking into account any issuance costs and any discount or premium on settlement.

Depending on the maturity date of the contract, the loans and borrowings are classified as current or non-current.

**Liabilities and other payables**

Liabilities and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

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#### Notes to the financial statements - Continued

##### Revenue recognition

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate method, which is the rate that exactly discounts estimated future risk receipts through the expected life of the financial asset to that asset's net carrying amount.

The effective interest rate method calculates the amortized cost of a financial asset or liability and allocates the interest income or interest expense over the relevant period.

##### Expenses recognition

Expenses are recognized as incurred and are reported in the financial statements in the period to which they relate.

##### Corporate income tax

Corporate income tax is calculated at the applicable rate based on income reported in these financial statements, taking into account permanent differences between profit calculated according to the statement of comprehensive income and profit calculated for taxation purposes. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilized and deferred tax assets realized.

#### 4. Significant accounting judgments and estimates and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results may differ from management's estimates made at the time of preparing these financial statements.

##### Key sources of estimation uncertainty

Management is not aware of any key sources of estimation uncertainty.

#### 5. Financial instruments

The Company's principal financial instruments comprise loans granted, borrowings and bank balances. During period from 10 May 2013 until 31 December 2013, the Company did not undertake trading in financial instruments.

##### Currency risk

The Company's cash inflows and outflows, as well as receivable and payable balances are denominated in Euro.


The currency risk exposure is therefore nil.

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The interest rate risk for the Company is limited due to the fact that the principle activity is to obtain funding to finance group companies. Funding raised is lent out to group companies on a 1-to-1 base. Terms of funding obtained are mirrored by the terms of the loans given to group companies. The only distinction is the fixed margin between the interest on the amounts borrowed and the interest on the amounts that have been lent out.

Furthermore, the Company actively monitors changes in interest rates in the currencies in which its cash, investments and borrowings are denominated.

Given the size and nature of the interest rate risk, the Company has decided not to hedge the interest rate risk exposure.

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**Notes to the financial statements - Continued**

**Credit risk**

Financial instruments, which potentially subject the Company to credit risk, consist primarily of loans receivable. While the Company may be subject to losses up to the contract value of the instruments in the event of non-performance by its counterparts, it does not expect such losses to occur. No collateral is required by the Company to support financial instruments subject to credit risk. Cash is placed in financial institutions, which are considered at the time of deposit to have minimal risk of default.

REN SGPS unconditionally and irrevocably guaranteed the due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes.

As the net equity of these group companies as per 31 December 2013 is higher than the amount of the loans receivable, there is no indication that the loans given to the group companies will be impaired in the near future or that the loans receivable will not be received.

**Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial liabilities.

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

As funding of the Company is solely used to finance group companies, the terms of loans taken are mirrored by the terms of loans given to group companies. As such, when loans taken are due, loans given to group companies are due as well. Furthermore, the interest due dates for loans taken and loans given are equal while the Company earns a fixed spread.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Companies short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Liquidity and interest risk tables**

The following tables detail the Companies remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
		EUR	EUR	EUR	EUR
December 31,					
Fixed interest rate Instruments (Note)	4,75%	19.000.000	76.000.000	434.147.945	529.147.945
Floating interest rate instruments (CDB)	5,09%	5.093.000	20.372.000	114.958.071	140.423.071
Floating interest rate instruments (ICBC)	3,59%	359.300	11.379.121	-	11.738.421
		<u>24.452.300</u>	<u>107.751.121</u>	<u>549.106.016</u>	<u>681.309.437</u>

**Fair values**

The fair values of financial instruments, consisting of cash, receivables, payables and obligations under debt instruments, are considered to be equal to their carrying values.



