Volta VI Electricity Receivables Securitisation Notes
(Article 62 Asset Identification Code: 201806TGSESUNXXN0104)

Issued by
TAGUS – Sociedade de Titularização de Créditos, S.A.
(*Incorporated in Portugal with limited liability under registered number 507130820*)

Prospectus for admission to trading of the Senior Notes

€650,000,000 Fixed Rate Senior Asset-Backed Notes due 2023 to be admitted to trading on Euronext Lisbon
€1,788,000 Liquidity Notes due 2023
€375,000 Class R Notes due 2023
Issue Price: 100%

TAGUS – Sociedade de Titularização de Créditos, S.A. (the "**Issuer**") and EDP – Serviço Universal, S.A. (the "**Assignor**" or "**EDP SU**"), on or around the date hereof, will enter into a receivables assignment agreement (the "**Receivables Assignment Agreement**") under which the Assignor will sell and assign and the Issuer will acquire a portion of the credit rights owned by the Assignor which result from the right of the Assignor established under the Energy Services Regulator's (*Entidade Reguladora dos Serviços Energéticos* or the "**ERSE**") decision formalised in the document that sets out the tariffs for 2018 "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, and pursuant to article 73-A of Decree-Law no. 29/2006, of 15 February, as amended and complemented from time to time and republished by Decree-Law no. 215-A/2012, of 8 October and subsequently amended by Decree-Law no. 178/2015, of 27 August and by Law no. 42/2016, of 28 December ("**Decree-Law 29/2006**") and, more generically, pursuant to article 85 of the Regulation no. 561/2014, of 10 December, published in the Portuguese official gazette on 22 December 2014, as amended by Regulation no. 632/2017, of 23 November, published in the Portuguese official gazette on 21 December 2017 (the "**Commercial Relations Regulation**" (*Regulamento de Relações Comerciais*)) currently in force as approved by ERSE, to receive, through the electricity tariffs, the amount of additional cost already partially incurred and still to be incurred by the Assignor in 2018, including the adjustments from the two previous years (2016 and 2017), in connection with the purchase of electricity from Special Regime Generators that benefit from a remuneration that has been administratively set (the "**Credit Rights**"). The Credit Rights, which are to be repaid over a period of five years from January 2018 to December 2022, have an amount of thousand €881,196 as set out in table 3-11 (capital amortizations), contained on page 74 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, accrued of interest at the definitive rate of 1.4919 per cent. p.a., calculated pursuant to the methodology contained in the Ministerial Order no. 279/2011, of 17 October, as amended by Ministerial Order no. 146/2013, of 11 April and by Ministerial Order no. 262-A/2016, of 10 October ("**Order 279/2011**") and the parameters set out in Order no. 11043/2017, of 27 November ("**Order 11043/2017**"), as identified in table 0-7 contained on page 8 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt (the "**Over Costs**").

The total amount outstanding in respect of the Over Costs is €881,196,333.06 and the total amount outstanding in respect of the Over Costs that are owned by the Assignor is €881,196,333.06. The Credit Rights assigned to the Issuer amount to €641,068,817.54 (the "**Receivables**"). The Receivables assigned to the Issuer exclude any amounts in respect of the Credit Rights due on or prior to 25 June, 2018, such amounts not having been assigned to the Issuer. To finance the acquisition of the Receivables, the Issuer

will issue securitisation notes (the "**Notes**", such definition comprising the Senior Notes, the Class R Notes and the Liquidity Notes, as defined in the Terms and Conditions of the Notes below) backed by the Receivables, which will be exclusively allocated to the discharge of payments under the Notes or in connection therewith.

Pursuant to the terms of article 61 and the subsequent articles of Decree-Law no. 453/99, of 5 November, as amended from time to time (the "**Securitisation Law**") the right of recourse of the holders of the Notes is limited to the specific pool of assets of the Issuer which collateralizes certain obligations of the Issuer in relation to the Notes, including the Receivables, the collections arising from the Receivables, the accounts of the Issuer and the Issuer's rights in respect of the documents entered into in connection with the issue of the Notes and any other right and/or benefit, either contractual or statutory, relating thereto, purchased or received by the Issuer in relation to issue of the Notes (the "**Asset Pool**"). Accordingly, the obligations of the Issuer in relation to the Notes and under the other documents entered into in connection with the issue of the Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, and are not responsibility of, any other entity in accordance with the Securitisation Law. In particular, the Notes are not obligations of, or guaranteed by, and are not responsibility of, StormHarbour Securities LLP or its affiliates (the "**Sole Arranger**") or Banco Santander Totta S.A. (together with the Sole Arranger, the "**Joint Lead Managers**"), or any of their respective affiliates, or the Assignor. The Notes also have the benefit of the statutory segregation principle (*príncipio da segregação*) provided for by article 62 of the Securitisation Law, which provides that assets allocated to a given issue of securitisation notes (as well as the proceeds and income deriving from such assets) are an autonomous pool of assets (*património autónomo*), the assets and liabilities of the Issuer in respect of each issue of notes made by the Issuer being completely segregated from the other assets and liabilities of the Issuer, and therefore the Asset Pool will not be available to meet any obligations of the Issuer until all obligations inherent to the Notes, and respective costs and expenses, are discharged in full. Furthermore, pursuant to article 63 of the Securitisation Law, holders of Notes are also entitled to a statutory special creditor privilege (*privilégio creditório especial*) over the Asset Pool exclusively allocated to the Notes.

The Assignor will retain on the Closing Date and on an ongoing basis at least 5 per cent. of the Principal Amount Outstanding of each of the Senior Notes, Liquidity Notes and Class R Notes (the "Retained Interest") in accordance with Article 405 to 410 of Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as amended from time to time ("CRR"), as supplemented by the Commission Delegated Regulation (EU) No 625/2014, of 13 March, Bank of Portugal Notice ("Aviso") 9/2010, of 31 December ("Notice 9/2010"), Article 51 of Commission Delegated Regulation (EU) No 231/2013 (as amended) and Article 254(2) of the Solvency II Delegated Act, and also in accordance with the U.S. Risk Retention Rules (as defined below).

An investment in the Notes involves certain risks. For a discussion of certain significant factors affecting investments in the Notes, see "*Risk Factors*" herein.

This Prospectus has been approved by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* or the "**CMVM**") as competent authority under Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are admitted to trading and amending Directive 2001/34/EC, as amended from time to time (the "**Prospectus Directive**"). According to article 118 of the Portuguese Securities Code, the CMVM only approves this Prospectus as meeting the requirements imposed under Portuguese and EU law pursuant to the Prospectus Directive. The language of the Prospectus is English, although certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Solely for the purposes of each Manufacturer's product approval process, the target market assessment in respect of the Notes made by the Joint Lead Managers has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the Manufacturers of the Notes are the Joint Lead Managers and the Issuer is not a Manufacturer of the Notes.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. The Senior Notes are intended to be admitted to trading on a regulated market, which may be accessed by institutional investors and, for secondary market transactions in the Notes, by retail investors, although the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

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Interest on the Senior Notes is payable on 13th August 2018 (the "**First Payment Date**") and thereafter monthly in arrear on the 12th day of each month (or, if such day is not a Business Day (as defined), the immediately succeeding Business Day unless such day would fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day (each a "**Payment Date**"). The first interest period begins on (and including) 27th June 2018 (the "**Closing Date**") and ends on (but excluding) 13th August 2018.

The Issuer was structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Act.

Application has been made to Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. ("**Euronext**") for the Senior Notes to be admitted to trading on Euronext Lisbon, a regulated market managed by Euronext for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**MIFID II**"). This document constitutes a prospectus for admission to trading on a regulated market of the Senior Notes for the purposes of the Prospectus Directive.

The Notes will be issued in book-entry (*forma escritural*) and nominative (*nominativas*) form and will be governed by Portuguese law. The Notes shall, upon issue, be integrated in the centralised system (*sistema centralizado*) and settled through the Portuguese securities settlement system (*Central de Valores Mobiliários* or "**CVM**") operated by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**").

Among others, it is a condition precedent for the issuance of the Senior Notes that the Liquidity Notes and the Class R Notes have been subscribed in full at their principal amount.

Recognition of the Senior Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem will depend, upon issue or at any or all times during their life, on satisfaction of the Eurosystem eligibility criteria.

The Senior Notes are expected to have the following ratings, as assigned on issue:

(i) A- (sf) by Fitch Ratings Limited; and

(ii) A1 (sf) by Moody's Investors Service Ltd.

A brief explanation of the meanings of these ratings is set out in "*General Information*". **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.**

Each of Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd. ("**Moody's**") is established in the European Union and is registered under Regulation (EC) No 1060/2009, of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended from time to time (the "**CRA Regulation**"). As such, each of Fitch and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Regulation (EU) No 462/2013 of the European Parliament and of the European Council ("**CRA III**") amending the CRA Regulation has introduced a requirement that where an issuer or related third parties (which term includes, among others, sponsors, servicers and originators) intends to solicit a credit rating of a structured finance instrument it will appoint at least two credit rating agencies to provide ratings independently of each other; and should consider appointing at least one rating agency having not more than a 10 per cent. total market share (as measured in accordance with Article 8d(3) of the CRA (as amended by CRA III)) (a small CRA), provided that a small CRA is capable of rating the relevant issuance or entity. In order to give effect to those provisions of Article 8d of CRA III, the ESMA is required to annually publish a list of registered CRAs, their total market share, and the types of credit rating they issue. Notwithstanding the aforementioned, the appointment of the two rating agencies above was considered to be adequate and sufficient for obtaining ratings on the Senior Notes despite each of them having more than a 10 per cent. total market share.

The aforementioned rating agencies have been appointed in accordance with the CRA Regulation.

This Prospectus is dated 21 June 2018.

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RISK FACTORS

Prospective purchasers of the Notes should consider carefully, in light of the circumstances and their investment objectives, the information contained in this entire Prospectus and reach their own views prior to making any investment decision. Prospective purchasers should nevertheless consider, in addition to the other information contained in this Prospectus, the risk factors set out below before making an investment decision in respect of the Notes, as the same can materially and adversely affect the Receivables, the Notes and/or the business, financial condition or results of operations of the Issuer. In that case, the trading price and/or value of the Notes could decline, and the investors could lose all or part of their investment.

The risks described below are those that the Issuer believes to be material, but these may not be the only risks and uncertainties that the Issuer faces. Additional risks not currently known or which are currently deemed immaterial may also have a material adverse effect on the Receivables, the Notes, business, financial condition or results of operations of the Issuer or result in other events that could lead to a decline in the trading price and/or value of the Notes. This Prospectus may also contain forward-looking statements that involve risks and uncertainties. The actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors.

Risk Factors relating to the Receivables and the Over Costs

Risk of Change in Law, Regulatory Framework and Ministerial Orders, Orders or Administrative Decisions regarding the Receivables

The Receivables are statutory rights ("*direitos de fonte legal*") recognised pursuant to certain legal statutes, applicable regulations and ministerial orders, orders or administrative decisions as better described in "*Tariff Deviations, Tariff Deficits and Over Costs*" under paragraph 2 of the caption "*The Over Costs*" below.

A change in the legal statutes, applicable regulations and ministerial orders, orders or administrative decisions, governing the Receivables or their billing and collection process may materially affect the Receivables (namely its value), the right to collect such Receivables, the actual collection of the Receivables and, consequently, the payment of interest and/or capital due under the Notes by the Issuer.

In case of change in the legal statutes, applicable regulations, ministerial orders, orders or administrative decisions that adversely affect the Receivables (namely its value), the right to collect such Receivables or the actual collection of the Receivables, the owner of such Receivables shall have the right to claim indemnification from the Portuguese State to compensate the owner for effective losses deriving therefrom or, if applicable, the enforcement of its rights to the Receivables. However, there is no assurance that this will be successful or that it will not affect the timing of payments under the Notes.

Failure of the DGO to perform deliveries

Payment of principal and interest on the Notes is dependent upon EDP Distribuição – Energia, S.A., as the Distribution Grid Operator (the "**DGO**") of the National Electricity System (the "***Sistema Eléctrico Nacional***" or "**SEN**"), performing deliveries of amounts in respect of the Receivables, as collected, through the Global Use of System Tariff (the "**UGS Tariff**"), from all consumers of electricity in Portugal. Accordingly, although the electricity consumers are the ones who actually bear the encumbrance which allows the payment of the Receivables and, as such, may be considered as the ultimate debtors of the Receivables, the DGO is the entity which undertakes the obligation to perform the deliveries of amounts in respect of the Receivables. For such reason, the sole entity which has the obligation to deliver to the Assignor the amounts pertaining to the Receivables is, at the present date the DGO, which, following notification of the assignment of the Receivables in the terms provided for in the

applicable Transaction Documents (including the Receivables Assignment Agreement), will transfer on a monthly basis the corresponding amounts directly to the Issuer Transaction Account.

Pursuant to article 3 of Decree-Law no. 237-B/2006, of 18 December and article 3(3) and 5 of Decree-Law no. 165/2008, of 21 August, in case of insolvency of the DGO or failure by it to honour its obligation to perform deliveries of amounts in respect of the Receivables, the Energy Services Regulator – ERSE –, shall be responsible for administrating and maintaining the recovery mechanism for the Receivables, in particular, ensuring that a replacement entity would make such deliveries. Additionally, it is legally established that the Receivables are not a part of the insolvency estate of any entity involved in billing and collection activities in the SEN.

Notwithstanding the above mentioned, the Issuer cannot ensure that, in case of insolvency of the DGO, all entities involved in billing and collection activities in the SEN, including, to the extent applicable, ERSE, will be able to maintain the recovery mechanism for the Receivables or that a replacement entity would be put in place and make the necessary deliveries and that, consequently, the collection of the Receivables will not be materially affected.

Commingling Risk

Pursuant to article 73-A of Decree-Law 29/2006 and article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*), the Over Costs, together with the corresponding accrued interest, are to be recovered through the inclusion of these amounts in the allowed revenues ("*proveitos permitidos*") of the Assignor which are, in turn and as set out in articles 97 and 105 of the Regulation no. 619/2017, of 23 November, published in the Portuguese official gazette on 18 December 2017 (the "**Tariff Regulation**" (*Regulamento Tarifário do Setor Elétrico*), included as one of the components of the UGS Tariff. Even if the UGS Tariff includes, besides the Over Costs, other costs of the SEN, cash flows pertaining thereto must be fully identifiable and segregated as per number 2 of article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) and number 5 of article 3 of Decree-Law no. 237-B/2006, of 18 December ("**Decree-Law 237-B/2006**").

The Issuer cannot ensure that all entities involved in billing and collection activities in the SEN will comply with the segregation required by law and, in such cases, the failure to comply with the legal established segregation by such entities might materially impact the collection of the Receivables, and the cash flows in respect of the Receivables.

Risk Factors Relating to the Notes

Absence of a Secondary Market

There is currently no market for the Notes and there can be no assurance that a secondary market for the Notes will develop or, if it does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the entire life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption thereof. The market price of the Notes could be subject to fluctuation in response to, among other things, variations affecting the Receivables, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions.

Potential investors should be aware that these prevailing market conditions affecting securities similar to the Notes could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the securitised portfolio.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Restrictions on Transfer within the United States

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except if the offering of the Notes is made pursuant to exemptions from the registration provisions under Regulation S of the Securities Act and from state securities laws. No person is obliged or intends to register the Notes under the Securities Act or any state securities laws. Offers and sales of the Notes are subject to the restrictions described under "Subscription and Sale".

U.S. Risk Retention

Pursuant to Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the final rules promulgated thereunder (the "**U.S. Risk Retention Rules**"), the "sponsor" of a "securitisation transaction" is required to retain at least 5 per cent. of the "credit risk" of "securitised assets", as such terms are defined for purposes of that statute, and is generally prohibited from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. Because the Notes are collateralised by the Asset Pool and allow Noteholders to receive payments that depend primarily on the cash flows of the Receivables, it is possible that the offer and sale of the Notes could be deemed to be a "securitisation transaction" within the scope of the U.S. Risk Retention Rules.

Consequently, the Assignor, as "sponsor" (the "**Sponsor**") for purposes of the U.S. Risk Retention Rules, has determined that it will acquire the Retained Interest, which will constitute an "eligible vertical interest" or "**EVI**" under the U.S. Risk Retention Rules.

The U.S. Risk Retention Rules restrict the Sponsor from disposing of or hedging the retained EVI until the later of (i) the fifth anniversary of the Closing Date and (ii) the date on which the balance of all Receivables in the Asset Pool has been reduced to 25% of the balance of all Receivables in the Asset Pool as of the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the "**Sunset Date**"). In general, prior to the Sunset Date, the Sponsor may not transfer the retained EVI to any person other than a majority-owned affiliate of the Sponsor. In addition, prior to the Sunset Date, the Sponsor and its affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the and the hedge position would limit the financial exposure of the Sponsor (or a majority-owned affiliate) to the retained EVI. The Sponsor (or an affiliate) may not pledge a retained EVI as collateral for any financing unless such financing is full recourse to the Sponsor (or an affiliate).

If the Sponsor or a majority-owned affiliate fails to retain credit risk in accordance with the U.S. Risk Retention Rules, or engages in a hedging transaction with respect to the retained interest prior to the Sunset Date, the value and liquidity of the Notes may be adversely affected. Investors should make themselves aware of the requirements described above where applicable to them and consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Issuer structured so as not to constitute a covered fund

According to legal advice obtained by the Issuer related to the description hereinafter, the Issuer was structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**"). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 1 April 2014, during which banking entities must make good-faith efforts to conform their activities and investments to the Volcker

Rule. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any U.S. bank or a subsidiary or other affiliate thereof that is a prospective investor in the Notes, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Impact arising from the EU framework for simple, transparent and standardised securitisation

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019.

Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by Basel Committee on Banking Supervision (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors.

In particular, the Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "Securitisation Regulation") lays down a general framework for securitisation and creates a specific framework for simple, transparent and standardised ("STS") securitisation. The criteria to qualify as an STS securitisation are different depending on whether the transaction is a term securitisation or an asset-backed commercial papers deal. Both sets of criteria are lengthy, detailed and complex. As such, although there is provision for transactions pre-dating the Securitisation Regulation to be treated as STS, transactions are highly unlikely to meet the criteria unless they are structured with the specific requirements of the Securitisation Regulation in mind.

In order to qualify a transaction as a STS securitisation originators, sponsors and issuers must jointly notify European Securities and Markets Authority ("**ESMA**") and their competent authority that the securitisation meets the criteria by means of a template to be put together by ESMA. This will be known as an "STS notification". Investors are expected to check the STS status of a securitisation on the basis of the declaration and the information required to be disclosed pursuant to the transparency requirements of the Securitisation Regulation.

There are certain differences between the proposed new requirements and the current requirements, including with respect to the matters to be verified under the due diligence requirements, as well as with respect the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise as a result of the corresponding guidance which will apply under the new risk retention requirements, which is expected to be implemented through new technical standards which are currently the subject of consultation.

However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), and any other possible legal or regulatory changes affecting securitisations, where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Limited case law on the Securitisation Law, the Securitisation Tax Law and Decree-Law 193/2005

The Securitisation Law was enacted in Portugal by Decree-Law no. 453/99, of 5 November, as amended by Decree-Law no. 82/2002, of 5 April, by Decree-Law no. 303/2003, of 5 December, by Decree-Law no. 52/2006, of 15 March, and by Decree-Law no. 211-A/2008, of 3 November (the "**Securitisation Law**"). The Securitisation Tax Law was enacted in Portugal by Decree-Law no. 219/2001, of 4 August, as amended by Law no. 109-B/2001, of 27 December, by Decree-Law no. 303/2003, of 5 December, by Law no. 107-B/2003, of 31 December, and by Law no. 53-A/2006, of 29 December (the "**Securitisation Tax Law**"). The tax regime applicable on income arising from debt securities in general was enacted by Decree-Law no. 193/2005, of 7 November, as amended by Decree-Law no. 25/2006, of 8 February, by Law no. 83/2013, of 9 December, and by Law 42/2016, of 28 December (the "**Decree Law 193/2005**").

As at the date of this Prospectus the application of the Securitisation Law by the Portuguese courts and the interpretation of its application by any Portuguese governmental or regulatory authority has been limited to a few cases, namely regarding effectiveness of the assignment of banking credits towards debtors, despite the absence of debtor notification and format of the assignment agreement. The Securitisation Tax Law has not been considered by any Portuguese court and no interpretation of its application has been issued by any Portuguese governmental or regulatory authority. Decree-Law 193/2005 has not been considered by any Portuguese court and no interpretation of its application has been issued by any Portuguese governmental or regulatory authority (with the exception of Circular 4/2014 and of the Order issued by the Secretary of State for Tax Affairs dated July 14, 2014 in connection with tax ruling no 7949/2014 recently disclosed by the tax authorities). Consequently, one cannot exclude that such authorities may in the future issue further regulations relating to the Securitisation Law, to the Securitisation Tax Law and to Decree-Law 193/2005 or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Under the Securitisation Law, an originator (as is the case of the Assignor) may sell credit rights to a securitisation vehicle, in particular a securitisation company (*sociedade de titularização de créditos* or "***STC***", as is the case of the Issuer), against payment of the relevant purchase price. From the sale and purchase date forward, the Assignor will have no rights over the disposed credit rights and the STC will have no rights over the purchase price delivered to the Assignor. The purchase price is financed by the STC with the issuance of the relevant securitisation notes (*obrigações titularizadas*, as is the case of the Notes)). As from the Closing Date, the holders of such securitisation notes become the ultimate beneficiaries of the collections paid under the assigned credit rights and received by the STC (as well as of any other amounts paid to the STC in accordance with the applicable transaction documents in connection with the issue of the securitisation notes), subject to the payment of amounts ranking in priority to payment of amounts due in respect of the STC to the relevant transaction creditors (as is the case of the Transaction Creditors). The holders of each securitisation notes do not have any legal recourse for non-payments or reduced payments against the Assignor.

Limited Recourse Nature of the Notes

The Notes are limited recourse obligations and are obligations solely of the Issuer and will not be obligations or responsibilities of the Assignor, any other party to the applicable Transaction Documents or any other entity. Accordingly, the Notes will not be obligations of and will not be guaranteed by the Common Representative, the Transaction Manager, the Issuer Accounts Bank, the Principal Paying Agent, the Paying Agent the Sole Arranger, the Joint Lead Managers, the Assignor or the Servicer or any of their respective affiliates, or any other entity, whether or not it is a party to any Transaction Document, and no such entity has assumed any obligation or liability in case the Issuer fails to meet any payment due under any of the Notes.

Repayment of the Notes is limited to the funds received, derived or resulting from the Asset Pool, identified by the corresponding asset code 201806TGSESUNXXN0104 awarded by the *Comissão do Mercado de Valores Mobiliários* (or the "**CMVM**") pursuant to article 62 of the Securitisation Law.

Accordingly, the Issuer's ability to meet its obligations in respect of the Notes, its operating expenses and its administrative expenses is wholly dependent upon receipt by the Issuer from the DGO of the deliveries of the amounts in respect of the Receivables and compliance by the relevant parties with their respective obligations under the applicable Transaction Documents.

The obligations of the Issuer under the Notes are without recourse to any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, officers, employees, managers or shareholders. None of such persons or entities has assumed or will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on or in respect of the Notes.

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest on the Notes or, on the redemption date of the Notes (whether on each Payment Date, on the relevant Maturity Date or upon acceleration following delivery of an Enforcement Notice or if the Notes become otherwise immediately due and payable at their Principal Amount Outstanding together with any accrued interest or upon mandatory redemption in part or in whole) that there will be sufficient funds to enable the Issuer to repay principal in respect of the Notes in whole or in part.

If there are insufficient funds available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes upon acceleration following delivery of an Enforcement Notice or if the Notes become otherwise immediately due and payable at their Principal Amount Outstanding together with any accrued interest, or upon mandatory redemption in part or in whole, or upon redemption in whole for taxation reasons as permitted under the Conditions, then the Noteholders will have no further claim against the Issuer or any other entity or person named above in respect of any such unpaid amounts and such unpaid amounts shall be deemed discharged in full.

Non satisfaction of the Eurosystem eligibility criteria

Recognition of the Senior Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem will depend, upon issue or at any or all times during their life, on satisfaction of the Eurosystem eligibility criteria.

Investors should be made aware that failure to comply with such criteria may render the Senior Notes unavailable as eligible collateral for Eurosystem funding operations.

Access to the Segregated Asset Pool may be limited

Before being assigned by the Assignor to the Issuer under the applicable Transaction Documents and the Securitisation Law, the Receivables are property of the Assignor and will not be available to discharge any obligations of the Issuer towards the Noteholders and other Transaction Creditors. After having been assigned by the Assignor to the Issuer under the applicable Transaction Documents and the Securitisation Law, the Receivables will become property of the Issuer and be exclusively allocated to the performance of the obligations of the Issuer in relation to the Notes.

The Asset Pool is covered by the statutory segregation rule provided in Article 62 of the Securitisation Law, which provides that the assets and liabilities (constituting an autonomous estate or *património autónomo*) of the Issuer in respect of each transaction entered into by the Issuer are completely segregated from any other assets and liabilities of the Issuer. In accordance with the terms of Article 61 of the Securitisation Law, the Notes and the obligations owing to the Transaction Creditors will have the benefit of the segregation principle (*princípio da segregação*) and, accordingly, the Issuer Obligations are exclusively limited, in accordance with the Securitisation Law and the applicable Transaction Documents, to the Asset Pool.

Both before and after the occurrence of any Insolvency Event in relation to the Issuer, the Asset Pool is exclusively allocated to the discharge of the Issuer's liabilities towards the Transaction Creditors and the Noteholders, pursuant to the applicable Transaction Documents and in accordance with the relevant Payments Priorities, and other creditors of the Issuer do not have any right of recourse over the Asset Pool until there has been a full discharge of such liabilities.

Without prejudice to the specific legal framework set out in the Securitisation Law as discussed above, satisfaction of the Noteholders' and other Transaction Creditors' credit entitlements upon delivery of an Enforcement Notice and the Notes becoming immediately due and payable in accordance with the Post-Enforcement Payments Priorities will depend on the actual access to the Asset Pool and all amounts deriving therefrom to the satisfaction of such credit entitlements in context of the relevant enforcement proceeding. However, the Issuer will represent that it has not created (and will undertake that it will not create) any interest in the Asset Pool in favour of any person other than the Noteholders and the Transaction Creditors and that creditors of the Issuer in respect of other securitisation transactions are similarly bound by non-petition and limited recourse covenants which would prevent them from having recourse to the Asset Pool.

Senior Notes may be subject to optional redemption caused by certain tax events

The Senior Notes may be subject to redemption by the Issuer in the case of certain tax events. Such optional redemption feature of Senior Notes may limit their market value. During any period when the Issuer may elect to redeem Senior Notes, the market value of those Senior Notes probably will not rise substantially above the price at which they can be redeemed. This also may be true prior to the occurrence of the events allowing the Issuer to exercise such optional redemption. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes are not protected by the Deposit Guarantee Fund

Unlike a bank deposit, the Notes are not protected by the Deposit Guarantee Fund (*Fundo de Garantia de Depósitos* or "**FGD**") or any other government savings or deposit protection scheme because the Issuer, being a securitization company, is not a credit institution and therefore is not covered by the rules applicable to the FGD. As a result, the FGD will not pay compensation to an investor in the Notes upon any payment failure of the Issuer. If the Issuer goes out of business or becomes insolvent, Noteholders may lose all or part of their investment in the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Euro or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

As the Senior Notes are fixed rate notes, an investment in the Senior Notes involves *inter alia* the risk that changes in market interest rates, particularly increases, may adversely affect the value of the Senior Notes.

Credit ratings may not reflect all risks

Credit rating agencies will assign credit ratings to the Senior Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Senior Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No 1060/2009, of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended from time to time (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

On 31 May 2013, Regulation (EU) No 462/2013 ("**CRA III**") of the European Parliament and of the European Council amending Regulation (EC) No 1060/2009 ("**CRA**") on credit rating agencies was published in the Official Journal of the European Union. The majority of CRA III provisions became effective on 20 June 2013 (the "**CRA III Effective Date**") although certain provisions will not apply until later. CRA III provides for certain additional disclosure requirements which are applicable in relation to structured finance instruments. Such disclosures will need to be made via a website (the "**SFI Website**") to be set up by ESMA. The precise scope and manner of such disclosure is subject to regulatory technical standards under Commission Delegated Regulation (EU) 2015/3, of 30 September 2014, which came into force on 26 January 2015 and and which became applicable from 1 January 2017 onwards.

On 27 April 2016, ESMA published a press release noting that it had encountered several issues in setting up the SFI Website, including the absence of a legal basis for its funding. Consequently, ESMA stated that it was unlikely that the SFI Website would be available to reporting entities by 1 January 2017 and, similarly, it was unlikely that ESMA would be in a position to publish the necessary technical reporting instructions by 1 July 2017. At the date of this Prospectus the SFI Website has not been set-up nor have the technical reporting instructions been published by ESMA.

Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**Securitisation Regulation**") lays down a general framework for securitisation and creates a specific framework for simple, transparent and standard securitisation. The Securitisation Regulation applies to securitisations the securities of which are issued on or after 1 January 2019. As from its application date, the Securitisation Regulation will repeal article 8b of the CRA Regulation (which currently requires the Issuer and the Originator to jointly publish information on structured finance instruments) and replace it with a new set of disclosure requirements under article 7 of the Securitisation Regulation. However, according to a transitional provision contained in article 43(8) of the Securitisation Regulation, until the regulatory technical standards are adopted by the Commission pursuant to article 7(3) of the Securitisation Regulation, the information referred to in Annexes I to VIII of the CRA III (as defined below) regulatory technical standards will have to keep being made available by the originators, sponsors and securitisation special purpose entities in accordance with the procedure set out in article 7(2) of the Securitisation Regulation.

In any case the Receivables do not fall within any of the categories of underlying assets set out in Articles 4 of Commission Delegated Regulation (EU) 2015/3, of 30 September 2014 and therefore the Investor Report is not produced for the purposes of the reporting obligations under such Commission Delegated Regulation (EU) 2015/3 of 30 September 2014.

If a rating agency lowers or withdraws its rating of the Senior Notes, that action may reduce the market value of the Senior Notes.

Liquidity and Credit Risk for the Issuer

The Issuer will be subject to the risk of delays in the receipt, or risk of defaults in the making, of deliveries of amounts in respect of the Receivables from the DGO (whoever may be performing such function from time to time). There can be no assurance that the levels or timeliness of payments of Collections will be adequate to ensure fulfilment of the Issuer's obligations in respect of the Notes on each Payment Date or on the Maturity Date. As the Issuer has no assets other than the Asset Pool to discharge its obligations in respect of the Notes, delays or default in the receipt of amounts due in respect of the Receivables from the DGO could have an adverse impact on the due and puntual perfomance of payments by the Issuer to the Noteholders.

Furthermore, the Assignor or Servicer will not be responsible for any delays in transfer funds from the Issuer Transaction Account and the Expense Reserve Account into the Noteholders accounts or to the accounts of the creditors of any Third Party Expenses, as applicable.

Banco Comercial Português, S.A. may be unable to perform as Servicer of the Receivables

Under the Receivables Servicing Agreement, Banco Comercial Português ("**Millennium bcp**") has been appointed as the Servicer in respect of the Receivables to perform certain administrative services in relation to the Receivables thereon in accordance with the terms of the Receivables Servicing Agreement. While the Servicer is under contract to perform certain administrative services under the Receivables Servicing Agreement there can be no assurance that it will be willing or able to perform such services in the future. In the event the appointment of the Servicer is terminated, a successor servicer shall be appointed.

The services performed by Millennium bcp do not include collection of the Receivables as, following notification of the assignment of the Receivables in the terms provided for in the Receivables Assignment Agreement, the cash amount pertaining to payment of the Receivables is directly transferred by the DGO into the Issuer Transaction Account.

The Servicer may not resign its appointment as Servicer without a justified reason and the appointment of a successor servicer is subject to the prior approval of the CMVM.

Assignment of Receivables not affected by the insolvency of the Assignor

In the event of the Assignor becoming insolvent, the Receivables Assignment Agreement, and the sale of the Receivables conducted pursuant to it will not be affected or terminated nor will such Receivables form part of the Assignor's Insolvency estate pursuant to subparagraph b) no. 1 of article 8 of the Securitisation Law, except where the interested parties to said Receivables Assignment Agreement acted in bad faith which woud materially affect the fulfilment of the Issuer's obligations towards the Noteholders. Accordingly, if the relevant interested parties produce sustained evidence that the parties to the Receivables Assignment Agreement acted in bad faith in selling the Receivables to the Issuer, the assignment of the Receivables will be null and void and will revert back to the insolvency estate of the Assignor. This could have a material adverse effect on the Issuer's ability to make payments under the Notes.

No certainty on the substitution of the Transaction Manager

In the event of the termination of the appointment of the Transaction Manager by reason of the occurrence of a Transaction Manager Event (as defined in the Transaction Management Agreement) it would be necessary for the Issuer to appoint a substitute transaction manager. The appointment of the substitute transaction manager is subject to the condition that, *inter alia*, such substitute transaction manager is capable of administering the Issuer Accounts and performing the services of Transaction Manager.

There is no certainty that it would be possible to find a substitute or a substitute of satisfactory standing and experience, who would be willing to act as transaction manager on the terms of the Transaction Management Agreement.

In order to appoint a substitute transaction manager it may be necessary to pay higher fees than those paid to the Transaction Manager (which will not be passed on to the Assignor or the Servicer) and depending on the level of fees payable to any substitute, the payment of such fees could potentially adversely affect performance of the Issuer's obligations under the Notes.

Ranking of claims of Transaction Creditors senior to the Noteholders

Both before and after an Insolvency Event in relation to the Issuer, amounts deriving from the Asset Pool will be available for the purposes of satisfying the Issuer Obligations to the respective Transaction Creditors and Noteholders in priority to the Issuer's obligations to any other creditor.

Furthermore, under the Common Representative Appointment Agreement, the Transaction Management Agreement and the Conditions, the claims of certain Transaction Creditors will rank senior to the claims of the Noteholders in accordance with the relevant payments priorities (see "*Overview of the Transaction*" – "*Pre-Enforcement Payments Priorities*" and "*Post-Enforcement Payments Priorities*").

Both before and after an Insolvency Event in relation to the Issuer, amounts deriving from assets of the Issuer other than those comprised within the Asset Pool will not be available to satisfy the Issuer's Obligations to the Noteholders and the Transaction Creditors as they are legally segregated from the Asset Pool.

All Noteholders to be bound by the provisions on the meetings of Noteholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Common Representative may, without the consent of Noteholders, agree to certain modifications of, or to the waiver or authorisation of a breach or proposed breach of, provisions of the applicable Transaction Documents or the Conditions which, in the opinion of the Common Representative, will not be materially prejudicial to the interests of the holders of the Notes then outstanding or which are of a formal, minor, administrative or technical nature, results from mandatory provisions of Portuguese law, or is made to correct a manifest error or an error which is, to the satisfaction of the Common Representative, proven, or is necessary or desirable for the purposes of clarification.

Common Representative's rights may be limited under the Transaction Documents

The Common Representative has entered into the Common Representative Appointment Agreement in order to exercise certain rights on behalf of the Issuer and the Transaction Creditors in accordance with the terms of the applicable Transaction Documents for the benefit of the Noteholders and the other Transaction Creditors and to give certain directions and make certain requests in accordance with the terms and subject to the conditions of such Transaction Documents and the Securitisation Law.

Accordingly, although the Common Representative may give certain directions and make certain requests to the Assignor under the terms of the Receivables Assignment Agreement and the Receivables Servicing Agreement, the exercise of any action by the Assignor and the Servicer in response to any such directions and requests will be made to and with the Issuer only and not with the Common Representative.

Therefore, if an Insolvency Event has occurred in relation to the Issuer, the Common Representative may not be able to circumvent the involvement of the Issuer in the Transaction by, for example, pursuing actions directly against the Assignor or the Servicer under the Receivables Assignment Agreement or the Receivables Servicing Agreement. Although the Notes have the benefit of the segregation principle provided for by the Securitisation Law, the above may impair the ability of the Noteholders and the

Transaction Creditors to be repaid of amounts due to them in respect of the Notes and under the applicable Transaction Documents.

Withholding taxes may impact on the amounts expected to be received by the Noteholders

Should any withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any government or state with authority to tax or any political subdivision or any authority thereof or therein having power to tax be required to be made from any payment in respect of the Notes (see "*Taxation*" below), neither the Issuer, the Common Representative, the Issuer Accounts Bank, the Principal Paying Agent or the Paying Agent will be obliged to make any additional payments to Noteholders to compensate them for the reduction in the amounts that they will receive as a result of such withholding or deduction.

In certain circumstances, the Issuer and the Noteholders may be subject to US withholding tax under FATCA for any payments made after 31 December 2018

The United States enacted rules, commonly referred to as "**FATCA**", that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States entered into a Model 1 intergovernmental agreement with Portugal (the "**IGA**"). Under the IGA, payments made on or with respect the Notes are not expected to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

Portugal has implemented through Law 82-B/2014, of 31 December 2014, as amended by Law 98/2017, of 24 August the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. Through Decree-Law no. 64/2016, of 11 October, as amended by Law 98/2017, of 24 August the Portuguese government approved the complementary regulation required to comply with FATCA. Under this legislation, foreign financial institutions (as defined in Decree-Law no. 64/2016, of 11 October) are required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the United States Internal Revenue Service.

As defined in Decree-Law no. 64/2016, of 11 October, (i) "foreign financial institutions" means a *Foreign Financial Institution* as defined in the applicable U.S. *Treasury Regulations*, including inter alia Portuguese financial institutions; and (ii) "Portuguese financial institutions" means any financial institution with head office or effective management in the Portuguese territory, excluding its branches outside of Portugal and including Portuguese branches of financial institutions with head office outside of Portugal.

The deadline for the financial institutions to report to the Portuguese tax authorities the mentioned information is regulated by Decree-Law no. 64/2016, of 11 October, as amended, and ends on 31 July of each year. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Non-compliance with the Common Reporting Standard

The Organisation for Economic Co-operation and Development ("OECD") approved, in July 2014, a Common Reporting Standard ("CRS") with the aim of providing comprehensive and multilateral automatic exchange of financial account information on a global basis. This goal is achieved through an annual exchange of information between the governments of 100 jurisdictions ("participating jurisdictions") that have already adopted the CRS.

On 9 December 2014, Council Directive 2014/107/EU, amending Council Directive 2011/16/EU, introduced the CRS among the EU Member States. This Directive was transposed to Portuguese national

law on October 2016, via Decree-Law 64/2016, of 11 October, as amended by Law 98/2017, of 24 August (the "Portuguese CRS Law"), which amended Decree-Law number 61/2013, of 10 May, which transposed Directive 2011/16/EU in Portugal.

Under the Portuguese CRS Law, financial institutions established in Portugal are required to report to the Tax Authorities (for the exchange of information with the State of Residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Portuguese CRS Law. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

Under the Portuguese CRS Law, the deadline for the report is 31 July of each year. Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax ("FTT") may apply to certain dealings in the Notes

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has stated that it will not participate.

The proposed FTT has very broad scope and, if introduced in the form proposed on 14 February 2013, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the 14 February 2013 proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Noteholders to assess compliance with Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation (EU) No 231/2013, Bank of Portugal Notice 9/2010 and Article 254(2) of the Solvency II Delegated Act

Noteholders should make their own assessment on whether this transaction constitutes a securitisation and on the provisions set out in CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010.

Articles 405 to 410 of CRR, as supplemented by Commission Delegated Regulation (EU) No. 625/2014, of 13 March 2014, referred to as the Capital Requirements Regulation and including any regulatory technical standards and any implementing technical standards issued by the European Banking Authority or any successor body from time to time and Notice 9/2010 place an obligation on a credit institution or investment firm that is subject to the CRR (a "**CRR Institution**") which assumes exposure to the credit risk on a securitisation position (as defined in Article 4(1)(62) of the CRR) to ensure that the originator, sponsor or original lender has explicitly disclosed that it will fulfil its Retention Obligation (as defined

below), and to have a thorough understanding of all structural features of a securitisation transaction that would materially impact the performance of their exposures to the transaction.

Furthermore, investors should be aware of Article 17 of the Alternative Investment Fund Managers Directive ("**AIFMD**"), as supplemented by Section 5 of the Alternative Investment Fund Managers Regulation ("**AIFMR**"), which took effect on 22 July 2013 and of Article 254(2) of the Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014, supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "**Solvency II Delegated Act**").

The provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. The provisions of Article 254(2) of the Solvency II Delegated Act provide for risk retention requirements in respect of insurance or reinsurance undertakings. While such requirements are similar to those which apply pursuant Articles 405 to 410 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment funds managers.

The Assignor will undertake in the Receivables Assignment Agreement to retain as "originator" on an ongoing basis at least 5 per cent. of the Principal Amount Outstanding of each of the Senior Notes, Liquidity Notes and Class R Notes (the "**Retained Interest**") pursuant to item (a) of Article 405 of the CRR, as supplemented by the Commission Delegated Regulation (EU) No 625/2014 (the "**Retention Obligation**"). The Assignor will undertake not to reduce its credit exposure to the Retained Interest either through hedging or the sale or encumbrance of all or part of the Retained Interest. The Investor Report will also provide confirmation as to the Assignor's continued holding of the original Retained Interest. It should be noted that there is no certainty that references to the Assignor's Retention Obligation of the Retained Interest in this Prospectus or the undertakings in the Receivables Assignment Agreement will constitute adequate disclosure (on the part of the Assignor) or adequate due diligence (on the part of the Noteholders) for the purposes of Articles 406 and 409 of the CRR and any implementing technical standards issued by the European Banking Authority or any successor body, Notice 9/2010, Article 51 of AIFMR and Article 254(2) of the Solvency II Delegated Act and there can be no certainty that the Assignor will, at all times, be able to comply with its undertakings set out in the Receivables Assignment Agreement.

If the Assignor does not comply with its undertakings set out in the Receivables Assignment Agreement, the ability of the Noteholders to sell and/or to receive the price for the Notes in the secondary market may be adversely affected.

Articles 405 to 410 of the CRR, Article 51 of the AIFMR and Notice 9/2010 also place an obligation on CRR Institutions, before investing in a securitisation and thereafter, to analyse, understand and stress test their securitisation positions, and monitor on an ongoing basis and in a timely manner performance information on the exposures underlying their securitisation positions.

The Assignor has undertaken to provide to the Issuer such information as may be reasonably required by the Noteholders to be included in the Investor Report to enable such Noteholders to comply with the obligations set out in the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010, if applicable. Where the relevant requirements of Articles 405 to 410 of the CRR, Article 51 the AIFMR and Notice 9/2010 are not complied with in any material respect by reason of the negligence or omission of a CRR Institution that is investing in the Notes, a proportionate additional risk weight of no less than 250 per cent. of the risk weight (with the total risk weight capped at 1250 per cent.) which would otherwise apply to the relevant securitisation position shall be imposed on such credit institution, progressively increasing with each subsequent infringement of the due diligence provisions.

Additionally, Noteholders should also be aware that, if applicable, non-compliance with the requirements of Articles 405 to 410 of the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010 may adversely affect the price and liquidity of the Notes.

Noteholders should make themselves aware of all those provisions and make their own investigation and analysis as to the impact thereof on any holding of Notes and should take their own advice on whether this transaction constitutes a securitisation and on the provisions of Articles 405 to 410 of the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010.

Change in law relating to the structure of the securitisation transaction and the issue of the Notes

The structure of this securitisation transaction and, inter alia, the issue of the Notes are based on law, tax rules, rates, procedures and administrative practice in effect at the date of this Prospectus, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that laws, tax rules, rates, procedures or administration practices will not change after the date of this Prospectus or that such change will not adversely impact the securitisation transaction or the treatment of the Notes, including the expected payments of interest and repayment of principal in respect of the Notes. Neither the Issuer, the Common Representative, the Sole Arranger, the Joint Lead Managers, the Transaction Manager, the Servicer or the Assignor will bear the risk of a change in law whether in the Issuer Jurisdiction or outside.

Potential conflict of interest

Each of the Transaction Parties (other than the Issuer) and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Transaction Parties and their affiliates or between such Transaction Parties and their affiliates and third parties. Each of the Transaction Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Transaction Party in respect of the Transaction.

Conflicts of interest involving the Joint Lead Managers

Various potential and actual conflicts of interest may arise as a result of the investment banking, commercial banking, asset management, financing and financial advisory services and products provided, or that could in the future be provided, by the Joint Lead Managers to the Issuer, the Common Representative, the Transaction Manager and other, as well as in connection with the investment, trading and brokerage activities of the Joint Lead Managers. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

In their capacity as Joint Lead Managers, the Joint Lead Managers will privately place the Notes in negotiated transactions at a price to be determined at the time of sale. One or more of the Joint Lead Managers and one or more accounts or funds managed by a Joint Lead Manager may from time to time hold Notes for investment, trading or other purposes. None of the Joint Lead Managers are required to own or hold any Notes and may sell any Notes held by them at any time. No Joint Lead Manager has done, and no Joint Lead Managers will do, any analysis of the Receivables acquired or sold by the Issuer for the benefit of, or in a manner designed to further the interests of, any holder of Notes.

