



REPORT DRAWN UP BY GREENERGY RENOVABLES S.A.'S AUDIT COMMITTEE ON ITS OPERATIONS WITH RELATED PARTIES IN FINANCIAL YEAR 2019

I.- Introduction.

The new Code of Good Governance for Listed Companies, as approved by the *Comisión Nacional del Mercado de Valores* (Spain's Financial Market Authority) on 18 February 2015, recommends (Recommendation no. 6) listed companies to prepare and publish on their website a number of reports, including a report drawn up by the Audit Committee regarding their operations with related parties. The Group's Audit Committee, following this recommendation, has therefore prepared this report.

II.- Operations with related parties.

Section D.2. of the Annual Report on Corporate Governance deals with the Company's operations with related parties. More specifically, according to this section, the operations with related parties carried out the GREENERGY Group in 2019 were limited to those concluded with the controlling shareholder, Daruan Group Holding S.L., and with natural persons or corporations related thereto. These operations are stated below:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or entity in its group	Nature of the relationship	Type of operation	Amount (in thousands Euros)
Daruan Group Holding S.L.	Daruan Group Holding S.L.	Contractual	Lease	121,837
Daruan Group Holding S.L.	Nagara Nur S.L.	Contractual	Lease	114,059
Daruan Group Holding S.L.	Daruan Venture Capital SCR S.A.	Contractual	Service provision	120,000

III.- Detailed information.

1.- Lease agreement between Nagara Nur S.L. and Greenergy (office space at Rafael Botí, 2).

This lease agreement concerns the offices used by GREENERGY in Madrid, at Calle Rafael Botí 2. These offices are owned by the company Dela Patrimonio S.L., a third party neither related to Daruan Group Holding S.L. nor to its sole shareholder, Mr. David Ruiz de Andrés, and are leased by the company Nagara Nur S.L., which is owned by Mr. David Ruiz de Andrés (president and indirect majority shareholder of GREENERGY) and his spouse. The space sublet by

Nagara Nur S.L. to GREENERGY is only a fraction of the space leased by Nagara Nur S.L. from Dela Patrimonio S.L., given that Nagara Nur S.L. distributes that space among other companies related to Daruan Group Holding S.L. (Marp Marketing y Producto S.L. and Lefrik Internet Retail S.L., among others), which are unrelated to GREENERGY's subgroup. More specifically, the space leased to GREENERGY RENOVABLES S.L. has a surface area of 500 square metres, in addition to 15 parking spaces, for a total price of EUR 114,059 per year, which also includes the use of common areas. The reason for Nagara Nur S.L.'s mediation in this lease lies in the fact that the space is shared among several companies and only one sub-lessor is needed to keep a consistent relationship with the lessor. The price invoiced by Nagara Nur S.L. to GREENERGY has been fixed by increasing the rent paid by Nagara Nur to the lessor by 5%, which represents a reasonable margin considering the management tasks carried out by the latter (payment of utilities, guaranteed provision of additional space if required by the Company, etc.).

2.- Lease agreement between Daruan Group Holding S.L. and GREENERGY (Office space at Rafael Botí, 26)

This agreement concerns the offices used by GREENERGY in Madrid, at Calle Rafael Botí 26. In 2019, these offices were owned by the company Patriot Propco I S.L., which is part of the Blackstone group. They were leased to Daruan Group Holding S.L. following the same scheme described above (space leased to several entities). However, during this financial year the offices were solely leased to GREENERGY. More specifically, the space leased to GREENERGY, under an agreement signed on 13 May 2018, has a surface area of 552.08 square metres, in addition to 8 parking spaces, for a monthly price of EUR 15,796.39 (corresponding to a monthly rent of EUR 11,869.72, plus monthly fixed overheads amounting to EUR 3,174.46 –in connection with the joint ownership scheme, concierge service and cleaning expenses– as increased by 5%). The price invoiced by Daruan Group Holding S.L. to GREENERGY has been fixed by increasing the rent paid by lessor to Daruan Group Holding S.L. by 5%, which represents a reasonable margin considering the management tasks carried out by the latter (payment of utilities, guaranteed provision of additional space if required by the Company, etc.).

However, on 20 December 2019, Daruan Group Holding S.L. purchased the building located at Calle Rafael Botí 26, Madrid, and GREENERGY became subrogated, in connection with the lease agreement, to the position of Daruan Group Holding S.L., which became the new lessor and maintained the same price established under the agreement between Daruan Group Holding S.L. and Patriot Propco I S.L.. Consequently, it may be currently guaranteed that the current price of this lease is equal to the price that would be fixed by independent parties, notwithstanding their being related parties.

3.- Provision of services by Daruan Venture Capital SCR S.A. to Greenergy Renovables, amounting to EUR 120,000 per year.

This is a service provision under which Daruan Venture Capital SCR S.A. provides a number of services to GREENERGY and passes on certain expenses to the latter in connection with certain centralised services contracted for by Daruan Venture Capital SCR S.A. and which are also used by GREENERGY. The services provided include:

- Tax and legal advice and coordination with external advisers. This covers the services included in the respective flat-rate advice agreements, but excluding the services not covered by these flat-rate agreements, which must be contracted for GREENERGY with the relevant advisers.
- Human Resources organisation and corporate management.

- Management control and financial administration area.
- Corporate area for financial planning and procurement.
- Accounting and preparation of financial information.
- Corporate area for Technology and Systems, including electricity supply, data access, landline and optical fibre.
- Facility maintenance and cleaning services.
- Such complementary or ancillary services as may be required.

The fixed monthly fee paid for these services to Daruan Venture Capital SCR S.A. amounts to EUR 10,000 (EUR 120,000 per year) plus VAT thereon. The agreement was entered into for an indefinite term and may be terminated by giving three month's prior notice. It must be taken into account that this agreement covered the services provided, among others, by Mr. Antonio Francisco Jiménez, the natural person representing Daruan Group Holding S.L. within GREENERGY's Board of Directors and Chief Financial Officer of the latter, who did not receive any remuneration from GREENERGY in connection with these services.

Consequently, this agreement is considered to have been made at arms' length. In addition, it had been approved by the General Meeting of Shareholders on 26 June 2015, and was subsequently extended on a yearly basis without any price increase. This agreement was terminated on 31 December 2019.

IV.- Conclusion.

The Audit Committee has issued a favourable report in respect of the operations with related parties specified above.

17 January 2020