REN Finance B.V.
Amsterdam

Annual accounts for the year 2016

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated March 20, 2017

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Annual accounts 2016

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Management Board's report

Management herewith presents to the shareholder the annual accounts of REN Finance B.V. for the year 2016.

General

REN Finance B.V. (referred to in this document as "REN B.V." or "the Company"), with head office in De Cuserstraat 93, 1081 CN 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.

Both the Company and REN SGPS act as issuer under a EUR 5,000,000,000 Euro Medium Term Programme (the "Programme"). More details about the Programme can be found in the base prospectus of the Company dated 30 July 2013, available on the website of REN SGPS.

The financial statements of the Company are included in the consolidated financial statements of the Shareholder, REN SGPS.

Overview of activities

On 1 June 2016, the Company has issued a EUR 550,000,000 1.750% fixed rate Note, due in June 2023 under the Programme. This issue enabled the repayment, through an Exchange Offer, of EUR 132,245,000 of the total issuance of EUR 400,000,000 issued in October 2013 with an associated coupon of 4.750% due in October 2020.

On 16 June 2016 the Company repaid the loan with Bank of China ("BOC") in the amount of EUR 10,000,000. Additionally, the Company has agreed with BOC a revolving credit facility with a total amount of EUR 250,000,000. EUR 10,000,000 were already disbursed.

On 14 October 2016, the initial bond issued in February 2015 was reopened, under which EUR 200,000,000 were issued and funded with the initial issue, increasing the total amount to EUR 500,000,000.

The Company has concluded an Advance Pricing Agreement (APA) with the Dutch Tax Authorities concerning the minimum margin required between the proceeds received from loans (Notes) and the loans granted to REN SGPS. The APA was signed on 10 July 2013. According to the APA 8% of the outstanding loans (receivables) should be held as equity on the Company's balance sheet. Therefore the Company has a total amount of EUR 110,220,400 (2015: EUR 59,600,000) of share premium received from REN SGPS.

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Results
The profit for the year 2016 amounts to EUR 3,734,631 (2015: EUR 3,724,902). The net income is the result of the margin between the interest income and interest expense and the incurring of costs like fees.

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 according to Article 41 (1) of Directive 2006/43/EC of the European Parliament and of the Council, whereby the Parent Company's audit committee fulfills the required tasks.

Financial risk management

Financial instruments
The Company's principal financial instruments comprise loans granted, borrowings and bank balances. During the financial year 2016 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 nill.

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.

Market Risk
A sensitivity analysis was made based on the Company's total interest income due to the subscribed Commercial Paper for the period until 31 December 2016 with the assumption that changes in market interest rates affect interest income. The interest received from Commercial Paper is the only subject to market risk, the remaining interest income/expense has a counterparty which mitigates the risk.

Using these assumptions a 0.25% variations in market interest rates of the Company´s Commercial Paper income interest for the year 2016 would result in a variation in the opposite direction of profit before tax in the amount of, approximately, EUR 2,793,000 (2015: EUR 4,551,000).

The sensitivity analysis is merely projected, and do not represent any present real gain or loss, neither other real variations in the net results nor in equity.

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 REN SGPS as per 31 December 2016 is higher than the amount of the loans receivable, there is no indication that the loans given to the company will be impaired in the near future or that the loans receivable will not be received. The Company's bank borrowings have the following main types of covenants and securities: Cross default, Pari Passu and Negative Pledge. And the company complies with it.

The company´s management actively and regularly monitors the credit counterparty risk and undertakes financial transactions with entities that are solvent.

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 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.

Future outlook

Funding and re-financing of existing loans will take place in the near future as the market continues to be favorable from an interest perspective.

Management is of the opinion that the present level of activities will be maintained in the near future and no significant changes 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.

Diversity

With effect from 1 January 2013, the Management and Supervision Act came into force, which means that certain major companies must aim for a balanced distribution between men and women with respect to the number of seats on the Management Board. During 2015 the Management consisted of four men. In the future, the Company will try to realize a balanced distribution.