One or more of the Joint Lead Managers may provide investment banking, commercial banking, asset management, financing and financial advisory services and products to any of the Transaction Parties, and purchase, hold and sell, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments of any Transactions Parties. As result of such transactions or arrangements, one or more of the Joint Lead Managers may have interests adverse to those of the Issuer and holders of the Notes. The Joint Lead Managers will not be restricted in their performance of any such services or in the types of debt or equity investments which they may make. In conducting the foregoing activities, the Joint Lead Managers will

be acting for their own account or for the account of their customers and will have no obligation to act in the interest of the Issuer or any holder of the Notes.

One or more of the Joint Lead Managers may:

- have placed or acted as a financial arranger, structuring agent or advisor in connection with the original issuance of, or may act as a broker or dealer with respect to, certain of the Notes; or
- provide other investment banking, asset management, commercial banking, financing or financial advisory services to the Assignor.

The Joint Lead Managers may from time to time enter into financing and derivative transactions (including repurchase transactions) with third parties with respect to the Notes, and the Joint Lead Managers in connection therewith may acquire or establish long, short or derivative financial positions with respect to the Notes or one or more portfolios of financial assets similar to the portfolio of Receivables acquired by (or intended to be acquired by) the Issuer, including the right to exercise voting rights with respect to such Notes or other assets, and may act without regard to whether any such action might have an adverse effect on the Issuer and the holders of the Notes.

The Joint Lead Managers may, by virtue of the relationships described above or otherwise, at the date hereof or at any time hereafter, be in possession of information regarding the Assignor or its Affiliates, that is or may be material in the context of the Notes and that is or may not be known to the general public. None of the Joint Lead Managers has any obligation, and the offering of the Notes will not create any obligation on their part, to disclose to any purchaser of the Notes any such relationship or information, whether or not confidential.

Payments mismatch risk

To the extent that any amount payable in respect of the Notes exceeds the income from the Receivables, then the Issuer may have insufficient funds to meet its obligations under the Notes. The principal and interest (when applicable) due on the Notes is not guaranteed to the extent that both are dependent on the Collections and on the payments being made in accordance with the Payments Priorities.

Exposure to the uncertainty of the macroeconomic climate

The global economy and the global financial system have experienced a period of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain EU countries including Portugal. This market dislocation has been accompanied by recessionary conditions and trends in many economies throughout the EU, including Portugal.

In this respect, in 2011, the Portuguese Republic announced that it had entered into a memorandum of understanding with the European Commission, the International Monetary Fund and the European Central Bank, in relation to a stabilisation programme. The programme provided for significant financial assistance to Portugal, with up to €78 billion available for the period from 2011 to 2014, conditional on Portugal's compliance with a series of budgetary targets and structural measures. The stabilisation programme was terminated on 17 May 2014 with most of the budgetary targets and structural measures having been implemented by the Portuguese Government. However, there is no guarantee that adverse macroeconomic conditions will not be experienced again in the near future by the Portuguese economy. Should this be the case, it could lead to a need for additional external assistance or additional measures being taken by the Portuguese Government in respect of the energy sector which could in turn have a material adverse effect on the Receivables, the right to collect such Receivables, the actual collection of the Receivables and, consequently, the payment of interest and/or capital due under the Notes by the Issuer.

The Portuguese economy continues to face some challenges, namely (i) the persistence of some political risks (an heterogeneous majority in the parliament supports a minority government), in a context in which

the country should continue committed to the additional consolidation objectives of the public finances demanded by Brussels for the medium term and (ii) its continued vulnerability to the evolution of the world economy, in particular the European, which continues to face some volatilities in particular of a geopolitical nature.

It is not possible to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a further deterioration of the global and Portuguese economic cycle. Any further deterioration of the current economic situation in Portugal, might lead to certain measures by the Portuguese Government that could have a material adverse effect on the Receivables, the right to collect such Receivables, the actual collection of the Receivables and, consequently, the payment of interest and/or capital due under the Notes by the Issuer.

Full impact on the UK Referendum on membership of the EU not yet determined

On 23 June 2016, the United Kingdom ("**UK**") held the UK Referendum. As mentioned above, the result of the referendum's vote was to leave the EU, which creates several uncertainties within the UK, and regarding its relationship with the remaining EU (the "**EU27**"). On 29 March 2017, the UK served notice in accordance with article 50 of the Treaty on European Union of its intention to withdraw from the EU. The notification of withdrawal started a two-year process during which the terms of the UK's exit will be negotiated, although this period may be extended in certain circumstances. The departure of the UK is expected to occur at the end of March 2019, although it is currently expected that a transitional arrangement will be agreed until at least 2021.

Following the UK Referendum, the EU has entered into a period of political uncertainty both as to the nature and timing of the negotiations with the UK and how relationships, strategy and direction within the EU27 may progress going forward.

Until the terms and timing of the UK's exit from the EU are confirmed, it is not possible to determine the full impact that the referendum, the UK's departure from the EU and/or any related matters may have on general economic conditions in the UK.

Such uncertainty could lead to a high degree of economic and market disruption and uncertainty. It is not possible to ascertain how long this period will last and the impact it will have within the EU markets, including market value and liquidity, for securities similar to the Notes in particular. The Issuer cannot predict when or if political stability will return, or the market conditions relating to securities similar to the Notes.

RESPONSIBILITY STATEMENTS

In accordance with article 243 of the Portuguese Securities Code the following entities are responsible for the information contained in this Prospectus:

The **Issuer** and **Mr. Jerome David Beadle**, **Mr. José Francisco Gonçalves de Arantes e Oliveira** and **Mr. Bernardo Luis de Lima Mascarenhas Meyrelles do Souto**, in their capacities as directors of the Issuer, are responsible for the information contained in this document. To the best of the knowledge and belief of the Issuer and of all the aforementioned individuals, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. This statement is without prejudice to any liability which may arise under Portuguese law. The Issuer further confirms that this Prospectus contains all information which is material in the context of the issue of the Notes, that such information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in it are honestly held by it and that there are no other facts the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and all proper enquiries have been made to ascertain and to verify the foregoing.

Mr. **Leonardo Bandeira de Melo Mathias, Pedro António Barata Noronha de Paiva Couceiro** and Mr. **João Alexandre Marques de Castro Moutinho Barbosa**, in their capacity as members of the supervisory board of the Issuer, appointed on 4 July 2016 for the mandate 2016/2018, are responsible for the accuracy of the financial statements of the Issuer required by law or regulation to be prepared as from the date on which they began their current term of office following their appointment as members of the supervisory board of the Issuer, which includes the relevant financial statements of the Issuer incorporated by reference herein in respect of the financial years ended on 31 December 2016 and 31 December 2017. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by **Mr. Leonardo Bandeira de Melo Mathias**, **Mr. Pedro António Barata Noronha de Paiva Couceiro** and **Mr. João Alexandre Marques de Castro Moutinho Barbosa** as to the accuracy or completeness of any information contained in this Prospectus (other than the aforementioned financial information) or any other information supplied in connection with the Notes or their distribution.

EDP SU, in its capacity as Assignor, accepts responsibility for the information contained in this document relating to itself and to the description of its rights and obligations in respect of the information relating to the Receivables Assignment Agreement and/or the Receivables in the sections headed "**Tariff Deviations, Tariff Deficits and Over Costs**", "**The Portuguese Electricity Sector**" and "**Description of the Assignor**" (together, the "**Assignor Information**"). EDP SU confirms that, to the best of its knowledge and belief, such Assignor Information is in accordance with the facts, is not misleading and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Assignor as to the accuracy or completeness of any information contained in this Prospectus (other than the Assignor Information) or any other information supplied in connection with the Notes or their offering.

Citibank N.A., London Branch, acting through its London Branch, in its capacity as the Transaction Manager, Principal Paying Agent and Issuer Accounts Bank, accepts responsibility for the information in this document relating to itself in this regard in the section headed "**Description of the Transaction Manager, Principal Paying Agent and Issuer Accounts Bank**" (together the "**Transaction Manager, Principal Paying Agent and Issuer Accounts Bank Information**") and such Transaction Manager, Principal Paying Agent and Issuer Accounts Bank Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Citibank N.A., London Branch as to the accuracy or completeness of any information contained in this Prospectus (other than the Transaction Manager, Principal Paying Agent and Issuer Accounts Bank Information) or any other information supplied in connection with the Notes or their offering.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., represented by **Mr. José Manuel Henriques Bernardo**, in its capacity as the statutory and independent auditor of the Issuer since July 4, 2016 is responsible for the independent Auditor's Report issued in connection with the audited financial statements prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union (EU) for the years ended on 31 December 2016 and 31 December 2017, which is incorporated by reference herein and confirms that the financial information relating to the Issuer in the section headed "Documents Incorporated by Reference" including the independent auditor's report, the balance sheet and profit and loss information and accompanying notes (incorporated by reference) has been, where applicable, accurately extracted from the audited financial statements for the years ended on 31 December 2016 and 31 December 2017. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by **PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda**., represented by **Mr. José Manuel Henriques Bernardo,** as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their offering, other than the independent auditor's report issued in connection with the audited financial statements for the year ended on 31 December 2016 and 31 December 2017.

Banco Comercial Português, S.A., in its capacity as the Servicer of the Receivables accepts responsibility for the information relating to the Servicer in the section headed "**Description of the Servicer**" (together the "**Servicer Information**") and such Servicer Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Banco Comercial Português, S.A., in its capacity as the Servicer, as to the accuracy or completeness of any information contained in this Prospectus (other than the Servicer Information) or any other information supplied in connection with the Notes or their offering.

Morais Leitão, Galvão Teles, Soares da Silva & Associados Sociedade de Advogados, RL, as legal advisors to the Assignor, responsible for the Portuguese legal matters included in the chapter "**The Portuguese Electricity Sector**" under the caption "**The National Electricity System** (the **"SEN**")" and for the Portuguese legal matters included in the chapter "**Tariff Deviations, Tariff Deficits and Over Costs**" under the caption "**The Over Costs**".

Vieira de Almeida & Associados Sociedade de Advogados, SP RL, as legal advisors to the Sole Arranger and Joint Lead Managers, the Issuer and the Common Representative responsible for the Portuguese legal matters included in the chapters "**Selected Aspects of Portuguese law relevant to the Receivables and the Transfer of the Receivables**" and "**Taxation**".

In accordance with article 149(3) of the Portuguese Securities Code, liability of the entities referred to above is excluded if any of such entities proves that the addressee knew or should have known about the shortcoming in the contents of this Prospectus on the date of issue of the contractual declaration or when the respective revocation was still possible.

Pursuant to subparagraph b) of article 150 of the Portuguese Securities Code, the Issuer is strictly liable (i.e. independently of fault) if any of the members of its management board, the supervisory board, accounting firms, chartered accountants and any other individuals that have certified or, in any other way, verified the accounting documents on which the Prospectus is based is held responsible for such information.

Further to subparagraph b) of article 243 of the Portuguese Securities Code, the right to compensation based on the aforementioned responsibility statements is to be exercised within six months following the knowledge of a shortcoming in the contents of the Prospectus and ceases, in any case, two years following (i) disclosure of the admission Prospectus or (ii) amendment that contains the defective information or forecast.

Each responsible entity for the information of this document declares that, having taken all reasonable care to ensure that such is the case, the information given is to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect its import. The responsible entities for certain parts of information contained in this document declare that, having taken all reasonable care to ensure that such is the case, the information contained in that part of the document for which they are responsible to is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

For each of the legal persons identified above, the corresponding registered office may be found in the last two pages of this Prospectus.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Sole Arranger, the Joint Lead Managers and the Common Representative do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary, no action has been taken by the Issuer, the Sole Arranger, the Joint Lead Managers or the Common Representative which would permit a public offer of any Notes in any country or jurisdiction where action for that purpose is required or distribution of this Prospectus in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area, see "*Subscription and Sale*".

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Arranger or the Joint Lead Managers as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their offering, or any responsibility for any act or omission of any person (other than the Assignor or any other of the relevant Joint Lead Manager) in connection with the issue and the offering of the Notes. Furthermore, unless otherwise and where stated in this Prospectus, no one (other than the Issuer and the Assignor) is allowed to provide information or make representations in connection with the offering of the Notes. Each person receiving this Prospectus acknowledges that such person has not relied on the Sole Arranger, the Joint Lead Managers, the Transaction Manager, the Common Representative, the Issuer Accounts Bank, the Principal Paying Agent, the Paying Agent or any other party nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

The Notes may not be a suitable investment for all investors. Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except if the offering of the Notes is made pursuant to exemptions from registration provisions under Regulation S of the Securities Act. The Notes are being offered and sold only to non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act.

If any withholding or deduction for or on account of tax is applicable to payments of interest or principal on the Notes, such payments will be made subject to such withholding or deduction without the Issuer being obliged to pay any additional amounts as a consequence (see "*Taxation*"). Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (see "*Subscription and Sale*").

The Notes will be obligations solely of the Issuer and will not be obligations of, and will not be guaranteed by, and will not be the responsibility of, any other entity. In particular, the Notes will not be the obligations of, and will not be guaranteed by the Assignor, the Servicer, the Transaction Manager, the Common Representative, the Issuer Accounts Bank, the Principal Paying Agent, the Paying Agent, the Sole Arranger or the Joint Lead Managers.

MiFID II Product Governance/Professional Investors and ECPs only target market

Solely for the purposes of each Manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the Manufacturers of the Notes are the Joint Lead Managers and the Issuer is not a Manufacturer of the Notes.

Prohibition of Sales to Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS

Regulation. The Senior Notes are intended to be admitted to trading on a regulated market, which may be accessed by institutional investors and, for secondary market transactions in the Notes, by retail investors, although the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

This Prospectus may only be used for the purposes for which it has been published. This Prospectus is not, and under no circumstances is to be construed as an advertisement. This Prospectus may not be forwarded or distributed to any other persons and may not be reproduced in any manner whatsoever.

FORWARD LOOKING STATEMENTS AND OTHER INFORMATION

Forward Looking Statements

Certain statements in this Prospectus constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the success of Collections, the actual cash flow generated by the Receivables or other matters described in such forward-looking statements to differ materially from the information set forth herein and to be materially different from any future results, performance or financial condition expressed or implied by such forward-looking statements. See "*Risk Factors*".

While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forward-looking statements, opinions and expectations contained herein are based on fair and reasonable assumptions, the matters described in such forward-looking statements may differ materially from the projections set forth in any forward-looking statements herein. Investors should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect of any forecasted periods contained in this Prospectus. No party to the offering undertakes any obligation to revise these forward-looking statements to reflect subsequent events or circumstances except to the extent that such obligation is imposed on the Issuer pursuant to article 248 of the Portuguese Securities Code on qualification of those forward-looking statements as inside information (*informação privilegiada*).

Information from third parties

Where information is stated in this Prospectus to have been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Representations about the Notes

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by any of the Transaction Parties. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

No action has been taken by the Issuer, the Sole Arranger or the Joint Lead Managers other than as set out in this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any preliminary prospectus, prospectus, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in circumstances that will result in compliance with applicable laws, orders, rules and regulations, and the Issuer, the Sole Arranger or the Joint Lead Managers have represented that all offers and sales by them have been made on such terms.

Each person receiving this Prospectus shall be deemed to acknowledge that (i) such person has not relied on the Sole Arranger or the Joint Lead Managers or on any person affiliated with any of the Sole Arranger or the Joint Lead Managers in connection with its investment decision, and (ii) no person has been authorised to give any information or to make any representation concerning the Notes offered hereby except as contained in this Prospectus, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Sole Arranger or the Joint Lead Managers.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

Selling Restrictions Summary

This Prospectus does not constitute an offer of, or an invitation by or on behalf of any of the Transaction Parties to subscribe for or purchase any of the Notes and this document may not be used for or in connection with an offer to, or a solicitation of an offer by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Sole Arranger or the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

Currency

In this Prospectus, unless otherwise specified, references to "**€**", "**EUR**" or "**euro**" are to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Interpretation

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings set out in this Prospectus and, in particular in the Conditions. A reference to a "Condition" or the "Conditions" is a reference to a numbered Condition or Conditions set out in the "*Terms and Conditions of the Notes*" below.

THE PARTIES

Issuer and Purchaser: TAGUS – Sociedade de Titularização de Créditos, S.A., a limited liability company (*sociedade anónima*) incorporated under the laws of Portugal as a special purpose vehicle for the purposes of issuing asset-backed securities, having its registered office at Rua Castilho, 20, 1250-069, Lisbon, Portugal, with a share capital of €250,000.00 and registered with the Commercial Registry of Lisbon under the sole registration and taxpayer number 507130820.

The Issuer's share capital is fully owned by Deutsche Bank Aktiengesellschaft.

Assignor: EDP – Serviço Universal, S.A., a limited liability company (*sociedade anónima*) incorporated under the laws of Portugal, having its registered office at Rua Camilo Castelo Branco, no. 43, 1050-044 Lisbon, Portugal, with a share capital of €10,100,000.00 and registered with the Commercial Registry of Lisbon under the sole registration and tax number 507 846 044.

EDP Serviço Universal, S.A. is wholly owned by EDP Distribuição – Energia, S.A. which, in turn, is wholly owned by EDP – Energias de Portugal, S.A..

Servicer: Banco Comercial Português, S.A. ("**Millennium bcp**"), a company open to public investment (*sociedade aberta*) and credit institution incorporated under the laws of Portugal, having its registered office at Praça D. João I, 28, in Oporto, Portugal, with a share capital of €5,600,738,053.72 and registered with the Commercial Registry of Oporto under the sole registration and tax number 501 525 882, in its capacity as servicer of the Receivables pursuant to the terms of the Receivables Servicing Agreement.

A description of the services to be performed by Banco Comercial Português, S.A. as servicer of the Receivables is contained in "Overview of Certain Transaction Documents" under the caption "Receivables Servicing Agreement" – "Servicing of the Receivables", below. The services performed by Banco Comercial Português, S.A. do not include, and will not include, collection of the Receivables as, following notification of the assignment of the Receivables in the terms provided for in the Receivables Assignment Agreement, the cash amounts pertaining to payment of the Receivables are directly transferred by the DGO into the Issuer Transaction Account.

Millennium bcp shareholding structure, as of june 30, 2017 may be found at http://ind.millenniumbcp.pt/pt/Institucional/investidores/Pages/EstruturaAcionista.aspx.

Common Representative: The Law Debenture Trust Corporation, p.l.c., a company incorporated under the laws of England and Wales, having its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, in its capacity as representative of the Noteholders pursuant to article 65 of the Securitisation Law and articles 357, 358 and 359 of the Portuguese Companies Code (*Código das Sociedades Comerciais*) in accordance with the Conditions and the Common Representative Appointment Agreement.

The Law Debenture Trust Corporation p.l.c. is ultimately owned by The Law Debenture Corporation p.l.c. whose shares are listed on the London Stock Exchange, and is not otherwise in a group relationship (*relação de grupo*) with the Assignor or the Issuer. The shares are widely held with no individual beneficial shareholder owning more than 3%.

	The Common Representative is directly and wholly owned by The Law Debenture Corporation p.l.c.
Transaction Manager:	Citibank N.A., London Branch, acting, in its capacity as transaction manager to the Issuer in accordance with the terms of the Transaction Management Agreement, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. Citibank N.A., London Branch is a branch of Citibank N.A, which is in turn wholly owned by Citicorp LLC which is directly held by Citigroup Inc.
Principal Paying Agent	Citibank N.A., London Branch, acting, in its capacity as principal paying agent in accordance with the terms of the Paying Agency Agreement, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. Citibank N.A., London Branch is a branch of Citibank N.A, which is in turn wholly owned by Citicorp LLC which is directly held by Citigroup Inc.
Issuer Accounts Bank:	Citibank N.A., London Branch, acting, in its capacity as Issuer accounts bank in accordance with the terms of the Issuer Accounts Agreement, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. Citibank N.A., London Branch is a branch of Citibank N.A, which is in turn wholly owned by Citicorp LLC which is directly held by Citigroup Inc.
Paying Agent:	Citibank Europe PLC – Sucursal em Portugal, in its capacity as paying agent in respect of the Notes in accordance with the terms of the Paying Agency Agreement, acting through its registered office at Rua Barata Salgueiro, 30, 4th floor, 1269-056 Lisbon, Portugal, registered with the Commercial Registry of Lisbon under its tax number 980 194 121. Citibank Europe PLC is indirectly owned by Citigroup Inc directly wholly owned by Citibank Holdings Ireland Limited, which is in turn indirectly held by Citibank Overseas Investment Corporation, which is in turn directly held by Citibank N.A.
Sole Arranger and a Joint Lead Manager:	StormHarbour Securities LLP and its affiliates, acting as structuring arranger to the Assignor and lead manager, acting through its office at 10 Old Burlington Street, London, W1S 3AG, United Kingdom.
Joint Lead Managers:	StormHarbour Securities LLP and its affiliates, acting as structuring arranger to the Assignor and lead manager, acting through its office at 10 Old Burlington Street, London, W1S 3AG, United Kingdom and Banco Santander Totta, S.A., acting as lead manager through its office located at Rua do Ouro, 88, 1100-063 Lisbon, Portugal. Banco Santander Totta, S.A. is directly owned by Santander Totta SGPS, S.A. in 98%, which is in turn held in 99% by Santusa Holding, SL, a Spanish company held by Banco Santander S.A.
Central Securities Depositary:	Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., having its registered office at Avenida da Boavista, 3433, 4100-138 Porto, Portugal.

Rating Agencies: Fitch Ratings Limited and Moody's Investors Service Ltd.

There are no potential conflicts of interest that are material to the issuance of the Notes between any duties of the persons listed above and their private interests, without prejudice to each Transaction Party having a potential and relative interest in this issuance corresponding to its respective role in relation to this securitisation. Notwithstanding, Noteholders shall have regard to the Risk Factors entitled "Potential conflict of interest" and "Conflicts of interest involving the Joint Lead Managers".

PRINCIPAL FEATURES OF THE NOTES

The following is a summary of certain aspects of the Conditions of the Notes of which prospective investors should be aware and should be read as an introduction to the Prospectus. This summary is not intended to be exhaustive and prospective investors should read the detailed information set out in this document and reach their own views prior to making any investment decision. Prospective investors should also note that this Prospectus is construed in accordance with the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended, and that its provisions shall apply in the relevant context.

Notes:	The Issuer intends to issue on the Closing Date, in accordance with the terms of the Common Representative Appointment Agreement and subject to the Conditions, the following Notes (the "**Notes**" or *Obrigações Titularizadas*): €650,000,000 Senior Notes due 2023 €1,788,000 Liquidity Notes due 2023 €375,000 Class R Notes due 2023
Issue Date:	The Notes will be issued on 27th June 2018 (the "**Closing Date**").
Issue Price:	The Senior Notes will be issued at 100% of their respective Principal Amount Outstanding. The Class R Notes will be issued at 100% of their respective Principal Amount Outstanding. The Liquidity Notes will be issued at 100% of their respective Principal Amount Outstanding.
Form and Denomination:	The Notes will be issued in book-entry (*forma escritural*) and nominative (*nominativas*) form and in denominations of €100,000 each in case of the Senior Notes and €1,000 each in the case of the Liquidity Notes and the Class R Notes (the "**Denomination**"). The Notes will be tradable in integral multiples of their Denomination and will be held through the accounts of affiliate members of the Portuguese central securities depositary and the management of the Portuguese settlement system, Interbolsa, as operator and manager of the Central de Valores Mobiliários (the "**CVM**").
Status and Ranking:	The Notes will constitute direct limited recourse obligations of the Issuer and will benefit from the statutory segregation provided by the Securitisation Law (as defined in "*Risk Factors – The Securitisation Law, the Securitisation Tax Law and Decree-Law 193/2005*"). The Senior Notes represent the right to receive interest and principal payments from the Issuer in accordance with the Conditions, the Common Representative Appointment Agreement and the relevant Payments Priorities. The Class R Notes represent the right to receive the Class R Notes

	Amount in accordance with the Conditions, the Common Representative Appointment Agreement and the relevant Payments Priorities. The Liquidity Notes represent the right to receive the Liquidity Notes Amount in accordance with the Conditions, the Common Representative Appointment Agreement and the relevant Payments Priorities.
Limited Recourse:	All obligations of the Issuer to the Noteholders or to the Transaction Parties in respect of the Notes or the other Transaction Documents, including, without limitation, the Issuer Obligations, are limited in recourse and, as set out in Condition 9 (*Limited Recourse*), the Noteholders and/or the Transaction Parties will only have a claim in respect of the Asset Pool and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Issuer's other assets or its contributed capital.
Statutory Segregation and Security for the Notes:	The Notes and the other obligations of the Issuer under the Transaction Documents owing to the Transaction Creditors will have the benefit of the statutory segregation provided by the Securitisation Law.
Use of Proceeds:	On or about the Closing Date the Issuer will apply (i) the proceeds of the issue of the Senior Notes to fund the purchase of the Receivables, to pay part of the Interest Amount payable on the Senior Notes on the First Payment Date and to pay any applicable upfront expenses in connection with the issue of the Notes, (ii) the proceeds of the issue of the Liquidity Notes to fund the Liquidity Account and (iii) the proceeds of the issue of the Class R Notes to fund the Expense Reserve Account.
Cash reserve:	An amount of €167,684.47 to pay part of the Interest Amount payable on the Senior Notes on the First Payment Date.
Rate of Interest and Payments on the Notes:	The Senior Notes will represent entitlements to payment of interest in respect of each successive Interest Period at a rate of 1.10% per annum. The Class R Notes and the Liquidity Notes shall not bear interest and will solely represent entitlement to receive, respectively, the Class R Notes Amount and the Liquidity Notes Amount.
Payment Date:	Interest on the Senior Notes is payable on 13th August 2018 and thereafter monthly in arrears on the 12th day of each month (or, if such day is not a Business Day, the immediately succeeding Business Day unless such day would fall into the next calendar month, in which case it would be brought forward to the immediately preceding Business Day).
Day Count Fraction:	Actual/360 (for calculation of interest payable on the First Payment Date) and 30/360 (for calculation of interest payable on all other

	Payment Dates).
Business Day:	A day which is both (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Lisbon and (ii) a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer System (the "**TARGET2**") is open.
Final Redemption:	Unless the Notes have previously been redeemed in full as described in Condition 8 (*Redemption and purchase*), the Issuer shall redeem the Notes on the Payment Dates up to (and including) the applicable Maturity Date and, for the Senior Notes, in accordance with the Target Redemption Schedule. The Notes will become due and payable on the Maturity Date.
Maturity Date:	13th February, 2023.
Expected deadline to recover any Collections that may not have been received by the Issuer by the Maturity Date:	12th February, 2026.
Taxation in respect of the Notes:	All payments of interest and principal and other amounts due in respect of the Notes will be subject to income taxes, including applicable withholding taxes (if any), and other taxes (if any) and neither the Issuer nor any other person will be obliged to pay additional amounts in relation thereto. Income generated by the holding (distributions) or transfer (capital gains) of the Notes is generally subject to Portuguese tax for debt notes (*obrigações*) if the holder is a Portuguese resident or has a permanent establishment in Portugal to which the income might be attributable. Pursuant to Decree-Law 193/2005, any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents and do not have a permanent establishment in Portugal to which the income might be attributable will be exempt from Portuguese income tax. The above-mentioned exemption from income tax does not apply to non-resident individuals or companies if the individual's or company's country of residence is any of the jurisdictions listed as tax havens in Ministerial Order no. 150/2004, of 13 February 2004 (as amended from time to time) and with which Portugal does not have a double tax treaty in force or a tax information exchange agreement in force provided the requirements and procedures for the evidence of non-residence are complied with. For a more detailed description of Tax matters please see the "*Taxation*" section.
Retained Interest:	Articles 405 to 410 of the CRR on prudential requirements for credit institutions and investment firms including any regulatory technical

standards and any implementing technical standards issued by the European Banking Authority or any successor body and Article 51 of Commission Delegated Regulation (EU) No 231/2013 and Bank of Portugal Notice ("*Aviso*") 9/2010 ("**Notice 9/2010**") place an obligation on a credit institution that is subject to the CRR (a "**CRR Institution**") which assumes exposure to the credit risk of a securitisation position (as defined in Article 4(1)(62) of the CRR) to ensure that the originator, sponsor or original lender has explicitly disclosed that it will retain, on an ongoing basis, a material net economic interest in the securitisation of not less than 5 per cent. of the nominal amount of the securitised exposures.

Also, the provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which apply pursuant Articles 405 to 410 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment funds managers. The provisions of Article 254(2) of the Solvency II Delegated Act provide for risk retention requirements in respect of insurance or reinsurance undertakings.

Articles 405 to 410 of the CRR, Article 51 of the AIFMR and Notice 9/2010 also place an obligation on the relevant institutions, before investing in a securitisation transaction and thereafter, to analyse, understand and stress test their securitisation positions, and monitor on an ongoing basis and in a timely manner performance information on the exposures underlying their securitisation positions.

The Assignor will hold the Retained Interest and has undertaken to do so under the terms of the Receivables Assignment Agreement. The Assignor has also undertaken to provide to the Servicer each month such information as may be reasonably required by the Noteholders to be included in the Investor Report (including confirmation that the Assignor continues to hold the Retained Interest) to enable such Noteholders to comply with their obligations pursuant to the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010, if applicable.

(See "*Risk Factors - Compliance with Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation No (EU) 231/2013, Bank of Portugal Notice 9/2010 and Article 254(2) of the Solvency II Delegated Act*").

No Purchase of Notes by the Issuer: The Issuer may not at any time purchase any of the Notes.

Ratings: The Senior Notes are expected to have the following ratings, as assigned on issue:

A-(sf) by Fitch;

A1 (sf) by Moody's.

Mandatory redemption in whole or in part: The Notes will be subject to mandatory redemption in whole or in part on each Payment Date (and, for the Senior Notes, in accordance with the Target Redemption Schedule) on which the Issuer has an Available Distribution Amount, as calculated on the related Calculation Date, to make principal payments under the Notes in accordance with the Payments Priorities.

No clean-up call: The Issuer shall not, under Article 45/2(d) of the Securitisation Law, redeem partially or in full the Notes on any Payment Date other than on the Maturity Date and, for the Senior Notes, in accordance with the Target Redemption Schedule or unless a Tax Event has occurred.

Redemption in whole for taxation reasons: The Issuer will not be able to redeem the Notes by means of an optional redemption unless a Tax Event (as defined in Condition 21 (*Definitions*) occurs in which case the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, accrued with the applicable unpaid interest up to the relevant redemption date, subject to the following:

(i) that the Issuer has given neither more than 50 (fifty) nor less than 15 (fifteen) calendar days' notice to the Common Representative and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes; and

(ii) that the Issuer has provided to the Common Representative:

(a) a legal opinion (in form and substance satisfactory to the Common Representative) from a firm of lawyers in the Issuer's Jurisdiction (approved in writing by the Common Representative), opining on the relevant change in the Tax law; and

(b) a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction is legally due; and

(c) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Payment Date, not subject to the interest of any other person, required to redeem the Senior Notes at their Principal Amount Outstanding, together with the applicable accrued and unpaid interest up to the relevant redemption date pursuant to Condition 8.3 (*Redemption in whole for taxation reasons*) and meet its payment obligations of a higher priority under the Payments Priorities.

Agents: The Issuer will appoint the Principal Paying Agent and the Paying Agent as its agents with respect to payments due under the Notes. The Issuer will procure that, for so long as any Notes are outstanding, there will always be a Principal Paying Agent and a Paying Agent to perform the functions assigned to it. The Issuer may at any time, by

	giving not less than 45 calendar days' notice, replace the Principal Paying Agent and the Paying Agent by one or more banks or other financial institutions which will assume such functions. As consideration for performance of the paying agency services, the Issuer will pay the Principal Paying Agent and the Paying Agent a fee.
Transfers of Notes:	Transfers of Notes will require appropriate entries in securities accounts, in accordance with the applicable procedures of Interbolsa.
Settlement:	Settlement of the Notes is expected to be made on or about the Closing Date.
Admission to trading:	Application has been made for the Senior Notes to be admitted to trading on Euronext Lisbon, a regulated market managed by Euronext.
Governing Law:	The Notes and the Transaction Documents, including any non-contractual obligations arising therefrom (other than the Subscription Agreement, which will be governed by English law), will be governed by Portuguese law.

OVERVIEW OF THE TRANSACTION

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and related documents referred to herein. Prospective investors are advised to read carefully, and should rely solely on, the detailed information appearing elsewhere in this Prospectus and related documents referred to herein in making any investment decision. Capitalised terms used but not defined in this section shall have the meaning given to them elsewhere in this Prospectus.

Assignment of Receivables:

Under the terms of the Receivables Assignment Agreement and pursuant to article 4(1) of the Securitisation Law, on the Closing Date, the Assignor will sell and assign to the Issuer and the Issuer will, subject to satisfaction of certain conditions precedent, purchase the Receivables from the Assignor at the relevant assignment price, which will be funded through the proceeds of issue of the Senior Notes.

"**Credit Rights**" means the credit rights owned by the Assignor which result from the right of the Assignor established under ERSE's decision formalised in the document that sets out the tariffs for 2018 *"Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020"*", published on 15 December 2017 and available at www.erse.pt, and pursuant to article 73-A of Decree-Law 29/2006 and, more generically, pursuant to article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) currently in force as approved by ERSE, to receive, through the electricity tariffs, the Over Costs.

"**Over Costs**" means the additional costs already partially incurred and still to be incurred in 2018, including the adjustments from the two previous years (2016 and 2017), by the Assignor in connection with the purchase of electricity from Special Regime Generators that benefit from a remuneration that has been administratively set, in the amount of thousand €881,196 as set out in table 3-11 (capital amortizations), contained on page 74 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, accrued of interest at the definitive rate of 1.4919 per cent. p.a., calculated pursuant to the methodology contained in the Ministerial Order 279/2011 and the parameters set out in Order 11043/2017, as identified in table 0-7 contained on page 8 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt.

"**Receivables**" means the portion of Credit Rights sold and assigned by the Assignor to the Issuer on or about the Closing Date, which excludes any amounts in respect of the Credit Rights due on or prior to 25 June, 2018, such amounts not having been assigned to the Issuer.

The Receivables assigned to the Issuer amount to €641,068,817.54 and correspond to 72.75% of the total amount of the Over Costs outstanding.

The Receivables payments will be directly delivered to the Issuer, in the Issuer Transaction Account by the 25th of every month, and shall correspond to a monthly amount of €13,857,419.00 from the Collection Period of February 2019 and onwards and €797,008.81 for each Collection Period up to and including January 2019, including corresponding interest, the delivery of which is to be made by the entity which operates the national electricity distribution network in high and medium voltage.

The Issuer will, on the Closing Date, purchase an amount of the Credit Rights and its corresponding interest so as to receive a monthly payment equal to the sum of:

a) monthly principal and interest payments due on the Senior Notes; and

b) the sum of:

(i) €21,417.00; and

(ii) 0.0015083% multiplied by the Principal Amount Outstanding of the Senior Notes at the Closing Date.

Consideration for the assignment of the Receivables: In consideration for the assignment of the Receivables, the Issuer will pay to the Assignor the assignment price indicated in the Receivables Assignment Agreement.

Servicing of the Receivables: Pursuant to the terms of the Receivables Servicing Agreement, the Servicer will agree to administer and service the Receivables owned and assigned by the Assignor to the Issuer on behalf of the Issuer by providing – in addition to any services that may be required for the performance of the Receivables under article 5 of the Securitisation Law, as may be applicable, with the exception of performing collections, the following services (the "**Services**"):

1. Control Collections

For the Receivables:

(a) Check that the amount of Collections credited into the Issuer Transaction Account during each Collection Period corresponds to the Receivables Payment Schedule;

(b) Calculate the interest and principal components in relation to Collections credited into the Issuer Transaction Account during each Collection Period;

(c) Determine the amount of Overdue Interest credited into the Issuer Transaction Account during each Collection Period;

(d) Where the amount of the Collections received by the Issuer in respect of any Collection Period differs from the amount scheduled to be received, the Servicer shall promptly notify in writing (by e-mail) the Transaction Manager of such discrepancy and include such details in the Monthly Servicing Report, as well as (if applicable) promptly notify the DGO and claim immediate payment of the unpaid but due amounts, including any Overdue Interest;

(e) Check if publications by ERSE of amounts of Receivables due to the Issuer is in accordance with the Receivables Payment Schedule;

(f) Confirm that it has received from the Assignor such information as may be reasonably required by the Noteholders to be included in the Investor Report (including confirmation that the Assignor continues to hold the Retained Interest) to enable such Noteholders to comply with the obligations pursuant to the CRR, Article 51 of Commission Delegated Regulation no. 231/2013 and Article 254(2) of Solvency II Delegated Act and Notice 9/2010, if applicable, and promptly request it from, and liaise with, the Assignor in case the Assignor has not provided such information; without prejudice to the foregoing, if the Assignor has not confirmed on any Collection Period to the Servicer that it continues to hold the Retained Interest, the Servicer shall immediately notify (by e-mail) the Issuer of that event.

2. Reporting

Prepare and send to the Issuer, the Transaction Manager, the Common Representative and the Rating Agencies, no later than 2 (two) Business Days following the end of each Collection Period, the Monthly Servicing Report, which shall include all information described in schedule 2 to the Receivables Servicing Agreement.

3. Registry

Keep adequate register of all events in relation to the Receivables and their collection.

4. Enforcing obligations

(a) Take all steps legally available to it, either directly or through a Sub-Contractor, to administer, implement and pursue enforcement procedures as well as any litigation or appeal against any counterparty in relation to the Receivables, including for any Overdue Interest or any event that would affect the current or future capacity or ability of the Issuer to

receive timely and full payments in relation to the Receivables;

(b) Negotiate/liaise with ERSE or any other entity of the SEN, in the interest of the Issuer, in respect of the Receivables.

Collection of the Receivables: The billing and collection process of the Receivables is governed by the provisions of the statutes and regulations in force and, in particular, pursuant to the provision of article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) and article 105 of the Tariff Regulation (*Regulamento Tarifário*) currently in force as approved by ERSE and is conducted as follows:

- in the course of each month and within their normal activity, all suppliers invoice their customers, according to applicable regulated end user transitory tariffs (in the case of last recourse suppliers such as, currently, the Assignor), or the liberalised end user price settled between suppliers or customers (in case of the liberalised suppliers), such invoices to include the amounts for all mandatory tariff components, including the access tariffs for the use of the networks that incorporate the UGS tariff;

- DGO bills all the suppliers for the amounts corresponding to the access tariffs for the use of the networks that incorporate the UGS Tariff (which in turn includes the monthly amounts in respect of the Over Costs), and receives payment in accordance with its regular billing and collection practices;

- by the 25th calendar day counted from the end of the month to which the amounts billed relate, the DGO should deliver the monthly instalments of the Over Costs to the Assignor and/or the monthly instalments of the Receivables to the purchaser of the Receivables; pursuant to article 85 of the Commercial Relations Regulation (*Regulamento das Relações Comerciais*) currently in force as approved by ERSE, any delay in the payment of the Receivables by the DGO will entitle the assignees to receive moratorium interest at the applicable legal rate.

The Servicer shall check that the amount of Collections credited into the Issuer Transaction Account during each Collection Period corresponds to the Receivables Payment Schedule.

Monthly Servicing Reporting: Banco Comercial Português, S.A., in its capacity as the Servicer, will be required no later than 2 (two) Business Days following the end of each Collection Period to deliver to the Issuer, to the Common Representative, to the Transaction Manager and to the

Rating Agencies a report (the "**Monthly Servicing Report**") containing information on the Receivables.

If the Securitisation Regulation or any regulatory technical standards thereunder require the reporting or other services to be provided by the Servicer to be adjusted for the Issuer to be able to comply with such regulations, the Issuer and the Servicer shall agree the necessary adjustments to the Receivables Servicing Agreement. For the sake of clarity, any costs incurred or fees payable by the Issuer or the Servicer in agreeing and implementing any such adjustments shall be an Issuer Expense.

Investor Reporting:

The Monthly Servicing Report will form part of an Investor Report, in the Transaction Manager's standard format (the "**Investor Report**"), which the Issuer and the Transaction Manager, having received the Monthly Servicing Report, will not later than 9am London time 6 (six) Business Days prior to each Payment Date make the necessary arrangements for publication, respectively, on CMVM's website and Bloomberg, including therein details of the Notes outstanding.

In addition, each Investor Report will be made available not less than 6 (six) Business Days prior to each Payment Date to the Issuer, the Common Representative, the Principal Paying Agent, the Paying Agent, the Servicer, the Sole Arranger, the Joint Lead Managers, the Rating Agencies and the Noteholders via the Transaction Manager's internet website currently located at (https://sf.citidirect.com/). It is not intended that the Investor Reports are made available in any other format, save in certain limited circumstances set forth in the Transaction Management Agreement. The Transaction Manager's website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted in connection with the information therein. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are Noteholders or the other persons referred to above (as the case may be).

The Receivables do not fall within any of the categories of underlying assets set out in Articles 4 of Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 supplementing the CRA Regulation with regard to regulatory technical standards on disclosure requirements for structured finance instruments and therefore the Investor Report is not produced for the purposes of the reporting obligations under such Commission Delegated Regulation (EU) 2015/3 of 30 September 2014.

If the Securitisation Regulation or any regulatory technical standards thereunder require the reporting or other services to be provided by the Transaction Manager to be adjusted for the Issuer to be able to comply with such regulations, the Issuer and the Transaction Manager shall agree the necessary adjustments to the

Transaction Management Agreement. For the sake of clarity, any costs incurred or fees payable by the Issuer or the Transaction Manager in agreeing and implementing any such adjustments shall be an Issuer Expense.

Issuer Accounts:

On or about the Closing Date, the Issuer will establish the following accounts in its name at the Issuer Accounts Bank which will be operated by the Transaction Manager in accordance with the terms of the Transaction Management Agreement and the Issuer Accounts Agreement:

(i) the Expense Reserve Account, for the purposes of supporting the payment of senior expenses of the Issuer;

(ii) the Issuer Transaction Account, for the purposes of, *inter alia*, holding the portion of the proceeds of the issue of the Senior Notes that will be used on the First Payment Date to pay a part of the Interest Amount on the Senior Notes, receiving the Collections delivered by the DGO, making payments to Noteholders and the other payments due by the Issuer in accordance with the Payments Priorities; and

(iii) the Liquidity Account, for the purposes of supporting the payment of interest on the Senior Notes.

On the Closing Date, the Expense Reserve Account will be funded with the proceeds resulting from the issuance of the Class R Notes.

On the Closing Date, the Liquidity Account will be funded with the proceeds resulting from the issuance of the Liquidity Notes.

If the Issuer Accounts Bank is no longer rated at least the Minimum Rating the Issuer (or the Transaction Manager upon written instruction received from the Issuer and acting on its behalf), will notify the Rating Agencies and within 30 days of the downgrade: (i) procure (or, in case of the above written instruction, the Transaction Manager shall assist the Issuer in procuring) a replacement issuer accounts bank rated at least the Minimum Rating; or (ii) procure (or, in case of the above written instruction, the Transaction Manager shall assist the Issuer in procuring) a suitable guarantee in favour of the Issuer of the obligations of the Issuer Accounts Bank from a financial institution with the Minimum Rating, and notify the Rating Agencies within 10 Business Days as from the appointment of such replacement issuer accounts bank or the execution of such guarantee.

Payments from the Issuer Transaction Account on each Business Day:

On each Business Day during a Collection Period (other than a Payment Date) prior to the Notes becoming immediately due and payable, the Transaction Manager shall, on behalf of the Issuer, effect payment using first monies deposited in the Expense Reserve Account but only in relation to items (a) through (c) in the Pre-Enforcement Payments Priorities and items (a) through (c) in the Post-Enforcement Payments Priorities and then, to the extent these monies are insufficient, monies in the Issuer Transaction Account, of the amounts due and payable by the Issuer on such Business Day *pari passu* and *pro rata* according to the respective amounts thereof in relation to the following in the amounts that the Issuer has instructed the Transaction Manager to pay and which are required (but in no order of priority) in connection with:

(i) any Incorrect Payments on such Business Day;

(ii) any Tax payments due by the Issuer on such Business Day;

(iii) any Third Party Expenses due by the Issuer on such Business Day; and

(iv) any other amounts then due and payable to third parties and incurred without breach by the Issuer of the terms of the applicable Transaction Documents.

Statutory Segregation for the Notes, Right of Recourse and Issuer Obligations:

The Notes have the benefit of the statutory segregation principle (*príncipio da segregação*) provided for by article 62 of the Securitisation Law which provides that assets allocated to a given issue of securitisation notes (as well as the proceeds and income deriving from such assets) are an autonomous pool of assets (*património autónomo*), the assets and liabilities of the Issuer in respect of each issue of notes made by the Issuer being completely segregated from the other assets and liabilities of the Issuer, and therefore the Asset Pool will not be available to meet any obligations of the Issuer other than all obligations inherent to the Notes, and respective costs and expenses.

