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EREN DRACENA PARTICIPAÇÕES S.A.

Financial Statements on

December 31, 2018

RT No. 023/2019

RT 023/2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Officers and Shareholders of

EREN DRACENA PARTICIPAÇÕES S.A.

São Paulo – SP

Opinion

We have audited the financial statements of EREN DRACENA PARTICIPAÇÕES S.A. ("Company"), which comprise the balance sheet as of December 31, 2018 and the related statements of income, changes in quotaholders´ equity and cash flows for the year then ended, as well as the related explanatory notes, Including the summary of the main accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EREN DRACENA PARTICIPAÇÕES S.A., on December 31, 2018, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of Financial Statements." We are independent in relation to the Company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and in the professional norms issued by the Federal Accounting Board, and we comply with the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Other matters

The accompanying financial statements have been issued initially in Portuguese and then translated to English for the convenience of readers outside Brazil. This report is intended for the use and information of corporate management, local management and the quotaholders' of the Company for purposes of support for the consolidation of the financial statements of the parent company and should not be used for any other purpose.

Other information accompanying the financial statements and the auditor's report

The Company's management is responsible for such other information that comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion about this report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in so doing, to consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or, otherwise, it appears to be materially distorted. If, based on the work performed, we conclude that there is a material misstatement in the Management Report we are required to report this fact. We have nothing to report on this.

Management and governance responsibilities of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing the operations.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the referred financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

• We identify and assess the risks of material misstatement in the financial statements, whether caused by fraud or error, plan and perform audit procedures in response to such risks, and obtain audit evidence that is appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.

• We obtain an understanding of the internal controls relevant to the audit to design audit procedures appropriate to the circumstances, but not, in order to express an opinion on the effectiveness of the Company's internal controls.

• We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.

• We conclude on the adequacy of management's use of the operating continuity accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty in relation to events or circumstances that could cause significant doubt as to the Company's ability to continue operating Company and its subsidiaries. If we conclude that there is significant uncertainty, we should draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include modification in our opinion if the disclosures are inadequate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and its subsidiaries to no longer maintain operating continuity.

• We evaluate the overall presentation, structure and content of financial statements, including disclosures and whether the financial statements represent the corresponding transactions and events in a manner consistent with the objective of adequate presentation.

We communicate with those responsible for governance regarding, among other things, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in internal controls that we have identified during our work.

São Paulo, February 13th 2019.

RSM ACAL AUDITORES INDEPENDENTES S/S

CRC-RJ- 4080/O-9

Cláudio Silva Foch

Partner in charge

CRC-SP: 1RJ 102.455/O-4 "S" SP

EREN DRACENA PARTICIPAÇÕES S.A.
CNPJ: 30.017.051/0001-97
BALANCE SHEET
YEAR ENDED ON DECEMBER, 31 2018
(Amounts in Brazilian Reais - BRL)

	Note	2018
ASSETS		
CURRENT		
Cash and Cash Equivalents	4	146,478,807
Related Parties		3
TOTAL CURRENT		**146,478,810**
NONCURRENT		
Investments	5	125,926,910
Fixed assets	6	9,108
Intangible assets	7	1,505,298
TOTAL NON-CURRENT		**127,441,316**
TOTAL ASSETS		**273,920,126**

LIABILITIES	**Note**	**2018**
CURRENT		
Tax Payable	9	4,180
Suppliers	8	17,406,760
TOTAL		**17,410,940**
NONCURRENT		
Debentures	10	193,235,000
TOTAL NON-CURRENT		**193,235,000**
NET EQUITY		
Capital Stock	11	64,110,683
Additional paid-in capital		1
Accumulated Losses		(836,498)
		63,274,186
TOTAL LIABILITIES AND EQUITY		**273,920,126**

The management explanatory notes are an integral part of the financial statements.

EREN DRACENA PARTICIPAÇÕES S.A.
CNPJ: 30.017.051/0001-97
INCOME STATEMENT FOR THE YEAR
ENDED ON DECEMBER, 31 2018
(Amounts in Brazilian Reais - BRL)

	Note	2018
Operating Expenses		
Overhead	12	(338,609)
Equity Income	14	(481,978)
Operating loss		**(820,587)**
Financial Expenses	13	(15,985)
Financial Revenue	13	74
Financial Revenues		**(15,911)**
Loss before Income Tax and Social Contribution		**(836,498)**
Loss at Year-end		**(836,498)**

The management explanatory notes are an integral part of the financial statements.

