

Red Eléctrica Financiaciones, Sociedad Anónima Unipersonal
(incorporated with limited liability under the laws of Spain)

€1,000,000,000

Euro-Commercial Paper Programme

Unconditionally and irrevocably guaranteed by

Red Eléctrica Corporación, Sociedad Anónima
(incorporated with limited liability under the laws of Spain)

and

Red Eléctrica de España, Sociedad Anónima Unipersonal
(incorporated with limited liability under the laws of Spain)

Arranger and Dealer

Santander Corporate & Investment Banking

Dealers

BBVA

Barclays

Bred Banque Populaire

CaixaBank

CIC

Citigroup

Crédit Agricole CIB

ING

NatWest Markets

IMPORTANT NOTICE

This information memorandum (together with any information incorporated herein by reference, the “**Information Memorandum**”) contains summary information provided by Red Eléctrica Financiaciones, Sociedad Anónima Unipersonal (the “**Issuer**”) and by Red Eléctrica Corporación, Sociedad Anónima and Red Eléctrica de España, Sociedad Anónima Unipersonal (each a “**Guarantor**” and together the “**Guarantors**”) in connection with a euro-commercial paper programme (the “**Programme**”) under which the Issuer may issue and have outstanding at any time euro-commercial paper notes (the “**Notes**”) up to a maximum aggregate amount of €1,000,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S (“**Regulation S**”) of the United States Securities Act of 1933, as amended (the “**Securities Act**”). The Issuer and the Guarantors, pursuant to a dealer agreement dated 8 April 2022 (the “**Dealer Agreement**”), have appointed Banco Santander, S.A. as arranger for the Programme (the “**Arranger**”) and Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank Ireland PLC, Bred Banque Populaire, CaixaBank, S.A., Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Industriel et Commercial S.A., ING Bank N.V. and NatWest Markets N.V. as dealers for the Notes (together with the Arranger and any further dealer appointed under the Programme from time to time pursuant to the Dealer Agreement, the “**Dealers**”) and authorised and requested the Dealers to circulate the Information Memorandum in connection with the Programme on their behalf to investors or potential investors in the Notes.

The Notes issued under the Programme may be governed by English law (“**English Law Notes**”) or by Spanish law (“**Spanish Law Notes**”). Notes will be English Law Notes unless the Complementary Certificate (as defined below) of an issue of Notes specifies that the Notes of that issue are governed by Spanish law in which case the Notes of that issue will be Spanish Law Notes. English Law Notes will have the benefit of an English law governed deed of guarantee dated 8 April 2022 (the “**English Law Guarantee**”). Spanish Law Notes will have the benefit of a Spanish law governed guarantee dated 8 April 2022 (the “**Spanish Law Guarantee**” and, together with the English Law Guarantee, the “**Guarantees**”).

THE NOTES AND THE GUARANTEES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 AS AMENDED (THE “SECURITIES ACT”) OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)) (“U.S. PERSONS”) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

The Notes and the Guarantees have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is unlawful.

The Issuer and the Guarantors accept responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer and the Guarantors (who have taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set out in complementary certificates (*certificaciones complementarias*) (each of them, together with its supplements and annexes, a “**Complementary Certificate**”) which will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes.

The Issuer and the Guarantors have confirmed to the Dealers that the information contained or incorporated by reference in the Information Memorandum is true, complete and accurate in all material respects and not misleading in any material respects and that there are no other facts the omission of which makes the Information Memorandum as a whole or any such information contained or incorporated by reference therein misleading in any material respect. Any statements of intention, opinion, belief or expectation contained in the Information Memorandum are honestly and reasonably made by the Issuer

and the Guarantors and, in relation to each issue of Notes agreed as contemplated in the Dealer Agreement to be issued and subscribed, the Information Memorandum, together with the relevant Complementary Certificate, contains all the information which is material in the context of the issue of such Notes.

Neither the Issuer, the Guarantors, the Arranger, the Paying Agent (as defined below) nor any of the Dealers accepts any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum nor any offer or sale made on the basis of the information contained in the Information Memorandum shall under any circumstances create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or the Guarantors or that there has been no change in the business, financial condition or affairs of the Issuer or the Guarantors since the date thereof.

No person is authorised by the Issuer or the Guarantors to give any information or to make any representation not contained or incorporated by reference in the Information Memorandum and any information or representation not contained or incorporated by reference herein must not be relied upon as having been authorised by the Issuer, the Guarantors, the Paying Agent the Dealers or any of them.

Neither the Arranger nor any Dealer has independently verified the information contained in the Information Memorandum. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by the Arranger or the Dealers as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in the Information Memorandum, the relevant Complementary Certificate or in or from any accompanying or subsequent material or presentation.

The information contained in the Information Memorandum and any Complementary Certificate is not and should not be construed as a recommendation by the Arranger, the Dealers, the Issuer or the Guarantors that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer, the Guarantors and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on the Information Memorandum or any Complementary Certificate.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuer or the Guarantors during the life of the Programme, nor undertakes to advise any recipient of the Information Memorandum or any Complementary Certificate of any information or change in such information coming to the Arranger's or any Dealer's attention.

Neither the Arranger nor any of the Dealers nor the Paying Agent accepts any liability in relation to this Information Memorandum or its distribution by any other person. This Information Memorandum does not, and is not intended to, constitute an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer, the Guarantors, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes, the Issuer and the Guarantors set out under "*Subscription and Sale*" below.

Application will be made for the Notes issued under the Programme to be admitted to trading in Spain on AIAF Mercado de Renta Fija ("**AIAF**"), a regulated market for purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended, "**MiFID II**").

This Information Memorandum is not a prospectus (*folleto informativo*) for purposes of Regulation (EU) 2017/1129 of the European parliament and of the Council of 14 June 2017, and has not been registered with or approved by the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*) nor has AIAF or its management company, Bolsas y Mercados Españoles Renta Fija, S.A., verified the information contained in this Information Memorandum.

The Programme is rated by Fitch Ratings España S.A.U. which is established in the European Union (the “EU”) and registered under Regulation (EU) No 1060/2009, as amended (the “CRA Regulation”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the relevant rating agency.

The Issuer and the Guarantors have undertaken that, if there shall occur any adverse change in the business or financial position of the Issuer or the Guarantors or any change in the terms and conditions of the Notes, in both cases that is material in the context of the issuance of Notes under the Programme, the Issuer and the Guarantors will prepare or procure the preparation of an amendment or supplement to this Information Memorandum or, as the case may be, publish a new Information Memorandum, for use in connection with any subsequent issue of Notes by the Issuer.

This Information Memorandum describes certain Spanish tax implications and procedures in connection with an investment in the Notes in summary form (see “*Taxation – Taxation in Spain*”). No comment is made or advice is given by the Issuer, the Guarantors, the Arranger or any of the Dealers in respect of taxation matters relating to the Notes. Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

Some Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in lending, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantors and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their affiliates. Some Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer or the Guarantors consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notes will be offered, sold or distributed to eligible counterparties and professional clients only, each as defined in MiFID II.

MiFID II Product Governance

A determination will be made by the Arranger in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), it is a manufacturer in respect of those Notes, but otherwise neither the Arranger nor any of its affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Solely by virtue of appointment as Dealer on this Programme, the Dealers (other than the Arranger) or any of their respective affiliates will not be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR Product Governance

Solely by virtue of appointment as Dealer on this Programme, the Dealers or any of their respective affiliates will not be a manufacturer for the purpose of the FCA Handbook Product Intervention and Product Governance Sourcebook.

INTERPRETATION

In this Information Memorandum, all references to “euro” and “€” are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; and all references to “U.S. dollars” and “U.S.\$” are to the currency of the United States of America.

In this Information Memorandum the word “**Issuer**” refers to Red Eléctrica Financiaciones Sociedad Anónima Unipersonal; the words “**Red Eléctrica Corporación**” refer to Red Eléctrica Corporación, Sociedad Anónima; the words “**Red Eléctrica de España**” refer to Red Eléctrica de España, Sociedad Anónima Unipersonal; and the words “**Group**” or “**Red Eléctrica Group**” refer to Red Eléctrica Corporación and its consolidated subsidiaries. The word “**Guarantors**” refers to both Red Eléctrica Corporación and Red Eléctrica de España, and the word “**Guarantor**” refers indistinctly to any of them.

The language of the Information Memorandum is English. Any English term used in this Information Memorandum that appears followed by a Spanish term in italics and between parentheses shall be translated and interpreted in this Information Memorandum in accordance with that Spanish term.

Where the Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

TABLE OF CONTENTS

RISK FACTORS	7
KEY FEATURES OF THE PROGRAMME	13
DOCUMENTS INCORPORATED BY REFERENCE	16
THE ISSUER	17
RED ELÉCTRICA CORPORACIÓN AND RED ELÉCTRICA GROUP.....	18
RED ELÉCTRICA	25
CERTAIN INFORMATION IN RESPECT OF THE NOTES	28
ISSUE DOCUMENT	32
TAXATION.....	37
SUBSCRIPTION AND SALE	42
GENERAL INFORMATION	45

RISK FACTORS

Each of the Issuer and the Guarantors believe that the following factors may affect its ability to fulfil its obligations under the Notes to be issued under the Programme (in the case of the Issuer) or under the Guarantees (in the case of each Guarantor). Most of these risk factors are contingencies which may or may not occur and the Issuer and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes to be issued under the Programme are also described below. The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent to investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantors to pay any amounts due on or in connection with any Notes may occur for other reasons, and the Issuer and the Guarantors do not represent that the statement below regarding the risks of holding any Notes are exhaustive. Consequently, additional risks and uncertainties relating to the Issuer and the Guarantors that are not currently known to the Issuer and the Guarantors, or that such entities currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Guarantors and therefore on the ability of the Issuer and/or the Guarantors to fulfill their obligations under the Notes issued under the Programme. Prospective investors should also read the information set out elsewhere in this Information Memorandum, reach their own view and consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisors prior to making any investment decision.

Risks related to the Issuer

The Issuer is a finance vehicle

The Issuer is not an operating company. The Issuer is a finance vehicle established by Red Eléctrica Corporación for the purpose of issuing notes and other financial instruments and on-lend the proceeds to the members of the Group. The Issuer is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should any member of the Group fail to pay interest on or repay any loan in a timely fashion this circumstance could have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme.

Risks related to the Red Eléctrica Group

The activities of Red Eléctrica Group are subject to extensive regulation in the jurisdictions in which the Group companies operate, and certain regulatory and tax changes could have a material adverse effect on its business, financial condition and results of operation

The main activity of the Group is the transmission of electricity and the operation of the electricity network in Spain, carried out by Red Eléctrica de España as an electricity transmission system operator and the activity and the remuneration received by it for the services it provides are subject to numerous laws and regulations.

Any material changes to this extensive regulatory framework and to the remuneration system may adversely affect the business, financial condition and results of operation of the Group.

Additionally, any non-compliance by Red Eléctrica de España with the applicable laws and regulations currently in force in relation to its activities could lead to sanctions or penalties of monetary or other nature being imposed by the regulator and to it facing potential liability to third parties due to any damage or loss caused. These events could materially adversely affect the cash flow, business, financial condition and results of operation of the Group.