In accordance with the terms of article 61 and the subsequent articles of the Securitisation Law the right of recourse of the Noteholders is limited to the Asset Pool. Accordingly, the obligations of the Issuer in relation to all Notes issued under this securitisation transaction are limited in recourse, in accordance with the Securitisation Law and the applicable Transaction Documents, to the Asset Pool.

The Asset Pool and all amounts deriving therefrom may only be used by the Noteholders and the Transaction Creditors in respect of the Notes to which such Asset Pool is exclusively allocated and in accordance with the terms of the applicable Transaction Documents including the relevant Payments Priorities.

Pursuant to article 63 of the Securitisation Law, holders of Notes are also entitled to a statutory special creditor privilege (*privilégio*

creditório especial) over the Asset Pool exclusively allocated to such Notes. The rights of the Noteholders and the Transaction Creditors regarding payment of principal and interest under the Notes and payment of the obligations to the Transaction Creditors will, in respect of the Asset Pool, rank senior to the rights of any other creditor of the Issuer. Both before and after the occurrence of any Insolvency Event in relation to the Issuer, the Asset Pool exclusively allocated to the Notes will be available to satisfy the obligations of the Issuer to the Noteholders and the Transaction Creditors in respect of the Notes pursuant to the applicable Transaction Documents.

Available Distribution Amount: In respect of any Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date equal to the sum of:

(a) any amount standing to the credit of the Expense Reserve Account up to the Expense Reserve Account Required Level at the end of the related Collection Period to be used first and only towards payment of items (a) through (c) in the Pre-Enforcement Payments Priorities and items (a) through (c) in the Post-Enforcement Payments Priorities;

(b) the Collections received by the Issuer during the related Collection Period;

(c) interest accrued and credited to the Issuer Transaction Account during the related Collection Period;

(d) any amount standing to the credit of the Liquidity Account at the end of the related Collection Period up to the Liquidity Account Required Level provided that such amounts are only to be used towards payment of item (d) in the Pre-Enforcement Payments Priorities and item (d) in the Post-Enforcement Payments Priorities to the extent that such items cannot be paid in full using items (b), (c), and (e) of the Available Distribution Amount; and

(e) any other amounts available to the Issuer to the extent that such amounts do not fall under any of the other items of the Available Distribution Amount, including any amounts in the Liquidity Account in excess of the Liquidity Account Required Level and any amounts in the Expense Reserve Account in excess of the Expense Reserve Account Required Level.

Principal Redemption Amount: In respect of the Senior Notes, the difference between the Principal Amount Outstanding of the Senior Notes on the previous Payment Date (or the Closing Date if it is the First Payment Date) and the target Principal Amount Outstanding according to the Target Redemption Schedule (the "**Principal Redemption Amount**").

Target Redemption Schedule:

Payment Date falling in	Target Principal Amount Outstanding (€)
August 2018	650,000,000.00
September 2018	649,830,046.00
October 2018	649,659,935.00
November 2018	649,489,669.00
December 2018	649,319,247.00
January 2019	649,148,669.00
February 2019	648,977,934.00
March 2019	635,746,632.00
April 2019	622,503,202.00
May 2019	609,247,632.00
June 2019	595,979,911.00
July 2019	582,700,028.00
August 2019	569,407,972.00
September 2019	556,103,731.00
October 2019	542,787,295.00
November 2019	529,458,652.00
December 2019	516,117,791.00
January 2020	502,764,701.00
February 2020	489,399,371.00
March 2020	476,021,789.00
April 2020	462,631,944.00
May 2020	449,229,826.00
June 2020	435,815,422.00
July 2020	422,388,721.00
August 2020	408,949,713.00
September 2020	395,498,386.00
October 2020	382,034,728.00
November 2020	368,558,728.00
December 2020	355,070,376.00
January 2021	341,569,659.00
February 2021	328,056,567.00
March 2021	314,531,087.00
April 2021	300,993,210.00
May 2021	287,442,922.00
June 2021	273,880,213.00
July 2021	260,305,072.00
August 2021	246,717,487.00
September 2021	233,117,447.00
October 2021	219,504,940.00
November 2021	205,879,955.00

December 2021	192,242,480.00
January 2022	178,592,505.00
February 2022	164,930,017.00
March 2022	151,255,005.00
April 2022	137,567,457.00
May 2022	123,867,363.00
June 2022	110,154,710.00
July 2022	96,429,487.00
August 2022	82,691,683.00
September 2022	68,941,285.00
October 2022	55,178,284.00
November 2022	41,402,666.00
December 2022	27,614,420.00
January 2023	13,813,535.00
February 2023	0.00

Pre-Enforcement Payments Priorities:

Prior to the Notes having become immediately due and payable at their Principal Amount Outstanding together with any accrued interest, the Available Distribution Amount determined by the Transaction Manager in respect of a Payment Date will be applied by the Transaction Manager on such Payment Date (except for the last Payment Date which is due on Sunday the 12th of February, 2023 and which will therefore be effected on the next succeeding Business Day, being the Maturity Date (on which items (e) and (h) below shall not apply) in making the following payments or provisions in the following order of priority but in each case only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Payment Date have been made in full:

(a) *first*, in or towards payment or provision of the Issuer's liability to Tax, in relation to this transaction, if any;

(b) *second*, in or towards payment of the fees, liabilities and expenses due by the Issuer to the Common Representative (including any Tax thereon) in relation to this transaction;

(c) *third*, in or towards payment on a *pari passu* and *pro rata* basis of the Issuer Expenses and the Issuer Fee, to the extent not paid under (a) or (b) above;

(d) *fourth*, in or towards payment of Interest Amount due and payable in respect of the Senior Notes on such Payment Date on a *pro rata* and *pari passu* basis;

(e) *fifth*, in or towards funding the Liquidity Account up to the Liquidity Account Required Level;

(f) *sixth*, in or towards payment of the Principal Redemption Amount due and payable in respect of the Senior Notes on such Payment Date on a *pro rata* and *pari passu* basis, in

accordance with the Target Redemption Schedule;

(g) *seventh*, on a *pro rata* and *pari passu* basis among all outstanding Liquidity Notes, a principal payment amount equal to the positive difference, if any, between the current Principal Amount Outstanding of the Liquidity Notes and the Liquidity Account Required Level;

(h) *eighth,* prior to the Payment Date on which the Senior Notes have been redeemed in full and all costs, fees, liabilities and expenses then outstanding have been fully paid or provided for, in or towards funding of the Expense Reserve Account up to the Expense Reserve Account Required Level; and

(i) *ninth*, any remaining amounts to be paid on a *pro rata* and *pari passu* basis among all outstanding Class R Notes.

Post-Enforcement Payments Priorities:

Upon the Notes having become immediately due and payable at their Principal Amount Outstanding together with any accrued interest, following the occurrence of an Event of Default, all amounts received or recovered by the Issuer and/or the Common Representative and standing to the credit of any of the Issuer Accounts will be applied in making the following payments in the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full:

(a) *first*, in or towards payment or provision of the Issuer's liability to Tax, in relation to this transaction, if any;

(b) *second*, in or towards payment on a *pari passu* and *pro rata* basis of (i) any remuneration then due and payable to any Receiver and all costs, expenses and charges incurred by such Receiver and (ii) the Common Representative's fees and liabilities (including any Tax thereon);

(c) *third*, in or towards payment on a *pari passu* and *pro rata* basis of the Issuer Expenses and the Issuer Fee to the extent not paid under (a) or (b) above;

(d) *fourth*, in or towards payment of accrued interest on the Senior Notes but so that current interest will be paid before interest that is past due, on a *pari passu* and *pro-rata* basis;

(e) *fifth*, in or towards payment of the Principal Amount Outstanding on the Senior Notes until all the Senior Notes have been redeemed in full, on a *pari passu* and *pro-rata* basis;

(f) *sixth*, in or towards payment of the Liquidity Notes, a principal payment amount equal to the positive difference, if any, between the current Principal Amount Outstanding of the Liquidity Notes and the Liquidity Account Required Level, on a *pari passu* and *pro-rata* basis; and

(g) *seventh*, any remaining amounts to be paid on a *pro rata*

and *pari passu* basis among all outstanding Class R Notes.

Events of Default: Events leading to the delivery of an Enforcement Notice and resulting in the Notes becoming immediately due and payable in accordance with the Post-Enforcement Payments Priorities:

(a) *Non-payment:* the Issuer fails to pay any amount of (i) interest in respect of any Senior Notes and such default remains unremedied for a 10 day period; or (ii) principal such that after a period of three (3) calendar months and five (5) days, the Target Redemption Schedule in respect of the Senior Notes has not been met; or

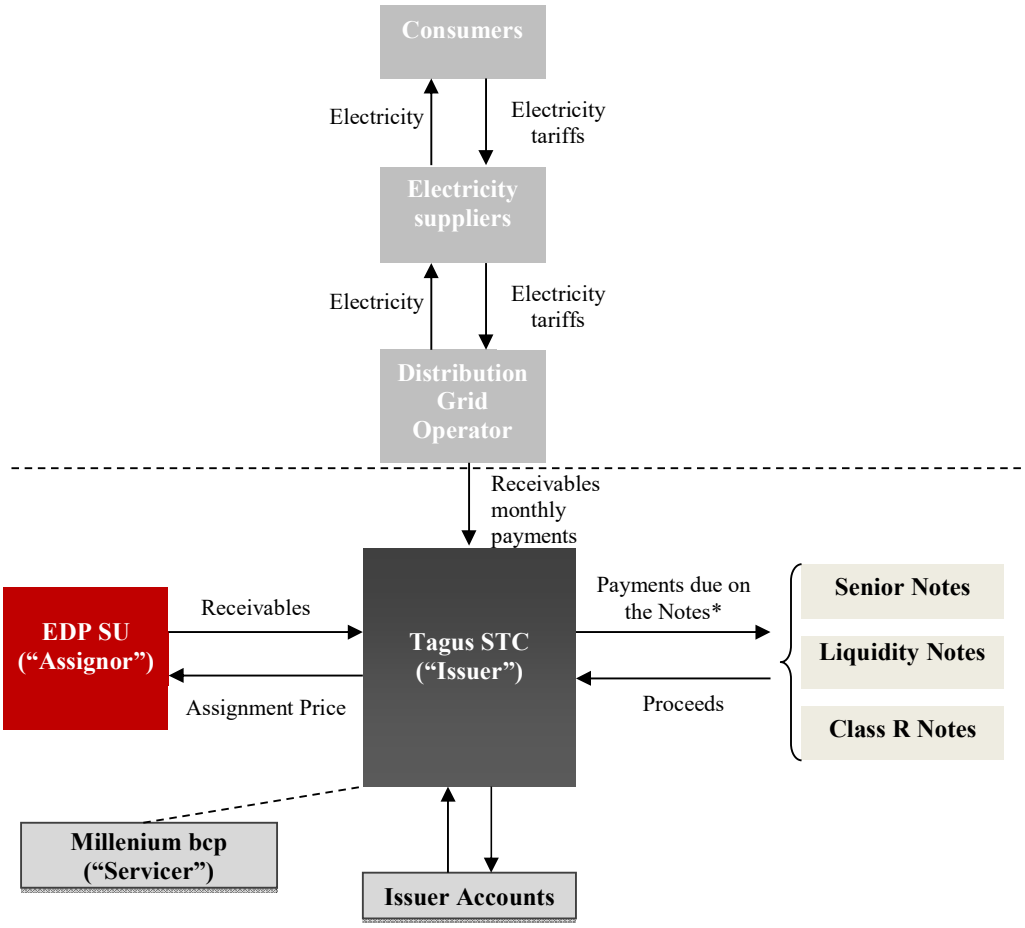
(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any Senior Notes and/or the applicable Transaction Documents or in respect of the Issuer Covenants and such default (i) is, in the opinion of the Common Representative, incapable of remedy or (ii) being a default which is, in the opinion of the Common Representative, capable of remedy, remains unremedied for a 30 day period; or

(c) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

(d) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of any Senior Notes or (where such breach is materially prejudicial to the holders of Senior Notes or the Issuer Obligations) the Common Representative Appointment Agreement.

Liquidity Account: On the Closing Date, the Liquidity Account will be funded with the proceeds resulting from the issuance of the Liquidity Notes for the purposes of supporting the payment of interest on the Senior Notes.

STRUCTURE AND CASH FLOW DIAGRAM OF TRANSACTION



*Payments of interest and principal on the Senior Notes
Payment of the Liquidity Notes Amount on the Liquidity Notes
Payment of the Class R Notes Amount on the Class R Notes

DOCUMENTS INCORPORATED BY REFERENCE

The auditor's report and audited (non-consolidated) annual financial statements of the Issuer for the financial year ended 31 December 2016 and 31 December 2017 (available in English and Portuguese languages) and the unaudited quarterly financial statements of the Issuer for the period ended on 31 March 2018, all as disclosed at www.cmvm.pt, which have been filed with the CMVM by the Issuer, are incorporated in, and form part of, this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent.

OVERVIEW OF CERTAIN TRANSACTION DOCUMENTS

The description of certain Transaction Documents set out below is a summary of certain features of such documents and is qualified by reference to the detailed provisions thereof. Prospective Noteholders may inspect a copy of the documents described below upon request at the Specified Office of each of the Common Representative and Paying Agent.

RECEIVABLES ASSIGNMENT AGREEMENT

Assignment of Receivables

Under the terms of the Receivables Assignment Agreement and pursuant to article 4(1) of the Securitisation Law, on the Closing Date, the Assignor will sell and assign to the Issuer and the Issuer will, subject to satisfaction of certain conditions precedent, purchase the Receivables from the Assignor, the relevant assignment price being funded through the proceeds of issue of Notes.

Consideration for the assignment of the Receivables

In consideration for the assignment of the Receivables, the Issuer will pay to the Assignor the assignment price indicated in the relevant Receivables Assignment Agreement.

Effectiveness of the assignment

The assignment of the Receivables by the Assignor to the Issuer will be governed by the Securitisation Law (See "*Selected aspects of Portuguese Law relevant to the Receivables and the transfer of the Receivables*"). The Receivables Assignment Agreement will be effective to transfer the Receivables and any Ancillary Rights to the Issuer, without prejudice to the necessary notification of the assignment of the Receivables to DGO and ERSE.

Pursuant to Article 62 of the Securitisation Law, the CMVM has granted on November 2017 to the Asset Pool a 20 digit asset identification code 201806TGSESUNXXN0104, through which it has segregated the Asset Pool corresponding to this transaction.

Representations and warranties

The Assignor will make certain representations and warranties to the benefit of the Issuer in respect of itself, the Receivables and the information included in the Prospectus, which are included in the Receivables Assignment Agreement.

Covenants

The Assignor will be required to make positive and negative covenants in favour of the Issuer in accordance with the terms of the Receivables Assignment Agreement relating to it and its entering into the applicable Transaction Documents to which it is a party.

With respect to Articles 405 to 410 of the CRR, as supplemented by the Commission Delegated Regulation (EU) No 625/2014, Article 51 of Commission Delegated Regulation (EU) No 231/2013, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010, the Assignor will undertake:

(a) to retain the Retained Interest until the Principal Amount Outstanding of the Notes is reduced to zero;

(b) not to reduce its credit exposure to the Retained Interest either through hedging or the sale or encumbrance of all or part of the Retained Interest; and

(c) to provide to the Servicer each month such information as may be reasonably required by the Noteholders to be included in the Investor Report (including confirmation that the Assignor

continues to hold the Retained Interest) to enable such Noteholders to comply with their obligations pursuant to the CRR, Article 51 of Commission Delegated Regulation (EU) No 231/2013 and Notice 9/2010.

In addition, the Assignor will make certain covenants to the Issuer in respect of the U.S. Risk Retention Rules.

Applicable law and jurisdiction

The Receivables Assignment Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

RECEIVABLES SERVICING AGREEMENT

Servicing of the Receivables

Pursuant to the terms of the Receivables Servicing Agreement and following prior approval by the CMVM on the Servicer's suitability for providing the Services in accordance with article 5 of the Securitisation Law, the Servicer will agree to administer and service the Receivables owned and assigned by the Assignor to the Issuer on behalf of the Issuer by providing – in addition to any services that may be required for the performance of the Receivables under article 5 of the Securitisation Law, as may be applicable, with the exception of performing collections - the following services (the "**Services**"):

1. Control Collections

   For the Receivables:

   (a) Check that the amount of Collections credited into the Issuer Transaction Account during each Collection Period corresponds to the Receivables Payment Schedule;

   (b) Calculate the interest and principal components in relation to Collections credited into the Issuer Transaction Account during each Collection Period;

   (c) Determine the amount of Overdue Interest credited into the Issuer Transaction Account during each Collection Period;

   (d) Where the amount of the Collections received by the Issuer in respect of any Collection Period differs from the amount scheduled to be received, the Servicer shall promptly notify in writing (by e-mail) the Transaction Manager of such discrepancy and include such details in the Monthly Servicing Report, as well as (if applicable) promptly notify the DGO and claim immediate payment of the unpaid but due amounts, including any Overdue Interest;

   (e) Check if publications by ERSE of amounts of Receivables due to the Issuer is in accordance with the Receivables Payment Schedule;

   (f) Confirm that it has received from the Assignor such information as may be reasonably required by the Noteholders to be included in the Investor Report (including confirmation that the Assignor continues to hold the Retained Interest) to enable such Noteholders to comply with the obligations pursuant to the CRR, Article 51 of Commission Delegated Regulation (EU) No 231/2013, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010, if applicable, and promptly request it from, and liaise with, the Assignor in case the Assignor has not provided such information; without prejudice to the foregoing, if the Assignor has not confirmed on any Collection Period to the Servicer that it continues to hold the Retained Interest, the Servicer shall immediately notify (by e-mail) the Issuer of that event.

2. Reporting

Prepare and send to the Issuer, the Transaction Manager, the Common Representative and the Rating Agencies, no later than 2 (two) Business Days following the end of each Collection Period, the Monthly Servicing Report, which shall include all information described in schedule 2 to the Receivables Servicing Agreement.

3. Registry

Keep adequate register of all events in relation to the Receivables and their collection.

4. Enforcing obligations

(a) Take all steps legally available to it, either directly or through a Sub-Contractor, to administer, implement and pursue enforcement procedures as well as any litigation or appeal against any counterparty in relation to the Receivables, including for any Overdue Interest or any event that would affect the current or future capacity or ability of the Issuer to receive timely and full payments in relation to the Receivables;

(b) Negotiate/liaise with ERSE or any other entity of the SEN, in the interest of the Issuer, in respect of the Receivables.

Sub-contractor

The Servicer may appoint any Subsidiary or any entity of the Millennium bcp group as its sub-contractor and may appoint any other person as its sub-contractor to carry out certain of the services subject to certain conditions specified in the Receivables Servicing Agreement. In certain circumstances the Issuer may require the Servicer to assign any rights which it may have against a sub-contractor.

Servicer's duties

The duties of the Servicer will be set out in the Receivables Servicing Agreement and consist of administering and servicing the Receivables owned and assigned by the Assignor to the Issuer.

Servicer Reporting

The Servicer is required no later than 2 (two) Business Days following the end of each Collection Period to deliver to the Issuer, to the Transaction Manager, to the Common Representative and to the Rating Agencies a report (the "**Monthly Servicing Report**") containing information on the Receivables.

The Monthly Servicing Report will form part of the Investor Report, in the Transaction Manager's standard format, which the Issuer and the Transaction Manager, having received the Monthly Servicing Report, will not later than 9am London time 6 (six) Business Days prior to each Payment Date make the necessary arrangements for publication, respectively, on CMVM's website and Bloomberg, including therein details of the Notes outstanding.

In addition, each Investor Report will be made available not less than 6 (six) Business Days prior to each Payment Date to the Issuer, the Common Representative, the Principal Paying Agent, the Paying Agent, the Servicer, the Sole Arranger, the Joint Lead Managers, the Rating Agencies and the Noteholders via the Transaction Manager's internet website currently located at (https://sf.citidirect.com/). It is not intended that the Investor Reports are made available in any other format, save in certain limited circumstances set forth in the Transaction Management Agreement. The Transaction Manager's website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted in connection with the information posted therein. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are Noteholders or the other persons referred to above (as the case may be).

Representations and warranties

The Servicer will make certain representations and warranties to the Issuer in accordance with the terms of the Receivables Servicing Agreement relating to itself, its entering into the applicable Transaction Documents to which it is a party and the information contained in the Prospectus in the section headed "*Description of the Servicer*" below.

Covenants

The Servicer will be required to make positive and negative covenants in favour of the Issuer in accordance with the terms of the Receivables Servicing Agreement relating to it and any subcontracted servicer and its entering into the applicable Transaction Documents to which it is a party.

The Servicer will undertake, with respect to Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation (EU) No 231/2013, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010, to include in the Monthly Servicing Report the information it receives from the Assignor reasonably required by the Noteholders to be included in the Investor Report (including confirmation that the Assignor continues to hold the Retained Interest) to enable such Noteholders to comply with their obligations pursuant to the CRR, Article 51 of Commission Delegated Regulation (EU) No 231/2013, Article 254(2) of the Solvency II Delegated Act and Notice 9/2010, if applicable.

Servicer Events

The appointment of the Servicer will continue (unless otherwise terminated by the Issuer or by the Servicer, provided that the CMVM has approved a replacement Servicer) until the obligations of the Issuer under the applicable Transaction Documents and the Notes have been discharged in full. The Issuer may terminate the Servicer's appointment and appoint a successor Servicer (such appointment being subject to the prior approval of the CMVM being obtained) upon the occurrence of a Servicer Event in accordance with the provisions of the Receivables Servicing Agreement. The Servicer may resign its appointment in the terms of article 5.6 of the Securitisation Law, provided that such resignation shall not take effect until a Successor Servicer has been duly appointed and approved by the CMVM.

Any of the following events constitutes a "**Servicer Event**" under the Receivables Servicing Agreement:

(a) *Breach of obligations*: the Servicer, or some other entity on behalf of the Servicer, does not comply with any provision of the Receivables Servicing Agreement, except that no Servicer Event will occur if the failure to comply is capable of remedy and is remedied within 30 calendar days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer requiring the same to be remedied; or

(b) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an amount in excess of €25,000,000.00 (twenty five million euros) (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Servicer and which would have a material adverse effect in the ability of the Servicer to perform its obligations under the Receivables Servicing Agreement and continue(s) unsatisfied for a period of 30 calendar days after the date(s) thereof or, if later, the date therein specified for payment, except if such judgement(s) or order(s) are being contested in good faith and on appropriate legal advice; or

(c) *Insolvency*: an Insolvency Event occurs with respect to the Servicer; or

(d) *Unlawfulness*: it is or will become unlawful for the Servicer to perform or comply with any of its material obligations under the Receivables Servicing Agreement; or

(e) *Force Majeure*: if the Servicer is prevented or severely hindered for a period of 60 calendar days or more from complying with its obligations under the Receivables Servicing Agreement as a result of a Force Majeure Event, as defined in the Master Execution Deed.

Upon the Servicer being aware of the occurrence of a Servicer Event, the Servicer shall within 10 Business Days give written notice thereof to the Issuer and the Common Representative.

If a Servicer Event occurs, the Issuer (or the Common Representative on its behalf) may at its discretion immediately deliver a notice (the "**Servicer Event Notice**") to the Servicer. After receipt by the Servicer of a Servicer Event Notice but prior to the delivery of a notice the effect of which shall be to terminate the Servicer's appointment under the Receivables Servicing Agreement (the "**Servicer Termination Notice**"), the Servicer shall:

(a) other than as the Issuer may direct pursuant to (c) below continue to perform all of the Services (unless prevented by any Portuguese law or any applicable law) until the Servicer Termination Date;

(b) take such further action in accordance with the terms of the Receivables Servicing Agreement as the Issuer may reasonably direct in relation to the Servicer's obligations under that agreement; and

(c) stop taking any such action under the terms of the Receivables Servicing Agreement as the Issuer may reasonably direct, including dealing with the Receivables.

At any time after the delivery of a Servicer Event Notice the Issuer may deliver a Servicer Termination Notice to the Servicer, the effect of which shall be to terminate the Servicer's appointment under the Receivables Servicing Agreement (but without affecting any accrued rights and Liabilities under said agreement) on the Servicer Termination Date.

Replacement Servicer

After the delivery of a Servicer Event Notice, the Issuer or the Common Representative, as the case may be, shall use all reasonable endeavours to identify a suitable Successor Servicer.

The Successor Servicer shall, following prior approval by the CMVM on the Successor Servicer's suitability for providing the Services in accordance with article 5 of the Securitisation Law, be appointed by the Issuer with effect from the Servicer Termination Date.

Applicable law and jurisdiction

The Receivables Servicing Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

COMMON REPRESENTATIVE APPOINTMENT AGREEMENT

Appointment

On or about the Closing Date, the Issuer and the Common Representative will enter into an agreement setting forth the form and the Conditions of the Notes and providing for the appointment of the Common Representative as common representative of the Noteholders for the Notes pursuant to article 65 of the Securitisation Law and to articles 357, 358 and 359 of the Portuguese Companies Code.

Pursuant to the Common Representative Appointment Agreement, the Common Representative will agree to act as Common Representative of the Noteholders in accordance with the provisions set out

therein and the terms of the Conditions. The Common Representative shall have among other things the power:

(a) to exercise in the name and on behalf of the Noteholders all the rights, powers, authorities and discretions vested on the Noteholders or on it by operation of law (in its capacity as common representative of the Noteholders pursuant to article 65 of the Securitisation Law and article 359 of the Portuguese Companies Code), under the Common Representative Appointment Agreement or under any other Transaction Document to which the Common Representative is a party;

(b) to start any action in the name and on behalf of the Noteholders in any proceedings;

(c) to enforce or execute in the name and on behalf of the Noteholders any Resolution passed by a Meeting of the Noteholders; and

(d) after the delivery of an Enforcement Notice or the Notes having become otherwise immediately due and payable at their Principal Amount Outstanding together with any accrued interest, to exercise, in the name and on behalf of the Issuer and for the benefit of the Noteholders, the rights of the Issuer under the applicable Transaction Documents (other than the Common Representative Appointment Agreement).

Rights and obligations of the Common Representative

The rights and obligations of the Common Representative are set out in the Common Representative Appointment Agreement and include, but are not limited to:

(a) certifying whether any proposed modification to the applicable Transaction Documents or the occurrence of certain events in respect of the Assignor or the Servicer are, in its opinion, materially prejudicial to the interests of Noteholders;

(b) giving any consent required to be given in accordance with the terms of the applicable Transaction Documents;

(c) waiving certain breaches of the terms of the Notes or the applicable Transaction Documents on behalf of the Noteholders;

(d) determining certain matters specified in the Common Representative Appointment Agreement, including any questions in relation to any of the provisions therein; and

(e) in the absence of knowledge or express notice to the contrary, assuming without enquiry (other than requesting a certificate of the Issuer) that no Notes are for the time being held by or for the benefit of the Issuer.

Remuneration of the Common Representative

The Issuer shall pay to the Common Representative remuneration for its services as Common Representative, in relation to this transaction, as from the date of the Common Representative Appointment Agreement, such remuneration to be at such rate as may from time to time be agreed between the Issuer and the Common Representative. Such remuneration shall accrue from day to day and be payable in accordance with the Payments Priorities until the powers, authorities and discretions of the Common Representative are discharged.

In the event of the occurrence of an Event of Default the Issuer agrees that the Common Representative shall be entitled to be paid additional remuneration which may be calculated at its normal hourly rates in force from time to time or, in any other case, if the Common Representative considers it expedient or necessary or where Noteholders' Meetings are required or where the Common Representative is

requested by the Issuer to undertake duties which the Common Representative and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Common Representative under the Common Representative Appointment Agreement, the Issuer shall pay to the Common Representative such additional remuneration as may be agreed between them (and which may be calculated by reference to the Common Representative's normal hourly rates in force from time to time).

Should any service be requested from the Common Representative after the final redemption of the whole of the Notes, the Common Representative will be entitled to receive such remuneration as may from time to time be agreed between the Issuer and the Common Representative. Such remuneration shall be calculated from the date following such final redemption and shall be paid by the Issuer in accordance with the relevant Payments Priorities.

Modifications

Any modification agreed with the Issuer by the Common Representative following the approval of, and in compliance with, a Resolution will discharge the Common Representative from any and all liability whatsoever that may arise to the Noteholders from such action and the Common Representative may not be held liable for the consequences of any such modification.

Termination of the Common Representative

The Noteholders may, at any time, by means of a resolution and in accordance with the relevant terms of the Conditions and the Common Representative Appointment Agreement remove the Common Representative and appoint a new Common Representative provided that a 20 days' prior notice is given to the Common Representative.

Applicable law and jurisdiction

The Common Representative Appointment Agreement is governed by and construed in accordance with Portuguese law. The courts of Lisbon will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

TRANSACTION MANAGEMENT AGREEMENT

Appointment and duties

On or about the Closing Date, the Issuer, the Common Representative and the Transaction Manager will enter into a Transaction Management Agreement pursuant to which both the Issuer will appoint the Transaction Manager, and the Common Representative agrees to such appointment, to perform cash management duties, and to carry out certain administrative tasks on behalf of the Issuer, including:

(a) operating the Issuer Transaction Account, the Expense Reserve Account and the Liquidity Account in such a manner as to enable the Issuer to perform its financial obligations pursuant to the Notes and the Transaction Documents;

(b) providing the Issuer and the Common Representative with certain cash management, calculation, notification and reporting information in relation to the Issuer Accounts;

(c) maintaining adequate records to reflect all transactions carried out by or in respect of the Issuer Accounts;

(d) upon the Issuer's reasonable request, the Transaction Manager shall assist the Issuer in complying with its responsibilities to submit information to the CMVM and to the regulated market operator, provided that (i) the production of such information is not, in the opinion of the Transaction

Manager, unduly onerous and (ii) the work required of it is capable of being produced by its standard systems. In the event that the Transaction Manager determines that the work required of it would be unduly onerous, the Issuer shall pay all reasonable expenses incurred by the Transaction Manager in procuring such information and such expenses shall constitute an expense of the Transaction Manager pursuant to the definition of Issuer Expenses.

Termination

Any of the following events constitutes a "**Transaction Manager Event**" under the Transaction Management Agreement:

(a) *Non-payment*: default by the Transaction Manager in ensuring the payment on the due date of any payment required to be made under the Transaction Management Agreement when the amount required for such payment is available in cleared funds in the Issuer Transaction Account and such default continues unremedied for a period of 5 Business Days after the earlier of (i) the Transaction Manager becoming aware of the default and (ii) receipt by the Transaction Manager of written notice from the Issuer or, after the occurrence of an Event of Default, the Common Representative requiring the default to be remedied; or

(b) *Breach of other obligations*: without prejudice to paragraph (a) (*Non-payment*) above:

(i) default by the Transaction Manager in the performance or observance of any of its other covenants and obligations under the Transaction Management Agreement; or

(ii) any of the Transaction Manager Warranties proves to be untrue, incomplete or incorrect, when made; or

(iii) any certification or statement made by the Transaction Manager in any certificate or other document delivered pursuant to the Transaction Management Agreement proves, as a result of the Transaction Manager's gross negligence, wilful default or fraud to be untrue, incomplete or incorrect, when given,

and, in each case, the Issuer or, after the occurrence of an Event of Default, the Common Representative certifies that such default or such warranty, certification or statement proving to be untrue, incomplete or incorrect could reasonably be expected to have a material adverse effect in respect of the Issuer Accounts or Services and (if such default is capable of remedy) such default continues unremedied for a period of 10 Business Days after the earlier of the Transaction Manager becoming aware of such default and receipt by the Transaction Manager of written notice from the Issuer or, after the occurrence of an Event of Default, the Common Representative requiring the same to be remedied; or

(c) *Unlawfulness*: it is or will become unlawful for the Transaction Manager to perform or comply with any of its material obligations under the Transaction Management Agreement; or

(d) *Force Majeure*: if the Transaction Manager is prevented or severely hindered for a period of 60 calendar days or more from complying with its material obligations under the Transaction Management Agreement as a result of a Force Majeure Event (as defined in the Transaction Management Agreement); or

(e) *Insolvency Event*: any Insolvency Event occurs in relation to the Transaction Manager.

The Issuer may, with the written consent of the Common Representative, or, after the occurrence of an Event of Default, the Common Representative may itself, deliver a Transaction Manager Event Notice to

the Transaction Manager (with a copy to the Issuer or the Common Representative (as applicable)) immediately or at any time after the occurrence of a Transaction Manager Event.

After receipt by the Transaction Manager of a Transaction Manager Event Notice but prior to the delivery of a Transaction Manager Termination Notice, the Transaction Manager shall:

(a) hold the Transaction Manager records and the applicable Transaction Documents to the order of the Issuer or, after the occurrence of an Event of Default, the Common Representative;

(b) continue to perform all of the Services (unless prevented by any requirement of Law or any regulatory order or a Force Majeure Event, as defined in the Transaction Management Agreement) until the Transaction Manager Termination Date, as the Issuer or, after the occurrence of an Event of Default, the Common Representative may direct pursuant to Clause 12 of the Transaction Management Agreement;

(c) take such further action in accordance with the terms of the Transaction Management Agreement as the Issuer or, after the occurrence of an Event of Default, the Common Representative may reasonably direct in relation to the Transaction Manager's obligations under the Transaction Management Agreement as may be necessary to enable the Services to be performed by a Successor Transaction Manager;

(d) stop taking any such action under the terms of the Transaction Management Agreement as the Issuer or, after the occurrence of an Event of Default, the Common Representative may reasonably direct; and

(e) notify the Rating Agencies of such a Transaction Manager Event Notice.

Applicable law and jurisdiction

The Transaction Management Agreement is governed by and construed in accordance with Portuguese law. The courts of Lisbon have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

ISSUER ACCOUNTS AGREEMENT

Appointment and duties

The Issuer Accounts Bank shall, on or prior to the Closing Date, open the Issuer Transaction Account, the Liquidity Account and the Expense Reserve Account in the name of the Issuer, although all such accounts will be operated by the Transaction Manager on behalf of the Issuer.

Also pursuant to the Issuer Accounts Agreement, the Issuer Accounts Bank will agree to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Issuer Accounts. The Issuer Accounts Bank will pay (or, if applicable, charge) interest on the amounts standing to the credit of the Issuer Accounts.

Termination

The Issuer Accounts Bank may resign its appointment upon not less than 30 calendar days' notice to the Issuer (with a copy to the Common Representative), provided that:

(i) if such resignation would otherwise take effect less than 30 calendar days before or after the Final Discharge Date or other date for redemption of the Notes or any Payment Date in relation to the Notes, it shall not take effect until the thirtieth day following such date; and

(ii) such resignation shall not take effect until a successor has been duly appointed.

The Issuer may (with the prior written approval of the Common Representative) revoke its appointment of the Issuer Accounts Bank by giving not less than 30 days' notice to the Issuer Accounts Bank (with a copy to the Common Representative). Such revocation shall not take effect until a successor, previously approved in writing by the Common Representative, has been duly appointed.

The appointment of the Issuer Accounts Bank shall terminate forthwith if an Insolvency Event occurs in relation to the Issuer Accounts Bank. If the appointment of the Issuer Accounts Bank is terminated in accordance with this provision, the Issuer shall forthwith appoint a successor.

If the Issuer Accounts Bank is no longer rated at least the Minimum Rating the Issuer (or the Transaction Manager upon written instruction received from the Issuer and acting on its behalf), will notify the Rating Agencies and within 30 days of the downgrade: (i) procure (or, in case of the above written instruction, the Transaction Manager shall assist the Issuer in procuring) a replacement issuer accounts bank rated at least the Minimum Rating; or (ii) procure (or, in case of the above written instruction, the Transaction Manager shall assist the Issuer in procuring) a suitable guarantee in favour of the Issuer of the obligations of the Issuer Accounts Bank from a financial institution with the Minimum Rating, and notify the Rating Agencies within 10 Business Days as from the appointment of such replacement issuer accounts bank or the execution of such guarantee.

The Issuer may (with the prior written approval of the Common Representative and under the terms set forth in the Issuer Accounts Agreement) appoint a successor Issuer Accounts Bank and shall forthwith give notice of any such appointment to the Common Representative, whereupon the Issuer, the Transaction Manager and the Common Representative agree that they will enter into an agreement with the successor Issuer Accounts Bank on substantially similar terms (except as to fees) as the Issuer Accounts Agreement. Any successor Issuer Accounts Bank appointed by the Issuer must be appointed prior to the termination of appointment of the previous Issuer Accounts Bank and shall be a reputable and experienced financial institution which is rated at least the Minimum Rating (or as otherwise acceptable to the Rating Agencies).

Applicable law and jurisdiction

The Issuer Accounts Agreement is governed by and construed in accordance with Portuguese law. The courts of Lisbon have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

PAYING AGENCY AGREEMENT

Appointment and duties

Each of the Issuer and, to the extent that the Principal Paying Agent and the Paying Agent is required to act for the Common Representative only, the Common Representative appoints the Paying Agent as its agent in relation to the Notes for the purposes specified in the Paying Agency Agreement and in the Conditions.

Minimum Rating and termination

If any of the Agents is no longer rated at least the Minimum Rating, the Issuer (or the Transaction Manager upon written instruction received from the Issuer and acting on its behalf), will notify the relevant Rating Agency and within 30 days of the downgrade: (i) procure (or, in case of the above written instruction, the Transaction Manager shall assist the Issuer in procuring) a replacement paying agent rated at least the Minimum Rating; or (ii) procure (or, in case of the above written instruction, the Transaction Manager shall assist the Issuer in procuring) a suitable guarantee in favour of the Issuer of the obligations

of the Agents from a financial institution with the Minimum Rating, and notify the relevant Rating Agency (with a copy to the Common Representative) within 10 Business Days as from the appointment of such replacement paying agent agent or the execution of such guarantee.

The Agents may resign together its appointment upon not less than 45 calendar days' notice to the Issuer (with a copy to the Common Representative) and the Issuer may terminate the appointment of the Agents together (with the prior written approval of the Common Representative, such approval not to be unreasonably withheld or delayed) by not less than 45 calendar days' notice to the Agents and the Common Representative (and such appointment shall automatically terminate in case an Insolvency Event occurs in respect of any of the Agents), provided such termination does not take effect until a successor has been duly appointed. Any successor paying agent appointed by the Issuer must be appointed prior to the termination of the appointment of the previous Agents and shall be a reputable and experienced financial institution provided such financial institution is capable of acting as a paying agent pursuant to Interbolsa applicable regulations and is rated at least the Minimum Rating. For avoidance of doubt, termination of the appointment in relation to one of the Agents shall determine the termination of the appointment of the other Agent as well.

Applicable law and jurisdiction

The Paying Agency Agreement is governed by and construed in accordance with Portuguese law. The courts of Lisbon have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

THE PORTUGUESE ELECTRICITY SECTOR

1. The National Electricity System (the "SEN")

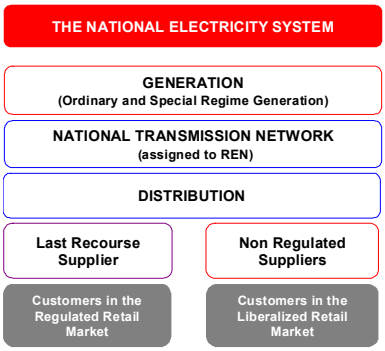
1.1. Overview

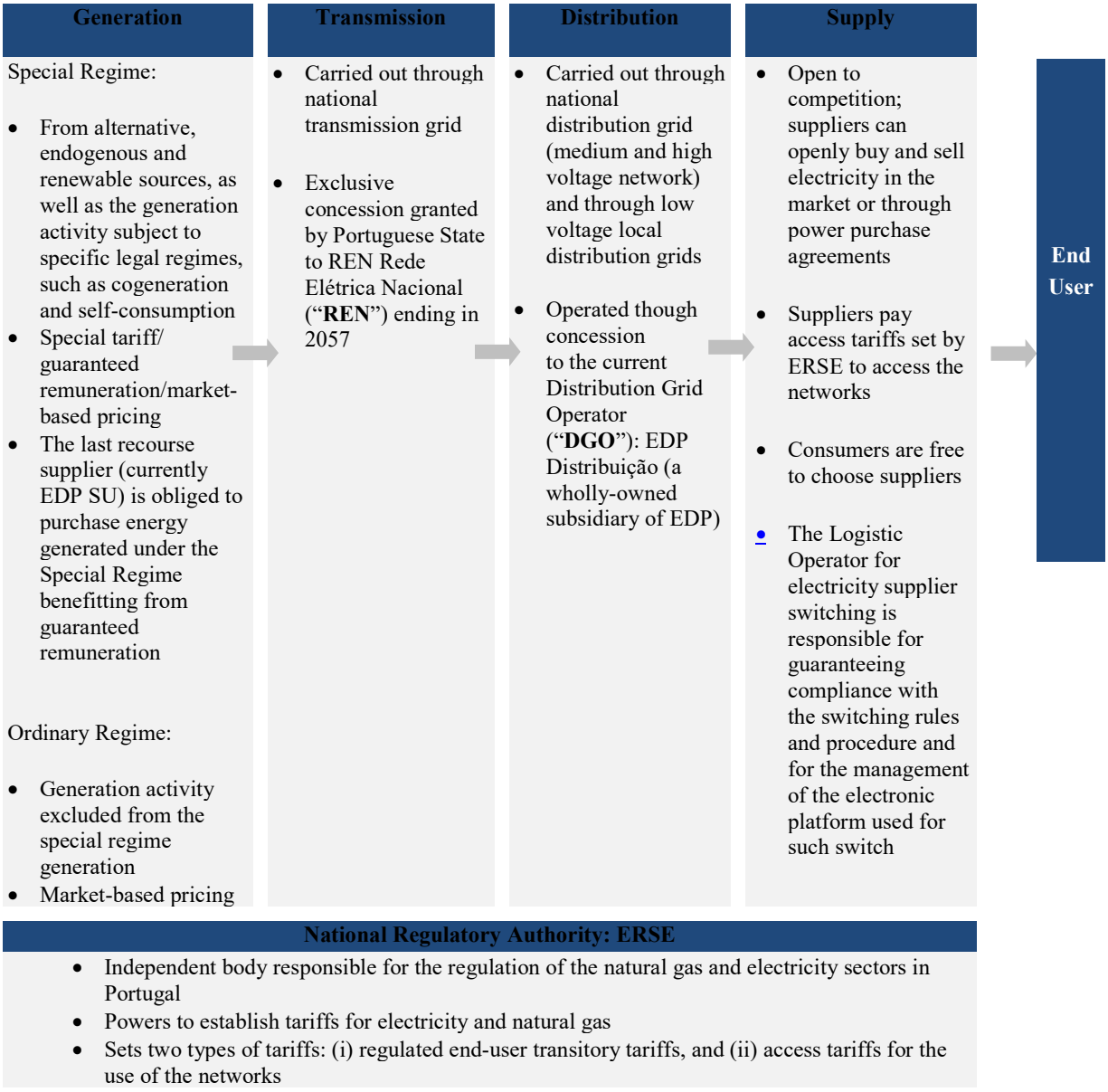
The Portuguese National Electricity System comprises five major activities:

- Electricity generation;
- Electricity transmission;
- Electricity distribution;
- Electricity supply;
- Operation of the electricity market; and
- Logistics operation for electricity supplier switching.

The activities of transmission, distribution and last recourse supply must be operated independently from each other and from other activities, from a legal, organisational and decision-making standpoint.

The current Electricity Regime (further described below in "*Legal and Regulatory Framework*") establishes a model in which activities relating to generation, supply and market operation are competitive and only require previous compliance with a licensing or authorisation/registration process. The licensing process is also applicable to the activity of the last recourse supplier. Transmission and distribution activities are to be provided through the award of a public service concession.





1.2. Legal and Regulatory Framework

1.2.1. EU

The Portuguese regulatory regime for the electricity sector is to a large extent the product of the implementation of relevant European Union ("**EU**") legislation. The key EU legislative measures are outlined below.

In the 1990s, the EU began the process of creating the Internal Electricity Market ("**IEM**") aiming at the promotion of competition and the elimination of barriers impeding cross-border commercial transactions, to ensure consumers the freedom to choose from a wide

range of electricity suppliers. The final objective is to create a single common electricity market, in which electricity is able to circulate between Member States as easily as it circulates within each Member State.

The approval of the Directive 96/92/EC of the European Parliament and of the Council, of 19 December 1996 (the "**First Electricity Directive**"), established a series of general principles defining common rules for the generation, transmission and distribution of electricity and created the framework necessary for the privatisation of publicly owned companies and, consequently, the liberalisation of the activities.

In June 2003, Directive 2003/54/EC of the European Parliament and of the Council, of 26 June 2003 (the "**Second Electricity Directive**") was adopted, revoking the previous Directive, and establishing rules relating to the organisation and functioning of the electricity sector, access to the market, the criteria and procedures applicable to calls for tenders and the granting of authorisations for operators in the electricity system. The Directive established a calendar for the opening up of electricity markets, pursuant to which all clients were able to choose their supplier by 1 July 2007, and also set forth minimum criteria to safeguard the independence of transmission and distribution network operators from production and supply activities ("functional unbundling").