Amsterdam, 20 March 2017

Board of Managing Directors:

Mr. E. van Ankeren

Mr. N.M. da Silva Alves do Rosario

Mr. P.M. Blöte

Mr. G.J. Figueira Morais Soares

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Financial statements

Statement of comprehensive income for the years ended 31 December 2016 and 2015

	Note	2016	2015
		EUR	EUR
Continuing operations:			
Interest income gross			
Interest income net		40,219,362	42,940,395
		40,219,362	42,940,395
Interest expense	7	-34,739,113	-37,531,280
Gross margin		5,480,249	5,409,115
Other income	8	1,857,393	764,006
Salaries, wages and taxes	9	-7,389	-70,233
General and administrative expenses	10	-2,364,079	-1,149,571
Profit before taxation		4,966,173	4,953,317
Corporate income tax	11	-1,231,542	-1,228,415
Net Profit for the year		3,734,631	3,724,902
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		3,734,631	3,724,902
Profit attributable to owners of the company		3,734,631	3,724,902
Total comprehensive income attributable to owners of the company		3,734,631	3,724,902

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

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Statement of financial position as at 31 December 2016 and 2015
(Before appropriation of current year's result)

	Note	31-Dec-16 EUR	31-Dec-15 EUR
Assets			
Non-current assets			
Long-term loans to group companies	12	1,356,085,660	743,799,535
Current assets			
Tax receivable	13	-	7,440
Current-term loans to group companies	14	126,596,995	61,100,000
Receivables on group companies	15	20,409,840	12,969,312
Other receivables	16	3,468,161	3,468,162
Cash and cash equivalents	17	372,500	241,432
Total current assets		150,847,496	77,786,346
Total assets		1,506,933,156	821,585,881
Shareholder's equity and liabilities			
Capital and reserves			
Share capital		20,000	20,000
Share premium		110,220,400	59,600,000
Other reserves		6,526,235	2,801,333
Profit for the year		3,734,631	3,724,902
Total equity		120,501,266	66,146,235
Non-current liabilities			
Long-term borrowings	18	1,347,951,247	739,634,561
Current liabilities			
Tax payable	19	218,723	1,231,535
Short-term borrowings	20	15,000,000	-
Accrued interest	21	19,564,387	10,923,198
Intercompany payables	22	3,543,330	3,522,459
Other liabilities and accrued expenses	23	154,203	127,893
Total current liabilities		38,480,643	15,805,085
Total Shareholders' equity and liabilities		1,506,933,156	821,585,881

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

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Statement of changes in equity

	Share Capital	Share premium	Other reserves	Profit for the year	Total
1-Jan-15	20,000	46,800,000	118,428	2,682,905	49,621,333
Capital contributions (netted)		12,800,000		-	12,800,000
Appropriation of profit		-	2,682,905	-2,682,905	
Profit for the year	-	-	-	3,724,902	3,724,902
31-Dec-15	20,000	59,600,000	2,801,333	3,724,902	66,146,235

	Share Capital	Share premium	Other reserves	Profit for the year	Total
1-Jan-16	20,000	59,600,000	2,801,333	3,724,902	66,146,235
Capital contributions	-	50,620,400	-		50,620,400
Appropriation of profit		-	3,724,902	(3,724,902)	
Profit for the year	-	-	-	3,734,631	3,734,631
31-Dec-16	20,000	110,220,400	6,526,235	3,734,631	120,501,266

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 2016 the Company also received share premium for a total amount of EUR 50,620,400. The general meeting of shareholders hasn´t occurred yet so there hasn´t been issued a decision on the profit of 2016.