The Group's presence in various jurisdictions increases its exposure to regulatory and interpretative changes in tax laws and regulations, which could, among other things, lead to (i) an increase in the types of tax to which the Group is subject, including in response to the demands of various political forces such as the regulation of a minimum effective tax rate introduced in the Spanish Corporate Income Tax Law and the Non-Residents Income Tax Law by Law 22/2021, of 28 December, on the General State Budget for 2022, with effects as of 1 January, 2022 (i.e. the minimum net tax liability is, generally, 15 per cent. of the tax base), (ii) changes in the calculation of tax bases, and exemptions therefrom, such as provided in the

Spanish Corporate Income Tax Law (as defined herein) to limit the exemption for dividends and capital gains from domestic and foreign subsidiaries to 95 per cent., which would mean that 5 per cent. of the dividends and capital gains of Group companies in Spain will be subject to, and not exempt from corporate tax or, (iii) the creation of new taxes, like the common financial transaction tax (FTT) in the proposed Tax Directive of the European Commission for the Financial Transactions Tax (which would tax the acquisitions of certain securities negotiated in markets where the Group operates), may have adverse effects on the business, financial condition and results of operations of the Group.

Risks associated with the operation, management and construction of transmission grid and telecommunications facilities of Red Eléctrica Group

The operation and management of technical electricity and telecommunications facilities is costly, and the Group may not be able to continue to conduct this activity on cost-effective economic terms in the future. Furthermore, this activity is exposed, given the perils inherent to high voltage facilities, to events beyond the control of the Group including, but not limited to, natural disasters and extreme weather conditions, accidents and defects or failures in machinery or control systems or components of them that may damage the facilities of the Group and cause interruptions in the provision of electricity transmission and telecommunication services and, in turn, require high repair or alternative transmission channel costs. While the Group companies have formalised insurance policies to cover the risks associated with the foregoing risks, mainly against damages caused to facilities and possible claims filed by third parties, the amounts covered under the insurance policies may not be sufficient to cover the entirety of incurred losses, or the formalised insurance policies may not provide coverage for certain damaging events.

Additionally, regarding Red Eléctrica de España, its ability to increase revenues derived from its business as electricity system operator, transmission agent and transmission network manager depends, due to the capital-intensive nature of this activity, on investments being made in new transmission infrastructure.

Therefore, the materialisation of environmental and operational risks inherent to the activities of the Group, any changes in the approved planning for the construction of new facilities, delays or standstills in projects under development caused by impediments in the obtaining of environmental and/or administrative authorisations, the opposition from political groups or other organisations, any changes in the political climate or in the regulatory framework, or any increased costs in the construction of new facilities due to variations in the financial or goods and services markets could materially adversely affect the reputation, business, financial condition and results of operation of the Group.

The business and financing of Red Eléctrica Group are heavily concentrated in Spain and are influenced by its macroeconomic and political conditions and the negative impact of Covid-19

The Group's business performance is influenced by the economic conditions of the countries in which it operates, particularly Spain, where the Group concentrates most of its operations. Any adverse changes affecting the Spanish economy or the economy of the other countries in which the Group operates could have a negative impact on its revenues and/or increase its financing costs, circumstances that could have a material adverse effect on the Group's business, financial condition and results of operations.

The outbreak of the COVID-19 disease, which was declared a global pandemic by the World Health Organisation in March 2020, led governmental authorities around the world, and in particular those of European Union ("EU") member states, including Spain, to implement measures to reduce its spread. These measures included isolation, confinement and restriction of free movement, the closing of public and private places except for premises providing essential and healthcare services, curfews, border restrictions and a drastic reduction in transport. The pandemic affected severely global economic conditions, causing falls in production, volatility in financial markets and disruption of the normal flow of business operations in Spain, and in other countries in which the Group operates and where similar measures have been implemented. The measures adopted by governmental authorities and the diffusion of vaccines have mitigated the effects of COVID-19 but the emergence of new COVID-19 variants, such as Omicron at the end of 2021, could prolong the pandemic and induce renewed economic disruptions affecting the Spanish economy or the Eurozone economy, circumstances which could have a negative impact on the Group's consolidated revenues and increase the Group's consolidated financing costs, which in turn could have a material adverse effect on the business, financial condition and results of operation of the Group.

The Spanish economy is particularly sensitive to economic conditions in the Eurozone and any distress in the European economic activity. The Eurozone has seen a rise of inflation, following a significant increase

in energy prices and supply chain disruptions. The Eurozone economic activity may be further affected by the outbreak of the military conflict in Ukraine at the end of February 2022 and the geopolitical uncertainty originated by it or the potential for its escalation or by the consequences and impact of the international economic sanctions imposed on Russia and Belarus as a result of it. The rising international trade tensions or any increase of political uncertainty in Spain could result in volatile capital markets or otherwise adversely affect financing conditions in Spain or the environment in which the Group operates, any of which could have a material adverse effect on the business, financial condition and results of operations of the Group.

As of 31 December 2021, the International Monetary Fund (“**IMF**”) estimates that the Spanish gross domestic product (“**GDP**”) increased by 4.9%, following a 10.8% decrease as of 31 December 2020 (source: IMF World Economic Outlook update January 2022), and forecasts a 5.0% increase for 2022. As at that same date, the World Bank estimates an increase of 5.2% of the Eurozone’s real GDP, following a 6.4% decrease in 2020 (source: World Bank, Global Economic Prospects January 2022).

Red Eléctrica Group relies on information technology for its operation and systems failures or third-party hacks may adversely affect its business prospects, financial condition and results of operation

As electricity system operator and transmission network manager, one of the main functions of Red Eléctrica de España is to guarantee the continuity and security of the electricity supply.

Disruptions or failures of the computer and information technology systems of Red Eléctrica de España could cause an interruption to the Group’s business, financial condition and result of operations. In particular, the information technology systems of Red Eléctrica de España may be vulnerable to a variety of interruptions as a result of events beyond its control, including, but not limited to, network or hardware failures, malicious or disruptive software, viruses, malware, ransomware or other malicious codes, unintentional or malicious actions of employees or contractors, cyberattacks by hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events, including natural disasters or extreme meteorological phenomena. Cyber threats are constantly evolving and this increases the difficulty of detecting and successfully defending against them.

In the event that Red Eléctrica de España or any of the Group companies suffers a breach in its cyber security or other failure of its information technology systems, such event could have a material adverse effect on the Group’s business, financial condition and result of operations.

Risks associated with international and telecommunication investments and divestments

As part of its strategy, the Group may undertake both investments entailing the acquisition and/or integration of businesses in order to foster its growth strategy through inorganic growth, and/or divestments in order to realise gains derived from the growth and higher valuation of certain assets or businesses acquired by the Group or as a consequence of changes in the Group’s general strategy.

In recent years the Group has made investments and divestments in electric infrastructures in several countries and in the telecommunication sector. See “*Red Eléctrica Corporación and Red Eléctrica Group – The Red Eléctrica Group – Business Overview*”. These investments and divestments inherently involve a number of risks such as those related to the existence of contingencies not foreseen and the adequacy of guarantees or indemnities to cover such contingencies, claims in connection with the investments or divestments (from employees, customers or third parties), the lack of materialization of expected benefits from such investments (including the realization of potential synergies and sales growth anticipated, either in the expected amount or timeframe, or costs), lower market valuations of businesses to be divested, risks related to local laws applicable where the investments or divestments are located and risks related to exchange rate fluctuations, capital movement restrictions, inflation, political and economic instability and possible state expropriation of assets in addition to risks related to the integration of businesses within the Group, the need to have a local management team or the Group’s capacity to fill the void any divestments may cause in its business and operations.

If these risks materialise, they could materially adversely affect the reputation, business prospects, financial condition and results of operation of the Group.

Risks associated to joint ventures and operations

Joint ventures or operations refer to those arrangements in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. Whilst joint operations involve the existence of rights to assets, including revenue, and obligations for liabilities, including expenses, relating to the arrangement, joint ventures involve a contractual agreement with a third party to share control over an activity and the strategic financial and operating decisions relating to the activity require the unanimous consent of all the venturers that share control.

The Group's joint arrangements as of 31 December 2021 include the 50 per cent. interest in Transmisora Eléctrica del Norte, S.A. ("**TEN**") held through Red Eléctrica Chile SpA. as a joint venture, focused on operating a transmission line spanning approximately 580 km that connects the Far North Interconnection System to the Central Interconnected System in Chile; the 50 per cent. interest in INELFE held through Red Eléctrica de España as a joint arrangement together with Réseau de Transport d'Électricité ("**RTE**"), the French transmission system operator focused on is the study and execution of interconnections between Spain and France that will increase the electricity exchange capacity between the two countries; the 50 per cent. interest in the Brazilian company Argo Energia Empreendimentos y Participaciones S.A. ("**Argo**"), through Red Eléctrica Brasil Holding Ltda., as a joint arrangement together with Grupo Energía Bogotá S.A E.S.P. Argo in turn owns Argo Transmisión de Energía S.A. ("**Argo I**"), Argo II Transmisión de Energía S.A. ("**Argo II**") and Argo III Transmisión de Energía S.A. ("**Argo III**"). Accordingly, the Group has classified this joint arrangement as a joint venture, as the parties to it have rights to the net assets of such joint venture.

Due to the nature of joint arrangements, whether joint ventures or joint operations, the Group's success in them depends primarily on its ability to maintain good relationships and to reach consensus on short, medium and long-term strategic decisions with its partners, whose interests may differ from those of the Group. In the event that the Group is unable to maintain good relationships and adopt positive strategic decisions, the Group may lose its investment in its joint arrangements and its business, financial condition and results of operations may be materially adversely affected.

Interest rate risk

The nature of the business of the Group is inherently capital intensive and requires financing to operate and expand. The Group's financial debt structure comprises certain debt instruments that accrue interest at both fixed and variable interest rates, the latter being linked to variable reference interest rates, mostly EURIBOR (Euro Interbank Offered Rate, "**EURIBOR**"). Interest rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. The implementation of the anticipated reforms may result in changes to a benchmark's administration, causing it to perform differently than in the past, or to be eliminated entirely, or resulting in other consequences which cannot be predicted as at the date hereof.

The financial debt structure of the Group is low risk with moderate exposure to fluctuation in interest rates, as a result of the debt policy implemented, which aims to bring the cost of debt into line with the financial rate of return applied to the regulated assets of the Group, amongst other objectives.

Nevertheless, any variations in the underlying reference interest rates on which the financing agreements of the Group which accrue interest at variable rates depend may impact the financial expenses of the Group by requiring the application of significant cash flow to interest service repayment, thus reducing the availability of cash flow to fund its business operations and increasing its vulnerability to adverse economic and industry conditions.

Additionally, the Group anticipates that any new financing agreements which it undertakes could imply higher financial costs than in the agreements signed in recent years due to increases in margins paid over market interest rates. If the Issuer or any of the Group companies are unable to formalise any new financing agreements under reasonable financial terms, there can be no assurance that such increased financing costs will not have a material adverse effect in the business, operations, cash flow and overall financial condition of the Group.

Liquidity and availability of funding risks

Liquidity risk arises as a result of differences in the amounts or the collection and payment dates of the various assets and liabilities of the companies of the Group. The Group's liquidity position is based on its strong capacity to generate funds, backed by the existence of credit lines that allow it to keep a significant volume of funds available during the year.