The Second Electricity Directive was in turn replaced by Directive 2009/72/EC of the European Parliament and of the Council, of 13 July 2009, concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (the "**Third Electricity Directive**"), approved as part of the "Third Energy Package". With regard to the electric sector, the Third Energy Package also comprised Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulations (the "**ACER Regulation**") and Regulation (EC) No 714/2009 of the European Parliament and of the Council, of 13 July 2009, on conditions for access to the network for cross-border exchanges in electricity (the "Cross Border Electricity Trading Regulation").

The Third Electricity Directive, which was to be implemented by Member States by 3 March 2011, establishes common rules for the generation, transmission, distribution and supply of electricity, together with consumer protection provisions, with a view to improving and integrating competitive electricity markets in the Community. It lays down the rules relating to the organisation and functioning of the electricity sector, open access to the market, the criteria and procedures applicable to calls for tenders and the granting of authorisations and the operation of transmission and distribution systems. The Directive sets forth, in particular, new unbundling requirements for transmission network operators, which must be certified by National Regulatory Authorities (the "**NRAs**") and the Commission before being designated by Member States. It also lays down universal service obligations and the rights of electricity consumers and clarifies and reinforces the independence and competences of the NRAs.

The Cross Border Electricity Trading Regulation, which replaced Regulation (EC) No 1228/2003, sets rules for cross-border exchanges in electricity, thus enhancing competition within the internal market in electricity, taking into account the particular characteristics of national and regional markets. This involves the establishment of a compensation mechanism for cross-border flows of electricity and the setting of harmonised principles on cross-border transmission charges and the allocation of available capacities of interconnections between national transmission systems.

For that purpose, the Cross Border Electricity Trading Regulation creates the European Network of Transmission System Operators (the "**ENTSO**") for electricity, which is responsible for managing the electricity transmission system and allowing the trading and supplying of electricity across borders in the Community. The ENTSO for electricity is also responsible, together with the Commission and the Agency for the Cooperation of Energy Regulators (the "**ACER**"), for developing network codes. These codes are to establish common rules, inter alia on network security, transparency, data interchange, technical and operational exchanges, harmonized tariff structures and energy efficiency, with a view to allowing network operators, producers, suppliers and consumers to participate effectively on the market.

The ACER Regulation establishes ACER, with the aim of exercising at EU level the tasks performed by NRAs, of assisting these authorities in their regulatory functions and, when necessary, to coordinate their actions. ACER is a EU body with legal personality responsible for issuing opinions on all questions related to the field of energy regulators, participating in the creation of network codes in the field of electricity and gas and making decisions regarding cross-border infrastructure, including derogations from certain provisions in the applicable regulations. ACER is also responsible for setting the terms and conditions for access and security when NRAs have not been able to reach an agreement.

All companies active in the electricity sector in the EU must comply with European competition laws, namely with antitrust, merger control and State aid rules.

1.2.2. Portugal

The Portuguese energy sector underwent a significant restructuring in 2006 due to a national strategy for the energy sector established by the Council of Ministers' Resolution (CMR) no. 169/2005 of October 24. The main objectives of this restructuring were: (1) to ensure the supply of energy to Portugal by diversifying the primary resources (namely, by promoting the development of renewable energy sources to achieve the Portuguese government's target of providing 39% of generation capacity from renewable sources in 2010, a target which was later increased by CMR no. 1/2008, of 4 January, to 45%) and by promoting efficiency; (2) to stimulate and favour competition to promote consumer protection and the competitiveness and efficiency of Portuguese companies operating in the energy sector; and (3) to ensure the energy sector meets certain environmental standards in order to reduce the environmental impact at the local, national and global levels.

In this context, the First, Second and Third Electricity Directives (the "**Electricity Directives**") which established common rules for the generation, transmission and distribution of electricity in Member States, and instituted rules relating to the organisation and functioning of the electricity sector, access to the market, the criteria and procedures applicable to calls for tenders and the granting of authorisations and the operation of systems, were transposed into Portuguese national law by Decree-Law 29/2006, of 18 February, as amended and republished by Decree-Law no. 215-A/2012, of 8 October and subsequently amended by Decree-Law no. 178/2015, of 27 August and by Law no. 42/2016, of 28 December ("**Decree-Law 29/2006**), thus establishing the new legal framework for the Portuguese electricity sector, and Decree-Law no. 172/2006, of 23 August, as amended and republished by Decree-Law no. 215-B/2012, of 8 October and subsequently amended by Law no. 7-A/2016, of 30 March, by Decree-Law no. 38/2017, of March 31, Decree-Law no. 152-B/2017, of December 11 and by Law no. 114/2017, of December 29 ("**Decree-Law 172/2006**"), further developed this legal framework and established rules for activities in the electricity sector (the "**Electricity Regime**").

The more recent and significant developments in the Electricity Regime are:

- Decree-Law no. 215-A/2012, of 8 October and Decree-Law no. 215-B/2012, of 8 October, which amended Decree-Law 29/2006 and Decree-Law 172/2006, respectively, revised the Electricity Regime as a result of the implementation of Directive 2009/72/EC. In general terms, the most significant changes are: (i) the special regime generation can now also be remunerated through market schemes, and the legal regime applicable to it is no more distinguished from the ordinary regime generation by the fact that it has special remuneration schemes under pro-investment policies; (ii) the requirements related to the independence and legal separation and ownership unbundling of the transmission network operator were reinforced (in consequence, also, of the challenges created by the respective reprivatisation process); (iii) regarding the distribution network operator, the legal separation requirements were also clarified, with the aim of assuring the independence and eliminating the network access discrimination risk; (iv) concerning the supply activity, it is provided that the supplier of last resort maintains the obligation of acquiring the electricity generated by special regime generators, but only when the generation benefits from the special tariff or guaranteed remuneration; and (v) the establishment of the market facilitator aggregator;
- Law no. 9/2013, of 28 January has, pursuant to Directives 2009/72/EC and 2009/73/EC, established the sanctioning regime applicable to the SEN and has formally granted ERSE powers to initiate legal proceedings and apply sanctions to the entities operating in the SEN;
- Decree-Law no. 35/2013, of 28 February established the possibility of special regime generators to adhere to certain alternative remuneration mechanisms which, generally, allow for the extension of the period by which such special regime generators receive a special tariff or guarantee remuneration;
- Decree-Law no. 74/2013, of 4 June, establishes a regulatory mechanism, focusing on the CIEG (*Custos de Interesse Económico Geral)* component of the Global Use of System Tariff (the "**UGS Tariff**"), designed to correct the imbalance between generators, caused by distortions arising from events outside the wholesale electricity market, and, likewise, to prevent that abnormal operations of the market are reflected in the generators and Portuguese consumers;
- Decree-Law no. 84/2013, of 25 June, revises ERSE's statutes completing the implementation of Directives 2009/72/EC and 2009/73/EC;
- Ministerial Order no. 243/2013, of 2 August, as amended by Ministerial Order no. 133/2015, of 15 May, set out the terms, conditions and criteria for the licensing of electricity generation under special regime with guaranteed remuneration. Order no. 7875/2017, of 7 September has however declared the invalidity of a provision established by the Ministerial Order no. 243/2013, as amended, which allowed for generators which were not able to develop a project due to external factors, such as environmental constraints, to request the change of primary energy that would be used for the generation of electricity;
- Law no. 83-C/2013, of 31 December, created the Special Contribution over the Energy Sector imposing on certain companies operating in the energy sector the payment of a contribution levied on the amount of their assets, including regulated assets. This contribution was originally envisaged to be levied only in 2014, but Law no. 82-B/2014, of 31 December and Law no. 159-C/2015, of 30 December, have extended its application to, respectively, 2015 and 2016. Additionally, Law no.

33/2015, of 27 April, amended the Special Contribution over the Energy Sector Regime, established by article 228 of Law no. 83-C/2013, of 31 December;

- Decree-Law no. 55/2014, of 9 April, created the Systemic Sustainability Fund for the Energy Sector ("**FSSSE**"), with the goal of creating policies in the energy sector of a social and environmental nature related to energy efficiency measures, and the reduction of tariff deficits. This is achieved, in part by deducting from the costs of general economic interest to be included each year in the UGS tariff, part of the amount allocated to the FSSSE of the Special Contribution for the Energy System paid by the companies operating in the energy sector;
- Decree-Law no. 138/2014, of 15 September, enacted the legal framework intended to safeguard strategic assets which are essential to ensure national defence and security as well as safety of supply of the country in relation to services which are fundamental for the public interest in the energy, transport and communications sectors. Under this new legal framework, a change in EDP's control structure may be denied by the Portuguese government under certain circumstances and whenever there are real and serious reasons to believe that the national defence and security or that the safety of supply of energy are at risk;
- Decree-Law no. 153/2014, of 20 October has replaced Decree-Law no. 34/2011, of 8 March, and Decree-Law no. 363/2007, of 2 November, both as amended, and set out a single legal framework for all small generation activities, which encompass microgeneration and minigeneration. In addition, Decree-Law no. 153/2014 also establishes the rules applicable to small power generation destined to serve the consumption needs of a facility connected to the respective generation plant, with or without connection to the public service electricity network, which uses either renewable or non-renewable generation technologies;
- Decree-Law no. 172/2014, of 14 November, amended Decree-Law no. 138-A/2010 of 28 December (which creates the social tariff) and Decree-Law no. 102/2011, of 30 September (which creates the extraordinary social support mechanism for electricity consumers, "*Apoio Social Extraordinário ao Consumidor de Energia*" or ASECE). However, Law no. 7-A/2016, 30 March (2016 State Budget Law), has amended Decree-Law no. 138-A/2010 of 28 December, and revoked Decree-Law no. 102/2011, of 30 September (amendment and revocation in force as of 1 July 2016), with a view to create a single and automatically applicable social tariff and to expand the eligibility criterion that allow for the attribution of the social tariff; Order no. 5138-A/2016, of 14 April, stipulates the discount applicable to the electricity grid access tariff;
- Decree-Law no. 15/2015, of 30 January, amended Decree-Law no. 75/2012, of 26 March, determining that the Last Recourse Supplier must continue to supply electricity consumers in standard low voltage which have not yet migrated to the liberalised market, and therefore maintains the application of the respective transitory end-user regulated tariff. As per Ministerial Order no. 39/2017, of 26 January, this transitory regime shall apply to those consumers until 31 December 2020 – after such date, the transitory end-user regulated tariff shall be extinguished and consumers are expected to be supplied by suppliers operating in the liberalised market (except if considered vulnerable consumers, as explained below). Such Decree-Law also amended Decree-Law no. 104/2010, of 29 September, which regulate the extinction process of the end-user tariffs applicable to large clients in the electricity sectors by establishing, *inter alia*, the application of an aggravating factor to the transitory end-user regulated tariffs aiming to induce the transition of

the remaining large clients in the regulated market to the liberalised market. However, Decree-Law no. 75/2012 was later amended by Law no. 105/2017, of 30 August, which determined the non-application of said aggravating factor. The law also establishes that low voltage electricity consumers who have migrated to the liberalised market may choose a regime equivalent to the one applicable to consumers who are supplied by the Last Resort Supplier, i.e., to benefit from transitional or regulated tariffs until the extinction of such tariffs (31 December 2020);

- Following the publication of Decree-Law no. 153/2014, of October 20, which governs the activities of generation for self-consumption and small generation of power, Ministerial Order no 14/2015, of 23 January, as amended by Ministerial Order no. 60-E/2015, of 2 March, defines several aspects of the licensing procedure applicable to such activities, notably the procedure for prior communication of entry into operation of generation units destined to generate power for self-consumption, as well as for the obtainment of a prior control title within the scope of generation for self-consumption or of small generation with injection of all energy to the electricity networks. Furthermore, said Ministerial Order establishes the method of payment and the procedure stages when the rates referred to under article 37 of Decree-Law no. 153/2014, of October 20 are due;
- Pursuant to article 31 of Decree-Law no. 153/2014, of October 20, Ministerial Order no. 15/2015, of 23 January sets out the benchmark tariff used to determine the remuneration of electricity generated by small generation units, along with the percentages applicable to such benchmark tariff according to the primary energy source used in the generation process;
- Decree-Law no. 178/2015, of 27 August, amended article 73-A of Decree-Law 29/2006 and extended the possibility of recovery, through its inclusion in the allowed revenues of regulated companies, of the additional costs with respect to the purchase of electricity from Special Regime Generators that benefit from a remuneration that has been administratively set up to 31 December 2020;
- Council of Ministers' Resolution no. 33-A/2016 of June 9, which instructs the Ministers responsible for the modernization of public services, finance and social security to create and approve the procedures required for the exchange of information between the electricity suppliers, the Energy and Geology Directorate-General, the Social Security Authority and the Tax Authority, with a view to ensure the automatic nature of the attribution of the social tariff;
- Ministerial Order no. 178-B/2016, of July 1, which sets forth the procedures required for the exchange of information between the electricity suppliers, the Energy and Geology Directorate-General, the Social Security Authority and the Tax Authority, with a view to ensure the automatic nature of the attribution of the social tariff, and the procedures to be followed by consumers in order to require the attribution of the social tariff, and revokes Ministerial Order no. 278-C/2014, of December 29;
- Ministerial Order no. 268-B/2016, of 13 October, which approved a deduction or reimbursement mechanism to return feed-in tariffs, paid by the Last Resort Supplier to electricity producers under special regime for the acquisition of electric energy, that have been improperly cumulated with other public subsidies intended for the promotion and development of renewable energy. This Ministerial Order was later

revoked and replaced by Ministerial Order no. 69/2017, of 16 February, which established an identical mechanism;

- Decree-Law no. 38/2017, of 31 March, which establishes the legal regime applicable to the regulated activity of the Logistics Operator for natural gas and electricity Supplier Switching ("OLMC") and determines that Agência para a Energia (Adene) shall act as the OLMC, managing the switching platform used by suppliers;

- Ministerial Order no. 348/2017, of 14 November, materializes the above mentioned Law no. 105/2017, of 30 August, which establishes that low voltage electricity consumers who have migrated to the liberalised market may choose a regime equivalent to the one applicable to consumers who are supplied by the Last Resort Supplier, i.e., to benefit from transitional or regulated tariffs until the extinction of such tariffs (31 December 2020). This Ministerial Order allows low voltage consumers who are being supplied under the liberalised market to exercise the right to choose this regime (i.e., to be charged a price equivalent to the end-user tariff established by ERSE) until 31 December 2020. Suppliers may or may not have this commercial offer available for their clients: if not, the supply agreement will terminate and the Last Recourse Supplier must supply the costumer. This Ministerial Order also creates information obligations to ERSE for suppliers who offer this equivalent regime, as well as an obligation applicable to all suppliers operating under the liberalised market to include the difference between the market price and the end-user tariff in all invoices;

- With the beginning of a new regulatory period (2018-2020), ERSE revised its regulations for the electricity sector as follows:

  i. the following regulations were amended:
     a) Networks Operation Regulation (approved by Regulation no. 557/2014, of 10 December, published in the Portuguese official gazette on 19 December), through Regulation no. 621/2017, of 23 November, published in the Portuguese official gazette on 18 December;
     b) Access to the Networks and Interconnections Regulation (approved by Regulation no. 560/2014, of 10 December, published in the Portuguese official gazette on 22 December), through Regulation 620/2017, of 23 November, published in the Portuguese official gazette on 18 December;
     c) Commercial Relations Regulation (approved by Regulation no. 561/2014, of 10 December, published in the Portuguese official gazette on 22 December), through Regulation no. 632/2017, of 23 November, published in the Portuguese official gazette on 21 December;
  ii. the following regulations were approved by ERSE, revoking the previous regulations:
     a) Tariff Regulation, approved by Regulation no. 619/2017, of 23 November, published in the Portuguese official gazette on 18 December;
     b) Service Quality Regulation, approved by Regulation no. 629/2017, of 23 November, published in the Portuguese official gazette on 20 December.

- Ministerial Order no. 62/2018, of 2 March, regarding the granting, through draws, of generation licenses when the capacity requested by applicants on a given period is exceeds the grid's available capacity. The 2018 state budget (approved by Law

114/2017, of 29 December, which entered into force on 1 January 2018) amended Article 33-F of Decree-Law 172/2006, which establishes the relevant criteria that must be fulfilled by applicants which aim to generate electricity under the special regime (ie, via renewable and non-renewable endogenous resources) on a market basis (ie, with no guaranteed remuneration) in order for the licensing authority to grant a generation licence or accept a prior notification. The amendment's main focus is to establish new rules for situations in which the relevant network has insufficient capacity to support the additional load that results from requests submitted to the licensing authority.

1.2.3. Electricity Generation

Electricity generation is fully open to competition, subject to each generator obtaining the required licenses and approvals or, where applicable, file the necessary prior communications to the relevant administrative authority. Electricity generation is divided in two regimes:

(a) Ordinary regime generation, which refers to the generation of electricity through traditional non-renewable sources and, in any case, which is not included in special regime generation; and

(b) Special regime generation, which refers to electricity generation through cogeneration and endogenous resources, renewable or non-renewable, small generation (e.g. microgeneration and minigeneration) and generation without network injection, as well as generation of electricity using endogenous resources, renewable or non-renewable, which is not subject to a special legal regime.

The electricity generated under the special regime can benefit from two different remuneration schemes: (i) it can be sold under the general regime, in which special regime generators sell the electricity generated on the same terms as those generators in the ordinary regime, i.e. in organised markets or through bilateral agreements with final consumers or electricity suppliers, including the market facilitator or (ii) it can be sold to the last recourse supplier, currently EDP SU (the "**Last Recourse Supplier**") and benefit from a special tariff and/or guaranteed remuneration set by a number of Decree-Laws. The Last Recourse Supplier is obliged, pursuant to article 55 of Decree-Law 172/2006 to purchase the electricity generated under the special regime from generators that benefit from the special tariffs and/or guaranteed remuneration.

1.2.4. Electricity Transmission

Electricity transmission takes place via the National Transmission Grid (*Rede Nacional de Transporte* or "**RNT**"), which is operated under an exclusive concession granted by the Portuguese Republic to REN – Rede Eléctrica Nacional S.A., a subsidiary of REN – Redes Energéticas Nacionais, SGPS, S.A., for a 50-year period from the date of the concession agreement, pursuant to article 69 of Decree-Law 29/2006 and article 34 of Decree-Law 172/2006.

1.2.5. Electricity Distribution

Electricity distribution is operated through the National Distribution Grid, consisting of a medium and high voltage network, and through municipal low voltage distribution grids.

The National Distribution Grid is operated through an exclusive concession granted by the Portuguese Republic.

Presently, the exclusive concession for the activity of electricity distribution in high and medium voltage has been awarded to EDP Distribuição, for a 35 year period from the date of the concession agreement, under article 70 of Decree-Law 29/2006, as a result of the conversion into a concession agreement of the former license held by EDP Distribuição. The terms of the concession are set out in article 38 of Decree-Law 172/2006.

The low voltage distribution grids continue to be operated under concession agreements. The existing concession agreements have been maintained and refer to 278 municipalities in mainland Portugal.

1.2.6. Electricity Supply

Electricity supply under the Electricity Regime is open to competition, subject only to a prior registration regime.

Suppliers may openly buy and sell electricity. For this purpose, they have the right of access to the national transmission and distribution grids upon payment of the respective access charges set by ERSE. Under market conditions, consumers are free to choose their supplier, without any additional fees for switching suppliers.

The Electricity Regime also establishes the existence of a Last Recourse Supplier responsible, pursuant to article 55 of Decree-Law 172/2006, and among others, for the purchase of the electricity generated under the special regime from generators that benefit from the special tariffs and/or guaranteed remuneration. The Last Recourse Supplier also ensures the supply of electricity to end-user consumers that request to be supplied according to regulated tariffs previously set by ERSE where there are no commercial offers from other suppliers or the relevant supplier is no longer able to supply its end-user consumers. The role of the Last Recourse Supplier is subject to a licencing regime and is currently undertaken by EDP SU and by 10 local low voltage distribution concessionaires.

A market facilitator is also provided for under the Electricity Regime, as being a supplier that undertakes the obligation to acquire the electricity generated under the special regime at market prices. The activity of market facilitator is subject to a licencing regime following a competitive tender for the attribution of such licence.

1.2.7. Operation of Electricity Markets

The operation of organised electricity markets is subject to authorisation to be jointly granted by the Minister of Finance and by the Minister responsible for the energy sector (the Minister of Environment, Territory and Energy). The entity managing the organised electricity market is also subject to authorisation to be granted by the Minister responsible for the energy sector, and, whenever required by law, by the Minister of Finance. Generators (those operating under the ordinary regime and those operating under the special regime that do not benefit from the special tariffs and/or guaranteed remuneration) and suppliers, among others, can become market members.

1.2.8. Logistic Operation for Electricity Supplier Switching

The OLMC is responsible for guaranteeing compliance with the switching rules and procedure and for the management of the electronic platform used for such switch. Pursuant to Decree-Law no. 38/2017, of 31 March, which establishes the legal regime

applicable to the regulated activity of the OLMC both for electricity and natural gas, Adene shall act as the (only) OLMC.

The activity is subject to ERSE's regulation and it is financed by ADENE's own revenues, by a fee paid by the new supplier and by the regulated electricity and natural gas tariffs. The remuneration of the OLMC is approved by the member of the Government responsible for energy affairs, on a proposal submitted by ADENE until 15 September, after consulting ERSE.

1.3. Market Liberalisation – MIBEL

To promote the completion of the internal market in energy, the governments of Portugal and Spain negotiated an agreement on cooperation in the electricity sector on July 29, 1998. This initial agreement was further developed on November 14, 2001, through the protocol setting out the conditions for the creation of the Iberian Electricity Market (*Mercado Ibérico de Electricidade*, "**MIBEL**") (the "**MIBEL Agreements**"). The XIX Luso-Spanish Summit, which took place on November 8, 2003 in Figueira da Foz, defined a tentative calendar for the creation of the MIBEL.

An agreement on the principles underlying the creation of MIBEL was reached on January 20, 2004, in Lisbon. However, this agreement did not enter into force. At the Santiago de Compostela Summit in October 2004, the governments of Portugal and Spain reviewed the transitional MIBEL Agreements and created a council of regulators. The council has the authority to (1) coordinate and supervise the development of MIBEL; and (2) to present mandatory, but non-binding, preliminary opinions on the imposition of fines within the context of MIBEL; (3) to coordinate the supervision powers of each entity participating in the council; and (4) to present regulatory proposals on the functioning of MIBEL. At the XXI Luso-Spanish Summit in Évora in November 2005, the Governments of Portugal and Spain reaffirmed their commitment to the construction of the MIBEL. Both countries agreed, among other things, to continue strengthening electric connections through new interconnections in the South, between Algarve and Andalucia, and in the North, at the International North-West axis, by 2011. Two of these interconnections were put into operation in 2004, the Alqueva-Balboa 400kV line and the 400kV circuit in Alto-Cartelle-Lindoso. Additionally, the Portuguese and the Spanish system operators (REN and REE) continued working to repower the Duero-Douro and Tajo-Tejo interconnections and to create two new 400kV interconnections in order to reach a total interconnection capacity of 3,000 MW. An adequate level of interconnection capacity between the systems of the different Member States is regarded as an essential requirement for the completion of the internal energy market.

Under the MIBEL Agreements, MIBEL operates with an electricity spot market, which includes daily and intradaily markets that are initially managed by the Operador del Mercado Ibérico de Energia – Polo Español, S.A. ("**OMEL**") and an electricity forward market that is initially managed by Operador do Mercado Ibérico de Energia – Polo Português, S.A. (the "**OMIP**"). In addition, electricity transactions may also be negotiated through bilateral contracts with terms of at least one year. The MIBEL Agreements also specify that the existence of two market operators, OMEL and OMIP, is temporary and that OMEL and OMIP will eventually merge into a single market operator, the Iberian Market Operator ("**OMI**"). On March 8, 2007, under the MIBEL Agreements, the governments of Portugal and Spain created a plan for regulatory compatibility (*Plano de Compatibilização Regulatória*) that allowed each of the holding companies to be incorporated in Portugal and Spain (each for the purpose of holding 50% of OMI) to hold up to 10% of the share capital of each other. Subsequently, the MIBEL Agreements were amended at the Braga Summit of January 18, 2008, further developing the regulatory harmonisation between Portugal and Spain. On January 22, 2009, at the Zamora Summit, the governments of Portugal and

Spain decided to initiate the process of integrating OMIP and OMEL and to constitute a working group for that purpose.

Under the MIBEL Agreement, MIBEL's purpose is to become the common electricity trading space in Portugal and Spain, comprised of (1) organised and non-organised markets in which transactions or electricity agreements are entered into; and (2) markets in which financial instruments relating to such energy are traded. The creation of MIBEL requires both countries to acknowledge a single market in which all agents have equal rights and obligations and are required to comply with principles of transparency, free competition, objectivity and liquidity.

The Iberian electricity forward market managed by OMIP began operations on July 3, 2006, and since July 1, 2007, electricity operators in Portugal and Spain have used a common trading platform for spot energy that is managed by OMEL, with the purpose of creating a fully integrated electricity market for the Iberian Peninsula. The MIBEL spot market currently operates in a market split system pursuant to which electricity market prices in each country depend on (1) supply and demand in each country and (2) the available interconnection capacity between each country. It is expected that as interconnection capacity between Portugal and Spain increases, the MIBEL spot market will evolve to a single market system.

1.4. Regulatory Bodies and Respective Responsibilities

Responsibility for the regulation of the Portuguese energy sector is shared between *Direcção Geral de Energia e Geologia*, *Entidade Reguladora dos Serviços Energéticos* and *Autoridade da Concorrência*.

1.4.1. Direcção Geral de Energia e Geologia

Direcção Geral de Energia e Geologia (Energy and Geology Directorate-General, "**DGEG**") has primary responsibility for the conception, promotion and evaluation of policies concerning energy and geological resources and has the stated aim of assisting the sustainable development and the security of energy supply in Portugal. Among others, DGEG is obliged to:

- Contribute to the definition, execution and evaluation of energy policies relating to the identification and exploration of geological resources, seeking their enhancement and appropriate use and monitoring the functioning of the respective markets, companies and products;
- Promote and participate in the preparation of the appropriate legislative framework to develop systems, processes and equipment for the generation, transmission, distribution, storage, marketing and use of energy, in particular seeking the security of supply, the diversification of energy sources, energy efficiency and preserving the environment;
- Promote and participate in the preparation of the appropriate legislative framework for development of policies regarding the disclosure, prospection, exploration, protection and enhancement of geological resources;
- Support the Ministry of the Economy and Employment in European and international domains, including preparation and support for national technical assistance in the adoption of EU and international normative instruments in the fields of energy and geological resources;

- Exercise powers in relation to the licensing of electricity installations for public supply exceeding 60 kV nominal voltage and of power plants for the generation of electricity under the ordinary regime and under the special regime, registration of electricity suppliers, and operators of charging points for the electrical mobility and licencing of power plants of micro and mini generation;

- Ensure the preparation of statistical information within the national statistical system in the areas of energy and geological resources; and

- Monitor the evaluation and implementation of new energy technologies and of geological resources in conjunction with other competent authorities including the National Laboratory of Energy and Geology.

1.4.2. Entidade Reguladora dos Serviços Energéticos

Entidade Reguladora dos Serviços Energéticos ("**ERSE**") is the Portuguese energy regulator. It is a fully independent regulatory authority (namely from the Government), with powers to propose and approve tariffs for gas and electricity sectors.

Under Decree-Law 29/2006 and Decree-Law 172/2006, ERSE is responsible for regulating:

(a) The transmission, distribution and supply of electricity;

(b) The logistical processes by which customers can switch electricity suppliers; and

(c) The operation of the electricity markets.

Decree-Law no. 212/2012, of 25 September revised ERSE's statutes, which have been approved by Decree-Law no. 97/2002 of 12 April, with an emphasis in the reinforcement of the regulator's independence and powers, namely those of a sanctioning nature, in accordance with Directive 2009/72/EC and Directive 2009/73/EC.

In addition, Law no. 9/2013, of 28 January has, pursuant to the above mentioned Directives, established the sanctioning regime applicable to the SEN and has formally granted ERSE powers to initiate legal proceedings and apply sanctions to the entities operating in the SEN.

Decree-Law no. 84/2013, of 25 June, has further revised ERSE's statutes completing the implementation of Directives 2009/72/EC and 2009/73/EC.

The goal of ERSE's activities are to appropriately protect the interests of consumers with regard to prices, service quality, access to information and the security of supply; to foster efficient competition, particularly in the context of building the internal energy market, thus guaranteeing economic and financial balance to the regulated companies within the framework of appropriate and efficient management; to encourage efficient energy use and protection of the environment; and also to arbitrate and resolve disputes, encouraging the settlement of disputes outside of the courts.

As part of its responsibilities, ERSE's regulation of the electricity and natural gas markets is also guided by values such as transparency, competence, sustainability, co-operation and cohesion.

ERSE has also competences to enforce binding decisions settled by EU Commission and ACER (Agency for the Cooperation of Energy Regulators).

1.4.3. Autoridade da Concorrência

Autoridade da Concorrência, the Portuguese Competition Authority is an independent and financially autonomous institution entrusted by law to ensure compliance in Portugal with national and EU competition rules, specifically with respect to mergers, collective and individual restrictive practices and State aid. The Portuguese Competition Authority enjoys a number of investigative powers, including inspection on business and non-business premises, written requests for information and interrogation of individuals. It may also impose fines on companies who violate antitrust rules, as well as on individuals holding positions in the managing bodies in infringing companies.

The Portuguese Competition Authority has the power to regulate competition in all sectors of the economy, including the vertically regulated sectors, such as electricity and natural gas, in coordination with the relevant sector regulators. Since 1 May 2004, Portuguese courts, like all national courts in the EU, are entitled to apply the prohibitions contained in EU antitrust law so as to protect the individual rights conferred to citizens by the EU Treaties.

The European Commission (Directorate-General for Competition) is also competent to enforce EU competition rules against individual and collective anti-competitive practices which take place in Portugal and may affect trade between EU Member States. The Commission has exclusive competence to review mergers and acquisitions which have "Community dimension" under EU law, as well as to review and approve State aid measures which have effect on EU cross-border trade.

The Commission enjoys broad investigatory and sanctioning powers, including, inter alia, the power to conduct sector inquiries. The Commission launched an extensive Sector Inquiry into the energy sector in 2005 and, further to a final report presented in January 2007, has initiated a number of investigations for the enforcement of EU competition law in the electricity and gas sectors in recent years.

1.5. Regulations

Pursuant to Decree-Law 172/2006, the activities of generation, transmission, distribution, supply and operation of electricity market is subject also to the provisions contained in the Transmission Network Regulation, the Distribution Network Regulation, the Access to the Networks and Interconnections Regulation, the Networks Operation Regulation, the Quality of Service Regulation, the Commercial Relations Regulation, the Tariff Regulation, the Supply Safety and Planning Regulation and the Administrative Proceeding for Prior Communication Regulation.

Under Decree-Law 172/2006, ERSE is responsible for approving and implementing:

(a) The **Access to the Networks and Interconnections Regulation**, which establishes the technical and commercial conditions pursuant to which the access to the transmission and distribution grids and to the interconnections is made by the entities operating in the electricity sector. The Access to the Networks and Interconnections Regulation was first enacted in December 1998 and has since then been subject to several amendments. The then in force Access to the Networks and Interconnections Regulation was amended on December 2013, through ERSE Regulation no. 7/2013, in order to allow a harmonised assignment of the grid capacity rights of the Portugal-Spain interconnection. A new Access to the Networks and Interconnections Regulation was approved by ERSE on 10 December

2014 for the regulatory period between 2015-2017. For the regulatory period of 2018-2020, ERSE approved Regulation no. 620/2017, of 23 November, published in the Portuguese official gazette on 18 December, amending the latter;

(b) The **Commercial Relations Regulation**, which establishes the provisions for the governing of the commercial relations between entities operating in the electricity sector. The Commercial Relations Regulation was first enacted in December 1998 and has been subsequently amended. The then in force Commercial Relations Regulations was amended on December 2013, through ERSE Regulation no. 8/2013, which introduced two new provisions to the Commercial Relations Regulation in respect of the commercial relationship between the transmission system operator and the last resort supplier and in respect of the relationship between the transmission system operator and the ordinary regime generators which concern the applicability of the new mechanisms designed to ensure a balancing of the competition within the wholesale electricity market in Portugal, enacted by Decree-Law no. 74/2013, of 4 June. A new Commercial Relations Regulation was approved by ERSE on 10 December 2014 for the regulatory period between 2015-2017. For the regulatory period of 2018-2020, ERSE approved Regulation no. 632/2017, of 23 November, published in the Portuguese official gazette on 21 December, amending the latter;

(c) The **Tariff Regulation**, which establishes the criterion and methods for the formulation of tariffs, in particular the access to the grid and interconnection and system services tariffs and the tariffs for the sale of electricity by the Last Recourse Supplier, in accordance with the principles set forth in Decree-Law 29/2006. The Tariff Regulation also establishes the provisions applicable to the tariff convergence between the SEN and the electricity systems of Madeira and Azores autonomous regions. The Tariff Regulation was first enacted in December 1998 and has been subsequently amended. ERSE Directive no. 1/2014, in effect as of 13 December 2013, amended the Tariff Regulation then in force in order to update this Regulation in accordance with the legislative developments seen during the years of 2012 and 2013, namely Decrees-Law no. 252/2012, 256/2012, 35/2013, 38/2013, 74/2013 and 215-A/2013. A Tariff Regulation was approved by ERSE on 10 December 2014 for the regulatory period between 2015-2017. For the regulatory period of 2018-2020, ERSE approved Regulation no. 619/2017, of 23 November, published in the Portuguese official gazette on 18 December, revoking the latter;

(d) The **Networks Operation Regulation**, which establishes the conditions that allow for the management of the flow of electricity, ensuring the interoperationability between RNT and other networks. The Networks Operation Regulation also establishes the conditions in which the operator of the RNT monitors the unavailability of the power plants and the amount of water in the reservoirs of the dams. The Networks Operation Regulation was first enacted in June 2007 and has been subsequently amended. A new Networks Operation Regulation was approved by ERSE on 10 December 2014 for the regulatory period between 2015-2017. For the regulatory period of 2018-2020, ERSE approved Regulation no. 621/2017, of 23 November, published in the Portuguese official gazette on 18 December, amending the latter;

(e) The **Quality of Service Regulation**, which establishes the patterns of quality of service of technical and commercial nature. The Quality of Service Regulation was first enacted on June 2000. In November 2013, ERSE, through Regulation no.

6/2013, approved a new Quality of Service Regulation. The Quality of Service Regulation repealed regulatory frameworks that were in force since 2004 and 2006 considering that since then, the electricity sector has been through significant changes, especially with respect to the liberalization of the electricity supply. For the regulatory period of 2018-2020, ERSE approved Regulation no. 629/2017, of 23 November, published in the Portuguese official gazette on 20 December, revoking the latter.

In addition to these regulations ERSE has also issued the **Conflict Resolution Regulation** in October 2002. This regulation established the rules and procedures relating to the resolution of commercial conflicts arising between operators in the electricity and between such entities and their customers. ERSE also established the procedures to be observed when changing suppliers, through ERSE's Directive 8/2012, of 11 June, which revoked Order 2045-B/2006, of January 25.

Under Decree-Law 172/2006, the member of the government responsible for the energy sector is responsible for approving, under a proposal from DGEG, and DGEG is responsible for implementing:

(a) The **Transmission Network Regulation**, which identifies the assets and features of the transmission network and establishes the conditions for its operation, in particular in what respects the control and management of the network, including the relations between the entities connected to the network, and the execution of works and maintenance. The Transmission Network Regulation also establishes the technical conditions applicable to the installations connected to the network, to the support, reading and measurement, protection and trials systems and the conditions and limitations to the injection of electricity in order to ensure the safety and reliability of the network. The Transmission Network Regulation was first enacted on July 2010, through Ministerial Order no. 596/2010, of 30 July;

(b) The **Distribution Network Regulation**, which identifies the assets and features of the distribution network and establishes the conditions for its operation, in particular in what respects the control and management of the network, including the relations between the entities connected to the network, and the execution of works and maintenance. The Distribution Network Regulation also establishes the technical conditions applicable to the installations connected to the network, to the support, reading and measurement, protection and trials systems and the conditions and limitations to the injection of electricity in order to ensure the safety and reliability of the network. The Distribution Network Regulation was first enacted on July 2010, through Ministerial Order no. 596/2010, of 30 July;

(c) The **Administrative Proceeding for Prior Communication Regulation**, which established the provisions applicable to the presentation, admission and refusal of the prior communication for the installation of power plants using renewable energy sources as well as the legal framework applicable to the issue, transmission, amendment and termination of the admission of the prior communication. The Administrative Proceeding for Prior Communication Regulation is still to be enacted.

Under Decree-Law 172/2006, the general-director for energy and geology is responsible for approving, following consultation with ERSE, and DGEG is responsible for implementing:

(a) **The Supply Safety and Planning Regulation**, which defines the means of fulfilment of the networks operators' obligations in respect of safety of supply, energetic planning and network planning. The Supply and Planning Regulation also defines the establishment of safety of supply patterns in what relates to the generation and the safety patterns in what relates the network planning. The Supply Safety and Planning Regulation is still to be enacted.

2. The Portuguese Electricity Market / Industry[1]

2.1. Main Drivers of Demand & Supply

2.1.1. Demand

Electricity demand trends in the Portuguese mainland are essentially related with the level of economic activity, as only some industrial sub-sectors are responsive to price changes. The following table summarises electricity demand elasticities in the different sectors, according to estimates obtained through econometric models applied to a data set relating to the period from 1970 onwards.

([1]) All the information mentioned in this section is based on (or collected from) the relevant tables and graphics, using for that purpose the same source of information mentioned.

Electricity Demand Elasticities

SECTOR		Explanatory Variables	Economic Activity Elasticity		Price Elasticity	
			Short Term	Long Term	Short Term	Long Term
INDUSTRY	**Total Manufacturing Industry**	E_{t-1},VA_t, RPF_t	0.386	0.888	-0.047	-0.107
	Basic Metallurgy	E_{t-1},VA_t, P_t	0.645	1.220	-0.267	-0.504
	Pottery, Glass, Cement and Non-Metalic Products	E_{t-1}, VA_t	0.404	0.709		
	Chemical Products, Plastic & Rubber, Metal Products, Machinery & Transport Material	E_{t-1},VA_t, RPF_t	0.131	0.495	-0.078	-0.295
	Food Products, Beverages, Tobacco, Textiles, Clothing, Footwear and Leather, Wood and Cork	E_{t-1}, VA_t	0.265	1.286		
	Paper and Publishing	E_{t-1},VA_t	0.351	1.760		
SERVICES		ΔE_{t-1}, ΔGDP_t	1.058	1.855		
PRODUCTIVE ACTIVITIES (AGRICULTURE, INDUSTRY AND SERVICES)		GDP_t, RP_t	1.407		-0.075	
HOUSEHOLDS		PC_t	0.400	0.726		
		NC_t	0.748	1.358		

E - Electricity Consumption
VA - Value Added
P - Average Price in Very High, High and Medium Voltage
RP - Relative Price of Electricity (in order to a weighted average of fuel, natural gas and gasoil)
RPF - Relative Price of Electricity (in order to fuel)
GDP - Gross Domestic Product
PC - Private Consumption
NC - Number of Residential Consumers

Source: EDP Analysis based on data published by DGEG and INE;

According to these results, the elasticity of industrial electricity consumption in relation to industrial value added is 0.9 in the long-run and 0.4 in the short-run — for every 1% change in value added, electricity consumption changes by 0.4% in the short-run and 0.9% in the long-run. A more detailed analysis shows that different industrial sub-sectors exhibit different behaviour, with higher long-run elasticities in the case of basic metallurgy, paper and consumption goods.

The table also shows that only some industrial sub-sectors are sensitive to price changes — basic metallurgy, chemicals, metal products and machinery — with long-run elasticities of -0.5 and -0.3, leading to an aggregate result of -0.1 at overall industrial level — a 1% increase in the relative price of electricity, given by the ratio between electricity and fuel prices, leads to a reduction of 0.1% in industrial electricity consumption in the long-run (the impact is only -0.05% in the short-run).

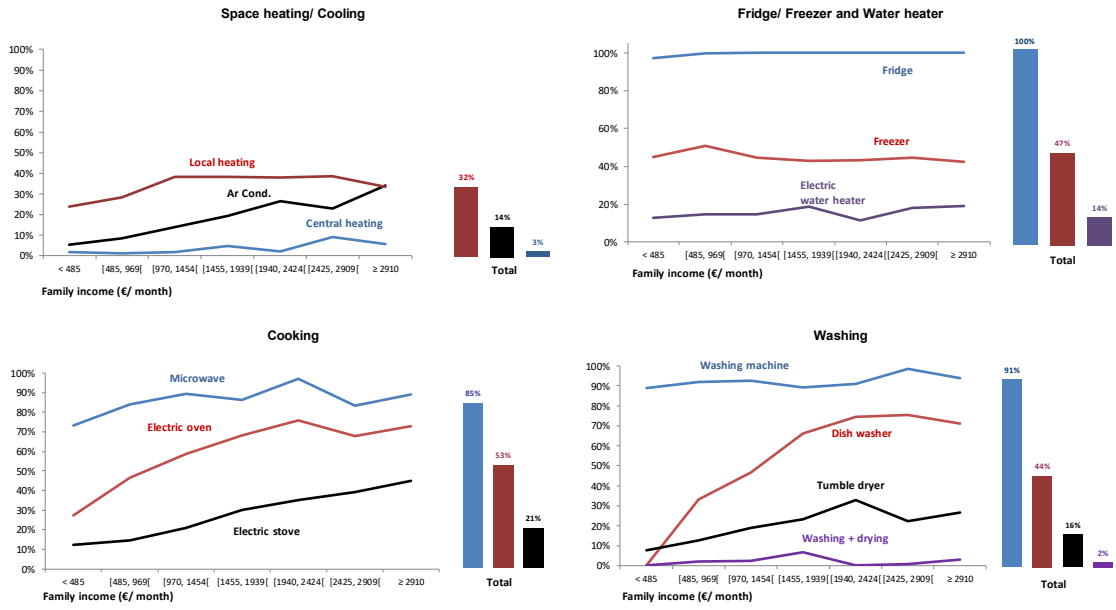
Concerning services, no statistically significant price response was found, but electricity consumption is perfectly elastic to the overall level of economic activity, measured by Gross Domestic Product (GDP), in the short-run, whereas long-run elasticity is 1.9.

Considering the whole of the productive activities (agriculture, industry and services), the income elasticity of electricity demand (measured through GDP) is 1.4, whereas the relative price elasticity is slightly below -0.08. In this case, relative price is given by the ratio between electricity price and a weighted average of fuel, natural gas and gasoil. The model also includes the share of services in total value added as an explanatory variable, to take into account the increasing share of services in the Portuguese economy (for every 1 p.p. increase in the share of services, electricity consumption has shown an increase of 1.9%).

In the case of households, electricity consumption growth is driven by the number of consumers as well as by private consumption. These results show that for a 1% change in the number of residential consumers, electricity consumption is expected to change by 0.8% in the short-run and by 1.4% in the long-run — consumers' demand increases with time. It may also be concluded that, in the long-run, electricity consumption changes by about 0.7% in response to a 1% change in private consumption, which may be used as a proxy for the stock and use of electric appliances in the households.

The following graphs exhibit the appliance ownership broken down according to family income. This information is relevant for demand forecasting purposes, as it gives an idea of the saturation levels for the ownership rates of the different appliances. In the case of dishwashing machines, for instance, the rate of ownership of the higher income classes (about 75%) may be used as a proxy for the saturation level, whereas the ownership rate of freezers seems to be already stabilized.

Appliance Ownership vs. Family Income



Source:
EDP, Consumer Survey launched in 2014

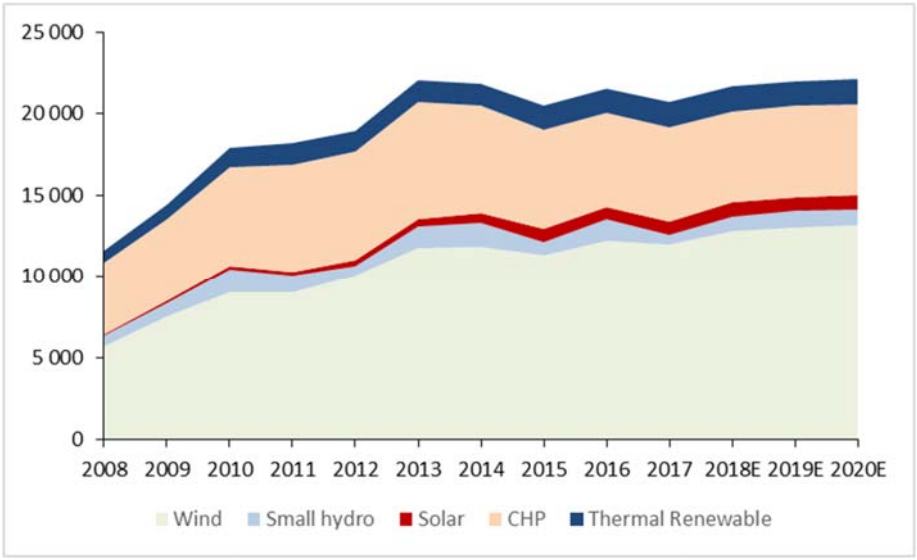
2.1.2. Supply

Concerning supply, all electricity needs to meet demand from customers in the Portuguese mainland are purchased in the Iberian market.