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Statement of cash flows for the years ended 31 December 2016 and 2015

	Note	2016 EUR	2015 EUR
Cash flows from operating activities:			
Interest received		24,780,526	32,639,997
Interest paid		(20,988,487)	(27,525,087)
General and administrative expenses		(2,216,398)	(1,106,825)
Corporate Income Tax paid		(2,283,019)	(881,053)
Value Added Tax paid		(7,677)	(40,784)
Net cash used in operating activities		(715,055)	3,086,249
Cash flows from investing activities:			
Long-term loans provided to group companies		(452,913,515)	(335,000,000)
Fees received		250,000	120,000
Short-term loans provided to group companies		(163,426,995)	(157,400,000)
Repayments short-term and long-term loans to group companies		107,930,000	318,675,000
Income from other fees received		2,817,980	2,144,610
Net cash generated by investing activities		(505,342,530)	(171,460,390)
Cash flows from financing activities:			
Capital increases		50,620,400	24,800,000
Capital decreases			(12,000,000)
Proceeds from issue of notes and borrowings		480,839,288	332,504,000
Repayment loans from third parties		(10,000,000)	(175,000,000)
Fees paid		(250,000)	(120,000)
Expense from other fees paid		(15,021,035)	(1,711,791)
Net cash generated by financing activities		506,188,653	168,472,209
Net change in cash and cash equivalents		131,068	98,066
Cash and cash equivalents at the beginning of the year	17	241,432	143,366
Cash and cash equivalents at the end of the year	17	372,500	241,432

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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 De Cuserstraat 93, 1081 CN Amsterdam, The Netherlands, were established by deed of incorporation executed on 10 May 2013 with legal seat in Amsterdam and registered in the Trade Register at Chamber of Commerce under number 57903093.

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., set up in Lisbon, Portugal, which holds 100% of the Company's shares.

The financial statements of the Company are included in the consolidated financial statements of the Shareholder, REN SGPS.

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.

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. In principle, unless otherwise stated, assets and liabilities are stated at amortised cost.

The reclassification in the Cash-Flow Statement was in order to better reflect the market practice. This reclassification has no effect on equity and result.

In 2016 the loans received from third parties and related items are classified as financing activities and the loans issued to group companies and related items are classified as investing activities. The comparative figures are reclassified accordingly.

The impact can be displayed as follows:

	2016		2015	
	restated		restated	
Cash Flows from operating activities:	(715,055)	(50,489,332)	3,086,249	(12,701,934)
Cash Flows from investing activities:	(505,342,530)	-	(171,460,390)	-
Cash Flows from financing activities:	506,188,653	50,620,400	168,472,209	12,800,000
	131,068	131,068	98,068	98,066

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

Standards:

IFRS 14 - Regulatory Deferral Accounts
IFRS 16 - Leases

Amendments:

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7 - Disclosure Initiative
Clarifications to IFRS 15 - Revenue from Contracts with Customers
Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Annual Improvements to IFRS Standards 2014-2016 Cycle
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Amendments to IAS 40 - Transfers of Investmenty Property
Amendments to IFRS 9 - Financial Instruments

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

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 fees costs are amortized on a linear basis over the term of the Notes instead of at amortised cost, using the effective interest rate method. The difference is however not significant. The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire.

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 decognized 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.

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Notes to the financial statements - Continued

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 and on a net basis.

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.

The borrowings fair value is calculated with the discounted cash flows method, using the interest rate curve on the date of the financial position statement in accordance with each loan characteristics.
The range of market rates used to calculate the fair value ranges between -0,368% and 0,442% (maturities of one month and nine years, respectively).

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.

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.

Other income is recognized as incurred and is reported in the financial statements in the period to which they relate.

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.

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Notes to the financial statements - Continued

Accounting estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised and in any future periods affected.

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.

4.1 Going concern evaluation

REN SGPS performs well and did not miss an interest payment so far. The Company receives sufficient interest spread to cover expenses.

Management has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4.2 Capital management

The objective relating to the capital management, which is a broader concept than the equity disclosed on the face of the statement of financial position, is to maintain an optimal equity structure, through rational use of debt.
The necessity of debt increases are analyzed periodically considering the Group financing needs and its liquidity position.

5. Financial Instruments

The Company's principal financial instruments comprise loans granted, borrowings and bank balances. During the financial year 2016 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 nill.

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 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.