While the Group attempts to have sufficient liquidity available to meet its payment obligations by maintaining adequate liquidity levels over specific time periods without resorting to additional financing sources and diversifying its funding sources and optimising the maturity of its debt, the reduction of the remuneration calculation system currently in force or any other event that prevents or disrupts the generation of cash flow may materially adversely affect the financial condition and results of operation of the Group as it is likely that the Group would be obliged to incur in additional financial costs or, in the worst-case scenario, threaten the continuity of the Group as an ongoing business and lead to insolvency.

Currency risk

Because the consolidated annual accounts of the Group are expressed in euro, but the financial statements of several subsidiaries are expressed in other currencies, negative fluctuations in exchange rates could negatively affect the value of the assets, income and equity of consolidated foreign subsidiaries, with a concomitant adverse effect on the consolidated annual accounts of the Group (i.e., translation risk). For instance, due to the translation effect, an appreciation of the euro against the Group's other significant currencies, could adversely affect the Group's results or equity.

Risks in relation to the Notes

There is a limited active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently a limited active trading market. Accordingly, future liquidity of the Notes may be limited. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for Notes issued under the Programme to be admitted to trading on AIAF, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes under the Programme.

The issue price may be greater than the market value of the Notes

The issue price specified in the relevant Complementary Certificate may be more than the market value of the Notes as at the issue date, and the price, if any, at which a Dealer or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the issue price. In particular, the issue price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, whilst the proprietary pricing models of Dealers are often based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

Notes registered with Iberclear

The Notes issued under the Programme will be issued in dematerialised book-entry form registered with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (**Iberclear**) as managing entity of the central registry of the Spanish clearance and settlement system. (the "**Spanish Central Registry**"). No physical Notes may be issued under the Programme. Registration, clearing and settlement of the Notes will be performed within Iberclear's account-based electronic system. Noteholders are therefore dependent on the functionality and procedures of Iberclear's account-based system.

Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities in Iberclear (the “**Iberclear Members**”) as having an interest in the Notes shall be (except as otherwise required by Spanish law) be considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation under the Notes by making payments through Iberclear. Noteholders must rely on the procedures of Iberclear and the Iberclear Members to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book entries and registries as described above.

Holders of English Law Notes (as defined herein) may rely upon their rights under a deed of covenant executed by the Issuer on 8 April 2022 in connection with the Programme (the “**Deed of Covenant**”).

KEY FEATURES OF THE PROGRAMME

Issuer:	Red Eléctrica Financiaciones, Sociedad Anónima Unipersonal
Guarantors:	Red Eléctrica Corporación, Sociedad Anónima and Red Eléctrica de España, Sociedad Anónima Unipersonal
Risk factors:	Investing in Notes issued under the Programme involve certain risks. The principal risk factors that may affect the ability of the Issuer and the Guarantors to fulfil their respective obligations under the Notes are discussed under “ <i>Risk Factors</i> ” above
Arranger:	Banco Santander, S.A.
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, Bred Banque Populaire, CaixaBank, S.A., Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Industriel et Commercial S.A., ING Bank N.V., NatWest Markets N.V. and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular issue of Notes
Paying Agent:	CaixaBank, S.A.
Programme Amount:	The aggregate principal amount of Notes outstanding at any time will not exceed €1,000,000,000 (or its equivalent in other currencies) subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time in accordance with the Dealer Agreement
Currencies:	Notes may be denominated in euro or U.S. dollars, subject in each case to compliance with all applicable legal and regulatory requirements
Denominations:	Notes shall be issued in the following minimum denominations: (a) for euro Notes, €500,000; and (b) for U.S.\$ Notes, U.S.\$500,000; subject in each case to compliance with all applicable legal and regulatory requirements
Term of Notes:	The term of the Notes shall be not less than 3 Spanish trading business days (<i>días hábiles bursátiles</i>) or more than 364 calendar days from and including the issue date to, but excluding, the maturity date
Redemption on Maturity:	The Notes will be redeemed at their nominal amount
Issue price:	The issue price of each issue of Notes will be set out in the relevant Complementary Certificate
Yield Basis:	The Notes may be issued at a discount, at par or at a premium to par. The Notes will bear no interest
Status of the Notes:	The Notes constitute and at all times shall constitute direct, unsecured and unsubordinated obligations of the Issuer ranking

pari passu without any preference among themselves and *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer other than those preferred by mandatory provisions of law and other statutory exceptions

Guarantee: The Notes are unconditionally and irrevocably guaranteed by the Guarantors. The obligations of each Guarantor under the Guarantees constitute and at all times shall constitute its direct, unsecured and unsubordinated obligations ranking *pari passu* with all its present and future unsecured and unsubordinated obligations other than those preferred by mandatory provisions of law and other statutory exceptions

Taxation: All payments under the Notes or the Guarantees will be made without deduction or withholding for or on account any present or future Spanish taxes, except as stated in the terms and conditions of the Notes and as stated under the heading "*Taxation – Taxation in Spain*"

Tax disclosure requirements: Under Law 10/2014 and Royal Decree 1065/2007, as amended, the Issuer shall receive certain information in respect of the Notes as described under "*Taxation – Taxation in Spain. Disclosure obligations in connection with the payments on the Notes*".

If the Iberclear Members fail to provide to the Issuer the information described under "*Taxation – Taxation in Spain. Disclosure obligations in connection with the payments on the Notes*", the Issuer may be required to withhold tax and may pay income in respect of such principal amount net of the Spanish withholding tax applicable to such payments (currently at the rate of 19 per cent).

None of the Issuer, the Guarantors, the Arranger or any of the Dealers assumes any responsibility thereof

Form of the Notes: The Notes will be issued in dematerialised book-entry form (*anotaciones en cuenta*) registered with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (**Iberclear**) as managing entity of the central registry of the Spanish clearance and settlement system. Holders of a beneficial interest in the Notes that do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") with Iberclear.

Holders of English Law Notes will have the benefit of a deed of covenant dated 8 April 2022 (the "**Deed of Covenant**")

Listing and Trading: Application will be made for the Notes issued under the Programme to be admitted to trading in Spain on AIAF. No Notes may be issued on an unlisted basis

Selling Restrictions: The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, the Republic of Ireland, France, Japan and Spain included in this Information Memorandum (see "*Subscription and Sale*")

Governing Law:

English Law Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law. Spanish Law Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, Spanish law. English Law Notes and Spanish Law Notes may not be issued with the same maturity date

The English Law Guarantee and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, English law. The Spanish Law Guarantee and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, Spanish law.

The capacity of the Issuer to issue the Notes, the formalities relating to the issue of the Notes and the relevant corporate resolutions, the capacity of the Guarantors, the representation of the Notes in book-entry form, title to the Notes and their transfer and the status of the Notes and the Guarantees shall be governed by Spanish law.

Use of Proceeds:

The net proceeds of the issue of the Notes will be used for the general corporate purposes of Red Eléctrica de España

Programme Rating:

Rated. Notes to be issued under the Programme have been assigned a short term rating of 'F1' by Fitch Ratings España S.A.U.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Ratings are subject to review at any time by the assigning rating agency. Investors shall refer to the relevant rating agency in order to have access to the latest ratings

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Information Memorandum:

- (a) the translation into English of the audited consolidated financial statements of Red Eléctrica Corporación for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards adopted by the European Union (EU-IFRS), and the translation into English of the auditors' report thereon;
- (b) the translation into English of the audited consolidated financial statements of Red Eléctrica Corporación for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards adopted by the European Union (EU-IFRS), and the translation into English of the auditors' report thereon;
- (c) the translation into English of the audited financial statements of the Issuer and Red Eléctrica de España for the year ended 31 December 2021, prepared in accordance with generally accepted accounting principles in Spain (Spanish GAAP), and the translation into English of the auditors' report thereon; and
- (d) the translation into English of the audited financial statements of the Issuer and Red Eléctrica de España for the year ended 31 December 2020, prepared in accordance with generally accepted accounting principles in Spain (Spanish GAAP), and the translation into English of the auditors' report thereon.

Copies of the documents specified above as containing information incorporated by reference in this Information Memorandum may be inspected, free of charge, upon reasonable notice, at the specified offices (which are set out below) of the Paying Agent.

THE ISSUER

Introduction

Red Eléctrica Financiaciones, Sociedad Anónima Unipersonal (the “**Issuer**”) is a Spanish limited liability company (*sociedad anónima*), subject to the Spanish Companies Law (*Ley de Sociedades de Capital*) that was incorporated as a sole shareholder company (*sociedad unipersonal*) on 17 June 2009 for an indefinite period. It is registered in the Mercantile Registry of Madrid at volume 26,804, sheet 133, section 8, page number M-483031 and has Tax Identification Number A-85724052. The registered address of the Issuer is in Paseo del Conde de los Gaitanes No. 177, 28109 Alcobendas (Madrid), Spain.

Business overview

The sole purpose of the Issuer is to issue debt instruments guaranteed by the Red Eléctrica Group companies where applicable, subject to compliance with all legal and regulatory requirements.

Management

The Issuer is managed by two directors which, in accordance with the by-laws (*estatutos sociales*) of the company, shall act jointly. Directors are appointed for a period of five years and may be re-elected.

The directors as of the date of this Information Memorandum are:

Name of Director	Position
Mr. Tomás José Gallego Arjiz	Director
Mr. Fernando Frías Montejo	Director

To the best knowledge and belief of the Issuer and the Guarantors, there are no potential conflicts of interest between the directors of the Issuer and their respective private interests or duties in accordance with Spanish law.

Share capital and major shareholders

The share capital of the Issuer is €60,200 represented by 602 shares with a par value of €100 each, forming a single class. The share capital is fully subscribed and paid up.

Red Eléctrica Corporación is the sole shareholder of the Issuer.

RED ELÉCTRICA CORPORACIÓN AND RED ELÉCTRICA GROUP

Introduction

Red Eléctrica Corporación Sociedad Anónima (“**Red Eléctrica Corporación**”) is a Spanish limited liability company (*sociedad anónima*), subject to the Spanish Companies Law (*Ley de Sociedades de Capital*) that was incorporated on 29 January 1985 for an indefinite period. It is registered in the Mercantile Registry of Madrid at volume 214, book 191, sheet 38, section 3, page number 62853 and has Tax Identification Number A-78003662. The registered address of Red Eléctrica Corporación is in Paseo del Conde de los Gaitanes No. 177, 28109 Alcobendas (Madrid), Spain.

Red Eléctrica Corporación was incorporated under the company name Red Eléctrica de España, Sociedad Anónima pursuant to Law 49/1984, of 26 December 1984 which unified the operation of the Spanish electric power system and the management of the high voltage grids. The company was the first in the world exclusively dedicated to the transmission of electricity and the operation of electric power systems.