EDP Serviço Universal acts as a single buyer for the electricity generated in Portugal from Special Regime Generators that benefit from a remuneration that has been administratively set.

The graph below illustrates the evolution of special regime generation.

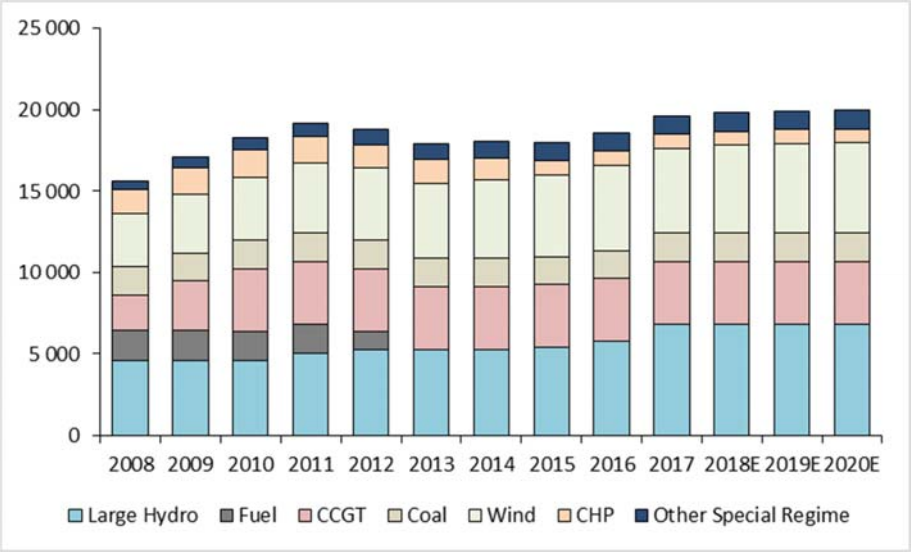
Small Independent Producers generation (GWh), 2008-2020E



"E" means estimate
Source: REN and EDP, 2018

The installed generation capacity in Portugal is expected to remain at 22 GW by the end of 2018. Capacity in the Special Regime is expected to have a lower growth rate in future years, after a decade of robust growth rates. Regarding thermal capacity, all combined cycle gas turbine and coal plants currently in operation in Portugal should remain in the system up to 2020 and no further additions are expected. Fuel/gasoil power plants were all decommissioned by 2013.

Installed capacity (MW), 2008-2020E

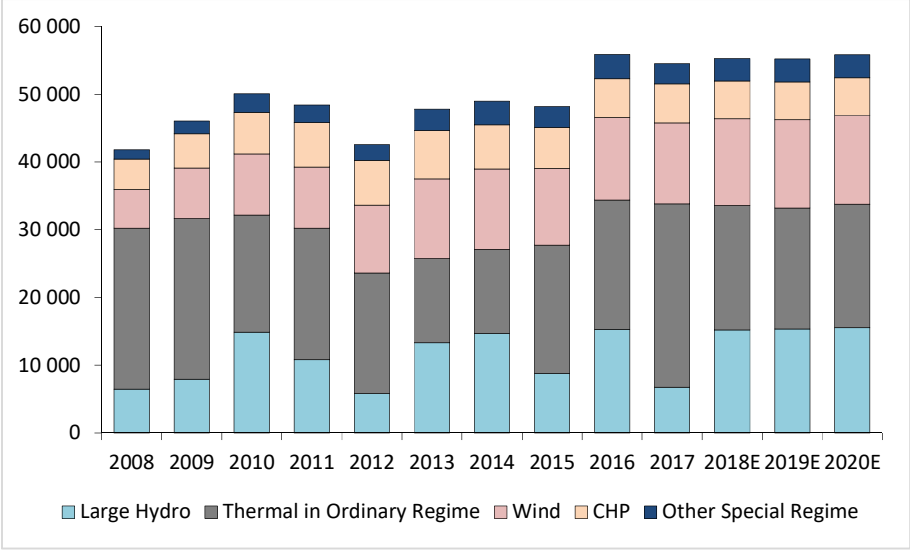


"E" means estimate
Source: REN and EDP, 2018

In 2017, electricity generated in Portugal was 53 TWh, with renewable generation representing 45% of the total. When correcting for average hydro and wind conditions, then the share of renewables in electricity generation was 55% in 2017. Thermal generation is very dependent on the hydrologic conditions, as can be noticed in 2017 when wet conditions implied lower hydro and higher thermal generation than usual.

Taking into account EDP's perspectives, the evolution of power generation up to 2020 is expected to be characterized by an increase in hydro generation, as a result of the entry into operation of new hydro plants. Furthermore, special regime generation is expected to increase slightly, mainly due to new wind capacity.

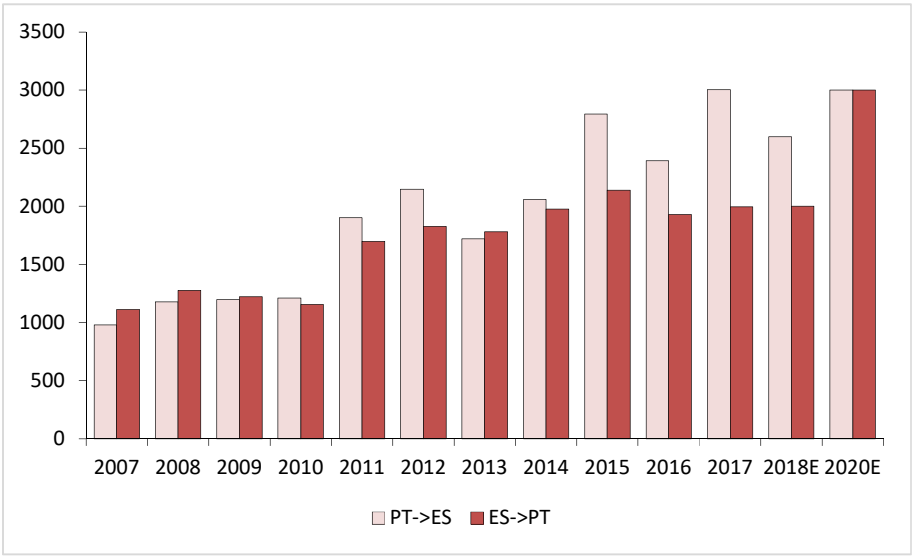
Generation (GWh), 2008-2020E



"E" means estimate. Hydro generation in 2017-2020 considers average hydro conditions.
Source: REN and EDP, 2018

Since 2007, interconnection capacity between Portugal and Spain has also registered strong improvements. While in 2007 interconnection capacity was about 1,000MW, it currently surpasses the 2,000MW and it is expected to grow even further, reaching a maximum capacity of 3,000 MW by 2020.

Interconnection Average Capacity (MW), 2007 – 2020E



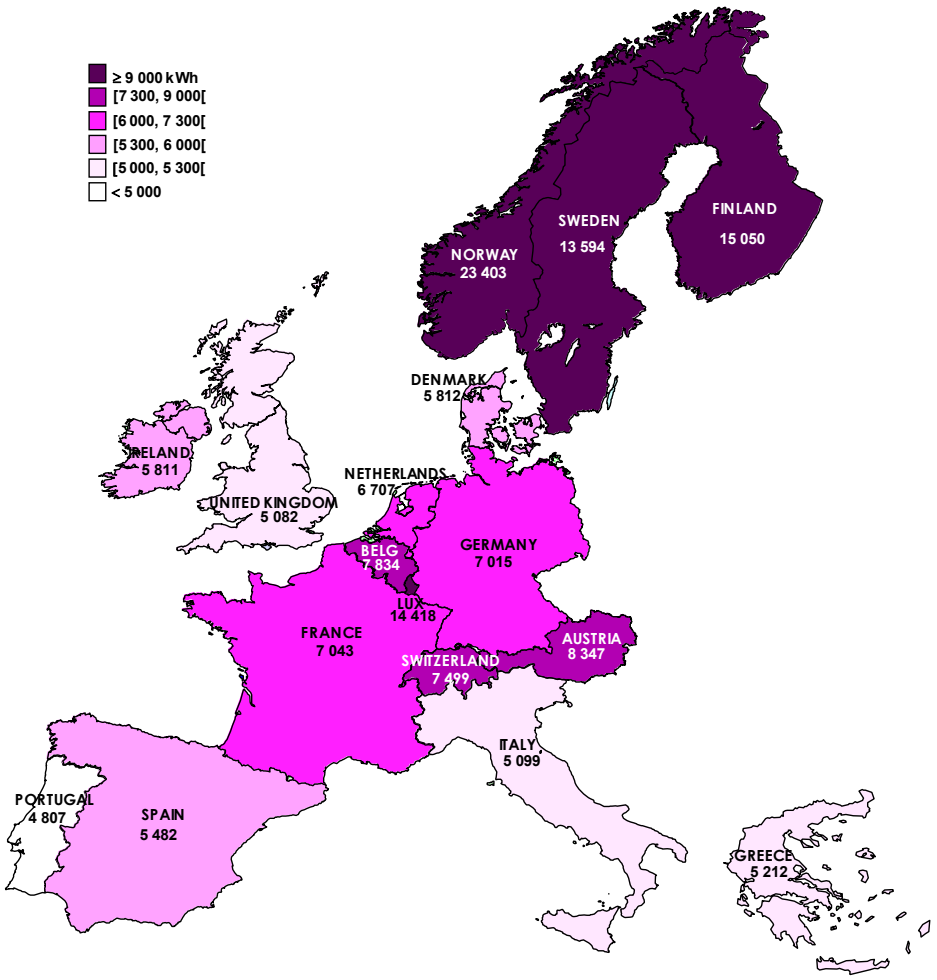
"E" means estimate
Source: OMIE and REN, 2018

2.2. Trends and Projections of Electricity Consumption

A comparison of electricity demand in a selection of European countries, according to OECD data for 2015, shows that Portugal is the country with the lowest level of electricity consumption per capita. The comparison with the other Mediterranean countries shows that Portuguese consumption per capita is 6% lower than in Italy and about 10% below the levels reported for Greece and for Spain.

Electricity Consumption per capita (2015)

kWh p. a.



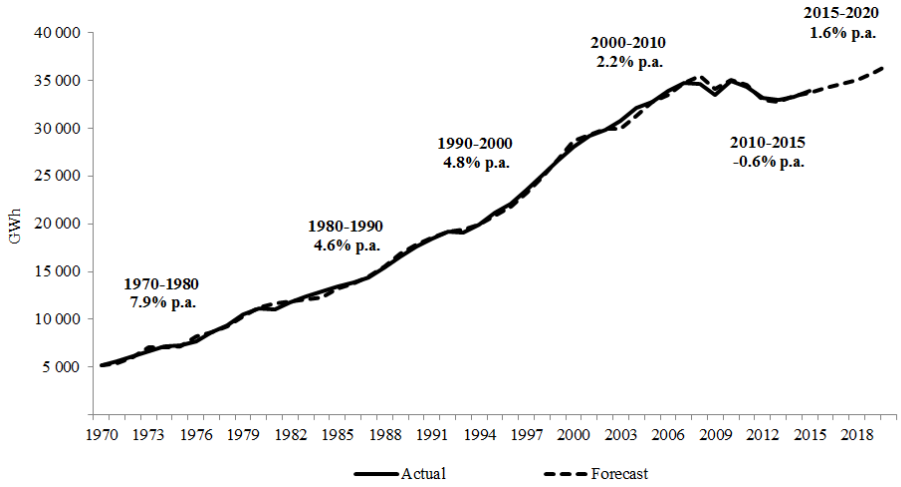
Source: OECD

Electricity demand projections for the Portuguese mainland result from the econometric models presented above.

The following graph summarises the historical trends and future prospects for electricity consumption in productive activities, showing that, after the high growth rates experienced in the 70's (almost 8% per year) electricity demand growth was much more moderate between 1980 and 2000 (below 5% p.a.), followed by a new slowdown — after a 2%

growth per year over the period 2000-2010, electricity consumption in agriculture, industry and services has shown an average reduction of 0.6% p.a. between 2010 and 2015. Current prospects for the near future imply a recovery between 2015 and 2020 (1.6% p.a.).

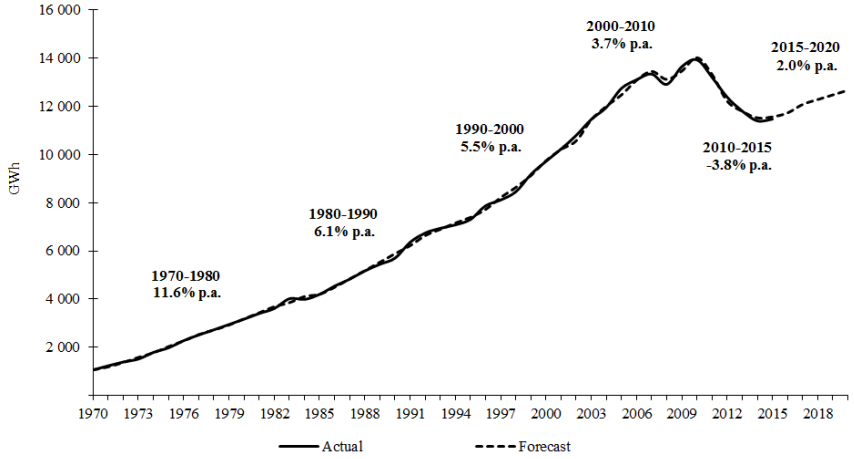
Electricity consumption trends in productive activities



Source: EDP Analysis based on data published by DGEG and INE.

The graph below shows the trend in household electricity consumption. Following a very strong expansion period in the 70's (11.6% per year), with the development of the electricity network in rural areas, providing a more generalised access to electricity across the whole country, consumption growth has been progressively slowing down, from 6% per year in the 80's to 3.7% p.a. between 2000 and 2010. A big slowdown in private consumption (and family income) led to an actual reduction in the level of residential consumption after 2010 (-3.8% p.a. in 2010-2015), also reflecting the increasing implementation of energy efficiency measures. The projected economic recovery, and the expected improvement in family disposable income, imply a recovery in electricity demand from the households, with an increase of 2.0% p.a., between 2015 and 2020.

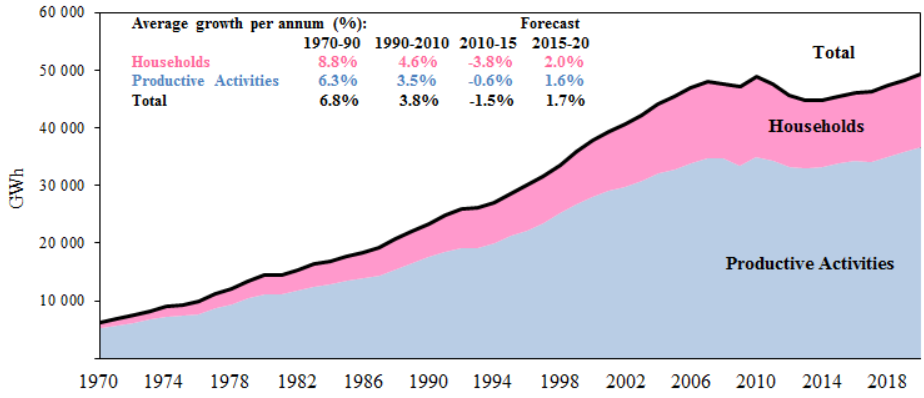
Electricity consumption trends in households



Source: EDP analysis based on data published by DGEG and INE.

The following chart summarises all the results previously described, broken down by residential uses and productive activities. The chart illustrates that, according to the current projections, total electricity consumption will now recover from the severe economic crisis witnessed in the recent past — the forecast for 2020 already exceeds the level attained in 2010.

Electricity consumption per sector
(Portuguese Mainland)



Source: EDP Analysis based on data published by DGEG and INE.

Next table exhibits the actual values for electricity consumption in the recent past and forecasts for 2020. Following an overall reduction of 1.5% per year between 2010 and 2015, total electricity consumption in the Portuguese mainland is expected to follow the upward trend already initiated in 2015, with an average increase of 1.7% p.a. between 2015 and 2020.

The amount of electricity outflows from the distribution network is obtained by subtracting auto-consumption to total electricity consumed in the Portuguese mainland; the total demand on the transmission network (supply by the public network) is then obtained taking also into account transmission and distribution losses.

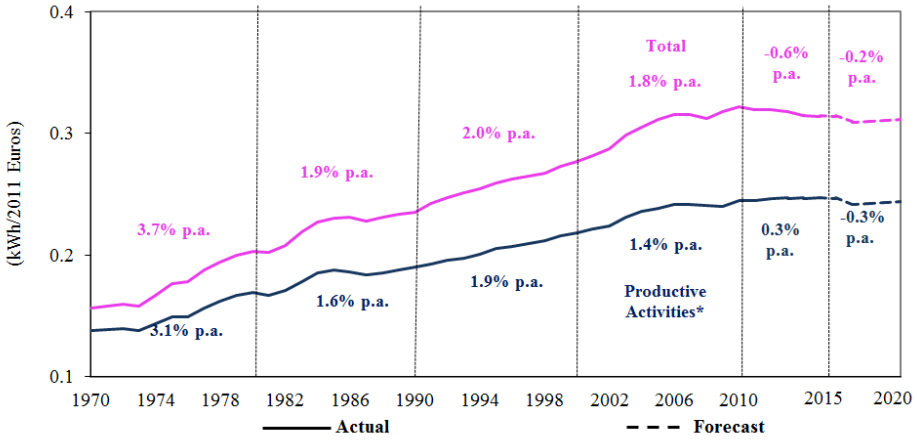
Electricity Demand Trends (GWh)

ELECTRICITY DEMAND TRENDS (GWh)				
		Actual		Forecast
Breakdown	**2005**	**2010**	**2015**	**2020**
Productive Activities	32 747	34 893	33 847	36 571
Average Rate of Change p.a. (%)		*1.3*	*-0.6*	*1.6*
Households	12 763	13 949	11 484	12 671
Average Rate of Change p.a. (%)		*1.8*	*-3.8*	*2.0*
Total Electricity Consumption in the Portuguese Mainland	**45 510**	**48 842**	**45 331**	**49 241**
Average Rate of Change p.a. (%)		*1.4*	*-1.5*	*1.7*
Auto-consumption	**1 671**	**982**	**1 016**	**1 676**
Average Rate of Change p.a. (%)		*-10.1*	*0.7*	*10.5*
Transmission + Distribution Losses	**4 102**	**4 338**	**4 649**	**4 733**
Supply = Total Demand on the Transmission Network	**47 940**	**52 198**	**48 964**	**52 311**
Average Rate of Change p.a. (%)		*1.7*	*-1.3*	*1.3*

Source: EDP analysis based on data published by DGEG, INE and REN

The comparison between overall electricity consumption and the level of economic activity, given by GDP, gives the trend in the electric intensity of the Portuguese economy. The following graph also includes this relationship taking only into account electricity consumption derived from productive activities (agriculture, industry and services), which corresponds to total consumption excluding residential uses. Following the growing trend observed in the past, current projections lead to a decrease in the level of electric intensity in productive activities. After the recent slowdown in household electricity consumption, which implied an actual reduction in overall electric intensity, from 2010 to 2015, this indicator is expected to show a further reduction, until 2020.

Electric Intensity – Portuguese Mainland

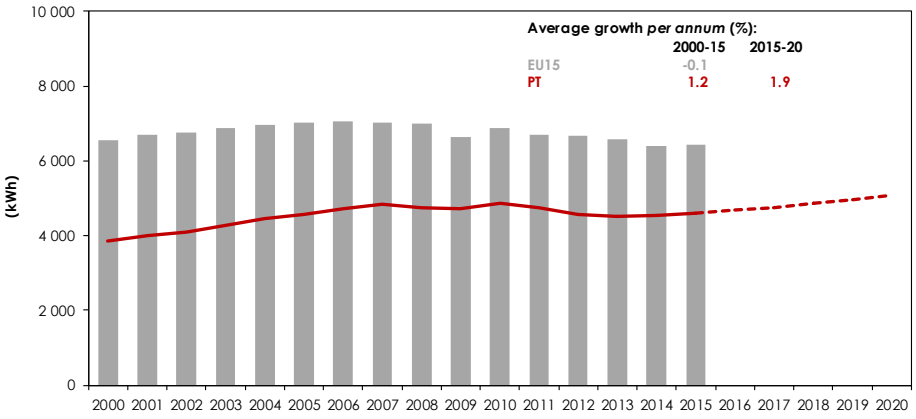


*Agriculture, industry and services.

Sources: EDP analysis based on data published by Banco de Portugal and DGEG.

An international comparison between Portugal and the former 15 countries of the European Union shows that electricity consumption per capita is still much lower than the average of those countries. The actual level attained by Portugal in 2015 is slightly above 70% of the average. Current projections for 2020 imply that Portuguese consumption per capita will increase by 1.9% p.a. between 2015 and 2020.

Electricity Consumption *per capita*

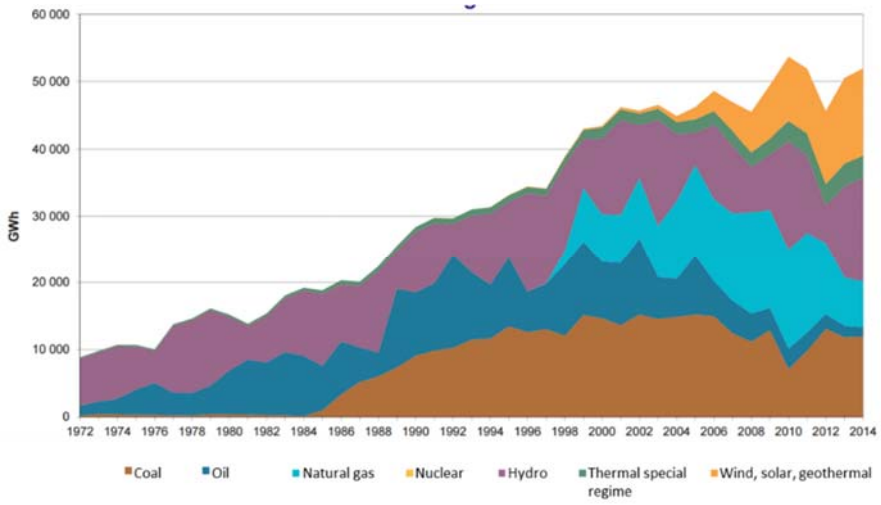


Sources: EDP analysis based on data published by OECD, DGEG and INE

2.3. Trends and Projections of Electricity Generation

The Portuguese power sector supply mix has changed substantially over the last decades. In the 70's and beginning of the 80's, electricity in Portugal was generated mainly from hydro and oil power plants. This picture changed with the entry into operation of Sines coal power plant (in 1985), which introduced coal in the energy mix in Portugal. By late 1990's, Portugal started being supplied by natural gas, and therefore this fuel started having an important role in the power supply mix, displacing mainly oil generation. More recently, the strong investment registered in renewable energy (namely in wind onshore) led to a more diversified and clean energy mix in the country.

Electricity Generation in Portugal by fuel



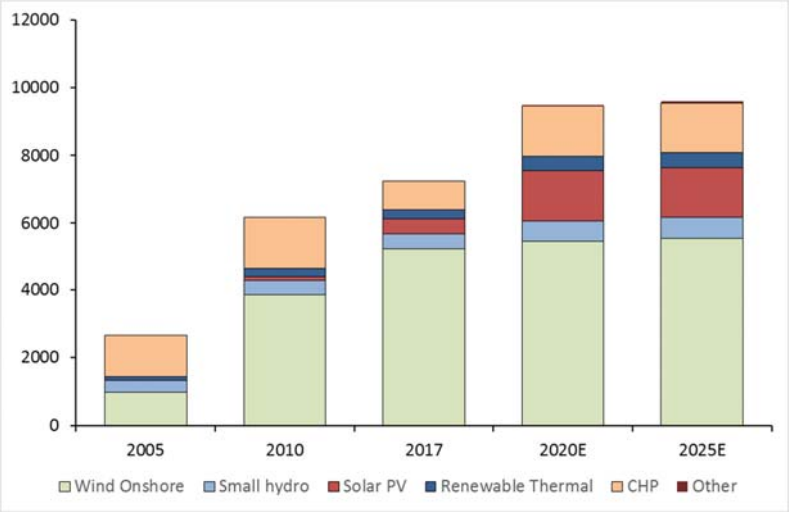
Source: International Energy Agency, 2016

The high penetration of renewable energy in the last decade was strongly pushed by the climate and energy policy package from the European Union, which presented (among other objectives) a binding target of 20% of renewable energy in the overall final energy consumption in the European Union by 2020, with differentiated objectives for each Member State. More recently, the European Union has also set new energy policy objectives for 2030, stating that renewable energy demand by 2030 should represent at least 27% of gross final energy demand in the European Union, but without setting specific targets by country.

For 2020, the European Union has set a target for Portugal to reach a share of 31% of renewable energy in final energy demand. For the power sector in particular, the Portuguese Government has committed to reach between 50-60% of renewable energy in the overall power generation in the country by 2020. This will obviously shape the evolution of the electricity supply mix in the following years.

Consequently, it is expected that up to 2020, new capacity in Portugal will be mainly renewable, in particular in the ordinary regime, where REN projects that 1 GW of new hydro plants will start operating from 2016 to 2020, and the remaining renewable capacity will operate in the special regime.

Evolution of installed capacity in the Special Regime



Source: DGEG (RMSA), 2018

Furthermore, the investment in renewable energy is expected to be accompanied by strong investments in the interconnection capacity, since interconnections are essential to optimize the consumption of intermittent renewable energy, as well as allow the integration of the European power market.

REN projects that interconnection capacity between Portugal and Spain will increase from 1700 MW in 2014 to 3000 MW by 2020. Also, interconnection capacity between Spain and France doubled with the entry into operation of a 1400MW project in 2015 and currently reaching 2800MW. New interconnections projects between these 2 countries are currently being studied in order to reach the indicative target of 10% share of interconnection capacity in the overall generation capacity by 2020.

Forecast of minimum values of commercial capacity of interconnection

Year	Portugal->Spain MW	Spain->Portugal MW
2016-2018	2 600	2 000
2019-2020	3 000	3 000
2023-2025	3 200	3 600
2030	3 500	4 200

Source: REN, 2017

TARIFF DEVIATIONS, TARIFF DEFICITS AND OVER COSTS

1. Electricity Tariffs

1.1. Tariff Setting Principles and Model

Electricity tariffs are uniform across Portugal[2], and they are set annually *ex-ante* by ERSE, based on investment, cost and quantity estimations, according to the rules set in the Tariff Regulation approved by ERSE. Regulatory periods have three year duration[3].

Within each regulatory period, regulated entities have to provide every year a set of information, both in terms of financial information, verified and expected future costs, energy balance and customer's characterisation (all tariff driver components). This process has two phases:

(a) The retrospective information must be delivered to ERSE up to 1st of May;

(b) The prospective information must be delivered up to 15th of June.

Up to 15th of October (each year), ERSE establishes a tariff proposal for the next year. This proposal is sent to the Tariff Council, which consists in a (mandatory) consultation board of ERSE, comprised of representatives from the electricity sector's participants, for the purpose of issuance of a non-binding report by 15th of November (each year). Other entities also have the opportunity to comment on the Tariff Proposal, e.g., the Competition Authority and the relevant (regulated) entities. Taking into account the non-binding assessment of the Tariff Council, ERSE will set the tariffs for the coming year, up to 15th of December.

ERSE establishes two sets of tariffs:

(a) Regulated end-user transitory tariffs to be applied by the Last Recourse Supplier to clients; and

(b) Access tariffs, for the use of the networks: (i) the electricity distribution network by the suppliers (the Last Recourse Supplier and the suppliers with clients that choose to be supplied in market conditions, freely negotiated); (ii) the electricity transmission network by the distribution operator and the suppliers or clients directly connected to such network; and (iii) the global management of the system.

Through Decree-Law no. 104/2010, of 29 September 2010 ("**Decree-Law 104/2010**"), the Portuguese Government determined the termination procedures in relation to the regulated end-user tariff for large clients (very high, high, medium and special low voltage) starting at the beginning of 2011. During 2011, a transitory regulated end-user tariff for large clients was available. The end of this transitory regulated end-user tariff (for all segments except normal low-voltage) was scheduled to occur on 1 January 2012, but, nevertheless, a transitory regulated tariff continued to be applied in 2012 and Decree-Law no. 256/2012, of 29 November, extended its application until 31 December 2013. Decree-Law no. 13/2014, of 22 January, extended the period of application of the regulated transitory end-user tariff for large clients until such date to be defined through Order of the member of the government responsible for the energy sector. This extension is only applicable to clients supplied in high, medium and special low voltage, thus excluding the clients supplied in very high voltage. Order no. 27/2014, of 4 February, established

(2) In the Portuguese mainland. There is convergence policy for the Madeira and Azores autonomous region.

(3) Exception for 2005, which was a one year regulatory period.

31 December 2014 as being the date until which the regulated transitory end-user tariff for large clients should continue to apply.

Notwithstanding the fact that date of December 31, 2014 was scheduled to be the date for the extinction of high, medium and special low voltage end-user transitory tariffs, ERSE has maintained the publication of the end-user transitory tariffs for high, medium and special low voltage in its tariffs for 2015.

On 28 July 2011, pursuant to the Memorandum of Understanding underwritten by the Portuguese Government, the European Union, the International Monetary Fund and the European Central Bank, a Resolution of the Council of Ministers no. 34/2011, of 1 August 2011 ("**Resolution of the Council of Ministers 34/2011**"), approved the calendar for termination of the regulated end-user tariff and the introduction of a transitory regulated end-user tariff for standard low voltage electricity consumers and set the beginning of December 2011 as the deadline for the enactment of all necessary legislation to enforce this measure. The Resolution of the Council of Ministers 34/2011 provided for the end of the regulated end-user tariff for the electricity supplied to standard low voltage electricity consumers with contracted power equal to or under 41.4 kVA and equal to or higher than 10.35 kVA by 1 July 2012 and consumers with contracted power under 10.35 kVA by 1 January 2013.

Materializing this Resolution of the Council of Ministers 34/2011, Decree-Law no. 75/2012, of 26 March 2012, established the extinction of the electricity regulated end-user tariff for the electricity supplied to standard low voltage consumers and approved the application of an aggravating factor to encourage the transition to the liberalised market. However, pursuant to the enactment of Law no. 105/2017, of 30 August, which amended Decree-Law no. 75/2012, the aggravating factor is no longer applicable. This law further establishes that low voltage electricity consumers who have migrated to the liberalised market may choose a regime equivalent to the one applicable to consumers who are supplied by the Last Resort Supplier, i.e., to benefit from transitional or regulated tariffs until the extinction of such tariffs. The terms of this equivalent regime have been approved by Ministerial Order no. 348/2017, of 14 November, which allows low voltage consumers who are being supplied under the liberalised market to exercise the right to choose this regime (i.e., to be charged a price equivalent to the end-user tariff established by ERSE) until 31 December 2020. Suppliers may or may not have this commercial offer available for their clients: if not, the supply agreement will terminate and the Last Recourse Supplier must supply the costumer. This Ministerial Order also creates information obligations to ERSE for suppliers who offer this equivalent regime, as well as an obligation applicable to all suppliers operating under the liberalised market to include the difference between the market price and the end-user tariff in all invoices.

As per Ministerial Order no. 39/2017, of 26 January, which amended Ministerial Order no. 97/2015, of 30 March, the regulated tariffs extinction process for low voltage consumers must be completed until 31 December 2020. Until such date, that the Last Recourse Supplier must continue to supply electricity consumers which have not yet migrated to the liberalised market. Afterwards, the transitory end-user regulated tariff shall be extinguished and consumers are expected to be supplied by suppliers operating in the liberalised market (except if considered vulnerable consumers, as explained below).

The Portuguese Government had established a social tariff and an extraordinary social support mechanism for electricity consumers (ASECE).

ASECE has been recently abolished (amendment effective as of 1 July 2016) by Law no. 7-A/2016, 30 March (2016 State Budget Law), which aims to create a single and automatically

applicable social tariff and to expand the eligibility criteria that allow for the attribution of the social tariff.

Pursuant to Decree-Law no. 138-A/2010, of 28 December (as amended by Decree-Law no. 172/2014, of 14 November, and by Law no. 7-A/2016, 30 March) and to Ministerial Order no. 178-B/2016, of 1 July, the single social tariff applies to vulnerable electricity consumers and corresponds to a discount in the low voltage electricity grid access tariff (as per the Tariff Regulation). Order no. 5138-A/2016, of 14 April, stipulates that the aforementioned discount applicable to the low voltage electricity grid access tariff shall correspond to a discount of 33.8% on the transitional tariffs applicable to the sale of electricity to final consumers (excluding VAT and any other applicable taxes).

1.2. Different Tariffs and their Components

The Tariff Regulation establishes six activities for the tariff setting procedure, with the obligation to keep them in separated regulated accounts. Each of these activities is remunerated by a corresponding sub-tariff:

ACTIVITIES	CORRESPONDING SUB-TARIFF
Acquisition and Sale of Electricity	Energy Tariff ("**E**")
Global Management of the System	Global Use of System Tariff ("**UGS**")
Switching	Switching Operator Tariff ("**OLMC**")
Electricity Transmission	Transmission Network Use Tariff ("**URT**")
Electricity Distribution	Distribution Network Use Tariff ("**URD**")
Electricity Supply	Supply Tariff ("**C**")

The addition of all those sub-tariffs leads to the regulated end-user tariffs applied by the Last Resort Supplier, reflecting one of the main regulatory principles – the additivity concept.

At the beginning of each three-year regulatory period, ERSE establishes the allowed revenues ("*proveitos permitidos*") for each of the regulated activities (electricity transmission, electricity distribution, switching and regulated electricity supply) that reflects net operational costs (including fixed assets depreciation) plus a regulatory WACC (weighted average cost of capital) on the net regulated asset base of each activity, plus differences in allowed revenues from prior years and the corresponding invoiced amounts, including an interest component related to those differences[4].

For the current regulatory period 2018-2020, the rate of return ("RoR") for investments on electricity distribution was set at 5.75%. For electricity transmission the rate of return ("RoR") was set at 5.5% for investments non-valued at reference prices and at 6.25% for those valued at reference prices. Efficiency targets are also set, which for the 2018-2020 regulatory period were fixed by ERSE for electricity distribution at 2.0% and for electricity transmission at 1.5% per year.

([4]) Usually Euribor + spread.

The **Energy Tariff** is the wholesale tariff under which the Last Resort Supplier sells energy to the regulated end-user consumers. It essentially reflects:

The energy purchase costs in organised markets borne by the Last Resort Supplier, and

- All the costs incurred with the purchase of electricity to special regime generators corresponding to RES (Renewable Energy Sources) and cogeneration.

The **Global Use of System Tariff** (the "**UGS Tariff**") is not only an ancillary services tariff, taking into account that it also reflects some global costs of the National Electricity System. This tariff includes, among others, the following costs (CIEG – *Custos de Interesse Económico Geral*):

The over costs incurred with the acquisition of special regime generation, corresponding to the difference between the acquisition price of special regime generation according to administrative prices and the sale price of the respective energy valued according to market prices;

- The CMEC (*Custos de Manutenção do Equilíbrio Contratual*): costs for the maintenance of contractual balance of generation plants that had Power Purchase Agreements, phased-out in July 2007;

- The over costs incurred with the existing (non-phased-out) Power Purchase Agreements, corresponding to the difference between the total costs of the electricity acquired under the existing Power Purchase Agreements and the revenues from the sale of such electricity;

- The recovery of 2006 and 2007 Tariff Deficits and the Extraordinary Tariff Deviations;

- The recovery of special regime generation overcost deficits; and

- Other: general economic interest costs, such as the costs with the guaranteed capacity remuneration, the per-equation costs of the tariffs of Azores and Madeira archipelagos, costs with the electricity system sustainability arising out of the tariff adjustments, costs with the remuneration and amortization of the hydro-domain properties, costs with promotion plans to energy efficiency and environment and others.

The UGS Tariff is paid by all customers, independently of being supplied by the Last Resort Supplier or by other suppliers.

The **Switching Operator Tariff**, applied to the Distribution Grid Operator, recovers the costs incurred by Switching Operator.

The **Transmission Network Use Tariff** revenues, whose main components are the regulatory rate of return on net fixed transmission assets and the depreciation of those assets, also include the network forecast operation and maintenance costs approved by the regulator.

This tariff is paid to the concessionaire entity of the transmission network:

(i) A part by all electricity producers and

(ii) The remaining part by the concessionaire entity of the distribution network, which applies to the energy consumption of all customers.

Regarding the tariff structure, the Transmission Network Use Tariff has three components: one for capacity, one for active energy and another for reactive energy. The transmission / distribution physical frontier is done at High Voltage. The Very High Voltage tariff is only needed for

customers directly connected at that voltage level. Different price levels are considered at Very High Voltage and High Voltage.

The **Distribution Network Use Tariff** annual revenues are set by a hybrid regulation method, i.e.:

a) For Medium and High Voltage levels, Capex is regulated by a rate of return method and Opex by "RPI – X" method, given the initial fixed and variable parameters set at the beginning of each regulatory period.

b) For Low Voltage Level, a "RPI – X" method is applied to total costs (Totex), given the initial variable parameters set at the beginning of each regulatory period.

The **Supply Tariff** annual revenues are set by "RPI – X" method, given the initial fixed and variable parameters by voltage level, set at the beginning of each regulatory period. The variable parameters are applied to the expected number of customers under the regulated tariffs regime – clients of the Last Resort Supplier. The structure of this tariff consists on a fixed component and an energy related component, both of which are differentiated by voltage level.

Further to determining the allowed revenues methodology for each activity, the Tariff Regulation sets the tariffs structure that will recover the respective allowed revenues ("*proveitos permitidos*") on an annual basis.

The general structure of the tariffs by activity is depicted in the next table:

Tariffs General Structure by Activity[5]

Tariffs per activity	Tariff Prices								
	TPc	TPp	TWp	TWc	TWvn	TWsv	TWrc	TWri	TF
E	-	-	X	X	X	X	-	-	-
UGS	X	-	X	X	X	X	-	-	-
OLMC	X	-	-	-	-	-	-	-	-
URT_{MAT}	X	X	X	X	X	X	X	X	-
URT_{AT}	X	X	X	X	X	X	X	X	-
URD_{AT}	X	X	X	X	X	X	X	X	-
URD_{MT}	X	X	X	X	X	X	X	X	-
URD_{BT}	X	X	X	X	X	X	X	X	-
C_{NT}	-	-	X	X	X	X	-	-	X
C_{BTE}	-	-	X	X	X	X	-	-	X
C_{BTN}	-	-	X	X	X	X	-	-	X

Source: Tariff Regulation (Table 4)

The Tariff Regulation establishes the principle of tariff additivity. This principle means that tariffs to be applied to customers of the Last Resort Supplier have the following sub-components, which are added to set the respective tariff:

([5]) Legend can be found below.

Tariffs Included in End-User Transitory Tariffs to be applied by Last Recourse Supplier[6]

End-User Transitory Tariffs		Tariff Prices								
Tariffs	Time of use period	TPc	TPp	TWp	TWc	TWvn	TWsv	TWrc	TWn	TF
BTN (3)	3	UGS URD_{BT} OLMC	-	E UGS URT_{AT} URD_{AT} URD_{MT} URD_{BT} C_{BTN}	E UGS URT_{AT} URD_{AT} URD_{MT} URD_{BT} C_{BTN}	E UGS URT_{AT} URD_{AT} URD_{MT} URD_{BT} C_{BTN}		-	-	C_{BTN}
BTN (2)	2	UGS URD_{BT} OLMC	-	E UGS URT_{AT} URD_{AT} URD_{MT} URD_{BT} C_{BTN}		E UGS URT_{AT} URD_{AT} URD_{MT} URD_{BT} C_{BTN}		-	-	C_{BTN}
BTN (1)	1	UGS URD_{BT} OLMC	-	E UGS URT_{AT} URD_{AT} URD_{MT} URD_{BT} C_{BTN}				-	-	C_{BTN}

Source: Tariff Regulation (Table 5)

On the other hand, Access Tariffs applied by distribution operators to suppliers contain the following components:

(6) Legend can be found below, at page 104.

Tariffs Included in Access Tariffs applied by Distribution Grid Operators[7]

Tariffs per activity	Access Tariffs Applied by Distribution Grid Concessionaires				
	MAT	AT	MT	BTE	BTN
UGS	X	X	X	X	X
OLMC	X	X	X	X	X
URT_{MAT}	X	-	-	-	-
URT_{AT}	-	X	X	X	X
URD_{AT}	-	X	X	X	X
URD_{MT}	-	-	X	X	X
URD_{BT}	-	-	-	X	X

Source: Tariff Regulation (Table 3)

([7]) Legend can be found below, at next page.

Legend:

MAT	Very High Voltage
AT	High Voltage
MT	Medium Voltage
BTE	Special Low Voltage
BTN	Normal Low Voltage
E	Energy Tariff
UGS	Global Use of System Tariff
OLMC	Switching Operator Logistics Tariff
URT_{MAT}	Transmission Grid Use Tariff – Very High Voltage
URT_{AT}	Transmission Grid Use Tariff – High Voltage
URD_{AT}	Distribution Grid Use Tariff – High Voltage
URD_{MT}	Distribution Grid Use Tariff – Medium Voltage
URD_{BT}	Distribution Grid Use Tariff – Low Voltage
C_{NT}	Supply Tariff – High and Medium Voltage
C_{BTE}	Supply Tariff – Special Low Voltage
C_{BTN}	Supply Tariff – Standard Low Voltage
TPc	Subscribed Capacity Price
TPp	Capacity Price in peak load hours
TWp	Energy Price – Peak load hours
TWc	Energy Price – Full load hours
TWvn	Energy Price – Normal low load hours
TWsv	Energy Price – Super low load hours
TWrc	Reactive Energy Price – supplied to the customer
TWri	Reactive Energy Price – received by the network
TF	Fixed Tariff Price

1.3. Tariff Deviations and Tariff Deficits

1.3.1. Ordinary Tariff Deviations

As mentioned above, the allowed revenues of each regulated activity for year t of tariffs are defined by ERSE up to 15th of December of the preceding year (t-1), based on forecasts.

The tariff deviation regarding year t corresponds to the difference between the amounts actually charged by the regulated companies (based on the tariffs published by ERSE on December of the previous year t-1) and the allowed revenues ("*proveitos permitidos*") calculated on the basis of actual figures.

All the regulated activities may incur in tariff deviations. Some of these deviations are recovered in the following year (referring to t-1) and others only two years after (referring to t-2).

1.3.2. Extraordinary Deviations

Decree-Law no. 165/2008, of 21 August ("**Decree-Law 165/2008**"), allows extraordinary variations in energy costs to be recovered in a period of time up to 15 years. These energy costs refer to:

(c) Acquisition of electricity incurred by the Last Recourse Supplier;

(d) Energy policy, sustainability or general economic interest.

This Decree-Law resulted from the need to protect consumers from high volatility of electricity prices related to, for instance, abnormal growth in fuel costs.

Decree-Law 165/2008 also establishes a general rule stating that, if extraordinary events occur that significantly affect the electricity sector, ERSE may propose to the Minister responsible for the energy sector (up to 10th of September of each year) mechanisms to mitigate the immediate impact of those extraordinary events on tariffs. The proposal may only relate to exceptional events occurred in that year, and must include the conditions to reflect the total costs on the tariffs of subsequent years. The Minister will then establish the final amount of such costs to be deferred, as well as the correspondent period of recovery, instalment regime and interest rate, through a Ministerial Order.

In setting the 2009 tariffs, ERSE acknowledged that the combination of high energy cost deviations and growth of estimated costs for 2009 would have implied an extremely large tariff variation scenario (around 40%[8]).

Within this scenario, the mechanism approved by Decree-Law 165/2008 was invoked, allowing the spread of the following effects on electricity tariffs for a period of 15 years, starting in 2010:

- The 2007 and 2008 deviations of the electricity acquisition costs incurred by the Last Recourse Supplier; plus
- The special regime generation over costs estimated for 2009.

([8]) ERSE document "Tarifas e Preços para a Energia Eléctrica e Outros Serviços em 2009 e parâmetros para o período de regulação 2009-2011" and "Apresentação Tarifas 2009".

1.3.3. Tariff Deficits

Tariff deficits are created when there is a limit or a cap, imposed by law or other regulations, on the variations of the regulated tariffs above a particular level. The payment / recovery of the estimated costs which were not included in the allowed revenues of that particular year is delayed for the following years.

In 2011, to ensure a sustainable electricity sector in Portugal, a rule was established in Decree-Law 29/2006 for the deferral of over costs with the acquisition of electricity under the special regime generation, which was mandatory for the 2012 over costs and optional until 2015, over a period of 5 years. As such, in 2012, ERSE has deferred for a five year period the recovery of the special regime generation over costs forecasted for that year. For the special regime generation over costs in respect of 2013, 2014, 2015, 2016, 2017 and 2018 ERSE has made use of the faculty attributed to it by number 2 of article 73-A of Decree-Law 29/2006 and has applied the same methodology, which means that such over cost amounts where deferred for a period of five years and will be recovered in the tariffs between 2013 to 2017, 2014 to 2018, 2015 to 2019, 2016 to 2020, 2017 to 2021 and 2018 to 2022, respectively.