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 REN SGPS as per 31 December 2016 is higher than the amount of the loans receivable, there is no indication that the loans given to the company will be impaired in the near future or that the loans receivable will not be received. The Company's bank borrowings have the following main types of covenants and securities: Cross default, Pari Passu and Negative Pledge. And the company complies with it.

The company´s management actively and regularly monitors the credit counterparty risk and undertakes financial transactions with entities that are solvent.

Market Risk

A sensitivity analysis was made based on the Company's total interest income due to the subscribed Commercial Paper for the period until 31 December 2016 with the assumption that changes in market interest rates affect interest income. The interest received from Commercial Paper is the only subject to market risk, the remaining interest income/expense has a counterparty which mitigates the risk.

Using these assumptions a 0.25% variations in market interest rates of the Company´s Commercial Paper income interest for the year 2016 would result in a variation in the opposite direction of profit before tax in the amount of, approximately, EUR 2,793,000 (2015: EUR 4,551,000).

The sensitivity analysis is merely projected, and do not represent any present real gain or loss, neither other real variations in the net results nor in equity.

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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 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 Company's 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 Company may be required to pay.

	31 December 2016			
	Less than 1 year	1-5 years	Over 5 years	Total
	EUR	EUR	EUR	EUR
Bank borrowings	15,711,250	47,012,694	-	62,723,944
Bonds	34,843,363	392,467,004	1,104,969,097	1,532,279,464
	50,554,613	439,479,698	1,104,969,097	1,595,003,408
Trade and other payables	3,697,533	-	-	3,697,533
Total	54,252,146	439,479,698	1,104,969,097	1,598,700,941

	31 December 2015			
	Less than 1 year	1-5 years	Over 5 years	Total
	EUR	EUR	EUR	EUR
Bank borrowings	858,200	47,818,768	-	48,676,968
Bonds	26,500,000	503,413,889	331,895,833	861,809,722
	27,358,200	551,232,657	331,895,833	910,486,690
Trade and other payables	4,881,887	-	-	4,881,887
Total	32,240,087	551,232,657	331,895,833	915,368,577

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, unless otherwise stated.

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6. Interest income gross
Specification:

	2016	2015
	EUR	EUR
Others interest	6,903	-
Interest on bonds	35,688,064	38,013,420
Interest on commercial paper	1,117,011	1,820,498
Amortisation of fees	3,407,384	3,106,477
	40,219,362	42,940,395

In the June 1 2016 transaction, where loans were received from third parties and loans were issued to groupcompany, non cash items occurred for the amount of EUR 4,370,595.

7. Interest expense
Specification:

	2016	2015
	EUR	EUR
Interest on bank borrowings	7,728,571	8,152,022
Interest on bonds issued	22,601,222	25,626,035
Amortisation of fees	4,409,320	3,721,307
Interest taxation	-	31,916
	34,739,113	37,531,280

In the June 1 2016 transaction, where loans were received from third parties and loans were issued to groupcompany, non cash items occurred for the amount of EUR 583,326.

8. Other income
Specification:

	2016	2015
	EUR	EUR
Invoices recharged to REN SGPS	1,857,393	764,007
	1,857,393	764,007

9. Salaries, wages and taxes
Specification:

	2016	2015
	EUR	EUR
Salary	7,389	72,352
Performance bonus	-	(2,119)
	7,389	70,233

During 2016 and 2015 the Company had one employee and hence incurred salaries and related social security charges during the reporting period. The company did not pay any pension premium in 2016 and 2015.