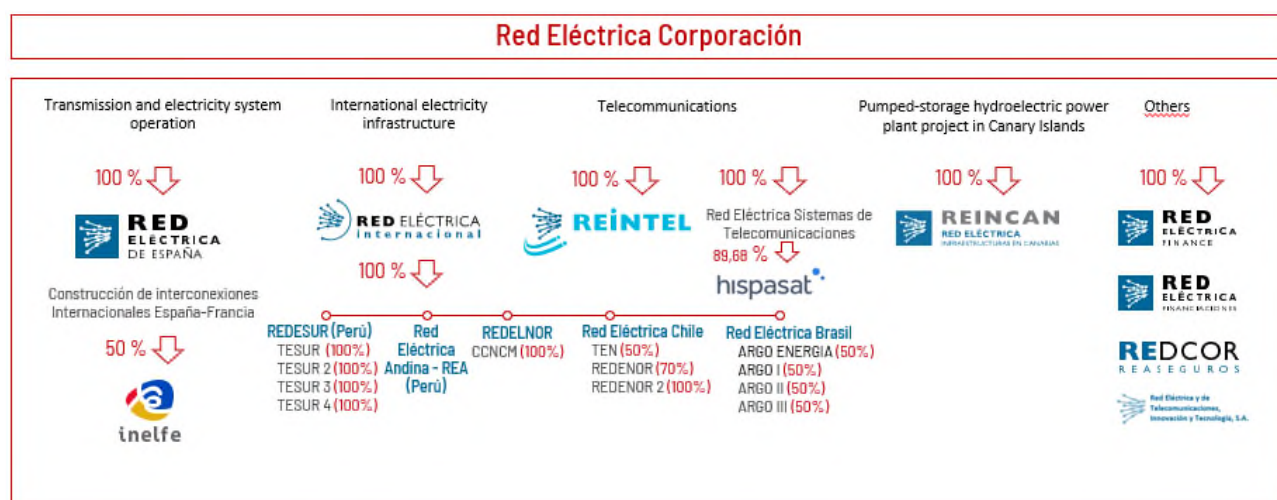
The former Spanish Electricity Act, Law 54/1997, of 27 November 1997, which introduced the opening of the market to competition, appointed the company as system operator, transmission grid manager and principal carrier of the electric power system in Spain. This Law was amended by Law 17/2007, of 4 July 2007 to adapt it to the European Directive 2003/54/CE, and confirmed the company as sole transmission and electric power system operator in Spain, thus completing the consolidation of its position as Spanish Transmission System Operator (“**TSO**”).

In addition, Law 17/2007, of 4 July 2007 brought about a series of corporate changes for the company. In order to reinforce the separation and transparency of regulated activities in Spain, the organisational structure of the company was transformed into a holding structure. As a result of this, on 1 July 2008 Red Eléctrica de España, Sociedad Anónima changed its name to the current Red Eléctrica Corporación, Sociedad Anónima and transferred all the regulated business in Spain to a new company named Red Eléctrica de España, Sociedad Anónima Unipersonal (“**Red Eléctrica de España**”). The corporate head offices and the properties not related to the regulated activities, as well as any shareholding held in other entities which were not transferred to Red Eléctrica de España remain under the parent company.

Law 54/1997 was substituted by a new Electricity Sector Act, Law 24/2013, of 26 December 2013, which maintains Red Eléctrica de España’s appointment as sole transmission and system operator. Law 24/2013 also maintains the current holding structure of the Red Eléctrica Group.

The Red Eléctrica Group

Red Eléctrica Corporación is the parent company of the Red Eléctrica Group. As of date of this Information Memorandum, the simplified structure of the Group is as follows:



Under Law 24/2013, all of the provisions relating to the system operator and transmission network manager apply to Red Eléctrica de España and Red Eléctrica Corporación may not transfer its shares in Red Eléctrica de España to third parties as it carries out regulated activities.

Business overview

The Red Eléctrica Group conducts its business and operations across three main divisions: (i) management and operation of domestic electricity infrastructure; (ii) management and operation of international electricity infrastructure; and (iii) telecommunications .

(i) *Management and operation of domestic electricity infrastructure*

The principal activity of the Red Eléctrica Group is electricity transmission, system operation and management of the transmission network for the Spanish electricity system. These regulated activities are carried out through Red Eléctrica de España as TSO of the Spanish electricity system, and they are described below in a specific section “Management of electric infrastructure in Spain”.

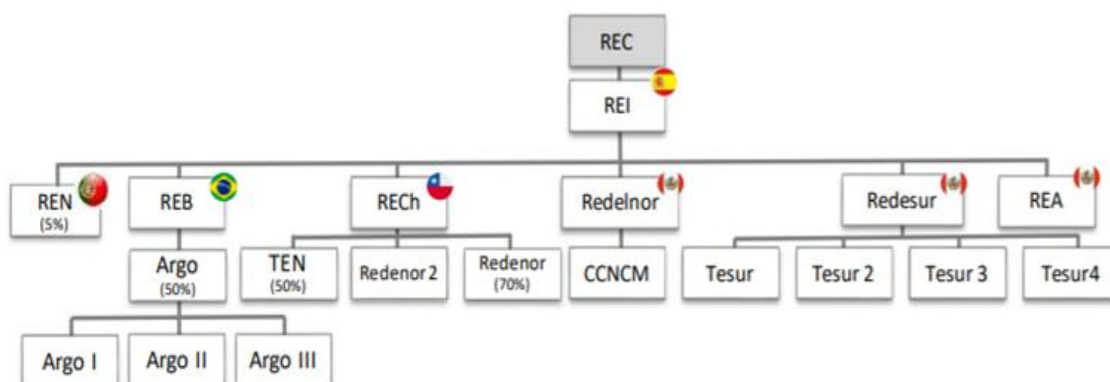
In accordance with Law 24/2013, high voltage transmission of electricity consists in transmitting electricity and in constructing, maintaining and managing the facilities necessary to do so. Red Eléctrica de España also operates the electricity systems serving the Spanish territory, including the mainland, islands and non-mainland electricity systems, to ensure the continuity and security of the electricity system.

Moreover, in connection with the activity of TSO, the Group is involved in the construction of energy storage facilities in non-mainland and isolated systems through Red Eléctrica Infraestructuras en Canarias S.A.U. (“**REINCAN**”), a fully owned subsidiary of Red Eléctrica Corporación incorporated on 17 September 2015.

In addition, Red Eléctrica de España owns 50% of the share capital of Interconexión Eléctrica Francia-España, S.A.A. (“**INELFE**”) for development of the connection facilities with France that will increase the electricity exchange capacity between the two countries.

(ii) *Management and operation of international electricity infrastructure*

The international business of the Red Eléctrica Group is developed through Red Eléctrica Internacional S.A.U. (“**Red Eléctrica Internacional**”), and international operations have been concentrated in Peru, Chile and Brazil, with a minor presence in Portugal. The following table provides a simplified overview of the Group’s management of electricity infrastructure in the international business:



Activity in Peru

In Peru, Red Eléctrica Internacional holds a direct 100% interest in the capital of the Peruvian companies Red Eléctrica Andina, S.A.C. (“**REA**”), Red Eléctrica del Sur, S.A. (“**REDESUR**”), and Red Eléctrica del Norte Perú, S.A.C. (“**REDELNOR**”). In turn, REDESUR owns 100% of Transmisora Eléctrica del Sur, S.A. (“**TESUR**”), Transmisora Eléctrica del Sur 2, S.A. (“**TESUR2**”), Transmisora

Eléctrica del Sur 3, S.A. ("**TESUR3**") and with the participation of Red Eléctrica Internacional Transmisora Eléctrica del Sur 4, S.A. ("**TESUR4**"), companies whose principal activity is the electricity transmission and the operation and maintenance of electricity transmission networks in Peru.

The Red Eléctrica Group operates electricity transmission infrastructure under a 30-year concession. It is the main transmission agent in the south of Peru and since 2019, following REDELNOR's acquisition of Concesionaria Línea de Transmisión CCNMC S.A.C. ("**CCNMC**"), it has also operated in the north of the country. The network spans a total of 1,686 km of transmission lines, of which 1,558 km are in commercial operation and 128 km are under construction.

In 2021, the management excellence of REDESUR, TESUR, TESUR2, TESUR3 and CCNMC, which all manage electricity transmission infrastructure on a commercial operation basis, enabled them to offer an energy transmission service with maximum availability, while supporting development in their operating environment.

The project awarded to TESUR4 in 2018 is at the construction stage, the Environmental Impact Assessment (EIA) having been approved in March 2021. The project is rolling out as envisaged and is scheduled to be completed and come into service in 2022.

As regards to REA, it continues to provide maintenance services for the concessions under operation, namely REDESUR, TESUR, TESUR2, TESUR3 and CCNMC and is also tasked with supervision and site management for the TESUR4 works. REA also carries out installation maintenance and site supervision for other clients, positioning it among the benchmark companies for such services in the south of Peru.

Activity in Chile

Red Eléctrica Internacional has 100% of the share capital of the company Red Eléctrica Chile SpA ("**RECH**"), incorporated in November 2015 and its main activity is the acquisition, possession, administration, direction and management of the shares that the Group maintains in Chile. RECH in turn, has 50% share in Transmisora Eléctrica del Norte, S.A. ("**TEN**"), the other 50% being owned by the Chilean company, Engie Energia Chile, a subsidiary of Grupo ENGIE. RECH also has a 69.9% stake in Red Eléctrica del Norte, S.A. ("**REDENOR**") and 100% of Red Eléctrica del Norte 2, S.A. ("**REDENOR2**").

Overall, RECH operates 1,749 km of transmission lines, of which 1,491 km are in commercial operation and 258 km are under construction.

TEN operates the 500 kV Changos - Cumbre - Nueva Cardones axis, which forms part of the National Transmission System, as well as the 220 kV Mejillones - Changos dedicated line. In 2021, TEN reported an availability factor for its facilities of 99.92%, surpassing prior years' availability.

REDENOR has continued its construction of the transmission facilities in northern Chile, awarded in 2017. In 2020 the first stage of the project entered service (Nuevo Pozo Almonte 220 kV substation), and at year end the availability of the facilities stood at 100%. REDENOR has also forged ahead with Stage 2 of the project, which involves the construction of 258 km of 220 kV power lines and is scheduled for completion in 2022.

REDENOR2 reported an availability factor for its transmission facilities of 99.92% in 2021. The Seccionadora Centinela substation entered service in 2021.

Regarding the legal framework governing the electricity transmission business in Chile, one of the most relevant processes carried out during 2021, which got underway in 2019, is the National Value Assessment for the 2020-2023 period, conducted by the National Energy Commission (CNE) in Chile. Pursuant to Chilean Law 20,936, a review must be conducted every four years to determine the annual remuneration for transmission assets, including both local transmission networks and the national transmission grid.

The review of the useful life of installed facilities and the discount rate was completed in 2019, whereas the task of determining the investment values, and the annual cost of operation and maintenance, had yet to be concluded in 2021.

In August 2021, the National Energy Commission (“CNE”) in Chile published the Final Technical Report (“FTR”) reducing the return on investment. Subsequently, on 12 January 2022, the Expert Panel published its decision regarding the discrepancies presented to the CNE in view of the FTR on the transmission valuation process for the 2020-2023 period. The CNE will apply this decision when publishing its Definitive Technical Report on the valuation.

In 2021, therefore, the Group recognised its Chilean subsidiaries’ revenue based on its best estimate of the final figures to be approved in the aforementioned process and considers that the revenue resulting from the final resolution of this process will not differ significantly from the estimated revenue recognised.