According to Decree-Law no. 109/2011, of 18 November, to prevent an increase of the electricity tariffs, the Government has exceptionally deferred the annual adjustments of the CMEC on the year of 2010. This amount was recovered in the 2013 tariffs. This exception has once more been applied to the annual adjustments of the CMEC on the year of 2011 and 2012, which was deferred and will only be recovered in the tariffs of 2014 to 2015 and 2017 to 2018, respectively, in equal parts, accordingly with Decree-Law no. 256/2012, of 29 November and Decree-Law no 32/2014, of 28 February.

1.3.4. Total Tariff Deficit and Extraordinary Tariff Deviations

The table below presents the total tariff deficit (in euros) as at the end of 2018, as shown on the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*" published on 15 December 2017:

Euros	Deficit Amount as of 31-12-2017	Amounts included in 2018 Tariffs	Deficit Amount as of 31-12-2018
EDP Serviço Universal	**4.276.534.526**	**1.604.996.161**	**3.653.750.293**
Deferment of the 2014 special regime generation surcharge	**388.120.448**	**406.845.319**	**0**
EDP Serviço Universal	95.156.654	99.747.487	0
BCP	46.681.212	48.933.348	0
Santander	52.781.226	55.327.656	0
TAGUS, SA	129.732.175	135.991.104	0
CGD	31.002.962	32.498.700	0
Banco Popular	32.766.218	34.347.024	0
Deferment of the 2015 special regime generation surcharge	**752.324.328**	**393.249.767**	**381.745.855**
EDP Serviço Universal	18.726.577	9.788.627	9.502.276
BCP	143.852.065	75.193.356	72.993.690
Caixa Bank	518.351.077	270.948.888	263.022.699
Banco Popular	71.394.609	37.318.896	36.227.190
Deferment of the 2016 special regime generation surcharge	**933.640.024**	**325.258.013**	**629.294.614**
EDP Serviço Universal	22.342.272	7.783.517	15.059.200
BCP	74.414.303	25.924.176	50.156.933
CGD	110.350.759	38.443.584	74.378.922
Santander	147.387.096	51.346.164	99.342.255
TAGUS, SA	446.841.984	155.669.136	301.181.661
BPI	75.213.611	26.202.636	50.695.685
BBVA	57.089.999	19.888.800	38.479.958
Deferment of the 2017 special regime generation surcharge	**1.320.165.801**	**345.684.396**	**999.279.399**
EDP Serviço Universal	431.514.307	112.991.688	326.628.184
BCP	95.739.385	25.069.284	72.468.469
Banco Popular	46.977.309	12.300.972	35.558.758
BPI	71.804.527	18.801.960	54.351.343
Santander	95.739.430	25.069.296	72.468.504
TAGUS, SA	578.390.843	151.451.196	437.804.140
Deferment of the 2018 special regime generation surcharge	**0**	**0**	**881.196.333**
TAGUS, SA	**882.283.926**	**134.334.010**	**762.234.093**
2007 and 2008 extraordinary tariff deviations	653.171.848	99.450.065	564.296.636
2009 special regime generation surcharge	229.112.078	34.883.945	197.937.457
Share premium under no. 6 of the Dispatch no. 27677/2008	**0**	**-375.344**	**0**
Securitisation of the 2009 special regime generation surcharge	0	-375.344	0
EDP Distribuição	**120.434.709**	**123.178.814**	**0**
Deferment of the CMEC adjustment of 2012	120.434.709	123.178.814	0
EDP Distribuição	6.021.741	6.143.882	0
TAGUS, SA	114.412.968	117.034.932	0
Total	**4.396.969.235**	**1.728.174.975**	**3.653.750.293**

Source: ERSE document "Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020" (translation of Table 0-12)

The table above does not include subsequent events to the publication of the referred document, namely the sales that occurred in 2018 relating to the Over Costs of the year 2017.

2. The Over Costs

2.1. Background of its existence

The Electricity Regime is based on the principles of market liberalisation and competition, aiming at achieving Portugal's energy policy goals and contributing to consumer protection.

The current Government's political objectives for the electricity sector comprise the promotion of a tariff stabilisation trend in a competitive environment and the protection of consumers' economic interests.

The existence of important fluctuations in the structural costs of the SEN, such as the costs with the acquisition of electricity, requires that the integration of the corresponding deviations is gradually made over time, in order to mitigate tariff volatility, while assuring the inter temporal balance between the regulated and the liberalised markets, thus ensuring SEN's sustainability.

Additionally, the Government's goal of enhancing electricity generation capacity through endogenous and renewable energy sources, which brings inter temporal social benefits, as well as the impacts on tariffs from other sustainable or general economic interest measures, justifies the creation of a mechanism allowing, in some circumstances, for a gradual and adequate tariff repercussion of those measures.

One of such measures has been the implementation of energy policies that promote the investment in energy generation from renewable sources. As part of such energy policies, and as a condition for the investment in new and more efficient renewable energy facilities, some guarantees were given to prospective investors. One of those guarantees was the assurance that all the energy generated by their renewable energy facilities was automatically sold at a special tariff or guaranteed remuneration that allowed the stable amortization of the investments made.

To that end, and as provided for under paragraph a) of no. 1 of article 55 of Decree-Law 172/2006, the last recourse supplier has the obligation to acquire all the electricity generated under the special regime that benefit from the special tariffs and/or guaranteed remuneration. Such obligation entails costs to the last recourse supplier, in particular those additional costs corresponding to the difference between the acquisition price of special regime generation according to administrative prices and the sale price of the respective electricity valued according to market prices.

2.2. Overview of Legal and Regulatory Framework for the Over Costs

The Credit Rights are recognised under ERSE's decision formalised in the document that sets out the tariffs for 2018 "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-202*", published on 15 December 2017 available at www.erse.pt, and pursuant to article 73-A of Decree-Law 29/2006 and correspond to the right of the Assignor to receive, through the electricity tariffs, the amount of additional costs already partially incurred and still to be incurred in 2018, including the adjustments from the two previous years (2016 and 2017), by the Assignor in connection with the purchase of electricity from Special Regime Generators that benefit from a remuneration that has been administratively set. The Credit Rights, which are to be repaid over a period of five years from January 2018 to December 2022, have an amount of thousand €881,196 as set out in table 3-11 (capital amortizations), contained on page 74 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, accrued of interest at the definitive rate of 1.4919 per cent. p.a., calculated pursuant to the methodology contained in the Ministerial Order 279/2011 and the parameters set out in Order 11043/2017, as identified in table 0-7 contained on page 8 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt.

In addition, article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) currently in force as approved by the ERSE also establishes more generically the

right of the Assignor to receive any amounts arising out of the difference between (i) the costs of acquisition of electricity to Special Regime Generators that benefit from a remuneration that has been administratively set and (ii) the sale price of the respective electricity valued according to market prices. Such additional costs already partially incurred and still to be incurred in 2018, including the adjustments from the two previous years (2016 and 2017), by the Assignor in connection with the purchase of electricity from special regime generators for 2017 correspond to the Over Costs.

Under article 73-A of Decree-Law 29/2006 the Receivables should be recovered, through the electricity tariffs, by way of inclusion of the amounts of the Over Costs in the allowed revenues ("*proveitos permitidos*") of the Assignor for the period between January 2018 and December 2022, remunerated at an interest rate calculated pursuant to the methodology contained in the Ministerial Order 279/2011 and the parameters set out in Order 11043/2017.

The calculation of each year's allowed revenues ("*proveitos permitidos*") of the Assignor is made by ERSE pursuant to article 104 and following articles of the Tariff Regulation (*Regulamento Tarifário*) currently in force as approved by ERSE, and in such calculation ERSE takes into account the Over Costs, as provided for under article 105 of the Tariff Regulation (*Regulamento Tarifário*). Such allowed revenues ("*proveitos permitidos*") are recovered by the Distribution Grid Operator ("**EDP Distribuição – Energia, S.A.**" or "**DGO**") – through the prices for energy of the II component of the global use of system tariff (the "**UGS Tariff**") pursuant to article 97 of the Tariff Regulation (*Regulamento Tarifário*) and transferred to the Assignor.

In addition, the billing and collection process of the Receivables is governed by the provision of article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) currently in force as approved by ERSE and article 105 of the Tariff Regulation (*Regulamento Tarifário*).

2.3. Legal Assignment / Transfer to a Third Party

Pursuant to number 3 of article 73-A of Decree-Law 29/2006, the component of the allowed revenues ("*proveitos permitidos*") of the Assignor corresponding to the Over Costs should be identified as a tariff deviation and is capable of being assigned to third parties pursuant to article 3 of Decree-Law 237-B/2006 and articles 3(3) and 5 of Decree-Law 165/2008.

Article 3 of Decree-Law 237-B/2006 establishes the following:

- in the case of assignment of the right to receive tariff deficits or deviations, together with accrued interest thereto, the assignees are not considered entities operating in the SEN, but they benefit from Decree-Law 237-B/2006 special regime regarding the enforcement of the regulated operators' rights, namely those in respect to billing and collection of the assigned credits and to the delivery of the amounts collected through electricity tariffs;

- in the case of insolvency of the Assignor (a regulated entity of the SEN), or its respective custodians, the amounts from the tariff deficits or deviations in their possession shall not constitute a part of the respective insolvency estate. In such an event, ERSE shall determine, as soon as possible, the tariff deficit or deviation amounts and deliver them to the relevant regulated operator or to the assignee entities;

- the charges included in the electricity tariffs are exclusively allocated to the payment of the tariff deficits and deviations to each regulated operator and do not answer for any other debts of the entities in the National Electricity System's billing chain, or its custodians, and are subject to segregation in those entities' accounts.

Article 3(3) of Decree-Law 165/2008 also recognises the possibility to assign the right to receive tariff deficits or deviations, together with accrued interest thereto.

In addition, article 5 of Decree-Law 165/2008 recognises that the annually calculated extraordinary tariff deviations due to the affected entities and the rights recognised in that Decree-Law maintain their existence even in the case of insolvency or termination of the activity of the affected entities. In this case, ERSE shall adopt the necessary measures to assure that the holder of these rights continues to recover the amounts outstanding until their full repayment.

2.4. Repayment Mechanism

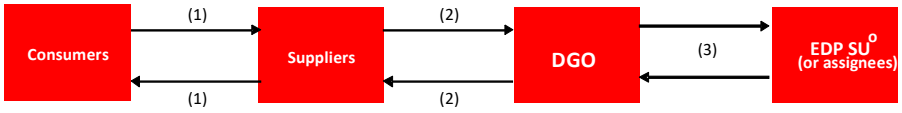
2.4.1. Calculation and Incorporation into the Tariff

The calculation of each year's allowed revenues ("*proveitos permitidos*") of the Assignor is made by ERSE pursuant to article 104 and following articles of the Tariff Regulation (*Regulamento Tarifário*) currently in force as approved by ERSE, and in such calculation ERSE takes into account the Over Costs, as provided for under article 105 of the Tariff Regulation (*Regulamento Tarifário*). Such allowed revenues ("*proveitos permitidos*") are incorporated into the prices for energy of the II component of the UGS Tariff pursuant to article 97 of the Tariff Regulation (*Regulamento Tarifário*).

Order 279/2011 establishes the methodology for the calculation of the remuneration rate applicable by virtue of the recovery of the Over Costs over a period of five years and Order 11043/2017 defined certain of its parameters. Such remuneration rate should, in accordance with article 73-A of Decree-Law 29/2006, consider the financial and economical balance of the regulated activities and the period of time for the integral recovery of the Over Costs.

2.4.2. Billing and Collection System / Chain

According to the provisions of the statutes and regulations in force and, in particular, pursuant to the provision of article 85 of the Commercial Relations Regulation (*Regulamento das Relações Comerciais*) currently in force as approved by ERSE and article 105 of the Tariff Regulation (*Regulamento Tarifário)* applicable to the recovery of the Over Costs, the billing and collection process is illustrated below:



- In the course of each month and within their normal activity, all suppliers invoice their customers, according to applicable regulated end user transitory tariffs (in the case of the last recourse suppliers such as, currently, the Assignor), or the liberalised end user price settled between suppliers and consumers (in the case of the liberalised suppliers), such invoices to include the amounts for all mandatory tariff components, including the access tariffs for the use of the networks that incorporate the UGS Tariff (1);

- DGO bills all the suppliers for the amounts corresponding to the access tariffs for the use of the networks that incorporate the UGS Tariff (which in turn includes the

monthly amounts in respect of the Over Costs), and receives payment in accordance with its regular billing and collection practices (2);

- by the 25th calendar day from the end of the month to which the amounts billed relate, the DGO should deliver the monthly instalments of the Over Costs to the Assignor and/or the monthly instalments of the Receivables to the purchaser of the Receivables (3). Pursuant to article 85 of the Commercial Relations Regulation (*Regulamento das Relações Comerciais*), any delay in the payment of the Receivables by the DGO will entitle the assignees to receive moratorium interests at the applicable legal rate.

In this context, and for the purposes of the Securitisation Law, the debtor notified and identified as such is the current DGO, EDP Distribuição is in a group relation with EDP, an entity which has securities admitted to trading on Euronext Lisbon.

2.5. Weight on Tariff

The Over Costs in the amount of thousand €881,196 are shown in the table below as "Capital amortization".

	2018 Special Regime Generation Over Costs Deferment					
Thousand euros	2018	2019	2020	2021	2022	Total
Special Regime Generation - Renewable						
Annuity	9.304	161.759	161.759	161.759	161.759	656.339
Capital amortization	0	152.455	154.730	157.038	159.381	623.604
Interest	9.304	9.304	7.029	4.721	2.378	32.735
Quinquennial smoothing	-623.604	161.759	161.759	161.759	161.759	656.339
Special Regime Generation - Nonrenewable						
Annuity	3.843	66.818	66.818	66.818	66.818	271.114
Capital amortization	0	62.975	63.914	64.868	65.836	257.592
Interest	3.843	3.843	2.903	1.950	982	13.522
Quinquennial smoothing	-257.592	66.818	66.818	66.818	66.818	271.114

Source: ERSE, "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*".

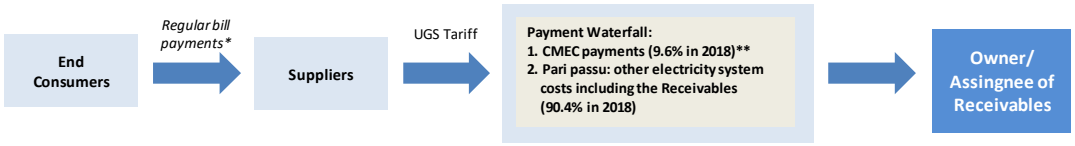
The amount of Over Costs is of thousand €881,196, as set out in table 3-11 (capital amortizations), contained on page 74 of the document "*Tarifas e Preços para a energia elétrica e outros serviços em 2018 e parâmetros para o período de regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, accrued of interest at the definitive rate of 1.4919 per cent. p.a., calculated pursuant to the methodology contained in Ministerial Order 146/2013 and the parameters set out in Ministerial Order 11043/2017.

Each annual instalment, from 2019 onwards, is estimated to be around €229 million which is equivalent to approximately 6.1% of the electricity sector allowed revenues for 2018: €3.8 billion.

The total amount outstanding in respect of the Over Costs is €881,196,333.06 fully owned by the Assignor. The Credit Rights assigned to the Issuer amount to €641,068,817.54. The Receivables assigned to the Issuer exclude any amounts in respect of the Credit Rights due on or prior to 25 June, 2018, such amounts not having been assigned to the Issuer.

2.6. Ranking in the Tariff

The Receivables rank *pari passu* to all other tariff components, with the exception of the CMEC amounts, which in 2018 represent approximately 9.6% of the allowed revenues.



** The Receivables are not a specific line item on the bill*
*** Following early termination of the PPA on 1 July 2007, CMEC payments were legislated to reconcile the actual revenue generated in the market to the initial expected revenues (calculated by reference to amounts expected to be received under the PPA)*

DESCRIPTION OF THE ISSUER

1. Introduction

The Issuer is a limited liability company by shares registered and incorporated in Portugal on 11 November 2004 as a special purpose vehicle (known as "**Securitisation Company**") for the purpose of issuing asset-backed securities under the Securitisation Law and has been duly authorised by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") through a resolution of the Board of Directors of the CMVM for an unlimited period of time and was given registration number 9114.

The registered office of the Issuer is at Rua Castilho, 20, 1250-069, Lisbon, Portugal. The contact details of the Issuer are as follows: telephone number (+351) 21 311 1200; fax number (+351) 21 352 6334. The Issuer is registered with the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 507130820.

The Issuer has no subsidiaries.

2. Main activities

The principal objects of the Issuer are set out in its articles of association (*Estatutos* or *Contrato de Sociedade*) and permit, *inter alia*, the purchase of a number of portfolios of assets from public and private entities and the issue of notes in series to fund the purchase of such assets and the entry into of the applicable Transaction Documents to effect the necessary arrangements for such purchase and issuance including, but not limited to, handling enquiries and making appropriate filings with Portuguese regulatory bodies and any other competent authority and any relevant stock exchange.

3. Corporate bodies

Board of Directors

The directors of the Issuer appointed for the term 2016/2018, their respective business addresses and their principal occupations outside of the Issuer are:

NAME	BUSINESS ADDRESS	PRINCIPAL OCCUPATIONS OUTSIDE OF THE ISSUER
Bernardo Luis de Lima Mascarenhas Meyrelles do Souto (Chairman)	Rua Castilho, 20, 1250-069, Lisbon, Portugal	Representative of Deutsche Bank Aktiengesellschaft
Jerome David Beadle	Rua Castilho, 20, 1250-069, Lisbon, Portugal	Officer of Deutsche Bank Aktiengesellschaft
José Francisco Gonçalves de Arantes e Oliveira	Rua Castilho, 20, 1250-069, Lisbon, Portugal	Officer of Deutsche Bank Aktiengesellschaft

There are no potential conflicts of interest between any duties of the persons listed above to the Issuer and their private interests.

Supervisory Board

The members of the supervisory board of the Issuer for the term 2016/2018 are as follows:

Chairman: Leonardo Bandeira de Melo Mathias;

Members: Pedro António Barata Noronha de Paiva Couceiro and João Alexandre Marques de Castro Moutinho Barbosa;

Alternate member: Catarina Isabel Lopes Antunes Ribeiro.

The members of the Supervisory Board are appointed by the Shareholders General Meeting and the relevant term of office is three years.

The Supervisory Board professional address is located at Rua Castilho, 20, 1250-069, Lisbon, Portugal.

Independent and statutory auditor

The Issuer's independent and statutory auditor is PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. ("**PwC**"), which is registered with the Chartered Accountants Bar under number 183 and is represented by José Manuel Henriques Bernardo, ROC no. 903. The registered office of PwC is Palácio Sottomayor, Rua Sousa Martins, no. 1, 3rd floor, 1069-316, Arroios parish, Lisbon, Portugal. PwC has taxpayer number 192184113.

PwC is registered with the CMVM under number 20161485.

PwC (represented by Mr. José Manuel Henriques Bernardo) was appointed by resolution of the Issuer's Shareholder General Meeting dated 4 July, 2016 and the relevant term of office is three years (2016/2018).

Chairman and Secretary of the Shareholders meeting and Secretary of the Company

The chairman of the Issuer's Shareholder General Meeting is Hugo Moredo Santos and the secretary of the Issuer's Shareholder General Meeting is Tiago Correia Moreira.

The Issuer has no employees. The secretary of the company of the Issuer is Elisa Maria Seara Lucas Vaz with offices at Rua Castilho, no. 20, 1250-069 Lisbon, Portugal.

Legislation Governing the Issuer's Activities

The Issuer's activities are specifically governed by the Securitisation Law and supervised by the Portuguese Securities Market Commission (CMVM).

Insolvency of the Issuer

The Issuer is a special purpose vehicle and as such it is not permitted to carry out any activity other than the issue of securitisation notes and certain activities ancillary thereto including, but not limited to, the borrowing of funds in order to ensure that securitisation notes have the necessary liquidity support and the entering into of documentation in connection with each such issue of securitisation notes.

Accordingly, the Issuer will not have any creditors other than the Portuguese Republic in respect of tax liabilities, if any, the Noteholders and the Transaction Creditors, third parties in relation to any Third Party Expenses, and noteholders and other creditors in relation to other series of securitisation notes issued or to be issued in the future by the Issuer from time to time.

The segregation principle imposed by the Securitisation Law and the related privileged nature of the noteholders' entitlements, on the one hand, together with the own funds requirements and the limited number of general creditors a securitisation company may have, on the other, makes the insolvency of the Issuer a remote possibility. In any case, under the terms of the Securitisation Law, such remote insolvency would not prevent Noteholders from enjoying privileged entitlements to the Asset Pool.

4. Capital requirements

The Securitisation Law imposes on the Issuer certain capitalisation requirements for supervisory purposes.

The level of capitalisation of the Issuer is determined by reference to the nominal amount outstanding of notes issued by the Issuer and traded (*em circulação*) at any given point in time. Apart from the minimum share capital, a securitisation company ("**STC**" or *sociedade de titularização de créditos*) must meet further own funds levels depending upon the nominal amount outstanding of the securitisation notes issued. In this respect, (a) if the nominal amount outstanding of the notes issued and traded is €75 million or less, the own funds of the Issuer shall be no less than 0.5% of the nominal amount outstanding of such notes, or (b) if the nominal amount outstanding of the notes issued and traded exceeds €75 million, the own funds of the Issuer, in relation to the portion of the nominal amount outstanding of the notes in excess of €75 million, shall be 0.1% of the nominal amount outstanding of such notes.

An STC can use its own funds to pursue its activities. However if, at any time, the STC's own funds fall below the percentages referred to above the STC must, within three months, ensure that such percentages are met. CMVM will supervise the Issuer in order to ensure that it complies with the relevant capitalisation requirements.

The required level of capitalisation can be met, *inter alia*, through share capital, ancillary contributions (*prestações acessórias*) and reserves as adjusted by profit and losses.

The entire authorised share capital of the Issuer corresponds to €250,000.00 and comprises 50,000 issued and fully paid shares (the "**Shares**") of €5.00 each.

The amount of supplementary capital contributions (*prestações acessórias*) made by Deutsche Bank Aktiengesellschaft (the "**Shareholder**") amount to €13,086,593 and they relate to, and form part of, the Issuer's regulatory own funds.

5. The Shareholder

All of the Shares are held directly by the Shareholder. There are not any special mechanisms in place to ensure that control is not abusively exercised. Risk of control abuse is in any case mitigated by the provisions of the Securitisation Law and the remainder applicable legal and regulatory provisions and the supervision of the Issuer by the CMVM.

6. Capitalisation of the Issuer

	As at 30 April 2018
Indebtedness	
Volta VI Electricity Receivables Securitisation Notes (Article 62 Asset Identification Code No. 201806TGSESUNXXN0104)	€652,163,000.00
Total Securitisation Transactions	€9,776,828,429.00
Share capital (Authorised €250,000; Issued 50,000 shares with a par value of €5 each)	€250,000.00
Ancillary Capital Contributions	€13,086,593.00
Reserves and retained earnings	€306,198.00
Net result	€211,145.00
Total capitalisation	€13,853,936.00

7. Other securities of the Issuer

The Issuer has not issued any convertible or exchangeable securities/notes.

8. Financial statements

Audited (non-consolidated) financial statements of the Issuer are to be published on an annual basis and are certified by an auditor registered with the CMVM. The first audited (non-consolidated) financial statement is for the period starting on the date of incorporation and ending on 31 December 2005.

DESCRIPTION OF THE ASSIGNOR

1. Overview of the EDP Group

EDP – Energias de Portugal, S.A. ("**EDP**") is a utility company established in Portugal and listed on Euronext - Euronext Lisbon. The main features of EDP are the following:

- A vertically integrated utility and the largest generator, distributor and supplier of electricity in Portugal;
- One of the largest utility operators in the Iberian Peninsula by installed capacity and electricity generation;
- One of the largest wind power operators worldwide, through its listed subsidiary EDP Renováveis, S.A., developing, building and operating windfarms for energy generation in the Iberian Peninsula, France, Belgium, Italy, Poland, Romania, the United States of America, Canada, Mexico and Brazil; additionally, EDP is also developing wind projects in the United Kingdom and operates solar photovoltaic in Portugal, Romania and the United States of America;
- In Brazil, in addition to a renewable energy generation business, EDP's activities cover the generation, distribution, supply and, more recently, the development of electricity transmission projects, through its listed subsidiary EDP Brasil S.A.;
- Low risk profile based on a stable and predictable cash flow generative asset base, with approximately 85% of EBITDA[9] (consolidated amounts in 2017) from regulated assets and long term contracted generation portfolio with a high share of renewables (hydro, wind and solar represent 74% of installed capacity)[10];
- A prudent financial policy;
- Current ratings of BBB- by S&P / Baa3 by Moody's / BBB- by Fitch;
- A supportive and stable shareholder base (see below);
- Total assets of EUR 42,075 million and net debt of EUR 13,902 million as of 31st December 2017,compared to total assets of EUR 44,084 million, net debt of EUR 15,923 million, as of 31 December 2016. In 2017, EBITDA of EUR 3,990 million and net profit attributable to equity holders of EDP of EUR 1,113 million, , compared to EBITDA of EUR 3,759 million and net profit attributable to equity holders of EUR 961 million in 2016.;
- As of 31st December 2017, EDP's market cap amounted to EUR 10,549 million.

([9]) EBITDA is defined as (i) revenues from energy sales and services and other; (ii) cost of energy sales and other; (iii) other income; (iv) supplies and services, (v) personnel costs and employee benefits; and (vi) other expenses.

([10]) EDP, 2017 Annual Report.

([3]) Net Debt is equal to the company's following calculation of line items from the company's December 2017 Balance Sheet and notes to the Financial Statements: (i) Financial Debt (as per note 34. Financial Debt); minus (ii) 50% of the 'hybrid bond' (note 29. Financial debt); minus (iii) 'Fair Value Hedge' (note 42. Derivative financial instruments); minus (iv) 'Cash and cash equivalents' (Balance Sheet); minus (v) 'Financial assets at fair value through profit or loss' (Balance Sheet).

1.1. Shareholder Structure

Following the full privatisation of EDP's share capital, which involved eight phases, the first in 1997 and the last one in February 2013, the main shareholders of EDP are as follows:

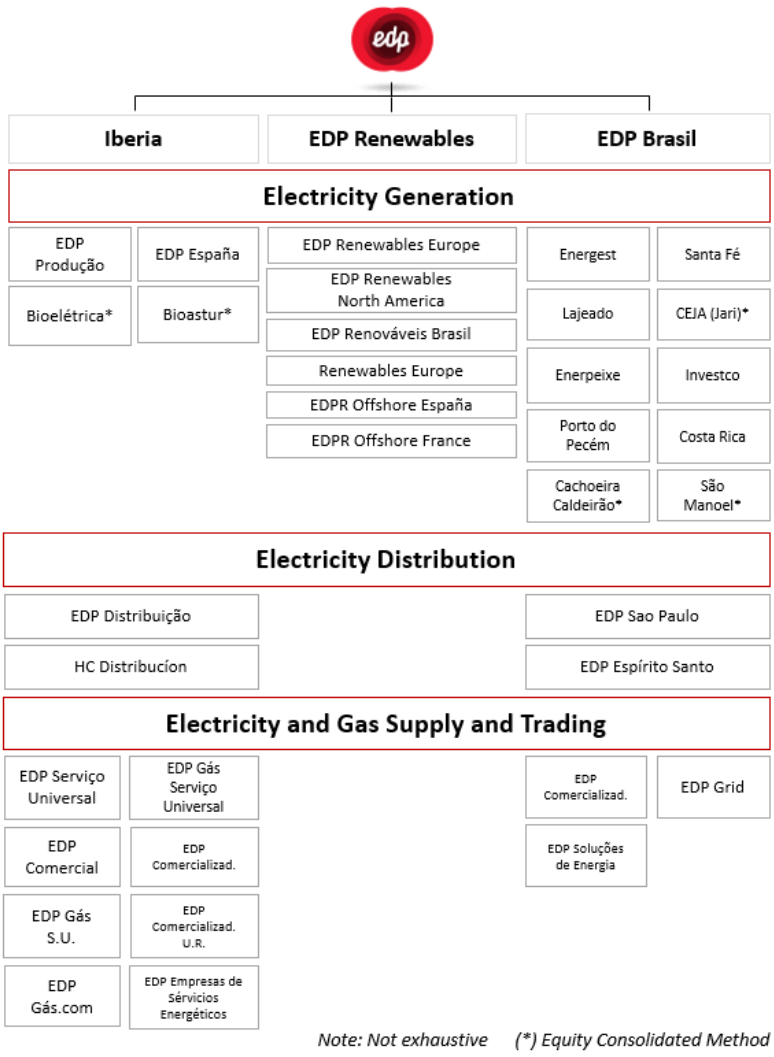
(as of 31st of December 2017)	Number of Shares	% Share Capital	% Voting Rights[4]
China Three Gorges[5]	850,777,024	23.27%	23.27%
CNIC Co., Ltd[5]	182,081,216	4.98%	4.98%
Capital Group Companies, Inc.	438,903,945	12.00%	12.00%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	148,431,999	4.06%	4.06%
Fundação Millenium BCP + Fundo de Pensões do Grupo Millenium BCP	89,126,167	2.44%	2.44%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	98,397,785	2.69%	2.75%
EDP (Treasury Stock)	21,906,324	0.60%	-
Remaining shareholders	1,211,257,093	33.13%	33.13%
Total	**3,656,537,715**	**100.00%**	

([4]) Under EDP's articles of association, no shareholder may exercise voting rights that represent more than 25% of the voting share capital.

([5]) According to paragraph 1(b) of article 20 of the Portuguese Securities Code, which dictates the aggregation of China Three Gorges and CNIC Co., Ltd.'s shares, a total of 28.25% of voting rights are attributable to People's Republic of China.

1.2. Business Structure

EDP Group structure is represented in the following chart:



Historically, electricity generation and supply, and distribution has been EDP's core business in Portugal. For geographical and regulatory reasons, the regional electricity market of the Iberian Peninsula is EDP's natural market and EDP has elected it as its core market for its main energy business. In Portugal, EDP's four main subsidiaries are:

- EDP – Gestão da Produção de Energia, S.A., the electricity generation company;
- EDP Distribuição – Energia, S.A., the electricity distribution company;
- EDP Serviço Universal, S.A. the last recourse supplier of electricity to regulated consumers; and
- EDP Comercial, S.A., the electricity supplier to clients in the liberalised market.

In Spain, EDP's main subsidiaries are:

- EDP España (which is 100% owned by EDP), operates conventional electricity generation plants, distributes electricity, and it supplies electricity and gas, mainly in the Asturias and Basque regions of Spain;

In 2017, EDP decided to sell its gas distribution business in Iberia to further support its deleveraging targets and the integration of its business model. As a result, in July EDP completed the sale of Naturgas Energía Distribucíon for an underlying enterprise value of €2.6 billion, and in October completed the sale of EDP Gás S.G.P.S., S.A. for an underlying enterprise value of €0.5 billion.

EDP Renováveis, S.A. (82.6% owned by EDP), is the company that develops, builds and operates the wind and solar energy generation business. It is listed on Euronext - Euronext Lisbon and holds a 100% stake in the share capital of the following companies, as of Dec-17: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, LLC (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), EDP Renováveis Brasil, S.A. (EDPR BR), EDPR Offshore España, S.L. (formerly South África Wind & Solar Power, S.L.U.) and EDPR Offshore France, S.A.S. (formerly EDPR Yield France Services, S.A.S.).

EDPR EU operates through its subsidiaries located in Spain, Portugal, France, Belgium, Netherlands, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renovables España, S.L. and EDPR Participaciones S.L. (wind farms in Spain), EDP Renováveis Portugal, S.A. and EDPR PT – Parques Eólicos, S.A. (wind farms in Portugal), EDP Renewables France and EDPR France Holding S.A.S. (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O and EDPR Renewables Polska HoldCo, S.A. (wind farms in Poland), EDPR România S.r.l. and EDPR RO PV S.r.l. (wind and photovoltaic solar farms in Romania), EDP Renewables Italy, S.r.l. and EDP Renewables Italia Holding, S.r.l. (wind farms in Italy) and EDPR UK Limited (offshore development projects in UK).

EDPR NA's main activities consist of the development, management and operation of wind and solar farms in the United States of America and providing management services for EDPR Canada and EDPR Mexico. EDPR Canada and EDPR Mexico's main activities consist of the development, management and operation of wind farms in Canada and Mexico.

EDPR BR's main activities consist of the development, management and operation of wind farms in Brazil.

2. EDP SU (the Assignor)

The main activity of EDP SU consists of electricity trading (purchase and sale), and the supply of related and complementary services. One of the activities of EDP SU is the purchase of the electricity produced by special regime generators that benefit from special tariffs and/or from a guaranteed remuneration, as applicable. As Last Recourse Supplier, EDP SU is responsible for the supply of electricity to eligible end-user consumers that choose to be supplied according to regulated end-user transitory tariffs set by ERSE.

The company was created in December 2006 with the purpose of implementing the Electricity Directives (written into national legislation by Decree-Law 29/2006 and Decree-Law 172/2006), concerning the creation of a "Last Recourse Supplier" and to implement the principle of legal independence between companies operating the electricity distribution grid and companies developing other activities related to electric energy, including trading and supply.

The share capital of EDP SU is exclusively held by EDP Distribuição as provided for in the law, pursuant to the demerger of EDP Distribuição's assets.

With effects as of January 1, 2007, EDP SU has been awarded a last recourse supplier license which sets the rights, obligations and other terms and conditions applicable to its activity.

DESCRIPTION OF THE SERVICER

Banco Comercial Português, S.A. (hereinafter, "**Millennium bcp**") has been appointed Servicer under the Receivables Servicing Agreement.

Millennium bcp is a bank incorporated in Portugal (a company open to public investment (*sociedade aberta*), with registered office at Praça D. João I, 28, in Oporto, with the share capital of €5,600,738,053.72, registered with the Commercial registry of Oporto with commercial registry and tax payer number 501 525 882), for an unlimited duration and with limited liability (*sociedade anónima*) under the Portuguese Companies Code. Millennium bcp's activities are mainly governed by Decree-Law no. 298/92, of 31 December, 1992, as amended.

According to the Portuguese Bank Association, Banco Comercial Português, S.A. is Portugal's largest privately owned financial institution by total consolidated assets. Banco Comercial Português, S.A. and its consolidated subsidiaries (together, the "**BCP Group**") offer a full range of banking and financial services, including deposit taking, lending, asset management, leasing and factoring, investment banking and brokerage services.

To complement its domestic Portuguese operations, the BCP Group has a targeted international presence in geographies with cultural and economic affinities with Portugal, with a particular focus in Poland and Mozambique.

DESCRIPTION OF THE PRINCIPAL PAYING AGENT, THE TRANSACTION MANAGER AND ISSUER ACCOUNTS BANK

Citibank N.A., London Branch, in its capacity as the bank at which the Issuer Accounts are held in accordance with the terms of the Issuer Accounts Agreement acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. In its capacity as Issuer Accounts Bank, Citibank is currently rated A by S&P and A1 by Moody's (long-term) and A-1 by S&P and P-1 by Moody's (short-term).

Citibank, N.A. is a national association formed through its Articles of Association, obtained its charter, 1461, July 17, 1865, and governed by the Laws of the United Satets and having its principal business office at 388 Greenwich Street, New York, NY100013, USA and also having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number FC001835 and branch number BR001018.

SELECTED ASPECTS OF PORTUGUESE LAW RELEVANT TO THE RECEIVABLES AND THE TRANSFER OF THE RECEIVABLES

SECURITISATION LEGAL FRAMEWORK

Securitisation Law

Decree-Law no. 453/99, of 5 November, as amended by Decree-Law no. 82/2002, of 5 April, Decree-Law no. 303/2003, of 5 December, Decree-Law no. 52/2006, of 15 March, and Decree-Law no. 211-A/2008, of 3 November (together the "**Securitisation Law**") has implemented a specific securitisation legal framework in Portugal, which contains a simplified process for the assignment of credits. The Securitisation Law regulates, amongst other things; (i) the establishment and activity of Portuguese securitisation vehicles; (ii) the type of credits that may be assigned for securitisation purposes; and (iii) the entities which may assign credits for securitisation purposes. Some of the most important aspects of this legal framework include:

(a) the establishment of special rules facilitating the assignment of credits in the context of securitisation transactions;

(b) the types of entities (referred to as originators) which may assign their credits pursuant to the Securitisation Law;

(c) the types of credits that may be assigned for securitisation purposes and the legal eligibility criteria such credits have to comply with; and

(d) the creation of two different types of securitisation vehicles (i.e., entities capable of acquiring credits from originators for securitisation purposes): (i) credit securitisation funds (*fundos de titularização de créditos* – "**FTC**"), and (ii) credit securitisation companies (*sociedades de titularização de créditos* – "**STC**").

Decree-Law no. 219/2001, of 4 August, as amended by Law no. 109-B/2001, of 27 December, Decree-Law no. 303/2003, of 5 December, by Law no. 107-B/2003, of 31 December, and by Law no. 53-A/2006, of 29 December (together the "**Securitisation Tax Law**") established the tax regime applicable to the securitisation of credits implemented under the Securitisation Law. The Securitisation Tax Law allows for a neutral fiscal treatment of securitisation vehicles as well as tax exemptions regarding the amounts paid by securitisation vehicles to non-resident entities without a permanent establishment in Portuguese territory. In addition, article 4(1) of Securitisation Tax Law, Circular no. 4/2014 and the Order issued by the Secretary of State for Tax Affairs, dated July 14, 2014, in connection with tax ruling no. 7949/2014 recently disclosed by tax authorities, foresee that the income tax exemptions foreseen in Decree-Law 193/2005 may also be applicable on the Notes in the context of Securitisation Transactions if the requirements (including the evidence of non-residence status) set out in Decree-Law 193/2005 are met. Failure to evidence non-residence status will result as a rule in a final withholding tax of 25% (for legal person) or 28% (for individuals). As a rule, a final withholding tax of 35% will become due in the event that such non-resident entity is domiciled in a country or territory included in the list of countries pursuant to Ministerial Order no. 150/2004, of 13 February, as amended from time to time. A final withholding tax of 35% also becomes due if investment income payment is made to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties.

For a more detailed description of the Portuguese taxation framework, please see the section "*Taxation*".

STC SECURITISATION COMPANIES

STCs are established for the exclusive purpose of carrying out securitisation transactions in accordance with the Securitisation Law. The following is a description of the main features of an STC.

Corporate structure

STCs are commercial companies (*sociedades anónimas*) incorporated with limited liability, having a minimum share capital of €250,000.00. The shares in STCs can be held by one or more shareholders. STCs are subject to the supervision of the CMVM and their incorporation is subject to the prior authorisation by the CMVM. STCs are subject to ownership requirements. A prospective shareholder must obtain approval from the CMVM in order to establish an STC. Such approval is granted when the prospective shareholder shows that it is capable of providing the company with a sound and prudent management.

If the shares in an STC are to be transferred to another shareholder or shareholders, prior authorisation of the CMVM of the prospective shareholder has to be obtained. The interest of the new shareholder in the STC has to be registered within 15 days of the purchase.

Regulatory compliance

In order to ensure the sound and prudent management of STCs, the Securitisation Law provides that the members of the board of directors and the members of the board of auditors meet high standards of professional qualification and personal reputation.

The members of the board of directors and the members of the board of auditors must be registered with the CMVM.

Corporate object

STCs can only be incorporated for the purpose of carrying out one or more securitisation transactions by means of the acquisition, management and transfer of receivables and the issue of securitisation notes for payment of the assignment price for the acquired receivables.

An STC may primarily finance its activities with its own funds and by issuing notes.

Without prejudice to the above, pursuant to the Securitisation Law, STCs are permitted to carry out certain financial activities, but only to the extent that such financial activities are (i) ancillary to the issuance of the securitisation notes, and (ii) aimed at ensuring that the appropriate levels of liquidity funds are available to the STC.

Types of credits which may be securitised and types of assignors

The Securitisation Law sets out details of the types of credits that may be securitised and the specific requirements which are to be met in order for such credits to be securitised.

The Securitisation Law allows a wide range of entities (referred to as originators) to assign their credits for securitisation purposes including the Portuguese Republic, public entities, credit institutions, financial companies, insurance companies, pension funds, pension fund management companies and other corporate entities whose accounts have been audited for the last three years by an auditor registered with the CMVM.

Insolvency remoteness of the STC

The segregation principle imposed by the Securitisation Law and the related privileged nature of the noteholders' entitlements, on the one hand, together with the own funds requirements and the limited number of general creditors an STC may have, on the other, makes the insolvency of an STC a remote possibility. In any case, under the terms of the Securitisation Law, such remote insolvency would not prevent noteholders from enjoying privileged entitlements to the portfolio of securitised assets.

Assignment of credits

Under the Securitisation Law, the sale of credits for securitisation is executed by way of assignment of credits. In this context, the following should be noted.

The Credit Rights (and therefore the Receivables) are established under ERSE's decision formalised in the document that sets out the tariffs for 2018 "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, and, pursuant to article 73-A of Decree-Law 29/2006 and pursuant to article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) currently in force as approved by ERSE, correspond to the right to receive, through the electricity tariffs, the amount of additional costs already partially incurred and still to be incurred by the Assignor in 2018, including the adjustments from the two previous years (2016 and 2017), in connection with the purchase of electricity from Special Regime Generators that benefit from a remuneration that has been administratively set. The Credit Rights, which are to be repaid over a period of five years from January 2018 to December 2022, have an amount of thousand €881,196 as set out in table 3-11 (capital amortizations), contained on page 74 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, accrued of interest at the definitive rate of 1.4919 per cent. p.a., calculated pursuant to the methodology contained in the Ministerial Order 279/2011 and the parameters set out in Order 11043/2017, as identified in table 0-7 contained on page 8 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt.

Pursuant to article 4.1 of the Securitisation Law, credit rights may be assigned for securitisation purposes provided such credits (i) have no legal or contractual limitations concerning their assignability, (ii) are of a pecuniary nature, (iii) are not subject to conditions and (iv) have not been judicially contested nor pledged or judicially seized. The CMVM has, through the issue of the 20 digit asset code 201806TGSESUNXXN0104, confirmed its view that, according to the applicable legal provisions and the applicable Transaction Documents, the Receivables comply with the aforementioned features.

Assignment formalities

There are no specific formality requirements for an assignment of credits under the Securitisation Law, a simple contract between the parties being sufficient for a valid assignment to occur. Thus, the execution of the Receivables Assignment Agreement is effective to perfect the assignment of the Receivables between the EDP SU and the Issuer.

Further to the execution of the aforementioned agreement, the assignment of the Receivables will be notified on the Closing Date to the DGO and ERSE.

Assignment and Insolvency

In accordance with article 3 of Decree-Law 237-B/2006 (applicable pursuant to article 73-A of Decree-Law 29/2006), the assignees are not considered, for any purpose, as entities operating in the SEN, but they benefit, regarding the assigned rights, from the regime set forth in Decree-Law 237-B/2006 for the enforcement of the regulated operators' rights, namely as to billing and debt recovery and the delivery of the amounts collected through electricity tariffs, which continue to be assured. In case of insolvency of any regulated operator, or their respective depositaries, the amounts in their possession, which result from Over Costs payments, shall not constitute a part of the respective insolvency estate. Such amounts shall be exclusively used to pay the Over Costs creditors and thus may not be destined, particularly, to pay any debts of any entities that are included in SEN's billing scheme or its respective depositaries, and they are subject to adequate account description and deposit, separated in those entities and their respective depositaries (See "*Tariff Deviations, Tariff Deficits and Over Costs*" above).

In addition, and in accordance with article 5 of Decree-Law 165/2008 (also applicable pursuant to article 73-A of Decree-Law 29/2006), the Over Costs maintain their existence even in the case of insolvency or termination of the activity of the affected entities. In this case, ERSE shall adopt the necessary measures

to assure that the holder of these rights continues to recover the amounts outstanding until their full repayment.

Unless an assignment of credits is effected in bad faith, such assignment under the Securitisation Law cannot be challenged for the benefit of the assignor's insolvency estate and any payments made to the assignor in respect of credits assigned prior to a declaration of insolvency will not form part of the assignor's insolvency estate even when the term of the credits falls after the date of declaration of insolvency of the assignor. In addition, and further to the above paragraph, if any amounts are held by the servicer in respect of the credits assigned under the Securitisation Law, such amounts (if any) will not form part of the servicer's insolvency estate.

SUMMARY OF PROVISIONS RELATING TO THE NOTES CLEARED THROUGH INTERBOLSA

General

Interbolsa manages a centralised system (*sistema centralizado*) composed by interconnected securities accounts, through which such securities (and inherent rights) are held and transferred, and which allows Interbolsa to control at all times the amount of securities so held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all the procedures required for the exercise of ownership rights inherent to the notes held through Interbolsa.