10. General and administrative expenses
Specification:

	2016	2015
	EUR	EUR
External suppliers		
Office rent	15,382	10,141
Audit fees(*)	27,951	26,620
Tax advice fees	46,060	62,956
Law firm fees	659,539	232,644
Rating agency fees	1,380,750	663,500
Other fees and expenses	101,760	93,204
Invoices recharged by REN SGPS	75,169	54,298
Reversed VAT charge	57,468	6,210
	2,364,079	1,149,572

* Audit Fees	Deloitte Auditors	Other Auditors	Total network
2015	EUR	EUR	EUR
Other audit engagements	-	-	-
Audit of the financial statements	26,620	-	26,620
	26,620	-	26,620
2016			
Other audit engagements	-	-	-
Audit of the financial statements	27,951	-	27,951
	27,951	-	27,951

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11. Corporate Income tax
Specification:

	2016	2015
	EUR	EUR
Adjustments of CIT from previous periods		
2015 CIT	(1)	85
2016 CIT	-	1,228,329
	1,231,543	-
	1,231,542	1,228,414

The Company has concluded an Advance Pricing Agreement (APA) with the Dutch Tax Authorities concerning the minimum margin required between the proceeds received from loans (Notes) and the loans granted to REN SGPS. The APA was signed on 10 July 2013. According to the APA 8% of the outstanding loans (receivables) should be held as equity on the Company's balance sheet. Therefore the Company has a total amount of EUR 110,220,400 (2015: EUR 59,600,000) of share premium received from REN SGPS.

A taxable income for 2016 was calculated of EUR 4,966,174, 20% corporate income tax has been calculated for the first EUR 200,000 and 25% income tax has been calculated for the remainder of EUR 4,766,174, which resulted in a payable CIT of EUR 1,231,542.

12. Long term loans to group companies
Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Bonds		
	1,356,085,660	743,799,535
	1,356,085,660	743,799,535

Bonds		
Movement during the financial year		
Opening balance	743,799,535	571,380,640
Bonds subscribed	760,000,000	335,000,000
Bonds repaid	(10,000,000)	(163,750,000)
Bonds redeemed	(132,245,000)	-
Movement capitalized deferred expenses	(5,468,875)	1,168,895
Closing balance	1,356,085,660	743,799,535

The interests rate on the loans to group companies, in long and short term, are between 1.47% - 5.28% (31 December 2015: 1.29% - 5.28%) and the weighted average interest is 2.98% (in December of 2015: 3.97%).

On 1 June 2016, the Company subscribed internal Notes issued by REN SGPS according to the EUR 550,000,000 Subscription Agreement between the Company (Sole Subscriber) and REN SGPS (Issuer). This issue enabled the repayment, through an Exchange Offer, of EUR 132,245,000 of the Internal Notes issuance of EUR 400,000,000 issued in October 2013 with an associated coupon of 5.282% and due in October 2020.

On 16 June 2016 the Company early repaid the internal Notes issued by REN SGPS according to the EUR 200,000,000 Programme Agreement between the Company and REN SGPS.

On 16 June 2016 the Company subscribed EUR 10,000,000 of the internal Notes issued by REN SGPS according to the EUR 250,000,000 Programme Agreement between the Company and REN SGPS. The subscribed internal Notes will mature on 16 June 2021.

On 14 October 2016, the Company subscribed internal Notes issued by REN SGPS according to the EUR 200,000,000 Subscription Agreement between the Company (Sole Subscriber) and REN SGPS (Issuer). The subscribed internal Notes will mature on 12 February 2025.

In the June 1 2016 transaction, where loans were received from third parties and loans were issued to groupcompany, non cash items occurred for the amount of EUR 132,245,000 and for 307,086,485.

Fair value
The fair value of the bonds is:

	31/Dec/16	31/Dec/15
	EUR	EUR
Bonds	1,498,504,922	758,019,089

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 14).

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13. Tax receivable

Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
VAT	-	7,440
	-	7,440

14. Current-term loans to group companies

Specification current-term:

	31/Dec/16	31/Dec/15
	EUR	EUR
Commercial paper	126,596,995	61,100,000
	126,596,995	61,100,000

Commercial paper		
Movement during the financial year		
Opening balance	61,100,000	47,375,000
CP subscribed	163,426,995	157,400,000
CP repaid	(97,930,000)	(143,675,000)
Closing balance	126,596,995	61,100,000

The interests rate on the loans to group companies, in long and short term, are between 1.47% - 5.28% (31 December 2015: 1.29% - 5.28%) and the weighted average interest is 2.98% (in December of 2015: 3.97%).