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**6. Interest income net**  
Specification:

	<u>2013</u> EUR
Interest Subscribed Internal Notes to REN SGPS (Bond)	4.399.338
Interest Subscribed Internal Notes to REN SGPS (CDB)	395.390
Interest Subscribed Internal Notes to REN SGPS (ICBC)	1.113
Interest 1st CP subscribed to REN SGPS in 2013	203.833
Interest 2nd CP subscribed to REN SGPS in 2013	2.780
Interest 3rd CP subscribed to REN SGPS in 2013	17.381
Interest 4th CP subscribed to REN SGPS in 2013	1.837
Interest 5th CP subscribed to REN SGPS in 2013	50
	<u>5.021.722</u>

**7. Interest expense**  
Specification:

	<u>2013</u> EUR
Interest loan received from CDB	365.533
Interest loan received from ICBC	998
Interest issued Note	3.956.164
Capitalized Deferred fees Note issue	65.415
Capitalized Deferred Interest Note issue	<u>16.651</u>
	<u>4.404.761</u>

**8. Foreign exchange result**

This item represents mainly the exchange result on payable Invoices denominated in foreign currencies.  
See also note 15 - receivables on group companies. The exchange rate EUR-GBP moved between 10 May 2013 and 31 December 2013 between 0.8435 and 0.8322.

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**9. Other Income**  
Specification:

	<u>2013</u>
	EUR
Arrangement fee from REN SGPS	680
Initial fee from REN SGPS	52.000
Commitment fee from SGPS	6.583
Invoices recharged to REN SGPS	704.678
	<u>763.941</u>

**10. Financial expenses**  
Specification:

	<u>2013</u>
	EUR
Arrangement fee ICBC loan	680
Initial fee ICBC loan	52.000
Commitment fee ICBC loan	6.583
Reversed VAT charge	175.182
	<u>234.445</u>

**11. General and administrative expenses**  
Specification:

	<u>2013</u>
	EUR
Salary	253
Wage Tax	127
Office rent	1.518
Audit fees(*)	22.000
Tax advise fees	520
Law firm fees	213.311
Notary fees	12.606
Management fees	5.633
Administration fees	76.506
Other professional fees	8.254
Rating agency fees	656.000
Bank charges	1.579
Chamber of Commerce fees	44
	<u>998.351</u>

\* Audit fees are solely related to Deloitte Accountants B.V., Amsterdam. No other services are provided by Deloitte Accountants B.V.

	<u>Deloitte</u>	<u>Other Auditors</u>	<u>Total network</u>
	EUR	EUR	EUR
2013			
Audit of the financial statements	22.000	-	22.000
Other audit engagements	-	-	-
	<u>22.000</u>	<u>-</u>	<u>22.000</u>

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**12. Income tax**  
Specification:

2013 CIT

	2013
	EUR
	29.607
	<u>29.607</u>

The Company has concluded an Advance Pricing Agreements (APA) with the Dutch Tax Authorities concerning the minimum margin required between the proceeds as received from the loans (Notes) and the loans granted to group companies. The APA was signed on 10 July 2013. Furthermore, 8% of the loans provided to group companies should be held as equity on the balance sheet of the Company. The 2013 income tax due has been calculated based on the results reported in these financial statements and the APA as concluded with the Dutch Tax Authorities.

A taxable income for 2013 was calculated of EUR 148,034, 20% corporate income tax has been calculated for the amount, which resulted in a payable CIT of EUR 29,607.

**13. Loans to group companies**  
Specification long-term:

	Maturity date	Interest rate per annum	31-dec-13 EUR
Subscribed Internal Notes to REN SGPS (Bond)	16-okt-20	5,282%	400.000.000
Subscribed Internal Notes to REN SGPS (CDB)	06-dec-21	5,506%	100.000.000
Subscribed Internal Notes to REN SGPS (ICBC)	01-nov-18	4,006%	<u>10.000.000</u>
			510.000.000
Repayment principal amount			-
Less:			510.000.000
Discount on subscribed internal Notes			<u>-</u>
			<u>510.000.000</u>

On 15 October 2013 the Company subscribed Internal Notes issued by REN SGPS according to the EUR 400,000,000 Subscription Agreement between the Company (Sole Subscriber) and REN SGPS (Issuer). The subscribed internal Notes bears an interest rate of 5.2821% per annum. The interest is receivable on 16 October, commencing 16 October 2014. The subscribed internal Notes will mature on 16 October 2020.

On 23 November 2013 the Company subscribed Internal Notes issued by REN SGPS according to the EUR 400,000,000 Subscription Agreement between the Company and REN SGPS. The subscribed internal Notes bears an interest rate of 6 Months Euribor + Spread of 5.1134%. The interest is receivable on 20 June and 20 December, commencing 20 December 2013. The subscribed internal Notes will mature on 6 December 2021.