In relation to each issue of securities, Interbolsa's centralised system comprises, *inter alia*, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Securities held through Interbolsa will be attributed an International Securities Identification Number ("**ISIN**") code through the codification system of Interbolsa and will be accepted for clearing through LCH.Clearnet, S.A. as well as through the clearing systems operated by Euroclear and Clearstream, Luxembourg and settled by Interbolsa's settlement system. Under the procedures of Interbolsa's settlement system, the settlement of trades executed through Euronext Lisbon takes place on the third Business Day after the trade date and is provisional until the financial settlement that takes place at the TARGET 2 on the settlement date.

Form of the Notes

The Notes will be issued in book-entry (*forma escritural*) and nominative (*nominativas*) form and title to the Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable CMVM regulations. No physical document of title will be issued in respect of Notes held through Interbolsa.

The Notes will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Interbolsa Participant on behalf of the holders of the Notes. Such control accounts reflect at all times the aggregate of Notes held in the individual securities accounts opened by the holders of the Notes with each of the Interbolsa Participants. The expression "**Interbolsa Participant**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded therein.

Payment of principal and interest in respect of Notes

Whilst the Notes are held through Interbolsa, payment in respect of the Notes of principal and interest will be (a) credited, according to Interbolsa's procedures and regulations, to TARGET2 payment current-accounts held in the payment system of TARGET2 by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Notes and thereafter (b) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer must provide Interbolsa with a prior notice of all payments in relation to Notes and all necessary information for that purpose. In particular, such notice must contain:

(a) the identity of the Paying Agent responsible for the relevant payment; and

(b) a statement of acceptance of such responsibility by the Paying Agent.

The Paying Agent notifies Interbolsa of the total amounts to be paid for payments to be processed in accordance with Interbolsa's procedures and regulations.

In the case of a partial payment, the amount held in the current account of the Paying Agent with the TARGET2 must be apportioned pro-rata between the accounts of the Interbolsa Participants. After a payment has been processed, following the information sent by Interbolsa to the TARGET2 whether in full or in part, such entity will confirm that fact to Interbolsa.

Transfer of Notes

Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Notes. No owner of a Note will be able to transfer such Note, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes will amount to €652,163,000.00.

The Assignor agrees to allow the transaction expenses (including therein those incurred in respect of the admission to trading of the Senior Notes on Euronext Lisbon) and Third Party Expenses that are due and that shall be paid on or about the Closing Date to be deducted from the proceeds of the Notes.

The Issuer estimates that the total expenses related to the admission to trading, Interbolsa and Common Representative fees up to the amount of €13,184.50.

On or about the Closing Date the Issuer will apply (i) the proceeds of the issue of the Senior Notes to fund the purchase of the Receivables, to pay part of the Interest Amount payable on the Senior Notes on the First Payment Date and to pay the expenses and fees mentioned in the previous paragraph, (ii) the proceeds of the issue of the Liquidity Notes to fund the Liquidity Account and (iii) the proceeds of the issue of the Class R Notes to fund the Expense Reserve Account.

TERMS AND CONDITIONS OF THE NOTES

1. General

1.1. The Issuer has agreed to issue the Notes subject to these Conditions and the terms of the Common Representative Appointment Agreement.

1.2. Certain provisions of these Conditions are summaries of certain Transaction Documents, including without limitation, the Common Representative Appointment Agreement, the Paying Agency Agreement, the Transaction Management Agreement and the Issuer Accounts Agreement, and are subject to their detailed provisions.

1.3. The Noteholders are bound by the terms of the Common Representative Appointment Agreement and are deemed to have notice of all the provisions of the Transaction Documents.

1.4. Copies of the Transaction Documents are available for inspection during normal business hours at the Specified Office of the Common Representative and at the Specified Office of each Agent.

1.5. The Issuer has undertaken to the Assignor that it will notify the Assignor of any amendment to any Transaction Document to which the Assignor is not a party if such amendment materially affects the position of the Assignor under the Transaction Documents.

1.6. The Senior Notes are rated by Fitch and Moody's. It is a condition to the issuance of the Notes that the Senior Notes are rated A- (sf) by Fitch and A1 (sf) by Moody's.

1.7. Among others, it is a condition precedent for the issuance of the Senior Notes that the Liquidity Notes and the Class R Notes have been subscribed in full at their principal amount.

2. Definitions

In these Conditions the defined terms have the meanings set out in Condition 21 (*Definitions*), and are subject to the principles of interpretation and construction which apply to the Common Representative Appointment Agreement.

3. Form, Denomination and Title

3.1. Form and Denomination

The Notes are in book-entry (*forma escritural*) and nominative (*nominativas*) form, in the denomination of €100,000 each, in the case of the Senior Notes, and €1,000 each in the case of the Liquidity Notes and the Class R Notes.

3.2. Title to Notes

Title to Notes passes by registration in the relevant individual securities accounts held with an Interbolsa Participant. References herein to the "holders" of Notes are to the persons in whose names such Notes are so registered in the securities account with the relevant Interbolsa Participant.

3.3. Holder as owner

The registered holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein,

any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

4. Status, Ranking and Security

4.1. Status

The Notes constitute direct limited recourse obligations of the Issuer.

4.2. Ranking

Each of the Senior Notes, the Liquidity Notes and the Class R Notes will at all times rank *pari passu* amongst themselves, respectively, without preference or priority in accordance with the Payments Priorities.

The Liquidity Notes and the Class R Notes will, in accordance with the Payments Priorities, be subordinated in right of payment to the Senior Notes.

The Class R Notes will, in accordance with the Payments Priorities, be subordinated in right of payment to the Liquidity Notes.

4.3. Sole Obligations

The Notes are and will be obligations solely of the Issuer limited to the Asset Pool (as identified by the corresponding asset identification code granted by the CMVM under and for the purposes of article 62 of the Securitisation Law) and without recourse to any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, managers or shareholders and are not obligations of, or guaranteed by, any of the other Transaction Parties.

4.4. Priority of Payments

The Issuer shall apply the Available Distribution Amount according to the Payments Priorities.

5. Statutory Segregation of Asset Pool

5.1. Segregation under the Securitisation Law

The Notes and any Issuer Obligations have the benefit of the statutory segregation principle (*princípio da segregação*) under the Securitisation Law.

5.2. Restrictions on Disposal of Receivables

The Common Representative shall only be entitled to dispose of Receivables further to Condition 13.3. (*Restrictions on disposal of Receivables*) if any of the Notes that are backed by the Asset Pool have become immediately due and payable at their Principal Amount Outstanding together with any accrued interest in accordance with Condition 12 (*Events of Default*), either automatically by virtue of the occurrence of an Event of Default mentioned in paragraph (a) (*Non-Payment*) of Condition 12.1. (*Events of Default*) or upon delivery by the Common Representative of an Enforcement Notice to the Issuer by virtue of the occurrence of an Event of Default mentioned in paragraphs (b) (*Breach of other obligations*) and (c) (*Insolvency*) of Condition 12.1. (*Events of Default*), and subject to the provisions of Condition 13 (*Proceedings*).

6. Issuer Covenants

6.1. Issuer Covenants

So long as any Note remains outstanding, the Issuer shall comply with all the covenants of the Issuer, as set out in the Common Representative Appointment Agreement.

6.2. Monthly Servicing Report

The Issuer Covenants include an undertaking by the Issuer to provide to the Transaction Manager, to the Common Representative and to the Rating Agencies or to procure that the Servicer delivers the Monthly Servicing Report to the Transaction Manager, to the Common Representative and to the Rating Agencies.

7. Interest

7.1. Interest Amount and Payment Dates

The Senior Notes bear interest from and including the Closing Date at the Rate of Interest for the applicable Interest Period. For each Payment Date, the Interest Amount shall be calculated by the Transaction Manager by multiplying the Principal Amount Outstanding of the Notes on the beginning of the applicable Interest Period by the Rate of Interest as of the related Calculation Date and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resultant figure to the nearest 0.01 euro, with 0.005 euro being rounded upwards. The day count fraction (other than for the First Interest Period or for any period other than a full month) shall be 30/360. The Interest Amount shall be payable monthly in arrears on each Payment Date (or the First Payment Date, in case of the First Interest Period).

7.2. Calculation of Broken Interest

When interest is required to be calculated in respect of the First Payment Date and of a period of less than a full month, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (b) 360.

7.3. Interest Accrual

Each Senior Note will cease to bear interest from and including its due date for redemption unless payment of the principal in respect of the Senior Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue until the earlier of:

(a) the date on which all amounts due in respect of such Senior Note have been paid; and

(b) the seventh (7^{th}) day after the date on which the full amount of the moneys payable in respect of such Senior Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders by the Paying Agent in accordance with the Notices Condition.

7.4. Calculation and Notification of the Class R Notes Amount and Liquidity Notes Amount

On each Calculation Date, the Transaction Manager will calculate the Class R Notes Amount and Liquidity Notes Amount payable on the related Payment Date and will cause such Class R Notes Amount and Liquidity Notes Amount to be notified to the Issuer, the Common Representative and each Agent.

8. Redemption and purchase

8.1. Final redemption

Unless previously redeemed in full as provided in this Condition 8, the Issuer shall redeem the Notes on the Payment Dates up to (and including) the applicable Maturity Date and, for the Senior Notes, in accordance with the Target Redemption Schedule. The Notes will become due and payable on the Maturity Date. If the Issuer has insufficient Available Distribution Amounts to discharge all its principal obligations under or in respect of the Notes on such date, then the Notes shall not be redeemed in full on the Maturity Date as a result thereof and the provisions of Condition 7.3. (*Interest Accrual*) shall apply.

On the last Payment Date (after redemption in full of all Senior Notes) the Issuer will cause the Class R Notes to be redeemed in full in an amount which is equal to the Principal Amount Outstanding of the Class R Notes, provided that, if on such Payment Date the funds available to the Issuer are not sufficient to redeem the Class R Notes at their Principal Amount Outstanding, the Issuer shall apply the available funds, on a *pro-rata* and *pari passu* basis among the Class R Notes, to redeem the Class R Notes below par and the Class R Notes shall be deemed to be extinguished.

8.2. No optional redemption

The Issuer will not redeem the Notes by means of an optional redemption unless a Tax Event occurs in accordance with Condition 8.3 (*Redemption in whole for taxation reasons*).

8.3. Redemption in whole for taxation reasons

Subject to Condition 8.2 (*No optional redemption*), following a Tax Event (as defined in Condition 21 (*Definitions*)), the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, accrued with the applicable unpaid interest up to the relevant redemption date, subject to the following:

(i) that the Issuer has given neither more than 50 (fifty) nor less than 15 (fifteen) calendar days' notice to the Common Representative and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes; and

(ii) that the Issuer has provided to the Common Representative:

(a) a legal opinion (in form and substance satisfactory to the Common Representative) from a firm of lawyers in the Issuer's Jurisdiction (approved in writing by the Common Representative), opining on the relevant change in the Tax law; and

(b) a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction is legally due; and

(c) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Payment Date, not subject to the interest of any other person, required to redeem the Senior Notes at their Principal Amount Outstanding, together with the applicable accrued and unpaid interest up to the relevant redemption date pursuant to this Condition and meet its payment obligations of a higher priority under the Payments Priorities.

8.4. Mandatory redemption in whole or in part

The Notes will be subject to mandatory redemption in whole or in part on each Payment Date (and, for the Senior Notes, in accordance with the Target Redemption Schedule) on which the Issuer has an Available Distribution Amount, as calculated on the related Calculation Date, to make principal payments under the Notes in accordance with the Payments Priorities.

8.5. No clean-up call

Notwithstanding Condition 8.3 (*Redemption in whole for taxation reasons)*, the Issuer shall not, under Article 45/2(d) of the Securitisation Law, redeem partially or in full the Notes on any Payment Date other than on the Maturity Date and, for the Senior Notes, in accordance with the Target Redemption Schedule or unless a Tax Event has occurred.

8.6. Redemption/Payment Basis

The Notes will be repaid according to the Payments Priorities and, for the Senior Notes, according to the Target Redemption Schedule.

8.7. Conclusiveness of certificates and legal opinions

Any certificate or legal opinion given by or on behalf of the Issuer (or the Assignor or the Servicer, if any) pursuant to Condition 8.3 (*Redemption in whole for taxation reasons*) may be relied on by the Common Representative without further investigation and shall be conclusive and binding on the Noteholders and on the Transaction Creditors.

All certificates required to be signed by the Issuer (or the Assignor or the Servicer, if any) will be signed by the respective directors without personal liability.

8.8. Notice of Calculation

The Issuer will cause the Transaction Manager to notify the Common Representative and each Agent of a Note principal payment and the Principal Amount Outstanding to be notified immediately after determination and, for so long as the Senior Notes are listed on Euronext Lisbon, the Paying Agent will immediately cause details of each determination of a Note principal payment and the Principal Amount Outstanding in relation to the Notes to be published in accordance with the Notices Condition by not later than 6 (six) Business Days prior to each Payment Date.

8.9. Notice irrevocable

Any notice referred to in Condition 8.3. (*Redemption in whole for taxation reasons*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at the relevant amounts as calculated pursuant to each of such Conditions.

8.10. No Purchase

The Issuer may not at any time purchase any of the Notes.

9. Limited Recourse

Each Noteholder will be deemed to have agreed with the Issuer that notwithstanding any other provisions of these Conditions or the applicable Transaction Documents, all obligations of the

Issuer to the Noteholders, including, without limitation, the Issuer Obligations in relation to the Notes held by such Noteholder, are limited in recourse as set out below:

(a) it will have a claim only in respect of the Asset Pool, which is exclusively allocated to the Notes, and will not have any claim, by operation of law or otherwise, against, or recourse to, any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, managers or shareholders;

(b) sums payable to each Noteholder in respect of the Issuer Obligations to such Noteholder shall be limited to the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Asset Pool exclusively allocated to the Notes, net of any sums which are payable by the Issuer in accordance with the Payments Priorities in priority to or *pari passu* with sums payable to such Noteholder; and

(c) on the earlier of:

(i) the third anniversary of the Maturity Date (except if, on the date corresponding to such third anniversary, there are any pending judicial claims from the Noteholders and/or the Transaction Creditors in respect of any amounts outstanding under the applicable Transaction Documents and the Notes); or

(ii) the date on which the Common Representative gives written notice to the Noteholders or any of the Transaction Creditors that it has determined in its sole opinion following the Servicer having certified to the Common Representative, that there is no reasonable likelihood of there being any further realisations in respect of the Asset Pool exclusively allocated to the Notes and the Transaction Manager having certified to the Common Representative that there is no reasonable likelihood of there being any further realisations in respect of the Issuer Transaction Account which would be available to pay in full the amounts outstanding under the applicable Transaction Documents and the Notes,

the Noteholders and Transaction Creditors shall have no further claim against the Issuer in respect of any unpaid amounts and any unpaid amounts shall be discharged in full.

10. Payments

10.1. Principal and Interest

Payments of principal and interest in respect of the Notes may only be made in euro.

Payment in respect of the Notes of principal and interest will be (a) credited, according to Interbolsa's procedures and regulations, to TARGET2 payment current-accounts held in the payment system of TARGET2 by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Notes and thereafter (b) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

10.2. Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 11 (*Taxation*), no commissions or expenses shall be charged to the holder of any Note in respect of such payments.

10.3. Payments on Business Days

If the due date for payment of any amount in respect of any Notes is not a Business Day, the holder shall not be entitled to payment of the amount due until the next succeeding business day in the place of presentation on which banks are open for business in such place of presentation and shall not be entitled to any further interest or other payment in respect of any such delay.

10.4. Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition or Condition 7 (*Interest*), whether by any of the Agents or the Common Representative shall (in the absence of any gross negligence, wilful default or fraud) be binding on the Issuer and all Noteholders and Transaction Creditors and (in the absence of any gross negligence, wilful default, fraud or manifest error) no liability shall be attached to the relevant Paying Agent or the Common Representative in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 10 (*Payments*).

10.5. Default interest

If the Issuer fails to pay any amount payable by it under these Conditions on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at the Rate of Interest applicable to the Senior Notes. Any interest accruing under this Condition 10.5 (*Default interest*) shall be immediately payable by the Issuer. Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

11. Taxation

11.1. Payments free of Tax

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any Taxes unless the Issuer, the Common Representative or any of the Agents (as the case may be) is required by law to make any such payment subject to any such withholding or deduction. In that event, the Issuer, the Common Representative or any of the Agents (as the case may be) shall be entitled to withhold or deduct the required amount for or on account of Tax from such payment and shall account to the relevant Tax Authorities for the amount so withheld or deducted. Notwithstanding any other provision in these Conditions, the Issuer, the Common Representative and each Agent shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471 (b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing and intergovernmental approach thereto ("**FATCA withholding**").

11.2. No payment of additional amounts

Neither the Issuer, the Common Representative, the Principal Paying Agent, the Paying Agent, the Assignor nor the Servicer will be obliged to pay any additional amounts to Noteholders in respect of any Tax Deduction made in accordance with Condition 11.1 (*Taxation - Payments Free of Tax*). None of the Issuer, the Common Representative or the Paying Agent shall have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or

withheld by the Issuer, the Common Representative, the Principal Paying Agent, the Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of the FATCA withholding.

11.3. Taxing Jurisdiction

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Portuguese Republic, references in these Conditions to the Portuguese Republic shall be construed as references to the Portuguese Republic and/or such other jurisdiction.

11.4. Tax Deduction not Event of Default

Notwithstanding that the Common Representative, the Issuer or any of the Agents is required to make a Tax Deduction or a FATCA withholding in accordance with Condition 11.1 (*Taxation - Payments Free of Tax*) this shall not constitute an Event of Default.

12. Events of Default

12.1. Events of Default

Subject to the other provisions of this Condition, each of the following events shall be treated as an "**Event of Default**":

(a) *Non-payment:* the Issuer fails to pay any amount of (i) interest in respect of any Senior Notes and such default remains unremedied for a 10 day period; or (ii) principal such that after a period of three (3) calendar months and five (5) days, the Target Redemption Schedule in respect of the Senior Notes has not been met; or

(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any Senior Notes and/or the applicable Transaction Documents or in respect of the Issuer Covenants and such default (i) is, in the opinion of the Common Representative, incapable of remedy or (ii) being a default which is, in the opinion of the Common Representative, capable of remedy, remains unremedied for 30 day period; or

(c) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

(d) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of any Senior Notes or (where such breach is materially prejudicial to the holders of Senior Notes or the Issuer Obligations) the Common Representative Appointment Agreement.

12.2. Notes immediately due and payable or delivery of Enforcement Notice

(a) If an Event of Default mentioned in paragraph (a) of Condition 12.1. (*Non-Payment*) occurs, the Notes shall become immediately due and payable at their Principal Outstanding Amount together with any accrued interest in accordance with the Post-Enforcement Payments Priorities without further action or formality at their Principal Amount Outstanding together with any accrued interest and Condition 12.5 (*Assignor and Servicer representations, warranties and covenants*) will immediately and automatically apply; or

(b) If an Event of Default mentioned in paragraph (b) of Condition 12.1. (*Breach of other obligations*), or in paragraph (c) of Condition 12.1. (*Insolvency*) or in paragraph (d) of Condition 12.1. (*Unlawfulness*) occurs and is continuing, the Common Representative may

at its discretion and shall, if so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Notes or if so directed by a Resolution passed by the Noteholders, deliver an Enforcement Notice to the Issuer.

12.3. Conditions to delivery of Enforcement Notice

Notwithstanding the provisions of Condition 12.2.(b), the Common Representative shall not be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4. Consequences of delivery of Enforcement Notice

Upon the delivery of an Enforcement Notice, the Notes shall become immediately due and payable in accordance with the Post-Enforcement Payments Priorities without further action or formality at their Principal Amount Outstanding together with any accrued interest.

12.5. Assignor and Servicer representations, warranties and covenants

Upon the Notes having become immediately due and payable at their Principal Amount Outstanding together with any accrued interest, the Common Representative will be able to exercise in its name, on its behalf and for its benefit, all rights and benefits which the Issuer has in respect of the representations, warranties and covenants given by the Assignor and the Servicer as contained in the Receivables Assignment Agreement and the Receivables Servicing Agreement, respectively.

13. Proceedings

13.1. Proceedings

After the occurrence of an Event of Default, the Common Representative may at its discretion, and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Notes and the Common Representative Appointment Agreement in respect of the Notes and under the other applicable Transaction Documents, but it shall not be bound to do so unless:

(a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Notes; or

(b) so directed by a Resolution of the Noteholders,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2. Directions to the Common Representative

Without prejudice to Condition 13.1 (*Proceedings*), the Common Representative shall not be bound to take any action described in Condition 13.1 (*Proceedings*) and may take such action without having regard to the effect of such action on individual Noteholders or any other Transaction Creditor. The Common Representative shall have regard to the Noteholders as a class.

13.3. Restrictions on disposal of Receivables

If an Enforcement Notice has been delivered by the Common Representative and any Notes have become immediately due and payable at their Principal Amount Outstanding together with any

accrued interest, the Common Representative will only be entitled to dispose of the Receivables to a Portuguese credit securitisation fund (FTC) or to another Portuguese credit securitisation company (STC), to the Assignor (if the assigned credits evidence hidden defects) or otherwise in accordance with the Securitisation Law. Save where there is an Event of Default under any Transaction Document caused by the action or inaction of the Assignor, the sale by the Issuer of the Receivables to the Assignor will depend on the Assignor's consent thereto.

14. No action by Noteholders or any other Transaction Party

14.1. Noteholders may be restricted from proceeding individually against the Issuer and the Asset Pool or to seek enforcement of the Issuer Obligations, where such action or actions, taken on an individual basis, contravene a Resolution of the Noteholders.

14.2. Furthermore, and to the extent permitted by Portuguese Law, only the Common Representative may pursue the remedies available under the applicable law, the Notes, or under the Common Representative Appointment Agreement against the Issuer and the Asset Pool and, other than as permitted in this Condition 14.2, no Noteholder shall be entitled to proceed directly against the Issuer and the Asset Pool or to seek enforcement of the Issuer Obligations. In particular, each Noteholder will be deemed to have agreed with and acknowledged to each of the Issuer and the Common Representative, and the Common Representative agrees with and acknowledges to the Issuer that:

(a) none of the Noteholders (nor any person on their behalf) is entitled, otherwise than as permitted by the applicable Transaction Documents, to direct the Common Representative to take any proceedings against the Issuer or take any proceedings against the Issuer unless the Common Representative, having become bound to serve an Enforcement Notice or having been requested in writing or directed by a Resolution of the Noteholders in accordance with Condition 13.1 (*Proceedings*) to take any other action to enforce its rights under the Notes and the Common Representative Appointment Agreement and under the other applicable Transaction Documents (such obligation a "**Common Representative Action**"), fails to do so within a reasonable period of becoming so bound or of having been so requested or directed and that failure is continuing (in which case each of the Noteholders shall (subject to Conditions 14.2(c) and 14.2(d)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

(b) none of the Noteholders (nor any person on their behalf) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Transaction Parties unless the Common Representative, having become bound to take a Common Representative Action, fails to do so within a reasonable period of becoming so bound and that failure is continuing (in which case each of the Noteholders shall (subject to Conditions 14.2(c) and 14.2(d)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

(c) until the date falling two years after the Final Discharge Date none of the Noteholders nor any person on their behalf (including the Common Representative) shall initiate or join any person in initiating any Insolvency Event or the appointment of any insolvency official in relation to the Issuer; and

(d) none of the Noteholders shall be entitled to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

15. Meetings of Noteholders

15.1. Convening

The Common Representative Appointment Agreement contains Provisions for Meetings of Noteholders for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Common Representative Appointment Agreement and the circumstances in which modifications may be made if sanctioned by a Resolution.

15.2. Request from Noteholders

A meeting of Noteholders may be convened by the Common Representative or, if the Common Representative has not yet been appointed or refuses to convene the meeting, by the Chairman of the Shareholders' General Meeting of the Issuer at any time and must be convened by the Common Representative (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders holding not less than 5 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes.

15.3. Quorum

The quorum at any Meeting convened to vote on:

(a) a Resolution not regarding a Reserved Matter will be any person or persons holding or representing at least 50 per cent. of whatever the Principal Amount Outstanding of the relevant Notes then outstanding or, at any adjourned Meeting, any person or persons holding or representing at least 25 per cent. of the Principal Amount Outstanding of the relevant Notes then outstanding; or

(b) a Resolution regarding a Reserved Matter will be any person or persons holding or representing at least 75 per cent. of the Principal Amount Outstanding of the relevant Notes then outstanding so held or represented or, at any adjourned second meeting, any person being or representing at least 50 per cent. of the Principal Amount Outstanding of the relevant Notes then outstanding.

15.4. Majorities

The majorities required to pass a Resolution at any meeting convened in accordance with these rules shall be:

(a) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or

(b) if in respect to a Resolution regarding a Reserved Matter, at least 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding or, at any adjourned second meeting by at least 2/3 of the votes cast at the relevant meeting.

15.5. Resolutions in writing

A Written Resolution shall take effect as if it were a Resolution.

16. Modification and Waiver

16.1. Modification

The Common Representative may, at its sole discretion, at any time and from time to time, without the consent or sanction of the Noteholders or the Transaction Creditors (other than in respect of a Reserved Matter or any provision of the Notes, these Conditions, the Common Representative Appointment Agreement or any of the applicable Transaction Documents referred to in the definition of a Reserved Matter), concur with the Issuer and any other relevant Transaction Party in making:

(a) any modification to the Notes, these Conditions, the Common Representative Appointment Agreement or any Transaction Document in relation to which the consent of the Common Representative is requested, which, in the opinion of the Common Representative, will not be materially prejudicial to the interests of the holders of the Notes then outstanding; or

(b) any modification to the Notes, these Conditions, the Common Representative Appointment Agreement or any Transaction Document in relation to which the consent of the Common Representative is requested, if, in the opinion of the Common Representative, such modification is of a formal, minor, administrative or technical nature, results from mandatory provisions of Portuguese law, or is made to correct a manifest error or an error which is, to the satisfaction of the Common Representative, proven, or is necessary or desirable for the purposes of clarification,

provided that the Rating Agencies have always been previously notified by the Issuer to the making of any such modification and notice thereof has been delivered to the Noteholders in accordance with the Notices Condition only to the extent the Common Representative requires such notice to be given.

16.2. Waiver

In addition, the Common Representative may, at its sole discretion, at any time and from time to time, without prejudice to its rights in respect of any subsequent breach, condition, event or act, without the consent or sanction of the Noteholders or the Transaction Creditors, concur with the Issuer and any other relevant Transaction Party in authorising or waiving on such terms and subject to such conditions (if any) as it may decide, a proposed breach or breach by the Issuer of any of the covenants or provisions contained in the Notes, these Conditions, the Common Representative Appointment Agreement or other applicable Transaction Documents (other than in respect of a Reserved Matter or any provision of the Notes, these Conditions, the Common Representative Appointment Agreement or such other applicable Transaction Documents referred to in the definition of a Reserved Matter) which, in the opinion of the Common Representative will not be materially prejudicial to the interests of the holders of the Notes then outstanding (provided that it may not and only the Noteholders may by Resolution determine that any Event of Default shall not be treated as such for the purposes of the Notes, these Conditions, the Common Representative Appointment Agreement or any of the applicable Transaction Documents), provided that the Rating Agencies have always been previously notified by the Issuer to the making of any such authorisation or waiver.

16.3. Restriction on power to waive

The Common Representative shall not exercise any powers conferred upon it by Condition 16.2 (*Waiver*) in contravention of any of the restrictions set out therein or any express direction by a Resolution of the holders of the Notes then outstanding or of a request or direction in writing made

by the holders of not less than 50 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding, but no such direction or request (a) shall affect any authorisation or waiver previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of the Notes then outstanding has, by Resolution, so authorised its exercise.

16.4. Notification

Unless the Common Representative otherwise agrees, the Issuer shall cause any such consent, authorisation, waiver, modification or determination to be notified to the Noteholders, the relevant Transaction Creditors in accordance with the Notices Condition and the applicable Transaction Documents, as soon as practicable after it has been made.

16.5. Binding Nature

Any consent, authorisation, waiver, determination or modification referred to in Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) shall be binding on the Noteholders and the Transaction Creditors.

17. Prescription

17.1. Principal

Claims for principal in respect of the Senior Notes and the Liquidity Notes shall become void twenty years following the appropriate Relevant Date.

17.2. Interest

Claims for interest in respect of the Senior Notes shall become void five years following the appropriate Relevant Date.

17.3. Class R Notes

Any claims in respect of the Class R Notes shall become void twenty years following the appropriate Relevant Date.

18. Common Representative, Principal Paying Agent and Paying Agent

18.1. Common Representative's right to indemnity

Under the Transaction Documents, the Common Representative is entitled to be indemnified by the Issuer and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders and the Transaction Creditors. The Common Representative shall not be required to do anything which would require it to risk or expend its own funds.

In addition, the Common Representative is entitled to enter into business transactions with the Issuer and/or any other person who is a party to any Transaction Documents and/or any of their subsidiary or associated companies and to act as common representative for the holders of any other securities issued by or relating to the Issuer without accounting for any profit and to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such role.

For the avoidance of doubt, the Common Representative will not be obliged to enforce the provisions of the Common Representative Appointment Agreement unless it is directed to do so by the Noteholders and unless it is indemnified and/or secured and/or prefunded to its satisfaction.

18.2. Common Representative not responsible for loss or for monitoring

The Common Representative will not be responsible for any loss, expense or liability which may be suffered as a result of the Asset Pool or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Common Representative. The Common Representative shall not be responsible for monitoring the compliance by any of the other Transaction Parties (including the Issuer, the Transaction Manager and the Servicer) with their obligations under any Transaction Documents and the Common Representative shall assume, until it has actual knowledge to the contrary, that such persons are properly performing their duties.

The Common Representative shall have no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of any Transaction Documents.

18.3. Appointment of Substitute Common Representative

In accordance with article 65.3 of the Securitisation Law, the power of replacing the Common Representative and appointing a substitute common representative shall be vested in the Noteholders which shall appoint said substitute by a Resolution.

18.4. Principal Paying Agent and Paying Agent solely agents of Issuer

In acting under the Paying Agency Agreement and in connection with the Notes, the Principal Paying Agent and the Paying Agent act solely as agents of the Issuer and (to the extent provided therein) the Common Representative and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

18.5. Initial Principal Paying Agent and Paying Agent

The Issuer reserves the right (with the prior written approval of the Common Representative such approval not to be unreasonably withheld or delayed) to vary or terminate the appointment of the Principal Paying Agent and Paying Agent together and to appoint a successor principal paying agent, paying agent or agent bank and additional or successor paying agent at any time, having given not less than 45 calendar days' notice to the relevant Principal Paying Agent and the Paying Agent and the Common Representative.

18.6. Maintenance of the Agents

The Issuer shall at all times maintain a paying agent in accordance with any requirements of any stock exchanges on which the Notes are or may from time to time be listed. Notice of any change in any of the Agents or in its Specified Office shall promptly be given to the Noteholders in accordance with the Notices Condition.

18.7. Common Representative Discretions

18.7.1. In the exercise of its powers and discretions under these Conditions and the Common Representative Appointment Agreement, the Common Representative will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of the Notes as a result of such holders being connected in any way with a particular territory or taxing jurisdiction;

18.7.2. Except where expressly provided otherwise, and whilst the Notes are outstanding, the Common Representative shall, as regards all the powers, authorities, duties and discretions vested in it under the Conditions and the applicable Transaction Documents, have regard only to the interests of the Noteholders. In any circumstances in which, in the opinion of the Common Representative, there is any conflict, actual or potential, between the Noteholders' interests and those of the Transaction Creditors, the Common Representative shall have regard only to the interests of the Noteholders and no other Transaction Creditor shall have any claim against the Common Representative for so doing;

18.7.3. To the extent permitted by Portuguese law, and whenever there is any conflict between the interests of any of the holders of the Senior Notes, the Liquidity Notes or the Class R Notes, the Common Representative shall only have regard to the ranking set out in Condition 4.2 (*Ranking*);

18.7.4. When the Notes are no longer outstanding, and as regards all the powers, authorities, duties and discretions vested in the Common Representative, where, in the opinion of the Common Representative, there is conflict, actual or potential, between the interests of the Transaction Creditors, the Common Representative shall only have regard to the interests of that Transaction Creditor which is, or those Transaction Creditors which are, most senior in the Payments Priorities and which claim is still outstanding thereunder and no other Transaction Creditor shall have any claim against the Common Representative for so doing. If there are two or more Transaction Creditors who rank *pari passu* in the Payments Priorities then the Common Representative shall look at the interests of such Transaction Creditors equally.

19. Notices

19.1. Valid Notices

Any notice to Noteholders shall only be validly given if such notice is published on the CMVM's website and/or if the same is notified to the Noteholders in accordance with this Notices Condition, provided that for so long as any of the Notes are listed on any stock exchange and the rules of such stock exchange's jurisdiction so require, such notice will additionally be published in accordance with the requirements applicable in such jurisdiction and circulated to all clearing systems, so that such notice is distributed to the relevant Noteholders according to the applicable procedures of the relevant clearing systems. It may additionally be published on a page of the Reuters service or of the Bloomberg service or on any other medium for the electronic display of data as may be previously approved in writing by the Common Representative.

19.2. Date of publication

Any notices so published shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which the publication was made.

19.3. Other Methods

The Common Representative shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange (if any) on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Common Representative shall require.

20. Governing Law and Jurisdiction

20.1. Governing law

The Common Representative Appointment Agreement and the Notes and any non-contractual obligations arising therefrom are governed by, and shall be construed in accordance with, Portuguese law.

20.2. Jurisdiction

The courts of Lisbon are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and, accordingly, any legal action or proceedings arising out of or in connection with the Notes may be brought in such courts.

21. Definitions

"**Agents**" means the Principal Paying Agent and the Paying Agent;

"**Ancillary Rights**" means, in respect of the Receivables, (a) any advice, report, valuation, opinion, certificate, undertaking, or other statement of fact or of law or opinion given in connection with such Receivables to the extent transferable; (b) all monies and proceeds other than principal payable or to become payable under, in respect of or pursuant to such Receivables; (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of the Assignor contained in or relating to such Receivables; and (d) all causes and rights of action (present and future) against any person relating to such Receivables and including the benefit of all powers and remedies for enforcing or protecting the Assignor's right, title, interest and benefit in respect of such Receivables;

"**Asset Pool**" means, in respect of the Notes, the specific pool of assets of the Issuer which collateralises the Issuer Obligations in relation to the Notes, including the Receivables, the Collections, the Issuer Accounts, the Issuer's rights in respect of the applicable Transaction Documents and any other right and/or benefit either contractual or statutory relating thereto purchased or received by the Issuer in connection with the Notes (as identified by the asset identification code granted by the CMVM under and for the purposes of article 62 of the Securitisation Law);

"**Assignor**" means EDP – Serviço Universal, S.A.;

"**Available Distribution Amount**" means, in respect of any Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date equal to the sum of:

(a) any amount standing to the credit of the Expense Reserve Account up to the Expense Reserve Account Required Level at the end of the related Collection Period to be used first and only towards payment of items (a) through (c) in the Pre-Enforcement Payments Priorities and items (a) through (c) in the Post-Enforcement Payments Priorities;

(b) the Collections received by the Issuer during the related Collection Period;

(c) interest accrued and credited to the Issuer Transaction Account during the related Collection Period;

(d) any amount standing to the credit of the Liquidity Account at the end of the related Collection Period up to the Liquidity Account Required Level provided that such amounts are only to be used towards payment of item (d) in the Pre-Enforcement Payments

Priorities and item (d) in the Post-Enforcement Payments Priorities to the extent that such items cannot be paid in full using items (b), (c), and (e) of the Available Distribution Amount; and

(e) any other amounts available to the Issuer to the extent that such amounts do not fall under any of the other items of the Available Distribution Amount, including any amounts in the Liquidity Account in excess of the Liquidity Account Required Level and any amounts in the Expense Reserve Account in excess of the Expense Reserve Account Required Level;

"**Business Day**" means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Lisbon; and

(b) a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer System (the "**TARGET2**") is open;

"**Calculation Date**" means the date that is 6 (six) Business Days before each Payment Date; in relation to a Collection Period, the "**related Calculation Date**" means the Calculation Date immediately after the end of said Collection Period;

"**Class R Notes**" means the securitisation notes issued by the Issuer which will receive distributions in accordance with item (i) of the Pre-Enforcement Payments Priorities or item (g) the Post-Enforcement Payments Priorities, whichever is applicable. Proceeds from the issue of the Class R Notes will be transferred to the Expense Reserve Account;

"**Class R Notes Amount**" means the amount payable to the Class R Noteholders in accordance with item (i) of the Pre-Enforcement Payments Priorities or item (g) of the Post-Enforcement Payments Priorities, whichever is applicable;

"**Clearstream, Luxembourg**" means Clearstream Banking Société anonyme, Luxembourg;

"**Closing Date**" means 27th June 2018;

"**CMVM**" means "*Comissão do Mercado de Valores Mobiliários*", the Portuguese Securities Market Commission;

"**Collection Period**" means each monthly period from the first day (inclusive) of a given month to the last day (inclusive) of that month. The first Collection Period beginning on the Closing Date and ending on 31 July, 2018; in relation to a Calculation Date, the "**related Collection Period**" means the Collection Period ending immediately before such Calculation Date;

"**Collections**" means, in relation to the Receivables, all cash collections, and other cash proceeds thereof including any and all principal, interest, late payment (including any Overdue Interest) or other payments in respect of such Receivables;

"**Common Representative**" means The Law Debenture Trust Corporation, p.l.c., in its capacity as initial representative of the Noteholders pursuant to article 65 of the Securitisation Law and in accordance with the terms and conditions of the Notes and the terms of the Common Representative Appointment Agreement and any replacement common representative or common representative appointed from time to time under the Common Representative Appointment Agreement;

"**Common Representative Appointment Agreement**" means the agreement so named entered into on or about the Closing Date between the Issuer and the Common Representative;

"**Conditions**" means the terms and conditions of the Notes, in or substantially in the form set out in Schedule 3 of the Common Representative Appointment Agreement, as any of them may from time to time be modified in accordance with the Common Representative Appointment Agreement and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly;

"**Credit Rights**" means the credit rights owned by the Assignor which result from the right of the Assignor established under ERSE's decision formalised in the document that sets out the tariffs for 2018 "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*" published on 15 December 2017 and available at www.erse.pt and pursuant to article 73-A of Decree-Law 29/2006 and, more generically, pursuant to article 85 of the Commercial Relations Regulation (*Regulamento de Relações Comerciais*) currently in force as approved by ERSE to receive, through the electricity tariffs, the Over Costs;

"**CRR**" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended from time to time;

"**CRR Institution**" means a credit institution or investment firm that is subject to the CRR;

"**Day Count Fraction**" means actual/360 (for calculation of interest payable on the First Payment Date) and 30/360 (for calculation of interest payable on all other Payment Dates);

"**DGO**" means EDP Distribuição – Energia, S.A., as the distribution grid operator of the SEN;

"**€**", "**EUR**" or "**euro**" means the lawful currency of Member States of the European Union that adopt the single currency introduced in accordance with the Treaty;

"**EDP SU**" means EDP – Serviço Universal, S.A.;

"**Enforcement Notice**" means a notice delivered by the Common Representative to the Issuer in accordance with Condition 12.2(b), which declares the Notes to be immediately due and payable;

"**ERSE**" means the Energetic Services Regulator (*Entidade Reguladora dos Serviços Energéticos*);

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Euronext Lisbon**" means Euronext Lisbon, a regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.;

"**Event of Default**" means any one of the events specified in Condition 12 (*Events of Default*);

"**Expected deadline to recover any Collections that may not have been received by the Issuer by the Maturity Date**" means 12th February, 2026;

"**Expense Reserve Account**" means the account established with the Issuer Accounts Bank in the name of the Issuer into which the issuance proceeds of the Class R Notes and the amounts referred to in item (h) of the Pre-Enforcement Payments Priorities will be transferred to;

"**Expense Reserve Account Required Level**" means in respect of a specific Payment Date, the sum of the following amounts:

(a) €257,000.00; plus

(b) 0.0181000% multiplied by the Principal Amount Outstanding of the Senior Notes as of the Calculation Date immediately prior to such Payment Date;

except for the Payment Date on which the Senior Notes are redeemed in full, in which case it means €0 (zero euro).

"**Final Discharge Date**" means the date on which the Common Representative is satisfied that all monies and other Liabilities due or owing by the Issuer in connection with the Notes and/or that the aggregate of all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Transaction Creditors under the Notes or the applicable Transaction Documents have been paid or discharged in full;

"**First Payment Date**" means 13th August, 2018;

"**Fitch**" means Fitch Ratings Limited, a credit rating agency established in the European Union and registered under Regulation (EU) No 462/2013 of the European Parliament of the Council of 21 May 2013, amending Regulation (EC) No 1060/2009, on credit rating agencies;

"**Governmental Authority**" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

"**Incorrect Payments**" means a payment incorrectly paid or transferred to the Issuer Transaction Account, identified as such by the Servicer or by the Issuer (or the Transaction Manager on its behalf);

"**Insolvency Event**" means, in respect of a natural person or entity:

(a) the initiation of, or consent to any Insolvency Proceedings by such person or entity;

(b) the initiation of Insolvency Proceedings against such a person or entity and such proceeding is not contested in good faith on appropriate legal advice;

(c) the application (and such application is not contested in good faith on appropriate legal advice) to any court for, or the making by any court of, an insolvency or an administration order against such person or entity;

(d) the enforcement of, or any attempt to enforce (and such attempt is not contested in good faith on appropriate legal advice) any security over the whole or a material part of the assets and revenues of such a person or entity;

(e) any distress, execution, attachment or similar process (and such process, if contestable, is not contested in good faith on appropriate legal advice) being levied or enforced or imposed upon or against any material part of the assets or revenues of such a person or entity;

(f) the appointment by any court of a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, trustee or other similar official in respect of all (or substantially all) of the assets of such a person or entity generally; or

(g) the making of an arrangement, composition or reorganisation with the creditors of such a person or entity;

"**Insolvency Proceedings**" means:

(a) the presentation of any petition for the insolvency of a legal person (whether such petition is presented by such person or another party); or

(b) the winding-up, dissolution or administration (including, without limitation and in what concerns Portuguese entities only, under the Code for the Insolvency and Recovery of Companies introduced by Decree-Law no. 53/2004, of 18 March, as amended) of an entity;

"**Interbolsa**" means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários having its registered office at Avenida da Boavista, 3433, 4100-138 Porto, Portugal;

"**Interbolsa Participant**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Interest Amount**" means, in respect of the Notes and for any Interest Period, the aggregate of the amount of interest calculated by multiplying the Principal Amount Outstanding of the Notes on the beginning of such Interest Period by the Rate of Interest as of the related Calculation Date and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resultant figure to the nearest 0.01 euro, with 0.005 euro being rounded upwards;

"**Interest Period**" means each period from (and including) a Payment Date (or the Closing Date) and ending on (but excluding) the next succeeding (or First) Payment Date; in relation to a Calculation Date, the "**related Interest Period**" means the Interest Period ending after such Calculation Date;

"**Issuer**" means TAGUS – Sociedade de Titularização de Créditos, S.A., a limited liability company incorporated under the laws of Portugal as a special purpose vehicle for the purposes of issuing asset-backed securities, having its registered office at Rua Castilho, 20, 1250-069, Lisbon, Portugal, with a share capital of €250,000.00 and registered with the Commercial Registry of Lisbon under the sole registration and taxpayer number 507 130 820;

"**Issuer Accounts**" means the Issuer Transaction Account, the Expense Reserve Account and the Liquidity Account, and "**Issuer Account**" means any of them;

"**Issuer Accounts Agreement**" means the agreement so named entered into on or about the Closing Date between the Issuer, the Issuer Accounts Bank and Transaction Manager and the Common Representative;

"**Issuer Accounts Bank**" Citibank N.A., London Branch, acting, in its capacity as Issuer accounts bank in accordance with the terms of the Issuer Accounts Agreement, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom;

"**Issuer Covenants**" has the meaning given to such term in Condition 6 (*Issuer Covenants*);

"**Issuer Expenses**" means any fees, liabilities and expenses (including any Tax thereon) due by the Issuer to the Transaction Manager, the Principal Paying Agent, the Paying Agent, the Servicer, the Issuer Accounts Bank, the Common Representative, and any Third Party Expenses, including interest payable (and any Tax payable) thereon in accordance with the applicable Transaction Documents to which the Issuer is a party and any other costs incurred by the Issuer in connection with the exercise and compliance with its rights and obligations under the Transaction Documents;

"**Issuer Fee**" means an amount equal to 0.015% (zero point zero one five per cent.) of the Principal Amount Outstanding of the Notes as of the beginning of the related Interest Period divided by 12, payable in arrears on each Payment Date;

"**Issuer Obligations**" means the aggregate of all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Noteholders or the Transaction Creditors under the applicable Transaction Documents;

"**Issuer's Jurisdiction**" means the Portuguese Republic;

"**Issuer Transaction Account**" means the account established with the Issuer Accounts Bank in the name of the Issuer in accordance with the terms of the Issuer Accounts Agreement, details of which are included in Schedule 2 therein;

"**Joint Lead Managers**" means, together, StormHarbour Securities LLP and its affiliates, as structuring arranger to the issue of Notes, acting through its office at 10 Old Burlington Street, London, W1S 3AG, United Kingdom and Banco Santander Totta, S.A., acting through its office located at Rua do Ouro, 88, 1100-063 Lisbon, Portugal, each a "**Joint Lead Manager**";

"**Liabilities**" means in respect of any person, any losses, liabilities, damages, costs, awards, expenses (including properly incurred legal fees) and penalties incurred by that person together with any Tax thereon;

"**Liquidity Account**" means the account established with the Issuer Accounts Bank in the name of the Issuer into which the issuance proceeds of the Liquidity Notes and the amounts referred to in item (e) of the Pre-Enforcement Payments Priorities will be transferred to;

"**Liquidity Account Required Level**" means, in respect of a specific Payment Date, the product of:

(i) Rate of Interest applicable on the next Payment Date;

(ii) the Principal Amount Outstanding of the Senior Notes taking into account any principal payment made to the Senior Notes on that Payment Date; and

(iii) 90/360;

"**Liquidity Notes**" means the securitisation notes issued by the Issuer which will receive distributions in accordance with item (g) of the Pre-Enforcement Payments Priorities or item (f) of the Post-Enforcement Payments Priorities, whichever is applicable. Proceeds from the issue of the Liquidity Notes will be transferred to the Liquidity Account;

"**Liquidity Notes Amount**" means the amount payable to the Liquidity Notes Noteholders in accordance with item (g) of the Pre-Enforcement Payments Priorities or item (f) of the Post-Enforcement Payments Priorities, whichever is applicable;

"**Manufacturers**" means, StormHarbour Securities LLP, as structuring arranger to the issue of Notes, and Banco Santander Totta, S.A. as lead manager, together the Joint Lead Managers;

"**Maturity Date**" means, in relation to all the Notes, 13th February, 2023;

"**Meeting**" means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

"**Member State**" means at any time any member state of the European Union that has adopted the euro as its lawful currency in accordance with the Treaty;

"**Minimum Rating**" means, in respect of any entity:

(a) the unsecured, unsubordinated and unguaranteed debt obligations of such entity are rated at least "A3" (long term) and "P-2" (short term) by Moody's; and

(b) the long-term unsecured, unsubordinated, unguaranteed debt obligations being rated at least "A-" or such person's short-term unsecured, unsubordinated, unguaranteed debt obligations being rated at least "F2" by Fitch.