During 2016 the Company subscribed CP issued by REN SGPS according to the EUR 300,000,000 Commercial paper programme between the Company and REN SGPS.

Fair value

The fair value of the loans is:

	31/Dec/16	31/Dec/15
	EUR	EUR
Commercial paper	127,497,808	62,189,523

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.

15. Receivables on group companies

Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Interest receivable bonds	19,747,523	12,559,094
Interest receivable commercial paper	504,262	38,737
Receivable fees	73,792	188,458
Receivable recharged invoices from SGPS	84,263	183,023
	20,409,840	12,969,312

16. Other receivables

Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Receivable Portuguese withholding tax	3,468,161	3,468,162
	3,468,161	3,468,162

17. Cash and equivalents

	31/Dec/16	31/Dec/15
	EUR	EUR
Current account EUR	372,500	241,432
	372,500	241,432

The funds maintained in the current account are freely available.

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18. Non-current borrowings
Specification long-term borrowings third parties:

	31/Dec/16 EUR	31/Dec/15 EUR
Bank borrowings	44,685,175	43,799,535
Bonds	1,303,266,072	695,835,026
	1,347,951,247	739,634,561

Bank borrowings		
Movement during the financial year		
Opening balance	43,799,535	171,380,640
Reclass	0	11,250,000
Loans received	10,000,000	35,000,000
Loans repaid	(10,000,000)	(175,000,000)
Movement capitalized deferred expenses	885,640	1,168,895
Closing balance	44,685,175	43,799,535
Bonds		
Movement during the financial year		
Opening balance	695,835,026	397,716,197
Bonds issued	750,000,000	300,000,000
Bonds redeemed	(132,245,000)	-
Movement capitalized deferred expenses	(10,323,954)	(1,881,171)
Closing balance	1,303,266,072	695,835,026

The interests rates charged on the borrowings from third parties are between 1.40% - 4.75% (31 December 2015: 1.50% - 4.75%) and the weighted average interest is 2.61% (31 December 2015: 3.67%).

On 16 June 2016 the Company repaid the loan with BOC in the amount of EUR 10,000,000. Additionally, the Company has agreed with BOC a revolving credit facility with a total amount of EUR 250,000,000. EUR 10,000,000 were already disbursed.

On 1 June 2016, the Company has issued a EUR 550,000,000 1,750% fixed rate Note, due in June 2023 under the Programme. This issue enabled the repayment, through an Exchange Offer, of EUR 132,245,000 of the total issuance of EUR 400,000,000 issued in October 2013 with an associated coupon of 4.750% due in October 2020.

On 14 October 2016, the Company has issued an EUR 200,000,000 2.500% fixed rate Note, due 12 February 2025, under the Programme.

The Company's bank borrowings have the following main types of covenants and securities: Cross default, Pari Passu and Negative Pledge. And the company complies with it.

In the June 1 2016 transaction, where loans were received and repaid from and to third parties and loans were issued to groupcompany, non cash items occurred for the amount of EUR 294,160,712 and EUR 132,245,000.

The borrowings fair value is:

	31/Dec/16 EUR	31/Dec/15 EUR
Bank borrowings	61,603,396	47,213,342
Bonds issued	1,354,104,703	710,805,748

The borrowings fair value are calculated by the discounted cash flows method, using the interest rate curve on the date of the statement of financial position in accordance with the characteristics of each loan.

Market (interest) risk:
The interest is fixed and, therefore, change in market interest will not affect any income or expense.

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19. Tax payable
Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Value added tax	41,128	-
Wage Tax	743	3,206
Corporate Income Tax	176,852	1,228,329
	218,723	1,231,535

20. Short-term borrowings
Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Short term part - Bank borrowings	15,000,000	-
	15,000,000	-

More details about this loan can be found under Note 18.