There were no other comprehensive income in the years presented, therefore it is not necessary to submit the comprehensive income statement.

EREN DRACENA PARTICIPAÇÕES S.A.
CNPJ: 30.017.051/0001-97
STATEMENT OF CHANGES IN EQUITY
OF THE YEAR ENDED ON DECEMBER, 31 2018
(Amounts in Brazilian Reais - BRL)

	Capital Stock	**Capital to be Paid**	**Advance for future capital increase**	**Accumulated Losses**	**Total**
Increase/Decrease of Capital	64,110,684	(1)	-	-	**64,110,683**
Advance for future capital increase	-	-	1	-	**1**
Loss at Year-end	-	-	-	(836,498)	**(836,498)**
Balances as of December 31, 2018	**64,110,684**	**(1)**	**1**	**(836,498)**	**63,274,186**

The management explanatory notes are an integral part of the financial statements.

EREN DRACENA PARTICIPAÇÕES S.A.
CNPJ: 30.017.051/0001-97
CASH FLOW STATEMENT OF THE YEAR
ENDED ON DECEMBER, 31 2018
(Amounts in Brazilian Reais - BRL)

	2018
Cash Flow from Operating Activities	
Loss at Year-end	**(836,498)**
Adjustments of expenses and revenues that do not involve cash resources:	
Depreciation	251
Equity income	481,977
	(354,270)
Variations in current capital:	
Suppliers	17,406,760
Tax Payable	4,180
	17,410,940
Net cash provided (used) by operating activities	**17,056,670**
Cash Flow from Investing Activities	
Acquisition of subsidiaries	(126,408,888)
Acquisition of fixed assets	(9,359)
Acquisition of Intangible assets	(1,505,299)
Net cash provided (used) in investment activities	**(127,923,546)**
Cash Flow from Financing Activities	
Funds from Issuance of Capital Shares	64,110,683
Debentures	193,235,000
Net cash provided (used) in investment activities	**257,345,683**
Increase (decrease) in cash and cash equivalents	**146,478,807**
Change in cash and cash equivalents	
In the beginning of the fiscal year	**-**
At the end of the year	**146,478,807**
	146,478,807

The management explanatory notes are an integral part of financial statements

1. Operating Context

EREN DRACENA PARTICIPAÇÕES S.A. ("Company") is a privately-held corporation, headquartered in São Paulo, in the State of São Paulo, incorporated on March 23, 2018, controlled by Eren Group, a French independent energy producer (PPI) of renewable energy sources, as well as in other energy and water segments.

The Company's corporate purpose is to participate in other companies, commercial or civil, as a partner, shareholder or otherwise provided by law.

In October 2018, the Company's corporate type was transformed from a limited liability company to a corporation, with a focus on article 220 et seq. of Law 6404/76, and as a result of that determination, its corporate name was renamed from Eren Dracena Participações Ltda. to Eren Dracena Participações S.A. (hereinafter referred to as "Company"). Each one (1) quota was converted into 1 (one) common, nominative share with no par value and, therefore, the quotaholders became shareholders.

2. Summary of Major Accounting Policies

2.1. Compliance statement

The main accounting policies applied in preparing these financial statements are set out below. These policies were consistently applied in the fiscal years presented, unless otherwise indicated.

2.2. Basis of preparation

The financial statements were prepared and are being submitted in accordance with accounting practices adopted in Brazil, including pronouncements issued by the Accounting Standards Committee (CPC). The preparation of the financial statements requires using certain critical accounting estimates and also exercising the judgment, by the Company's Management, in the process of applying the accounting policies.

The issuance of these individual financial statements was authorized by the Board of Officers on January 31, 2019.

2.3. Foreign currency conversion

a) Functional currency and presentation currency

The items included in the financial statements are measured according to the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in thousands of Reais, which is the Company's functional currency.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. The foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in foreign currency at exchange rates at the end of the year are recognized in the income statement.
Foreign exchange gains and losses are presented in the statement of income as financial income or expense, when applicable.