If the rating of such entity falls below of (a) above such rating or ratings, as is consistent with the then current rating methodology of the applicable Rating Agency and would maintain the then current rating of the Senior Notes.

Further provided that if at any time the Issuer is provided by any of the Transaction Parties (copying the Common Representative) with a letter from the relevant Rating Agency or a public Rating Agency communication in relation to the Notes which confirms that the Senior Notes rating is capped by the applicable rating of the relevant entity, then the provisions of Clause 2.3 of the Issuer Accounts Agreement or Clause 14.8 (*Minimum Rating Termination*) of the Paying Agency Agreement, as the case might be, shall apply as if the rating of the relevant entity was less than the Minimum Rating.

"**Monthly Servicing Report**" means a pre-agreed form report containing information on the Receivables, as referred to in the Receivables Servicing Agreement;

"**Moody's**" means Moody's Investors Service Ltd., a credit rating agency established in the European Union and registered under Regulation (EU) No 462/2013 of the European Parliament of the Council of 21 May 2013, amending Regulation (EC) No 1060/2009, on credit rating agencies;

"**Noteholders**" means the entities who, from time to time, are holders of Notes;

"**Notes**" means the securitisation notes issued by the Issuer pursuant to this Prospectus, including the Senior Notes, the Liquidity Notes and the Class R Notes;

"**Notices Condition**" means Condition 19 (*Notices*);

"**Notice 9/2010**" means Notice (*Aviso*) 9/2010 of the Bank of Portugal;

"**Over Costs**" means the additional costs already partially incurred and still to be incurred in 2018, including the adjustments from the two previous years (2016 and 2017), by the Assignor in connection with the purchase of electricity from Special Regime Generators that benefit from a remuneration that has been administratively set, in the amount of thousand €881,196 as set out in table 3-11 (capital amortizations), contained on page 74 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt, accrued of interest at the definitive rate of 1.4919 per cent. p.a., calculated pursuant to the methodology contained in the Ministerial Order 279/2011 and the parameters set out in Order 11043/2017, as identified in table 0-7 contained on page 8 of the document "*Tarifas e Preços para a Energia Elétrica e outros Serviços em 2018 e Parâmetros para o Período de Regulação 2018-2020*", published on 15 December 2017 and available at www.erse.pt.;

"**Overdue Interest**" means the interest payable by the DGO to the Issuer as a result of late payment of any amount due in respect of the Receivables accrued from the first day following the due date until the date of effective payment pursuant to number 6 of article 85 of the Commercial Relations Regulation (*Regulamento das Relações Comerciais*);

"**Paying Agency Agreement**" means the agreement so named entered into on or about the Closing Date between the Issuer, the Principal Paying Agent, the Paying Agent and the Common Representative;

"**Paying Agent**" means Citibank Europe PLC – Sucursal em Portugal, in its capacity as paying agent in respect of the Notes in accordance with the terms of the Paying Agency Agreement, acting through its registered office at Rua Barata Salgueiro, 30, 4th floor, 1269-056 Lisbon, Portugal, registered with the Commercial Registry of Lisbon under its tax number 980 194 121;

"**Payment Date**" means every 12th day of each calendar month, except for the First Payment Date which will fall on the 13th of August 2018;

"**Payments Priorities**" means the provisions relating to the order of priority of payments set out in "***Overview of the Transaction – Pre-Enforcement Payments Priorities*** and ***Post-Enforcement Payments Priorities***" in this Prospectus;

"**Portuguese Companies Code**" means the Portuguese Companies Code enacted by Decree-Law no. 262/86 of 2 September 1986, as subsequently amended and restated from time to time and currently in force;

"**Portuguese Securities Code**" means the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of 13 November 1999, as subsequently amended and restated from time to time and currently in force;

"**PPA**" means the power purchase agreement or CAE (*contrato de aquisição de energia*) entered into by and between the owner of power plants and REN Rede Elétrica, under which the owners of the power plants agreed to sell all electricity generated to REN Rede Elétrica, against payment of a consideration and other rights which ensured the coverage of the costs and investments made by the owners of the power plants during the term of the agreement;

"**Principal Amount Outstanding**" means, on any day: (a) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have been paid to the relevant Noteholder; (b) in relation to a class, the aggregate amount referred to in (a) in respect of all Notes outstanding in such class; and (c) in relation to the Notes outstanding at any time, the aggregate amounts referred to in (a) in respect of all Notes outstanding regardless of class;

"**Principal Paying Agent**" means Citibank, N.A., London Branch in its capacity as principal paying agent in respect of the Notes in accordance with the terms of the Paying Agency Agreement, acting through its London office at Citigroup Centre 5, Canada Square, Canary Wharf, London E14 5LB, United Kingdom;

"**Principal Redemption Amount**" means, for the Senior Notes, the difference between the Principal Amount Outstanding of the Senior Notes in the previous Payment Date (or the Closing Date if it is the First Payment Date) and the target Principal Amount Outstanding according to the Target Redemption Schedule;

"**Prospectus**" means this Prospectus;

"**Provisions for Meetings of Noteholders**" means the provisions contained in Schedule 4 of the Common Representative Appointment Agreement;

"**Rate of Interest**" means the rate of interest applicable to the Senior Notes, which is 1.10% per annum;

"**Rating Agencies**" means Moody's and Fitch;

"**Receivables**" means the portion of Credit Rights sold and assigned by the Assignor to the Issuer under the Receivables Assignment Agreement on or about the Closing Date, which excludes any amounts in respect of the Credit Rights due on or prior to 25 June, 2018, such amounts not having been assigned to the Issuer;

"**Receivables Assignment Agreement**" means the agreement so named entered into on or about the Closing Date and made between the Assignor and the Issuer;

"**Receivables Payment Schedule**" means the Receivables payments to be directly delivered to the Issuer, in the Issuer Transaction Account, by the 25th calendar day from the end of the month to which those amounts refer to, in accordance with the amounts set out in Schedule 6 (*Receivables Payment Schedule*) to the Receivables Assignment Agreement, under Clause 2.3 of the Receivables Assignment Agreement, as follows:

July 2018	797,008.81
August 2018	797,008.81
September 2018	797,008.81
October 2018	797,008.81
November 2018	797,008.81
December 2018	797,008.81
January 2019	797,008.81
February 2019	13,857,419.00
March 2019	13,857,419.00
April 2019	13,857,419.00
May 2019	13,857,419.00
June 2019	13,857,419.00
July 2019	13,857,419.00
August 2019	13,857,419.00
September 2019	13,857,419.00
October 2019	13,857,419.00
November 2019	13,857,419.00
December 2019	13,857,419.00
January 2020	13,857,419.00
February 2020	13,857,419.00
March 2020	13,857,419.00
April 2020	13,857,419.00
May 2020	13,857,419.00
June 2020	13,857,419.00
July 2020	13,857,419.00
August 2020	13,857,419.00
September 2020	13,857,419.00
October 2020	13,857,419.00
November 2020	13,857,419.00

December 2020	13,857,419.00
January 2021	13,857,419.00
February 2021	13,857,419.00
March 2021	13,857,419.00
April 2021	13,857,419.00
May 2021	13,857,419.00
June 2021	13,857,419.00
July 2021	13,857,419.00
August 2021	13,857,419.00
September 2021	13,857,419.00
October 2021	13,857,419.00
November 2021	13,857,419.00
December 2021	13,857,419.00
January 2022	13,857,419.00
February 2022	13,857,419.00
March 2022	13,857,419.00
April 2022	13,857,419.00
May 2022	13,857,419.00
June 2022	13,857,419.00
July 2022	13,857,419.00
August 2022	13,857,419.00
September 2022	13,857,419.00
October 2022	13,857,419.00
November 2022	13,857,419.00
December 2022	13,857,419.00
January 2023	13,857,419.00

"**Receivables Servicing Agreement**" means the agreement so named entered into on or about the Closing Date between the Servicer and the Issuer;

"**Receiver**" means any liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, trustee or other similar insolvency official;

"**Regulatory Direction**" means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person is accustomed to comply;

"**Relevant Date**" means in respect of any Notes, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date 7 calendar days after the date on which notice is duly given to the Noteholders in accordance with the Notices Condition that, upon further presentation of the Notes being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation or if not made for reasons not attributable to the Issuer;

"**Reserved Matter**" means any proposal:

(a) to change any date fixed for payment of principal or interest in respect of the Notes, to change the amount of principal or interest due on any date in respect of the Notes or to alter

the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;

(b) to redeem, partially or in full, the Notes on any Payment Date, other than on the Maturity Date (and, for the Senior Notes, in accordance with the Target Redemption Schedule) or following a Tax Event;

(c) to the extent legally permissible, to effect the exchange, conversion or substitution of the Notes, or the conversion of such Notes into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(d) to change the currency in which amounts due in respect of the Notes are payable;

(e) to alter the Payments Priorities in respect of the Notes; and/or

(f) to amend this definition;

"**Resolution**" means, in respect of matters other than a Reserved Matter, a resolution passed at a Meeting duly convened and held in accordance with the quorums of the Provisions for Meetings of Noteholders by a majority of the votes cast and, in respect of matters relating to a Reserved Matter, a resolution passed at a Meeting duly convened and held in accordance with the quorums of the Provisions for Meetings of Noteholders by at least 50% of the Principal Amount Outstanding of the Notes then outstanding or, at any adjourned meeting by at least 2/3 of the votes cast at the relevant meeting;

"**Requirement of Law**" in respect of any person, means:

(a) any law, treaty, rule, requirement or regulation;

(b) a notice by or an order of any court having jurisdiction;

(c) a mandatory requirement of any regulatory or supervisory authority having jurisdiction; or

(d) a determination of an arbitrator or Governmental Authority,

in each case applicable to or binding upon that person or to which that person is subject;

"**Retained Interest**" means the retention on an ongoing basis of at least 5 per cent. of the Principal Amount Outstanding of each of the Senior Notes, Liquidity Notes and Class R Notes, which corresponds to the retention by the Assignor of a net economic interest equivalent to no less than 5 per cent. of the corresponding securitisation position, as further described in Articles 405 to 410 of the CRR and in Notice 9/2010;

"**Securitisation Law**" means Decree-Law no. 453/99, of 5 November, as amended from time to time by Decree-Law no. 82/2002, of 5 April, Decree-Law no. 303/2003, of 5 December, Decree-Law no. 52/2006, of 15 March, and Decree-Law no. 211-A/2008, of 3 November;

"**SEN**" means the National Electricity System;

"**Senior Notes**" means the fixed rate asset-backed notes due 2023 issued by the Issuer which will receive distributions in accordance with items (d) and (f) of the Pre-Enforcement Payments Priorities or items (d) and (e) of the Post-Enforcement Payments Priorities, whichever is applicable;

"**Servicer**" means Banco Comercial Português, S.A. (also referred to as Millennium bcp), in its capacity as servicer of the Receivables under the Receivables Servicing Agreement, or any successor thereof in accordance with the provisions of the Receivables Servicing Agreement;

"**Servicer Termination Date**" has the meaning ascribed to it in the Receivables Servicing Agreement;

"**Sole Arranger**" means StormHarbour Securities LLP and its affiliates, as structuring arranger to the Assignor, acting through its office at 10 Old Burlington Street, London, W1S 3AG, United Kingdom;

"**Specified Office**" means, in relation to any of the Principal Paying Agent, the Paying Agent or the Common Representative, the office identified with the relevant name at the end of the Prospectus or any other office (which, in relation to the Principal Paying Agent or the Paying Agent, needs to be approved by the Common Representative) notified to Noteholders pursuant to Condition 19 (*Notices*);

"**Subscription Agreement**" means the agreement so named entered into on or about the Closing Date between the Issuer, the Assignor and the Joint Lead Managers under the terms and conditions of which the Joint Lead Managers will subscribe in full the Senior Notes;

"**Target Redemption Schedule**" in relation to the Senior Notes, the following:

Payment Date falling in	Target Principal Amount Outstanding (€)
August 2018	650,000,000.00
September 2018	649,830,046.00
October 2018	649,659,935.00
November 2018	649,489,669.00
December 2018	649,319,247.00
January 2019	649,148,669.00
February 2019	648,977,934.00
March 2019	635,746,632.00
April 2019	622,503,202.00
May 2019	609,247,632.00
June 2019	595,979,911.00
July 2019	582,700,028.00
August 2019	569,407,972.00
September 2019	556,103,731.00
October 2019	542,787,295.00
November 2019	529,458,652.00
December 2019	516,117,791.00
January 2020	502,764,701.00
February 2020	489,399,371.00
March 2020	476,021,789.00
April 2020	462,631,944.00
May 2020	449,229,826.00

June 2020	435,815,422.00
July 2020	422,388,721.00
August 2020	408,949,713.00
September 2020	395,498,386.00
October 2020	382,034,728.00
November 2020	368,558,728.00
December 2020	355,070,376.00
January 2021	341,569,659.00
February 2021	328,056,567.00
March 2021	314,531,087.00
April 2021	300,993,210.00
May 2021	287,442,922.00
June 2021	273,880,213.00
July 2021	260,305,072.00
August 2021	246,717,487.00
September 2021	233,117,447.00
October 2021	219,504,940.00
November 2021	205,879,955.00
December 2021	192,242,480.00
January 2022	178,592,505.00
February 2022	164,930,017.00
March 2022	151,255,005.00
April 2022	137,567,457.00
May 2022	123,867,363.00
June 2022	110,154,710.00
July 2022	96,429,487.00
August 2022	82,691,683.00
September 2022	68,941,285.00
October 2022	55,178,284.00
November 2022	41,402,666.00
December 2022	27,614,420.00
January 2023	13,813,535.00
February 2023	0.00

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, stamp tax, deduction or withholding of any nature whatsoever (including any penalty or interest

payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority or other regulatory body and "**Taxes**", "**taxation**", "**taxable**" and comparable expressions shall be construed accordingly;

"**Tax Authority**" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function, including H.M. Revenue and Customs and the Portuguese Autoridade Tributária e Aduaneira;

"**Tax Deduction**" means any deduction or withholding on account of Tax;

"**Tax Event**" means any of the following events:

(a) after the date on which the Issuer is required to make any payment in respect of the Notes and, as a result of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law) the Issuer would be required to make a deduction or withholding on account of tax in respect of such relevant payment; or

(b) a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), that requires the Issuer to make a Tax Deduction from any payment in respect of the Notes (other than by reason of the relevant Noteholder having some connection with the Portuguese Republic other than the holding of the Notes); or

(c) a change in the Tax law of the Issuer's Jurisdiction (or any change in the application or official interpretation of such Tax law), that would not entitle the Issuer to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or that would result in the Issuer being treated as receiving for the purposes of such Tax law any material amount which it is not entitled to receive, in each case under the applicable Transaction Documents;

"**Third Party Expenses**" means any amounts due and payable by the Issuer to third parties (not being Transaction Creditors) including any liabilities payable in connection with:

(a) any filing or registration of any Transaction Documents;

(b) any Requirement of Law or any Regulatory Direction (in particular, any CMVM regulation) with whose directions the Issuer is accustomed to comply;

(c) any audit expenses; and

(d) any other amounts which, as of the date on which the Senior Notes are to be fully redeemed, the Issuer expects to become due and payable, after such date, to third parties in connection with the Notes and the related transaction and without breach by the Issuer of the provisions of the Transaction Documents (such amounts to be paid to, and held by, the Issuer on the account of such future payments);

"**Transaction Creditors**" means the Noteholders, the Common Representative, the Principal Paying Agent, the Paying Agent, the Transaction Manager, the Issuer Accounts Bank, the Assignor and the Servicer;

"**Transaction Documents**" means the Prospectus, the Receivables Assignment Agreement, the Receivables Servicing Agreement, the Common Representative Appointment Agreement, the Notes, the Transaction Management Agreement, the Issuer Accounts Agreement, the Paying Agency Agreement, the Class R Notes and the Liquidity Notes Purchase Agreement, the

Subscription Agreement and any other agreement or document entered into from time to time by the Issuer pursuant thereto;

"**Transaction Manager**" means Citibank N.A., London Branch, acting in its capacity as transaction manager to the Issuer in accordance with the terms of the Transaction Management Agreement, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom;

"**Transaction Manager Warranties**" has the meaning ascribed to it in the Transaction Management Agreement;

"**Transaction Management Agreement**" means the agreement so named entered into on or about the Closing Date between the Issuer, the Transaction Manager, the Issuer Accounts Bank and the Common Representative;

"**Transaction Party**" means any person who is a party to a Transaction Document and "**Transaction Parties**" means some or all of them;

"**Treaty**" means the treaty establishing the European Communities, as amended by the Treaty on European Union;

"**UGS Tariff**" means the Global Use of System Tariff paid by all customers, independently of being supplied by the Last Recourse Supplier or by other suppliers;

"**value added tax**" means the tax imposed in conformity with the Council Directive 2006/112/EC of November 2006 on the common system of value added tax (including in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and legislation and regulations supplemental thereto) and any other tax of a similar fiscal nature substituted for, or levied in addition to, such tax whether imposed in a Member State of the European Union or elsewhere;

"**VAT**" means value added tax provided for in the VAT Legislation and any other tax of a similar fiscal nature whether imposed in Portugal (instead of or in addition to value added tax) or elsewhere from time to time;

"**VAT Legislation**" means the Portuguese Value Added Tax Code approved by Decree-Law no. 394-B/84, of 26 December, as amended from time to time; and

"**Written Resolution**" means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

Any defined terms used in these Conditions which are not defined above shall bear the meanings given to them in the Transaction Documents.

U.S. CREDIT RISK RETENTION

The Assignor, acting as Sponsor, is required under the U.S. Risk Retention Rules to ensure that it (or a majority-owned affiliate) acquires and retains at least 5 per cent. of the "credit risk" of the "securitised assets" collateralising the issuance of Notes. The Sponsor intends to satisfy the requirements of the U.S. Risk Retention Rules by acquiring an "eligible vertical interest" or "**EVI**" consisting of at least 5 per cent. of the Principal Amount Outstanding of the Senior Notes, Liquidity Notes and Class R Notes on the Closing Date and retaining them until the Sunset Date.

Until the Sunset Date, the U.S. Credit Risk Retention Requirements impose limitations on the ability of the Sponsor (or its majority-owned affiliate) to dispose of or hedge its risk with respect to the EVI. Prior to the Sunset Date, any financing obtained by the Seller (or its majority-owned affiliate) during such period to purchase or carry the EVI that is secured by the EVI must provide for full recourse to the Sponsor (or its majority-owned affiliate) and otherwise comply with the requirements of the U.S. Risk Retention Rules. In addition, prior to the Sunset Date, the Sponsor and its majority-owned affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the EVI and the hedge position would limit the financial exposure of the Sponsor or its majority-owned affiliates to the EVI.

TAXATION

Portuguese Taxation

The following is a summary of certain aspects of the Portuguese taxation of payments of principal and interest in respect of, and transfers of, the Notes. The statements do not deal with other Portuguese tax aspects regarding the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. Noteholders who may be liable to taxation in jurisdictions other than Portugal in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). In particular, Noteholders should be aware that they may be liable to taxation under the laws of Portugal and of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Portugal.

The reference to "**interest**" and "**capital gains**" in the paragraphs below mean "**interest**" and "**capital gains**" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "**interest**" or "**capital gains**" which may prevail under any other law. The present transaction qualifies as a securitisation transaction (*Operação de Titularização de Créditos*) for the purposes of the Securitisation Law. Portuguese tax-related issues for transactions which qualify as securitisation transactions under the Securitisation Law are generally governed by the Securitisation Tax Law. Under article 4(1) of Securitisation Tax Law and further to the confirmation by the Portuguese Tax Authorities pursuant to Circular no. 4/2014 and the Order issued by the Secretary of State for Tax Affairs, dated July 14, 2014, in connection with tax ruling no. 7949/2014 recently disclosed by tax authorities, the tax regime applicable on debt securities in general, foreseen in Decree-Law 193/2005, also applies on income generated by the holding or the transfer of Notes issued under the Securitisation Transactions.

Noteholders' Income Tax

Income generated by the holding (distributions) or transfer (capital gains) of the Notes is generally subject to the Portuguese tax regime established for debt securities (*obrigações*). Any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents for tax purposes and do not have a permanent establishment in Portugal to which the income is attributable will be, as a rule, exempt from Portuguese income tax under Decree-Law no. 193/2005. Pursuant to Decree-Law 193/2005, investment income paid on, as well as capital gains derived from a sale or other disposition of the Notes, to non-Portuguese resident Noteholders will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal, or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iii) integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-Law 193/2005, and the beneficiaries are:

(a) central banks or governmental agencies; or

(b) international bodies recognised by the Portuguese State; or

(c) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement in force; or

(d) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial Order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time (the "**Ministerial Order 150/2004**").

For purposes of application at source of this tax exemption regime, Decree-Law 193/2005 requires completion of certain procedures aimed at verifying the non-resident status of the Noteholder and the provision of information to that effect. Accordingly, to benefit from this tax exemption regime, a Noteholder is required to hold the Notes through an account with one of the following entities:

(a) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;

(b) an indirect registered entity, which, although not assuming the role of the "direct registered entities", is a client of the latter; or

(c) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

Domestic Cleared Notes – held through a direct registered entity

Direct registered entities are required to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the beneficiary, to be provided by the Noteholder to the direct registered entity prior to the relevant date for payment of investment income and to the transfer of Notes, as follows:

(i) if the beneficiary is a is a central bank, an international body recognised as such by the Portuguese State, or a public law entity and respective agencies, a declaration issued by the beneficial owner of the Notes itself duly signed and authenticated, or proof of non residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(ii) if the beneficiary is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official document; or (B) a certificate issued by the entity responsible for such supervision or registration, or by tax authorities, confirming the legal existence of the beneficial owner of the Notes and its domicile; or (C) proof of non residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(iii) if the beneficiary is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which the Republic of Portugal has entered into a double tax treaty in force or a tax information exchange agreement in force, it must provide (a) a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below; The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary

and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(iv) other investors will be required to prove of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; (b) a document issued by the relevant Portuguese Consulate certifying residence abroad; or (c) a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country. The beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Beneficiary must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Internationally Cleared Notes – held through an entity managing an international clearing system

Pursuant to the requirements set forth in the tax regime, if the Notes are registered in an account held by an international clearing system operated by a managing entity, the latter shall transmit, on each interest payment date and each relevant redemption date, to the direct register entity or to its representative, and with respect to all accounts under its management, the identification and quantity of securities, as well as the amount of income, and, when applicable, the amount of tax withheld, segregated by the following categories of beneficiaries:

(a) Entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable and which are non-exempt and subject to withholding;

(b) Entities which have residence in country, territory or region with a more favourable tax regime, included in the Portuguese "blacklist" (countries and territories listed in Ministerial Order (*Portaria*) no. 150/2004, as amended from time to time) and which are non-exempt and subject to withholding;

(c) Entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable, and which are exempt or not subject to withholding;

(d) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income generated by the securities would be imputable.

On each interest payment date and each relevant redemption date, the following information with respect to the beneficiaries that fall within the categories mentioned in paragraphs (a), (b) and (c) above, should also be transmitted:

(a) Name and address;

(b) Tax identification number (if applicable);

(c) Identification and quantity of the securities held; and

(d) Amount of income generated by the securities.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree Law 193/2005, as amended from time to time. The refund claim is to be submitted to the direct register entity of the Notes within 6 months from the date the withholding took place. For these purposes a specific tax form was approved by Order (*Despacho*) no. 2937/2014, published in the Portuguese official gazette,

second series, no. 37, of 21 February 2014 issued by the Secretary of State of Tax Affairs (*Secretário de Estado dos Assuntos Fiscais*) and may be available at www.portaldasfinancas.gov.pt.

The refund of withholding tax after the above six-month period is to be claimed from the Portuguese tax authorities within two years, starting from the term of the year in which the withholding took place.

The non-evidence of the status from which depends the application of the exemption in the terms set forth above, at the date of the obligation to withhold tax on the income derived from the Notes, will imply Portuguese withholding tax on the interest payments at the applicable tax rates, as described below.

Interest and other types of investment income obtained by non-resident legal persons without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 25 per cent. when it becomes due and payable or upon transfer of the Notes (in this latter case, on the interest accrued since the last date on which the investment income became due and payable), which is the final tax on that income. If the interest and other types of investment income are obtained by non-resident individuals without a Portuguese permanent establishment to which the income is attributable said income is subject to withholding tax at a rate of 28 per cent., which is the final tax on that income.

A withholding tax rate of 35 per cent. applies in case of investment income payments to individuals or legal persons resident in the countries and territories included in the Portuguese "blacklist" listed in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time. Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified, in which case, the withholding tax rates applicable to such beneficial owner(s) will apply.

However, under the double taxation conventions entered into by Portugal which are in full force and effect on the date of this Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable convention and provided that the relevant formalities and procedures are met. In order to benefit from such reduction, non-resident Noteholders shall comply with certain requirements established by the Portuguese Tax Authorities, aimed at verifying the non-resident status and entitlement to the respective tax treaty benefits (through submission of tax forms 21 RFI or 22 RFI, depending on whether the reduction applies at source or through refund).

Interest derived from the Notes and capital gains and losses obtained by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the interest or capital gains or losses are attributable are included in their taxable income and are subject to corporate income tax rate at a rate of (i) 21 per cent or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent for taxable profits up to €15,000 and 21 per cent on profits in excess thereof to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent of its taxable income. Corporate taxpayers with a taxable income of more than €1,500,000 are also subject to State surcharge (*derrama estadual*) of (i) 3 per cent on the part of its taxable profits exceeding €1,500,000 up to €7,500,000, (ii) 5 per cent on the part of the taxable profits that exceeds €7,500,000 up to €35,000,000, and (iii) 9 per cent on the part of the taxable profits that exceeds €35,000,000. As a general rule, withholding tax at a rate of 25 per cent applies on interest derived from the Notes, which is deemed to be a payment on account of the final tax due. Financial institutions resident in Portugal (or branches of foreign financial institutions located herein), pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings incorporated under the laws of Portugal and certain exempt entities are not subject to Portuguese withholding tax. However, where the interest is paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties a 35 per cent withholding tax rate applies, unless the relevant beneficial owner(s) of the income is/are identified, in which case, the general rule shall apply.

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent which is the final tax on that income, unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000.

Interest on the Notes paid to accounts opened in the name of one or several accountholders acting on behalf of third entities which are not disclosed is subject to withholding tax at a flat rate of 35 per cent, except where the beneficial owners of such income are disclosed, in which case the general rule shall apply.

Capital gains obtained with the transfer of the Notes by Portuguese tax resident individuals are taxed at a special rate of 28 per cent levied on the positive difference between such gains and gains and losses on other securities unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000.

Payments of principal on Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any remuneration component.

Double Tax Treaties and Tax Information Exchange Agreements in force

As described above, any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents for tax purposes and do not have a permanent establishment in Portugal to which the income is attributable will be, as a rule, exempt from Portuguese income tax under Decree-Law 193/2005. Pursuant to Decree-Law 193/2005, investment income paid on, as well as capital gains derived from, a sale or other disposition of the Notes, to non-Portuguese resident Noteholders will be exempt from Portuguese income tax provided the beneficiaries are entities resident in, among others, member states of the EU and countries or jurisdictions with whom Portugal has a double tax treaty ("**DTT**") in force or a tax information exchange agreement ("**TIEA**") in force.

List of countries with which Portugal has concluded DTT currently in force:				
Algeria	Ethiopia	Korea	Russia	Ukraine
Andorra	Finland	Kuwait	San Marino	Uruguay
Austria	France	Latvia	Sao Tome and Principe	Venezuela
Bahrain	Greece	Macau	Singapore	Vietnam
Belgium	Georgia	Lithuania	Saudi Arabia	
Brazil	Germany	Luxembourg	Senegal	
Bulgaria	Guinea	Malta	Slovakia	
Canada	Holland	Mexico	Slovenia	
Cape Verde	Hong Kong	Moldova	South Africa	

Chile	Hungary	Morocco	Spain
China	Iceland	Mozambique	Sweden
Colombia	India	Norway	Switzerland
Croatia	Indonesia	Pakistan	Sultanate of Oman
Cuba	Ireland	Panama	Tunisia
Cyprus	Israel	Peru	Turkey
Czech Republic	Italy	Poland	United Arab Emirates
Denmark	Ivory Coast	Qatar	United States of America
Estonia	Japan	Romania	United Kingdom

Jurisdictions with which Portugal has concluded the TIEA currently in force	
Andorra	Cayman Islands
Bermuda	Jersey
Gibraltar	Santa Lucia
Isle of Man	

Stamp Tax

An exemption from stamp tax will apply to the assignment for securitisation purposes of the Receivables by the Assignor to the Issuer and on the commissions paid by the Issuer to the Servicer pursuant to the Securitisation Tax Law.

Value Added Tax

An exemption from VAT will apply to the servicing activities referred to in the Securitisation Tax Law.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign pass thru payments) to persons that fail to meet certain certification, reporting or related requirements. Certain issuers, custodians and other entities, may qualify as a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions.

The United States has entered into a Model 1 intergovernmental agreement with Portugal. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether

withholding would ever be required pursuant to FATCA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign pass thru payments are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Portugal has implemented, through Law 82-B/2014, of 31 December, as amended by Law 98/2017, of 24 August, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA.

Through Decree-Law no. 64/2016, of 11 October, as amended by Law 98/2017, of 24 August the Portuguese government approved the complementary regulation required to comply with FATCA. Under this legislation, foreign financial institutions (as defined in Decree-Law no. 64/2016, of 11 October) are required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the United States Internal Revenue Service.

As defined in Decree-Law no. 64/2016, of 11 October, (i) "foreign financial institutions" means a *Foreign Financial Institution* as defined in the applicable U.S. *Treasury Regulations*, including inter alia Portuguese financial institutions; and (ii) "Portuguese financial institutions" means any financial institution with head office or effective management in the Portuguese territory, excluding its branches outside of Portugal and including Portuguese branches of financial institutions with head office outside of Portugal.

The deadline for the financial institutions to report to the Portuguese tax authorities the mentioned information is regulated by Decree-Law no. 64/2016, of 11 October, as amended, and ends on 31 July of each year. In view of the abovementioned regime, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations and the forms to use for that end were provided by the Ministry of Finance through Order No. 302-A/2016, of 2 December 2016.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Administrative cooperation in the field of taxation

The EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the Savings Directive), as amended by Council Directive 2014/48/EU, of 24 March 2014, was repealed by Council Directive 2015/2060, of 10 November 2015. The aim was the adoption of a single and more comprehensive cooperation system in the field of taxation in the European Union under Council Directive 2011/16/EU, of 15 February 2011. The new regime under Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. This regime is generally broader in scope than the Savings Directive. Notwithstanding the repeal of the Savings Directive as of 1 January 2016, certain provisions will continue to apply for a transitional period.

Portugal has implemented the Savings Directive into the Portuguese law through Decree-law no. 62/2005, of 11 March 2005, as amended from time to time. The forms currently applicable to comply with the reporting obligations arising from the implementation of the Savings Directive were approved by Ministerial Order (Portaria) no. 563-A/2005, of 28 June 2005, and may be available for consultation at www.portaldasfinancas.gov.pt.

Accordingly, as a consequence of repealing of the Savings Directive by the recent Council Directive (EU) 2015/2060 of 10 November 2015, it is expected that Decree-law no. 62/2005, of 11 March 2005, as amended from time to time, as well as the forms approved by Ministerial Order (Portaria) no. 563-A/2005, of 28 June 2005, will be revoked.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

The Council Directive 2014/107/EU, of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was implemented into Portuguese law through the Decree-law no. 64/2016, of 11 October 2016, amended by Law 98/2017, of 24 August. In addition, the information regarding the registration of the financial institutions, and the procedures to comply with the reporting obligations arising from Decree-law no. 64/2016, of 11 October 2016, and the applicable forms were approved Ministerial Order (Portaria) no. 302-B/2016, of 2 December 2016, Ministerial Order (Portaria) no. 302-C/2016, of 2 December 2016, as amended, Order (Portaria) no. 302-D/2016, of 2 December 2016, as amended, and Ministerial Order (Portaria) no. 302-E/2016, of 2 December 2016.

In any case investors should consult their own tax advisers to obtain a more detailed explanation of this regime and how it may individually affect them.

The proposed financial transaction tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope if introduced in the form proposed on 14 February 2013, and could apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the 14 February 2013 proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain Member States have expressed strong

objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

UK Withholding Tax on Interest Payments by the Issuer

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the relevant Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action and the location of any security for the relevant Issuer's obligations under the Notes.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the FSMA) or they are officially listed, in accordance with provisions corresponding

to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

Euronext Lisbon is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on Eurolist by Euronext Lisbon, *Mercado de Cotações Oficiais* (the official listing market of Euronext Lisbon) may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

1. Any discount element on any Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax.

3. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

4. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

SUBSCRIPTION AND SALE

General

The Joint Lead Managers have agreed to subscribe the Senior Notes in accordance with the terms of the Subscription Agreement. The Joint Lead Managers are entitled, in certain circumstances, to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes. Without prejudice to any fees due to the Joint Lead Managers, in connection with issue of Notes, the Issuer and the Assignor have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Notes. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes.

Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point 11 of article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, (the "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC of the European Parliament and of the Council, of 9 December 2002 (the "Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point 10 of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) no. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, (the "PRIIPS Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. The Class A Notes are intended to be admitted to trading on a regulated market, which regulated market may be accessed by institutional and retail investors, although the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

United States of America

The Notes have not been, and will not be, registered under the US Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Notes:

(a) as part of their distribution at any time; or

(b) otherwise until 40 days after the completion of the distribution of the Notes, as certified to the Issuer and Principal Paying Agent or the Issuer by the Joint Lead Managers within the United States or to or for the account or benefit of U.S. persons, and the Joint Lead Manager will have sent to which dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States, or to or for the account or benefit of, U.S. persons.

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

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made thereunder.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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; and

(b) 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.

Portugal

Each Joint Lead Manager has represented and agreed that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of 13 November 1999, as amended and restated from time to time, unless the requirements and provisions applicable to the public offer in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") is made.

In addition, each Joint Lead Manager has represented and agreed that other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive (as amended) and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to them in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, (1) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (2) it has not distributed, made available or cause to be distributed and will not distribute, make available or cause to be distributed the Prospectus or any other offering material relating to the Notes to

the public in Portugal; and that (3) any such distribution shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Spain

Each Joint Lead Manager has represented and agreed that the Notes may not be offered or sold in Spain other than by institutions authorised under the restated text of the Spanish Securities Market 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 "**Securities Market Law**"), and Royal Decree 217/2008, of 15 February 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 inversion y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*), to provide investment services in Spain, and in compliance with the provisions of the Securities Market Law and any other applicable legislation. The Notes may only be offered, sold or distributed in Spain to professional clients (*clientes profesionales*) as defined in Article 205 of the Securities Market Law and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Securities Market Law. This Prospectus has not been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores)* and therefore this Prospectus is not intended for any public offer of the Notes in Spain.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "FEIA") and, accordingly, they may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan.. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor, or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Brazil

Each Joint Lead Manager has agreed that it has not offered or sold, and will not offer or sell, any Notes in Brazil, except in compliance with applicable Brazilian laws to the general public.

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of Notes in Brazil is not legal without prior registration under Law No. 6,385 of December 7, 1976, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Therefore, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation or an unauthorized distribution of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Switzerland

Each Joint Lead Manager has agreed that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on ant other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the

offering, nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection or supervision by such authority.

Investor Compliance

Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes made by the Joint Lead Managers has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the Issuer is not a manufacturer of the Notes.

2. The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. The Senior Notes are intended to be admitted to trading on a regulated market, which may be accessed by institutional investors and, for secondary market transactions in the Notes, by retail investors, although the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

3. The creation and issue of the Notes was authorised by the Board of Directors of the Issuer at a meeting held on or about 15 June 2018. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and its respective obligations under the Conditions and the Common Representative Appointment Agreement.

4. Application has been made to Euronext for the Senior Notes to be admitted to trading on Euronext Lisbon regulated market on the Closing Date.

5. There are no governmental, litigation or arbitration proceedings, including any which are pending or threatened of which the Issuer is aware, which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position of the Issuer.

6. Since the date of the most recent publicly available financial statements of the Issuer, the Issuer has no other outstanding or created but unissued loan capital, term loans, borrowings, indebtedness in the nature of borrowing or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees and notwithstanding any the securities issued by the Issuer which, at this date, are listed on regulated markets.

7. Since 31 December 2017 (the date of the most recent audited annual accounts of the Issuer) there has been (i) no significant change in the financial or trading position of the Issuer, and (ii) no material adverse change in the financial position or prospects of the Issuer.

8. The Notes have been accepted for clearance through Interbolsa. The appropriate International Securities Identification Number in relation to the Notes are as follows:

TAGUS/2018 - VOLTA VI - FIXED RATE SENIOR ASSET-BACKED NOTES DUE 2023– Senior Notes

Code CVM: TGCSOM

Code ISIN: PTTGCSOM0007

Code CFI: DBFSAR

TAGUS/2018 - VOLTA VI - CLASS R NOTES DUE 2023 – Class R Notes (Class R Notes will not be admitted to trading on Euronext Lisbon)

Code CVM: TGCUOM

Code ISIN: PTTGCUOM0003

Code CFI: DBVSFR

TAGUS/2018 - VOLTA VI - LIQUIDITY NOTES DUE 2023 – Liquidity Notes (Liquidity Notes will not be admitted to trading on Euronext Lisbon)

Code CVM: TGCTOM

Code ISIN: PTTGCTOM0006

Code CFI: DBZSGR

9. The *Comissão do Mercado de Valores Mobiliários*, pursuant to article 62 of the Securitisation Law, has assigned asset identification code 201806TGSESUNXXN0104 to the Notes.

10. For the period of 12 months following the date of this Prospectus or that of any replacing Prospectus, copies of the following documents will, when published, be available in physical and/or electronic form at the Specified Office of each Agent during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) after the date of this document and for the life of the Notes:

    (a) the *Estatutos* or *Contrato de Sociedade* (constitutional documents) of the Issuer;

    (b) the following documents:

        (1) Receivables Assignment Agreement;

        (2) Receivables Servicing Agreement;

        (3) Common Representative Appointment Agreement;

        (4) Transaction Management Agreement;

        (5) Issuer Accounts Agreement; and

        (6) Master Execution Deed.

11. This Prospectus and any future information related to it or and any other documents incorporated herein or therein by reference (which, for the avoidance of doubt, do not include the documents

listed in subparagraphs (1) to (6) in previous point 8) are available for inspection at the website of CMVM at www.cmvm.pt.

12. The audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2017 (available in English and Portuguese languages), in each case with the audit reports prepared in connection therewith, and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith, are available for inspection at the website of CMVM at www.cmvm.pt.

13. The Receivables have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.

14. The Senior Notes will have a denomination of €100,000. The Class R Notes and the Liquidity Notes will have a denomination of €1,000.

15. The Notes shall be freely transferable.

16. Effective Interest Rate

The effective interest rate is the one that equals the discounted value of the Senior Notes future cash flows to the subscription price paid at Closing Date.

The estimated effective interest rates of the Senior Notes are presented below:

Effective Interest Rate (gross): 1.11%

Effective Interest Rate (net of 25% withholding tax): 0.83%

These estimated effective interest rates are based on the following assumptions:

(a) the Rate of Interest on the Senior Notes is 1.10% per annum;

(b) interest on the Senior Notes is calculated based on a 30/360 day count fraction, except for the First Payment Date where it is calculated based on an Actual/360 day count fraction;

(c) the Senior Notes pay principal according to the Target Redemption Schedule.

These estimated effective interest rates may be affected by potential fees or expenses charged by the custodian upon which the Noteholders have deposited their Senior Notes.

17. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions.

18. Any website (or the contents thereof) referred to in this Prospectus does not form part of this Prospectus as approved by the CMVM.

19. The Securitisation Law combined with the holding structure of the Issuer and the role of the Common Representative is together intended to prevent any abuse of control of the Issuer.

20. Any foreign language included in this document is for convenience purposes only.

21. The Issuer is not rated. The Senior Notes are expected to have the following ratings, as assigned on issue:

A-(sf) by Fitch;

A1 (sf) by Moody's.

Post-issuance information

The Issuer intends to provide any post issuance information only where it is required to do so by law in relation to the issue of the Notes and as applicable pursuant to the legal provisions of the Portuguese Securities Code, notably article 244 and following.

The Servicer intends to prepare on behalf of the Issuer and deliver to the Issuer, to the Common Representative, to the Transaction Manager and to the Rating Agencies, no later than 2 (two) Business Days following the end of each Collection Period, the Monthly Servicing Report, containing information on the Receivables.

The Transaction Manager intends to prepare on behalf of the Issuer the Investor Report, containing the Monthly Servicing Report and details of the Notes outstanding, including information on the payments on the Notes. The Investor Report shall be disclosed on the CMVM website and Bloomberg no later than 6 (six) Business Days prior to each Payment Date after the reception of the Monthly Servicing Report. It is not intended that the Investor Reports will be made available in any other format, save in certain limited circumstances as foreseen in the Transaction Management Agreement. The Transaction Manager's internet website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to the Transaction Manager's internet website and persons wishing to access the website will be required to certify that they are Noteholders.

The Receivables do not fall within any of the categories of underlying assets set out in Articles 4 of Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 supplementing the CRA Regulation with regard to regulatory technical standards on disclosure requirements for structured finance instruments and therefore the Investor Report is not produced for the purposes of the reporting obligations under such Commission Delegated Regulation (EU) 2015/3 of 30 September 2014.

In addition, the Securitisation Regulation applies to securitisations the securities of which are issued on or after 1 January 2019. As from its application date, the Securitisation Regulation will repeal article 8b of the CRA Regulation (which currently requires the Issuer and the Originator to jointly publish information on structured finance instruments) and replace it with a new set of disclosure requirements under article 7 of the Securitisation Regulation. However, according to a transitional provision contained in article 43(8) of the Securitisation Regulation, until the regulatory technical standards are adopted by the Commission pursuant to article 7(3) of the Securitisation Regulation, the information referred to in Annexes I to VIII of the Commission Delegated Regulation (EU) 2015/3, of 30 September 2014 (as defined above) regulatory technical standards will have to keep being made available by the originators, sponsors and securitisation special purpose entities in accordance with the procedure set out in article 7(2) of the Securitisation Regulation.

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Portugal

ASSIGNOR

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and ISSUER ACCOUNTS BANK

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PAYING AGENT

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To the Sole Arranger and Joint Lead Managers, the Issuer and the Common Representative as to Portuguese law

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