21. Accrued interest
Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Payable interest on bank loans	100,944	100,486
Payable interest on bonds	19,391,776	10,634,254
Payable fees	71,667	188,458
	19,564,387	10,923,198

22. Intercompany payables
Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Payable withholding tax to REN SGPS	3,468,161	3,468,161
Payable recharged invoices by REN SGPS	75,169	54,298
	3,543,330	3,522,459

23. Other liabilities and accrued expenses
Specification:

	31/Dec/16	31/Dec/15
	EUR	EUR
Tax advisor fees	21,025	47,795
Audit fees	27,951	26,620
Law firm fees	86,061	33,488
Administration fees	16,636	7,162
Other expenses	2,530	12,828
	154,203	127,893

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Contingent liabilities and commitments

24. 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.

25. 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, there were various related party transactions between the Company and its Shareholder, REN SGPS. The related party transactions are disclosed under Note 6, 8, 10, 12, 14, 15, 22 and 26.

Intertrust (Netherlands) B.V. provides several services to REN Finance, including management services, namely has two members of the Board of Directors.

Intertrust (Netherlands) B.V. also provides administrative services to the Company. During the year, Intertrust (Netherlands) B.V. charged EUR 69,692 (2015: 61,146) 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.

26. Directors

The Board of Managing Directors consists of:

Mr. E. van Ankeren

Mr. P.M. Blöte

Mr. N.M. da Silva Alves do Rosario

Mr. G.J. Figueira Morais Soares

The remuneration paid to the Directors was EUR 9,057 (2015; EUR 8,977). The Directors who receive remuneration from the parent company do not receive any remuneration from the Company for their directorship.

27. Subsequent event

No events have occurred since the balance sheet date, which would change the financial position of the Company and which would require adjustments of or disclosure in the the financial statements now presented.

28. Approval of the financial statements

The financial statements were approved by the Board of Managing Directors and authorized for issue on 20 March 2017.

Board of Managing Directors:

Amsterdam, 20 March 2017

Mr. E. van Ankeren

Mr. N.M. da Silva Alves do Rosario

Mr. P.M. Blöte

Mr. G.J. Figueira Morais Soares

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 distribute the net profit for the year 2016 amounting to Euros 3,734,631 as dividends.
In addition, management proposes to distribute dividends in the amount of Euros 5,500,148 from the caption "Other reserves".

Post balance sheet event
No events have occurred since the balance sheet date, which would change the financial position of the Company and which would require adjustments of or disclosure in the the financial statements now presented.

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated March 20, 2017

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Independent auditor's report

To the Shareholders of REN Finance B.V.

REPORT ON THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL REPORT

Our Opinion

We have audited the accompanying financial statements 2016 of REN Finance B.V. (the Company), based in Amsterdam.

In our opinion, the financial statements included in these annual accounts, give a true and fair view of the financial position of REN Finance B.V. as at December 31, 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at December 31, 2016.
2. The following statements for 2016: statements of comprehensive income, changes in equity and cash flows for the year then ended.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of REN Finance B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 6,600,000. The materiality is based on 0,45% of the loans issued to group companies. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 330,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

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Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter
Key audit matter is the risk associated with the possible impairment of the receivables on the (ultimate) parent company, which are measured against amortized cost, and the disclosure of the fair value of these receivables. Reference is made to note 12, 14 and 15 of the financial statements of REN Finance B.V. as per December 31, 2016.

Response
We obtained the most recent financial information of the (ultimate) parent company and obtained information from the group auditor. Based on the information received we evaluated valuation of the receivables on the (ultimate) parent company.

Based on the procedures performed, as described above, we observed that the valuation of these receivables is appropriate. We also determined that the disclosure of the fair value in relation to these receivables is appropriate.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:
- Management board report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Board of Directors as auditor of REN Finance B.V. for 2016 on December 29, 2016, and we have been the auditor of REN Finance B.V. as of year 2013.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.

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- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Choose an item or enter free text.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, March 20, 2017

Deloitte Accountants B.V.

Initials for identification purposes:

A.J. Kernkamp

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Appendix A

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, when non-mentioning is in the public interest.