On 11 November 2013 the Company subscribed Internal Notes issued by REN SGPS according to the EUR 160,000,000 Programme Agreement between the Company and REN SGPS. The subscribed internal Notes bears an interest rate of 6 months EURIBOR + Spread of 3.7134%. The interest is receivable on 31 March, 30 June, 30 September and 31 December, commencing 31 March 2014. Furthermore, also a commitment fee of 0.3% is charged over the outstanding amount. The subscribed internal Notes will mature on 1 November 2018.

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#### Fair value

The fair value of the CP is:

	Maturity date	31-dec-13
		EUR
Subscribed Internal Notes to REN SGPS (Bond)	16-okt-20	415.628.000
Subscribed Internal Notes to REN SGPS (CDB)	06-dec-21	100.000.000
Subscribed Internal Notes to REN SGPS (ICBC)	01-nov-18	10.000.000

The fair value of the subscribed Internal Notes is calculated using the implied spreads of the Notes. The fair value calculation assumes the credit risk to be equal between the issuer and guarantor of the bond, since both are part of the same group.

#### Credit risk

The Company's maximum exposure of credit risk relates to subscribed Internal Notes and CP to REN SGPS. (note 12 and 13).

#### 14. Loans to group companies

Specification current-term:

	Maturity date	Interest rate per annum %	31-dec-13
			EUR
1st CP subscribed to REN SGPS in 2013	17-sep-14	3,511%	27.500.000
2nd CP subscribed to REN SGPS in 2013	18-nov-13	3,127%	-
3rd CP subscribed to REN SGPS in 2013	17-sep-14	3,438%	7.000.000
4th CP subscribed to REN SGPS in 2013	06-jan-14	3,180%	800.000
5th CP subscribed to REN SGPS in 2013	06-feb-14	3,241%	550.000
			35.850.000
Repayment principal amount			-
			35.850.000
Less:			-
discount on CP subscribed			-
			35.850.000

During 2013 the Company subscribed CP issued to REN SGPS according to the EUR 300,000,000 Commercial paper programme between the Company and REN SGPS. The CP for a total amount of EUR 27,500,000 ("1st CP") bears an interest rates of 11 Months Euribor + Spread of 3.00% and matures on 17 September 2014. The CP for a total amount of EUR 1,000,000 ("2nd CP") bears an interest rates of 1 Month Euribor + Spread of 3.00% and matured on 18 November 2013. The CP for a total amount of EUR 7,000,000 ("3rd CP") bears an interest rates of 12 Months Euribor + Spread of 3.00% and matures on 17 September 2014. The CP for a total amount of EUR 800,000 ("4th CP") bears an interest rates of 1 Months Euribor + Spread of 3.00% and matures on 6 January 2014. The CP for a total amount of EUR 550,000 ("5th CP") bears an interest rates of 2 Months Euribor + Spread of 3.00% and matures on 6 February 2014.

#### Fair value

The fair value of the loans is:

	Maturity date	31-dec-13
		EUR
1st CP subscribed to REN SGPS in 2013	17-sep-14	27.500.000
2nd CP subscribed to REN SGPS in 2013	18-nov-13	-
3rd CP subscribed to REN SGPS in 2013	17-sep-14	7.000.000
4th CP subscribed to REN SGPS in 2013	06-jan-14	800.000
5th CP subscribed to REN SGPS in 2013	20-feb-14	550.000

The fair value of the CP is calculated using the implied spreads of the Notes. The fair value calculation assumes the credit risk to be equal between the issuer and guarantor of the CP, since both are part of the same group.