2.4. Current and non-current classification

Assets and liabilities in the balance sheet are classified as current when held mainly for trading and when expected to be realized within 12 months after the reporting period. Other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified in non-current assets and liabilities, when applicable.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash money, bank deposits and other short-term high liquidity investments with original maturity of up to three months (with insignificant risk of change in value) and balances in guaranteed accounts.

2.6. Financial instruments

a) Concentration of credit risk: The financial instruments that potentially subject the Company to credit risk concentrations primarily consist of cash and cash equivalents and accounts receivable. The Company maintains current bank accounts with financial institutions approved by Management in accordance with objective criteria for the diversification of credit risks.

b) Accounting value and fair value of financial instruments: The book values of the Company's financial instruments on December, 31 2018 represent the amortized cost, and the amounts accounted for are close to market values. The Company does not operate with derivative financial instruments or with similar risk instruments. The Company's financial assets and liabilities are cash and cash equivalents, accounts receivable, loans and suppliers.

c) Compensation of Financial Instruments: The assets or financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has the legal right to offset the amounts and intends to liquidate on a net basis or to carry out the asset and liquidate the liability simultaneously.

2.7. Investments in subsidiary

Subsidiary is the entity over which the investor has significant influence, that is, the power to participate in the decisions on the financial and operational policies of an investee, but without individual or joint control of these policies, maintaining directly or indirectly twenty percent or more of the voting power of the investee, if it has less than twenty percent, the influence must be clearly demonstrated. Investments in subsidiaries are accounted for using the equity method, whereby the proportion of the Company in the profits and losses of its subsidiaries is recognized in the statement of income.

2.8. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

2.9. Provisions for *impairment* losses on non-financial assets, except inventories.

Assets subject to depreciation or amortization will be reviewed annually for impairment. When there is evidence of impairment, the book value of the asset (or cash-generating unit to which the asset has been allocated) is tested. A loss is recognized at the amount at which the carrying amount of the asset exceeds its impairment.

For the year 2018, the company had no evidence of impairment.

2.10. Intangible Assets

a) Loan cost

Loan costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of such an asset. These are interest and other costs that the Company incurs in connection with the loan of resources and costs that could be avoided if the expenses with the asset had not been realized. When an entity borrows funds specifically for the purpose of obtaining a particular qualifying asset, the loan costs that are directly attributable to the qualifying asset can be readily identified and added to that asset.

2.11. Loans

They are initially recognized at the transaction value and subsequently stated at amortized cost and interest expenses are recognized based on the long-term effective interest rate method of the loan so that on the maturity date the carrying amount corresponds to the amount due.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date and interest is recognized as an integral part of the qualifying assets up to the period that is assets are available to operate.

2.12. Suppliers

Accounts payable to suppliers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, when applicable.

2.13. Provisions

They are recognized when: the Company has a present or non-formalized obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the value can be safely estimated.

2.14. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is presented net of taxes, returns, rebates and discounts, when applicable.

The Company recognizes revenue whenever the amount of such revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and whenever specific criteria have been met for each of Company's activities as described below:

a) Interests revenue

Interest income of a financial asset is recognized when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is recognized using the straight line method based on the time and the effective interest rate on the principal outstanding amount, with an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset in relation to the initial net book value of this asset.

2.15. Taxation

Corporate Income Tax and Social Contribution on Net Income are calculated according to standards established for determination of Taxable Income.

(Amounts in Brazilian Reais - BRL)

The provision for income tax and social contribution is based on taxable income for the year. Taxable income differs from income presented in the income statement since it excludes taxable or deductible income or expenses in other years, as well as permanently excluding non-taxable or non-deductible items. The provision for income tax and social contribution is calculated at the rates in effect at the end of the year.

2.16. Adjustment to present value

Current monetary assets and liabilities, when relevant, and long-term assets and liabilities, are adjusted to their present value. The adjustment to present value is calculated taking into account the contractual cash flows and the respective interest rate, explicit or implicit. The interest included in the revenues, expenses and costs associated to said assets and liabilities are adjusted to the appropriate recognition in accordance with the accrual basis. The adjustment to present value is recorded under the headings, subject to the application of the standard, and has as its counterpart the item "financial result".