Activity in Brazil

On 25 March 2020, Red Eléctrica Internacional through Red Eléctrica Brasil (“REBR”) and the Colombian company Grupo Energía Bogotá S.A. ESP (“GEB”) acquired 50% of the Brazilian holding company Argo Energia Empreendimentos e Participações S.A. (“Argo”) owner of three electric transmission concessions in Brazil. The acquisition and commencement of operations of Argo has marked the Group’s penetration of the Brazilian market. As at the date of this Information Memorandum, the Group, together with GEB, manages three concessions granted for a period of 30 years, totalling 1,430 km of high voltage circuit (500 kV and 230 kV) and eleven electricity substations.

Argo I operates 1,110 km of 500 kV power lines and five substations in the northeast of Brazil. Argo II is a project to expand a substation in the state of Minas Gerais. Synchronous condenser 2 (“SC2”) came into service in 2021, while Synchronous condenser 1 (“SC1”) is expected to enter service in 2022. Argo III operates 320 km of 230 kV power lines and five substations in the state of Rondônia. The final stage of the project came into service in 2021 (the Jarú substation and the Colectora Porto Velho substation).

On 3 November 2021, Argo entered into a share sale-purchase agreement with Rialma Administração e Participações S.A. to acquire shares representing 100% of the share capital of Rialma Transmissora de Energia III S.A., subject to certain conditions being met and to the regulatory authorities approving the acquisition. On 31 January 2022, the conditions precedent have been fulfilled and the acquisition of the ordinary registered shares has thus been completed. Accordingly, the acquiree will change its name to “Argo IV Transmissão de Energia S.A.”.

(iii) *Telecommunications*

The Group’s telecommunications business is addressed by three main business lines, the satellite business, the optic fibre business and the 5G business.

Satellite business

On 27 February 2018 Red Eléctrica Corporación, as sole shareholder, incorporated Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (“RETEL”) whose main corporate purpose is the acquisition, holding, management and administration of securities. On 3 October 2019, RETEL acquired 89.68% of Abertis’ stake in Hispasat, S.A. (“Hispasat”). The other Hispasat shareholders are Sociedad Estatal de Participaciones Industriales (SEPI), with a 7.41% interest, and the Centro para el Desarrollo Tecnológico Industrial, E.P.E., which holds 2.91%.

Hispasat’s principal activity consists of leasing spatial capacity and providing managed services for video and broadband data through the operation and commercial exploitation of its fleet of satellites in orbit and the related ground segment, primarily in Spain, Brazil, Peru and Mexico.

In light of the situation created by the COVID-19 pandemic and the transformation process in which the satellite sector is immersed, Hispasat embarked upon a strategic rethink, which led to the approval of a new strategic plan for the 2021-2025 period at the end of 2020. The new strategy aims at the objective of repositioning Hispasat from an infrastructure operator to a provider of satellite services.

2021 saw the consolidation of certain trends that had already surfaced in the market, such as the verticalisation of satellite operators, which continue to evolve towards a service provider role in

certain segments and/or geographical areas. Hispasat is no stranger to this strategic repositioning, having completed the acquisition in Peru, in 2021, of the signal management and transmission business in the satellite audio-visual sphere, thus enabling the company to position itself as a leading provider of wholesale video services in South America. In addition, backhaul projects have continued to be rolled out, with Hispasat taking on the role of turnkey service provider and offering comprehensive projects in the fields of tele education and telemedicine to Latin America governments.

Bolstered by its managed video services business in Latin America, Hispasat posted a rise in commercial revenues of almost 15% in 2021. Excluding the effect of this acquisition, commercial revenues have risen, testament to a positive commercial trend that is outperforming the sector.

Fibre optics business

The Group provides telecommunications services to third parties through Red Eléctrica Infraestructuras de Telecomunicación, S.A.U. (“**REINTEL**”), primarily by leasing dark backbone fibre, both from electric power transmission infrastructure and railway networks. REINTEL also provides maintenance services for fibre optic cables and telecommunications equipment. The company currently operates a fibre optic network of more than 52,000 km of cables deployed over the electricity transmission network and the railway network, guaranteeing transparent and equal access to its customers and telecommunications agents. REINTEL was awarded rights to use and operate the fibre optic network, excluding the railway network and other associated elements owned by Adif, for a 20 year period, until November 2034.

In addition, on 16 December 2021 Red Eléctrica Corporación announced the agreement, subject to the pertinent authorisations being obtained, with Kohlberg Kravis Roberts & Co. L.P., through its subsidiary Rudolph Bidco S.À.R.L., for the sale of a minority stake of 49% in REINTEL for €971 million. The parties sought the pertinent authorisation for the transaction, this being one of the conditions precedents for the agreement signed by the two parties to come into effect.

5G business

The Red Eléctrica Group’s strategic plan envisages, among other initiatives, the development of new opportunities associated with the roll-out of 5G networks, a process in which the Group will be a significant player. The development of these activities will be centralized through the company RESTEL. 5G mobile communication technology is not only revolutionary for telecommunications services, but also for production and economic processes, where its speed, immediacy and capacity to connect thousands of devices simultaneously come into play.

In 2021 an enterprise-wide project was carried out within the Red Eléctrica Group, which served to assess the Group’s infrastructure in terms of its capacity to host 5G network equipment. In addition, the value proposal for such networks was defined and both the operating and commercial models were designed, with a view to bringing the networks into commercial operation.

In addition to the above-mentioned business divisions, the Red Eléctrica Group carries out activities through its subsidiaries aimed at financing its operations through Red Eléctrica de España Finance, S.L. and the Issuer, and covers risks (among other means) by reinsuring its assets and activities through Redcor Reaseguros, S.A.

In 2019, Red Eléctrica Corporación incorporated Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A.U. (“**Elewit**”) to foster technological innovation. Since its incorporation, it has strengthened its position, under the Elewit brand, as the Group’s tech platform and transformation engine. Elewit drives innovation, entrepreneurship and technological development, which are the cornerstones of sustainability against a changing backdrop in both the energy and telco sectors. Through Elewit, the Group harnesses the potential of technology to further the Group’s business and activity, as well as to explore new value-added business segments.

Environmental matters and sustainability

The Red Eléctrica Group’s commitment to the environment stems from management and is based on environmental policy, which includes an explicit commitment to the prevention of pollution and the

precautionary principle. The involvement of all of the organisational units and the commitment of all of the Group's employees are essential to the implementation of this commitment.

In 1992, the Group implemented the first environmental protection code in the Spanish electricity industry and in 1998 it established a formal environmental protection policy to govern all of its activities. Since October 2001, the Group has had in place an environmental management system certified to the UNE-EN ISO 14001 standard and registered under the EU Eco-Management and Audit Scheme (EMAS).

In 2004, Red Eléctrica Group became the first business group from the energy sector in Spain to obtain an environmental certification from the Spanish Normalisation and Certification Association (*Asociación Española de Normalización y Certificación*) for all its electricity transmission activities and facilities.

The Red Eléctrica Group's commitment to operate in accordance with the strictest requirements associated with environmental management forms an integral part of, and is reflected in, its environmental policy.

In 2018, Red Eléctrica Corporación's Board created the Sustainability Committee, owing to the strategic role sustainability currently plays within the Group. It is voluntary and is largely made up of independent directors.

Red Eléctrica Group belongs to the most internationally recognised sustainability indices, in recognition of its excellent track record in this area and its firm commitment to sustainability and its commitment to responsible transparency and accountability to third parties. The company is a component of the benchmark indices: Dow Jones Sustainability Index (DJSI), FTSE4Good, CDP, Euronext Vigeo Eiris, Ethibel and MSCI.

Management

Red Eléctrica Corporación is managed by a board of directors which, in accordance with its by-laws (*estatutos sociales*) is comprised of no less than nine and no more than thirteen members appointed by the general shareholders meeting. Members of the board of directors are appointed for a period of four years and may be re-elected.

The members of the board of directors as of the date of this Information Memorandum are:

<u>Name of Director</u>	<u>Position on the Board</u>	<u>Date of first appointment</u>
Ms. Beatriz Corredor Sierra	Chairwoman	25 February 2020
Mr. Roberto García Merino	Chief Executive Officer	27 May 2019
Ms. Mercedes Real Rodríguez	Director	31 October 2017
Mr. Ricardo García Herrera	Director	22 December 2020
Ms. Carmen Gómez de Barreda Tous de Monsalve	Director	19 April 2012
Ms. Socorro Fernández Larrea	Director	09 May 2014
Mr. Antonio Gómez Ciria	Director	09 May 2014
Mr. José Juan Ruiz Gómez	Director	22 March 2019
Mr. Marcos Vaquer Caballería	Director	29 June 2021
Ms. Elisenda Malaret García	Director	29 June 2021
Mr. José María Abad Hernández	Director	29 June 2021

To the best knowledge and belief of the Issuer and the Guarantors, there are no potential conflicts of interest between the directors of Red Eléctrica Corporación and their respective private interests or duties in accordance with Spanish law.

Additionally, Mr. Carlos Méndez-Trelles García holds the office of General Counsel and Non-Director Secretary of the Board of Directors and Mr. Fernando Frías Montejo of Deputy General Counsel and Deputy Non-Director Secretary of the Board of Directors.

Share capital and major shareholders

Red Eléctrica Corporación is listed in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia since 7 July 1999 and it is one of the companies included in the Ibex 35 selective index. Its current share capital is €270,540,000 represented by 541,080,000 shares with a par value of €0.50 each, forming a single class. The share capital is fully subscribed and paid up.

The largest shareholder of Red Eléctrica Corporación as of the date of this Information Memorandum is Sociedad Estatal de Participaciones Industriales (SEPI), the Spanish state industrial holding company, which holds 20% of the shares of the company.

RED ELÉCTRICA DE ESPAÑA

Introduction

Red Eléctrica de España, Sociedad Anónima Unipersonal (“**Red Eléctrica de España**”) is a Spanish limited liability company (*sociedad anónima*), subject to the Spanish Companies Law (*Ley de Sociedades de Capital*), that was incorporated as a sole shareholder company (*sociedad unipersonal*) on 1 July 2008 for an indefinite period. It is registered in the Mercantile Registry of Madrid at volume 25,097, sheet 195, section 8, page number M-452031 and has Tax Identification Number A-85309219. The registered address of Red Eléctrica de España is in Paseo del Conde de los Gaitanes No. 177, 28109 Alcobendas (Madrid), Spain.

Management of electric infrastructure in Spain

As mentioned above, the main activity of the Group comprises electricity transmission, system operation and management of the transmission network for the Spanish Electricity System, carried out through Red Eléctrica de España.

The main business activities of Red Eléctrica de España are as follows:

Transmission

The main activity of Red Eléctrica de España is the transmission of electricity through the high-voltage grid. Pursuant to Law 24/2013, of 26 December 2013, this activity comprises the transmission of electricity and the construction, maintenance and operation of transmission infrastructures

Red Eléctrica de España expects to invest over €2,800 million between 2021 and 2025 on its transmission activities. These investments will be oriented mainly to the structural strengthening of the transmission grid, the improvement of the meshing of grid nodes and the creation of new transmission axes.

Red Eléctrica de España owns the majority of the Spanish transmission network, consisting of over 44,000 km of high voltage lines, over 6,000 substation bays, and over 93,000 MVA (megavolt amps) of transformation capacity.

In order to develop and maintain the transmission network, Red Eléctrica de España carries on the following activities:

Planning. The company identifies future network development needs with a view to improving the network. In this respect, it carries out the corresponding demand and supply forecast analyses and technical studies on the suitability of the transmission network.