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**15. Receivables on group companies**  
Specification:

	<u>31-dec-13</u>
	EUR
Interest receivable Subscribed Internal Notes to REN SGPS (Bond)	4.399.338
Interest receivable Subscribed Internal Notes to REN SGPS (CDB)	183.547
Interest receivable Subscribed Internal Notes to REN SGPS (ICBC)	1.113
Interest receivable 1st CP subscribed to REN SGPS in 2013	203.833
Interest receivable 2nd CP subscribed to REN SGPS in 2013	
Interest receivable 3rd CP subscribed to REN SGPS in 2013	17.381
Interest receivable 4th CP subscribed to REN SGPS in 2013	1.837
Interest receivable 5th CP subscribed to REN SGPS in 2013	50
	<u>4.807.099</u>
Less: Interest withholding tax	-
	<u>4.807.099</u>

**16. Other receivables and prepaid expenses**

	<u>31-dec-13</u>
	EUR
Receivable arrangement fee from REN SGPS	680
Receivable initial fee from REN SGPS	52.000
Receivable Commitment fee from REN SGPS	6.583
Receivable recharged invoices from SGPS	704.678
Receivable Portuguese withholding tax	71.541
	<u>835.482</u>

**17. Cash and bank balances**

	<u>31-dec-13</u>
	EUR
ING Bank current account EUR	251.730
Deutsche Bank current account EUR	20.304
	<u>272.034</u>

The funds maintained in the current account are freely available.

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# 18. Borrowings

Specification long-term borrowings third parties:

	Maturity date	Interest rate per annum	31-dec-13 EUR
Loan received from CDB	06-dec-21	5,0930%	100.000.000
Loan received from ICBC	01-nov-18	3,5930%	10.000.000
			110.000.000
Less:			
Capitalized Deferred Arrangement fee ICBC			(1.200.000)
Depreciation			680
			108.800.680

On 11 November 2013 the Company entered with REN SGPS into an EUR 160,000,000 facility agreement with ICBC. On 31 December 2013 the Company utilized EUR 10,000,000 under the facility. The loan received bears an interest rate of 6 months EURIBOR + Spread of 3.30%. The interest is payable on 31 March, 30 June, 30 September and 31 December, commencing 31 March 2014. Furthermore, also a commitment fee of 0.3% is charged quarterly over the outstanding amount. The loan received will mature on 1 November 2018. Finally, also an arrangement fee in the amount of EUR 1,200,000 was paid to ICBC. The arrangement fees are amortised over the term of the loan in accordance with the effective interest rate method.

On 23 November 2013 the Company also entered with REN SGPS into an EUR 400,000,000 facility agreement with China Development Bank Corporation ("CDB"). On 6 December 2013 the Company utilized EUR 100,000,000 under the facility. The loan received bears an interest rate of 6 Months Euribor + Spread of 4.70%. The interest is payable on 20 June and 20 December, commencing 20 December 2013. The loan will mature on 6 December 2021. The proceeds of the loan received were used to subscribe CP Issued by REN SGPS according to the EUR 300,000,000 Commercial paper programme between the Company and REN SGPS. The CP bears an interest rate of 6 Months Euribor + Spread of 5.1134%. The interest is receivable on 20 June and 20 December, commencing 20 December 2013. The CP will mature on 6 December 2021.

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#### 19. Borrowings

Specification long-term borrowings:

	<u>Maturity date</u>	<u>Interest rate per annum</u>	<u>31-dec-13</u> EUR
Notes placed at price:			
99.86% - tranche 1	16-okt-20	4,75%	400.000.000
			<u>400.000.000</u>
Less:			
Capitalized Deferred fees			(2.200.000)
Depreciation Capitalized Deferred fee			65.415
Capitalized Deferred Interest			(560.000)
Depreciation Capitalized Deferred interest			16.651
			<u>397.322.066</u>

On 15 October 2013, the Company has issued its EUR 400,000,000 4.750% fixed rate Notes under the EUR 5,000,000,000 Euro Medium Term Programme due 16 October 2020 (the "Notes") at a price equal to 99.86% of the aggregate nominal amount of the Notes which resulted in a discount of EUR 560,000. The charges fees concerning the Note issued were 0.55% (EUR 2,200,000) of the aggregate nominal amount. The issued Notes bears a fixed interest rate of 4.75% per annum. The interest is payable on 16 October, commencing 16 October 2014. The issued Notes will mature on 16 October 2020. The Notes issued by the Company will not be guaranteed by REN SGPS but the Company has the benefit of the Keep Well Agreement executed by REN SGPS. Finally, costs related to the note issuance are amortised over the term of the note in accordance with the effective interest rate method.