The Company has assessed whether short- and long-term monetary assets and liabilities are subject to valuation at present value, and considering the immateriality, concludes that there are no assets and liabilities that should be adjusted to present value.

2.17. Continuity

The financial statements were prepared in the ordinary course of business. Management reviews the Company's ability to continue its activities during the preparation of the financial statements. The Company is in compliance with the debt clauses at the date of issuance of these financial statements and Management has not identified any material uncertainties regarding the Company's ability to continue its activities in the next 12 months.

3. Statement of Cash Flows

The statement of cash flows was prepared using the indirect method. The following items have been removed from the statement because they have no cash effect.

	2018
Depreciation	251
Equity income	481,977
Total	**482,228**

4. Cash and Cash Equivalents

The balances of cash and cash equivalents are as follows:

	2018
Banks	146,478,807
Total	**146,478,807**

(Amounts in Brazilian Reais - BRL)

5. Investments

The Company participates in 99.99% of the capital share of the Companies DRACENA I PARQUE SOLAR S.A., DRACENA II PARQUE SOLAR S.A. and DRACENA IV PARQUE SOLAR S.A., privately held companies, headquartered in São Paulo, which operate in the generation and sale of power, from solar photovoltaic matrix to the national interconnected system (SIN) to supply power. Its photovoltaic solar energy substations denominated UFV DRACENA I, UFV DRACENA II and UFV DRACENA IV projects are under construction, with estimated completion and start of activities in 2019.

On December 31, 2018, the Company recognized a loss in the amount of four hundred eighty-one thousand, nine hundred seventy-seven Brazilian reais and sixty-four centavos (BRL 481,977.64) on investments.
The investment amounts were determined by the equity method using the percentage of the investee company's interest in the capital share of the investees, on the value of the shareholders' equity, less the unrealized results.

	2018
DRACENA I PARQUE SOLAR S.A.	16,776,835
Equity	(173,647)
Goodwill on the acquisition of investment	10,754,436
Total	**27,357,624**
	2018
DRACENA II PARQUE SOLAR S.A.	36,580,042
Equity	(150,994)
Goodwill on the acquisition of investment	11,234,035
Total	**47,663,083**
	2018
DRACENA IV PARQUE SOLAR S.A.	39,067,631
Equity	(157,337)
Goodwill on the acquisition of investment	11,995,909
Total	**50.906.203**
Total value of investments	**125,926,910**

The losses were recorded in the other income and expenses group in the year-end result.

6. Fixed Assets

The breakdown of the fixed assets is below:

	Annual depreciation rate %	**Balance as of Dec, 31 2017**	**Acquisition**	**Depreciation**	**Balance as of Dec, 31 2018**
Furniture and Accessories	10	-	9,359	(251)	9,108
Total		**-**	**9,359**	**(251)**	**9,108**
Cost		-			9,359
Accumulated Depreciation		-			(251)
Net Fixed Assets		**-**			**9,108**

(Amounts in Brazilian Reais - BRL)

7. Intangible Assets

The breakdown of intangible assets is below:

	Balance as of Dec, 31	Acquisition	Amortization	Balance as of Dec, 31
Interest on loans	-	1,505,298	-	1,505,298
Total	**-**	**1,505,298**	**-**	**1,505,298**
Cost	-			1,505,298
Accumulated Amortization	-			-
Net Intangible Assets	**-**			**1,505,298**

The Company's intangible assets consist of borrowing costs and the issuance of debentures to finance the construction of the photovoltaic solar energy substations of its investees, denominated UFV DRACENA I, UFV DRACENA II and UFV DRACENA IV, under construction in the municipality of Dracena, in the state of São Paulo. And they are being recognized as an integral part of the qualifying asset until the period in which this asset is available to operate.