Development. The investments of the company are targeted towards the structural reinforcement and development of the transmission network, to improve the meshing of the transmission grid, integrating, and improving the transmission assets in the Balearic and Canary Islands and strengthening international interconnections, and propelling the energy transition, market integration and the sustainability of the electricity system with a major technological component and search for efficiency.

Structural reinforcement of the transmission network includes the development of international interconnections, to ensure the continuity of the supply in Spain as well as the integration of the Spanish electricity market into other markets. In this regard, the development of interconnections with France, which connects the Spanish and Portuguese electricity systems to the other European electricity systems, is key to Red Eléctrica de España. Additionally, increasing and expanding these interconnections is one of the principal objectives of EU energy policy.

Maintenance. The maintenance of the equipment and systems that constitute the high voltage transmission network requires the application of strict quality controls, the use of predictive maintenance techniques and the performance of intensive work.

As a result of the good level of coordination between power downtime for construction and maintenance work, the quality of the facilities and the use of the abovementioned maintenance techniques, Red Eléctrica

de España benefits from a high degree of availability of its electricity transmission facilities. This, in turn, has enabled Red Eléctrica de España to achieve the following service quality indicators in terms of security and continuity of supply as at 31 December 2021:

Quality indicator	2021(*)
Network availability index (%)	98.5
Average interrupt time (AIT) in minutes	0.395
Energy not supplied (ENS) MWh	182.4

(*) Provisional data

Source: Red Eléctrica de España

System Operation

Red Eléctrica de España operates the Spanish electric power system, including the insular and extra-peninsular systems, with the aim to guarantee the security and continuity of the electricity supply at all times and the correct coordination of the production and transmission system and manages the development of the transmission network.

As system operator, Red Eléctrica de España endeavours to provide a constant balance between electricity output and consumption in Spain. In order to achieve this, it anticipates electricity demand and operates, in a coordinated manner and in real time, the electricity generation and transmission facilities, thereby ensuring that the programmed output of power stations coincides at all times with the actual consumer demand for electricity.

In order to improve the performance of its functions as system operator and ensure that the system is operated with impartiality and at minimum cost to the system, Red Eléctrica de España acts in accordance with the principles of independence, transparency, neutrality and economic efficiency.

Power control centres are one of the basic devices used by Red Eléctrica de España to perform its legal functions as system operator. These centres coordinate and control the generation and transmission of electricity in real time.

In 2006, Red Eléctrica de España brought a specific centre into service to supervise and control facilities operating under the special regime (renewable energies and cogeneration). This specialised centre, known as the Special Regime Control Centre (CECRE) is integrated into the Electricity Control Centre (CECOEL) and its main purpose is to allow a maximum output from renewable energy sources, especially wind energy, to be safely integrated into the power system.

Regarding the international exchanges of electricity, Red Eléctrica de España is responsible for coordinating with the electricity operators of other countries the information relating to international exchanges of electricity and the measurements of energy flows that take place through international interconnections. Red Eléctrica de España can enter into short-term international supply agreements for exchanging electricity for the purpose of guaranteeing the quality and security of power supply.

Management

Red Eléctrica de España is managed by a sole director appointed for a period of six years and may be re-elected. Red Eléctrica Corporación is the sole director of Red Eléctrica de España, whose first appointment was on 20 June 2008 and it is represented by Roberto García Merino.

To the best knowledge and belief of the Issuer and the Guarantors, there are no potential conflicts of interest between the representative of the sole director of Red Eléctrica de España and his private interests or duties in accordance with Spanish law.

Share capital and major shareholders

The share capital of Red Eléctrica de España is €800,006,000 represented by 400,003,000 shares with a par value of €2 each, forming a single class. The share capital is fully subscribed and paid up.

Red Eléctrica Corporación is the sole shareholder of Red Eléctrica de España.

CERTAIN INFORMATION IN RESPECT OF THE NOTES

Key information

The persons involved in the Programme and the capacities in which they act are specified at the end of this Information Memorandum.

The net proceeds of the issue of the Notes will be used for the general corporate purposes of Red Eléctrica de España.

Information Concerning the Securities to be admitted to trading

Total amount of Notes admitted to trading

The aggregate amount of each issue of Notes will be set out in the applicable Complementary Certificate.

The maximum aggregate principal amount of Notes which may be outstanding at any one time is €1,000,000,000 (or its equivalent in other currencies). Such amount may be increased from time to time in accordance with the Dealer Agreement.

Currency of the Notes

Notes may be issued in euro or U.S. dollars subject in each case to compliance with all applicable legal and regulatory requirements.

Type and class of Notes

Notes shall be issued in the following minimum denominations:

- (a) for euro Notes, €500,000; and
- (b) for U.S.\$ Notes, U.S.\$500,000,

subject in each case to compliance with all applicable legal and regulatory requirements.

Legislation under which the Notes and the Guarantees have been created

English Law Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law. Spanish Law Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, Spanish law. English Law Notes and Spanish Law Notes may not be issued with the same maturity date.

The English Law Guarantee and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, English law. The Spanish Law Guarantee and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, Spanish law.

The capacity of the Issuer to issue the Notes, the formalities relating to the issue of the Notes and the relevant corporate resolutions, the capacity of the Guarantors, the representation of the Notes in book-entry form, title to the Notes and their transfer and the status of the Notes and the Guarantees, shall be governed by Spanish law.

Form of the Notes

The Notes will be issued in dematerialised book-entry form (*anotaciones en cuenta*) registered with Iberclear as managing entity of the central registry of the Spanish clearance and settlement system (the "**Spanish Central Registry**"). Holders of a beneficial interest in the Notes that do not have, directly or

indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear or Clearstream, Luxembourg with Iberclear.

Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the “**Iberclear Members**”) as having an interest in the Notes (each, a “**Noteholder**”) shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein.

One or more certificates (each a “**Certificate**”) attesting to the relevant Noteholder its holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where appropriate, by Iberclear itself (in each case, in accordance with the requirements of Spanish law and the regulations and procedures of Iberclear and the relevant Iberclear Member as appropriate) to such Noteholder upon such Noteholder’s request. The Notes are issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Noteholder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Noteholder.

Noteholders in possession of English Law Notes will have the benefit of the Deed of Covenant.

Status of the Notes

The Notes constitute and at all times shall constitute direct, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* without any preference among themselves and *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer other than those preferred by mandatory provisions of law and other statutory exceptions.

*In the event of insolvency (concurso) of the Issuer, under Royal Legislative Decree 1/2020, of 5 May, enacting the consolidated text of the Insolvency Law (Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal) as amended from time to time (the “**Spanish Insolvency Law**”) claims relating to Notes will be ordinary credits (créditos ordinarios) as defined by the Spanish Insolvency Law unless they qualify as subordinated credits (créditos subordinados) in the limited circumstances set out in Article 281 of the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and privileged credits (créditos privilegiados).*

Status of the Guarantees

The obligations of each Guarantor under the Guarantees constitute and at all times shall constitute direct, unsecured and unsubordinated obligations of that Guarantor ranking *pari passu* without any preference among themselves and *pari passu* with all its present and future unsecured and unsubordinated obligations other than those preferred by mandatory provisions of law and other statutory exceptions.

In the event of insolvency (concurso) of a Guarantor, under the Spanish Insolvency Law claims relating to a Guarantee will be ordinary credits (créditos ordinarios) as defined by the Spanish Insolvency Law unless they qualify as subordinated credits (créditos subordinados) in the limited circumstances set out in Article 281 of the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and privileged credits (créditos privilegiados).

Zero coupon Notes

The Notes may be issued at a discount, at par or at a premium to par.

The Notes will not bear any explicit interest or attach coupons, and will not entitle the Noteholder to any periodic payments other than the payment of the nominal amount of the Notes on the maturity date.

Maturity of the Notes

Unless previously redeemed, purchased or cancelled in accordance with the terms and conditions of the Notes, the Notes shall be repaid on the maturity date at their nominal amount, in each case as specified in the relevant Complementary Certificate.

The term of the Notes shall be not less than 3 Spanish trading business days (*días hábiles bursátiles*) or more than 364 calendar days from and including the issue date to, but excluding, the maturity date.

Yield Basis

The yield basis in respect of the Notes will be set out in the relevant Complementary Certificate and will be calculated as follows:

$$I = \left[\left(\frac{N}{E} \right)^{365/n} - 1 \right]$$

I = yield

N = Nominal amount of the Note

E = underwriting or purchase price of the Note

n = period of days from the Issue date until the maturity of the Note.

The next table shows illustratively the effective values of a Note of 100,000 Euros of nominal value for different terms and interest rates, calculated on a 365 base:

Rate (%)	30 days			90 days			365 Days		
	Effective Value (Euros)	Yield (%)*	+10Days (Euros)**	Effective Value (Euros)	Yield (%)*	+10Days (Euros)**	Effective Value (Euros)	Yield (%)*	+10Days (Euros)**
-1.00	100,082.6	-1.00	27.5	100,248.1	-1.00	27.5	101,010.1	-1.00	27.5
-0.50	100,041.2	-0.50	13.7	100,123.7	-0.50	13.7	100,502.5	-0.50	13.7
-0.20	100,016.5	-0.20	5.5	100,049.4	-0.20	5.5	100,200.4	-0.20	5.5
-0.15	100,012.3	-0.15	4.1	160,037.0	-0.15	4.1	100,150.2	-0.15	4.1
-0.10	100,008.2	-0.10	2.7	100,024.7	-0.10	2.7	100,100.1	-0.10	2.7
-0.05	100,004.1	-0.05	1.4	100,012.3	-0.05	1.4	100,050.0	-0.05	1.4
0.00	100,000.0	0.00	0.0	100,000.0	0.00	0.0	100,000.0	0.00	0.0
0.05	99,995.9	0.05	-1.4	99,987.7	0.05	-1.4	99,950.0	0.05	-1.4
0.10	99,991.8	0.10	-2.7	99,975.4	0.10	-2.7	99,900.1	0.10	-2.7
0.15	99,987.7	0.15	-4.1	99,963.0	0.15	-4.1	99,850.2	0.15	-4.1
0.20	99,983.6	0.20	-5.5	99,950.7	0.20	-5.5	99,800.4	0.20	-5.5
0.25	99,979.5	0.25	-6.8	99,938.5	0.25	-6.8	99,750.6	0.25	-6.8
0.50	99,959.0	0.5	-13.7	99,877.1	0.5	-13.7	99,502.5	0.50	-13.7
1.00	99,918.2	1.00	-27.3	99,755.0	1.00	-27.3	99,009.9	1.00	-27.3

* Composite Yield with 365 base

** Variation of the effective value with a 10-days extension of the Note

Prescription

Claims for payment in respect of the Notes shall become prescribed and void unless made (a) in the case of English Law Notes, within ten years after the maturity date and (b) in the case of Spanish Law Notes, in accordance with art. 1,964 of the Spanish Civil Code, within five years after the maturity date.

Authorisations and approvals

The establishment of the Programme and the issuance of Notes pursuant thereto was authorised by a resolution of the sole shareholder and a resolution of the directors of the Issuer adopted on 16 March 2022.

