

2018 Financial Year

ANNUAL REPORT

EREN Dracena Participações S.A.

First issue of debentures

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ISSUER INFORMATION

Company name:	EREN DRACENA PARTICIPAÇÕES S.A.
Headquarters:	Rua Bandeira Paulista, n° 275, 1° andar, sala 5, CEP 04532-010, São Paulo/SP
Telephone / Fax:	(11) 3073-0707
Director of Institutional Relations:	Marcelo Vaz Bonini
CNPJ (national identification number):	30.017.051/0001-97
Auditor:	RSM ACAL Auditores Independentes SS
Activity:	The company's purpose is to invest in other companies as a partner, shareholder or any other form of investment authorised by law.
CVM (Brazilian Securities and Exchange Commission)	Limited company with no registration as a publicly-held company with the CVM

CARACTERÍSTICAS DAS DEBÊNTURES**CVM Register no.:**

The offer is automatically exempt from registration by the CVM pursuant to article 6 of CVM Instruction 476 as it is a public offer to distribute with restricted placement efforts

Issue number:

1

Issuer situation

Compliant with non-pecuniary obligations

Asset Code:

EABR18

ISIN Code:

BRRENDBS008

Custodian:

Banco Citibank S.A.

Liquidator:

Banco Citibank S.A.

Lead Coordinator:

Banco Bnp Paribas Brasil S/A

Date of Issue:

28/11/2018

Maturity date:

28/11/2023

Quantity of debentures:

250,000 (two hundred and fifty thousand)

Series number:

Four

Total issue value:

R\$ 250,000,000.00 (two hundred and fifty million reais)

Nominal value

R\$ 1,000.00 (one thousand reais)

Form:

The debentures shall be issued in registered, book-entry form

Type:

The debentures are a real guarantee

Convertibility:

Not convertible into Issuer shares

Option:

Does not apply to this issue

Trading:

CETIP21 – Títulos e Valores Mobiliários (Securities and transferable securities)

Update of the nominal value:

Does not apply to this issue

Payment of the update:

Does not apply to this issue

Remuneration:

100% CDI (interbank deposit rate) + 1.80% per year until 28 November 2020;
 100% CDI (interbank deposit rate) + 2.75% per year from 29 November 2020 to 29 November 2021;
 100% CDI (interbank deposit rate) + 3.75% per year from 30 November 2021 until 28 November 2022;
 100% CDI (interbank deposit rate) + 4.75% per year from 29 November 2022 until the maturity date.

Start of profitability:

Starting from the date of pay-in or the remuneration payment date.

Payment of half-monthly remuneration:

The accumulated remuneration in each series of debentures after the Incorporation Date must be paid in 16 (sixteen) quarterly instalments on the indicated dates, starting from 28 February 2020.

Instalment	Remuneration payment date
1	28 February 2020
2	28 May 2020
3	28 August 2020
4	28 November 2020
5	28 February 2021
6	28 May 2021
7	28 August 2021
8	28 November 2021
9	28 February 2022
10	28 May 2022
11	28 August 2022
12	28 November 2022
13	28 February 2023
14	28 May 2023

15	28 August 2023
16	Maturity date

Amortisation fund

Does not apply to this issue.

Amortisation fund:

Does not apply to this issue

Renegotiation:

Does not apply to this issue

Expected redemption:

After 30 September 2019, the Issuer may, at its sole discretion, and at any time with advance warning of 10 (ten) working days given to the Debenture holders (by means of publishing an announcement in the Publication Journals or by means of individually notifying all of the Debenture holders with a copy sent to the Fiduciary Agent), to the Fiduciary Agent, Custodian, Settling Bank and B3, execute the expected redemption of all of the debentures (and not less than all of the debentures) with the consequent cancellation of such debentures by means of paying the nominal unit value or the balance of the nominal unit value of the debentures, as the case may be, plus the applicable remuneration calculated on a pro rata temporis basis starting from the Subscription Date, the Pay-in Date of the Second Series, the Pay-in Date of the Third Series or the Pay-in Date of the Fourth Series, as applicable, or the previous payment date of the applicable remuneration, as applicable, until the date of the effective payment, without any premium.

ALLOCATION OF RESOURCES

According to the information provided by the Issuer, the resources raised with the Issuer were partially used by 31 December 2018 in the amount of R\$ 46,448,446.34 (forty-six million, four hundred and forty-eight thousand, four hundred and forty-six reais and thirty-four cents) for: (i) financing capital expenses and other expenses related to the Project including construction, equipment, financing, tax and initial working capital; (ii) financing certain development and consulting expenses exclusively related to the Construction Management Agreement and the Development Agreement, including any applicable tax due on such payments of R\$ 12,000,000.00 (twelve million reais), both of which relate to the construction and development of the solar complex to be built in the city of Dracena in the state of São Paulo, the subject of the Energy Agreements entered into at Reserve Auction no. 10/2014 promoted by ANEEL (Agência Nacional de Energia Elétrica - Brazilian Electricity Regulatory Agency), in accordance with that which had been authorised by Portarias MME (the "Project"); (iii) acquisition costs of the SPEs in the amount of R\$ 37,650,000.00 (thirty-seven million, six hundred and fifty thousand reais) plus an adjustment in the price equivalent to half of the tax incentives effectively obtained to implement the Project, in the event that SPEs qualified to obtain a special tax scheme to reduce ICMS (State value added sales tax); (iv) the full payment of the debt obtained by means of the Bridge Loan within five working days after subscription and (v) in exclusive relation to the resources obtained with the Fourth-Series Debentures, the allocation of resources to Total Eren of R\$ 6,100,000.00 in one or more allocations in accordance with the conditions and in accordance with that which is set out in clause 4.10 of the Issuance Indenture.