8. Suppliers

The breakdown of suppliers and other accounts payable is below:

Service	**2018**
PS PUBLICIDADE E SERVIÇOS LTDA	26,760
Total	**26,760**

Accounts payable	**2018**
COBRA BRASIL	17,380,000
Total	**17,380,000**
Total of Suppliers	**17,406,760**

9. Taxes Payable

The breakdown of the taxes payable is below:

	2018
IRRF tax	1,019
WITHHELD CONTRIBUTIONS	3,158
PIS/COFINS	3
Total	**4,180**

(Amounts in Brazilian Reais - BRL)

10. Debentures

The brekadown of debentures is below:

	2018
Premium in the Issuance of Debentures	193,235,000
Total	**193,235,000**

The debentures were issued to Banco BNP Paribas Brasil S.A. as the leading intermediary financial institution, Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda. as a fiduciary agent, Dracena I Parque Solar S.A., Dracena II Parque Solar S.A. and Dracena IV Parque Solar S.A. being the guarantors and Banco Citibank S.A. as provider of services of authorized trustee and liquidator of debentures, entered into, in November 2018, the private instrument of the first issue of non-convertible, unsecured debentures, with additional real and fiduciary guarantee, under a mixed regime, in four series, for public distribution, with restricted efforts, of Eren Dracena Participações S.A., which through the deed issued, the issuer issued a total of two hundred and fifty thousand (250,000.00) debentures, in the total amount of two hundred and fifty million reais (BRL 250,000,000.00).

11. Capital Stock

The capital share as of December 31, 2018, paid in national currency, in the amount of sixty-four million, one hundred and ten thousand, six hundred and eighty-three Brazilian reais (BRL 64,110,683), and to pay, in the amount of one Brazilian real (BRL 1.00) are represented by sixty-four million, one hundred and ten thousand, six hundred and eighty-four (64,110,684) nominative common shares with no par value, at the issue price of one Brazilian real (BRL 1.00) each.

12. General Expenses

The breakdown of general expenses by nature is below:

	2018
Administrative Expenses	(17,229)
Taxes and Fees	(244,292)
Services Taken	(76,837)
Depreciation	(251)
Total	**(338,609)**

(Amounts in Brazilian Reais - BRL)

13. Financial Income

The breakdown of the financial income i below:

	2018
Financial Revenue	
Discount Revenue	74
Financial Expenses	
Bank Expenses	(15,308)
Charges for late payments	(677)
Net Financial Result	**(15,911)**

14. Equity Income

The breakdown of the equity interest through equity accounting is below:

	2018
Income on equity investments	105,651
Loss on shareholdings	(587,629)
Equity Income	**(481,978)**

15. Financial Instruments and Risk Management

The fair value of the Company's principal financial assets and liabilities were determined through information available in the market. The following are the Company's main financial instruments:

- Cash and cash equivalents - stated at book value, which management considers to be equivalent to its fair value;
- Other accounts receivable and payable - are classified as held-to-maturity, and are recorded at their original amounts, plus monetary restatement when applicable.

There are no transactions with derivative financial instruments as of December 31, 2018.

a) Capital risk management

To continue its activities and simultaneously maximize the return of its members, the Company manages its capital by optimizing the balance between loan and capital.

b) Exchange risk management

The Company has amounts payable indexed in foreign currency. However, Management has not identified the need to contract financial instruments to hedge against exchange rate risk.
The Company does not have derivative transactions, such as forwards and swaps, to hedge against exchange rate fluctuations.

c) Liquidity risk management

The Company manages its liquidity risk through the management of its reserves, bank funds and loans and continually monitors its cash flows through the contrast between projections and current cash flows to adjust the maturity of financial assets and liabilities.

d) Credit risk

Credit risk is mainly due to cash and cash equivalents. The Company normally operates with first-tier banks and, therefore, does not consider credit risk to be substantial.

e) Interest rate risk

In order to meet its investment needs, the Company borrowed fixed rate loans indexed to the CDI, whose eventual fluctuations are monitored by Management.

16. Subsequent Events

We disclose in the sequence some events occurring after December 31, 2018 that we understand that they do not impact on changes in the 2018 numbers but are within the subsequent CPC 24 event definition.

- Realization of capital increase in the company Dracena Solar I, in the amount of BRL 41,310,989
- Realization of capital increase in the company Dracena Solar II, in the amount of BRL 20,450,270.
- Realization of capital increase in the company Dracena Solar IV, in the amount of BRL 25.390.571.

Executive Board
Gabriela Autilio Ianhez
Leandro Kenji Kawahira

Accountant
Luiz Flávio Cordeiro da Silva
CRC-1RJ 075.793/O-8 “T” SP – Accountant
Domingues e Pinho Contadores Ltda.
CRC-2SP 024.226/O-4