The board of directors of Red Eléctrica Corporación authorised the establishment of the Programme, the issuance of Notes and the guarantee of the obligations of the Issuer under the Notes by Red Eléctrica

Corporación and Red Eléctrica de España by a resolution adopted at a meeting passed on 25 January 2022.

The sole director of Red Eléctrica de España authorised the establishment of the Programme, the issuance of Notes and the guarantee of the obligations of the Issuer under the Notes by a resolution adopted on 16 March 2022.

The Issuer and the Guarantors have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Admission to trading and dealing arrangements

Application will be made for the Notes issued under the Programme to be admitted to trading in Spain on AIAF. No Notes may be issued on an unlisted basis.

CaixaBank, S.A. is the Paying Agent in respect of the Notes.

Additional Information

The legal advisers and capacity in which they act are specified at the end of this Information Memorandum.

Notes to be issued under the Programme have been assigned a short term rating of 'F1' by Fitch Ratings España S.A.U.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Ratings are subject to review at any time by the assigning rating agency. Investors shall refer to the relevant rating agency in order to have access to the latest ratings.

ISSUE DOCUMENT

The following is the text of the Issue Document (Documento de la Emisión) of the Programme which, supplemented for each issue of Notes by the terms and conditions of a Complementary Certificate, sets the terms and conditions that shall be applicable to that issue of Notes. Any English term used in this document that appears followed by a Spanish term in italics and between parentheses shall be translated and interpreted in this document in accordance with that Spanish term.

[Mr/Ms] [●], for and on behalf of Red Eléctrica Financiaciones, Sociedad Anónima Unipersonal, a company of Spanish nationality, with registered office at Paseo del Conde de los Gaitanes number 177, Madrid, Spain and with Spanish tax identification number A-85724052 and with LEI 9598006P00EGK6U2SG18 (the “**Issuer**”), duly authorised to grant this Issue Document (*Documento de la Emisión*) in [his/her] capacity as attorney, by virtue of the decisions adopted by the joint administrators of the Issuer:

CERTIFIES

That on 16 March 2022, the joint administrators of the Issuer approved the establishment of an international Euro Commercial Paper Programme for the issuance of euro-commercial paper notes (*pagarés*) (the “**Notes**”) guaranteed by Red Eléctrica Corporación, Sociedad Anónima and Red Eléctrica de España, Sociedad Anónima Unipersonal (the “**Guarantors**”) to be denominated “*Red Eléctrica – Euro Commercial Paper Programme 2022*” (the “**Programme**”).

That this is the Issue Document (*Documento de la Emisión*) formalised in accordance with article 7 of Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Law (the “**Spanish Securities Market Law**”) and article 7.3 of Royal Decree 878/2015, of 2 October, on clearing, settlement and registration of securities represented in book-entry form, on the legal regime of central securities depositories and central counterparties and on transparency requirements for issuers of securities admitted to trading on an official secondary market (“**RD 878/2015**”) in order to record the main features of the Programme and of the Notes to be issued thereunder.

Notes issued under the Programme shall be issued subject to the following terms and conditions as supplemented for each issue of Notes by the terms and conditions set out in a *certificación complementaria* (together with its supplements and annexes, a “**Complementary Certificate**”) (the “**Conditions**”).

1. The Notes are issued by Red Eléctrica Financiaciones, Sociedad Anónima Unipersonal (the “**Issuer**”) in dematerialised book-entry form (*anotaciones en cuenta*) registered with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (**Iberclear**) as managing entity of the central registry of the Spanish clearance and settlement system (the “**Spanish Central Registry**”). Holders of a beneficial interest in the Notes that do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) with Iberclear.

The aggregate principal amount of Notes outstanding at any time under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies).

Application will be made for the Notes issued under the Programme to be admitted to trading in Spain on AIAF Mercado de Renta Fija (“**AIAF**”).

The Programme will be in force for a period of 1 year from its admission to trading on AIAF.

In these Conditions, the Notes are “**English Law Notes**” unless the Complementary Certificate of an issue of Notes specifies that the Notes of that issue are governed by Spanish law in which case the Notes are “**Spanish Law Notes**”. English Law Notes and Spanish Law Notes may not be issued with the same maturity date (*Fecha de Vencimiento*).

Payments under the Notes will be unconditionally and irrevocably guaranteed by the Guarantors pursuant to an English law governed deed of guarantee dated 8 April 2022 (the “**English Law Guarantee**”) unless the Notes are Spanish Law Notes, in which case they will instead be

guaranteed by a Spanish law governed guarantee dated 8 April 2022 (the “**Spanish Law Guarantee**” and, together with the English Law Guarantee, the “**Guarantees**”).

The Notes will have the benefit of an agency agreement dated 8 April 2022 (the “**Agency Agreement**”) between the Issuer and CaixaBank, S.A. as paying agent (the “**Paying Agent**”, which expression shall include any successor paying agent).

English Law Notes will have the benefit of a deed of covenant dated 8 April 2022 entered into by the Issuer (the “**Deed of Covenant**”).

So long as any Notes remain outstanding, copies of the Deed of Covenant and the Guarantees will be available on the website of the Red Eléctrica group at www.ree.es.

Notes will be offered, sold or distributed to eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended, “**MiFID II**”).

2. Title to the Notes is evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the “**Iberclear Members**”) as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the “**Noteholder**” means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book.

One or more certificates (each a “**Certificate**”) attesting to the relevant Noteholder its holding of Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where appropriate, by Iberclear itself (in each case, in accordance with the requirements of Spanish law and the regulations and procedures of Iberclear and the relevant Iberclear Member as appropriate) to such Noteholder upon such Noteholder’s request. The Notes are issued without any restrictions on their transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Noteholder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Noteholder.

3. All payments in respect of the Notes by or on behalf of the Issuer or the Guarantors shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein (“**Taxes**”), unless the withholding or deduction of taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantors, shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholder (which expression in this Condition shall include any beneficial owner of any interest in the Notes or any right in respect thereof) after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer or, as the case may be, the Guarantors, shall not be required to pay any additional amounts in relation to any payment with respect to the Notes:
 - (a) to, or to a third party on behalf of, a Noteholder who is liable for such Taxes in respect of such Note by reason of his having some connection with the jurisdiction imposing the Taxes other than the mere holding of such Note;

- (b) to, or to a third party on behalf of, a Noteholder who would have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities; or
- (c) to, or to a third party on behalf of, a Noteholder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling, including a duly executed and completed certificate from the relevant Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, issued in accordance with Law 10/2014, of 26 June, Royal Decree 1065/2007, of 27 July, and any other implementing legislation or regulation, or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or binding ruling.

Notwithstanding any other provision of these Conditions, any amounts to be paid in respect of the Notes by or on behalf of the Issuer or the Guarantors will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any of the Guarantors will be required to pay any additional amounts in respect of FATCA Withholding.

- 4. Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading, the Issuer, the Guarantors or any of their subsidiaries may at any time purchase Notes in the open market or otherwise at any price. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by the Guarantors or any subsidiary of the Issuer or the Guarantors may be cancelled, held by such subsidiary or resold.
- 5. The payment obligations of the Issuer under the Notes constitute and at all times shall constitute direct, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* without any preference among themselves and *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law and other statutory exceptions.

The obligations of each Guarantor under the Guarantees constitute and at all times shall constitute direct, unsecured and unsubordinated obligations of that Guarantor ranking *pari passu* without any preference among themselves and with all its present and future unsecured and unsubordinated obligations other than those preferred by mandatory provisions of law and other statutory exceptions.

- 6. Notes will be issued in the currency (*Moneda*) specified in the Complementary Certificate (the “**Specified Currency**”), being euro or U.S. Dollar, subject in each case to compliance with all applicable legal and regulatory requirements.

As used in these Conditions, references to “**euro**” and “**€**” are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; and references to “**U.S. dollars**” and “**U.S.\$**” are to the currency of the United States of America.

- 7. The Notes may be issued, at a discount, at par or at a premium to par, at the issue price (*Efectivo*) specified in the relevant Complementary Certificate, provided that the Notes shall be issued in the following minimum denominations:
 - (b) for euro Notes, €500,000, and
 - (a) for U.S.\$ Notes, U.S.\$500,000,

subject in each case to compliance with all applicable legal and regulatory requirements.

The Notes will not bear any explicit interest or attach coupons, and will not entitle the Noteholder to any periodic payments other than the payment of the nominal amount of the Notes on the maturity date.

8. The term of the Notes shall be not less than 3 Spanish trading business days (*días hábiles bursátiles*) or more than 364 calendar days from and including the issue date to, but excluding, the maturity date. Unless previously redeemed, purchased or cancelled as provided herein, the Notes shall be repaid on the maturity date at their nominal amount (*Nominal Unitario*), in each case as specified in the relevant Complementary Certificate.
9. If a payment date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the issue date, in which case payment shall be made on the immediately preceding Payment Business Day) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in these Conditions:

"Payment Business Day" means any day other than a Saturday or Sunday which is either (i) if the Specified Currency set out in the Complementary Certificate is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the Specified Currency set out in the Complementary Certificate or (ii) if the Specified Currency set out in the Complementary Certificate is euro, a day which is a TARGET Business Day; and

"TARGET Business Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

10. Payments in respect of the Notes will be made by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that has access to the corresponding payment system, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Payment Business Day on which the payment is due. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer or the Paying Agent will have any responsibility or liability for the records relating to payments made in respect of the Notes.

Without prejudice to the application of Condition 3, all payments under the Notes will be subject to any applicable tax laws, regulations and directives in the place of payment.

11. The capacity of the Issuer to issue the Notes, the formalities relating to the issue of the Notes and the relevant corporate resolutions, the capacity of the Guarantors, the representation of the Notes in book-entry form, title to the Notes and their transfer and the status of the Notes and the Guarantees as described in Condition 5, shall be governed by Spanish law.
12. This Condition 12 applies to English Law Notes only. Except as provided in Condition 11, the English Law Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law.

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the English Law Notes and any non-contractual obligations arising from or connected with the English Law Notes (including a dispute regarding the existence, validity or termination of the English Law Notes). The Issuer agrees, and each of the Guarantors and the Noteholders are deemed to agree, that the English courts are the most appropriate and convenient courts to settle any such dispute and accordingly no such party will argue to the contrary.

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom or, if different, its registered office for the time being, as its agent for service of process in any proceedings before the English courts in connection with the English Law Notes. If any person appointed as process agent is unable for any reason to act as agent for service of process, the Issuer will appoint another agent, and failing such appointment within 15 days, the Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the office of the Paying Agent. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This Condition 12 does not affect any other method of service allowed by law.

No person shall have any right to enforce any provision of the English Law Notes under the Contracts (Rights of Third Parties) Act 1999.

13. This Condition 13 applies to Spanish Law Notes only. The Spanish Law Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, Spanish law.

The courts of the city of Madrid, Spain, have exclusive jurisdiction to settle any dispute arising out of or in connection with the Spanish Law Notes and any non-contractual obligations arising from or connected with the Spanish Law Notes (including a dispute regarding the existence, validity or termination of the Spanish Notes). The Issuer agrees, and each of the Guarantors and the Noteholders are deemed to agree, that the courts of the city of Madrid, Spain, are the most appropriate and convenient courts to settle any such dispute and accordingly no such party will argue to the contrary.