GENERAL MEETINGS OF DEBENTURE HOLDERS

No general meetings of debenture holders were convened in the 2018 financial year.

POSITION OF THE DEBENTURES¹

Date	Nominal value	Interest	Unit price	Financial
31/12/2018	R\$ 1,000.00000000	R\$ 1.90358800	R\$ 1,001.90358800	R\$ 193,602,839.83

Issued	Cancelled	In treasury	In circulation
193,235	-	-	193,235

EVENTS IN 2018

There were no remuneration payment, amortisation, remuneration, conversion or renegotiation events in the 2018 financial year.

AGENDA OF EVENTS IN 2019

Date	Event 1
28/11/2019	Incorporation of interest

ADDITIONAL ISSUER OBLIGATIONS

The Issuer regularly complied with all obligations set out in the Issuance Indenture within their deadlines during the 2018 financial year

EXISTENCE OF OTHER ISSUES OF TRANSFERABLE SECURITIES

In accordance with item XI of article 1 of Appendix 15 of CVM Instruction no. 583 of 20 December 2016, we intimate that this Fiduciary Agent does not act as a fiduciary agent in other issues of the same issuer on behalf of an associated company, subsidiary, parent company or another company within the same group..

RISK CLASSIFICATION

No risk classification was assigned to this issue.

STATUTORY AMENDMENTS AND RELEVANT INFORMATION

No statutory amendments relevant to debentures were made during the 2018 financial year.

MAIN ITEMS

ASSET BALANCE SHEET - R\$

ASSETS	2018	AV%
CURRENT ASSETS	146,478,810	53.48%
Cash and cash equivalents	146,478,807	53.48%
Related parties	3	0.00%
NON-CURRENT ASSETS	127.441316	46.52%
Investments	125,926,910	45.97%
Fixed assets	9,108	0.00%
Intangible	1,505,298	0.55%
TOTAL ASSETS	273,920,126	100%

¹ We would like to highlight that the information reflects our interpretation of the Issuance Indenture and subsequent addenda, as the case may be. The planner is not directly or indirectly responsible for the calculation presented and does not undertake any legal or financial obligation..

LIABILITIES BALANCE SHEET - R\$

LIABILITIES	2018	AV%
CURRENT LIABILITIES	17,410,940	6.36%
Suppliers	17,406,760	6.35%
Tax to pay	4,180	0.00%
NON-CURRENT LIABILITIES	193,235,000	70.54%
Debentures	193,235,000	70.54%
NET ASSETS	63,274,186	23.10%
Share capital	64,110,683	23.40%
Additional paid-up capital	1	0.00%
Accumulated profit/losses	-836,498	-0.31%
TOTAL LIABILITIES	273,920,126	100%

PRESENTATION OF THE RESULT FROM THE FINANCIAL YEAR - R\$

PRESENTATION OF THE RESULT	2018	AV%
Net operational income	0	-
Cost of goods and products sold	0	-
(=) gross profit	10	M
Other net operational income/expenses	-338,609	-
Equity equivalence	-481,978	-
Operational profit/losses	-820,587	-
Financial income	74	-
Financial expenses	-15,985	-
Result before income tax and social security contributions	-836,498	-
Current income tax and social security contribution	0	-
Deferred income tax and social security contribution	0	-
Net profit/loss for the financial year	-836,498	-

COMMENTS ON THE ISSUER'S FINANCIAL PRESENTATION

Liquidity ratios:

General liquidity: 0.70 in 2018

Current liquidity: 8.41 in 2018

Quick ratio: 8.41 in 2018

Immediate liquidity: 8.41 in 2018

Capital structure:

In 2018, the company presented a third-party capital investment ratio of 332.91%. The debt composition ratio was 8.27%. The level of fixed net assets was 201.41%. The company presented a ratio of non-current fixed asset ratio of 49.68%.

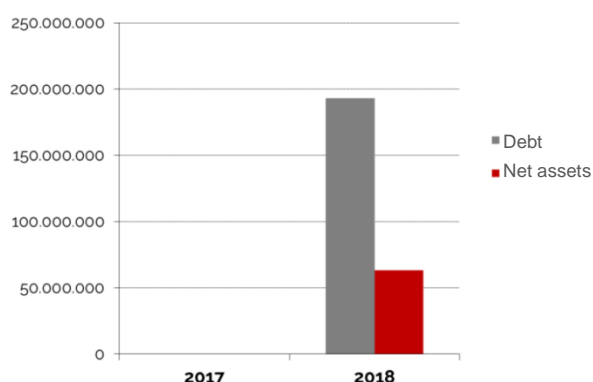
Profitability:

Asset profitability in 2018 was -0.31%. Asset turnover was zero and the profitability of net assets was -1.32%.