The fair value of the issued Notes is:

	<u>Maturity date</u>	<u>31-dec-13</u> EUR
Notes placed at price:		
99.86% - tranche 1	16-okt-20	415.628.000

The market values of the issued Notes are obtained from Bloomberg using BGN as the pricing source.

Market (Interest) risk:

The interest is fixed and, therefore, change in market interest will not affect any income or expense.

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**20. taxation**  
Specification:

	<u>31-dec-13</u>
	EUR
Wage Tax	127
2013 CIT	29.607
VAT	<u>175.182</u>
	<u>204.916</u>

**21. Accrued Interest**  
Specification:

	<u>31-dec-13</u>
	EUR
Payable interest on Loan received from CDB	998
Payable interest on Loan received from ICBC	169.767
Payable interest Note issued	<u>3.956.164</u>
	<u>4.126.929</u>

**22. Other liabilities and accrued expenses**  
Specification:

	<u>31-dec-13</u>
	EUR
Tax advisor fees	-
Audit fees	22.000
Law firm fees	133.299
Administration fees	76.506
Rating Agency fees	-
Notary fee	5.393
Other expenses	4.022
ICBC commitment fee	58.583
Payable to group companies	71.541
Salary	<u>252</u>
	<u>371.596</u>

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### 23. Contingent liabilities and commitments

#### Contingent liabilities

In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these financial statements.

### 24. Related-party transactions

The Company is wholly owned by REN SGPS since May 10, 2013, which holds 100% of its issued and outstanding shares.

During the year, the Company provided loans to its shareholder, REN SGPS.

	Loan amounts as at 31-Dec- 2013	Interest amounts 2013
	EUR	EUR
REN SGPS	510.000.000	214.623
	<u>510.000.000</u>	<u>214.623</u>
Other income: REN SGPS	-	-
	<u>-</u>	<u>-</u>

Intertrust (Netherlands) B.V. provides administrative services to the Company. During the year, Intertrust (Netherlands) B.V. charged EUR 76,506 for administrative services.

All loans to group companies are provided against an at arms' length mark-up. The administrative services and directorship are charged at an at arms' length fee.

### 25. Personnel

During the year the Company has hired one employee and hence incurred wages, salaries and related social security charges during 2013.

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**26. Directors**

The Board of Managing Directors consists of:

Mrs. L.I. da Ascencao

Mrs. M. Hut

Mr. N.M. da Silva Alves do Rosario

Mr. G.J. Figueira Morais Soares

The remuneration paid to the Directors was EUR 5,633. The Directors who receive remuneration from the parent company do not receive any remuneration from the Company for their directorship.

**27. Approval of the financial statements**

The financial statements were approved by the Board of Managing Directors and authorized for issue on 22 April 2014.

Board of Managing Directors:

Amsterdam, 22 April 2014

Mrs. L.I. da Ascencao

Mrs. M. Hut

Mr. N.M. da Silva Alves do Rosario

Mr. G.J. Figueira Morais Soares

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**Other information**

**Independent auditor's report**

The Independent auditor's report is recorded on the next page.

**Statutory rules concerning appropriation of the profit**

According to Article 16 of the Company's Articles of Association, the net profit for the year is at the disposal of the shareholder.

**Proposed appropriation of the profit**

Management proposes to add the net profit for the year 2013 amounting to EUR 118,428 to the retained earnings.

**Post balance sheet event**

There are no significant subsequent events to include.

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## **Independent auditor's report**

To: the Shareholders of REN Finance B.V.

### **Report on the financial statements**

We have audited the accompanying financial statements 2013 of REN Finance B.V., Amsterdam, which comprise the statement of financial position as per December 31, 2013, the statements of comprehensive income, changes in equity and cash flows for the period ended December 31, 2013 and notes, comprising a summary of the significant accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of Management Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion with respect to the financial statements**

In our opinion, the financial statements give a true and fair view of the financial position of REN Finance B.V. as per December 31, 2013 and of its result and its cash flows for the period ended December 31, 2013 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether Management Board's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that Management Board's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, April 22, 2014

Deloitte Accountants B.V.

Signed on the original: A.J. Kernkamp