14. The Issuer shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Agent may approve. So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*). Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries in Iberclear, all notices to Noteholders shall be made through Iberclear for transmission to their respective accountholders.
15. Claims for payment in respect of the Notes shall become prescribed and void unless made (a) in the case of English Law Notes, within ten years after the maturity date and (b) in the case of Spanish Law Notes, in accordance with art. 1,964 of the Spanish Civil Code, within five years after the maturity date.

In witness whereof, this certificate is issued for all relevant purposes, in Madrid, on [●] April 2022.

Signed by:

Authorised attorney on behalf of:

RED ELÉCTRICA FINANCIACIONES SOCIEDAD ANÓNIMA UNIPERSONAL

TAXATION

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

Taxation in Spain

The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

1. Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

- (a) of general application, First Additional Provision of Law 10/2014 of 26 June, on organization, supervision and solvency of credit institutions and Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended ("**Royal Decree 1065/2007**");
- (b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") taxpayers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the "**PIT Law**") and Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, as amended, along with Law 19/1991, of 6 June on Wealth Tax (the "**Wealth Tax Law**"), as amended most recently by Law 11/2020, of 30 December, and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended (the "**Inheritance and Gift Tax Law**");
- (c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, Law 27/2014 of 27 November on Corporate Income Tax, as amended (the "**CIT Law**") and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended along with the Wealth Tax Law and the Inheritance and Gift Tax Law, as amended.

Whatever the nature and residence of the beneficial owner, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

2. Spanish tax resident individuals

2.1 Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

The net income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings taxable base of each investor and taxed currently at 19 per cent for taxable income up to €6,000; 21 per cent for taxable income between €6,000.01 and €50,000, 23 per cent for taxable income between €50,000.01 and €200,000, and 26 per cent for taxable income exceeding €200,000.

Negative income derived from the transfer of the Notes, in the event that the relevant holder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, will be included in his or her PIT base as and when the remaining homogeneous securities are transferred.

In case of Notes held by Spanish resident individuals, income derived from the Notes may be subject to withholding tax currently at a 19 per cent rate, which may be made by the depositary or custodian or the Issuer. Amounts withheld, may be credited by the relevant investors against their final PIT liability

2.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals with tax residency in Spain will be subject to Wealth Tax, to the extent that their net worth exceeds €700,000, at the applicable rates ranging between 0.2% and 3.5%, without prejudice to any relevant exemption which may apply and the relevant laws and regulations in force in each Autonomous Region of Spain. Therefore, they should take into account the value of the Notes which they hold as of December 31.

2.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them). The applicable effective tax rates can be up to 81.6 per cent subject to any specific regional rules, depending on relevant factors.

3. Spanish tax resident legal entities

3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Income deriving from the transfer, redemption or repayment of the Notes must be included as taxable income of Spanish tax resident legal entities for CIT purposes in accordance with the rules for this tax, being typically subject to the standard rate of 25 per cent, with lower or higher rates applicable to certain categories of taxpayers.

Such income will be exempt from withholding tax on account of CIT provided that the Notes (i) are registered by way of book-entries (*anotaciones en cuenta*); and (ii) are traded in a Spanish official secondary market of securities (such as AIAF). Otherwise, such income could be potentially subject to withholding tax at a 19% rate, which in any event can be credited against the final CIT liability.

Notwithstanding the foregoing, pursuant to article 44 of Royal Decree 1065/2007 any income derived from the Notes will be paid by the Issuer to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in "*Disclosure obligations in connection with payments on the Notes*".

3.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities in Spain are not subject to Wealth Tax.

3.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes.

4. Individuals and legal entities tax resident outside Spain

4.1 Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)

(A) Acting through a permanent establishment in Spain

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes shall be, generally, the same as those previously set out for Spanish CIT taxpayers.

(B) Not acting through a permanent establishment in Spain

Income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes, and who are NRIT taxpayers with no permanent establishment in Spain, are exempt from NRIT, on the same terms laid down for income from public debt.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*Disclosure obligations in connection with payments on the Notes*" as laid down in article 44 of Royal Decree 1065/2007. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19 per cent and the Issuer will not pay additional amounts.

Non-Resident investors entitled to the exemption from NRIT but where the Issuer does not timely receive the information about the Notes in accordance with the procedure described in detail under "*Disclosure obligations in connection with payments on the Notes*" would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

4.2 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Notes. Otherwise, under current Wealth Tax Law, non-Spanish resident individuals whose Spanish properties and rights are located in Spain (or that can be exercised within the Spanish territory) and exceed €700,000 could be subject to Wealth Tax during year 2022, the applicable rates ranging between 0.2 per cent. and 3.5 per cent, without prejudice to any exemption which may apply and the laws and regulations in force in each Autonomous Region.

In accordance with Additional Provision 4 of the Wealth Tax Law, as amended by Law 11/2021 of 9th July, non-resident taxpayers will be entitled to the application of specific regulations approved by the Autonomous Region where the greater value of the assets and rights they own and for which the tax is required is located, can be exercised or must be fulfilled in Spanish territory.

In any event, as the income derived from the Notes is exempted from NRIT, any non-resident individuals holding the Notes as of 31 December 2022 will be exempted from Wealth Tax in respect of such holding. Legal entities tax resident outside Spain are not subject to Spanish Wealth Tax.

4.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who are tax resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to Inheritance and Gift Tax in accordance with the applicable Spanish regional or State legislation.

According to the Second Additional Provision of the Inheritance and Gift Tax Law, non-Spanish tax resident individuals may be subject to Spanish Inheritance and Gift Tax in accordance with the rules set forth in the relevant Autonomous Regions in accordance with the law. As such, prospective investors should consult their tax advisers.

Legal entities not tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax. They will be subject to NRIT (as described above). If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

Payments under the Guarantees

In the opinion of the Guarantors, any payments made by the Guarantors under the Guarantees may be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction on account of any Spanish tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish tax Authorities take the view that the relevant Guarantor has effectively assumed all the obligations of the Issuer under the Notes, subject to and in accordance with the Guarantee, they may determine that payments made by the Guarantors relating to the Notes will be subject to the same tax rules previously set out for payments made by the Issuer (i.e. payable free of withholding tax for Spanish resident corporates as outlined above, and also for non-resident investors provided that the relevant information obligations outlined in "*Disclosure obligations in connection with payments on the Notes*" below are complied with).

Disclosure obligations in connection with payments on the Notes

In accordance with article 44 of Royal Decree 1065/2007 certain information with respect to the Notes must be submitted to the Issuer at the time of each payment.

Such information includes the following:

- (a) identification of the Notes;
- (b) total amount of the income paid by the Issuer;
- (c) total amount of income from the Notes corresponding to individuals residents in Spain that are PIT taxpayers; and
- (d) total amount of income that must be paid on a gross basis.

The Iberclear Members must certify the information above about the Notes by means of a certificate. In light of the above, the Issuer and the Iberclear Members have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 19 per cent) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

Investors should note that the Issuer, the Guarantors and the Dealers do not accept any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, neither the Issuer nor the Dealers will be liable for any damage or loss suffered by any holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. Should any withholding tax be levied in Spain, holders of the Notes should note that they may apply directly to the Spanish tax authorities for any tax refund which may be available to them.

SUBSCRIPTION AND SALE

General

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief (on reasonable grounds after making all reasonable investigations), in compliance with all applicable laws and regulations.

United States of America

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold, and will not offer and sell, Notes (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche as determined and certified by the relevant Dealer, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them by Regulation S.

The United Kingdom

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not sold, placed or underwritten and that it will not sell, place or underwrite the Notes otherwise that in conformity with the provisions of:

- (a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), including, without limitation any codes of conduct made thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Irish Central Bank Acts 1942 to 2022 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989 (as amended);
- (c) the European Union (Prospectus) Regulations 2019 (as amended), the Irish Companies Act 2014 (as amended) (the “**Companies Act**”) and any rules issued under Section 1363 of the Companies Act by the Central Bank of Ireland (the “**Central Bank**”);
- (d) the Market Abuse Regulation (596/2014), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules issued under Section 1370 of the Companies Act by the Central Bank; and
- (e) the Central Bank’s implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or up-dated from time to time) and issued pursuant to Section 8(2) of the Irish Central Bank Act 1971 (as amended).

France

Each Dealer has represented and agreed and any further holder of the Notes will be deemed to represent and agree, that it has not offered or sold, and will not offer or sell directly or indirectly any Notes to the public in France, and has not distributed and will not distribute or cause to be distributed to the public in France any offering material relating to the Notes and that such offers, sales and distributions have been and will only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account other than individuals as defined in and in accordance with article L 411-2 and article D 411-1 of the French *Code monétaire et financier* and/or (ii) to providers of investment services relating to portfolio management for the account of third parties.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; (the “**FIEA**”). Accordingly, each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidelines of Japan.

Spain

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that the Notes will only be offered, sold or distributed in Spain to professional clients (*clientes profesionales*) as defined in Article 205 of the Securities Market Law approved by Royal Legislative Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the “**Spanish Securities Market Law**”) and Article 58 of Royal Decree 217/2008 of 15 February, as amended, on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*) (“**Royal Decree 217/2008**”) and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law. The Notes may only be offered or sold in Spain by institutions authorised under the Securities Market Law, Royal Decree 217/2008 and related legislation to provide investment services in Spain and in accordance with the provisions of the Spanish Securities Market Law and further developing legislation.

GENERAL INFORMATION

Admission to trading

Application will be made for the Notes issued under the Programme to be admitted to trading in Spain on AIAF. No notes may be issued on an unlisted basis.

No Significant Change

There has been no significant or material adverse change in the financial or trading position of the Issuer, any of the Guarantors or the Group since 31 December 2021, being the date of the most recently published audited financial statements of the Issuer and Red Eléctrica de España and of the most recently published audited consolidated financial statements of Red Eléctrica Corporación, save as disclosed in this Information Memorandum.

Legal and arbitration proceedings

Neither the Issuer, any of the Guarantors nor any other member of the group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) during the 12 months preceding the date of this Information Memorandum which may have or have had in the recent past, significant or material adverse effects on the financial position or profitability of the Issuer, the Guarantors or the Group, save as disclosed in this Information Memorandum.

Auditors

The consolidated financial statements of Red Eléctrica Corporación for the years ended 31 December 2021 and 31 December 2020 and the financial statements of the Issuer and Red Eléctrica de España for the years ended 31 December 2020 and 31 December 2019 have been audited by KPMG Auditores, S.L., registered in the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S0702. The registered office of KPMG Auditores, S.L. is Torre Cristal, Paseo de la Castellana 259 C, 28046 Madrid, Spain.

LEI Codes

The Legal Entity Identifier (LEI) of the Issuer is 9598006P00EGK6U2SG18.

The Legal Entity Identifier (LEI) of Red Eléctrica Corporación is 5493009HMD0C90GUV498.

The Legal Entity Identifier (LEI) of Red Eléctrica de España is 54930070W8XSY31XK130.

Documents on display

From the date hereof, so long as any Notes remain outstanding and throughout the life of the Programme, copies of the following documents will be available on the website of the Group at www.ree.es:

- (a) the audited financial statements listed in the section "*Documents Incorporated by Reference*" above;
- (b) this Information Memorandum, together with any supplements thereto;
- (c) the Guarantees; and
- (d) the Deed of Covenant.

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