We recommend full reading of the accounting statements, Management Report and Opinion of the Independent Auditors in order to better analyse the company's economic and financial situation.

No statutory amendments relevant to debentures were made during the 2018 financial year.

Figure; debt X NA (amounts in R\$ thousand)



We are not aware of any omission or falsehood contained in the information disclosed by the Issuer or any non-fulfilment or delay in the obligatory provision of information throughout the 2018 financial year.

The financial information presented by the Issuer was audited by RSM ACAL, independent auditors, whose opinion did not include any reservations.

GUARANTEE

The debentures are unsecured with real and additional fiduciary guarantees.

The real guarantee is represented by:

- (i) Fiduciary lien on the equipment through which all photovoltaic modules of the project are disposed of in fiduciary form in accordance with the terms and conditions of the Equipment Fiduciary Lien Agreement which is duly registered;
- (ii) Fiduciary lien on shares through which the shares representing 100% of the share capital of the Issuer's and Guarantors' Issue are disposed of in fiduciary form in accordance with the terms and conditions of the Share Fiduciary Lien Agreement which is duly registered;
- (iii) Fiduciary assignment of credit rights through which the SPEs assigned, in fiduciary form, all of the receivables and rights originating from the Energy Agreements in accordance with the terms and conditions of the Agreement on the Fiduciary Assignment of Credit Rights which is duly registered;
- (iv) Pledge of the Offshore Total Eren account through which all cash deposited into the referenced account is pledged in accordance with the terms and conditions of the Offshore Account Pledge Agreement.

Centralised accounts

The Issuer undertakes to receive all of the amounts generated through the Credit Rights assigned in fiduciary form to the Centralised Account. Cash received in this account shall be transferred on a monthly basis, firstly to the O&M reserve accounts, limited to the value of 1/3 of the minimum balance of the O&M reserve account until the minimum balance of the O&M reserve accounts has been met, and secondly, the remaining amounts shall be transferred to the SPE free movement accounts.

SPE guarantee

The SPEs undertake, irrevocably and irreversibly, in respect of the Debenture holders, guarantors and main payers, to be severally liable for all Guaranteed Obligations due at any time on the dates set out in the Issuance Indenture..

The fiduciary guarantee is represented by the guarantee of Dracena I Parque Solar S.A., Dracena II Parque Solar S.A. and Dracena IV Parque Solar S.A., which is duly formed and remains viable within the limits of the fiduciary guarantee. We would merely like to highlight that the total of the guarantors' net assets is less than the outstanding balance of the issue upon the close of the 2018 financial year.

Total Eren corporate guarantee

As a guarantee of the faithful, punctual and complete fulfilment of the obligations assumed by the Issuer in the Issuance Indenture, the Issuer sent a letter of guarantee issued by Total Eren to the Fiduciary Agent, for the benefit of the Debenture holders, which is governed by the law of France, covering the payment of the guaranteed obligations due at any time.

31/12/2018 (R\$ m)	
Outstanding balance of the issue	193,603
Net assets of Dracena I Parque Solar S.A.	16,338
Net assets of Dracena II Parque Solar S.A.	36,376
Net assets of Dracena IV Parque Solar S.A.	38,903
TOTAL liquid assets of guarantors	91,617

The fiduciary guarantee may be affected by the existence of guarantor debt of a tax or occupational nature, or with any type of preference. The analysis of the fiduciary guarantee does not include an analysis of all of the guarantors' liabilities.

DECLARATION

In accordance with the provision in article 68(b) of law no. 6,404 of 15 December 1976 and in item XII of article 1 of Appendix 15 of CVM instruction no. 583 of 20 December 2016, we declare that we are a capable company and that we do not find ourselves in any situation of conflict. We reaffirm our interest in continuing the exercise the role of Fiduciary Agent of the debenture holders.

São Paulo, abril de 2018.



"This report has been drawn up with the aim of fulfilling the provision in article 68(1)(b) of Law No. 6404/76 of article 1 of Appendix 15 of CVM Instruction no. 583/2016 based on the information provided by the Issuing Company. The legal documents and technical information used to prepare this report can be viewed by the holders of the assets for consultation at the headquarters of this Fiduciary Agent"

"The information contained in this Report does not constitute an investment recommendation, a credit analysis or an analysis of the Issuer's economic or financial situation, nor a guarantee, explicit or implicit, regarding the punctual payment of the obligations regarding the securities issued under the form of debenture"

"The annual report of this Fiduciary Agent describes the events that occurred during the 2018 financial year regarding the execution of the obligations assumed by the issuer to manage assets, as the case may be, which are separate from the guarantor assets of the transferable securities and the amortisation fund"